

The Board of Directors' motion concerning resolutions regarding a long-term performance-based incentive program plus the purchase and transfer of own shares

A. Long-term performance-based incentive program

The program in brief

The Board proposes that the AGM resolve to introduce a long-term performance-based incentive program for senior executives and key personnel within the NCC Group ("LTI 2020"). In all significant respects, the structure of this program corresponds to the LTI 2019 program adopted by the AGM on April 9, 2019.

The purpose of LTI 2020 is to:

- ensure a focus on the company's long-term profitability,
- minimize the number of serious worksite accidents,
- create prerequisites for retaining and recruiting key personnel,
- provide competitive remuneration, and
- enhance the community of interests between shareholders and key personnel.

The program will extend for three years and mean participants will be allotted, free of charge, share awards that provide entitlement to Series B shares and synthetic shares that provide entitlement to cash remuneration in accordance with the terms, conditions and principles described below.

The Board of Directors believes that the introduction of LTI 2020 will have a positive impact on the Group's continued development and that LTI 2020 will thus benefit both the shareholders and the company.

Conditions for the program

The program is subject to the following terms and conditions.

- Share awards and synthetic shares will be allotted free of charge a certain time after the AGM.
- Share awards or synthetic shares may not be transferred or pledged.
- Each share award provides the holder with entitlement to receive one Series B share in the company three years after allotment of the share award ("the Vesting Period").
- Following the Vesting Period, each synthetic share will entitle the holder to receive cash payment corresponding to the value of a Series B share at the date of payment.
- The maximum number of employees invited to participate in the program will be 180.
- Entitlement to allotment/payment is conditional upon, with certain exceptions, that the participant remains an employee in the NCC Group at the end of the Vesting Period, three years after the date of allotment.
- In order to equate the participants' interests with those of the shareholders, the company will compensate the participants should total dividends paid

during the 2020, 2021 and 2022 fiscal years in total during the Vesting Period exceed the level stipulated in NCC's dividend policy. Compensation will take the form of a cash amount corresponding to the portion of the dividends during the Vesting Period that when considered on the whole exceeds NCC's dividend policy. Dividend compensation pertains to the number of shares and synthetic shares allotted to the participant.

- The number of share awards and synthetic shares encompassed by LTI 2020 is to be converted in the event that changes occur in NCC's capital structure, such as a bonus issue, merger or split of shares, new issue, reduction of the share capital or similar measures.
- Share awards or synthetic shares may be issued by the company or other Group companies.
- A prerequisite for entitlement to receive shares on the basis of share awards and payment in accordance with synthetic shares is that the performance targets for LTI 2020 have been satisfied pursuant to the terms and conditions specified below.

Performance targets

The performance targets focus on NCC's long-term profitability ("Performance Target 1") and on minimizing the number of serious worksite accidents in the Group ("Performance Target 2"). Of each allotment of share awards and synthetic shares, two thirds will pertain to Performance Target 1 and one third will pertain to Performance Target 2.

Performance Target 1: This target pertains in part to NCC's aggregated operating margin (EBIT margin) for the period 2020-2022 compared with the target interval of 2.5 percent to 4.0 percent.

If the operating margin is 4.0 percent or above, 100 percent is allotted/paid. No allotment/payment takes place if the operating margin falls below 2.5 percent. Within the range, allotment/payment will occur linearly.

Performance Target 2: This target pertains to the number of worksite accidents resulting in more than four week days of absence from work per million worked hours for the 2022 fiscal year compared with the target interval of 5.5 to 3.0.

Should the number of worksite accidents in 2022, in accordance with the definition above, be less than or equal to 3.0, 100 percent is to be allotted/paid. No allotment/payment takes place if the number of worksite accidents exceeds 5.5. Within the range, allotment/payment will occur linearly.

The intention of this target is to contribute to a reduction in the number of serious worksite accidents and to support NCC's zero vision in terms of the number of worksite accidents. The benchmark that will be used is an EU standard.

EBIT may be adjusted by the NCC AB's Board in order to reduce the allotment/payment should the level of capital employed exceed the level stipulated in the strategy plan adopted by NCC AB's Board. The Board will present the rate of achievement of the performance-based targets in the 2022 remuneration report.

Allotment

The participants are divided into three categories: CEO and other members of the Executive Team (ET), as well as business area management and other key personnel. The number of share awards and synthetic shares that a participant may be allotted depends on the participants' gross annual salary and the category to which the participant belongs. For each participant, the Board establishes an allotment value relative to the participant's annual salary. The allotment value is 50 percent of annual salary for the CEO, and 30 percent of annual salary for other members of the ET. The allotment value for other key personnel is either 15 percent or 30 percent of the annual salary.

In view of the introduction of LTI 2020, the maximum short-term variable remuneration payable to the CEO and other members of the ET will be adjusted downwards by ten percentage points, and for other participants by five or ten percentage points.

The share price that is to form the basis for calculating the number of share awards and synthetic shares is to correspond to the average last price paid on the first ten trading days after the 2020 AGM. The individual allotment value is thereafter divided by the share price in order to arrive at the total number of awards per participant. Thereafter, half of these awards will be allotted in the form of share awards and half in the form of synthetic shares. Participants who are registered to pay tax in Denmark will only be allocated rights in the form of share awards.

Remuneration for the synthetic shares will enable the participants to pay the tax resulting from the allotment of shares from LTI 2020, without having to immediately divest the shares.

Based on the assumption of an average share price of SEK 153.40, participants in the various categories could receive the maximum total of share awards and synthetic shares stated in the table below.

Category	Number of share awards per participant	Number of synthetic shares per participant ¹	Total number of share awards and synthetic shares per category
CEO (maximum allotment)	15,179, of which 10,119 pertaining to Performance Target 1 and 5,060 pertaining to Performance Target 2	15,179, of which 10,119 pertaining to Performance Target 1 and 5,060 pertaining to Performance Target 2	30,358
Executive Team (7 participants, average allotment)	3,840, of which 2,560 pertaining to Performance Target 1 and 1,280 pertaining to Performance Target 2	3,840, of which 2,560 pertaining to Performance Target 1 and 1,280 pertaining to Performance Target 2	53,760
Members of business area management and key personnel (approx. 172)	930, of which 620 pertaining to Performance Target 1 and 310	930, of which 620 pertaining to Performance Target 1 and 310	319,920

¹ Except for participants in Denmark, see above.

Category	Number of share awards per participant	Number of synthetic shares per participant ¹	Total number of share awards and synthetic shares per category
participants, average allotment)	pertaining to Performance Target 2	pertaining to Performance Target 2	

Design and management

Within the framework of the specified terms, conditions and guidelines, the Board is to be responsible for the more detailed design and management of LTI 2020. The Board is to be entitled to make any adjustments required to fulfill special regulations or market conditions outside Sweden, and to introduce other long-term incentive solutions in countries where participation in LTI is not appropriate.

In addition, the Board is to be entitled to make any other adjustments should material changes occur in the NCC Group or its business environment that would entail that the decided terms and conditions for allotment and the opportunity to exercise the share awards or the synthetic shares in accordance with LTI 2020 are no longer deemed viable. Prior to finally determining allotment of Series B shares on the basis of share awards and payment on the basis of synthetic shares, the Board will assess whether the outcome of LTI 2020 is reasonable. This assessment will be conducted in relation to the company's financial earnings and position, conditions in the stock market and other circumstances. Should the Board not consider the outcome to be reasonable, the number of shares to be allotted and the cash payment will be reduced.

LTI 2020 has been initiated by the Board of Directors and formulated in accordance with the guidelines resolved by the 2019 AGM for LTI 2019.

Costs

Assuming a share price of SEK 153.43 and the maximum outcome, the cost for LTI 2020, including estimated costs for social security fees, will be about SEK 80.6 M. This corresponds to a value of approximately 0.48 percent of the total number of shares in the company at December 31, 2019.

The annual cost of LTI 2020, including social security fees, is estimated to amount to approximately SEK 26.9 M in accordance with the conditions described above. This cost may be compared with NCC's total personnel costs, including social security fees, of SEK 12,295 M for 2019.

LTI 2020 will be recognized in accordance with IFRS 2, which entails that the share awards will be expensed as personnel costs and accrued over the Vesting Period. It also entails that the fair value of the synthetic shares on the date of allotment will be expensed as personnel costs, accrued over the Vesting Period, and be continuously remeasured at each reporting occasion.

The maximum value that a participant may receive at allotment of Series B shares and cash payment is limited to an amount per share that corresponds to 400 percent of the share price. The share price is calculated on the basis of the average last price paid during a period of ten trading days immediately following the date of the 2020 AGM, a period when the share is traded ex-rights to dividends. Moreover, LTI 2020, including costs for social security fees, can never encompass more than 0.8 percent of the total number of shares in the company.

B. Purchase of own shares

The Board proposes to the AGM that the Board be authorized on one or several occasions during the period up to the following AGM to make decisions on the purchase of own Series B shares based on the terms and conditions described below. The purpose of the authorization is to secure delivery of Series B shares and to cover costs, including costs for social security fees and payments on the basis of the synthetic shares, in accordance with LTI 2020.

1. The purchases may not exceed 867,487 Series B shares.
2. The shares may be purchased on Nasdaq Stockholm.
3. The shares purchased on Nasdaq Stockholm may only be acquired at a price per share within the registered span of share prices at the particular time, by which is meant the span between the highest price paid and the lowest selling price.
4. The shares are to be paid for in cash.

C. Transfer of own shares to the participants of LTI 2020

In order to secure delivery of Series B shares in accordance with LTI 2020, the Board proposes that the AGM resolve to transfer, free of charge, no more than 300,000 Series B shares to the participants of LTI 2020, in accordance with the terms and conditions for LTI 2020.

The reason for disapplying the shareholders' preferential rights is that the transfer of Series B shares to the program participants is a feature of implementation of LTI 2020 and it is thus deemed to be beneficial for NCC. The number of shares that may be transferred to the participants of LTI 2020 will be subject to recalculation in accordance with the terms and conditions of LTI 2020.

D. Transfer of own shares to cover certain costs pursuant to LTI 2020 and other ongoing LTI programs

Furthermore, a maximum of 500,000 Series B shares will be transferred via Nasdaq Stockholm to cover costs, mainly costs for dividend compensation, social security fees and payments on the basis of the synthetic shares, arising from previously outstanding long-term performance-based incentive programs (LTI 2017, LTI 2018 and LTI 2019) as well as LTI 2020. Transfers under this item, via Nasdaq Stockholm, are to be effected before the next AGM at a price within the registered span of prices for NCC's Series B share at the particular time.