



Corporate governance

Low loan-to-value ratio and focus on cash flow have long been a basic strategy

Castellum's Chairman of the Board Per Berggren describes the activities and strategy of the Board of Directors.

You have been on the Board of Directors of Castellum since 2007. Can you describe the developments in the company?

Castellum is a very well-managed company, financially muscular, where a low loan-to-value ratio and focus on cash flow have long been a basic strategy. The same strategy still applies, with the goal of generating a stable yield at low risk. The last year involved a number of changes to the Board and management, but the basic strategy remains. Going forward, the Board sees even greater focus on growth in the Nordic region, both through its own project development and through acquisitions.

How does the Board of Castellum work with sustainability?

Sustainability has long been high on the Board's agenda, and it is an integral part of the company's operations. In 2021, we raised our ambition for reduced energy use to deliver on our overall sustainability strategy with the goal of being climate neutral by 2030 at the latest. The targets in our strategy are monitored, and quarterly reports on progress are

made to the Board. The climate targets that the Board established in our strategy have also been approved by the Science Based Targets initiative (SBTi), which feels like firm evidence that our strategy is leading to real reductions in emissions.

How does the Board regard the composition of the asset portfolio going forward?

Castellum's portfolio consists largely of offices and warehouse/logistics. It is a composition we still strongly believe in. Our property portfolio has a good mix of tenants from both private and public operations in the strongest-growing regional cities in Sweden, Denmark and Finland. Through our ownership share in the Norwegian company Entra, we also have a portfolio in the most attractive regional cities in Norway. New production in offices and warehouse/logistics will increase in our core markets over the coming years, since demand is still high.

Per Berggren

Chairman of the Board of Castellum AB

"Going forward, the Board sees even greater focus on growth in the Nordic region, both through its own project development and through acquisitions."



Overall governance structure

Articles of Association

The name of the Company is Castellum Aktiebolag and the company is a public limited company. The head office of the Company is in Gothenburg. The objective of the Company's operations is to acquire, administer, develop and sell properties and securities, directly or indirectly through wholly or partially owned companies, and to conduct other operations compatible with these. Changes to Castellum's Articles of Association are made in accordance with the provisions of the Companies Act. The Articles of Association in their entirety can be accessed at the company's website, www.castellum.se.

The Swedish Corporate Governance Code

Corporate governance covers the various means of decision-making by which the shareholders directly and indirectly control the Company. Corporate governance in Swedish listed companies has been developed through laws, recommendations and statements as well as through self-regulation. The Swedish Corporate Governance Code (the "Code") is important for corporate governance in Swedish listed companies.

The model below describes the overall structure of corporate governance at Castellum.

Compliance with the Code

In the opinion of the Board, Castellum complied with the Code in all respects in 2021 and has no deviations to report or explain.

Shareholders and shares

Castellum Aktiebolag (publ) is a Swedish public limited company governed by the Swedish Companies Act, the Nasdaq Stockholm Rulebook for Issuers, the Code and the Articles of Association.

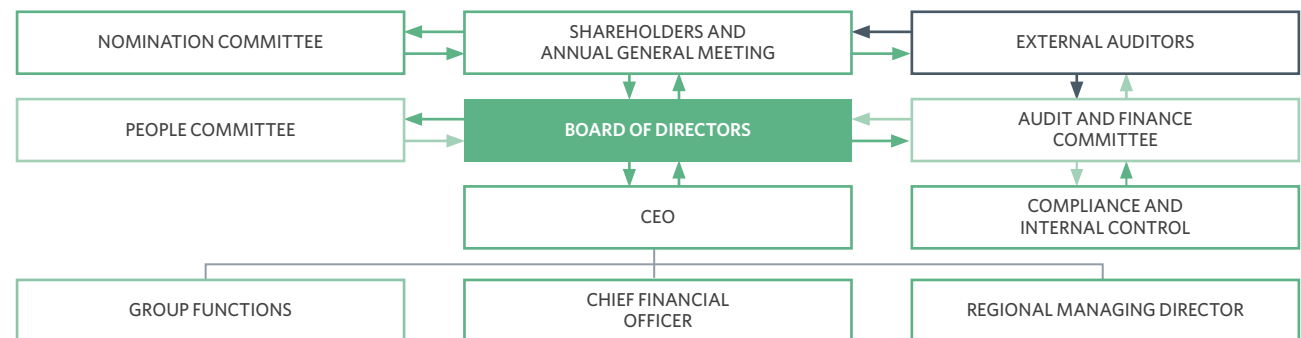
The Castellum share is traded on Nasdaq Stockholm Large Cap. At 31 December 2021, Castellum had approximately 103,000 shareholders. Of the total share capital, 57% was owned by Swedish institutions, funds and private individuals, and 43% by foreign investors. The largest owner of Castellum is Rutger Arnhult, who owns 17.2% of the shares outstanding through a company, which

is the only registered shareholder with holdings exceeding 10% of the shares in the Company.

The share capital amounts to SEK 172,865,984 distributed among 345,731,968 registered shares with a quotient value of SEK 0.50. Each share entitles the holder to one vote and carries an equal right to a share in Castellum's capital. There are no warrants, convertible bonds or similar securities which may lead to additional shares in the Company.

Acquisition of Kungsleden Aktiebolag (publ)

In 2021, Castellum submitted and concluded a public takeover bid of Kungsleden Aktiebolag (publ). Prior to the acquisition, Kungsleden was listed on Nasdaq Stockholm with a separate corporate governance structure. After the public takeover bid was completed, Kungsleden was de-listed from Nasdaq Stockholm and is now a subsidiary of Castellum. Various functions from Kungsleden's corporate governance will thus be integrated into Castellum's corporate governance framework.



Annual General Meeting

The Annual General Meeting (the “AGM”) is Castellum’s supreme decision-making body, where shareholders have the right to take decisions concerning the Group’s affairs.

The AGM is held in Gothenburg during the first half-year after the end of the financial year.

The AGM elects the Board of Directors and the Company’s auditor, as well as passing resolutions on items including the distribution of profits and the discharge from liability of the Board and the Chief Executive Officer.

Decisions at the AGM are usually taken by simple majority (i.e. with the support of more than half of the votes cast at the meeting). On certain issues, however, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and votes cast at the AGM. Castellum observes the Swedish corporate code, which means that our Board of Directors must have a suitable composition with regard to the company’s operations, stage of development and other conditions, characterised by versatility and breadth pertaining to the competence, experience and background of the members elected by the general meeting. An even gender distribution is desirable.

Annual General Meeting 2021

The latest AGM was held on March 25, 2021 via postal voting in order to reduce the risk of the spread of infection. 143,738,863 shares and votes were represented at the Meeting, representing 52% of the number of shares and votes.

The AGM adopted the financial reports for 2020 and discharged the Board of Directors and the CEO from liability regarding operations for 2020.

At the AGM on 25 March 2021, the following was resolved:

- A dividend of SEK 6.90 per share for the 2020 financial year, divided into two equal payouts (March and September, respectively) of SEK 3.45 per share.

- That remuneration to the members of the Board of Directors is to be KSEK 4,215, of which KSEK 1,015 should be allocated to the Chairman of the Board of Directors and KSEK 425 to each of the other Board members, and fees of KSEK 100 to the Chairman of the People Committee and KSEK 75 to the other members. Fees to the Chairman of the Audit and Finance Committee are to be KSEK 200 and KSEK 100 to the remaining members;
- Re-election of Board members Per Berggren, Christina Karlsson Kazeem, Zdravko Markovski and Joacim Sjöberg, as well as the election of Rutger Arnhult, Anna Kinberg Batra and Anna-Karin Celsing as new Board members. Rutger Arnhult was elected Chairman of the Board.
- Re-election of Deloitte as auditor. Authorised public accountant Harald Jagner is Castellum’s new auditor in charge.
- Approval of the proposed guidelines for remuneration to senior executives.
- Mandate for the Board to resolve, for the purpose of issuing shares as payment or for financing property investments, on new issue of shares.
- Mandate for the Board to resolve, for the purpose of adjusting the Company’s capital structure and to transfer treasury shares as payment or for financing of property investments, on the acquisition and transfer of treasury shares.

Extraordinary general meeting 2021

On 27 August 2021, an extraordinary general meeting was held with reference to Castellum’s public takeover bid of Kungsleden Aktiebolag (publ). The meeting was held via postal voting in order to reduce the risk of the spread of infection.

The extraordinary general meeting authorised the Board to take a decision on the issue of new shares as payment for shares in Kungsleden Aktiebolag (publ).

The 2022 AGM

For the AGM on 31 March 2022, the Board of Directors proposes a dividend of SEK 7.60 per share, divided into four payments of SEK 1.90 each.

The Nomination Committee proposes to the AGM:

- That the number of Board members should be six, and that the number of auditors should be one, without a deputy auditor.
- The re-election of Rutger Arnhult, Anna Kinberg Batra, Anna-Karin Celsing and Joacim Sjöberg. Furthermore, the election of Henrik Käll as a new Board member is proposed. The re-election of Per Berggren as Chairman of the Board is proposed.
- Fees to be paid to Board members as follows (2021 fees in parentheses):
- Chairman of the Board: SEK 1,075,000 (1,015,000).
- Each of the other Board members: SEK 440,000 (425,000).
- Chair of the People Committee: SEK 100,000 (100,000). Each of the other People Committee members: SEK 75,000 (75,000).
- Chair of the Audit and Finance Committee: SEK 220,000 (200,000). Each of the other Audit and Finance Committee members: SEK 105,000 (100,000).
- Board members who are employed by the company will not collect Board fees.
- In accordance with the recommendation of the Audit and Finance Committee, the re-appointment of Deloitte as auditor for Castellum is proposed for the period up until the end of the 2023 AGM. Deloitte has announced that Harald Jagner will remain as auditor in charge, if the AGM appoints Deloitte as auditor.
- It is proposed that fees to the auditor should be paid as per approved account.
- No changes are proposed to the instruction for appointing the Nomination Committee in Castellum as adopted at the 2021 AGM, which remains in force until further notice.

Nomination Committee

The 2021 AGM resolved to adopt instructions for the appointment of a Nomination Committee, to be in force until further notice, that ahead of each AGM the Nomination Committee shall present proposals for the number of members of the Board of Directors; for election of members to the Board of Directors, including the Chairman of the Board; for the election of auditors; for remuneration to Board members and auditors; and for changes to the instructions for appointment of the Nomination Committee where applicable.

The Nomination Committee's proposal will be announced at the latest in connection with the notice to attend the AGM, and shareholders will be given the opportunity to contact the Nomination Committee with proposals for nomination.

At the 2021 Annual General Meeting, it was resolved that the Nomination Committee would consist of the Chairman of the Board as well as one member elected by each of the four largest registered or otherwise known shareholders, with the exception of such shareholders as may be represented by the Chairman of the Board, on the last share trading day of the year prior to the AGM.

When the Nomination Committee was convened ahead of the 2022 AGM, the Nomination Committee consisted of Helen Fasth Gillstedt (chair), appointed by Handelsbanken; Patrik Essehorn, appointed by Corem Property Group; Johannes Wingborg, appointed by Länsförsäkringar Fonder; Mats Gustafsson, appointed by Lannebo Fonder; and then-Chairman of the Board Rutger Arnhult. The company's ownership circle has changed due to the completion of Castellum's bid for Kungsleden, and after contacts with the larger shareholders, the Nomination Committee has decided that Ilija Batljan (appointed by Ilija Batljan Invest) will replace Mats Gustafsson as a member of the Nomination Committee. Moreover Per Berggren, in his capacity as new Chairman of the Board, has replaced Rutger Arnhult as a member of the Nomination Committee. After the changes to the composition of the Nomination Committee, the members of the Committee together represent just under 10% of the total number of shares and votes in the company.

Board of Directors

The Board has overall responsibility for Castellum's strategy and organisation and manages Castellum's business on behalf of the shareholders. Under the Articles of Association, Castellum's Board is to consist of no less than four and no more than eight members. The shareholders elect the Board members at the AGM and hold office for the period until the conclusion of the first AGM following their appointment. For 2021, the Board consisted of seven members. The Board works in accordance with established rules of procedure containing instructions on the allocation of work between the Board and the CEO. No Board member is entitled to remuneration upon their assignment coming to an end.

New Board members receive an introduction to the company and its operations and undergo the stock exchange's training programme for board members of listed companies. Subsequently, the Board continually receives information on subjects including changes to regulations, issues that concern operations and the Board's responsibility in a listed company. The Board works continually to update its collective knowledge in sustainable development and the field of ESG.

The rules of the Companies Act apply to Board decisions, meaning that both more than half of the members in attendance and more than one third of the total number of members must vote for a decision. In the event of a split vote, the Chairman has the deciding vote.

Responsibility of the Board

According to the Swedish Companies Act and the Board of Directors' rules of procedure, the Board is responsible for:

- Preparing business decisions and supporting management.
- Developing, preparing and monitoring overall, long-term strategies and objectives, budgets and business plans.
- Establishing guidelines to ensure that the Company's operations create value over the long term.
- Reviewing and approving the accounts.

- Review of the auditors' conclusions from the audit and the Auditor's report.
- Taking decisions on issues concerning investments and sales.
- Capital structure, dividend policy and decisions on financing.
- Developing the Group's policies.
- Ensuring that there are control systems for monitoring compliance with policies and guidelines.
- Ensuring that there are systems for monitoring and controlling the Company's operations and risks, which also include climate-related risks and opportunities.
- Significant changes to Castellum's organisation and operations.
- Appointing the Company's Chief Executive Officer and setting the CEO's fixed salary and other benefits.

Each member is to act independently and with integrity, and to look after the interests of the Company and all shareholders.

The experiences of the Board members as part of the work of the Board are covered by confidentiality.

Board of Directors' rules of procedure

The Board of Directors establishes rules of procedure for Board work every year. The rules of procedure describe the work of the Board and the allocation of responsibility between the Board and the CEO. The rules of procedure also indicate which topics should be covered at each Board meeting, and provide instructions regarding financial reporting to the Board of Directors.

The rules of procedure also prescribe that the Board is to have an Audit and Finance Committee as well as a People Committee. The Committees prepare and produce recommendations to the Board on various matters. Members of the Committees are appointed yearly by the Board of Directors.

Chairman of the Board

The Chairman of the Board of Directors is responsible for ensuring that Board members regularly receive, through the agency of the CEO, the information required to monitor the Company's financial position, earnings, liquidity, financial planning and development. The Chairman of the Board is also obliged to carry out decisions made by the AGM regarding establishment of a Nomination Committee, and to participate in its work.

The work of the Board in 2021

Castellum's Board held 29 meetings in 2021, of which one was the Board meeting following election. According to the prevailing rules of procedure, the Board is to hold at least seven scheduled Board meetings per calendar year, of which one is a Board meeting following election.

The Board meetings are held in connection with the Company's financial reporting: annual accounts, proposals for appropriation of profits, and issues in connection with the AGM are covered in January; interim reports in April, July and October; strategy in June and the budget for the coming year in December.

At each of the scheduled Board meetings, matters of significance for the company such as investments, sales of properties and financing, are covered. Further, the Board is informed of the current business situation in both the rental and property markets and the credit and stock markets. Issues concerning work environment, incident reports and customer-related questions are addressed regularly by the Board.

The Board also holds meetings with the auditors without the presence of corporate management.

Routine matters the Board addressed in 2021 further include Company-wide policies, the overall strategy plan, the Board's rules of procedure, capital structure and financing needs and sustainability initiatives, including continued focus on know-how for all Board members in the field of sustainability. Apart from this, the operational model and organisational issues were addressed, as was the company's insurance situation.

In addition, the Board devoted several meetings to enhancing their knowledge of operations through themed meetings. Beyond the routine matters above, the work of the Board in 2021 focused on recruiting a new CEO and the continued shift of Castellum's

asset portfolio, both from a quality perspective and towards higher density with an even clearer orientation on growth cities in the Nordic region where significant strides have been made in Finland and Norway (through the ownership of the Norwegian property company Entra ASA). During the year, the work of the Board also focused on the public takeover bids submitted to Entra ASA and Kungsleden Aktiebolag (publ), the sale of a logistics portfolio to Blackstone and the further acquisition of shares in Entra ASA. The Board also continued to invest time and energy into initiatives around the company's financing and credit rating and its project development process, as well as issues concerning innovation and technology-based business development, climate initiatives, efficiency enhancement measures and issues concerning succession and recruitment, as well as risk management.

During the autumn of 2021, the Board also conducted an evaluation of its work. The evaluation indicated an open and constructive Board climate and a decision-making process that functions well.

The evaluation has been presented and submitted to the Nomination Committee and was discussed by the Board. Topics reviewed in the evaluation include working climate, forms of work concerning the business process, crisis management, strategic issues, monitoring and control systems, access to – and the need for – particular Board competence, order of succession, morals, ethics and communication.

The evaluation and subsequent Board discussion serve as a basis for the ongoing development of the Board's work methods and ensure that the Board can take decisions that are as well-informed as possible.

The Board evaluation complies with the guidelines for board evaluations in the Code.

No compensation other than remuneration for Board work and Committee work has been paid.

Board members	Remuneration, KSEK	Meeting attendance			Independent
		Board of Directors ¹⁾	People Committee	Audit and Finance Committee	
Rutger Arnhult	1,190	22 of 29	1 of 4	3 of 4	No ²⁾
Per Berggren	525	29 of 29	3 of 4		Yes
Anna-Karin Celsing	625	21 of 29		3 of 4	Yes
Christina Karlsson Kazeem	500	29 of 29	2 of 4		Yes
Anna Kinberg Batra	425	22 of 29			Yes
Zdravko Markovski	525	29 of 29		4 of 4	Yes
Joacim Sjöberg	425	29 of 29			Yes

1. The large number of Board meetings should be viewed in the light of a high level of activity on the transaction market. Some Board members took office on 25 March 2021 and therefore did not participate in all meetings during 2021.

2. Not independent in relation to major stockholders.

The Board's year

In addition to permanent issues such as business conditions, future outlooks, investments, sales, financing, reporting from the chairmen of the respective committees regarding committee work, work environment issues, customer-related issues and incident reporting.

JAN	FEB	MARCH	APRIL	MAY	JUNE	
Board Meeting <ul style="list-style-type: none"> Net income for the year Annual Report incl. Sustainability Report Documents for the AGM Proposed appropriation of profits 	<ul style="list-style-type: none"> Review of the auditors' conclusions from the audit Individual meeting, auditors 	Board Meeting <ul style="list-style-type: none"> Preparations for the AGM Board Meeting following election <ul style="list-style-type: none"> Authorised signatory appointed Composition of the committees decided 	Board Meeting <ul style="list-style-type: none"> Q1 interim report Decision log Monitoring investments and letting plans Rules of procedure and policy documents adopted 	Board Meeting <ul style="list-style-type: none"> Strategy review Review of operational risks in the business and financial risks 		
Audit and Finance Committee <ul style="list-style-type: none"> Financial position Review with auditors of year-end audit Audit plan 	<ul style="list-style-type: none"> Incident reporting, Whistleblower Review of disputes Evaluation of Committee work 	Annual General Meeting	Audit and Finance Committee <ul style="list-style-type: none"> Financial position Risk management Internal control Incident reporting, Whistleblower 	<ul style="list-style-type: none"> Evaluation of audit work Review and evaluation of strategic objectives Procurement of audit 	People Committee <ul style="list-style-type: none"> Review of incentive plans Review of remuneration policies for senior executives 	
Board Meeting <ul style="list-style-type: none"> Q2 interim report Review of the audit of the half-year report 			Board Meeting <ul style="list-style-type: none"> Q3 interim report Decision log Insurance review Monitoring investments and letting plans 		Board Meeting <ul style="list-style-type: none"> Budget Evaluation of the Board and CEO 	
JULY	AUG	SEP	OCT	NOV	DEC	
		Audit and Finance Committee <ul style="list-style-type: none"> Financial position Review of financial reporting process Review of policy compliance 	<ul style="list-style-type: none"> Incident reporting, Whistleblower Recommendation for election of auditor to the Nomination Committee 	People Committee <ul style="list-style-type: none"> Guidelines, remuneration principles Preparing incentive outcome Preparing CEO evaluation 	Audit and Finance Committee <ul style="list-style-type: none"> Financial position Review of financial reporting Incident reporting, Whistleblower 	<ul style="list-style-type: none"> Review of changed regulations Discussions with the auditors about the audit of the quarterly report and internal control

People Committee

The Board's People Committee routinely evaluates the terms of remuneration to senior executives in light of current market conditions. The Committee prepares matters in this area for decision by the Board. The members of the Remuneration Committee are appointed annually by the Board.

The People Committee consists of three Board members, including the Chairman of the Board. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. The tasks of the People Committee are:

- Preparing recruitments to Group Management and succession issues regarding Executive Management as well as preparing questions regarding talent supply and management expansion within the Group.
- Discussing management by objectives concerning gender equality and diversity issues.
- Preparing and proposing guidelines for remuneration principles, remuneration and terms of employment for the CEO and other senior executives, as well as a separate remuneration report. The guidelines for remuneration are to be submitted to the Board, which in turn will submit remuneration proposals for resolution at the AGM. The same applies as regards the separate remuneration report.
- The People Committee will also monitor and evaluate programmes – both ongoing and concluded during the year – for variable remuneration to Executive Management.
- Annually evaluating the efforts of the CEO, which is also done by an external expert, including interviews with both the Board of Directors and those reporting directly to the CEO.

The People Committee is to meet at least twice a year. In 2021, the Committee held four meetings. Issues addressed at the meetings included the review of remuneration to the CEO and other senior

People Committee

The People Committee consists of Chairman Anna Kinberg Batra as well as members Per Berggren and Christina Karlsson Kazeem. Previously, Rutger Arnhult was a member of the People Committee up until taking office as Castellum's Chief Executive Officer. Subsequently, Anna Kinberg Batra took over as chair (formerly Per Berggren).

The primary tasks of the People Committee are:

- Guidelines for remuneration policies.
- Remuneration to senior executives.
- Preparation of incentive plans.
- Evaluation of the CEO.
- Preparation of recruitments to Executive Management and succession issues.
- Preparation of issues concerning management expansion and talent supply.
- Management by objectives for equality and diversity.

executives; the recruitment process for a new CEO and appointment of acting CEO; proposals to the Board regarding the revision of the Executive Management's remuneration package; monitoring and evaluation of incentive plans in effect; and proposals drawn up for parameters for the individually determined factors in the annual performance-based incentive programme as well as HR and succession issues. Additionally, the People Committee has prepared suggestions for a separate remuneration report as well as guidelines for remuneration to senior executives.

Audit and Finance Committee

The Board's Audit and Finance Committee monitors such issues as financing and audits, and prepares matters in these areas for decisions by the Board. Members of the Committee, and its Chairman, are elected yearly by the Board. The Audit and Finance Committee consists of four Board members not employed by the company. The Committee's rules of procedure are included in the Board of Directors' rules of procedure and are ratified annually. It is the business of the Audit and Finance Committee to:

- Monitor financial reporting and submit recommendations and proposals for ensuring the reliability of the financial reports.
- With regard to financial reporting, monitor the efficiency of the company's internal control, internal audits (if any) and risk management.
- Monitor the work on capital structure and other financing issues, as well as prepare financing issues for decisions by the Board.
- Monitor the work on operational risks and regulatory compliance, and ensure that there are appropriate systems for control and monitoring.
- Issue an annual report on internal control and ensure that the Corporate Governance Report describes the Board's measures for ensuring that internal control functions properly.
- Stay informed about the Annual Report and the consolidated accounts.
- Inform the Board of the results of the audit and how they promoted the reliability of financial reporting.
- Stay informed about the findings of the Swedish Inspectorate of Auditors' control of the auditors.
- Review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditors provide other services besides auditing, as well as evaluating the audit work and informing the company's Nomination Committee of the results of the evaluation.

- Take note of the auditors' report pursuant to Article 11 of the Audit Regulation and, if needed, take appropriate action in this connection.
- Issue guidelines for services other than auditing provided by the auditors and, where appropriate, approve such services in accordance with these guidelines.
- Prepare issues regarding procurement of audit and other services from the auditors.
- Assist the Nomination Committee in producing proposals for auditors and remuneration to them, at which point the Committee is to ensure the auditors' mandate period does not exceed the applicable regulations, procure the audit and submit a reasoned recommendation in accordance with the stipulations in Article 16 of the Audit Regulation.

The Audit and Finance Committee is to hold at least four meetings a year, and the Company's auditors must attend at least two of them. On one of the occasions when the Audit and Finance Committee meets with the auditors, no one from Executive Management may be present.

In 2021, the Committee held four meetings. Issues covered at the meetings included capital structure and financing issues, financial reporting including a review of future regulations and their potential impact on Castellum; a survey of the decision-making process as regards investments; internal control and risk management; the impartiality, independence and work of the auditors; policy development and feedback from the whistleblower service. Operational issues were also thoroughly examined. In 2021, the Committee focused in particular on issues concerning Castellum's financing and credit rating as well as the continued shift of the asset portfolio. In addition, the Audit and Finance Committee held individual meetings during the year with compliance and auditors without the presence of management.

Audit and Finance Committee

The Audit and Finance Committee consists of Chairman Anna-Karin Celsing as well as members Per Berggren, Zdravko Markovski and Joacim Sjöberg. Previously, Rutger Arnhult was a member of the Audit and Finance Committee up until taking office as Castellum's Chief Executive Officer. Subsequently, Joacim Sjöberg and Per Berggren were added as members.

The primary tasks of the Audit and Finance Committee are:

- Financial reporting
- Financing and capital structure
- Investment research and monitoring
- Risk management
- Regulatory compliance
- Audit
- Policies
- Operational areas of specialisation
- Internal control

CEO and Executive Management

The CEO is responsible for routine administration of the company and managing operations in accordance with the guidelines and instructions of the Board as well as for providing the Board with information and the necessary documentation for decisions. The CEO leads the work of Executive Management and takes decisions after consulting its members.

Chief Executive Officer

The CEO presents reports at Board meetings and ensures that Board members are routinely sent the information needed to monitor the Company's and the Group's financial position, earnings, liquidity and development. In October 2021, Castellum's CEO Henrik Saxborn stepped down and was replaced by acting CEO Jakob Mörndal. In conjunction with the conclusion of the public takeover bid of Kungsleden Aktiebolag (publ), its CEO Biljana Pehrsson was appointed the new CEO of Castellum. In January 2022, Biljana Pehrsson left the position as Chief Executive Officer and in conjunction with this, the Board of Directors appointed Rutger Arnhult as Chief Executive Officer of Castellum.

Executive Management

Executive Management includes the CEO, the Chief Financial Officer, Communications Director and the managing directors of the four regions. Executive Management has joint responsibility for delivering on Group-wide goals and strategies, and decisions on overall operational issues are discussed and taken at the meetings that take place. Executive Management held 17 meetings in 2021.

In 2021, Executive Management focused on initiatives for change within the Group, with a particular focus on sales and customers. Executive Management also focused on implementing more efficient work methods and cost savings within the Group.

The work of Executive Management during the year concerned a high level of activity on the transaction market in line with the strategy of increasing quality and refining the portfolio.

Key acquisitions in Finland, the public takeover bids for the Norwegian property company Entra ASA and for Kungsleden Aktiebolag (publ), the sale of a logistics portfolio to Blackstone and the further acquisition of shares in Entra ASA can be mentioned here.

Remuneration to senior executives

The 2021 AGM resolved on the following guidelines for remuneration to senior executives:

Remuneration levels must be market-based and competitive. A fixed salary shall be paid for work performed in a satisfactory manner. Pension terms will be defined-contribution and not exceed 33% of the annual salary.

In addition to fixed salary, variable remuneration will be offered that rewards clearly goal-related performances in simple, transparent constructions in accordance with an earnings and share price-related incentive plan. Variable remuneration of this kind is intended to promote long-term value creation and sustainability initiatives in the Group. Variable remuneration in accordance with the earnings and share price-related incentive plan, which cannot exceed the annual fixed salary in any given year, is determined by the extent to which objectives set in advance regarding growth in income from property management per share, and share price trend, are achieved as well as how individually determined factors have developed. The previously determined targets pertaining to variable remuneration must be clearly linked to the business strategy and Castellum's long-term value creation, including its sustainability initiatives. Variable remuneration that has fallen due will be paid in the form of salary, including holiday pay, and will not be pensionable if it does not otherwise follow from compulsory collective bargaining agreements. Additionally, the Board of Directors has the right to call in variable remuneration that was paid on the basis of information that later turned out to be incorrect and submitted with the intent to mislead.

The notice period upon termination by the Company must not exceed six months for the CEO and twelve months for the other executives.

When notice of termination is given by the Chief Executive Officer or any other senior executive, the notice period is six months. During the notice period, a full salary and other employment benefits will be paid, less salary and other remuneration received from other employment or operations that the employee has during the period of notice. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the Company, a severance package will be paid of twelve months' fixed salary, which is not to be reduced owing to other income the CEO receives.

The guidelines apply to senior executives in the Executive Management group in Castellum. The Board of Directors will have the right to depart from the guidelines in full or in part in individual cases if there is particular reason to do so and a departure is necessary to provide for Castellum's long-term interests, including its sustainability initiatives.

Castellum has complied with the guidelines resolved by the 2021 AGM.

For further information regarding remuneration to Executive Management, refer to Note 12.

For the 2022 AGM, guidelines have been proposed for remuneration to senior executives; refer to page 158.

Auditor

The auditor is elected by the AGM, is an independent reviewer of Castellum's accounting and corporate governance report, sustainability report and report on green MTNs, and also reviews the administration by the Board and the CEO. Castellum's auditor, Deloitte, was elected by the AGM for a mandate period of one year, until the end of the 2022 AGM. The auditor in charge at Deloitte is authorised public accountant Harald Jagner.



Harald Jagner
Castellum's auditor

AUDIT FEES

	2021	2020	2019
Audit assignment	5,368	4,260	3,252
Audit business in addition to the audit assignment	3,490	2,721	1,127
Other services	—	54	52
Total audit fees	8,858	7,035	4,431

Compliance and internal control

Castellum has a Compliance Officer to monitor compliance (i.e. ensuring compliance with laws and ordinances as well as internal policies and guidelines). The Group's Chief Legal Officer is its Compliance Officer.

Internal control at Castellum is based on the established COSO framework, which consists of the following components: control environment, risk assessment, control activities, information, communication and monitoring. Internal control is described in more detail on pages 155-157.

Castellum has a whistleblower function, which is directed both externally and internally. It is available on the Group's website and via the Group's intranet. The service represents an early warning system for reporting deviations from Castellum's values and business ethics guidelines. All incoming cases to the whistleblower function are sent to the appointed official within Castellum as well as to the Chairman of the Audit and Finance Committee.

The Compliance Officer function acts as a support for the operations driving the business when it comes to identifying and monitoring operational risks. The Compliance Officer regularly reports to the CEO and the Audit and Finance Committee regarding risks and regulatory compliance.

Internal control

Under the Swedish Companies Act and the Code, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Code and therefore refers to internal control relating to financial reporting and other processes relevant to the operations.

The work on introducing self-assessment of internal controls continued in 2021.

Internal control at Castellum (excluding Kungsleden) follows the Internal Control - Integrated Framework (COSO), which consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The basis for internal control relating to financial reporting is a control environment consisting of various parts that together form the culture and values on which Castellum is governed. Essential for Castellum's internal control are its decentralised, small-scale organisation with more than 762 properties, as are the cost centres administered by our regional companies. The decision-making paths, authorisations and responsibilities documented and communicated in such policies as the Board of Directors' rules of procedure, resolution procedure, instructions for authorised signatories, proxy forms and authorisations, accounting and reporting instructions, internal policies, guidelines and manuals are also of importance for internal control. Current documents are updated regularly in the event of changes (e.g. to legislation, accounting standards or listing requirements).

Risk assessment

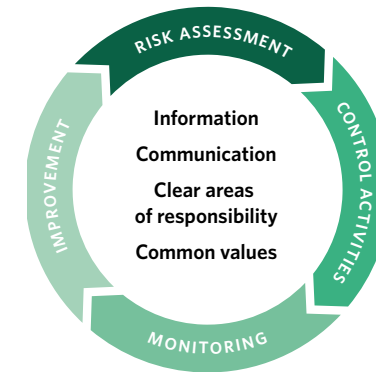
At Castellum, risk management is built into the processes concerned, and various methods are used to evaluate and limit risks as well as to ensure that the risks Castellum is exposed to are managed in accordance with established policies and guidelines. Under the rules of procedure, the Board of Directors and the Audit and Finance Committee annually review customary internal control and operational risk as well as how they are handled; for the latter, see the "Risks and Opportunities" section on pages 75–83. The risks deemed to exist are identified and then each individual risk is ranked from a perspective of impact and likelihood.

The material risks Castellum has identified as specifically linked to financial reporting are errors in accounting and valuation of properties, lack of financing, interest-bearing liabilities, tax and VAT, workplace injuries and the risks of fraud and loss or embezzlement of assets.

Control measures

The risks identified as regards financial reporting are managed through the company's control structure, resulting in a number of control measures. The control measures are intended to prevent, detect and correct errors and deviations and cover, for example, analytical reviews at several levels in the organisation and comparisons of income statement items, reconciliation of accounts, monitoring and reconciliation of Board decisions and policies set by the Board, authorisation and recognition of business transactions, structures for proxies and authorisation, authorised signatories, compliance officer functions, and consolidated accounts prior to publication. The auditors conduct a limited assurance review of the January–June half-year report.

CASTELLUM'S INTERNAL CONTROL ENVIRONMENT



Internal control is governed by:

- The Board of Directors' rules of procedure.
- Audit and Finance Committee's rules of procedure.
- Resolution procedure.
- Instructions for signatories, proxy forms and authorisations.
- Accounting structure.
- Reporting structure.
- Financial policy, communication policy, insider policy, sustainability policy, Code of Conduct, Code of Conduct for suppliers, tax policy and crisis management policy.
- Guidelines for information and IT security, insurance and electricity trading.
- Accounting manual, HR manual, Manager manual.
- Financial instructions.
- Processing routine for personal data.
- Continuity plan.

Information and communication

Castellum has information and communication paths that are intended to ensure efficient and correct provision of information as regards financial reporting. This requires all parts of the operations to communicate and exchange relevant, material information. Policies and guidelines regarding financial reporting as well as updates and changes are made available and made known to the personnel concerned. Executive Management and the Board of Directors regularly receive financial information from the regions with comments on financial results and risks.

The Board also receives additional information regarding risk management, internal control and financial reporting from the auditors through the Audit and Finance Committee. In order to ensure that the external provision of information is correct and complete, there are a communication policy and guidelines for information security.

Corporate culture

Conducting Castellum's operations responsibly is crucial for the company's long-term success. Castellum's Code of Conduct governs its daily work, and the Company has signed and supports the principles of the UN Global Compact on human rights, labour issues, the environment and corruption. The objective is to make sound and proper business decisions in all respects, where the Company's actions are characterized by good business conduct with a high level of competence and business morals, good business practices, accountability and impartiality. Castellum's Code of Conduct is based on providing good quality and service, complying with laws and regulations, not discriminating against anyone, creating a good work environment and security.

Group policies issued by the Board



Financial policy

Establishes overall objectives and guidelines for financial risk and how financial operations are to be conducted. The financial policy also indicates how responsibility for financial operations is allocated, and how risks are to be managed and reported. It also includes instructions for how operational activities are to be pursued.



Code of Conduct

Provides guidelines for conducting operations responsibly, with the aim of all business being characterised by a high level of business ethics and accountability. Governs the Group in relation to employees, contractors, customers, suppliers and other stakeholders. Castellum's Code of Conduct can be found on the company's website.



Code of Conduct for suppliers

Provides similar guidelines for suppliers as for Group employees as regards conducting operations responsibly with the objective of having all business characterised by a high level of business morals and accountability. Castellum's Code of Conduct for suppliers can be found on the company's website.



Sustainability policy

Provides guidelines for how sustainability initiatives in the Group are to be pursued. The work must promote sustainable development and be broken down into specific measurable goals as well as being an integral and natural part of operations and based on participation and commitment.



Communication policy

Ensures that all Group communication is correct and is provided in a professional manner at the right time. The policy covers both internal and external communication.



Insider policy

Ensures proper ethical management in relation to the capital market by describing trading and reporting requirements.



Crisis management policy

Provides guidelines for how the Group is to act and communicate in a potential crisis.



Tax policy

Ensures a clear framework for tax governance in the Castellum Group as a stage in the company's sustainability initiatives. The tax policy establishes the principles for compliance with taxes in the countries where Castellum operates.

Castellum also has a Code of Conduct for suppliers, since Castellum expects suppliers to also promote sustainable development. Castellum's work on diversity and equality are also important components in building a corporate culture in which employees are given the right conditions to work. That is why Castellum has produced an equality policy as well as a diversity and equality plan in order to take a proactive approach to these issues every day. In addition, there are ambitious long-term goals regarding diversity and equality.

A cornerstone of Castellum's corporate culture has been its decentralised organisation, which creates committed employees who take on responsibilities and feel themselves a part of operations.

Long-term value creation

Long-term value creation requires that operations are conducted with a focus on sustainability. Sustainability initiatives involve environmental considerations such as efficient and responsible use of resources and developing a future-proof and sustainable asset portfolio as well as social responsibility by promoting the development of the cities where Castellum operates.

The work also involves ensuring a healthy work environment for employees. Sustainability initiatives are carried out in collaboration with customers and other stakeholders – a requirement for success. Guidelines for conducting value-creating sustainability initiatives can be found in the sustainability policy, the Code of Conduct and the Code of Conduct for suppliers.

Castellum reports on this work in accordance with the GRI standards. Reports on sustainability activities are regularly presented to Castellum's Board of Directors.

Monitoring

Routine monitoring takes place at many levels in the Group, at the property and regional levels as well as at Group level. Through the Audit and Finance Committee, the Board of Directors evaluates the information submitted by Executive Management and the auditors. Furthermore, the Company's auditors report their observations from the review, and their assessment of internal controls, directly to the Audit and Finance Committee at least twice a year.

In addition, the Audit and Finance Committee conducts an annual review of the risk assessment and the measures agreed on. Monitoring by the Audit and Finance Committee and the Board of Directors is of particular importance for the development of internal control and for ensuring that action is taken regarding any shortcomings and proposals that emerge.

Internal audit

Castellum has a decentralised and transparent organisation. The economic and Treasury functions are managed from the head office, meaning that routines and processes are uniform but also provide the conditions for various parts of the functions to review one another's processes – a form of self-assessment, all for the purpose of increasing and improving internal control. The business units and the Company monitor the income statements and balance sheets on a quarterly basis.

Clear documentation through policies and instructions, along with frequent monitoring and regular discussions with the auditors, continually ensure the work to improve these processes. Management and reporting are reviewed by the Company's auditors and reported to both the Audit and Finance Committee and the Board.

In addition, there is a whistleblower function on the Group's website and intranet. Taken together, this means that a specific division for internal audits is not considered justifiable.

Whistleblower

Castellum's whistleblower service can be accessed on the Group's website and the Group's intranet. The whistleblower service is an early warning system that provides both employees and external stakeholders the opportunity to anonymously report any deviations from Castellum's values and business ethics. The service is administered by an external partner to ensure anonymity and professionalism.

Proposal of the Board of Directors in respect of guidelines for remuneration to senior executives

The Board of Directors of Castellum AB (publ) proposes that the Annual General Meeting to be held on 31 March 2022 resolves to approve the following guidelines for determining salary and other remunerations to the senior executives at Castellum, to be applicable until further notice. In relation to current guidelines, the proposal involves primarily a partially amended resolution procedure for variable remuneration, adopting the share price-related three-year incentive plan every year instead of every three years to cover one third of the previous maximum remuneration, and striking out the reinvestment requirement related to the earnings-based one-year incentive plan.

The guidelines' promotion of the company's business strategy, long term interests and sustainability

An overall objective of the operations of Castellum is to create a sound development of shareholder value over time, which shall be achieved by implementing the company's business strategy. In short, the company's business strategy is that Castellum shall create successful and sustainable workplaces in Nordic growth regions by really keeping close to customers, while staying on the cutting edge of innovation and expertise (for more information regarding Castellum's business strategy, please see <https://www.castellum.se/en/about-castellum/vision-business-concept-objectives-and-strategy/>). Castellum shall uphold such remuneration levels and terms of employment necessary to recruit and maintain a competent Executive Management group with capacity to achieve established objectives, implement the business strategy and to safeguard Castellum's long term interest, including its sustainability initiatives. The Board of Directors considers and evaluates the remuneration as a whole, consisting of fixed salary, pension terms, variable remuneration and non-monetary benefits. The overall principles in respect of the remuneration to senior executives in Castellum shall be terms adjusted to the conditions of the market and competitiveness and these guidelines enable such remuneration to be offered to executive management.

Preparation of matters regarding remuneration to senior executives

Castellum has a People Committee which consists of three Board members, including the Chairman of the Board. The members of the People Committee shall be independent of the company and its executive management. The People Committee elects one of its members to be the Chair of the People Committee. In relation to the Board of Directors, the People Committee shall have a preparatory function in respect of principles for remuneration, remuneration and other terms of employment regarding senior executives. Consequently, the People Committee shall prepare a proposal in respect of guidelines for remuneration to senior executives, which the Board of Directors shall present to, and which shall then be resolved upon by the Annual General Meeting. The People Committee shall also evaluate the application of the guidelines resolved upon by the Annual General Meeting. Further, the People Committee shall, within the scope of the guidelines resolved upon by the Annual General Meeting, prepare proposals regarding remuneration to the Chief Executive Officer and other senior executives. The People Committee shall annually evaluate the performance of the Chief Executive Officer. Further, the People Committee shall observe and evaluate programs for variable remuneration to senior executives that are current or finished during the year as well as Castellum's current remuneration structure and remuneration levels. Furthermore, the People Committee shall annually prepare a remuneration report that will be presented for adoption at the Annual General Meeting. The Chief Executive Officer or other senior executives in Executive Management shall not participate in the People Committee's and the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The executive members and kinds of remuneration to which the remuneration guidelines apply

The guidelines apply to senior executives in the Executive Management group in Castellum. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 Annual General Meeting.

Fixed salary

A fixed salary shall be paid for work performed in a satisfactory manner. The fixed salary shall be based on market level conditions, and shall be determined with regard to competence, area of responsibility and performance.

Pension terms

Senior executives shall be entitled to pension terms consisting of retirement pension and premium exemption, that shall be premium defined, and health insurance, that shall be benefit defined. Variable remuneration shall not be pensionable unless required by mandatory collective agreement provisions applicable to the senior executive at the payment date (in which case the required adjustments will be made to the variable remuneration so that cost neutrality is achieved for the company). The pension benefits for senior executives shall not exceed 33% of the fixed annual remuneration (fixed and variable), including holiday pay.

Variable remuneration

In addition to the fixed salary, variable remuneration may be offered in order to reward clearly goal-referenced achievements by simple and transparent structures. The variable remuneration shall be linked to predetermined and measurable criteria. Such variable remuneration shall aim to create long term value within the group, by contributing to Castellum's business strategy and long term interests, including its sustainability initiatives, and shall be rewarded within the scope of an earnings and share price-related incentive plan. Total variable remuneration per year may not exceed the fixed annual salary.

Earnings and share price-related incentive plan

The earnings and share price-related incentive plan consists of two parts: a one-year remuneration based on growth in income from property management per share and the fulfilment of individually determined factors, and a three-year remuneration based on the extent to which targets that were set pertaining to share price development over a three-year period have been met. The program's

structure shall be based on the objective of aligning the interests of Executive Management with the interests of the shareholders through senior executives also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group. Therefore, the performance targets under the earnings and share price-related incentive plan are clearly linked to Castellum's business strategy and long-term interests, including its sustainability initiatives, among others by linking the remuneration to the development of shareholder value and by promoting the senior executive's long-term personal development.

Earnings-related remuneration

Earnings-related remuneration has a one-year performance and vesting period equal to the respective financial year. The outcome of the earnings-related remuneration is based on growth in income from property management per share (i.e. cash flow-based growth) and on an overall determination of the development of certain individually determined factors which the Board of Directors decides to give priority to under the current financial year. In order to receive full variable remuneration, 10% annual growth of the income from property management share and fulfilment of the individually determined factors are required. When growth of income from property management is in the 0-10% range, the remuneration to be paid is calculated on a linear basis, and the same is valid in applicable cases for the individually determined factors.

Maximum outcome for the annual earnings-related remuneration per senior executive totals one half of the annual salary per financial year, based on the annual salary of the respective participants as of July for the respective years. If remuneration is to be paid, payment is made annually as salary after the closing of accounts for the financial year in question.

Share price-related remuneration

Share price-related remuneration has a three-year performance and vesting period. The outcome of the three-year share price-related remuneration is based on the total return on the Castellum share in total numbers during the three-year period, as well as the total return on the Castellum share in comparison to one or more of the relevant real estate share indexes during the period of measurement. Full variable remuneration under the three-year plan requires the total return to be at least 50% during the period and the total yield has to exceed the respective index developments by at least 5 percentage points during the period. In the event of an outcome in the interval 0-50% and 0-5 percentage units, respectively, a linear

calculation is performed in respect of the outcome and the remuneration to be paid.

Maximum outcome for the share price-related remuneration per senior executive totals one half of the annual salary per program (three-year period), based on an average of the annual salary of the respective participants as of July for all three years covered by the respective share price-related incentive plan.

Each year, the Board of Directors may decide to adopt a share price-related incentive plan that covers three financial years. If remuneration is to be paid, payment is made as salary after the end of the respective measurement period of three financial years. The participants shall undertake to acquire Castellum shares for at least half of the amount of the share price-related remuneration to be paid, after deduction for tax.

General instructions

The Board of Directors decides on the details of the terms and conditions for the earnings and share price-related incentive plan as part of the terms and conditions indicated in these guidelines. To which extent the criteria for awarding variable remuneration have been satisfied shall be evaluated when the measurement period has ended. The Board of Directors is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by Castellum. The received remuneration according to the incentive plan shall be paid as salary, includes payment for vacation and shall not be pensionable unless required by mandatory collective agreement provisions applicable to the senior executive at the payment date. In the event the remuneration due to the senior executive is pensionable under compulsory collective bargaining agreements, the required adjustment will be made to the remuneration so that cost neutrality is achieved for the company.

Non-monetary benefits

The non-monetary benefits for senior executives may include, for example, medical insurance, phone benefits and company car. For the CEO, premiums and other costs owing to such benefits may not exceed 2% of the fixed annual salary. For other senior executives, total premiums and other costs owing to such benefits may not exceed 5% of the total fixed annual salary.

Termination of employment and severance pay

The notice period shall, upon termination by the company, not exceed six months in respect of the Chief Executive Officer, and

twelve months in respect of any other senior executive in the company. The notice period shall, upon termination by the Chief Executive Officer or by any other senior executive in the company, be six months. During the notice period, a full salary and other employment benefits will be paid, less salary and other remuneration received from other employment or operations that the employee has during the period of notice. Deductions of this kind will not take place as regards the CEO. Upon termination of the CEO by the Company, a severance package will be paid of twelve months' fixed salary, which is not to be reduced owing to other income the CEO receives.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for Castellum's other employees have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Deviation from the guidelines for specific reasons in particular cases

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Castellum's long term interests, including its sustainability initiatives. As set out above, the tasks of the People Committee include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Shareholder views

The Board of Directors have not received any views from the shareholders on the existing remuneration guidelines for senior executives.

Gothenburg, March 2022

CASTELLUM AB (publ)

The Board of Directors

Board of Directors



	Per Berggren	Rutger Arnhult	Anna-Karin Celsing	Christina Karlsson Kazeem
	Chairman of the Board since 2022 and Board member since 2007. Member of the Audit and Finance Committee and of the People Committee.	Board member since 2022 and former Chairman of the Board since 2021.	Board member since 2021. Chair of the Audit and Finance Committee.	Board member since 2016. Member of the People Committee. CEO of Ettelva Arkitekter AB.
Born:	1959	1967	1962	1965
Education:	Master of Science KTH and economic education from Stockholm University.	Master of Economics from Lund University.	Master of Economics from Stockholm School of Economics.	Master of Science in Engineering from KTH Royal Institute of Technology.
Previous positions:	CEO of Hemsö Fastighets AB, CEO of Jernhusen AB, Division Manager of Fabege AB (publ), CEO of Drott Kontor AB and Property Manager at Skanska Fastigheter Stockholm AB.	Extensive experience and expertise in the finance and property industry. Financial analyst for Handelsbanken Markets, Öhman Fondkommission and Alfred Berg Fondkommission. Former CEO and board member of Corem Property Group AB (publ).	Has a background in banking, finance and Investor Relations. Previous positions include Head of Investor Relations at Swedbank and member of Group Management at Ratos as Chief Information Officer.	Chairman of the Board of Tomorrow China, part of the H&H Communication Group. Communication Manager at Niscayah Group and executive positions at Razorfish AB and Creuna AB. Worked with city planning and development at the City of Stockholm Property Management Administration.
Board assignments:	Board member of Fasticon Kompetens Holding AB, White Arkitekter AB, RetailFast Holding AB and Fondamentor AB.	Chairman of the Board of M2 Asset Management AB (publ).	Board member of companies including Carnegie Investment Bank AB, Volati AB, Landshypotek Bank AB, OX2 AB, Lannebo Fonder AB and Tim Bergling Foundation.	Chairman of the Board of Creador AB and Millimeter Arkitekter AB.
Shareholding:	10,000	58,925,000	2,000	439



	Anna Kinberg Batra	Zdravko Markovski	Joacim Sjöberg
	Board member since 2021. Chair of the People Committee.	Board member since 2020. Member of the Audit and Finance Committee.	Board member since 2020. Member of the Audit and Finance Committee.
Born:	1970	1964	1964
Education:	Bachelor in Economics from Stockholm School of Economics.	Master of Science in Engineering from KTH Royal Institute of Technology.	Master of Laws from Stockholm University.
Previous positions:	Member of the Riksdag, chair of the Riksdag EU Committee and Finance Committee, leader of the Moderate Party. Municipal and county councillor, project leader in the European Parliament and advisor in the Swedish Government Offices. Director of Information, Stockholm Chamber of Commerce, co-founder of Nova Talent, leader in residence, Stockholm School of Business, advisor for SSE Business Lab and McKinsey, board member of Fryshuset, Avanza Pension and Collector Bank AB (publ).	Board member of Backastad AB and Backastad Projekt AB (Backahill Group), President and CEO of Svevia AB, several executive positions in the JM Group and Board member of Sveriges Byggindustrier in the Confederation of Swedish Enterprise.	Senior positions at Jones Lang LaSalle, Swedbank, Öhman Fondkommission, HSH Nordbank, Alfred Berg Fondkommission and Enskilda Securities. Lawyer at Mannheimer Swartling Advokatbyrå. Chairman of the Board of Beijerinvest Aktiebolag, Räckesbutiken Sweden AB, Centro Kake & Klinker AB, JLL Transaction Services AB and Tendium Holding AB. Board member of JLL Capital Markets AB and G&L Beijer Import och export AB.
Board assignments:	Chairman of the Board of Soltech Energy Sweden AB (publ). Board member of Carasent ASA (publ), Cinis Fertilizer, Polarium Energy Solutions AB, Ogunsen (publ) and Swedish Space Corporation. Member of the Stockholm Chamber of Commerce Council of Representatives.	Board member of Besqab AB (publ) and ZM & Co AB.	CEO and board member of Valhalla Corporate Advisor AB, board member of Wästbygg Gruppen AB (publ) and KlaraBo Sverige AB.
Shareholding:	2,000	2,000	2,000

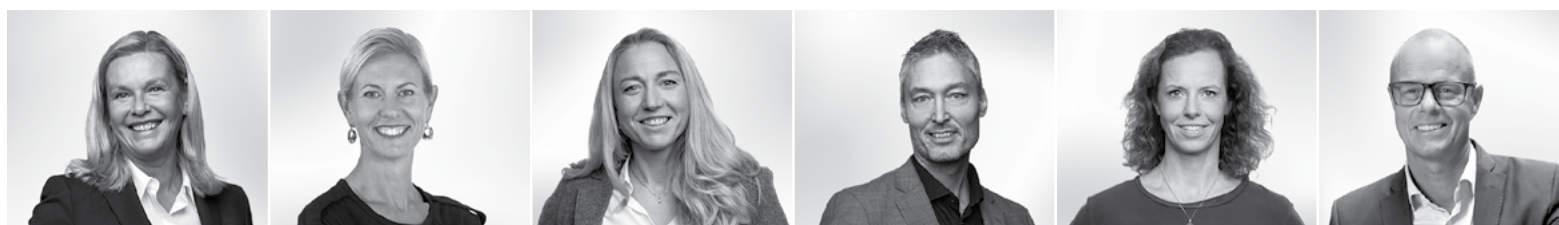
Malin Axland
Chief Legal Officer, and
Secretary of the Board.

The information above refers to the situation in February 2022. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

Executive Management



	Rutger Arnhult	Jakob Mörndal	Maria Strandberg	Jens Andersson	Hanna Brandström	Mats Eriksson	Per Gawelin
	Employed as Chief Executive Officer since 2022.	Employed as Chief Operating Officer since 2022.	Employed as Chief Financial Officer since 2022.	Employed as Head of Treasury since 2022.	Employed as Head of People & Culture since 2022.	Employed as Managing Director Region Mälardalen since 2022.	Employed since 2006, and as Managing Director Region Central since 2018.
Born:	1967	1983	1983	1973	1980	1963	1978
Education:	Master of Economics from Lund University.	Master of Economics.	Master of Economics.	Master of Economics.	Bachelor's degree in Business Administration from Södertörn University.	High School Engineer, House & Urban Planning from Rudbecksskolan Örebro.	Graduate of upper secondary economics course.
Previous positions:	Extensive experience and expertise in the finance and property industry. Financial analyst for Handelsbanken Markets, Öhman Fondkommission and Alfred Berg Fondkommission. Former CEO and board member of Corem Property Group AB (publ).	Extensive experience from management positions in the property industry, including acting CEO at Castellum and as Head of Concept Development at Klöver.	Experience from several management positions in finance and controller functions, most recently as Financial Director at Kungsleden. Auditor from EY.	Finance Director at Corem Property Group AB 2013–2022.	HR Manager General Motors Nordic, Opel/Chevrolet Sverige AB; General Manager HR & Legal at SC Motors Sweden AB.	Business Manager Retail Newsec Asset Management AB; Manager Property Development Ica Fastigheter AB; Business Area Manager NIAM AB and Property Manager Siab AB.	Experience in the property industry and leadership experience as captain and player for Örebro SK Football Club.
Board assignments:	Chairman of the Board of M2 Asset Management AB (publ).	Chairman of the Board of Kamelia Samhällsfastigheter AB; board member of Servistore AB and Footway Group AB.				Member of the Environment and Climate Committee in Västmanland County.	—
Shareholding:	58,925,000	1,000	1,000	0	343	0	3,125



	Mariette Hilmersson	Malin Löveborg	Anna-Karin Nyman	Ola Orsmark	Kristina Sawjani	Sven Stork
	Employed as Managing Director Region West since 2018.	Employed as Chief Legal Officer since 2022. ¹⁾	Employed as Communications Director since 2018.	Employed as Managing Director Region Öresund since 2014.	Employed as Chief Investment Officer since 2020.	Employed as Managing Director Region Stockholm since 2022.
Born:	1971	1978	1983	1971	1975	1967
Education:	Master of Laws.	Master of Laws.	Multimedia journalism and gender studies at Karlstad University.	Master of Science in Engineering.	Master of Science in Engineering.	Master of Science in Engineering from KTH Royal Institute of Technology.
Previous positions:	Extensive experience from management positions in the property industry, including as CEO of AB Framtiden.	Extensive experience in the property industry, most recently as Chief Legal Office at Klöver AB/Corem Property Group AB, 2017-2022.	Experience from several managerial positions as Communications Director at Jernkontoret, Press Manager at the Ministry of Enterprise and Innovation, Chief of Staff at the Ministry for Rural Affairs, political expert in the Riksdag, journalist, editor and editor-in-chief.	Extensive experience in the property industry, most recently as Business Area Manager at Jernhusen.	Extensive experience from executive positions in the property industry such as Transaction Manager at AFA Fastigheter, Senior Investment Manager Folksam and consultant at Catella.	Key Account Manager at Newsec Asset Management AB, Asset Manager at Niam AB, project manager at NCC Property Development AB.
Board assignments:	Chairman of the Board of Fastighetsägarna GFR AB and board member of Tyréns AB.		Board member of Byggherrarna.	Board member of IDEON Open AB and IDEON AB. Limited partner in Easy Kommanditbolag.	Board member of Cribble AB.	Board member in newly-formed cooperative company for urban development in Kista, proposed name Kista Limitless AB.
Shareholding:	3,900	0	645	8,350	3,239	0

1. Malin Löveborg took office on 10 March 2022.

The information above refers to the situation at the end of December 2021. Shareholdings include member's own holdings and those of spouses, minors and children living at home, holdings of associated companies and holdings through capital insurance. The CEO has no material holdings or partnerships in companies that Castellum has significant business connections with.

The Board of Directors' remuneration report for financial year 2021

Introduction

This report describes how the guidelines for remuneration for senior executives in Castellum AB (publ), adopted by the 2021 Annual General Meeting, were implemented in 2021. The report also provides information on remuneration to the Chief Executive Officer and a summary of the company's outstanding earnings and share price-related incentive plans. This report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives is available in Note 12 in the 2021 Annual Report. Information on the activities of the People Committee in 2021 is set out in the Corporate Governance Report available in the 2021 Annual Report.

Remuneration to the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and such information will be disclosed in note 12 in the 2021 Annual Report.

The company's development during 2021

A summary of the company's overall performance and development is presented on pages 100-103 in the 2021 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability initiatives, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer senior executives a competitive total remuneration. Under the remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed salary, pension terms, variable remuneration and non-monetary benefits.

The variable remuneration shall aim to create long-term value within the group by contributing to Castellum's business strategy and long term interests, including its sustainability initiatives, and shall be rewarded within the scope of an earnings and share price-related incentive plan. The program's structure shall be based on the objective of aligning the interests of Executive Management with the interests of the shareholders through senior executives also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group.

In 2021, the company complied with the applicable remuneration guidelines adopted by the Annual General Meeting with the exception of former CEO Henrik Saxborn receiving contractual remuneration in 2021 for upholding a non-competition clause after

the termination of his employment. By virtue of the possibility that the remuneration guidelines prescribe, the Board of Directors has decided to deviate from the guidelines in this specific case, as it was felt that particular reasons existed to uphold the non-competition clause after the termination of employment in order to provide for the company's interests. Apart from the case above, no deviations from the guidelines have been made and no deviations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines will be available on www.castellum.se/en/Investorrelations/corporate-governance/annual-general-meeting/ no later than three weeks before the Annual General Meeting 2022. No remuneration to senior executives has been reclaimed by the company.

Remuneration to the Chief Executive Officer and Deputy CEO

TABLE 1 - TOTAL REMUNERATION TO THE CEO AND DEPUTY CEO IN 2021 (MSEK)¹⁾

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary ²⁾	Non-monetary benefits ³⁾	One-year variable	Three-year variable				
Henrik Saxborn (CEO) until 8 October 2021	4.7	0	0	0	0.6 ⁵⁾	1.2	6.5	91%/9%
Jakob Mörndal (Acting CEO) from 8 October 2021 until 8 December 2021	1.0	0	0	0	0	0.3	1.3	100%/0%
Biljana Pehrsson (CEO) from 8 December 2021	0.3	0	0 ⁶⁾	0 ⁶⁾	0	0.1	0.4	100%/0%
Ylva Sarby Westman (Deputy CEO) from 8 December 2021	0.2	0	0 ⁶⁾	0 ⁶⁾	0	0	0.2	100%/0%

1. Pertains to remuneration that accrues in 2021.

2. Including holiday pay.

3. Medical insurance, phone benefits and company car.

4. Pension terms (column 4), which in its entirety relates to base salary and is defined-contribution, has been reported in its entirety as fixed remuneration. Extraordinary items have been reported in their entirety as variable remuneration.

5. Pertains to contractual remuneration for upholding a non-competition clause after the termination of employment.

6. However, variable remuneration has been paid in accordance with the terms for Kungsleden's earnings and share price-related incentive plans.

Earnings and share price-related remuneration

At present, Castellum has an earnings and share price-related incentive plan concerning the period from 2020 to 2023. The incentive plan consists of two parts: one part based on the earnings from each year and one part based on the total return on the Castellum share over a three-year period. Participants in the earnings and share price-related incentive plan undertake to acquire shares in Castellum for at least half of the amount of the resulting variable remuneration after tax.

Annual earnings-related remuneration

The annual earnings-related remuneration is based on growth in income from property management per share (i.e. cash flow-based growth) and on an overall determination of the development of certain individually determined factors that the Board of Directors, after consulting the Chief Executive Officer, decides to prioritise during the financial year in question. In order to receive full variable remuneration linked to the income from property management a 10% annual growth of the income from property management is required. When growth is in the 0-10% range, the remuneration to be paid is calculated on a linear basis. If remuneration is to be paid, it is paid out annually in the form of salary after the annual accounts have been closed. The remuneration has a one-year performance and earning period and maximum outcome in respect of the annual earnings-related remuneration is half of the fixed remuneration for each year.

Individually determined factors

A part of the annual earnings-related portion of the incentive plan consists of individually determined factors. The individually determined factors for remuneration to the Chief Executive Officer is based on the objective of aligning the interests of the CEO with those of the shareholders. The selection of individually determined factors for 2021 is based on the strategic objectives that the Board of Directors decided to prioritise during the year. Over time, the individually determined factors must promote the company's sustainability goals.

The three-year share price-related remuneration

The three-year share price-related remuneration is based on the total return on the Castellum share in total numbers over the three-year period, as well as the total return on the Castellum share in comparison to real estate share indexes in Sweden, the United Kingdom and the Eurozone during the period of measurement. In order to receive full variable remuneration in accordance with the three-year program, the total return must amount to at least 50% during the relevant period, and the total return must further exceed the development of the respective indexes by at least 5 percentage units during the relevant period. In the event of an outcome in the interval 0-50% and 0-5 percentage units, respectively, a linear calculation is performed in respect of the outcome and the remuneration to be paid. If remuneration is to be paid, it is paid out in the form of salary after the end of the three-year measurement period. The share price-related remuneration

has a three-year performance and earning period and the maximum outcome in respect of the three-year share price-related remuneration is one and a half times the annual fixed salary for the three-year period.

Variable remuneration to the Chief Executive Officer and Deputy CEO in financial year 2021

In accordance with the terms and conditions of the earnings and share price-related incentive plan, no variable remuneration has been paid to Henrik Saxborn for financial year 2021 since he terminated his employment before the relevant measurement periods had expired. Moreover, no variable remuneration has been paid to Jakob Mörndal, Biljana Pehrsson and Ylva Sarby Westman have not received any variable remuneration under Castellum's earnings and share price-related incentive plan.

Comparative information on changes in remuneration and the company's income from property management

TABLE 2 - CHANGES IN REMUNERATION AND THE COMPANY'S INCOME FROM PROPERTY MANAGEMENT DURING THE LAST FIVE REPORTED FINANCIAL YEARS (MSEK)

	2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
Remuneration to the CEO ¹⁾	8.2	-1.7 (-17%)	+1.4 (+16%)	-2.2 (-21%)	+2.5 (+30%)	-0.9 (-10%)
Remuneration to the Deputy CEO ²⁾	0.2	—	—	—	—	—
Income from property management	3,522	+142 (+4%)	+234 (+7%)	+194 (+7%)	+422 (+17%)	+465 (+23%)
Average remuneration based on the number of FTE employees ³⁾ in the Group	0.8	+0 (+0%)	+0.1 (+13%)	+0.0 (+4%)	+0.1 (+16%)	-0.1 (-13%)

1. Remuneration to the Chief Executive Officer for financial year 2021 includes remuneration to Henrik Saxborn (CEO until 8 October 2021), Jakob Mörndal (Acting CEO from 8 October to 8 December 2021) and Biljana Pehrsson (CEO from 8 December 2021). To facilitate comparison, and due to the fact that the three-year share price-related remuneration is only paid every three years, the remuneration to the Chief Executive Officer presented in Table 2 corresponds to the remuneration presented in the remuneration note in the annual report for each year.

2. Castellum had not elected any deputy Chief Executive Officer in previous financial years, which is why no comparison data is presented.

3. Excluding members of Executive Management.

Gothenburg, February 2022
CASTELLUM AB (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Castellum AB (publ), corporate identity number 556475-5550

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2021-01-01 -2021-12-31 on pages 145-163 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 standard RevU 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.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 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.

Gothenburg March 6 2022

Deloitte AB

Signature on Swedish original

Harald Jagner

Authorised Public Accountant