

## **Proposal of the Board of Directors in respect of guidelines for remuneration to the executive management**

The Board of Directors of Castellum AB (publ) proposes that the Annual General Meeting to be held on March 31, 2022 resolves to approve the following guidelines for determining salary and other remunerations to the executive management in Castellum, to be applicable until further notice. In relation to the current guidelines, the proposal mainly entails a partly amended decision-making procedure for variable remuneration, that the share price based three-year incentive program is adopted every year instead of every third year and amounts to one third of the previous maximum remuneration, as well as that the reinvestment requirement related to the one-year profit based incentive program is removed.

### **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 group executive management with capacity to achieve established objectives, implement the business strategy and to safeguard Castellum's long term interest, including its sustainability work. The Board of Directors considers and evaluates the remuneration as a whole, consisting of fixed remuneration, pension terms, variable remuneration and non-monetary benefits. The overall principles in respect of the remuneration to the executive management in Castellum shall be terms adjusted to the conditions of the market and competitiveness and these guidelines enable to offer the executive management such remuneration.

### **Preparation of matters regarding remuneration to the executive management**

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 appoints one of the members as Chairman 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 the executive management. Consequently, the People Committee shall prepare a proposal in respect of guidelines for remuneration to the executive management, 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 Managing Director and other members of the executive management. The People Committee shall annually evaluate the Managing Director's performance. Further, the People



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Committee shall observe and evaluate programs for variable remuneration to the executive management which are on-going 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 which shall be submitted to the Annual General Meeting for approval. The Managing Director or other members of the 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 applies to executive members of the group executive management in Castellum. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2022.

### **Fixed remuneration**

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**

The executive management shall be entitled to pension benefits 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 pension qualifying income, unless required by mandatory collective agreement provisions applicable for the executive member at the payment date (in which case necessary adjustment shall be made of the variable remuneration so that cost neutrality is achieved for the company). The pension benefits for executive management shall not exceed 33 per cent of the annual remuneration (fixed and variable, respectively), including payment for vacation.

### **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 work, and shall be rewarded within the scope of one profit and share price based incentive program. Total variable remuneration per year may not exceed the fixed annual remuneration.

### **Profit and share price based incentive program**

The profit and share price based incentive program consists of two parts, a one-year remuneration based on growth in income from property management per share and the development of individually determined factors, as well as a three-year remuneration based on to what extent established objectives in respect of the development of the share price have been achieved over a three-year period. The program's structure shall be based on the



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objective to align the interests of the group executive management with the interests of the shareholders by way of the group executive management also being shareholders of Castellum and by increasing the share of the total remuneration which is connected to the development of the group. Hence, the performance targets under the profit and share price based incentive program are clearly linked to Castellum's business strategy and long term interests, including its sustainability work, among others by linking the remuneration to the development of shareholder value and by promoting the executive member's long term personal development.

#### *Profit based remuneration*

The profit based remuneration has a one-year performance and earning period for each financial year. The outcome of the annual profit based remuneration is based on growth in income from property management per share (i.e. cash flow-based growth) as well as on an overall assessment of the development of certain individually determined factors that the Board of Directors decides to give priority to under the current financial year. In order to receive full variable remuneration, a 10% annual growth in income from property management per share is required and that the individually determined factors are achieved. In the event of growth in income from property management per share of between 0–10%, a linear calculation is performed in respect of the outcome and the remuneration to be paid, and the same applies, as applicable, to the individually determined factors.

The maximum outcome in respect of the annual profit based remuneration for each executive member amounts to half of the annual fixed salary per financial year, based on each participant's annual fixed salary per the month of July each year. If remuneration is to be paid, payment is made annually as salary after the financial statements for the current financial year are adopted.

#### *Share price based remuneration*

The share price based remuneration has a three-year performance and earning period. The outcome of the three-year share price based remuneration is based on the total return of the Castellum share in absolute terms during the three-year period, as well as on the total return of the Castellum share in comparison with one or several relevant real estate share indexes during the performance and earning period. In order to receive full variable remuneration under 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 indexes, respectively, with at least 5 percentage points during the relevant period. In the event of an outcome of between 0–50% and 0–5 percentage points, respectively, a linear calculation is performed in respect of the outcome and the remuneration to be paid.

The maximum outcome in respect of the share price based remuneration for each executive member amounts to half of the annual salary per program (three-year period), based on an average of each participant's annual fixed salary per the month of July for all three years covered by the respective share price based incentive program.

The Board of Directors may each year resolve on the adoption of a share price based incentive program that covers three financial years. If remuneration is to be paid, payment is made as salary after the end of each measurement period of three financial years. The participants shall undertake to purchase Castellum shares for at least half of the amount of the share price based remuneration received, after deduction for tax.



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### *General regulations*

The Board of Directors resolves on the detailed terms of the profit and share price based incentive program within the terms and conditions set out 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 program shall be paid as salary, includes payment for vacation and shall not be pension qualifying income, unless required by mandatory collective agreement provisions applicable for the executive member at the payment date. In the event that the remuneration to the executive member is pension qualifying income in accordance with mandatory collective agreement provisions, necessary adjustment shall be made of the remuneration so that cost neutrality is achieved for the company.

### **Non-monetary benefits**

The non-monetary benefits may include, for example, medical insurance, phone benefits and company car. For the Managing Director, premiums and other costs relating to such benefits may amount to not more than 2 per cent of the fixed annual remuneration. For the other members of the executive management, premiums and other costs relating to such benefits may, in total, amount to not more than 5 per cent of the total fixed annual remuneration.

### **Termination of employment and severance pay**

The notice period shall, upon termination by the company, not exceed six months in respect of the Managing Director, and twelve months in respect of any other member of the executive management of the company. The notice period shall, upon termination by the Managing Director or by any other member of the executive management of the company, be six months. During the notice period full salary will be paid and other benefits will be provided to the employee, with deduction for salary and other remuneration received from another employment or business during the notice period. Such deduction shall not be made in respect of the Managing Director. A severance pay, corresponding to twelve fixed monthly salaries, shall be paid to the Managing Director upon termination by the company. Such severance pay shall not be reduced due to other income received by the Managing Director.

### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company 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 the company's long term interests, including its sustainability work. As set out above, the People Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.



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## **Shareholder's views**

The Board of Directors has not received any views from the shareholders on the existing remuneration guidelines for the executive management.

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