

Remuneration report 2024

Introduction

This report describes how the guidelines for executive remuneration for NCC AB, adopted at the 2024 Annual General Meeting (AGM), were implemented in 2024. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Plans* issued by the Swedish Stock Market Self-Regulation Committee.

Further information on executive remuneration is available in Note 4 (Number of employees, personnel expenses and remuneration of senior executives) on pages 93-96 in the 2024 Annual Report. Information on the Board's work on remuneration in 2024 is set out in the Corporate Governance Report available on pages 69-79 in the 2024 Annual Report.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in Note 4 on pages 93-96 in the 2024 Annual Report.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on pages 4-5 in the 2024 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for successful implementation of the company's business strategy and achievement of the company's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The company's remuneration guidelines enable the company to offer a competitive total remuneration to senior executives.

According to the remuneration guidelines, remuneration of senior executives shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall mainly be linked to financial criteria with a minor portion linked to the number of worksite accidents (which is one of NCC's sustainability targets), adapted functional criteria or operational criteria. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The Board has evaluated the application of the guidelines resolved by the 2024 AGM, in accordance with the summary below:

	CEO	Other members of the Senior Management Team (SMT)
Fixed salary	<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>
Variable remuneration (Short Term Incentive – STI)	<i>The maximum STI outcome of up to 75 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 desired balance between fixed and variable costs.</i>	<i>The maximum STI outcome of up to 50 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 desired balance between fixed and variable costs.</i>
Variable remuneration (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>Given the past outcomes of previous programs and the forecast outcome for LTI 2023 and LTI 2024, the programs provide 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>Given the past outcomes of previous programs and the forecast outcome for LTI 2023 and LTI 2024, the programs provide 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>
Pension	<i>According to the Board, a pension commitment has been made that complies with standard practices in the Swedish market.</i>	<i>According to the Board, a pension commitment has been made that complies with standard practices in the Swedish market or local practices.</i>
Other benefits	<i>The payment of salary during the notice period and severance pay according to employment contract complies with the company's remuneration guidelines. Other benefits constitute only a limited value.</i>	<i>The payment of salary during the notice period and severance pay according to employment contract complies with the company's remuneration guidelines. Other benefits constitute only a limited value.</i>

In addition, the Board concludes that the NCC Group was able to both recruit and retain senior executives during 2024, thus indicating that the remuneration levels have been market-aligned, but not too high.

Accordingly, the Board concludes that the remuneration structures and remuneration levels for the CEO and members of the SMT in 2024 were reasonable, competitive and functional. In this context, the Board's assessment is that the remuneration to senior executives has been applied in accordance with the guidelines.

The guidelines are presented on page 55 in the 2024 Annual Report.

There were no deviations from the decision-making process that, according to the guidelines, must be applied in order to decide on the remuneration. The auditor's report regarding the company's compliance with the guidelines is available on www.ncc.se. No remuneration has been reclaimed.

Table 1 – The CEO's total remuneration 2024 (SEK 000s)

Name of the CEO: Tomas Carlsson		
Fixed remuneration	Basic salary (including vacation pay and vacation supplement)	11,775
	Other benefits (car etc.)	221
Variable remuneration*	One-year bonus (STI) regarding 2023 paid in 2024	7,560
	Settled share-based remuneration, concluded program (LTI 2021)	2,367
	Expensed change in vacation liability, 2024	328
	Pension cost (pension premium 42%)	4,637
	Total remuneration	26,888
	Proportion of fixed/variable remuneration	55%/45%

* For this year's expensed amounts as well as allocated/reversed costs for completed and ongoing LTI programs, see Note 4 of the Annual Report.

Outstanding share-based and share-price-related incentive plans

During the year, NCC had three ongoing long-term performance-based incentive programs for senior executives and key personnel: 2021–2023, 2023–2025 and 2024–2026. The programs run over three years.

LTI 2021 was concluded and settled in 2024.

No long-term performance-based incentive program LTI 2022 was launched (for the 2022–2024 period).

For participation in the LTI programs, participants must have personally invested in shares, savings shares. For LTI 2024, the participants were divided into four categories, including:

- The CEO (one person) who may acquire savings shares for an amount capped at 8 percent of his basic salary and is entitled to receive a maximum of five performance shares for each savings share held.
- Members of the SMT (11 people) who may acquire savings shares for an amount capped at 6 percent of their basic salary and are entitled to receive a maximum of four performance shares for each savings share held.

For LTI 2024, the targets consist of EPS for each year of the period separately, as well as 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.

Payout in all programs is conditional upon, with certain exceptions, the participant remaining an employee of the NCC Group at the end of the vesting period, three years after the starting date. A maximum of 240 employees have been invited to participate in the respective programs.

Table 2 – Share program (CEO)

	1	2	3	4	5	6	7	8	9	10
Name of director (position)	Program	Performance period	Award date	Vesting date	End of retention period	Share rights held at beginning of year	Awarded during the year	Vested	Subject to performance conditions	Awarded and not yet vested at year-end
Tomas Carlsson (CEO)	LTI 2021	2021-2023	May 2, 2021	May 2, 2024	May 2, 2024	37,158	0	17,984	37,158	0
	2022	No LTI program started in 2022								
	LTI 2023	2023-2025	May 2, 2023	May 2, 2026	May 2, 2026	65,208	0	0	65,208	65,208
	LTI 2024	2024-2026	May 2, 2024	May 2, 2027	May 2, 2027	0	30,660	0	30,660	30,660
Total						102,366	30,660	17,984	133,026	95,868

Application of performance criteria

The performance criteria for the CEO's variable remuneration (STI) have been selected to facilitate a full focus on profitability, which is the basis for realizing the company's strategy and long-term interests in the year ahead.

Table 3. Performance of the CEO in the reported fiscal year (2024): variable cash remuneration

Name of director, (position)	Description of performance criteria	Relative weighting of performance criteria	a) measured performance and b) actual remuneration paid in 2024*
Tomas Carlsson (CEO)	Result (EPS)	100%	a) 100%
			b) SEK 7,560,000

*Remuneration paid in 2024 refers to the 2023 performance.

Table 4 – Change of remuneration and company performance over the last five reported fiscal years (RFY)

Annual change	RFY 2019 vs 2020	RFY 2020 vs 2021	RFY 2021 vs 2022	RFY 2022 vs 2023	RFY 2023 vs 2024	RFY 2024
CEO as a function	-9.42%	17.73%	56.70%	-29.55%	54.15%	SEK 26.9 M
NCC Group's operating profit	4.94%	34.19%	-25.59%	32.70%	12.76%	SEK 2,032 M
Average remuneration on an FTE basis of employees of the Group	2.46%	1.95%	8.16%	6.77%	4.30%	SEK 0.77 M