

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines for remuneration to senior executives in Bonava shall be valid until the annual general meeting 2018.

The guidelines encompass the CEO and other members of the company's executive management.

The objective of the guidelines for remuneration to the company's executive management is to enable the company to offer a remuneration in line with market conditions that facilitates the recruitment and retention of the best possible competence within the company. The total remuneration package shall support the company's long-term strategy. The remuneration to the company's executive management comprises fixed salary, short-term variable remuneration, long-term performance-based incentive plan, pension and other benefits.

1. FIXED SALARY

When determining the fixed salary, the individual executive's areas of responsibility, experience and achieved results shall 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 shall have a maximum limitation and be related to the fixed salary, as well as the outcome in relation to established targets, of which the financial targets account for the, by far, greatest proportion. The purpose of the variable remuneration is to motivate and reward value-adding activities that support the achievement of the company's long-term operational and financial targets.

The short-term variable remuneration for the CEO will have a maximum limitation at 50 per cent of the fixed salary. For other members of the company's executive management, the short-term variable remuneration will have a maximum limitation at between 30 and 50 per cent of the fixed salary. The variable short-term remuneration is to be revised annually.

3. LONG-TERM VARIABLE REMUNERATION

An additional part of the total compensation to the company's executive management is long-term incentive plans which are decided by the general meeting. At the company's extraordinary general meeting 2016, it was decided to introduce a three-year performance-based plan, featuring payment in shares. To participate in the plan the participants are required to make a personal investment in the company's shares, to be held throughout the vesting period. The board of directors intends to propose to the annual general meeting 2017, to introduce another three-year performance-based plan, featuring payment in shares. This plan will also contain a requirement to make a personal investment in the company's shares.

4. PENSIONS AND OTHER BENEFITS

The company aims to move gradually towards premium-based solutions, which means that the company pays a premium, representing a specific per cent of the employee's salary. Members of the company's executive management, employed in Sweden but who do not receive pension benefits pursuant to a collective agreement (ITP plan), are entitled to receive a maximum of 30 per cent of the fixed annual salary in the form of an annual pension provision. Members of the company's executive management, who are employed in another country, are covered by pension solutions in accordance with local practices.

The retirement age of members of the company's executive management shall be 65 years.

The company provides other benefits to members of the company's executive management in accordance with local practices. The aggregate value of such benefits in relation to the total remuneration shall represent a limited value and correspond to customary terms on the market.

5. PERIODS OF NOTICE AND SEVERANCE PAY

A member of the company's executive management who terminates his or her employment at the company's initiative is normally entitled to a nine-months period of notice combined with severance pay corresponding to nine months of fixed salary. The company shall be entitled to make deductions from the severance pay for remuneration received from a new employer during the aforementioned nine-months period. In relation to the CEO and the CFO, a notice period of twelve months and severance pay corresponding to twelve months may be applied instead. The period of notice is normally six months if the employment is terminated at the initiative of the employee.

6. EXEMPTIONS

These guidelines may be deviated from by the board if there are specific circumstances in an individual case.

Solna in February 2017
Bonava AB (publ)
The Board of Directors