

## **Remuneration Policy**

The Remuneration Policy comprises the CEO and the other members of executive management. Included also are members of the Board whose remuneration is established at some other point in time than the Annual General Meeting (AGM).

This Remuneration Policy is applied to changes in existing contracts or new contracts entered into with the CEO and the other members of executive management after Peab's AGM has adopted the Remuneration Policy.

### **Basic principles**

The Remuneration Policy should 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 a qualified executive management. Remuneration levels are regularly compared with other companies active in the same markets to ensure remuneration on par with the market,
- offering long-term incentive programs and variable remuneration 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 par with the market, incentive programs and variable remuneration focused on (result measurement) Peab's business strategy, long-term goals and sustainability.

### **Remuneration components**

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 as well as a company car 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 that their basic pay is on par with the market.

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

From time to time senior officers may be offered STIs. A STI may not exceed 60 percent of basic pay and is based primarily on the Peab Group's profitability and, at each time, other material Group goals. In the current program result measurements are connected to the company's strategy in the form of profitability, customer satisfaction, the work environment and sustainability.

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 a share-based incentive program to the AGM. From time to time the CEO, other members of executive management and key employees may be offered participation in a LTI program. The maximum annual amount in a LTI program (excluding social security) may not exceed 40 percent of base annual salary. The outcome of a LTI program is invested as a pension savings in a financial instrument connected to the Peab share.

### **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 maximum pension contribution is 35 percent of basic annual pay and retirement age is 65. Previous pension plans of 47 percent of basic annual pay and retirement at 62 only apply to already concluded agreements. Salary waives may be used to increase pension provisions through one-off pension contributions in the form of 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 times the income base amount as well as those benefits otherwise enjoyed by other Peab employees. The benefits are on the average five percent of basic 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 other 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 wages. Severance pay is calculated on basic pay and is not pensionable.

### **Other employees**

The basic principles for salaries and remuneration to other employees is reflected and considered in the Remuneration Policy. Variable remuneration on an individual basis (STI), long-term incentive programs (LTI) and company cars are only available to certain categories of employees based on position or need.

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

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 times the income base amount.

### **Decision-making process**

The Board of Directors has appointed a committee responsible for preparing the guidelines for remuneration to executive management which are adopted by the AGM and it makes proposals to the Board regarding the salary and employment terms for the CEO. The Board

decides on matters concerning the salary and employment terms for the CEO based on proposals from the Remuneration Committee. The committee decides on salaries and employment terms for 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.

### **Deviations**

Deviations may be made from the Remuneration Policy in cases where there are special circumstances. 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.