

The board of directors for Peab AB (publ), org. no. 556061-4330, proposes a decision on a Performance Share Program and the transfer of shares.

The Board proposes the AGM decide on a performance share program ("Performance Share Program 2024") for Peab and the transfer of repurchased shares of series B in Peab ("Peab shares") according to sections (A) and (B) below.

## **(A) Performance Share Program 2024**

### **1.1. Performance Share Program 2024 in summary**

Performance Share Program 2024 is designed to drive long-term value growth for shareholders. The purpose of the Performance Share Program 2024 is to link employee rewards to the company's future profit and value development and thereby reward both shareholders and the employees concerned. A long-term incentive program should also make it easier for the company to recruit and keep key personnel.

Every nominated participant in Performance Share Program 2024 is given a number of share rights ("Share rights"). These are contractual rights wherein Peab commits to, after a three-year Vesting period (see item 1.4 c) below for a definition), and contingent on achievement of certain Performance targets (see item 1.5 for a definition), transferring Peab shares free of charge to the participant ("Performance shares").

### **1.2. Participants in Performance Share Program 2024**

Performance Share Program 2024 comprises some 600 persons, consisting of executive management, senior officers and employees with specialist positions in the Peab Group. Participants are nominated by the President/CEO and divided into one of the five categories described in item 1.3.

### **1.3. Distribution of Share rights**

Participants in Performance Share Program 2024 are divided into five categories. These are allocated a number of Share rights corresponding to:

Determined percentage of the participant's basic  
annual pay 2024

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Average price of the Peab share on Nasdaq  
Stockholm during the period March 1-15 2024

The determined percentage varies depending on which of the following five categories the participant belongs to:

- President/CEO: 50 percent of basic annual pay
- Other executive management: 45 percent of basic annual pay
- Category 1: 35 percent of basic annual pay
- Category 2: 25 percent of basic annual pay
- Category 3: 15 percent of basic annual pay

#### **1.4. Terms for Share rights and Performance shares**

Terms for Share rights and Performance shares:

- a. Share rights are allocated free of charge.
- b. Participants do not have the right to transfer, pawn, divest or exercise any other rights regarding Share rights during or after the Vesting period.
- c. Performance shares will be allocated after a vesting period of three years from the time the participant receives their Share rights ("**Vesting period**"). Performance shares are normally allocated within four weeks after the end of the Vesting period, but not before the publication of Peab's quarterly report for the first quarter 2027.
- d. The right to receive Performance shares requires, with limited exceptions, that the participant has not resigned nor had their employment in the Peab Group terminated during the Vesting period. In addition, allocation of Performance shares is contingent on Peab achieving Performance targets according to item 1.5 below.

#### **1.5. Performance targets**

Allocation is contingent on achievement of the target levels set by the Board for the financial years 2024-2026 regarding earnings per share (EPS) and reduced carbon dioxide emissions ("**Performance targets**").

If the minimum level in the interval for Performance target EPS is not achieved the Share rights do not entitle allocation of Performance shares, while every Share right entitles to one (1) Performance share if the maximum level in the interval is achieved. Performance shares are allocated linearly between the minimum and maximum levels based on intermediate values. Regarding the Performance target reduced carbon dioxide emissions, a predetermined reduction must be achieved.

The Board has the right to adjust the number of Performance shares every Share right entitles to, as well as Performance targets and the outcome, taking into consideration items affecting comparability as well as if Peab implements a bonus issue, consolidation or division of shares, a new issue, profit distribution or similar measures, with consideration of customary practice for corresponding incentive programs.

The Board intends to present the level of fulfillment of the Performance targets in the Annual and Sustainability Report for the financial year 2026. Estimated outcome of the Performance Share Program 2024 will also be included in Peab's Remuneration Report 2025 for 2024.

#### **1.6. Design and management**

The Board, or a special committee appointed by the Board, will be responsible for the more detailed design and management of the Performance Share Program 2024 within the framework of the hereto given terms and guidelines.

If the Performance shares cannot be delivered to participants outside of Sweden for a reasonable fee and/or reasonable administration, the Board has the right to decide that participants outside of Sweden can instead be offered a cash settlement.

The Board also has the right to sell Performance shares on behalf of a participant in connection with allocation of Performance shares to cover the tax liability that arises for the participant.

If significant changes occur in Peab or externally, entailing that the terms set for allocation of Performance shares and the possibility to use Share rights are no longer appropriate, the Board has the right to make other adjustments.

#### **1.7. Special assessment before allocation of Performance shares**

Before the number of Performance shares to be allocated according to the Share rights is finally decided in 2027, the Board will assess if the outcome for the Performance Share Program 2024 is reasonable. This assessment takes into consideration Peab's financial result and position, the situation on the stock market and in general. If the Board finds that the outcome is not reasonable, the Board will reduce the number of Performance shares to be allocated.

## **1.8. Scope**

The maximum number of Performance shares that can be allocated to participants according to the Performance Share Program 2024 amounts to 2,785,324. Including the shares that may be sold on Nasdaq Stockholm to cover the cost of social security costs related to the Performance Share Program 2024, the maximum number of shares in Peab that may be issued according to the Performance Share Program 2024 is limited to 3,495,220, which corresponds to 1.18 percent of the total number of shares and 0.58 percent of the total votes (per the day of this proposal).

The number of shares comprised by the Performance Share Program 2024 could be, according to the detailed conditions decided upon by the Board, subject to recalculation to compensate for items affecting comparability as well as if Peab implements a bonus issue, consolidation or division of shares, a new issue, profit distribution or similar measures, with consideration of customary practice for corresponding incentive programs.

## **1.9. Hedging measures (according to section (B) below)**

The Board believes transfer of repurchased Peab shares to participants is the most cost-efficient and flexible manner to deliver Performance shares. It is therefore proposed the Board be given the right to transfer repurchased Peab shares to participants.

In order to fulfill the obligations of the Performance Share Program 2024 regarding ensuring the delivery of Performance shares, it is also proposed the Board be given the right to decide on alternative methods for the transfer of Performance shares (such as entering into so-called share swap agreements with a third party).

## **1.10. Estimated costs and key ratios**

The value of each Performance share corresponds to the Peab share at the time of allocation of the Performance share. With the assumption that the maximum levels for the Performance Share Program 2024 are achieved, that around 90 percent of the participants remain in the Performance Share Program 2024 and including certain estimated social security costs, the total cost is estimated at around SEK 191 million. This estimation is based on the average price for the Peab share during the period March 1 to 15, 2024 of SEK 58.07, and a closing price at the time of allocation of the Performance shares in 2027 of SEK 71 (corresponding to an annual value development of around 7 percent). Given the same conditions but with a closing price for the Peab share at the time of allocation of the Performance shares in 2027 of SEK

82 (corresponding to an annual value development of around 12 percent) the total cost is estimated at around SEK 198 million.

The costs would correspond to around 0.91 percent of Peab's market capitalization if the Performance targets are fully met, based on a closing price at the time of allocation of the Performance shares in 2027 of SEK 71, and around 0.82 percent of Peab's market capitalization if the Performance targets are fully met, based on a closing price at the time of allocation of the Performance shares in 2027 of SEK 82. The Performance Share Program 2024 has no limits regarding the maximum value per Performance share for the participants and therefore neither the maximum social security costs nor the total cost of the Performance Share Program 2024 can be calculated.

The costs are recognized as personnel costs in the income statement over the Vesting period, in accordance with IFRS 2 Share-based Payment. Social security costs will be recognized as an expense in the income statement according to UFR 7 over the Vesting period. The size of these costs will be calculated based on Peab's share price development over the Vesting period and the allocation of Share rights.

#### **1.11. The proposal's preparation**

Performance Share Program 2024 has been initiated by Peab's Board and processed in consultancy with external advisors based on an evaluation of previous incentive programs. Performance Share Program 2024 was prepared in the Board's Remuneration Committee and considered at Board meetings during the first months of 2024.

#### **1.12. Other incentive programs in Peab**

There are currently no share-related incentive programs in Peab. For more information about Peab's Profit-Sharing Foundation, see the Annual and Sustainability Report for the financial year 2023.

#### **1.13. The Board's proposal for adoption**

With reference to the above mentioned description the Board proposes that the AGM adopt Performance Share Program 2024.

### **1.14 MAJORITY REGULATION**

The Board's proposal for adoption of Performance Share Program 2024 must be supported by shareholders that represent more than half of the votes cast at the AGM.

## **(B) Transfer of shares over Performance Share Program 2024**

### **2.1. Context**

In order to implement Performance Share Program 2024 in a cost-efficient and flexible manner the Board has considered various methods for ensuring the delivery of Performance shares.

In the context of these considerations the Board intends to, in the first place, ensure delivery by transferring shares of Peab's own holdings to participants. Such transfer of repurchased Peab shares is subject to a qualified majority decision at the AGM. If the Board's proposal to decide for a transfer of repurchased Peab shares to participants does not receive the required majority the Board may enter into a share swap agreement with a third party to ensure the delivery of Performance shares.

### **2.2. The Board's proposal to decide for a transfer of repurchased Peab shares to participants**

The Board therefore proposes that the AGM decide for a transfer of repurchased Peab shares under the following terms:

- a. At the most 2,785,324 Peab shares may be transferred to participants in Performance Share Program 2024 (or the higher number that can result from a recalculation to compensate for items affecting comparability as well as if Peab implements a bonus issue, consolidation or division of shares, a new issue, profit distribution or similar measures, with consideration of customary practice for corresponding incentive programs.).
- b. Performance shares will be transferred free of charge, at the time and on the terms the participants in Performance Share Program 2024 are entitled to.

The reason for the deviation from shareholders' preferential rights to the repurchased shares is that the transfer of Performance shares is part of the implementation of Performance Share Program 2024. Therefore, and with the context given above, the Board considers it advantageous to Peab to transfer shares according to the proposal.

## **2.3 MAJORITY REGULATION**

The Board's proposal for a decision according to item 2.2 above must be supported by shareholders that represent at least nine-tenths of both the votes cast and the shares represented at the AGM. The Board's proposal according to this section (B) is contingent on adoption of the Board's proposal of Performance Share Program 2024 by the AGM (section (A) above).

Stockholm, March 2024

Peab AB (publ)

The Board