

MAGNOLIA

**Magnolia Bostad
Corporate Governance Report
2022**

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Corporate Governance Report

Magnolia Bostad's Corporate Governance report 2022 comprises the pages 128–136 in Magnolia Bostad's Annual Report for 2022. The Corporate Governance Report is a separate report from the Annual Report, which in this version is presented as independent. The page references that appear are references to pages in the Magnolia Bostad annual report.

For the entire annual report see: Magnolia Bostad Annual Report 2022.

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Magnolia Bostad AB (publ), co.reg.no. 556797–7078, is a public Swedish limited liability company with its registered office in Stockholm, owned by Ham Nordic AB. Magnolia Bostad's bonds are listed on Nasdaq Stockholm.

The Corporate Governance Report for 2022 has been prepared as part of the Company's application of the Swedish Companies Act and the Annual Accounts Act. The company has previously and until September 2021, applied the Swedish Code of Corporate Governance due to the company being listed on the stock exchange. Several parts of the Code do not apply to companies with few owners, but in the parts of the Code that apply, the Company continues to follow them.

The Corporate Governance Report has been approved by the Company's Board and has been reviewed by the Company's auditors. To ensure that Magnolia Bostad is managed in an efficient manner, the division of responsibilities between the company's decision-making bodies is clear.

Articles of Association

The Articles of Association, together with applicable laws and existing shareholder agreements, regulate operations and governance. The company shall directly or indirectly through subsidiaries acquire, own, manage, develop and sell properties, conduct project activities regarding properties and own and manage securities and other related activities. The financial year includes calendar years. The Articles of Association can be found on the company's website under the section Corporate Governance.

Election of the Board of Directors and amendments to the Articles of Association

Magnolia Bostad's Articles of Association do not contain any special provisions on the appointment and dismissal of Board members or on amendments to the Articles of Association.

Shares and shareholding

The share capital amounted to SEK 151,289,132 at the end of December 2022, divided into 37,822,283 shares 100% owned by HAM Nordic AB.

Shareholders' voting rights

The Annual General Meeting is the highest decision-making body and the forum in which shareholders formally exercise their influence.

Annual General Meeting

The Annual General Meeting was held on 28 April 2022. HAM Nordic AB was represented by Erika Olsén. Fredrik Holmström was elected chairman of the annual general meeting. An extra general meeting was held before that on 17 February 2022 when the meeting decided to adopt new articles of association for the Company. The articles of association that were adopted made it possible for the Company's board to appoint a maximum of two board deputies. The meeting decided to elect Leif Andersson as deputy on the Company's board.

The Board

The Board of Directors is appointed by the Annual General Meeting and as of 31 December 2022, consisted of six members, Fredrik Holmström, Therese Rattik, Johan Bengtsson, Erika Olsén, Erik Rune, and Fredrik Tibell and a deputy, Leif Andersson. For the board, see **pages 131–132**.

The Board's task is to be responsible for the company's organization and administration, to continuously assess the Company's financial position and to ensure that there are effective systems for monitoring and controlling the Company's operations and compliance with laws and other rules.

The Board's tasks are carried out through organized interaction with the company's management team. Through submitted reports, the Board follows the assessment obligations that follow from law. In addition, the Board's work is governed by guidelines from the Annual General Meeting, by the Board's rules of procedure and selected parts of the Code. In 2022, 23 minuted Board meetings were held, of which ten per capsulam. The company's board has no committees, which means that the tasks are fulfilled by the entire board. The board continuously evaluates the board's work with the aim of developing the board's working methods and efficiency.

Chairman of the Board

The Chairman of the Board shall, in close collaboration with the CEO, monitor the company's results and act as Chairman of Board meetings. The Chairman is responsible for ensuring that other members of the Board receive sufficient information to carry out their work in an efficient way.

CEO and Management

The CEO is responsible for operational management, for managing the day-to-day administration and for leading the operations in accordance with the Board's guidelines, instructions and decisions. On 31 December 2022, the company's management team consisted of Johan Tengelin, Fredrik Westin, Suzana Bossel, Hanna Jessing and Henrik Meeths, see **page 133**.

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Investment Committee

Magnolia Bostad has an investment committee whose main task is to act as an advisor to the Board and prepare all investment decisions in connection with acquisitions, sales and property investments. A job description adopted by the Board applies for the investment committee, with a delegation procedure and decision matrix.

Auditors

The Company's external auditors are appointed by the Annual General Meeting. The auditors' task is to review the Company's and CEO's management of the Company on behalf of the shareholders and to ensure that the Annual Report has been prepared in accordance with the applicable laws and regulations. The 2022 Annual General Meeting resolved to elect Ernst & Young AB as auditor for the period until the end of the 2022 Annual General Meeting. In addition to auditing, Ernst & Young also primarily provided advice on tax during the year. In 2022, total remuneration to the auditors was SEK 3.2 m (3.4). See also **Note 8 – Disclosure on the auditor's fees and reimbursement of costs.**

Internal controls

According to the Swedish Companies Act, the Board is responsible for internal controls. The purpose of internal control is, with a reasonable degree of certainty, to achieve effective and efficient operations, reliable financial reporting and information about the operations, as well as compliance with applicable laws, rules, policies and guidelines.

The Corporate Governance Report on the company's internal controls refers to the company's financial reporting. The Company has established control structures and regularly monitors that these are implemented, updated and complied with. Regional managers and department heads are responsible for ensuring that internal controls are established within their areas of responsibility and that these controls achieve the intended effect. The company follows the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework to evaluate a company's internal control over financial reporting, "Internal Control -Integrated Framework". The framework consists of the following five components: control environment, risk assessment, control activities, information, and communication and follow-up.

The internal control process has been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations and other requirements that may be imposed on companies with bonds listed on Nasdaq Stockholm. Risk assessment regarding financial reporting takes place annually and involves the Board, senior executives and other employees.

To ensure that the Company's Code of Conduct is complied with, the Company has a whistleblower function. Through this whistleblower function, appropriate channels are offered for reporting serious irregularities committed by persons in key positions or in leading positions at the Company. Registration can be done in a way that is safe for the person reporting, while administration and monitoring of the whistleblower function is handled by an external

party. The Company has also established a Ethics Council, whose task is to ensure that reported whistleblower cases are handled correctly. If necessary, the Ethics Council also handles any matters concerning violations of the company's Code of Conduct, etc, and which are not handled within the framework of the whistleblower function.

Control environment

The basis for internal controls on financial reporting is Magnolia Bostad's organization, decision-making procedures, responsibility and authorizations that are communicated in the governing documents. These documents include the Articles of Association, the Board of Directors' rules of procedure, the CEO's instructions, the Code of Conduct, the Company's business plan, policies, the Investment Committee work description, process descriptions and manuals. The Company's work on internal control aims to identify high-risk areas and minimize these risks. All internal steering documents are regularly updated when, for example, legislation, accounting standards or listing requirements are changed.

Risk assessment

The risk of material misstatement in financial reports is assessed annually by the Company's Board of Directors, Executive Management and the Company's external auditors. There is an established risk management process at Magnolia Bostad. The CEO, in collaboration with other departments within the Company, is responsible for structured risk mapping across all business activities. the Company's risks are divided into three main types: (1) external risks, (2) operational risks and (3) organizational risks, see **pages 64-66.**

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Control activities

Control activities are designed on the basis of the risk analysis to address the significant risks identified. These are both of a preventive nature, in other words actions aiming to avoid losses or errors in reports and for purposes of discovery. The controls must also ensure that any errors will be corrected. Examples of areas that have a material impact on the Company's results and that have well-established quality control measures include accounting for projects and funding matters and sales as well as the IT environment. Controls are carried out using methods such as variance analyses and on the occasion of quarterly meetings between business areas and Executive Management. The head of strategy within the Finance department, identifies risks and ensures the Company maintains a secure IT environment. For the business, the business system forms the basis of the control structure established and focuses on important stages in the business such as investment decisions, production start-up and sales. The Company places great emphasis on follow-up of projects linked to established procedures for the project process, such as regular follow-up meetings, the Investment Committee and the Quality Council.

Information, communication

The guidelines for communication are that correct information must be provided in the correct manner and at the right time and comply with the law and Nasdaq Stockholm's regulations for issuers (interest-bearing instruments). The Company's governing documents in the form of a Code of Conduct, policies, process descriptions and manuals are reviewed annually and made available via the Company's intranet. All new employees receive information about

the governing documents and the Company has information opportunities where values and Codes of Conduct are discussed.

Follow-up

Follow-up takes place at many different levels within the company. The Company's business plan and budget are decided by the Board every year. The Board receives at least once a quarter financial re-

ports with comments including project follow-up and follow-up of guarantees and provisions. The Company's external auditor reports his observations from reviews and assessments of internal control to the Board. The Company has routines that ensure that measures are taken to deal with any shortcomings, as well as that proposals for measures that have received attention are followed up.

Magnolia Bostad's Executive Management:
Henrik Meeths, Suzana Bossel, Johan Tengelin, Fredrik Westin and Hanna Jessing.



Boards of Directors

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Fredrik Holmström
Chairman since 2009

Born 1971
Founder of Magnolia Bostad. Chairman and owner of Holmströmgruppen AB, parent company in a privately owned group of companies focused on housing production, acquisitions and management of properties as well as trading in listed and unlisted holdings. Board member of HAM Nordic AB, Ankarhagen Holding AB, Vincero Fastigheter 3 AB and Sachajuan Haircare Aktiebolag.

BSBA from IUM, Monaco (formerly University of Southern Europe).



Therese Rattik
Board member since September 2021

Born 1976
CEO Areim. Board member of the Swedish Green Building Council. Board member of HAM Nordic AB.

EMBA, specializing in Global Economy, Stockholm School of Economics, and M.Sc. in Property Economics from KTH Stockholm.



Johan Bengtsson
Board member since September 2021

Born 1975
Fund manager Areim. Board member of HAM Nordic AB.

MBA from the Stockholm School of Economics.

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Erika Olsén
Board member since September 2021

Born 1976
CIO Areim. Chairman of the Board of HAM Nordic AB. Board member of Genova Property Group AB and Diös Fastigheter AB.

M.Sc. in Property Economics from KTH Stockholm.



Erik Rune
Board member since September 2021

Born 1973
CEO Holmströmgruppen AB. Board member of HAM Nordic AB, Lyvia Group and Novedo Holding AB.

MBA from the Stockholm School of Economics.



Fredrik Tibell
Board member since September 2010

Born 1966
Founder and CEO of Caritas Corporate Finance AB, which provides financial advisory services primarily to companies within the property industry. Chairman of the Board of Ankarhagen Holding AB. Board member of HAM Nordic AB.

MBA from the Stockholm School of Economics.

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Johan Tengelin
CEO

Employed and member of Executive Management since December 2020.

Born 1970

Former partner at Brunswick Real Estate, and CEO Sveafastigheter. Prior to that, CEO of the Nordic operations at GE Capital Real Estate and partner at Carnegie Investment Bank.

MBA from School of Economics at the University of Gothenburg. Authorized Financial Analyst (CEFA) from Stockholm School of Economics.



Fredrik Westin
Deputy CEO & CFO

Employed and member of Executive Management since 2016.

Born 1973

Previously Head of Finance at Kungsleden. Also has a background as FP&A Manager and Accounting Manager at GE Capital Real Estate Nordic.

MBA from Gothenburg School of Economics.



Suzana Bossel
Head of Marketing and Communications

Employed and member of Executive Management since 2014.

Born 1973

Former PR and Marketing Manager at Ettelva Arkitekter and Arkitekthus. Before that, Svenska Husgruppen and JM.

Market Economist from IHM Business School and Higher Degree in Technical Editorial Work from Mälardalen University.



Hanna Jessing
Head of Legal

Employed and member of Executive Management since 2018.

Born 1971

Former legal counsel at Vasakronan AB. Before that, attorney at Lindskog Malmström Advokatbyrå and district court lawyer.

Master of Laws (LL.M) from Stockholm University.



Henrik Meeths
CIO

Employed since 2015. Member of Executive Management since 2022.

Born 1980

Former Associate Director at Cushman & Wakefield. Prior to that, Analyst at London & Regional Properties.

Master's degree in finance from Stockholm University and the University of California, Santa Barbara.

Auditors
Ernst & Young AB
Chief auditor:
Fredric Hävrén
Authorized public accountant

Assignments as of 31 December 2022

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To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility
 It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 127–133 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
 Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion
 A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 in the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 4 April 2023

Ernst & Young AB

Fredric Hävrén
 Auktoriserad revisor

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