

Instruction for the Audit, Governance, Risk, and Compliance Committee (the "Committee")

Heimstaden Bostad AB (publ)
Reg. no. 556864-0873
(the "Company")

Adopted by the Board of Directors (the "Board") of the Company
27 February 2025



1. Objective

The Committee is a preparatory and advisory working committee of the Board of the Company with respect to risks, financial reporting and financial statement, audits, internal control, compliance-, governance-, and risk-management processes and systems. The Committee is appointed by and shall report regularly to the Board.

This instruction (the "Instruction") for the Committee has been adopted by the Board to support the Board in the administration and exercise of its responsibility for supervisions in accordance with:

- the requirements imposed by the Swedish Companies Act (2005:551) (the "Companies Act"),
- the Swedish Annual Accounts Act (1995:1554) (the "Annual Accounts Act"), and
- any directions given by the general meeting and the Board and the Swedish Corporate Governance Code (the "Code") as well as other Swedish and foreign laws and regulations, as applicable.

The Instruction is a supplement to said laws and regulations although certain provisions of such laws and regulations are included in the Instruction to facilitate their application. Thus, in addition to what is provided for in the above-mentioned laws and regulations, the Instruction shall apply for the work of the Committee. References herein to the Company shall, unless otherwise clear from the context include not only the Company but also its subsidiaries (the Company and its subsidiaries hereinafter referred to as the "Group").

Based on the Instruction and in exercising its primary oversight responsibility, the Committee shall consider:

- a) The integrity of the Company's external financial reporting,
- b) The Company's procedures for financial reporting and control,
- c) The qualifications, independence, and performance of the internal and external auditor,
- d) The Company's governance framework,
- e) The Company's sustainability reporting process,
- f) The Company's system for risk management including the identification, assessment, and handling of the major risk exposures in the Company; and
- g) The Company's Compliance Management System including the Group Compliance functions' scope of work, processes, systems, controls, and setup. Ensure that the Company has an adequate Policy Framework in place to prevent fraud and corruption.

Compliance with the Instruction is monitored by the Board. The Board members may submit observations and proposals for improvements to the Instruction and are obliged to report violations of it to the Board. The Board is responsible for reviewing the relevance and appropriateness of the Instruction annually and approve relevant updates.

References to the Co-Chief Executive Officers ("CEOs"), the Chief Financial Officer ("CFO") and the Chief Legal Officer ("CLO") in the Instruction refer to the Manager's professional individuals holding the positions as Co-CEO, CFO and CLO respectively.

2. The Committee

2.1. Composition of the Committee

The Committee shall consist of three members. The members, including the Chairperson are appointed by the Board at the statutory (inaugural) Board meeting each year following the Annual General Meeting. The members of the Committee may not be employees of the Company. At least one member must have competence in accounting and/or auditing as defined by the applicable legislation. The majority of the Committee members shall be independent of the Company and its executive management. At least one of the Committee members who are independent of the Company and its executive management shall also be independent of the Company's major shareholders.

The Board members elected by Heimstaden Investment AB, reg. no. 556788-1205, shall be able to appoint two members of the Board to the position as (i) Chairperson and (ii) ordinary member of the Committee, and the Board members elected by the largest institutional investor in the Company shall be able to appoint one member of the Board as an ordinary member of the Committee.

2.2. Responsibilities of the Committee in relation to the Company

The main tasks are to:

- (a) in general, and in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit function, and governance framework, risk management, and compliance,
- (b) review the annual internal audit plan, and provide recommendations and proposals to the Board,
- (c) monitor and perform oversight of the Company's financial reporting, the integrity of the Company's financial statements, the process for financial reporting and the internal controls related to financial reporting, as well as to provide recommendations and proposals to ensure the reliability of the foregoing,

- (d) monitor the process of the audit of consolidated financial statements, mainly covering the findings and conclusions, and secure that the Committee as well as the Company are informed about the conclusions of the Swedish Inspectorate of Auditors' quality controls,
- (e) review and monitor the impartiality and independence of the external auditor, including the annual report from the external auditor and discuss key issues with the external auditor and mitigation actions,
- (f) assist in conjunction with proposals regarding election of external auditor,
- (g) perform oversight of the external auditor's compliance with statutory reporting requirements,
- (h) perform oversight of the external auditor's compliance with the 70% cap on permissible services provided by the external auditor to the Company and Group,
- (i) pre-approve permissible non-audit services and perform oversight of prohibited services, as outlined in Non-Audit Services Guidelines,
- (j) handle complaints, irregularities, and concerns related to financial reporting and audit issues,
- (k) perform oversight of the Company's compliance and risk management including, reporting and management of key risks,
- (l) monitor the Company's sustainability reporting process, including responsibility for double materiality assessment and relevant policies (covering relevant and applicable reporting requirements),
- (m) monitor the assurance of annual and consolidated sustainability reporting and inform about the outcome,
- (n) perform oversight of the Company's governance and compliance with legal and regulatory requirements including fraud and corruption topics,
- (o) inform the Board of the result of the external audit and the way in which the external auditor contributed to the reliability of the financial reporting, as well as the function filled by the Committee; and
- (p) conduct an annual performance evaluation of the Committee's own activities.

3. Reporting and information to the Board

The Committee shall report to the Board in writing by means of minutes from the Committee's meetings as well as to give verbal reports at Board meetings as relevant.

The Co-CEOs shall prior to Board meetings provide the Board with such documentation for the Board's work and for the Board to make well-founded decisions (in the form of the so-called "board package" and other documentation as applicable, together "Board Documentation"), no later than five business days prior to the Board meeting but may, if circumstances so require, be provided as soon as practicable prior

to such meeting. The Chairperson of the Committee is responsible for ensuring that the Co-CEOs receive relevant and satisfactory documentation to be presented for the Committee's review no later than five business days prior to the Board meeting. The Board accepts that minutes from the Committee's meeting is provided as soon as possible prior to the Board meeting.

The members of the Committee shall at each regular Board meeting be prepared to describe the work performed by the Committee and the issues that have been discussed during the period after the previous Board meeting.

4. Meetings

4.1 General

Committee members may participate in meetings by phone or by a video link or otherwise. In addition, decisions may be adopted by email or per capsulam provided that all Committee members have given their consent thereto and, in case of per capsulam resolutions, that all Committee members sign the minutes. The Company's independent auditors, external as well as internal, will participate in the meetings, when relevant. As a rule, the internal auditor will participate in the following meetings: (i) when the annual internal audit plan is presented for the Committee's review, and (ii) when the internal auditor's performance is evaluated. As a rule, the external auditor will participate in the following meetings: (i) when the Q4 results, the annual report, and the external auditor's performance are reviewed by the Committee, and (ii) when the Q2 Report is presented for the Committee's review.

4.2 Number of Committee meetings

The Committee shall meet as often as it determines, but at least quarterly / four times during the period between two annual general meetings. The dates for the following year's regular Committee meetings shall be set at the first Committee meeting after end of Q4.

The Committee shall meet periodically with the CLO, CFO and other relevant members of management, and with the Company's independent auditors, external as well as internal, in separate executive sessions, the latter cf. Section 4.1 above.

The Chairperson of the Committee shall ensure that meetings are held in accordance with the above and that extraordinary Committee meetings are held when necessary or as soon as possible when requested by a member of the Committee.

4.3 Matters at Committee meetings

The Chairperson of the Committee shall provide that the agenda is prepared. The agenda shall be made as precise and complete as possible regarding the items to be discussed. It should be evident from the agenda which items are for reaching resolutions and which are for the information.

4.4 Notice summoning the Committee

The Chairperson shall give notice summoning the Committee. Notice shall be sent via the digital board portal ("Board Portal") at least five days prior to the meeting. Shorter notice may be given if all Committee members agree to a shorter notice period or to waive the convening formalities. Additionally, if a Committee member reasonably believes that the interests of the Company or the Group would be materially adversely affected without urgent action on the matter to be handled at the Committee meeting, the members shall receive no less than three business days' prior written notice. The Committee members shall be given notice in advance of the meeting, so that all Committee members have the possibility to participate in and prepare themselves for the meeting.

The notice shall contain the time and place for the Committee meeting and the agenda for the Committee meeting, including a list of matters to be decided upon and information of relevance, cf. Section 4.3 above.

4.5 Preparation of matters for the Committee meetings

The Chairperson of the Committee, together with the CLO, CFO and other relevant members of management shall procure that matters are properly prepared before the Committee meetings and that satisfactory documentation in terms of comprehensive, relevant, and quality assured documentation for the Committee to make well-founded decisions is available at the Board Portal as a rule.

4.6 Minutes of the Committee meetings

The Chairperson shall procure that minutes are kept of the Committee meetings. The minutes shall be verified by the present Committee members.

The minutes shall reflect the matters discussed, the decisions and the documentation that the Committee had at its disposal. A member of the Committee has the right to have a dissenting opinion noted in the minutes.

The minutes shall be kept in numerical order and be made available to each Board member via the Board Portal prior to the next regular Board meeting.

4.7 Quorum

The Committee is quorate where more than half of the total number of the Committee members are present at a meeting. When determining whether the Committee is quorate, Committee members who have a conflict of interest as specified in Section 5 "Conflicts of interest" shall not be deemed to be present.

Resolutions may not be adopted unless all Committee members, to the extent possible, have been given an opportunity to participate in the handling of the matter and have received satisfactory documentation in terms of comprehensive, relevant and quality assured documentation to make a well-founded decision.

4.8 Authority and attendance at Committee meetings

In discharging the Committee's oversight role, the Committee may request any officer or employee of the Company, outside counsel or any external consultants to attend any Committee meeting in order to provide information or advice in connection with the matters to be addressed at the meeting.

5. Conflicts of Interest

Conflicts of interest in the Committee shall be handled in accordance with what is set out regarding conflicts of interest in the Rules of Procedure for the Board.

6. Confidentiality

Documentation obtained in the capacity as a member of the Committee shall be handled in accordance with what is set out regarding the Board members' confidentiality obligations in the Rules of Procedure for the Board.

7. Inside information and external communication

In connection with the handling of each matter, the Committee shall consider whether the matter constitutes inside information. If the matter is deemed to constitute inside information, the Committee shall, considering applicable laws and regulations and the routines set out in the Company's internal steering documents (Insider Policy and Manual) regarding the handling of inside information, procure (i) that the information is disclosed to the public as soon as possible or (ii) that a decision is made to delay the disclosure of the inside information and that the Company keep an insider list of all persons who have access to the inside information.

8. Limitations of the role of the Committee

The Committee is responsible only to the Board in connection with the execution of its duties as a preparatory and advisory body. The Board has the complete and sole responsibility for oversight and duties of the Committee. The CFO, or delegate from the CFO, is responsible for preparing and presenting the Company's external financial annual and quarterly reports to the Board. The CLO or a representative delegate and other members of management are responsible for preparing and presenting relevant reports to the Board. The external auditor is responsible for auditing and reviewing annual reports. On request from the Board, the external auditor will perform a limited audit of the Company's quarterly financial statements. When performing its duties, the Committee does not give any expert opinions concerning the Company's accounts, nor does it provide any professional approval of the external auditor's work to anyone but the Board.

9. Document Directives

9.1 Ownership and approval

The Instruction is adopted and approved by the Board and is reviewed before such Board meeting.

9.2 Maintenance & Updates

The Instruction is reviewed and established periodically by the Board. On behalf of the Board, the CFO is responsible for keeping the Instruction up to date.

9.3 Accessibility

It is incumbent on the Board to ensure that the Board members as well as relevant employees, consultants/service providers of the Company have access to and have understood the meaning of the Instruction. The same applies each time the Instruction is changed. The Instruction shall be available not only to the Committee, the Board, and relevant employees on the Company's Board Portal, but also at the Company's webpage.

10. Document Breaches

Compliance with the Instruction is controlled by the Board and by the CFO and the CLO on behalf of the Board. The Board members and the CFO and the CLO may submit observations and proposals for improvements to the Instruction and are obliged to report violations of it to the Board.