

*This is a translation. In case of any discrepancies, the Swedish original shall prevail.*

## **Board of Directors' motion concerning guidelines for executive remuneration**

The guidelines encompass the CEO and other members of the Company's Senior Management Team (SMT), currently totaling ten people. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2023 AGM. These guidelines do not apply to any remuneration resolved or approved by the AGM.

## **The guidelines' promotion of the Company's business strategy, long-term interests and sustainability**

NCC is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC contributes to the positive impact of construction for its customers and society. Operations include commercial property development, building and infrastructure project contracting, and asphalt and stone materials production. The Company is working toward creating a common basis for a long-term, sustainable improvement in profitability throughout NCC. NCC is striving to create safe and secure worksites for the Group's employees and subcontractors.

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. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer executive management competitive total remuneration.

Long-term share-based incentive programs that are performance-based have been established in the Company.

The programs encompass the SMT and other senior executives and key personnel within the NCC Group, currently approximately 180 persons.

These are three-year programs and have a distinct link to the business strategy and thus to the Company's long-term value creation, including its sustainability. The targets for LTI 2020 comprise the operating margin (EBIT) and the number of worksite accidents. For LTI 2021, the target is accumulated earnings per share (EPS) during the period 2021-2023. For more information on these programs, and the criteria upon which outcomes are dependent, refer to the Company's Annual Report, Note 4, Long-term incentive programs.

A new LTI program, LTI 2023, is proposed for the period 2023-2025, which is essentially the same as LTI 2021. It is proposed for LTI 2023 that the targets include accumulated earnings per share (EPS) during the period 2023-2025, the number of worksite accidents and the Group's carbon emissions.

## **Types of remuneration**

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The AGM may also – regardless of these guidelines – adopt remuneration based on, for example, share and share-price-related incentive schemes.

### ***Fixed remuneration***

When determining the fixed salary, the individual executive's sphere of responsibility, experience and achieved results are to be taken into account. The fixed salary is reviewed annually, but with the possibility to review for a period of two years at most.

*This is a translation. In case of any discrepancies, the Swedish original shall prevail.*

### **Short-term variable remuneration**

The short-term variable remuneration must be capped and related to the fixed salary, and be based on the outcome in relation to established targets, which are measured annually.

The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term business strategy and interests. The criteria for paying variable cash remuneration thus essentially comply with the Group's long-term operational and financial objectives.

The variable cash remuneration is primarily based on a financial objective (EBIT), with a smaller portion based on the number of worksite accidents (resulting in more than four days of absence from regular work per one million worked hours), adapted functional targets or operational targets.

To which extent the criteria for awarding variable cash remuneration has been satisfied will be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for assessing the variable cash remuneration paid to the CEO. The CEO is responsible for the assessment of variable cash remuneration paid to other senior executives. The assessment of the financial objectives is based on the annual accounts. The outcome in relation to established targets for variable remuneration is measured after the performance period; meaning following fiscal year-end.

The short-term variable remuneration for the CEO is capped at 75 percent of fixed salary. For other members of the SMT, it is capped at 40 or 50 percent of fixed salary. The variable short-term remuneration is to be revised annually.

It is estimated that full utilization of the Company's commitments for short-term variable remuneration in relation to the executives concerned will cost the Company a maximum of approximately SEK 30 M, including social security fees.

The short-term variable remuneration is pensionable, with the exception of remuneration paid to the CEO.

### **Pension**

NCC is endeavoring to move gradually toward defined-contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. The CEO has a defined-contribution pension with a premium pledge capped at 42 percent of contractual fixed salary.

Other members of the SMT who are active in Sweden and have an employment contract subject to Swedish terms and conditions, are entitled, in addition to the ITP 2 plan (the collectively bargained agreement on pensions for white collar workers), to also receive a defined-contribution supplementary pension capped at 30 percent of pensionable salary increments exceeding 30 income base amounts. The definition of pensionable salary as stipulated in ITP2 is to be used for this supplementary pension.

In other respects, variable salary and other benefits will not be pensionable unless this is a consequence of law or a collective agreement. Members of the SMT who have employment contracts under the terms and conditions of another country are covered by pension solutions in accordance with local practices, which must to the extent possible comply with the principles stated in these guidelines. ITP 1 is applied to new employment contracts where possible.

The retirement age of the SMT is 65 years.

*This is a translation. In case of any discrepancies, the Swedish original shall prevail.*

### **Other benefits**

NCC provides other benefits, such as medical insurance and a car benefit, to members of the SMT. The combined amount of such benefits in relation to total remuneration may constitute only a limited value and correspond essentially to the benefits normally arising in the market, in total not more than 5 percent of annual cash salary.

### **Termination of employment**

#### **Periods of notice and severance pay**

A member of the SMT who terminates employment at NCC's initiative normally has a six-month period of notice and is entitled to severance pay corresponding to 12 months of fixed salary. During the said 12 months, the severance pay is deductible from remuneration received from a new employer. The period of notice may not exceed six months without any right to severance pay when termination is made by a member of the SMT.

### **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 the increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the CEO's remuneration, the remuneration of other employees and NCC's earnings over the past five years is presented in the remuneration report.

### **Decision-making process to determine, review and implement the guidelines**

The Board shall prepare a motion for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the AGM. The Board of Directors is also mandated to monitor and evaluate variable remuneration programs for the SMT, the application of guidelines for executive remuneration and applicable remuneration structures and remuneration levels in the Company. The CEO and other members of the SMT do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are themselves affected by such matters.

### **Derogation from the guidelines**

The Board of Directors may temporarily 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.

### **Description of material changes in the guidelines and how shareholder views have been addressed**

The Board of Directors has not received any views from the shareholders concerning the existing guidelines for executive remuneration. The Board's motion concerning guidelines for executive remuneration essentially corresponds to existing guidelines.