



### **Board of Directors' motion concerning guidelines for executive remuneration**

The guidelines encompass the CEO and other members of Group Management, currently totaling 12 people. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2025 AGM. These guidelines do not apply to any remuneration resolved or approved by the AGM.

### **The guidelines' promotion of the Company's business strategy, long-term interests and sustainability**

NCC is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC contributes to the positive impact of construction for its customers and society. Operations include commercial property development, building and infrastructure project contracting, and asphalt and stone materials production. The Company is working toward creating a common basis for a long-term, sustainable improvement in profitability throughout NCC. NCC is striving to create safe and secure worksites for the Group's employees and subcontractors, and to improve the climate and environment by reducing carbon emissions.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer executive management competitive total remuneration.

### **Long-term performance-based incentive programs**

Long-term share-based incentive programs that are performance-based have been established in the Company.

The programs encompass Group Management and other senior executives and key personnel within the NCC Group, currently approximately 200 persons. These are three-year programs and have a distinct link to the business strategy and thus to the Company's long-term value creation, including its sustainability.

No new LTI program was started at the 2022 AGM for the period 2022–2024.

For LTI 2023 and LTI 2024, the targets consist of EPS for each year of the period separately, a smaller component relating to a reduction in the Group's carbon emissions for Scope 1 and 2, as well as a reduction in the number of work-related accidents. For more information on the programs, and the criteria upon which outcomes are dependent, refer to Note 4 in the Company's Annual and Sustainability Report.

A new program, LTI 2025, which is essentially similar to LTI 2023 and LTI 2024, will be proposed to the 2025 AGM.

### **Types of remuneration**

The remuneration shall be on market terms and may consist of the following components: fixed cash remuneration, variable cash remuneration, pension benefits and other benefits. The AGM may also – regardless of these guidelines – adopt remuneration based on, for example, share and share-price-related incentive schemes.



### **Fixed remuneration**

When determining the fixed salary, the individual executive's sphere of responsibility, experience and achieved results are to be taken into account. The fixed salary is reviewed annually, but with the possibility to review for a period of two years at most.

### **Variable remuneration**

The short-term variable remuneration must be capped and related to the fixed salary, and be based on the outcome in relation to established targets, which are measured annually.

The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term business strategy and interests. The criteria for paying variable cash remuneration thus essentially comply with the Group's long-term operational and financial objectives.

The variable cash remuneration is primarily based on financial objectives (EBIT/EPS). In addition, a smaller portion may be based on adapted functional targets or operational targets, and for BA managers on LTIF4 (meaning work-related accidents resulting in more than four calendar days of absence per million hours worked by NCC's employees).

To which extent the criteria for awarding variable cash remuneration has been satisfied is evaluated/determined when the measurement period has ended. The Board of Directors, through the Compensation and Competence Committee, is responsible for assessing the variable cash remuneration paid to the CEO and other senior executives. The assessment of the financial objectives is based on the annual report. The outcome in relation to established targets for variable remuneration is measured after the performance period; meaning following fiscal year-end.

The short-term variable remuneration for the CEO is capped at 80 percent of fixed salary. For other members of Group Management, it is capped at 42.5 or 55 percent of fixed salary. The short-term variable remuneration is to be revised annually.

A maximum of 25 percent of the outcome of the short-term variable remuneration (before tax) can be invested in shares in the Company. If the shares are held for a period of at least 12 months, a premium of up to 25 percent of the investment amount may be paid.

It is estimated that full utilization of the Company's commitments for short-term variable remuneration in relation to the executives concerned will cost the company a maximum of approximately SEK 39 M, including social security fees.

The short-term variable remuneration is pensionable, with the exception of remuneration paid to the CEO.

### **Pension benefits**

NCC is endeavoring to move gradually toward defined-contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. The CEO has a defined-contribution pension with a premium pledge capped at 42 percent of contractual fixed salary. Other members of Group Management who are active in Sweden and have an employment contract subject to Swedish terms and conditions, are entitled, in addition to the ITP 2 plan (the collectively bargained agreement on pensions for white collar workers), to also receive a defined-contribution supplementary pension capped at 30 percent of pensionable salary increments exceeding 30 income base amounts. The definition of pensionable salary as stipulated in ITP2 is to be used for this supplementary pension.



In other respects, variable salary and other benefits will not be pensionable unless this is a consequence of law or a collective agreement. Members of Group Management who have employment contracts under the terms and conditions of another country are covered by pension solutions in accordance with local practices, which must to the extent possible comply with the principles stated in these guidelines. ITP 1 is applied to new employment contracts where possible. The retirement age of Group Management is 65 years.

#### ***Other benefits***

NCC provides other benefits, such as medical insurance and a car benefit, to members of Group Management. The combined amount of such benefits in relation to total remuneration may constitute only a limited value and correspond essentially to the benefits normally arising in the market, in total not more than 5 percent of annual cash salary.

#### **Termination of employment**

##### ***Periods of notice and severance pay***

A member of Group Management who terminates employment at NCC's initiative normally has a six-month period of notice and is entitled to severance pay corresponding to 12 months of fixed salary. During the said 12 months, the severance pay is deductible from remuneration received from a new employer. The period of notice is six months without any right to severance pay, when termination is made by a member of Group Management.

#### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and the increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the CEO's remuneration, the remuneration of other employees and NCC's earnings over the past five years is presented in the Remuneration Report.

#### **Decision-making process to determine, review and implement the guidelines**

The Board has established a Compensation and Competence Committee. The duties of the Committee include preparing the Board's decisions concerning motions on guidelines for executive remuneration. Such a motion for new guidelines is to be prepared at least every fourth year and submitted by the Board to the AGM. The guidelines shall be in force until new guidelines are adopted by the AGM. The Committee is also mandated to monitor and evaluate variable remuneration programs for Group Management, the application of guidelines for executive remuneration and applicable remuneration structures and remuneration levels in the Company. The CEO and other members of Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are themselves affected by such matters.



### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

### **Description of material changes in the guidelines and how shareholder views have been addressed**

The Board's motion concerning guidelines for executive remuneration corresponds to existing guidelines, with the exception of the possibility of investing in shares for the short-term variable remuneration, and the possibility of certain premiums based on the investment.

The work of the Chairman of the Board, who is also the Chairman of the Compensation and Competence Committee, is supported by the Company's Investor Relations and Legal Department to ensure good and continuous contact with shareholders at an appropriate level on matters related to executive remuneration.