



Corporate Governance Report 2024

Peab AB, a Swedish public limited liability company, hereby presents its Corporate Governance Report for 2024. With its headquarters in Förslöv in Båstad Municipality and operations in Sweden, Norway, Finland, and Denmark, Peab is a leading Nordic construction and civil engineering company. Peab is listed on Nasdaq Stockholm, Large Cap. This Corporate Governance Report, issued by the Board of Directors in Peab AB, describes how Peab has been governed in a responsible, sustainable, and efficient manner during the financial year 2024. This report is submitted according to the Annual Accounts Act and the Swedish Code of Corporate Governance.

The Corporate Governance Report is a separate enclosure not part of the Annual and Sustainability Report.

Peab does not have any deviations from the Swedish Code of Corporate Governance to report for 2024.

The Corporate Governance Report has been examined by Peab's auditor in accordance with the statement on page 226.



From the Chairman of the Board

“Good corporate governance is fundamental to Peab’s ability to operate responsibly and create long-term value for shareholders, customers, employees, and other stakeholders in society. Throughout the year, we have further refined our governance structures to meet rising expectations and evolving regulations, particularly in the area of sustainability.

Guided by structure and transparency, we strive to combine business acumen with responsible corporate conduct.”

Anders Runevad, Chairman of the Board

Principles for corporate governance

Peab’s corporate governance is based on the Swedish Companies Act, The Swedish Corporate Governance Code which describes the Swedish model for corporate governance (www.bolagsstyrning.se), Nasdaq Stockholm’s regulations for issuers as well as Peab’s Articles of Association, Code of Conduct, policies and other internal rules and guidelines.

These regulations reflect our commitment to operating in a sustainable and responsible manner, thereby maintaining, and strengthening the trust of decision-makers, customers, employees, and existing and potential investors.

Peab is governed by external and internal governance documents. Here are some examples:

External regulations:

- The Annual Accounts Act
- The Swedish Companies Act
- The Swedish Code of Corporate Governance
- Nasdaq Stockholm’s regulations for issuers
- The Data Protection Regulation
- The Accounting Act
- EU Market Abuse Regulation (MAR)
- Global Reporting Initiative (GRI)
- UN Global Compact
- The UN Declaration on Human Rights
- UN Global Goals for sustainable development and ILO’s core conventions on rights in working life
- OECD Guidelines for Multinational Enterprises (regarding due diligence)
- The UN Guiding Principles for Business and Human Rights (UNGP)
- The OECD Anti-Bribery Convention and its recommendations

- International Financing Reporting Standards (IFRS) and other accounting rules

Internal governance documents:

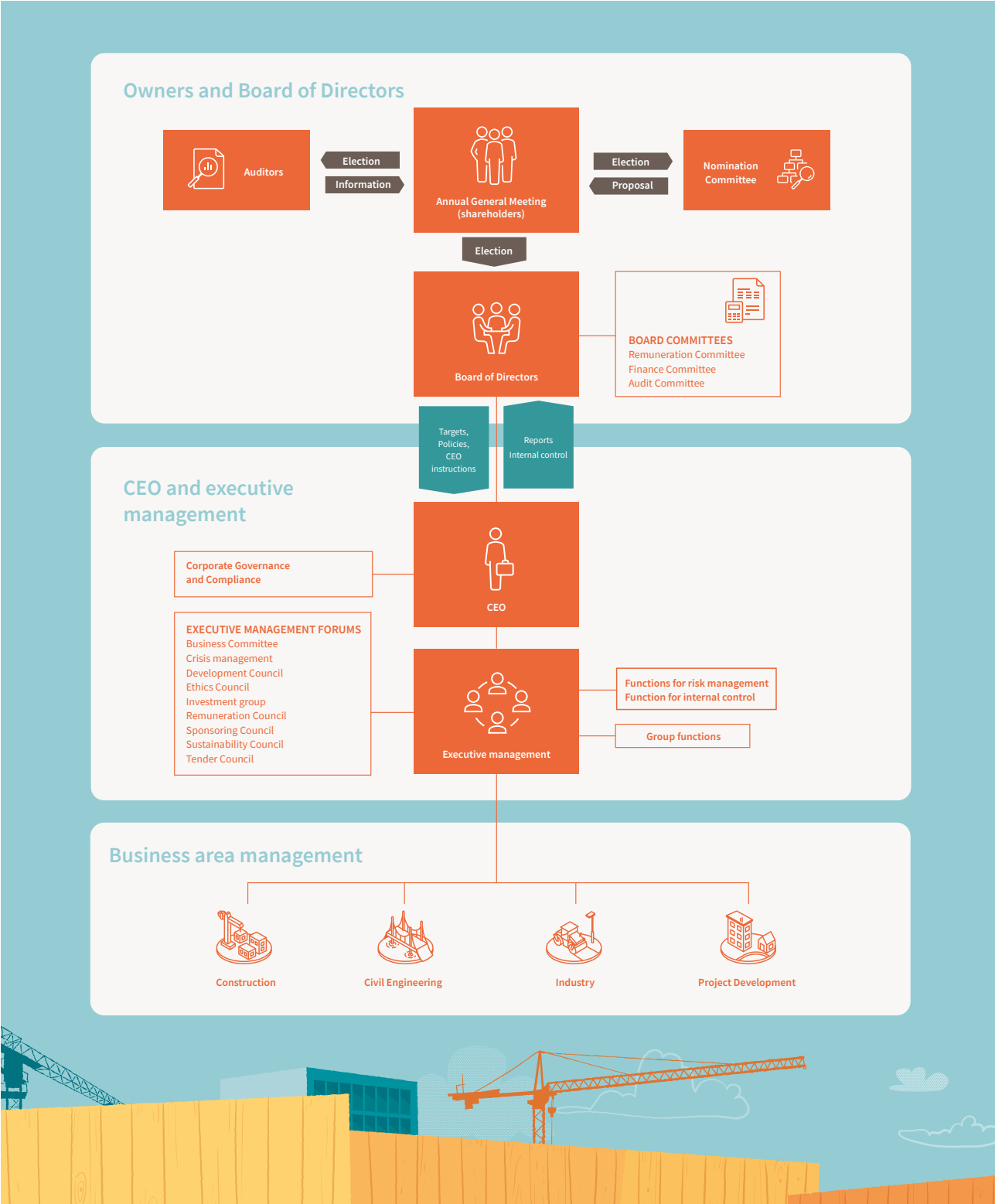
- Rules of Procedure for the Board of Peab AB with instructions for the CEO
- Instructions for the committees
- Articles of Association
- Core Values – Down-to-earth, Developing, Personal, Reliable
- Code of Conduct
- Policies – Environment, Work Environment, Quality, Information, Information Security, Finance, Internal Governance and Control, Related Party Transactions, Digitalization, Strategic input goods
- Other internal regulations and guidelines, for example, guidelines regarding Due Diligence, Sanctions, Whistleblowing, Competition Law, Anti-corruption, Data Protection, Sponsoring, Social Media, Equal Opportunity

The above is only a selection of the governance documentation affecting the Peab Group.

Structure for corporate governance

Peab's structure for corporate governance, presented below, outlines the hierarchy from shareholders to business area management. This includes Peab's committees and executive management's forums, which are key to

Peab's governance and reporting framework. Their responsibility includes monitoring and managing risks and opportunities as well as the consequences of sustainability-related aspects in their respective areas.



Shareholders in Peab – an active owner function

Shareholder influence forms the foundation of Peab's governance structure, directly affecting leadership and decision-making processes.

Per December 31, 2024, Ekhaga Utveckling AB is the largest owner with a capital share of 21.6 percent and 49.0 percent voting rights. AB Axel Granlund follows with a capital share of 6.8 percent and 5.5 percent of votes and thereafter Mats and Fredrik Paulsson with families, holding 5.5 percent of the capital share and 11.2 percent of votes. Thereafter in descending order are Peab's Profit-Sharing Foundation with 4.7 percent of the capital, Vanguard with 2.4 percent, Dimensional Fund Advisors with 2.1 percent, Kamprad Family Foundation with 1.6 percent, Handelsbanken Fonder with 1.5 percent and Cicero Fonder with 1.5 of the capital.

General meeting of shareholders

The General Meeting of Shareholders is Peab's highest decision-making body. It is a forum where Peab shareholders exercise their decision-making right in accordance with The Swedish Companies Act and the company's Articles of Association. At the General Meeting of Shareholders, the shareholders make decisions on matters such as dividend distribution, changes in the Board of Directors and changes in the company's Articles of Association. Each shareholder has the right to, either personally or through representation, exercise their voting right based on the number of shares owned. The General Meeting of Shareholders is held within six months after the end of the financial year and the annual General Meeting of Shareholders is called the Annual General Meeting (AGM).

AGM 2024

Peab's AGM was held on May 6, 2024, in Grevie, Båstad Municipality. Shareholders could vote in the Annual General Meeting either personally, via proxy, or through postal voting in accordance with Peab's Articles of Association. A total of 318 shareholders, representing 77 percent of the total number of votes in the company, participated. Of these, 137 participated in person and 181 via proxy at the AGM. Ten (10) shareholders exercised their right to vote through postal voting at the AGM some of which represented other shareholders as agents.

At the AGM 2024 the following decisions were adopted:

- Re-election of all eight members of the Board. The AGM approved Board and committee remuneration according to the proposal by the Nomination Committee.
- The income statement and balance sheets for the financial year 2023 were approved. The AGM decided on a dividend of SEK 1.50 with May 8, 2024, as the record date.
- The members of the Board and executive management were discharged from liability for the 2023 financial year.
- Ernst & Young AB was elected as the company's accounting firm, with Jonas Svensson as the principal auditor.
- The AGM adopted an updated version of "Principles for the appointment and instruction for the Nomination Committee in Peab AB (publ)." The change was that shareholder information would be extracted from Euroclear's register on the final banking day in June, instead of August.
- An adjusted Remuneration Policy was adopted to enhance the alignment between remuneration to senior officers, the company's long-term financial performance, and sustainability targets.
- The AGM approved the remuneration report for the financial year detailing the application of the Remuneration Policy and remuneration to senior officers.
- The Board of Directors was authorized to, during the following year, decide on the issuance of new Class B shares as well as the acquisition and transfer of treasury shares. The aim is to adjust the company's capital structure or finance future acquisitions. It was emphasized that the acquisition of treasury shares may not be used to support the share price.

- The Performance Share Program 2024, which is offered to senior officers and key personnel in the Group, was approved. The purpose of the program is to incentivize long-term value creation within the company. The AGM also approved the transfer of previously repurchased shares to members in the program as part of its reward structure.

Voting at the AGM

All the Board of Directors' proposals were approved by the AGM with the requisite majority, including decisions requiring a qualified majority of nine tenths (9/10).

The portion of deviating votes, which were exclusively postal votes, was less than one (1) percent of the total votes.

For further details and decisions from the AGM, please see the official minutes from Peab AB's AGM 2024, <https://peab.se/om-peab/bolagsinformation/affarsledning-styrelse-bolagsstyrning/bolagsstyrning>

The Nomination Committee

The work of the Nomination Committee is governed by "Principles for the appointment and instruction for the Nomination Committee in Peab AB (publ)," which describes how the Nomination Committee should work and the criteria to be used when selecting candidates.

The Nomination Committee is mainly responsible for preparing proposals for Board members and remuneration to the Board of Directors and Board committees. The Nomination Committee also prepares proposals for auditors and remuneration to the auditors as well as proposes the Chairman of the Annual General Meeting. It should ensure a balanced composition of the Board of Directors in accordance with Peab's Diversity Policy.

The Nomination Committee should also promote transparency and good corporate governance principles in Peab. The Nomination Committee's motivation statement regarding nominations to the Board of Directors, including a report on the work of the Nomination Committee, is presented at the AGM that also decides on the Nomination Committee's proposal.

The Nomination Committee's work for the AGM 2025

The Nomination Committee consists of four members including the Chairman of the Board. The other three members represent the three largest shareholders according to their order in ownership and interest in appointing a member. Shareholder information is based on Euroclear Sweden AB's shareholder register on the final banking day in June each year.

The Chairman of the Board contacted the largest shareholders to determine their interest in appointing a member of the Nomination Committee. If a shareholder declined, the next largest shareholder was offered the opportunity. Mats & Fredrik Paulsson with family, Peab's Profit-Sharing Foundation, the Kamprad Family Foundation and Vanguard have all declined participation in the Nomination Committee for the AGM 2025. Due to owner changes among the largest shareholders Handelsbanken Fonder have become a larger shareholder than Cicero Fonder. Therefore, according to the Nomination Committee's principles regarding owner changes, the representative from Cicero Funds has been replaced by a representative appointed by Handelsbanken Fonder. The overview below shows the composition of the Nomination Committee for the AGM 2025. After these changes members of the Nomination Committee together represent about 55.2 percent of the company's total votes.

Member	Appointed by
Anders Sundström	Ekhaga Utveckling AB
Ulf Liljedahl	AB Axel Granlund
Suzanne Sandler	Handelsbanken Fonder
Anders Runevad, Chairman of the Board of Directors in Peab AB	

The Nomination Committee chooses its chairman amongst themselves where the Chairman of the Board may not be chairman of the Nomination Committee. If there is a change in ownership a new major owner can replace an existing member. The composition of the Nomination Committee must meet the standards of The Code.

The Nomination Committee appointed Anders Sundström as Chairman of the Nomination Committee at its constitutive meeting.

Process for Board of Directors nominations

The Nomination Committee is responsible for proposing candidates for the Board of Directors. It establishes specific criteria for Board members, such as expertise, experience, and background. After establishing the criteria, the Nomination Committee begins the process of identifying Board member candidates. This can include both current Board members whose term is ending and new candidates. The candidates' qualifications and background are reviewed through processes such as interviews and checking references. When the evaluation is completed the Nomination Committee presents its proposals for Board member nominations. At the AGM shareholders elect members of the Board of Directors and the Chairman of the Board.

Fulfilment of the Diversity Policy

The goal of Peab's Diversity Policy is to ensure a diverse Board of Directors with breadth regarding experience, expertise, and background. The policy is consistent with the Swedish Code of Corporate Governance, point 4.1. As part of the policy a quantitative target was set in which each gender must represent at 40 percent of the Board of Directors.

The Nomination Committee realizes Peab's Diversity Policy when nominating Board members to the AGM since this entails a thorough review of potential Board members' qualifications to ensure that they meet the specified criteria.

The result of this process is that the Board of Directors continues to meet the established requirements for diversity and breadth. Half of the members of the current Board of Directors are female and half are male. The Nomination Committee has thereby fulfilled its mission to propose a Board of Directors that fulfils the policy.

Peab's Diversity Policy

"The Board of Directors should have a composition appropriate for the company's operations, phase of development and other relevant circumstances. Board members elected by the shareholders' meeting should collectively exhibit diversity and breadth of qualifications, experience, and background. A balanced gender representation shall be strived for."

Swedish Code of Corporate Governance, point 4.1.

Regarding gender balance, the objective is that the Board's composition should reflect that each gender is represented by at least 40 percent.

Board of Directors

Peab's Board of Directors is ultimately responsible for the company's operations and is central to company management. According to Peab's Articles of Association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM.

It was decided at the 2024 AGM that the Board of Directors would consist of eight members. The following persons were elected as members of the Board of Directors, all reelected:

- Karl-Axel Granlund
- Magdalena Gerger
- Liselott Kilaas
- Kerstin Lindell
- Fredrik Paulsson
- Malin Persson
- Anders Runevad
- Lars Sköld

Anders Runevad was appointed Chairman of the Board by the AGM. In 2024 nine Board meetings were held, of which six were ordinary Board meetings (including the constitutional meeting) and two were additional Board meetings, one held per capsulam. Members of executive management have given reports at the Board meetings. The principal company auditor has been present at two ordinary Board meetings. Every Board meeting has contained an item on the agenda where the Board of Directors has been able to hold a discussion without the presence of a representative from Peab's executive management.

The Board members elected by the shareholders receive remuneration for their work as Board member and, where applicable, as a committee member according to the decision made by the AGM. Remuneration to the Board of Directors is presented in note 9 in the Annual Report.

The following employee representatives were appointed by the employee unions at the 2024 AGM: Maria Doberck, Patrik Svensson, and Kim Thomsen (members), Peter Johansson and Cecilia Krusing (deputies).

The Board of Directors' work during the year

The Board of Directors' work follows the Rules of Procedure for the Board of Directors in Peab AB (publ). The program establishes that the Board of Directors' primary responsibility is to manage Peab's affairs in order to ensure a long-term good yield for its owners. As part of this work the Board of Directors should take into consideration the principles for sustainable development and the company's responsibility to society, including matters regarding the environment, social responsibility, and business ethics. This entails adopting overarching targets and strategies, evaluating the CEO, adopting governance documents and ensuring efficient control systems for the business and its risks. In addition, the Board of Directors is responsible for ensuring that Peab's external communication is transparent, correct, and reliable. The Board of Directors annually adopts the Rules of Procedure for the Board of Directors and instructions for the CEO and the Board's committees, Peab's Code of Conduct, the Supplier Code of Conduct, the Finance Policy, the Information Policy, the Policy for Internal Governance and Control and the Related Party Transactions Policy. The Board of Directors also decides on major acquisitions and investments that exceed certain predefined financial thresholds. The Chairman of the Board is responsible for ensuring that the Board of Directors works efficiently and fulfills its obligations.

Important initiatives addressed during the year included:

- Strategic targets
- Review of financial risks and sustainability-related risks, including the double materiality assessment
- Annual review of codes and policies
- AI/IT strategy
- Climate Road Map to reach climate neutrality in 2045
- Reinforcement of the Auditing Committee's mandate with particular focus on sustainability reporting according to new requirements
- Review and update of the Group's succession plans
- Renegotiation and extension of strategic loan agreements
- Evaluation of the CEO's work during the year

Board meetings, attendance 2024

AGM elected members	Independent in relation to the company and executive management	Independent in relation to the major shareholders	Attendance Board meetings	Audit Committee	Presence Audit Committee	Remuneration Committee	Presence Remuneration Committee	Finance Committee	Presence Finance Committee
Anders Runevad	Yes	Yes	9/9			C	2/2	C	7/7
Magdalena Gerger	Yes	Yes	9/9	M	5/5				
Karl-Axel Granlund	Yes	Yes	9/9			M	2/2	M	7/7
Kerstin Lindell	Yes	Yes	8/9	M	4/5				
Fredrik Paulsson	No	No	9/9			M	2/2	M	7/7
Malin Persson	Yes	Yes	9/9						
Lars Sköld	Yes	Yes	9/9	C	5/5				
Liselott Kilaas	Yes	Yes	7/9	M	5/5				
Employee representatives									
Maria Doberck, ordinary			9/9						
Patrik Svensson, ordinary			9/9						
Kim Thomsen, ordinary			9/9						
Peter Johansson, deputy			8/9						
Cecilia Krusing, deputy			8/9						

C – Chairman M – Member

Succession planning

Peab has a strategic and long-term succession planning process, with the Board playing a key role in ensuring leadership continuity and effective transition management for the CEO and executive management. Succession planning is an integral part of Peab's human capital strategy, with annual reviews conducted to maintain its relevance and alignment with business needs. Proposed updates to the succession plan are presented to the Remuneration Committee and the Board of Directors for approval. This structured approach is designed to preserve institutional knowledge, mitigate leadership risks, and prepare the company for unforeseen events that may impact executive leadership.

Board oversight of internal governance and control

The Board of Directors continuously monitors and evaluates the efficiency in Peab's structure for internal governance and control through the information that executive management and Board committees provide. Peab's financial situation and financial position are reviewed at each ordinary Board meeting and reconciled with Peab's financial and non-financial targets. Board members receive reports on Peab's development before Board meetings. A corresponding review is made by executive management and business area management. Governance and control of financial reporting is evaluated at the first ordinary Board meeting after the conclusion of the financial year.

The Board of Directors has for the financial year 2024 assessed the need for an internal auditing function and concluded the established control structure in Peab provides adequate governance and control of the Group. At this time the establishment of a separate internal audit function is not deemed necessary.

Independence of Board members

Fredrik Paulsson is not considered independent in relation to the company's major shareholders, nor in relation to the company and executive management. The other seven members are all independent in relation to Peab AB, its executive management and the company's major shareholders. The Board of Directors' composition thereby meets the independency requirement of the Code.

Board of Directors' evaluation

The Board of Directors conducts a structured evaluation of its work on an annual basis to develop work forms and efficiency. The basis of the evaluation is a detailed inquiry produced by the Chairman of the Board which all the members and deputies answer. Regarding the evaluation of the Chairman of the Board, the Chairman of the Nomination Committee has approved the inquiry's contents and compiled it. Most of the questions in the inquiry are repeated each year to make it possible for a comparison from one year to another but the questions are also updated, as necessary.

The last two evaluations contained an in-depth focus on sustainability. As a complement to the inquiry the Chairman of the Board also held individual oral interviews with each Board member/deputy for deeper comprehension and development.

The results of the 2024 Board evaluation indicate that Board members have a strong understanding of Peab's strategic targets, core values, and governance framework. The Board members' broad experience and knowledge about sustainability was noted as valuable to Peab.

The results and insights from the Board of Directors evaluation were reported and discussed at a Board meeting and presented to the Nomination Committee.

Board Committees

The Board of Directors has established special Board committees to increase the efficiency and strengthen focus on specific areas in Board work as well as ensure good corporate governance. Committee members are appointed at the constitutive Board meeting for a one-year term. To ensure order and structure in committee work every committee is governed by detailed instructions. Included in the committees' work is responsibility for overseeing sustainability-related impacts, risks, and opportunities within their sphere of responsibility. Matters dealt with in committee meetings are documented in meeting minutes and reported in the following ordinary Board meeting.

The Board of Directors has established the following committees:

The Audit Committee

The Audit Committee is composed of members selected after the AGM and constitutive Board meeting. The Committee for 2024 consisted of the following members:

- Lars Sköld, Chairman
- Magdalena Gerger
- Kerstin Lindell
- Liselott Kilaas

The Audit Committee's responsibility and work

The Audit Committee's primary responsibility is to monitor Peab's financial and sustainability reporting as well as providing recommendations and suggestions to ensure the reliability of the reporting. The Committee also monitors the efficiency of the company's internal controls, governance, and risk management.

As part of the Board of Directors' responsibility for the upcoming sustainability legislation the Audit Committee's work includes ensuring a holistic view of the business that comprises impacts, risks and opportunities linked to sustainability-related issues.

The Audit Committee also has an important role to play in keeping up to date on the audit of the annual and consolidated accounts and the Sustainability Report as well as the result of the Supervisory Board of Public Accountants' quality control. It is responsible for informing the Board of Directors about the result of the audit and its contribution to the reliability of financial reporting as well as describing the Committee's own function in this process.

Another function is to examine and monitor the company auditor's impartiality and independence. This means being particularly vigilant regarding any other services besides auditing performed by the company auditor which can affect objectivity.

Finally, the Audit Committee also assists in preparing proposals to the AGM for the election of the auditor and leads the selection process when electing the auditor. This ensures that the election of the auditor is done in a considered and responsible manner.

Representatives of executive management give reports on relevant issues at Audit Committee meetings. The Audit Committee held five meetings in 2024. The external principal auditor participated in the relevant sections in all of these meetings. The Audit Committee regularly reports to the Board of Directors and its meetings are minuted and submitted to the Board of Directors.

In addition to the work mentioned above during the year the Audit Committee has also addressed:

- Updated instructions for the Audit Committee that entail a clarification of its responsibility for sustainability matters. The Audit Committee's role in sustainability corresponds to the role the Committee has in financial reporting.
- The double materiality assessment.
- The cybersecurity law.

The Finance Committee

The Finance Committee is composed of members selected after the AGM and constitutive Board meeting. The Committee for 2024 consisted of the following members:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

The Finance Committee's responsibility and work

The Finance Committee has the mandate to make decisions between ordinary Board meetings on matters such as currency management, interest rate strategies and investment positions, all in accordance with the Finance Policy established by the Board of Directors. Within the framework established by the Board of Directors the Finance Committee is also responsible for making decisions regarding specific company acquisitions, individual investments in property and tenders. The Finance Committee is also responsible for monitoring the company's financial strategies taking sustainability into consideration. This entails ensuring that investments and financial decisions are in line with the company's long-term sustainability targets. Representatives of executive management give reports on relevant issues at Finance Committee meetings.

The Finance Committee held seven meetings during 2024. The Finance Committee regularly reports to the Board of Directors.

During 2024 the Committee addressed issues such as major tenders, investments and divestments, strategic loan agreements and the financial development of the Group.

The Remuneration Committee

The Remuneration Committee is composed of members selected after the AGM and constitutive Board meeting. The Committee for 2024 consisted of the following members:

- Anders Runevad, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson

The Remuneration Committee's responsibility and work

The Remuneration Committee prepares decisions by the Board of Directors concerning remuneration principles, remuneration and other employment terms for senior officers. It monitors and evaluates ongoing, and during the year terminated, programs for variable remuneration for senior officers. The Remuneration Committee also evaluates application of the Remuneration Policy established annually by the AGM as well as current remuneration structures and levels in the Group. In addition, the Remuneration Committee makes proposals to the Board of Directors regarding the CEO's salary and other terms, according to the Remuneration Policy. The Remuneration Committee also decides the salaries and other terms for other senior officers based on proposals from the CEO. Representatives of executive management give reports on relevant issues at Remuneration Committee meetings.

The Remuneration Committee held three meetings in 2024. The Remuneration Committee regularly reports to the Board of Directors

Peab has sustainability targets in the bonus program for 2025 and they make up 34 percent of the total bonus target. This underlines our commitment to being a leader in social responsibility. The strategy includes promoting environmentally improved products and reuse as well as reducing the number of workplace accidents.

Remuneration to executive management

The 2024 AGM approved the Remuneration Policy for executive management. The Remuneration Policy is available on Peab's website, www.peab.com. Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual and Sustainability Report and on our website.

Incentive program

Currently Peab has a share or share-related incentive program. The 2024 AGM approved the proposal for the Performance Share Program 2024, which is a three-year incentive program that provides incentive for leading senior officers and key people in the Group to receive shares in Peab if certain targets that promote long-term value increases in the company are achieved.

Chief Executive Officer

The Board of Directors is responsible for appointing a chief executive officer (CEO) as well as for instructions regarding their work.

The CEO is responsible for Peab's daily operations and thereby for ensuring that internal governance and control work is appropriately organized. This role entails managing investments in companies, personnel, finance, and treasury issues as well as maintaining contact with Peab's stakeholders and the financial market. The CEO is responsible for ensuring that sustainability targets and performance is a key part of the evaluation of executive management's work.

An important part of the CEO's mission is to supply information and present proposals to the Board of Directors. The CEO has appointed an executive management team that assists in daily management and strategic decision-making processes in Peab.

External Auditors

Under Peab's Articles of Association one or two auditors are elected by the AGM. At the AGM in 2024 Ernst & Young AB was reelected as the company auditor with the authorized public accountant Jonas Svensson as principal auditor until the end of the AGM 2025.

In addition to auditing, the auditor has only provided services for Peab in the form of accounting consultation and expertise in sustainability reporting.

Executive management

During 2024 executive management consisted of the President and CEO, the CFO, COO, CCO, CSO and the Business Area Managers of Construction, Civil Engineering and Project Development, in total eight persons. Business in business area Industry is run by the MDs of the major companies in the business area. These MDs report to a designated member of executive management.

Executive management adopts comprehensive goals and strategies for the business in the Group's business plan.

Executive management meetings are held once a month and focus is on managing the business, monitoring the targets of the business plan, risk management and strategic matters.

Peab's Board of Directors has also given executive management the overall responsibility for managing and monitoring the integration of sustainability work in the business. Heads of Group functions and other officers are called to attend meetings as needed.

Executive management is responsible for communicating to the organization in a relevant and easily understood manner Peab's targets and risk levels as well as how internal governance and control should function.

Information about the President and CEO and other members of executive management is presented on page 224.

Business governance

According to the business plan for 2024 Peab works with three financial targets and six non-financial targets. The non-financial targets are Peab's sustainability targets. The Group's business plan is broken down and processed in the various business areas and companies that establish their own business plans.

An important part of corporate governance in Peab's decentralized organization is the Group's core values: Down-to-earth, Developing, Personal and Reliable. Peab's Code of Conduct and many of the Group's internal regulations and guidelines are built on these core values. Communication of, and education in, internal rules and guidelines is continuous and structured.

Executive management's meetings during the year

In 2024 executive management held 12 scheduled meetings focused on updating operations, personnel issues, strategic targets, and sustainability matters, among them the Climate Road Map and the target of achieving climate neutrality by 2045. Sustainability risks were identified and assessed in the double materiality assessment, which was the basis for strategic decisions and measures to minimize climate impact. Financial and sustainability risks were reviewed, and the annual review of codes, policies and certain Group functions' guidelines was conducted. Subjects such as AI, IT strategy and compliance with the NIS2 Directive were discussed to strengthen the company's digital strategy.

Group functions

The Group functions support both executive management and operations in the business areas, strategically and in day-to-day operations. The functions are led by different members in executive management together with the CEO, CCO, CFO, COO and CSO. There are management teams that are responsible for managing, running, and developing Group functions.

Business area management

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. The business areas Construction, Civil Engineering and Project Development have a management team led by the Business Area Manager and otherwise consist of operational managers and managers of support functions in the business areas. Operations in business area Industry are more diversified than the other business areas and are run by the MDs for the major companies in the business area who then report individually to an appointed member in executive management. The Business Area Managers and respective responsible MDs in business area Industry are responsible for running operations by delegating responsibility and authorizations. They are responsible for ensuring that their business units in the Group maintain good internal control and work according to Peab's established policies as well as other adopted documents, processes, and tools.

Function for corporate governance and compliance

The function for corporate governance and compliance reports directly to the CEO. Its primary task is to ensure Peab's compliance with applicable laws and regulations. This work is achieved by, for example, providing and holding courses on relevant regulations. The function also drafts and

maintain governance documents and works in cross-functional forums such as the Ethics Council and the Sustainability Council, to streamline and monitor compliance.

Function for risk management and internal control

The function for risk management and internal control is responsible for performing and monitoring risk analyses at both business area and function levels and consolidating the identified risks on Group level. The risk process is based on the risk register that every business area and function work in with the associated ownership, response plan and action plan. The function compiles the consolidated risks in an annual report and performs various internal control activities to ensure compliance.

Governance documents

The Board of Directors annually reviews and approves the Code of Conduct, the Supplier Code of Conduct, and a number of key corporate policies, which combined comprise a crucial part of our corporate governance structure and contribute to promoting a sustainable and ethical business. The process of updating governance documents follows an annual calendar that ensures that these governance documents are updated based on identified risks and new legislation. Decisions regarding codes and policies are made by the Board of Directors, while specialist functions develop the detailed guidelines that are reviewed through consultation and adopted by members of executive management.

The following are Peab's most critical corporate governance policies, detailing how they contribute to Peab's ethical business culture:

Code of Conduct and policies decided by the Board of Directors

Code of Conduct and Suppliers Code of Conduct

Peab's Code of Conduct is a concretization of Peab's core values: Down-to-earth, Developing, Personal and Reliable. The Code emphasizes the importance of good business ethics, zero tolerance for corruption, transparency and long-term stakeholder relationships while contributing to sustainable societal development and social responsibility. The Code of Conduct provides guidance for employees to make the right decisions, and it is linked to other governance documents such as the Environment Policy, guidelines on whistleblowing, anti-corruption, sanctions, information security, competition law and the process of due diligence. Peab promotes ethical and legal behavior by having employees follow the Code and its references to other policies and guidelines. Responsibility for making sure the Code is followed is delegated to executive management where the CEO is ultimately responsible for the operative work. Managers at all levels are responsible for ensuring that the demands in the Code of Conduct are applied and complied with in their departments or functions. All Peab employees undergo Code of Conduct training every other year. Employees exposed to higher compliance risks receive tailored annual training on specific aspects of the Code.

Issues regarding compliance, particularly when it comes to areas like human rights, anti-corruption, and value chains, are a regular occurrence in the operative work of members of executive management.

Peab's Supplier Code of Conduct, which is an extension of the Code of Conduct, is designed to ensure that suppliers respect human rights and the environment in their own business and value chains. The Code focuses on suppliers identifying, preventing, limiting, and remedying any negative consequences on human rights and the environment in their value chain. Suppliers are expected to not only follow the Code but communicate and apply corresponding demands across their supply chain.

Policy for Internal Governance and Control

The purpose of the Policy for Internal Governance and Control is to ensure an effective organization and management of operations, reliable reporting and compliance with laws and regulations. The goal of the policy is to help Peab run the business efficiently, achieve its targets and maintain confidence in the business where undesirable events are in the first place prevented and in the second place discovered and managed. The process for internal governance and control consists of meeting targets, risk management and control activities. Decision forums and specific councils handle aspects such as tenders, investments, sustainability and ethics.

Information Policy

The Information Policy guides employees on how to communicate in a uniform and transparent manner to ensure a correct image of Peab. It concerns all employees and Board members and covers all communication including press releases and financial reports. The policy is built on principles of transparency, accessibility, and ethics, with the goal of ensuring that all stakeholders receive equal and timely information. Information that concerns the capital market is mainly communicated from Group level, unless the CEO decides otherwise. The Board of Directors is responsible for financial reports. The policy contains strict guidelines on managing and publicizing insider information and establishes restrictions for trade based on this information.

Related Party Transactions Policy

The purpose of the Related Party Transactions Policy is to minimize the risk that transactions are not based on market terms and to ensure compliance of valid laws and regulations. The Board of Directors has the ultimate responsibility for monitoring and ensuring correct implementation of related party transactions while executive management identifies such transactions, draws up a detailed register of them and ensures that they are on market terms. The definition of related parties includes both physical persons and legal entities according to the Annual Accounts Act. Related party transactions between Peab's Swedish companies and related parties that are material and are not part of regular operations nor on market terms require approval from the AGM in advance. Material related party transactions are defined as transactions that are worth at least one million Swedish kronor or one percent of Peab's market value over the last twelve months. All transactions must be on market terms, which means that terms are equivalent to those which an independent company under the same circumstances would have agreed to. Such material transactions must be documented and followed up continuously to ensure correct handling.

Finance Policy

The Finance Policy comprises the regulations and guidelines for Peab's financial operations. Group risk-taking is regulated by the risk mandate set by the Board of Directors for the organization. The purpose of the Finance Policy is to establish guidelines and allocate responsibility for financial transactions in order to achieve and maintain good risk control.

Other governance documents decided by executive management

Every year executive management approves a number of policies and guidelines. Examples of these are:

Environmental Policy: The policy covers measures for reducing environmental impact, streamlining resource and energy consumption, protecting biodiversity, phasing out hazardous products and working towards climate neutrality as part of long lasting and responsible community building.

Anti-corruption guidelines: These guidelines align with the UN convention against corruption and reinforce zero tolerance while establishing measures to prevent, detect, and manage corruption risks within the Group. They point out procedures that reduce the risk for corrupt behavior and promote an ethical business culture. All risk exposed employees take a course in anti-corruption annually.

Competition law guidelines: These guidelines explain that the company's business deals must conform to valid competition laws. In addition to avoiding sanctions the guidelines promote fair competition on the market.

Sanctions guidelines: These guidelines contribute to maintaining the company's compliance with international and national sanction laws and reduce the risk for legal and financial consequences.

Guidelines on the process of due diligence: These guidelines ensure that the company identifies, assesses, and manages risks related to sustainability and human rights. The process comprises risk identification, prioritization, measures, monitoring, and reporting.

Whistleblowing guidelines: These guidelines are key to providing a secure and confidential channel for employees and other stakeholders to report suspicions about irregularities, which is vital to transparency, compliance, and reporting in the Group. The guidelines describe Peab's internal and external whistleblowing channels.

Business areas and/or Group functions are responsible for other internal regulations such as guidelines, rules, and instructions.

Peab uses a business management system to ensure uniform application of processes and procedures throughout the Group. This system describes and documents the Group's processes, and functions as a central platform for ensuring that work methods and governance documents are consequently followed.

Internal governance and control in operations

Peab's Board of Directors is responsible for ensuring that there are efficient procedures and systems for Group governance and control of financial and non-financial reporting. Executive management is responsible for implementing and monitoring the internal governance mechanisms. The principles of this process are established by the Board of Directors in the Policy for Internal Governance and Control and are based on COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control. The process is structured according to the principle of three defense lines with responsibility delegation from operations to external auditing.

Control environment

The control environment is founded on Peab's core values and comprises our organization's structure, internal regulations and governing documents, delegation and limitation of responsibility, talent recruitment and monitoring internal governance and control.

The Board of Directors is ultimately responsible for the general governance of Peab and control over the risks that accompany the business as well as its sustainability work. Management is responsible for developing and implementing Peab's internal governance and control structure in operations, including our organization's structure, responsibility delegation and mandates, talent recruitment and monitoring.

Risk analysis

Risk analyses are carried out based on the established targets in Peab's various operations. Risk analysis on an operational and project level is performed according to the process described in Peab's business management system. An overriding risk analysis that includes risk management of every identified material risk is performed annually in each business area and thereafter by executive management, after which it is reported to the Board of Directors. A detailed description of risks and risk management in Peab is found in the section Risks and risk management.

Control activities

Control activities are an integrated part of daily work at Peab aimed at achieving targets and handling risks efficiently. These activities are based on each individual employee's responsibility to follow the established work methods, processes, and governance documents in Peab's business management system.

Special control mechanisms such as "the four eyes principle" for financial transactions and IT systems, for instance, with authorization controls and attest functions are key to maintaining this control.

Further, executive management has established executive management forums to focus on specific areas in the Group. These forums, consisting of representatives for different group functions, adhere to defined procedures and governance documents to ensure efficiency and compliance in their areas of responsibility. They also monitor impacts, risks and opportunities and report their observations to executive management. The work in these forums is regularly reported to the Board of Directors.

Peab's executive management forums:

Tender Council: Is the decision-making organ intended to, based on project size and complexity, ensure that tenders are built on thoroughly processed calculations with optimized opportunities and reduced risks. The council is led by the COO.

Remuneration Council: Handles and decides on remuneration matters and prepares material for the Board's Remuneration Committee. The council ensures that Peab's remuneration structures are fair, on market terms and in line with Peab's overarching strategy and policies. The council is led by the CFO.

Ethics Council: Handles matters concerning business ethics, corruption and financial irregularities as well as ensures impartial investigations of cases concerning harassment and discrimination. The Ethics Council handles serious breaches of Peab's Code of Conduct, policies and some guidelines and makes sure cases are investigated impartially, in order to contribute to a healthy company culture. The Whistleblowing Council is a sub-function of the Ethics Council and is responsible for the whistleblower instrument along with handling whistleblowing/complaints that arrive in between Ethics Council meetings. The Whistleblowing Council works according to the guidelines for whistleblowing with the linked description of how personal information is handled. The whistleblowing service also provides the company with information from directly involved persons about whether or not the process of due diligence is effective. The Chairman of the Ethics Council annually reports to the Board of Directors and executive management on serious breaches of the Code of Conduct or other irregularities. A compilation of corruption cases is made and comprises economic crime in a broader sense. The Council is led by the head lawyer for Corporate Governance and Compliance.

Sustainability Council: Monitors, coordinates, and develops sustainability work at Peab and ensures that the business follows internal and external regulations, standards, and laws. The council has broad expertise and competence in the area of corporate governance, the environment and climate, communication, risk management, strategy, the value chain's impact and the work environment. The council reports regularly to executive management, the Audit Committee, and the Board of Directors, at least six times a year, focusing on sustainability-related impacts, risks, and opportunities as well as on the process of due diligence. The council has a central function for integrating sustainability matters in Peab's overarching strategy and operations. The council is led by the CSO.

Investment group: The Group's decision-making forum for investments and divestments regarding machines, inventory, and project development. The Investment group is responsible for governance of Peab's use of capital with the goal of achieving anticipated returns on invested capital. The group is led by the CFO.

Business committee: Not a separate forum but part of executive management. The Business committee prepares and decides on acquisitions or divestments of businesses or operations. The committee is led by the CEO.

Development Council: Responsible for governance of, and decision-making on, implementing development projects, both within the framework of the business plan and Peab's digital strategy. The Development Council is responsible for ensuring development projects are cost efficient and stay within established cost frameworks. The council is led by the CSO.

Trademark Council: Responsible for Peab's brands. The Sponsoring Council is part of the Trademark Council that ensures that Peab's sponsoring guidelines are complied with and that sponsoring collaborations are developed, implemented and assessed. The council ensures that sponsoring activities are in line with Peab's values and guidelines as well as generate added value for both Peab and society. No political contributions are made. The council is led by the CCO.

These forums form part of Peab's comprehensive control environment. The Board of Directors regularly monitors and evaluates the efficiency in Peab's internal governance and control structures. The evaluation is based on the information provided by executive management, its various forums, and the Board's committees. Through this process efficient governance is ensured throughout the organization.

Other mandatory information in accordance with chapter 6, section 6 of the Annual Accounts Act

- Direct and indirect shareholdings in the company that represent at least a tenth of the number of votes of all the shares in the company are presented in the Board of Directors' Report under The Peab share.
- There are no limits in Articles of Association regarding how many votes individual shareholders can have at the AGM, which is also made clear in the Board of Directors' Report under The Peab share.
- The Articles of Association stipulate that the appointment of Board members takes place at the company's AGM. The Articles of Association do not contain any stipulations regarding the dismissal of Board members or changes in the Articles of Association.
- Authorization of the Board by the AGM to decide on new issues of Peab shares is presented in the Board of Directors' Report under The Peab share.
- Authorization of the Board by the AGM to decide on the purchase of own shares is presented in the Board of Directors' Report under Holdings of own shares.

