

Remuneration Report 2022

The proposed Remuneration Report has been prepared based on the legal requirements amended as of June 10, 2019 in the Companies Act and the Swedish Corporate Governance Code valid as of January 1, 2021. The EU Commission's standardized report template has been applied where it corresponds to Swedish praxis and valid legislation.

In accordance with the Companies Act, Section 53 a, every financial year the Board must prepare a report on paid and outstanding remuneration that is regulated by Peab's Remuneration Policy at that time. The 2022 Remuneration Report presents how Peab has applied the Remuneration Policy and how the total remuneration relates to the policy.

The Remuneration Report presents remuneration to the CEO. The other members of executive management have been excluded in accordance with the Swedish Corporate Governance Code.

The report begins with background information on Peab's general financial development and important events during the financial year. How this is related to the Remuneration Policy as well as its application are thereafter described in the Remuneration Report.

For further information concerning the work of the Remuneration Committee see the corporate governance report in the Annual Report. Information regarding remuneration, employer contributions, pensions and other benefits are reported in note 9 "Employees, personnel costs and remuneration to senior officers" in the Annual Report for 2022. The same note contains remuneration to members of the Board.

2022 in summary

The year 2022 held many challenges but Peab continued to stand stably rooted in community building throughout the Nordic region. While we managed the uncertainties in the world around us we contributed in many ways to improving everyday life where people live it.

Summarizing 2022 we can conclude that Peab, despite a challenging time, can report a stable profit. Above all, our broad business model with four collaborating Nordic business areas has once again demonstrated that we can handle fluctuating market conditions in different segments and geographies. Group net sales increased by five percent in 2022 and amounted to SEK 63 billion. The high material and energy costs that marked the year are behind most of the increase in net sales. Operating profit was SEK 2.7 billion and the operating margin was 4.3 percent.

Clear sustainability priorities

The non-financial targets are an expression of our sense of responsibility and therefore also define our sustainability priorities, eight in total. As a leading Nordic community builder we have a big impact - and thereby a big responsibility. This responsibility means that in our own operations we strive to choose the most sustainable way forward as well as drive sustainable development in our industry, and our targets are aimed at this. We should be climate neutral by 2045 and we have set up two targets concerning carbon dioxide intensity for 2030 along the way. We should also take advantage of all the competence in society and ensure that our capable employees can work in safe and developing environments. We have therefore set targets regarding equal opportunity recruitment and workplace accidents.

Total remuneration

The total remuneration is made up of basic pay, annual short-term incentives on an individual basis (STI), long-term incentive programs (LTI), defined contribution pensions according to the ITP plan as well as a company car and other non-monetary benefits. The table below shows the total remuneration for the CEO for the time period 2018-2022.

| CEO (Thousands, SEK) | Year | Basic pay | Variable remuneration | LTI program | Other benefits / remuneration | Pension costs | Amount | Percent variable |
|----------------------|------|-----------|-----------------------|-------------|-------------------------------|---------------|--------|------------------|
| Jesper Göransson | 2018 | 7,200 | 2,477 | 1,389 | 563 | 3,668 | 15,297 | 25.3 % |
| Jesper Göransson | 2019 | 7,416 | 3,110 | 1,754 | 714 | 3,829 | 16,823 | 28.9 % |
| Jesper Göransson | 2020 | 7,944 | 2,320 | 1,205 | 498 | 4,158 | 16,125 | 21.9 % |
| Jesper Göransson | 2021 | 7,968 | 4,781 | 2,435 | 485 | 4,240 | 19,909 | 36.2 % |
| Jesper Göransson | 2022 | 8,760 | 876 | - | 558 | 4,691 | 14,885 | 5.9 % |

Comment: The total remuneration for the CEO complies with the basic principles in the Remuneration Policy and the stipulated framework. The percent of variable remuneration is in line with the market praxis for similar companies.

Variable remuneration – one-year incentive program (STI)

From time to time executive management may be offered a STI program. A STI program may not exceed 60 percent of basic pay and is based primarily on the Peab Group's profitability and, at the time, other material Group targets. In the current program result measurements are linked to the company's strategic targets regarding profitability, customer satisfaction, the work environment and sustainability.

STI programs are determined for each financial 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 financial instruments connected to the Peab share.

The table below shows the STI program for the CEO for the year 2022. (Note that definitions and the numerical outcome of result measurements are not provided due to their business critical content).

| Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------|------|------|------|------|------|
| Maximum outcome | 60 % | 60 % | 60 % | 60 % | 60 % |
| Outcome | 10 % | 60 % | 29 % | 42 % | 34 % |

Comment: Result measurements based on profitability, sustainability and the work environment have had an outcome of 10 % for 2022.

Variable remuneration – long-term incentive program (LTI)

From time to time, senior officers may be offered to participate in a LTI program. A LTI program was launched for the business plan period 2021-2023 with annual reconciliation with operating margin targets for the Group. The program is open to approximately 600 of the Group's key employees. In order for an employee to receive their share of the result of the LTI program the employee must still be working for Peab on December 31, 2023. For senior officers and the CEO the upper limit (excluding social security) is 40 percent of their annual basic pay. The outcome of the LTI program will be placed in a pension savings connected to the Peab share.

| Year | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------------|-------|-------|-------|-------|--------|
| Operating margin, segment reporting | 4.3 % | 5.2 % | 6.2 % | 4.7 % | 4.9 %* |
| Maximum outcome | 40 % | 40 % | 40 % | 40 % | 40 % |
| Outcome | 0 % | 30 % | 15 % | 24 % | 19 % |

* 2018 not translated according to the new accounting principles

Comment: The result measurement based on operating profit had a positive outcome for the years 2018-2020 and resulted in 19 % for the year 2018, 24 % for the year 2019 and 15 % for the year 2020. A provision of 30 % was made for the year 2021 but none has been made in the LTI program for the year 2022. Payment of the outcome for the period 2021-2023 is conditioned on the CEO maintaining his position at Peab throughout the entire period. If the period of employment is shorter than the terms of the incentive program stipulate no variable remuneration will be paid even though provisions have already been booked.

Peab, the CEO and employees (2018 – 2022)

The table below shows Peab's financial profit (MSEK), the annual total remuneration to the CEO and the average total remuneration for all other employees during the past three financial years.

| | Outcome | Difference between the years | Difference between the years | Difference between the years | Difference between the years | Difference between the years |
|---|---------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Time period | 2022 | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 * | 2017-2018 * |
| Peab's profit for the year, segment reporting | 2,037 | -18.7 % | -15 % | 37.9 % | 1.8 % | 1.6 % |
| Total remuneration to the CEO | 14,885 | -25.2 % | 23.5 % | -4.1 % | 10.0 % | -0.9 % |
| Total remuneration to other employees | 628 | 1.0 % | 4.3 % | 5.5 % | 3.9 % | 6.4 % |

* 2017-2018 not translated according to the new accounting principles

Comment: The variations in the CEO's total remuneration are related to the outcome the year before of the variable remuneration linked to the company's operating margin and strategic targets regarding profitability, customer satisfaction, the work environment and

sustainability. Developments in salaries for employees follows salary developments on the market and Peab's financial profit in the form of variable remuneration.

Current decision-making process

The Board has within itself formed a committee tasked with preparing the guidelines for remuneration to senior officers to be adopted by the Annual General Meeting (AGM) and providing the Board with proposals regarding salary and employment terms for the CEO. The Board decides in matters pertaining to salary and employment terms for the CEO after preparation by the Remuneration Committee. The committee decides in matters pertaining to salary and employment terms for senior officers that report directly to the CEO. The Remuneration Committee reports regularly to the Board. The CEO and senior officers are not present when their respective remuneration terms are decided. The Remuneration Committee met twice in 2022.

Deviations may be made from the Remuneration Policy in cases where there are special circumstances if the Board so decides. Only if it is necessary to achieve the company's long-term interests, sustainability or financial viability may the Board deviate from the Remuneration Policy adopted by the AGM. Deviations must be reported and motivated in a subsequent Remuneration Report. There have been no deviations from the Remuneration Report during the 2022 financial year.

Comments on the Remuneration Report

No comments were received from the AGM 2022.

Stockholm, 2023-03-16