

CORPORATE GOVERNANCE REPORT 2019

Corporate governance at Nyfosa is based on Swedish law and other generally accepted good practice in the securities market as well as internal rules and guidelines. Nyfosa also follows the Swedish Corporate Governance Code (“the Code”) and applied it without any deviations in 2019.

General Meetings

The General Meeting is Nyfosa’s highest decision-making body, at which the shareholders exercise their voting rights. The Swedish Companies Act (2005:551) and the Articles of Association prescribe how notice of the Annual General Meeting (AGM) and Extraordinary General Meetings are to take place and who is entitled to participate in and vote at such Meetings. In addition to laws on a shareholder’s right to participate in a General Meeting, Nyfosa’s Articles of Association stipulate that shareholders must notify their intention to attend the General Meeting five weekdays before the Meeting, and also give notification if they intend to be accompanied by an assistant. There are no restrictions on the number of votes that each shareholder may cast at the Meeting. Nyfosa’s General Meetings are held in Nacka or Stockholm. The company does not apply any special arrangements to the function of the General Meeting, either based on the provisions of the Articles of Association or any shareholders’ agreements known to the company. Resolutions adopted at a General Meeting are announced after the Meeting in a press release, and the minutes from the Meeting are published on the company’s website.

The AGM held on May 9, 2019 authorized the Board on one or more occasions for the period until the conclusion of the 2020 AGM, by applying or disapplying shareholders’ preferential rights, to decide to issue new shares in the company, although not more than 10 percent of the total number of shares in Nyfosa on the date of the utilization of the authorization.

NYFOSA’S 2020 ANNUAL GENERAL MEETING

Nyfosa’s 2020 AGM will be held on April 23, 2020 at Vasateatern in Stockholm, Sweden. More information about the AGM (including instructions on how to notify attendance) is available at www.nyfosa.se.

The share and shareholders

Information about Nyfosa shares and major shareholders is provided on pages 72–73 of this Annual Report. No shareholders, directly or indirectly, hold shares that represent one tenth or more of the votes for all shares in the company.

Nomination Committee

The AGM of Nyfosa on May 9, 2019 adopted instructions for the Nomination Committee’s composition and work within the company. According to these instructions, which apply until further notice, the Nomination Committee is to comprise the Chairman of the Board and four members appointed by the four largest shareholders in the company in terms of voting rights on July 31. If any of the four largest shareholders in terms of voting rights does not exercise their right to appoint a member, this right to appoint such a committee member is transferred to the next largest shareholder who is not already entitled to appoint a member of the Nomination Committee. The chairman of the Nomination Committee is to be the member representing the largest shareholder in terms of voting rights, unless the members agree otherwise. The composition of the Nomination Committee is to be announced not later than six months before the AGM. If a Committee member leaves or major changes take place in the ownership structure, the composition of the Nomination Committee may change to reflect this. Such a change will then be announced as soon as possible. The task of the Nomination Committee is to prepare proposals on the election of Board members and auditors, remuneration of the Board members and auditors, the election of the Chairman of the Meeting and any necessary amendments to the instructions for the Nomination Committee. For more information about the current instructions for the Nomination Committee, visit the company’s website.

Nyfosa’s Nomination Committee ahead of the 2020 AGM comprises Johannes Wingborg, Länsförsäkringar Fondförvaltning AB (Chairman of the Nomination Committee), Lennart Francke, Swedbank Robur Funds, Olof Nyström, Fourth

Swedish National Pension Fund, Daniel Klint, SEB Funds and Johan Ericsson, Board Chairman of Nyfosa.

The Nomination Committee applied the Code's rule 4.1 on diversity policy for its work. The aim of the diversity policy is to satisfy the importance of sufficient diversity on the Board of Directors in respect of gender, age and nationality, as well as experience, professional background and lines of business. The Board comprises three women and four men, meaning that the percentage of women is almost 43 percent, which was established to accord with the Swedish Corporate Governance Board's stated objective of about 40 percent for the least represented gender. Additional information is available in the Nomination Committee's reasoned statement regarding the Nomination Committee's proposals to the 2020 AGM.

Board of Directors

According to the Articles of Association, Nyfosa's Board of Directors is to comprise at least four and no more than ten members, with no deputy members. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendment of the Articles of Association. The members of the Board are elected by the AGM for the period until the end of the next AGM. The AGM held on May 9, 2019 elected Johan Ericsson, Marie Bucht Toresäter, Lisa Dominguez Flodin, Jens Engwall, Per Lindblad, Kristina Sawjani and Mats Andersson as Board members. Johan Ericsson was also elected Chairman of the Board. For more information about Nyfosa's Board members and information about their independence in relation to the company and management, refer to page 77. No Board members are employed in the Group except Jens Engwall (who is the CEO). Information about the company's largest shareholders is provided on pages 72–73.

The Board is the company's highest administrative body and its duties are regulated by the Swedish Companies Act, the Articles of Association and the Code. The Board of Directors is thus responsible for the company's organization and the administration of the company's affairs. The Board is also charged with monitoring financial developments, ensuring the quality of financial reporting and the internal control and evaluating the operations based on the established objectives and guidelines adopted by the Board. Furthermore, the Board decides on significant investments and major changes in the Group's organization and operations. This work is based on rules of procedure adopted by the Board every year that regulate the distribution of work and responsibilities between the Board members and CEO. The Board also adopts a delegation of authority and instructions for financial reporting, the

CEO and the Board's Committees, and decides on a number of general policies for the company's operations. These include an insider policy, finance policy, IT policy, information security policy, sustainability policy, communication policy and policy on related-party transactions. All of these internal governing documents are reviewed at least once annually and also regularly updated as necessary.

The work of the Board of Directors

In addition to the statutory Board meeting, elected held immediately after the AGM, the Board meets at least six times a year (scheduled Board meetings). The dates of meetings and the main standing items on the agenda to be discussed at the scheduled meetings follow a set plan in the Board's rules of procedure. Extra Board meetings can be convened when required. Nyfosa's Board held 15 meetings during the year, one of which was a statutory Board meeting. For information about attendance at these meetings, see the table on page 76. The secretary at the Board meetings is the company's Head of Legal or company lawyer. Prior to each meeting, the Board members receive an agenda and written material for the items to be discussed at the meeting. The agenda ahead of each scheduled Board meeting included a number of standing items: The CEO's review of the operations, acquisitions, divestments and investments as well as financial reporting.

In 2019, besides regular Board matters, including major acquisitions, divestments and investments, the Board addressed issues related to sustainability and building up the organization.

Evaluation of the Board and the CEO

Once annually, in accordance with the Board of Directors' rules of procedure, the Chairman of the Board initiates an evaluation of the Board's work. In 2019, the Chairman had in consultation with the Nomination Committee some separate contact with the members as part of this evaluation. The purpose of the evaluation is to assess the results of the Board's and the Committees' work, the effectiveness of the work method and how it can be improved. The evaluation also aims to identify the type of matters that the Board should be given more scope to address and the areas that could potentially require additional experience and expertise on the Board. The result of the evaluation was discussed by the Board and reported to the Nomination Committee by the Chairman. The Board also continuously evaluates the work of the CEO. An evaluation is carried out at least once a year without the CEO attending.

BOARD OF DIRECTORS



From left: Standing: Per Lindblad, Marie Bucht Toresäter, Jens Engwall, Johan Ericsson
Sitting: Mats Andersson, Kristina Sawjani, Lisa Dominguez Flodin

Board Committees

The Board has established two committees from within its ranks: an Audit Committee and a Remuneration Committee, which both follow instructions adopted by the Board. These committees are sub-committees that prepare matters for the Board and do not have any own power of decision. The matters addressed at committee meetings are minuted and reported as necessary at the next Board meeting.

Audit Committee

The Audit Committee is to assist the Board in completing its supervisory role of audit matters. The Committee's main task is stipulated in the Companies Act. These include overseeing the company's financial reporting, risk management and the effectiveness of internal control and governance as well as maintaining contact with and evaluating the work, qualifications and independence of the external auditor.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board member	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Johan Ericsson (Chairman of the Board)	15/15	–	5/5
Bengt Kjell	5/15 ¹	–	–
Marie Bucht Toresäter	15/15	6/6	–
Lisa Dominguez Flodin	15/15	6/6	–
Jens Engwall	15/15	–	–
Mats Andersson	10/15 ²	–	5/5
Per Lindblad	15/15	–	5/5
Kristina Sawjani	15/15	6/6	–

1) Bengt Kjell stepped down as Chairman of the Board at the AGM on May 9, 2019.

2) Mats Andersson was elected a Board member at the AGM on May 9, 2019.

Johan Ericsson

Chairman of the Board

Year of birth: 1951

Board member since: May 7, 2018

Education and professional experience: Master in Business Administration, Stockholm School of Economics. FRICS.

Previous experience from senior positions and various roles in the Catella group (1993–2015).

Other ongoing assignments: CEO of Logistea AB (publ) with subsidiaries and Klockarbäcken Property Investment AB (publ) with subsidiaries. Chairman of the board of SHH Bostad AB (publ), Aktiebolaget Oscar Robur, Market Art Fair Intressenter AB and other board assignments in the Group, Castar Europe AB, Braheberget Holding AB and other board assignments in the Group, and Fastighetsbolaget Emilshus AB and other board assignments in the Group, as well as board member of Brinova Fastigheter AB (publ).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 10,000

Independent in relation to the company, Group Management and the company's major shareholders.

Marie Bucht Toresäter

Board member

Year of birth: 1967

Board member since: May 7, 2018

Education and professional experience: Master in Business Administration, Uppsala University. Previous experience from senior positions at, inter alia, Headlight International AB (2015–2017), Skanska ID (2013–2015), NCC Property Development Nordic AB (2012–2013) and Newsec Advice AB (1999–2012).

Other ongoing assignments: CEO of Novi Real Estate AB and board member of MVB Holding AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Independent in relation to the company, Group Management and the company's major shareholders.

Lisa Dominguez Flodin

Board member

Year of birth: 1972

Board member since: May 7, 2018

Education and professional experience: Bachelor's degree in accounting and auditing, Mid Sweden University, Östersund, and MBA, San Jose State University. Previous experience as, inter alia, CEO of Cibus Nordic real Estate AB (publ) (2018) and board member (including member of the audit committee) of NP3 Fastigheter AB (publ) (2014–2017) as well from senior positions at Oscar Properties AB (2017), Cityhold Property AB (2012–2016) and NBP Group (2011–2012).

Other ongoing assignments: CFO of Grön Bostad AB, board member of LCF Financial Services AB and Flodin Kapital AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 5,000

Independent in relation to the company, Group Management and the company's major shareholders.

Jens Engwall

Board member and CEO

Year of birth: 1956

Board member since: November 15, 2017

Education and professional experience: Master of Engineering, Royal Institute of Technology, Stockholm. Previous experience as the founder and CEO of Hemfosa Fastigheter AB (2009–2018), CEO of Kungsleden AB (1993–2006) and experience from the property sector through, inter alia, previous positions at Skanska AB.

Other ongoing assignments: Chairman of the board of the property company Söderport Holding AB and other board assignments in the Söderport group, Chairman of the board of Torslanda Property Investment AB (publ), board member of Bonnier Fastigheter AB and Quantafuel AS.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,627,311

Not independent in relation to the company and Group Management. Independent in relation to the company's major shareholders.

Mats Andersson

Board member

Year of birth: 1954

Board member since: May 9, 2019

Education and professional experience: Master in Business Administration, Stockholm University. Previous experience from inter alia Fourth Swedish National Pension Fund, where he was CEO for ten years, Third Swedish National Pension Fund as well as senior positions at Skandia Liv, Deutsche Bank, S.G. Warburg and Hägglöf & Ponsbach. Mats has been board member of several listed companies.

Other ongoing assignments: Vice Chairman of The Global Challenges Foundation, board member of Carneio and Försäkringsbolaget PRI Pensionsgaranti, and a couple of advisory assignments.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 10,000

Independent in relation to the company, Group Management and the company's major shareholders.

Per Lindblad

Board member

Year of birth: 1962

Board member since: May 7, 2018

Education and professional experience: Master of Science in Agriculture Economics, Swedish University of Agricultural Sciences (SLU), Uppsala. Previous experience from inter alia senior positions at SEB (2008–2017).

Other ongoing assignments: CEO of Landshypotek Bank Aktiebolag and chairman of the board of Lyckås Aktiebolag.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 5,000

Independent in relation to the company, Group Management and the company's major shareholders.

Kristina Sawjani

Board member

Year of birth: 1975

Board member since: May 7, 2018

Education and professional experience: Master of Science in Engineering Surveying, Lund Technical University. Previous experience includes senior positions at AFA Fastigheter and the Catella group as well as board member of Grön Bostad.

Other ongoing assignments: Head of Transactions at Mengus.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,282

Independent in relation to the company, Group Management and the company's major shareholders.

The Committee is also to assist in preparing proposals for the General Meeting to resolve on the election and remuneration of auditors. The results of the Committee's work in the form of observations, recommendations and proposals for decision or action are continuously reported to the Board. The Audit Committee comprises Board members Lisa Dominguez Flodin (Chairman), Kristina Sawjani and Marie Bucht Toresäter. After it was established in May 2019, the Audit Committee held six meetings during the year at which subjects discussed included the company's internal control and quarterly reporting.

Remuneration Committee

The main tasks of the Remuneration Committee are to assist the Board by presenting proposals, providing advice and preparing matters regarding remuneration of and other terms of employment for the company's CEO and principles for remuneration of company management. Furthermore, the task of the committee is to monitor and evaluate the outcome of variable remuneration programs, and Nyfosa's compliance with the remuneration guidelines adopted by the General Meeting.

The Remuneration Committee comprises Board members Johan Eriksson (Chair), Per Lindblad and Mats Andersson. After it was established in May 2019, the Remuneration Committee held five meetings at which subjects discussed included remuneration of senior executives including terms of employment for the CEO, the implementation of the incentive program resolved on by the 2019 AGM and the design of new guidelines for remuneration of senior executives.

Remuneration of Board of Directors

The AGM on May 9, 2019 resolved that until the next AGM an annual fee of SEK 170,000 was to be paid to each of the Board members who are not employed by the company and that SEK 425,000 was to be paid to the Chairman of the Board. It was also resolved that fees for Committee work amounting to SEK 60,000 were to be paid to the Chairman of the Audit Committee and SEK 30,000 to each of the other members of the Audit Committee and that fees of SEK 40,000 were to be paid to the Chairman of the Remuneration Committee and SEK 20,000 to each of the other members of the Remuneration Committee.

SENIOR EXECUTIVES



From left Standing: Ann-Sofie Lindroth, Jens Engwall, Stina Lindh Hök,
Sitting: Katarina Sonnev, Johan Ejerhed, Anders Hörnqvist

CEO and Group Management

The CEO is appointed by the Board and is responsible for the daily management of the company and the Group's activities in accordance with the Board's instructions. The CEO instruction states that the CEO is responsible for the administration of the Board and Board reporting as well as preparing matters that require a decision by the Board, for example, adopting the interim report and Annual Report, decisions on major acquisitions, sales or investments and raising large loans. The CEO has appointed a Group Management team that is responsible for different parts of the operations. Nyfosa's Group Management comprises the CEO, COO, Head of Financial Control, Head of Transactions, Head of Property Management and Head of Finance. The CEO functions as chairman of Group Management and makes decisions in consultation with other members of Group Management. The work of Group Management follows an annual cycle of eight scheduled meetings. Extra meetings are convened as required.

Guidelines for remuneration of senior executives

The AGM on May 9, 2019 resolved on guidelines for the remuneration of Nyfosa's senior executives for the period until the 2020 AGM. These guidelines include the fact that Nyfosa is to apply market-based and competitive forms of remuneration that are simple, long-term and measurable. Remuneration may comprise a fixed and variable portion. The guidelines include requirements for the structure of remuneration and a cap on variable remuneration. The Board may deviate from the guidelines if there are special reasons to do so in an individual case. Such deviations are to be presented at the next AGM. For the complete guidelines, visit the company's website. The amount of remuneration paid in 2019 is presented in Note 8. The proposed guidelines for remuneration of senior executives are available on the company's website www.nyfosa.se.

Jens Engwall

CEO and Board member

Year of birth: 1956

Education and professional experience:

Master of Engineering, Royal Institute of Technology, Stockholm. Previous experience as founder and CEO of Hemfosa Fastigheter AB (2009–2018), CEO of Kungsleden AB (1993–2006) and experience from various positions at Skanska AB.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 4,627,311

Warrants in the company as of Dec 31, 2019: 250,000 warrants

Johan Ejerhed

Head of Finance

Year of birth: 1976

Education and professional experience:

Master of Science in Engineering, International Industrial Economics (with a specialization in finance), Linköping University. Experience of project manager in structured real estate financing at SEB (2004–2018).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Warrants in the company as of Dec 31, 2019: 145,000 warrants

Katarina Sonnevi

Head of Transactions

Year of birth: 1977

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Economics at Stockholm University. Experience as Transactions manager at Heimstaden (2016–2019) and of the property sector including at RBS (2015–2016), Tenzing AB (2010–2015), Ericsson (2007–2010), Catella (2005–2007) and NCC property development 2004–2005.

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 1,073

Warrants in the company as of Dec 31, 2019: 160,000 warrants

Anders Hörnqvist

Head of Property Management

Year of birth: 1966

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Previous experience as partner of The Carlyle Group (2007–2013), vice president at Faberge AB (2004–2007) and head of property management at Wihlborgs AB (1997–2004).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): –

Warrants in the company as of Dec 31, 2019: 120,000 warrants

Stina Lindh Hök

COO

Year of birth: 1973

Education and professional experience:

Master of Science in Engineering, KTH Royal Institute of Technology, Stockholm. Experience as Transaction Manager at Hemfosa Fastigheter AB (2010–2018) and of the property sector including at Atrium Ljungberg AB (2009–2010), Leimdörfer Fastighetsmarknad AB (2006–2008) and as head of property management at Faberge AB (2005).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 23,010

Warrants in the company as of Dec 31, 2019: 120,000 warrants

Ann-Sofie Lindroth

Head of Financial Control

Year of birth: 1976

Education and professional experience:

Master of Science in Business Administration, Lund University. Previous experience as Controller and Head of Finance at Hemfosa Fastigheter AB (2012–2018), auditor at EY Real Estate (2004–2012) at real estate agent at Svensk Fastighetsförmedling (1996–1999).

Shareholding in the company as of Dec 31, 2019 (incl. any shares held by related parties): 7,400

Warrants in the company as of Dec 31, 2019: 120,000 warrants

AUDITOR

KPMG AB

Auditor-in-Charge Mattias Johansson, born in 1973, is an Authorized Public Accountant, partner of KPMG Sweden and member of FAR (institute for the accountancy profession in Sweden).

Auditor

At the AGM on May 9, 2019, KPMG AB was elected to serve as auditor until the end of the next AGM. Auditor-in-Charge Mattias Johansson was born in 1973 and is an Authorized Public Accountant and member of FAR (institute for the accountancy profession in Sweden).

The auditor examines the Annual Report, accounts and the administration by the Board and CEO. The auditor then reports to the AGM. In addition to the audit assignment, KPMG was engaged for additional services in 2019, primarily tax advice. Such services have always, and solely, been provided insofar as they are consistent with the regulations in the Swedish Auditing Act (1999:1079) and FAR's rules of professional conduct pertaining to the objectivity and independence of auditors.

Internal control and governance

The Board's responsibility for the internal control and governance is regulated by the Companies Act, the Annual Accounts Act (1995:1554) and the Code. Information about Nyfosa's system for internal control, governance, risk management and the Board's measures to monitor the effectiveness of the internal control and governance is to be included in the company's corporate governance report. The Board, which has ultimate responsibility, is to ensure, inter alia, that Nyfosa has effective internal control and formalized procedures to ensure compliance with established principles for financial reporting, internal control and governance. The Group's Head of Financial Control is responsible for implementing and maintaining the formalized procedures.

Nyfosa's procedures and processes for internal control, governance and risk management are based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). The process has been designed to ensure adequate risk management, including reliable financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements to be applied by companies listed on Nasdaq Stockholm. This work involves the Board, Group Management and other personnel.

Control environment

Nyfosa's control environment is founded on governing documents, processes and structures that set the basis for establishing internal control and governance in the organization. The Board monitors and ensures the quality of the internal control and governance in accordance with in the Board's rules of procedure, the instructions for the CEO and the Committees and the associated delegation of authority and attestation ordinance. In addition, the Board has adopted a risk management policy that includes fundamental guidelines governing risk management, internal control and governance. These guidelines pertain to, for example, risk assessment, risk measures, control activities, action plans, evaluation and reporting. The internal control and governance activities are also presented in other governing documents, such as Nyfosa's accounting manual, sustainability policy and finance policy. These activities include regular checks and follow-ups of outcome compared with expectations and previous years, and supervision of, for example, the accounting policies applied by Nyfosa. In addition, Nyfosa provides an anonymous whistleblower function for all employees that is regulated in separate guidelines and monitored by the Chairman of the Audit Committee.

Since the Group's ongoing accounting activities and the preparation of the quarterly and annual accounts, etc. have been partly outsourced to an external service provider (Newsec Asset Management AB), Nyfosa's accounting manual also addresses the cooperation with this provider. The responsibility for maintaining an effective control environment and the continuous work on risk assessment and internal control and governance regarding the financial reporting is delegated to the CEO. However, the Board has ultimate responsibility. The Audit Committee is responsible for monitoring the efficiency of the company's internal control, governance and risk management regarding the financial reporting. Group Management regularly reports to the Board and the Audit Committee following established procedures. Responsibilities, authorities and governing documents comprise the control environment for Nyfosa, together with laws and regulations. All internal governing documents are regularly updated to include changes in, for example, legislation, accounting standards or listing requirements.

Risk assessment

Every year, Nyfosa's Group Management performs a risk evaluation of strategic, financial, operational and compliance risks in connection with the business planning process. The risks identified as the most material are documented in a risk list that is evaluated by Nyfosa's Group Management and a

risk owner is appointed for every risk to clarify the division of responsibilities and ownership. The risk analysis also includes an assessment of the control activities established throughout the operations to manage the risks. Taking into account these existing control activities, the probability of a risk occurring within a defined period of time is evaluated, as is its impact on established targets. The risk assessment provides insight into the consequences for the Group if no action is taken, the risk-reducing measures that are in place and the level of risk that the organization wants to achieve by taking further action. The outcome of the risk analysis and accompanying action plan is presented to the Audit Committee and Board.

Control activities

Nyfosa's control activities are established based on identified risks, with the aim of ensuring Nyfosa's internal control and governance over the company's financial reporting. Identified risks are managed by implementing well-defined key processes with integrated control activities, such as dividing and delegating responsibility, cooperation and principles for distribution of responsibility between Nyfosa and Newsec and a defined decision-making process. Nyfosa's key processes include activities and controls intended to manage and minimize identified risks. In addition to these key processes, Nyfosa's control activities comprise ongoing monitoring of financial results and financial position, company-wide controls and general IT controls.

Information and communication

Nyfosa has built an organization, procedures and systems for information and communication aimed at providing the market with relevant, reliable, correct and up-to-date information about the Group's performance and financial position and ensuring that the financial reporting is correct and effective. The internal governing documents clarify who is responsible for what, and the daily interaction between the officers concerned ensures that the necessary information and communication reaches all relevant parties. Every month, Group Management receives certain financial information about the company and its subsidiaries in respect of the development of leasing and other property management work, reviews and monitoring of ongoing and future investments and liquidity planning. The Board receives regular financial reports on the Group's financial position and earnings performance. In addition, the Board receives a report every year from Group Management on consolidated risks for the Group with an accompanying action plan, which in turn is followed up by the

Board and Group Management once per year. For external disclosure of information, a communications policy has been adopted by the Board, designed to ensure that the company complies with the requirements for disseminating correct information to the market at the right time.

Monitoring

The Board continuously evaluates the information provided by Group Management. Nyfosa's financial position, investments and operating activities are normally discussed at each Board meeting and Group Management meeting. The Board is also responsible for monitoring the internal control and governance. This work includes ensuring that measures are taken to address any shortcomings, and following up proposals to address issues highlighted in connection with the external audit.

Follow-ups and separate evaluations are continuously carried out in accordance with an adopted risk management policy and accounting manual at various levels within the Group. The risk owner appointed in the risk management policy is responsible for the management of a specific risk by regularly analyzing developments, monitoring risk measures and providing status reports to management. Approved measures and risk owners are also monitored based on the Board's and Group Management's annual follow-up of the action plan, at the same time as line managers are given the opportunity to highlight relevant risk information. The risk management process is in turn evaluated once a year to identify opportunities for improvement.

Internal audit

In light of Nyfosa's operations, organizational structure and the organization of the financial reporting, the Board has not found any reason to establish a separate internal audit function. Instead, the company's Group-wide controller function has been adapted to also manage the internal control activities. The matter of establishing a separate internal audit function is discussed by the Board every year.