

# CORPORATE GOVERNANCE REPORT

Atrium Ljungberg AB is a Swedish public limited company with registered offices in Nacka. The Articles of Association prescribe the company's operations as follows: the company shall conduct construction operations, own and manage real property or leaseholds and securities, conduct trade in properties, and engage in any and all other activities compatible therewith. The Articles of Association do not contain any provisions for changes in the Articles of Association. The company's class B share (ATRLJ B) is listed on the Nasdaq OMX Stockholm exchange, the Large Cap. The foundation of corporate governance comprises the Articles of Association, the Swedish Companies Act, other applicable laws and ordinances, the regulatory framework of the stock exchange, the Global Reporting Initiative (GRI), internal guidelines and policies and the Swedish Code of Corporate Governance, ("the Code"). The overriding purpose of the Code is to strengthen the confidence of Swedish quoted companies by promoting a positive development of the corporate governance. These norms are not compulsory but are based on the principle that any deviations should be specified and explained. During the year the company has not reported any deviations from the Code and has otherwise complied with good practice in the stock market. Atrium Ljungberg strives for openness for the company's decision-making pathways, responsibilities, and different control systems.

## GOVERNANCE STRUCTURE

The structure of corporate governance within Atrium Ljungberg is presented in the image and the following sections.

### Steering instruments

#### Internal steering instruments

The business concept, business plan, goals and strategies, the formal work plan of the Board of Directors, the CEO's instructions, policies, job descriptions, delegation instructions and authorisation instructions and core values.

#### External steering instruments

The Nordic Exchange rules for issues, the Swedish Code of Corporate Governance, the Swedish Companies Act, IFRS,

the Swedish Annual Accounts Act, GRI and other relevant legislation.

## NOMINATION COMMITTEE

The Nomination Committee is the General Meeting's body for preparing the meeting's resolutions on appointment-related issues. The Nomination Committee shall propose a basis for the Meeting's handling of the following issues:

- the election of the Chairman of the Meeting, the Chairman of the Board and other Members of the Board of Directors of the company;
- the determination of Directors' fees for the Chairman of the Board, other Board Members, and any remuneration for committee work and, where relevant, the election and remuneration of Auditors;
- decisions on principles relating to the structure of the Nomination Committee ahead of impending Annual General Meetings;

At the Annual General Meeting held on 27 March 2019, it was decided that the Nomination Committee for the 2020 Annual General Meeting shall comprise representatives of

the company's five biggest shareholders by votes, as of the last banking day in February. The Nomination Committee's members were appointed, consisting of Lars Ericson appointed by the Stockholm Consumer Cooperative society, Per Erik Hasselberg (also the Nomination Committee's Chairman) appointed by the Holmström family, Hans Hedström appointed by Carnegie Fonder, Johan Ljungberg appointed by the Ljungberg family, and Ilkka Tomperi appointed by the mutual occupational pension insurance company, Varma. In some cases the Nomination Committee can increase the number of members to maximum seven.

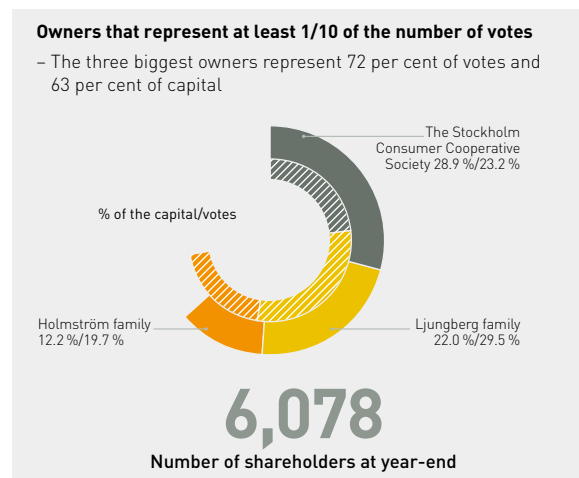
The skills, experience and backgrounds of Board members have been taken into account when compiling proposals for the Board of Directors ahead of the 2019 Annual General Meeting. The Nomination Committee has also applied to the Atrium Ljungberg Equal Opportunity and Discrimination Policy. The objective of this policy is to achieve equal opportunities and diversity in all areas and all functions within the company and on the Board of Directors. The 2019 Annual General Meeting adopted the proposal of the Nomination Committee, thereby electing two women and four men to the Board. Five Board members were re-elected, and one Board member was elected for the first time.

## OWNERS AND SHARES

The company's share capital amounted to SEK 333,051,840 on 31 December 2019, divided among 4,000,000 class A shares (ten votes per share) and 129,220,736 class B shares (one vote per share). The company holds 3,382,000 own class B shares. With the exception of holding own shares, there is no restriction on voting rights. The company's market capitalisation at year-end totalled SEK 28.4 billion. Atrium Ljungberg's target is for the dividend to correspond to at least 50 per cent of the profit before changes in value after nominal tax unless investments or the company's financial position otherwise mandate a deviation from this norm. More information on the ownership structure is contained in the table on page 106.

## ANNUAL GENERAL MEETING

The shareholders' influence within the company is exercised through the Annual General Meeting (AGM) of the company's



## CORPORATE GOVERNANCE REPORT

shareholders, which is the company's most senior decision-making body and should be held within six months of the end of the financial year. The AGM appoints the Board of Directors and the company's auditors, and adopts principles governing remuneration to the Board of Directors, the auditors, and the company's senior executives. The Meeting also takes decisions with regard to the Articles of Association, dividends, and any changes to the share capital. The AGM should also adopt the balance sheet and income statements and decide on the discharge from liability for the Board of Directors and the CEO. The date of the AGM is announced in conjunction with the Interim Report of 30 September at the latest. Notices convening the Annual General Meeting shall be issued 4–6 weeks before the meeting and shall be issued by means of press releases, announcements in the Swedish Official Gazette, and on the company's website, [www.al.se](http://www.al.se). The issue of the convening notice shall be announced in the Dagens Nyheter newspaper. Shareholders are entitled to have an issue discussed at the meeting if the Board is provided with notice thereof no later than seven weeks before the meeting is held. The 2019 Annual General Meeting was held on 27 March and was attended by 192 shareholders representing 82.5 per cent of the share capital and 87.9 per cent of the votes. The Annual General Meeting took decisions on, amongst other things, the following issues:

- adoption of income statements and balance sheets for the parent company and the Group
- granting of discharge from liability for the Board of Directors and the CEO;

- determination of the appropriation of profits entailing a dividend of SEK 4.85 per share;
- election of the Board of Directors;
- determination of Directors' fees totalling SEK 1,540,000, broken down as SEK 440,000 payable to the Chairman of the Board and SEK 220,000 payable to each of the Board Members;
- determination of Auditors' fees in accordance with an approved presentation of invoice;
- establishment of a nomination committee representing the five biggest shareholders by vote as of the last banking day in February 2019
- guidelines for the remuneration of senior executives within the Group;
- authorisation to the Board of Directors, on one or several occasions, to acquire as many class B shares that the company's holding at the respective time does not exceed 10 per cent of all shares in the company, in a regulated market where the shares are listed;
- authorisation to the Board of Directors to, on one or several occasions, decide on an issue in kind of maximum SEK 13.3 million class B shares.

Minutes of the Annual General Meeting and other meeting documents are available on the company's website.

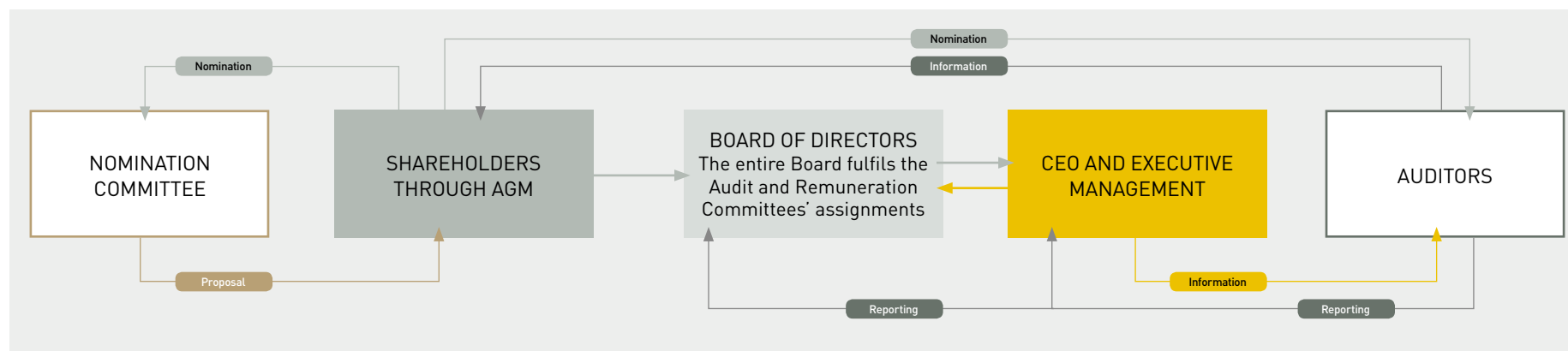
### BOARD OF DIRECTORS

Atrium Ljungberg's Board of Directors comprised six members up to September, and since then five members

(information on the members can be found on page 100). The Code states that a majority of the Board shall be independent in relation to the company and the senior executives. At least two of the independent members must also be independent in relation to the company's major shareholders. The composition of the Board of Directors meets the independence requirements. The Articles of Association do not contain any provisions on the appointment and dismissal of board members.

The Board has overall responsibility for the company's organisation, financial reporting and for ensuring that management of the company's affairs is handled in a manner which ensures that the interests of owners for long-term favourable capital yield are fulfilled. The responsibility also covers efficient and appropriate systems for governance, internal control and risk management.

As a supplement to the Swedish Companies Act, the Articles of Association and the Code, the Board annually determines a formal work plan (including the CEO's instructions, instructions for financial reporting, business plan and budget, policy for business ethics, supplier policy, affiliated policy, equal opportunity and discrimination policy, sustainability policy, work environment policy, corporate communication policy, financial policy, crisis policy, IT policy, information security policy, policy for processing personal data, whistleblowing policy, insider trading policy, tax policy and policy for valuation of investment properties). The formal work plan regulates the Board's work structure. The Chairman of the Board organises and leads the work of the Board, ensures



## CORPORATE GOVERNANCE REPORT

that the Board has the expertise and know-how required to perform its duties, that the Board receives the information and decision data required for its work, that the Board's resolutions are implemented, and that the work of the Board is evaluated every year. The Board's assignments include setting operational goals and strategies, appointing, evaluating and if necessary dismissing the CEO, ensuring that effective systems are put in place for monitoring and control of the company's operations and that there is compliance with legislative and other requirements, and deciding on transfer of properties and companies as well as investments of SEK 20 million or more. The work of the Board and CEO should be evaluated annually. The formal work plan prescribes that the Board shall, over and above the Board Meeting following election, meet at least five times per year. The Board has held 13 ordinary Board Meetings of which one Board Meeting following election was held during the year.

The Board of Directors has made decisions on updated financial goals in 2019. Goals and goal fulfilment are described on pages 19-20 of the Annual report. The Board has decided on all investments in excess of SEK 20 million and on property acquisitions and sales carried out. There has been a strong focus on ongoing and future investment projects, sustainability issues, property transactions and financing issues. Feedback reports from the Group management with regard to the company's economic and financial position, sustainability reporting, current market issues, and ongoing projects have been presented at the Board Meetings. Results in comparison with the budget have been reported quarterly during the year, together with revised forecasts for the financial year. The annual planning of the Board is presented in the illustration on this page.

The Board members have appropriate collected experience, expertise and breadth with respect to Atrium Ljungberg's operations, development phases and conditions in general. The formal work plan does not contain any provisions on work allocation between the members. The entire Board has comprised the Audit and Remuneration Committees, in that the Board has deemed it more appropriate to address these issues within the context of the normal work of the Board. The Remuneration Committee prepares, complies with and evaluates issues concerning terms of employment and any programmes for variable remuneration for the Executive Management, guidelines for remuneration of senior executives and remuneration structures and levels in the company.

The Audit Committee is responsible for preparation of the Board's work on quality assurance of the company's financial reporting, regularly meets the company's auditors to learn about the focus and scope of the audit and to discuss the coordination between the external and internal audit and view of the company's risks, establishes guidelines for which services besides the audit the company may procure from the company's auditor, evaluates the audit effort and informs the company's Nomination Committee about the results of the evaluation and assists the Nomination Committee for preparing proposals for auditors and remuneration of the audit effort.

The Board's work structure and efficiency are evaluated annually and presented to the Nomination Committee. The work of the CEO is evaluated continually and at least once a year without Executive Management being present.

The company's auditors have reported on their work and observations to the Board on two occasions during the year, on one of these occasions without Executive Management being present.

The company's Corporate Counsel has acted as Secretary to the Board. The Chairman of the Board has had continuous contact with the CEO during the year.

## CEO AND EXECUTIVE MANAGEMENT

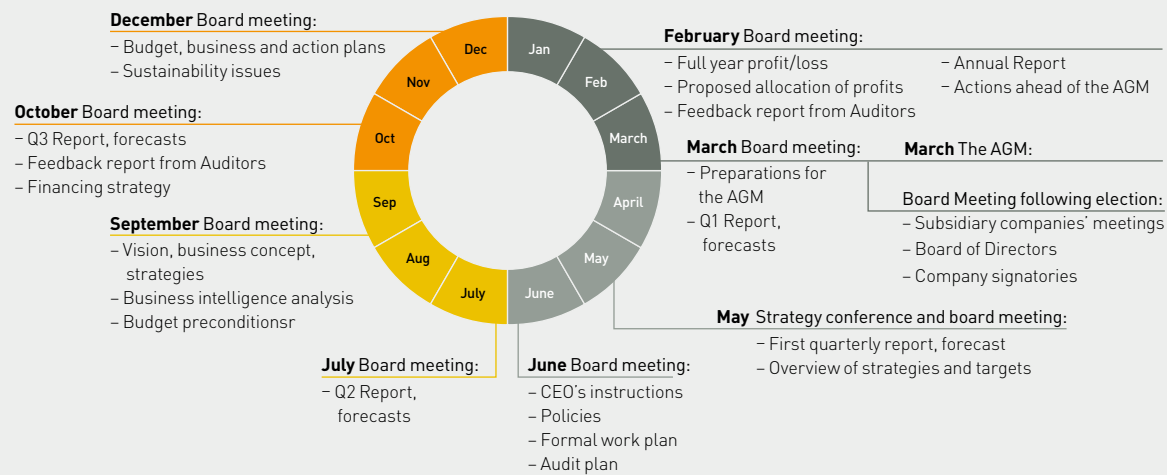
The executive management comprises the CEO and five business area managers. See the illustration on page 100.

In addition to ongoing matters within each function, the Executive Management has prioritised issues concerning ongoing investment projects, transfer of land, financing issues, business development, organisational issues and sustainability issues.

Annica Ånäs (born in 1971) took over as CEO of the company in February 2016. She was employed in the company in 2011 as the company's CFO and was also an employee 2008-2010. Annica Ånäs also has experience as CFO at Hemsö Fastigheter and served as CEO within the communication sector. She also has experience of several directorships including the listed Finnish property company Technopolis. Annica Ånäs has been elected to JM AB's Board of Directors from March 2019. Annica Ånäs has an academic background as Legal Counsel and Graduate Business Administrator. She holds 38,000 class B shares in Atrium Ljungberg. She has no shareholdings in companies with which Atrium Ljungberg has significant commercial links.

The other members of the senior management are presented on page 102 and the organisation structure on page 100.

**The Board's annual planning in addition to standing items, such as investment decisions, progress report, ongoing projects and management, liquidity and financing**



## CORPORATE GOVERNANCE REPORT

## REMUNERATION FOR SENIOR EXECUTIVES

Amendments to the Swedish Companies Act Chapter 7 §§ 61-62, and Chapter 8 §§ 51-53b (1 July 2019) have resulted in extended guidelines for remuneration for the CEO, Deputy CEO and Board members. These will come into effect from the 2020 Annual General Meeting and have been taken into consideration in the proposal for the guidelines for 2020. Salaries and other terms of employment for the Executive Management shall be market-based and competitive, but shall not be market leaders in terms of salary paid in relation to other comparable companies. The guidelines shall apply for the senior management team which consists of the CEO and six other senior executives. The CEO's remuneration shall be proposed by the Chairman and determined by the Board of Directors. Other remuneration payable to members of the senior management team shall be proposed by the CEO and approved by the Chairman. Remuneration payable to the senior Executive Management team, including the CEO, comprises a fixed salary. No variable salary or performance-related remuneration shall be payable. A loan subsidy programme was adopted at the 2018 Annual General Meeting. The loan programme refers to interest compensation for loans raised in order to acquire shares in Atrium Ljungberg. A maximum loan for which interest subsidies can be provided amounts to SEK 4.5 million for the CEO and SEK 1.5 million for other senior executives. The CEO's retirement age is 62, while that of the other members of the Executive Management is 65. Pension plans are defined contribution plans, and the company hence has no additional obligations after payment of the annual premiums.

The CEO shall, if notice of termination is given by the company, be entitled to a 12 month notice period and severance pay corresponding to 12 months' salary. No other severance pay is payable. Other members of the senior management have notice periods of up to 6 months. The terms and conditions applied by the company for other Group employees, either in accordance with collective agreements or in accordance with unilateral undertakings by the company to the employees, shall otherwise apply, where applicable, to the Executive Management. Departure from the above-mentioned guidelines by the Board of Directors is permitted if there are specific grounds for doing so in a particular instance.

## Board of Directors, 2019

		Elected	Remuneration, SEK	Independent*	Independent**	Note	Board Meetings
Johan Ljungberg	Chairman	2001	440,000	Yes	No	<sup>1)</sup>	12 of 13
Simon de Château	Member	2014	220,000	Yes	Yes		12 of 13
Conny Fogelström	Member	2019	220,000	Yes	No	<sup>2)</sup>	9 of 13
Erik Langby	Member	2014	220,000	Yes	Yes		11 of 13
Sara Laurell	Member	2018	220,000	Yes	Yes		13 of 13
Members who left during the year:							
Sune Dahlqvist	Member	2006	–	Yes	Yes	<sup>3)</sup>	3 of 13
Anna Hallberg	Member	2009	110,000	Yes	Yes	<sup>4)</sup>	9 of 13

\* Independent in relation to the company and the Executive Management.

\*\* Independent in relation to the company's major shareholders.

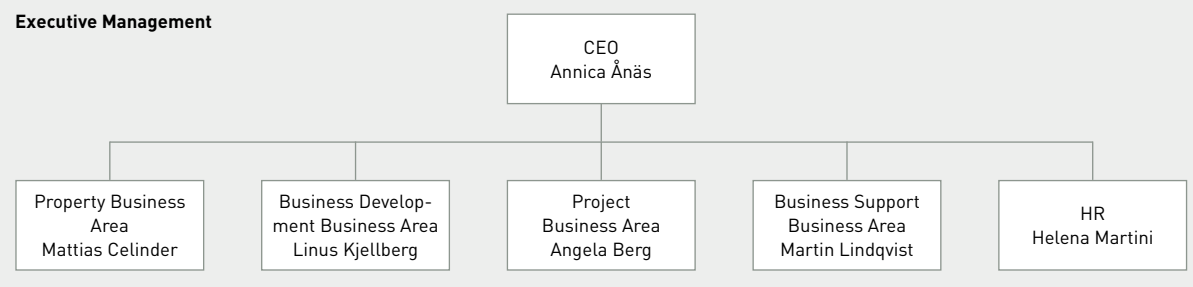
<sup>1)</sup> Chairman of the Board for the 2015 Annual General Meeting. Member 2009-2015. Deputy Member, 2001-2009. Directly and/or indirectly a major shareholder in the company.

<sup>2)</sup> Elected at the 2019 Annual General Meeting.

<sup>3)</sup> Member until the 2019 Annual General Meeting.

<sup>4)</sup> Left in September 2019.

## Executive Management



## AUDITING

Öhrlings PricewaterhouseCoopers AB was elected at the 2019 Annual General Meeting to act as auditors with authorised public accountant Helena Ehrenborg as the auditor in charge. The auditing team has ongoing contact for information purposes with the company during the year, over and above the review activities conducted. The Board meets with the auditor at least twice a year, one of which meetings is held in the absence of the Executive Management. The company's auditors audit financial statements as at 31 December, perform a general review of the interim accounts as at

30 September and review the company's processes, including the management audit.

## AUDITOR

## HELENA EHRENBORG

Auditor at of Atrium Ljungberg since 2019.

Auditor in charge since 2019.

**Born:** 1965

**Education:** Graduate Business Administrator

**Primary occupation:** Authorised Public Accountant, Öhrlings PricewaterhouseCoopers AB.

**Other significant positions:** Auditor at Vasakronan, Akademiska Hus, Pandox, HSB Riksförbund and Jernhusen.

## Remuneration for Executive Management

SEK k	Basic salary/fee		Other remuneration		Other benefits		Pension costs		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Annica Ånäs, CEO	6,139	5,847	–	–	185	39	2,039	1,914	8,363	7,800
Other senior executives	12,045	11,701	76	96	397	219	3,005	2,883	15,523	14,899

# BOARD OF DIRECTORS



Top row from the left: Conny Fogelström, Simon de Château and Erik Langby.  
Bottom row from the left: Sara Laurell and Johan Ljungberg.

## CONNY FOGELSTRÖM

**Function:** Member of the Board.

**Elected to the Board:** 2019.

**Profession:** Founder and CEO, Chairman of Konsult i Sverige AB since 2015.

**Education:** Political Science at Stockholm University and Real Estate Management at the University of Gävle.

**Relevant professional experience:** Ombudsman for the Swedish Union of Tenants, 1987-2004. Municipal commissioner for Täby, 2006-2015.

**Other significant directorships:** Board member at the Stockholm Consumer Cooperative Society, Täby Fastighets AB, Elvira Kunskapsutveckling AB and AB ABF-huset i Stockholm, and Chairman of the Nomination Committee at the Swedish Cooperative Union.

**Born:** 1960.

**Own and related parties' shareholding:** 1,000 class B shares.

## SIMON DE CHÂTEAU

**Function:** Member of the Board.

**Elected to the Board:** 2014.

**Profession:** Chief Investment Officer in Alma Property Partners.

**Education:** Graduate Business Administrator, the Stockholm School of Economics.

**Relevant professional experience:** CEO of Svea-fastigheter, head of corporate finance and analyst at Leimdörfer.

**Other significant directorships:** Chairman of the Board of Alma Property Partners AB. Member of the Board of Wilthem AB (publ) and Akka Egendom AB.

**Born:** 1970.

**Own and related parties' shareholding:** 20,000 class B shares.

## ERIK LANGBY

**Function:** Member of the Board.

**Elected to the Board:** 2014.

**Profession:** Owner of business focused on societal issues. Former chairman of the municipal executive board of Nacka 1983-2012.

**Education:** Social Sciences education, Stockholm University

**Relevant professional experience:** Several years of experience as a municipal commissioner and chairman of county council boards, as well as a number of directorships, including Första AP-fonden, Dagens samhälle, HSB omsorg, AB Solom and Hegeli Public Affairs AB.

**Other significant directorships:** Chairman of the Board of Nacka StrandsMässan AB. Member of the Board of Kommuninvest i Sverige AB and Bostadsrätterna Sverige. Chairman of the municipal council of Sigtuna Municipality.

**Born:** 1951.

**Own and related parties' shareholding:** 1,000 class B shares.

## SARA LAURELL

**Function:** Member of the Board.

**Elected to the Board:** 2018.

**Profession:** CEO of Loopia Group.

**Education:** Graduate Business Administrator. Stockholm School of Economics and MBA Harvard Business School.

**Relevant professional experience:** Many years of experience of transformation in the retail trade and digitisation of consumer/SME-driven business.

**Other significant directorships:** No other significant directorships.

**Born:** 1971.

**Own and related parties' shareholding:** 2,495 class B shares.

## JOHAN LJUNGBERG

**Function:** Chairman of the Board.

**Elected to the Board:** Deputy Member of the Board 2001-2009, and Member of the Board for part of 2006. Member of the Board since 2009.

**Profession:** Chairman of the Board of Tagehus Holding AB.

**Education:** Graduate Engineer.

**Relevant professional experience:** Many years' experience from the property and capital market.

**Other significant directorships<sup>1)</sup>:** Chairman of the Board and member of the Boards of companies within the Tagehus Group. Member of the Board at John Mattson Fastighetsföretagen AB, K2A Knaust & Andersson Fastigheter AB and Eastnine AB.

**Born:** 1972.

**Own and related parties' shareholding:** 1,396,410 class A shares and 20,494,588 class B shares.

<sup>1)</sup> Does not include intra-Group directorships.

# THE MANAGEMENT



Top row from the left: Martin Lindqvist, Annica Ånäs, Angela Berg and Linus Kjellberg.  
Bottom row from the left: Helena Martini and Mattias Celinder.

## MARTIN LINDQVIST

**Function:** CFO and Business Area Director, Business Support.

**Employed since:** 2016.

**Education:** M. Phil. in Business Administration, Mid Sweden University.

**Relevant professional experience:** Management positions and international experience from Tetra Pak, Munters and Aleris, among others.

**Other significant directorships<sup>1)</sup>:** –

**Born:** 1970.

**Own and related parties' shareholding:** No shareholding.

## ANGELA BERG

**Function:** Business Area Director, Projects.

**Employed since:** 2011.

**Education:** Civil Engineering Graduate in Road and Water, KTH Royal Institute of Technology.

**Relevant professional experience:** Project management positions in the construction and property industry.

**Other significant directorships:** Member of the Board of HENT AS.

**Born:** 1975.

**Own and related parties' shareholding:** 3,200 class B shares.

## HELENA MARTINI

**Function:** HR Director.

**Employed since:** 2010.

**Education:** Tourism Programme at Dalarna University College.

**Relevant professional experience:** HR Manager at Microsoft.

**Other significant directorships:** –

**Born:** 1965.

**Own and related parties' shareholding:** 10,660 class B shares.

## ANNICA ÅNÄS

**Function:** CEO

**Employed since:** Previously CFO. Employed by Atrium Ljungberg since 2011; also employed between 2008 and 2010.

**Education:** LL.B. and graduate business administrator

**Relevant professional experience:** CFO of Hemsö and CEO in the communication industry. Several directorships, for example property company Technopolis.

**Other significant directorships<sup>1)</sup>:** Member of the Board at JM AB.

**Born:** 1971.

**Own and related parties' shareholding:** 38,000 class B shares.

## LINUS KJELLBERG

**Function:** Business Area Director, Business Development.

**Employed since:** 2003.

**Education:** Master of Arts, Stockholm University. Urban Centre Planning, KTH Royal Institute of Technology.

**Relevant professional experience:** Business analyst, business developer and project manager in the property industry.

**Other significant directorships:** Member of the Board of Barkarby Science AB.

**Born:** 1972.

**Own and related parties' shareholding:** 250 class B shares.

## MATTIAS CELINDER

**Function:** Business Area Director, Properties.

**Employed since:** 2006.

**Education:** Graduate Business Administrator.

**Relevant professional experience:** Management positions in the hotel, restaurant and travel industries.

**Other significant directorships:** –

**Born:** 1972.

**Own and related parties' shareholding:** 9,958 class B shares.

<sup>1)</sup> Does not include intra-Group directorships.