

## **GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES IN KUNGSLEDEN AB (PUBL)**

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The Board proposes that the Annual General Meeting resolves on the following guidelines and other terms of employment for senior executives. Senior executives in this context means the CEO and other executive employees within the Kungsleden group. The guidelines shall apply to remuneration agreed after the guidelines have been adopted by the Annual General Meeting 2021. The guidelines do not apply to remuneration decided by the general meeting, such as share- and share price-related remuneration as well as fees to the Board of Directors.

### **THE GUIDELINES' PROMOTION OF KUNGSLEDEN'S BUSINESS STRATEGY, LONG TERM INTERESTS AND SUSTAINABILITY**

Kungsleden shall create long-term values for customers, employees, the society, shareholders and other stakeholders through three collaborative key activities - active and sustainable management, value-creating development and refinement, and strategic acquisitions and optimization. Kungsleden's long-term goal is to become one of Sweden's most profitable and successful listed real estate companies by having the market's most satisfied customers and committed employees and to deliver an attractive total return to shareholders.

For further information regarding Kungsleden's business strategy, please see the company's website [www.kungsleden.se/en/](http://www.kungsleden.se/en/) under the heading "Business Model and Strategy" (which can be found under the section "About Kungsleden").

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. This requires that the company is able to offer competitive remuneration. These guidelines enable the company to offer a competitive total remuneration to senior executives.

The Annual General Meeting 2020 adopted a long-term share price-related incentive plan for the period 2020-2022 (the "LTI plan"). The proposed LTI plan was resolved upon by the Annual General Meeting and is therefore not covered by these guidelines. The LTI plan includes a total of approximately 22 key employees in Kungsleden (including the CEO, deputy CEO and other senior executives in Kungsleden). The performance criteria used to assess the outcome of the LTI-plan, the total return that the shareholders receive on Kungsleden's share, are distinctly linked to Kungsleden's strategy and long-term objective and thereby to the company's long-term value creation, including its sustainability. The LTI-plan further stipulates that half of the cash amount that is paid to the participants shall be invested in Kungsleden shares. For more information regarding the LTI-plan, including the criteria which the outcome depends on, please see the company's website, [www.kungsleden.se/en/](http://www.kungsleden.se/en/) under the heading "Remuneration" (which can be found under the section "About Kungsleden", under "Corporate Governance", "Group management").

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability, and the outcome has therefore mainly been linked to Kungsleden's customer satisfaction and management results.

## **TYPES OF REMUNERATION ETC.**

Kungsleden shall apply the levels of remuneration and employment terms required in order to recruit and retain senior executives with high competence and capacity to reach the set targets, aimed at promoting the company's long-term value creation. The forms of remuneration shall motivate the senior executives to perform at their highest level in order to safeguard the interests of the shareholders.

The types of remuneration shall be market-based, simple and transparent. The remuneration to senior executives shall normally consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration corresponding to the LTI-plan.

The fixed salary (the "annual salary") for senior executives shall be in line with the market practice and be based on competence, responsibility, experience and performance.

The short-term variable cash remuneration during one and the same financial year may amount to a maximum of 50 per cent of the annual salary for the CEO and deputy CEO, and the highest outcome for other senior executives is 42 per cent of the annual salary during one and the same financial year.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are made only at an individual level, either for the purpose of recruiting or retaining executives or as compensation for extraordinary work in addition to the person's ordinary duties. Such remuneration shall not exceed 100 per cent of the annual salary during one and the same financial year.

The pension terms for the senior executives shall be in line with market practice in relation to what applies to corresponding executives on the market where the respective senior executive operates and shall be based on defined contribution pension solutions or follow a general pension plan, in Sweden the ITP-plan. Variable short-term cash remuneration shall not qualify for pension benefits for the CEO or the Deputy CEO. Regarding other senior executives, variable short-term cash remuneration shall qualify for pension benefits, insofar that is agreed with the senior executive. The LTI-plan and corresponding long-term share- and share price-related remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall during one and the same financial year amount to a maximum of 35 per cent of the annual salary.

Other benefits may include, for example, life insurance, health insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to a maximum of 10 per cent of the annual salary during one and the same financial year.

## **TERMINATION OF EMPLOYMENT**

In the event of termination by the company of a senior executive, dismissal pay is applied with unchanged terms during 4-12 months, as well as a severance pay of 4-12 months' salaries that shall not qualify for pension benefits, which should not be deductible against other income from a new employment or new assignment. In the event of termination by the senior executive, the notice period shall be at least four (4) months.

## **CRITERIA FOR AWARDING VARIABLE CASH REMUNERATION, ETC**

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. There may also be individualized objectives. The fulfilment of the criteria for payment of short-term variable cash remuneration shall be measured over a period of one year. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the senior executive's long-term development. The short-term variable cash remuneration for the CEO and deputy CEO shall therefore, to a significant extent, be dependent on Kungsleden's management results and the remainder shall be dependent on Kungsleden's customer satisfaction. For other senior executives, the short-term variable cash remuneration shall, to a significant extent, be dependent on Kungsleden's management results, and the remainder shall be dependent on Kungsleden's customer satisfaction and individual objectives respectively.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the senior executives. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. The Remuneration Committee should exercise its discretion to decide on short-term variable remuneration in a way that means that there is a link between such remuneration and the company's results. In its discretionary assessment, the Remuneration Committee shall also consider sustainability issues.

The Board of Directors shall have the right, under applicable law or contractual provisions, subject to the restrictions that may apply thereunder, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

## **SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for the company's 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 Remuneration Committee's and the Board of Directors' basis for the decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

## **REMUNERATION TO BOARD MEMBERS**

Board members, elected at general meetings, may in certain cases receive compensation for services performed within their respective areas of expertise, outside of their board duties. Compensation for such services shall be paid on market terms and be approved by the Board of Directors.

## **HOW MATTERS REGARDING REMUNERATION TO SENIOR EXECUTIVES ARE REPAIRED AND DECIDED WITHIN THE FRAMEWORK AND DIRECTIVES RESOLVED BY THE ANNUAL GENERAL MEETING**

The Remuneration Committee processes and prepares remuneration matters concerning senior executives. The Remuneration Committee's tasks include preparing the Board of Directors' resolution on proposal for guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines when a need for material changes of the guidelines arises, but at least

every fourth year and submit it to the general meeting for resolution. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

**DEROGATION FROM THE GUIDELINES**

The Board of Directors may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.



Adopted by the Annual General Meeting on 22 April, 2021