

Item 17

The Board of Directors' motion concerning guidelines for determining salary and other remuneration of the Chief Executive Officer and other members of the company's management (Executive Management Group).

Background and reasons

The Board has evaluated the application of the guidelines for determining salary and other remuneration of the CEO and other members of the company's Executive Management Group (EMG), as resolved by the 2016 AGM, and the applicable remuneration structures and remuneration levels in the company.

As a result of the evaluation of the total remuneration package for the company's EMG, the Board proposes that the long-term performance-based incentive program be repeated for 2017 and, accordingly, that the short-term variable remuneration be reduced by 10 percentage units from the basic level. The motion concerning a long-term performance-based incentive program is addressed separately under Item 18 on the AGM agenda.

The guidelines encompass the EMG, including the CEO, currently totaling nine people.

The objective of the guidelines for salary and other remuneration of the EMG is to enable NCC to offer market-aligned remuneration that facilitates the recruitment and retention of the best possible competencies within the NCC Group. The aim is that the total remuneration package will support NCC's long-term strategy. The amount payable to the EMG comprises fixed remuneration, variable remuneration and the long-term performance-based incentive program as well as pension and other benefits.

1. Fixed remuneration

When determining fixed remuneration, the individual executive's sphere of responsibility, experience and achieved results are to be taken into account. The fixed salary is to be revised either annually or every second year.

2. Short-term variable remuneration

The short-term variable remuneration must be capped and related to the fixed salary, as well as being based on the outcome in relation to established targets, with financial targets accounting for by far the greatest proportion. The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term operational and financial objectives.

Assuming that the long-term performance-based incentive program is adopted by the 2017 AGM, the short-term variable remuneration payable to the CEO will be capped at 50 percent of fixed salary and that payable to other members of the EMG will be capped at 30 percent or 40 percent

of fixed salary. The variable short-term remuneration is to be revised annually. It is estimated that the company's undertakings in relation to the executives concerned will cost the company a maximum of SEK 17.1 M, including social security fees.

Should the AGM not adopt a long-term performance-based incentive program, the variable remuneration payable to the CEO will be capped at 60 percent of fixed salary and that for other members of the EMG will be capped at 40 or 50 percent of fixed salary, which is equal to a cost of SEK 21.4 M, including social security fees, at the maximum outcome.

3. Pensions and other benefits

NCC is endeavoring to move gradually towards defined-contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. Members of the EMG active in Sweden are entitled, in addition to basic pension which is normally based on the ITP plan, to receive a defined-contribution supplementary pension for salary increments exceeding 30 income base amounts. The income base amount for 2017 is SEK 61,500. Members of the EMG active in another country are covered by pension solutions in accordance with local practices.

NCC is aiming for a harmonization of the retirement age of members of the EMG at 65 years.

Other benefits

NCC provides other benefits to members of the EMG in accordance with local practices. The combined value of such benefits in relation to total remuneration may constitute only a limited value and correspond essentially to the costs normally arising in the market.

Periods of notice and severance pay

A member of the EMG who terminates employment at NCC's initiative is normally entitled to a 12-month period of notice combined with severance pay corresponding 12 months of fixed salary. During the said 12 months, remuneration received from a new employer is deductible from the severance pay. The period of notice is normally six months if employment is terminated on the initiative of the employee.

These guidelines may be disappplied by the Board if there is special reason to do so in individual cases.

4. Long-term performance-based incentive program

The Board proposes that the AGM resolve to introduce a long-term performance-based incentive program for members of the EMG, and for other senior executives and key personnel within the NCC Group (LTI 2017). The proposal essentially matches the long-term performance-based incentive programs earlier adopted by the AGM in April 2016. A total of 156 employees are included in LTI 2016. The Board is of the opinion that incentive programs of this type benefit the company's long-

term development. The purpose of the LTI programs is to ensure a focus on the company's long-term return on equity and to minimize the number of worksite accidents. It is proposed that LTI 2017 encompass a total of approximately 180 participants within the NCC Group. More detailed information on the long-term incentive program is presented on www.ncc.se.