

Remuneration report 2022

Introduction

This remuneration report provides an outline of how Bonava's guidelines for executive remuneration, adopted by the annual general meeting 2022, have been implemented in 2022. The report also provides details on the remuneration to Bonava's CEO. In addition, the report contains a summary description of Bonava's outstanding share and share-price related incentive plans, and any such plan that was completed during 2022.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 4 on page 79 in the annual report 2022.

Information required by Chapter 5, Sections 40-44 §§ of the Annual Accounts Act (1995:1554) is set out on note 4 in the annual report 2022.

Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on page 49 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on page 9-11 in the annual report 2022.

Guidelines for remuneration

In Bonava's guidelines for remuneration it is stated that remuneration to the CEO shall be on market terms and promote the long-term business strategy. A prerequisite to a successful implementation of the company's business strategy and protection of its long-term interests, including sustainability, is that the company can recruit and retain qualified employees. For this purpose, it is necessary for the company to offer a competitive remuneration.

Remuneration to the CEO consists of fixed basic salary, variable cash remuneration, pension benefit and other benefits.

The remuneration guidelines, adopted by the annual general meeting 2022, are set out on page 49 in the annual report 2022. The auditor's report regarding the company's compliance with the guidelines is available on the company's website.

In addition to remuneration covered by the remuneration guidelines, the annual general meeting of Bonava has resolved to implement long-term share-related incentive plans. The incentive plans are distinctly linked to the business strategy and thereby sustainability and to the company's long-term value creation through the defined performance measures.

Total remuneration of the CEO

Table 1 – Total remuneration to the CEO for the financial year 2022

		Base salary	Variable cash remuneration	Share-based remuneration	Benefits	Occupational pensions	Other remuneration	Total remuneration
Peter Wallin CEO	kSEK	7 365	2 105	0	9	2 204	0	11 682
	Percentage of total remuneration	63%	18%	0%	0%	19%	0%	100%

Base salary includes holiday pay and reduced working hours. Benefits includes health insurance and wellness allowance. Other remuneration includes, where applicable, severance pay. Variable cash remuneration refers to earned and actual paid remuneration attributable to the financial year and performance in 2022. Share-based remuneration refers to any paid out share-based remuneration, presented in detail in Table 2 below. Variable cash remuneration and share-based remuneration (variable remuneration), amounted to 18 percent of base salary, benefits and occupational pensions (fixed salary).

Variable cash remuneration

Variable cash remuneration is linked to predetermined and measurable criteria with a clear connection to the company's predefined financial or qualitative objectives. Variable cash remuneration may amount to a maximum of 60 percent of the fixed cash remuneration. The outcome is related to the achievement of set targets regarding profitability as well as growth for the group. The board of directors is responsible for the evaluation of the CEO's outcome. The Board have evaluated the following parameters to decide the outcome for CEO: earnings before tax, value of sold units, strategic growth targets and divestment of the business units S:t Petersburg. The outcome for the financial year 2022 amounted to 34.8 percent of the maximum possible outcome.

Share-based remuneration

Outstanding share and share-price related incentive programmes

During 2022, Bonava had four outstanding long-term performance-based share programmes for 50 senior executives and key personnel within the Bonava Group (LTIP 2019, LTIP 2020, LTIP 2021 and LTIP 2022). The purpose of the programmes is to connect the shareholders' and the executive management's interests ensure maximum long-term value creation, to create a long-term group-wide focus on performance development and to facilitate the recruitment and retention of members of the executive management and other key personnel.

The duration of the incentive programmes are three years. In LTIP 2022 there is also a possibility to receive matching shares equivalent to 1/9 of the total maximum potential allocation after the end of the program. Participation in the programmes requires an investment in shares of Bonava AB, so called investment shares, which are allocated to the programme. All programs are limited to a maximum of 400% of the share price (including any compensation for dividends) upon vesting.

LTIP 2019's performance period runs the financial years 2019 - 2021 for the target ROCE. The targets TSR and relative TSR was measured as a comparison where the starting value was at the publication of Bonava's half-year report 2019 and the final value was the corresponding time in 2022. No pay-out occurred since the targets were not achieved

LTIP 2020's performance period runs the financial years 2020 - 2022 for the target ROCE. The targets TSR and relative TSR are measured as a comparison where the starting value was at the publication of Bonava's interim report for the first quarter of 2020 and the final value is at the corresponding time in 2023. Earnings are made after the publication of Bonava's interim report for the first quarter 2023.

LTIP 2021's performance period runs the financial years 2021 - 2023 for the target ROCE. The targets TSR and relative TSR are measured as a comparison where the starting value was at the publication of Bonava's interim report for the first quarter of 2021 and the final value is at the corresponding time in 2024. Earnings are made after the publication of Bonava's interim report for the first quarter 2024.

LTIP 2022's performance period runs the financial years 2022 - 2024 for the target EBT. The target TSR are measured as a comparison where the starting value was at the publication of Bonava's interim report for first quarter of 2022 and the final value is at the corresponding time in 2025. Earnings are made after the publication of Bonava's interim report for the first quarter 2025.

Table 2 – Share-based remuneration to the CEO

	Programme	Number of invested shares	Number of awarded share awards	Value of allocated share rights (SEK) ¹	Number of unvested shares	Number of vested shares	Value of vested shares (SEK)
Peter Wallin, CEO	LTIP 2021	5 983	35 898 ²	3 377 643	35 898	0	0
	LTIP 2022 ³	0	0	0	0	0	0
	TOTAL	5 983	35 898 ³	3 377 643	35 898	0	0

¹ Share price at allotment LTIP 2021 SEK 94.049. The value of allotted share right and synthetic shares is not discounted for performance requirements.

² Of which 17 949 synthetic shares

³ The CEO was not able to participate in LTIP 2022 given obtaining insider information.

Comparative information on the change of remuneration and company performance

Tabell 3 – Change in remuneration and the company's performance during the last three reported financial years

Annual change	2019/2020	2020/2021	2021/2022
<i>CEO Remuneration⁴</i>			
Yearly change in total remuneration	39% ⁵	-3% ⁶	-0,5%
<i>Company's performance</i>			
Net operating income ⁷	-7%	10%	-24%
<i>Average remuneration on a full time equivalent basis of employees</i>			
Bonava AB ⁸	1%	10%	24%

Reclaimed remuneration

The board of directors has not reduced or reclaimed any remuneration paid.

Implementation of the guidelines

No deviations from the guidelines were made during the year. The board and the remuneration committee have handled the remuneration in accordance with the process and the principles set out in the guidelines.

⁴ Total remuneration refers to paid or earned remuneration during 2022 and includes all remuneration components as they are presented in table 1.

⁵ The increase for the CEO is due to the fact that the short-term variable cash remuneration attributable to the 2019 performance was SEK 0, while for 2020 it was SEK 2.5 million.

⁶ Peter Wallin took on the role as CEO on February 1, 2021. Remuneration to the CEO in 2021 consists of remuneration paid out to Peter Wallin, which describes the negative change between 2020 and 2021.

⁷ Excluding items affecting comparability. For more information see note 25 on page 96 in the annual report 2022.

⁸ Total remuneration for all other employees in the parent company Bonava AB divided by the number of full-time equivalents in parent company during each year. The restructuring of the parent company has resulted in the payment of remuneration to employees in the year 2022 in connection with the transition, while the number of FTEs has decreased compared to 2021.