

## Board of Directors' evaluation of the company's guidelines for salary and other remuneration of the Chief Executive Officer (CEO) and other senior executives applied during the 2019 fiscal year

### *Summary of the company's guidelines for salary and other remuneration of the CEO and other senior executives (the Guidelines)*

Remuneration of the CEO and other senior executives consists of fixed salary, variable remuneration, pension and other benefits. Framework conditions for the variable remuneration paid to these executives are determined by the Board. The variable remuneration potentially payable to the CEO and other senior executives is linked to predetermined and measurable criteria, which have also been designed to promote long-term value generation in the company. The maximum outcome of variable remuneration is also subject to distinct limits.

### *Annual process*

The Guidelines are resolved by the Annual General Meeting (AGM). Remuneration paid to the CEO is proposed by the Chairman and adopted by the Board in accordance with the Guidelines. The CEO does not participate in this decision. The remuneration paid to other senior executives is proposed by the CEO and approved by the Chairman of the Board in accordance with the Guidelines. The term "other senior executives" pertains to the executives who, in addition to the CEO, comprise the Senior Management Team (SMT).

### *Evaluation*

The Board has evaluated the application of the guidelines resolved by the AGM in 2019, in accordance with the summary below:

	<b>CEO</b>	<b>Other members of the Senior Management Team</b>
<b>Fixed salary</b>	<i>The salary is market-aligned in accordance with well-established and local-market salary statistics.</i>	<i>The salaries are market-aligned in accordance with well-established and local-market salary statistics.</i>
<b>Variable remuneration</b>	<i>The maximum STI outcome of up to 65 percent provides a relevant and market-aligned balance between fixed and variable remuneration in accordance with well-established and local-market salary statistics, as well as a</i>	<i>The maximum STI outcome of up to 40 percent provides a relevant and market-aligned balance between fixed and variable remuneration in accordance with well-established and local-market salary statistics, as</i>

(Short Term Incentive – STI) <sup>1</sup>	<p><i>desired balance between fixed and variable costs.</i></p> <p><i>The STI targets have been set at a reasonable level and in line with correct principles since the historical outcome has varied in a reasonable manner.</i></p>	<p><i>well as a desired balance between fixed and variable costs.</i></p> <p><i>The STI targets have been set at a reasonable level and in line with correct principles since the historical outcome has varied in a reasonable manner.</i></p>
<b>Variable remuneration</b> (Long Term Incentive – LTI)	<p><i>According to the analysis conducted by the Board, most comparable companies offer some form of share-based incentive program.</i></p> <p><i>A maximum LTI outcome of 50 percent provides a relevant and market-aligned balance between fixed and variable remuneration in line with well-established and local-market salary statistics, as well as a desired balance between fixed and variable costs.</i></p>	<p><i>According to the analysis conducted by the Board, most comparable companies offer some form of share-based incentive program.</i></p> <p><i>A maximum LTI outcome of 30 percent provides a relevant and market-aligned balance between fixed and variable remuneration in line with well-established and local-market salary statistics, as well as a desired balance between fixed and variable costs.</i></p>
<b>Pension</b>	<i>In the Board's opinion, a pension commitment has been made that complies with standard practices in the Swedish market.</i>	<i>In the Board's opinion, pension commitments comply with standard practices in the local market.</i>
<b>Other benefits</b>	<p><i>The payment of salary during the notice period and severance pay according to employment contract complies with the provisions of the Swedish Code of Corporate Governance.</i></p> <p><i>Other benefits constitute only a limited value.</i></p>	<p><i>The payment of salary during the notice period and severance pay according to employment contract complies with the provisions of the Swedish Code of Corporate Governance.</i></p> <p><i>Other benefits constitute only a limited value.</i></p>

In addition, the Board states that the NCC Group was able to both recruit and retain its employees during 2019, thus indicating that the remuneration levels have been market-aligned, but not too high. Accordingly, the Board is of the opinion that the remuneration structures and remuneration levels for the CEO and members of the SMT in 2019 were reasonable, competitive and functional.

During 2019 the Board has exercised its right to deviate from the guidelines in one special case due to specific circumstances, where a new employed senior executive received a bonus of 53 percent of fixed remuneration during the employment period. The Board's reason to deviate from the guidelines was to be able to recruit the person best suited for the position.

Against this background, the Board's assessment is that the salary and other remuneration paid to the CEO and other senior executives have been applied in accordance with the guidelines.

---

<sup>1</sup>The stated maximum STI rate is the reduced rate, whereby a deduction of 10 percentage points has been made because of participation in the LTI program.