

## **REMUNERATION POLICY**

The Remuneration Policy comprises the Chief Executive Officer (CEO) and the other members of executive management. The Remuneration Policy does not comprise remuneration decided by the Annual General Meeting.

This Remuneration Policy is applied to new contracts, or changes in existing contracts, made with the CEO and the other members of executive management after Peab's Annual General Meeting has adopted the policy.

### **Basic principles**

The Remuneration Policy will contribute to the company's business strategy, long-term value growth and sustainability. This is ensured through the basic principles by:

- offering remuneration based on market terms so that Peab can attract and retain competent executive management. Remuneration levels are regularly compared with other companies active in the same markets to ensure that remuneration is on market terms,
- offering long-term incentive programs and bonus programs focused on the company's business strategy, long-term goals and sustainability,
- annually reviewing individual performances and goal achievement in relation to the company's financial results.

The basic principles ensure that the company has the right competence in executive management through remuneration on market terms as well as incentive programs and bonus programs focused on (result measurement) business strategies, a long-term perspective and sustainability.

### **Remuneration components**

The total remuneration is made up of basic pay, annual short-term incentives (STI), long-term incentive programs (LTI), defined contribution pensions as well as company cars and other non-monetary benefits.

#### **Basic pay**

Basic pay is reviewed annually and takes into consideration the senior officer's area of responsibility, qualifications and the salary is market-based.

#### **Short-term incentives (STI)**

From time to time executive management may be offered variable remuneration. Such variable remuneration may not exceed 70 percent of basic pay for the CEO and for the other members of executive management 60 percent of basic pay. Variable remuneration is based primarily on the Peab Group's profitability and, at any given time, other material Group goals. In the current program result measurements are connected to the company's strategy in the form of profitability, sustainability and the work environment.

STIs are determined for each fiscal year and are settled the year after being earned. They may either be paid out as salary or be invested as a pension savings in a financial instrument connected to the Peab share.

#### **Long-term incentive programs (LTI)**

Every year the Board of Directors must consider whether or not to propose to the Annual General Meeting a share-related incentive program for the CEO, other members of executive management and key personnel. Share-related incentive programs are performance-based and only deliver an outcome if predefined result and sustainability targets are met. Share-related incentive programs are decided by the Annual General Meeting and are therefore not comprised by this policy.

**Pension**

Members of executive management are entitled to pension according to collective bargaining agreements and contracts with Peab. All pension obligations are defined contribution pensions. The current pension contribution is maximum 35 percent of annual basic pay and contractual retirement age is 65. The previous pension contribution of maximum 47 percent of annual basic pay and contractual retirement age of 62 is only valid for contracts already entered into. Salary waivers may be used to increase pension provisions through one-off pension contributions in the form of salary or bonus exchanges.

**Company cars**

The CEO and other members of executive management have the right to a company car according to the gross salary deduction model.

**Non-monetary benefits**

Members of executive management are entitled to extra health and health care insurance up to 30 basic amounts as well as those benefits otherwise enjoyed by other Peab employees. On average the benefits amount to five percent of base pay.

**Period of notice and severance pay**

The period of notice from Peab is, at the most, 24 months and the period of notice from members of executive management is, at the most, 6 months. If severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 months salary. Severance pay is calculated on base pay and is not pensionable.

**Other employees**

The basic principles for salaries and other remuneration to other employees is reflected and considered in the Remuneration Policy. Corresponding remuneration components are included. Remuneration in the form of short-term incentives on an individual basis (STI), long-term incentive programs (LTI) as well as company cars are only provided to certain categories of employees based on their positions or needs.

Other employees' total remuneration is based on market terms so that Peab can attract, develop and retain personnel with the right skills. Remuneration levels are compared regularly.

Pensions follow the ITP plan as well as SAF-LO. Defined contribution plans are applied up to a maximum of 30 percent of the pensionable salary. Either traditional plans or premium ladders are applied to defined benefit plans for personnel with basic pay over ten income basic amounts.

**Decision-making process**

The Board of Directors has appointed a committee responsible for preparing the guidelines for remuneration to members of executive management that are decided on by the Annual General Meeting, and for making proposals to the Board regarding the salary and employment terms of the CEO. The Board decides on matters concerning the salary and employment terms of the CEO based on proposals from the Remuneration Committee. The Remuneration Committee decides on salaries and employment terms of members of executive management that report directly to the CEO. The Remuneration Committee reports regularly to the Board. The CEO and other members of executive management are not present when their respective remuneration terms are adopted.

**Exceptions**

Deviations may be made from the Remuneration Policy in cases where there are special circumstances. Only if it is necessary to fulfill the company's long-term interests, sustainability or

financial viability may the Board deviate from the Remuneration Policy adopted by the Annual General Meeting. Deviations must be reported and motivated in a subsequent remuneration report.