

THE BOARD OF DIRECTORS' REPORT IN ACCORDANCE WITH SECTION 10.3 IN THE SWEDISH CORPORATE GOVERNANCE CODE REGARDING THE BOARD OF DIRECTORS' EVALUATION OF THE APPLICATION OF THE GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES ETC.

According to the Swedish Corporate Governance Code (the "Code") the board of directors shall establish a remuneration committee which shall, among other, have the main task to monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for remuneration that the annual general meeting has resolved on and current remuneration structures and remuneration levels in the company. If the board of directors deems it more appropriate, the board of directors in full may perform the remuneration committee's tasks provided that no board member who is also part of the executive management takes part in the committee work. The board of directors of Bonava AB has considered it appropriate that the board of directors in full performs the remuneration committee's tasks under the Code.

Pursuant to Section 10.3 of the Code, the board of directors hereby submits the following report on the outcome of its evaluation of the programs for variable remuneration to the executive management, the application of the guidelines for remuneration to senior executives that the annual general meeting has resolved on and the current remuneration structure and remuneration levels in the company.

Evaluation of the programs for variable remuneration to the executive management

The short-term variable remuneration to the CEO may amount to a maximum of 50 per cent of the fixed remuneration. For other members of the company's executive management, the variable remuneration may amount to a maximum of between 30 and 50 per cent of the fixed salary. This remuneration is cash-based. The board of directors has evaluated the objectives set for the short-term variable remuneration and the outcome for 2017. The board of directors' assessment is that the remuneration is well in line with the shareholders' interests and that the short-term variable remuneration is important in order to motivate and retain members of the executive management.

Bonava has two ongoing long-term share-based incentive plans, following decisions by the extraordinary general meeting on 26 September 2016 (LTIP 2016) and the annual general meeting on 4 April 2017 (LTIP 2017). The plans comprises approximately 25 and 50 employees respectively, consisting of members of the executive management and certain key personnel within the Bonava group. The board of directors has evaluated these plans and has noted that the participation has been high. Although the plans do not expire until 2019 and 2020 respectively, the board of directors is positive that the plans contributes to motivate and retain senior executives. The board of directors has therefore proposed that the annual general meeting 2018 shall adopt a long-term share-based incentive plan (LTIP 2018) which in all material respects has the same features as the previous incentive plans. The plan presented to the annual general meeting for adoption comprises an equal group of participants as in the latest plan, with the purpose to motivate and retain key personnel within Bonava. The proposed group of participants include the

executive management and key personnel in the business units and comprises in total approximately 50 employees.

The application of guidelines for remuneration to senior executives, current remuneration structures and remuneration levels

According to the current guidelines for remuneration to senior executives adopted by the annual general meeting of Bonava AB on 4 April 2017, the objective of the guidelines is that the company shall offer remuneration in line with market conditions that enables the company to recruit and retain people with the best possible competence. The total remuneration package shall support the company's strategy. The board of directors considers that the guidelines have given the company the ability to recruit and retain senior executives with appropriate skills. The guidelines have also contributed to a well-balanced remuneration to senior executives. The board of directors' evaluation furthermore shows that the guidelines have been applied correctly and that no deviations have been made from these. The company's auditors have provided a statement to the board of directors that Bonava has not deviated from the guidelines for remuneration to senior executives adopted by the annual general meeting in 2017.

Based on market surveys, the board of directors concludes that the remuneration structures and remuneration levels in the company are in line with market conditions.

Stockholm in March 2018
Bonava AB (publ)
The board of directors