

## CORPORATE GOVERNANCE REPORT

### GENERAL ABOUT SWECO

Sweco AB is a public limited company domiciled in Stockholm, Sweden. Sweco's corporate governance is regulated by the Swedish Companies Act, the Articles of Association, NASDAQ OMX Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance and other applicable Swedish and international laws and rules. Sweco's Board of Directors and management strive to live up to the requirements of the shareholders, other stakeholders and NASDAQ OMX Stockholm regarding sound and effective corporate governance. Sweco's governance, management and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act and the Articles of Association. Sweco's corporate governance report has been prepared in compliance with the Swedish Code of Corporate Governance and the Swedish Companies Act, and has been examined by the company's auditors.

### BUSINESS MODEL AND PROJECT MANAGEMENT

Sweco's business model is to create value through the delivery of professional consulting services. In Sweco's decentralised organisation, the individual consultants form the hub of operations. Since every individual is responsible for generating successful business, the company's operations must be permeated by a strong entrepreneurial attitude and approach. The Group has therefore adopted a set of values that reflect the corporate culture and serve to promote good conduct and uniform decision-making.

To a large extent, Sweco's activities are carried out in the form of projects. The project teams vary with consideration to project size, location and complexity. Each project is headed by a responsible project manager whose day-to-day work is facilitated by Sweco's group-wide business system, sweco@work. The system, which is quality and environmentally certified according to ISO 9001:2008 and 14001:2004, promotes effective project management and a consistent approach to the assignment process and client relationship. Sweco@work supports both large and complex projects and smaller undertakings and gives every project manager access to up-to-date financial management data for his or her projects. The system and its usage are audited every year by an independent quality auditor, and also undergo continuously internal audits.

The task of the consultants is to deliver sustainable, client-adapted solutions with a high knowledge content, of the right quality for the benefit of the client's business. The Group's business system are centred around the assignment process and are accessible to the consultants at all times. Sweco takes continuous improvement measures to develop the company's working methods, promote sustainability and support the employees. Strategic skills development programs are used to meet the consultants' need for ongoing education and training. The knowledge and experience gained by the consultants in the assignments is preserved and developed for future use.

### ETHICS, RESPONSIBILITY AND COMMITMENT

Sweco's mission is to actively contribute to sustainable development of society. In all operations, Sweco strives to uphold the highest standards

of conduct and business ethics, with objective and independent employees who act professionally and in the clients' best interests.

Virtually all of Sweco's activities affect the environment and society in some way. Sweco is often involved in the early stages of a project, which creates an obligation to take responsibility but also provides ample opportunities to exert an influence. Sweco strives to carefully weigh the possible consequences when faced with matters relating to the quality and environmental impact of the assignments. As a result of Sweco's decentralised organisation, these decisions are ultimately made by the individual consultants.

Sweco's consultants serve as advisors to companies, public agencies, ministries and national governments in projects that have a direct impact on development of society and quality of life, a fact that places considerable demands on integrity and consideration to ethical and socio-economic aspects. In order to be a socially responsible corporate citizen in every way, Sweco works continuously to enhance the individual employees' awareness of the Group's attitudes towards ethical conduct.

Sweco is represented in many countries and always acts in compliance with local and international laws and regulations. Sweco does not accept corruption, bribes or unpermitted competition-restricting practices. No one at Sweco may, directly or indirectly, request or accept improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer payment or other types of compensation that can be regarded as improper to individuals, organisations or companies. The employees may not engage in activities where there is a risk for conflict with Sweco's interests. No employee may exploit his or her position for personal gain at the expense of the company, the clients or business partners.

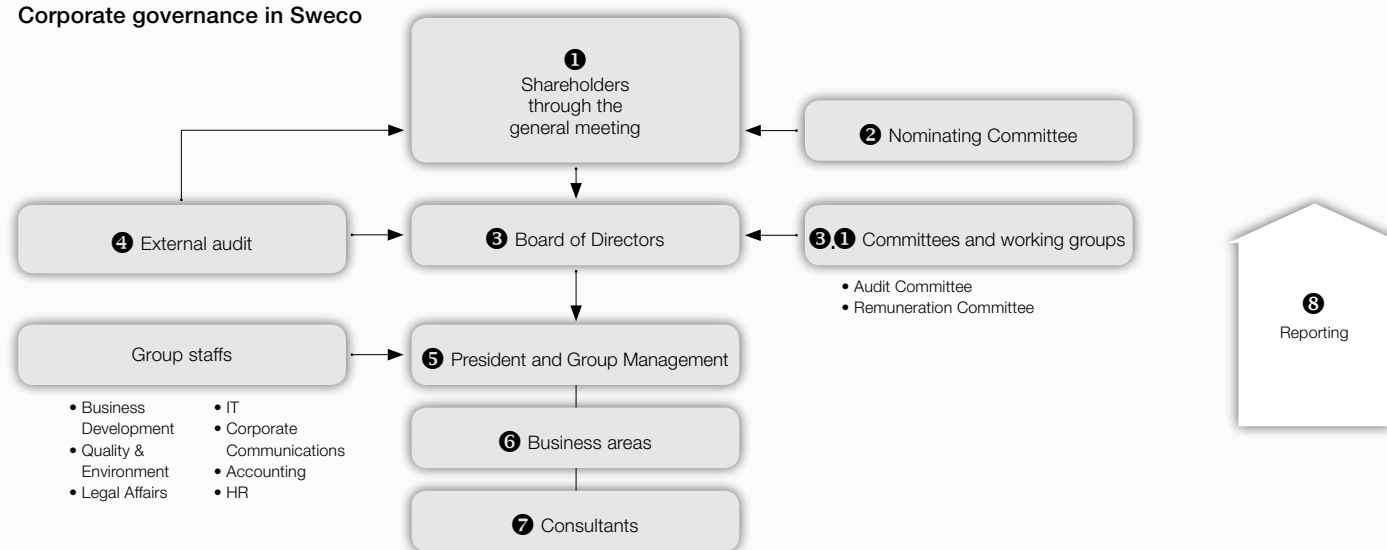
Sweco gives consideration to the religions, cultures, working conditions and traditions of different countries and regions and respects basic freedoms and rights. Sweco sees diversity as essential in creating an innovative and inspiring working environment and actively promotes the equal rights and opportunities of employees in the workplace regardless of their gender, ethnic origin, nationality, religious beliefs, disabilities, sexual orientation, age, etc.

In its CSR policy, Sweco establishes the company's and employees' basic views with regard to Corporate Social Responsibility and thereby defines the company's responsibilities in society. The CSR policy covers the areas of business ethics, quality and environment, employee development, human rights, equality and diversity, and occupational health and safety. Group-wide and local guidelines then specify responsibility in each area with a greater level of detail.

Sweco supports the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and strives to act according to the principles in the UN's Global Compact and the UN Declaration of Human Rights.

Responsibility for compliance with the CSR policy and the above-mentioned guidelines is shared by all of Sweco's employees. All employees are obligated to familiarise themselves with and follow the contents of the policy and the guidelines, and to also encourage external partners to respect these principles.

## Corporate governance in Sweco



## Internal policies and processes that affect Sweco's governance:

- Sweco's business model
- Internal control
- The Board's procedural rules
- Instructions for the President & CEO
- Sweco's CSR policy
- Sweco's quality and environmental policy
- Sweco's corporate communications policy
- Sweco's IT policy
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting in the Group

## External rules and recommendations that affect Sweco's governance:

- The Swedish Companies Act
- The Swedish Code of Corporate Governance
- NASDAQ OMX Stockholm's Rules for Issuers
- Laws and regulations in the countries where Sweco operates
- Rules and recommendations in the International Federation of Consulting Engineers' (FIDIC) Code of Ethics
- The UN's rules and recommendations and the principles in the Global Compact
- The OECD's guidelines for multinational companies
- The Swedish government's Partnership for Global Responsibility
- Guidelines from the World Bank, Sida, the OECD, NORAD and other international organisations for assignments in different countries
- The ILO's Declaration on Fundamental Principles and Rights at Work

## ORGANISATION

**1 SHAREHOLDER GOVERNANCE THROUGH THE GENERAL MEETING OF SHAREHOLDERS**

The general meeting of shareholders is Sweco's highest decision-making body through which the shareholders exercise their influence over the company. Shareholders who are recorded in the share register on the record date and have notified the company by the specified date have the right to participate in a general meeting and to vote all of their shares. Decisions of the general meeting are normally passed by a simple majority of those present, although in certain cases the Swedish Companies Act requires a certain attendance to achieve quorum or a specific voting majority.

The Annual General Meeting must be held within six months after the end of the financial year, and is held in Stockholm. The responsibilities of the Annual General Meeting include adoption of the income statements and balance sheets of the Parent Company and the Group, approval of dividends, discharge from liability for the Board of Directors and President, determination of fees to the Board of Directors and auditors, election of Board members, the Board Chairman, and when applicable auditors, decision regarding the Nominating Committee and other items of busi-

ness as required by the Swedish companies Act. At Sweco's Annual General Meeting, each shareholder has the opportunity to ask questions about the company and its results for the past year. Representatives from the Board, executive management and the auditors are present to answer these questions.

**2010 Annual General Meeting**

The 2010 Annual General Meeting was held on 29 April in Stockholm and was attended by a total of 186 shareholders, representing 80 per cent of the votes and 66 per cent of the share capital. Olle Nordström was elected chairman of the Annual General Meeting. The Annual General Meeting approved a regular dividend of SEK 2.00 per share. The Annual General Meeting resolved on a redemption procedure including a share split, a reduction of the share capital for repayment to the shareholders through the cancellation of shares and an increase in the share capital through a bonus issue. Each redemption share was then automatically redeemed for a cash amount of SEK 2.00. The Annual General Meeting also authorised the Board to decide on the acquisition and transfer of treasury shares.

In addition, the Annual General Meeting resolved on fees for the Board of Directors, the Audit Committee, the Remuneration Committee and the auditors in accordance with the Nominating Committee's proposal. The Annual General Meeting furthermore resolved on principles for salary and other remuneration to senior executives, instructions for the Nominating Committee. In his address to the Annual General Meeting, President and CEO Mats Wäppling commented on Sweco's development in the past year and the outlook for 2010.

The Annual General Meeting also resolved on amendments to the Articles of Association so that no shares of class C may exist or be issued that no deputy Board members may be appointed.

## 2 NOMINATING COMMITTEE

The tasks of the Nominating Committee are to recommend candidates for election of officers by the Annual General Meeting and to prepare a solid foundation for the Annual General Meeting's decision in these matters. Aside from proposing the composition of the Board, the Nominating Committee puts forward recommendations for election of the chairman of the Annual General Meeting, the Board members, the Board Chairman, the amount of Board fees and their apportionment between the Chairman and Board members and any compensation for committee work, as well as election of auditors and auditing fees.

In 2010 the Nominating Committee focused primarily on:

- discussion and evaluation of the Board and its performance,
- discussion and analysis of the Board's competency requirements with respect to Sweco's operations, and
- recommendations for the composition of the Board and remunerative matters ahead of the upcoming Annual General Meeting.

The 2010 Annual General Meeting resolved on instructions for the Nominating Committee ahead of the 2011 Annual General Meeting. Among other things, these state that the Board Chairman shall convene a Nominating Committee consisting of one representative for each of the largest shareholders in the company, at least three and at most four, and the Chairman if he/she is not a member in the capacity of shareholder representative. The names of the committee members, together with the names of the shareholders they represent, were published on the company's website on 7 October 2010.

Ahead of the 2011 Annual General Meeting, the Nominating Committee has held four meetings. Sweco's Nominating Committee ahead of the 2011 Annual General Meeting consists of Gustaf Douglas, representing Investment AB Latour, Board Chairman Olle Nordström, representing the Nordström family, and Birgitta Resvik, representing the J. Gust. Richert Memorial Fund. The chairman of the Nominating Committee is Olle Nordström.

## 3 BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing the company's organisation and the conduct of the company's business. The Board continuously monitors the financial situation of the company and the Group, and ensures that the company is organised in such a way that

its accounting, cash management and other financial circumstances can be adequately controlled. The Board also ensures that its performance is evaluated on a yearly basis through a systematic and structured process.

The Board's procedural rules with instructions for the division of responsibilities between the Board and President is updated and adopted yearly. The procedural rules regulates the Board's obligations, the division of responsibilities within the Board, the number of Board meetings, the annual agenda, the main theme of each meeting, instructions for preparing the agenda and background documentation for decisions, etc.

The Chairman supervises the work of the Board and is responsible for ensuring that the Board carries out its duties in an organised and efficient manner. The Chairman continuously monitors the Group's development through ongoing contact with the President. The Chairman represents the company in matters related to the ownership structure. In accordance with Sweco's Articles of Association, the Board of Directors consists of at least three and at most eight members. These members are elected by the Annual General Meeting to serve for the period until the end of the next Annual General Meeting.

### Composition of the Board

Sweco's Board of Directors consists of eight regular members elected by the Annual General Meeting to serve for a period of one year, as well as three employee representatives with three deputies appointed by the employees. With the exception of the President, none of the Board members elected by the Annual General Meeting has an operating role in the company. All Board members are from Sweden. Starting from the Annual General Meeting in 2010, half of the Board members are women. All regular Board members aside from the President are independent in relation to Sweco. All members aside from Olle Nordström are independent in relation to the major shareholders.

The 2010 Annual General Meeting appointed Olle Nordström as Board Chairman. The other regular Board members appointed in 2010 were Sofia Arkelsten, Anders G. Carlberg, Gunnel Duveblad, Aina Nilsson Ström, Pernilla Ström, Kai Wörn and Mats Wäppling. One regular seat on the Board is currently vacant after Sofia Arkelsten's resignation from the Board at her own request on 27 October 2010. The employee representatives have been Håkan Brinkenber, Thomas Holm and Anna Leonsson as regular members, with Sahar Almashta, Göran Karloja and Anders Karlsson as deputies.

Mats Wäppling is the only member of the Board who is also a member of Sweco's executive management. No Board member has been elected on the basis of agreements with any major shareholder, client, supplier or other party.

For more information about the members of the Board of Directors, see page 88–89.

### Work of the Board

Aside from the statutory Board meeting, which is held immediately following the Annual General Meeting, the Board meets at least six times per year. In 2010 the Board held nine meetings, including two resolutions by circulation for decision in urgent matters. Four of the Board meetings

**BOARD COMPOSITION AND FEES<sup>1)</sup>**

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK <sup>3)</sup>
Olle Nordström	Chairman, chairman of the Remuneration Committee	1958	Swedish	1997	No	390,000
Sofia Arkelsten <sup>2)</sup>	Board member	1976	Swedish	2010	Yes	87,500
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	Yes	215,000
Gunnel Duveblad	Board member, Chairman of the Audit Committee	1955	Swedish	2008	Yes	255,000
Aina Nilsson Ström	Board member, member of the Remuneration Committee	1953	Swedish	2005	Yes	195,000
Pernilla Ström	Board member, member of the Audit Committee	1962	Swedish	2009	Yes	215,000
Mats Wäppling	Board member, President and CEO	1956	Swedish	2003	No	–
Kai Wärn	Board member, member of the Remuneration Committee	1959	Swedish	2010	Yes	195,000
Håkan Brinkenber	Employee representative, appointed by the employees	1946	Swedish	2005	–	–
Thomas Holm	Employee representative, appointed by the employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by the employees	1971	Swedish	2005	–	–
Sahar Almashta	Deputy, appointed by the employees	1960	Swedish	2008	–	–
Göran Karloja	Deputy, appointed by the employees	1953	Swedish	2008	–	–
Anders Karlsson	Deputy, appointed by the employees	1968	Swedish	2009	–	–

1) For the period from the 2010 Annual General Meeting to the 2011 Annual General Meeting.

2) Resigned from the Board on 27 October 2010.

3) Fees for work on the Board, the Remuneration Committee and the Audit Committee according to the decision of the 2010 Annual General Meeting.

were held in connection with publication of interim reports. The meeting prior to publication of second quarter report was held by telephone, with all documentation previously distributed by mail. The September meeting was held at the company's office in Finland and study visits were also made to Sweco's projects such as the CHP plant in Kerava and the West Metro subway project.

In addition to reporting on development of Sweco's operations and finances, the Board meetings in 2010 devoted considerable attention to acquisitions and the company's strategic focus, management and HR issues, risk management, internal control issues and other decisions for which decision responsibility has been assigned to the Board. When needed, other executives in the company participate in Board meetings in order to present reports. The Board Secretary is the company's Legal Counsel. Attendance at meetings of the Board, the Audit Committee and the Remuneration Committee in 2010 is shown in the following table.

	Board meetings	Audit Committee	Remuneration Committee
<b>No. of meetings</b>	<b>9</b>	<b>5</b>	<b>4</b>
Olle Nordström	9/9	–	4/4
Sofia Arkelsten <sup>1,2)</sup>	3/4	–	–
Anders G. Carlberg	8/9	5/5	–
Gunnel Duveblad	9/9	5/5	–
Aina Nilsson Ström	9/9	–	4/4
Pernilla Ström	9/9	2/3	1/1
Mats Wäppling	9/9	–	–
Kai Wärn <sup>1)</sup>	6/6	–	3/3
Håkan Brinkenber	9/9	–	–
Thomas Holm	8/9	–	–
Anna Leonsson	8/9	–	–
Sahar Almashta	–	–	–
Göran Karloja	9/9	–	–
Anders Karlsson	1/1	–	–

1) As of the 2010 Annual General Meeting.

2) Resigned from the Board on 27 October 2010.

### Assessment of Board performance

To ensure that the Board meets the requisite performance criteria, a yearly assessment is made of the work of the Board and its members, as was also the case in 2010. The results of the assessment are then subject to open discussion within the Board. The performance of the President and executive management is also continuously evaluated and discussed at a minimum of one Board meeting without the presence of the executive management.

## 3.1 BOARD COMMITTEES

### Remuneration committee

The statutory meeting of the Board appoints a Remuneration Committee, which in 2010/2011 consists of Olle Nordström, Aina Nilsson Ström and Kai Wärn. The task of the Remuneration Committee is to draft proposals for terms of employment, pension benefits and bonus systems for the President and other senior executives, and to present these to the Board for decision. The Remuneration Committee meets at least twice a year, and held four meetings in 2010.

### Audit Committee

The statutory meeting of the Board also appoints an Audit Committee. The Audit Committee consists of Gunnell Duveblad, Anders G. Carlberg and Pernilla Ström. The company's independent auditor attends all meetings. Among other things, the tasks of the Audit Committee are to support the work of the Board by ensuring the quality of the company's financial reporting, maintaining continuous contact with the company's independent auditor, monitoring the efficiency of the company's risk management and internal control, establishing guidelines for which non-auditing services the company may procure from its auditor and evaluation of the auditor's performance. In 2010 the Audit Committee held five meetings.

## 4 EXTERNAL AUDIT

The auditors are appointed by the Annual General Meeting every fourth year. The task of the auditors, on behalf of the shareholders, is to examine the company's accounting records and annual report and the administration of the company by the Board of Directors and the President.

The auditing firm of PricewaterhouseCoopers AB (PwC) was re-elected by the 2008 Annual General Meeting to serve as Sweco's auditor until the end of the 2012 Annual General Meeting. Auditor in charge is Authorised Public Accountant Lennart Danielsson. For the financial year 2010, fees for auditing services amounted to SEK 3.3 million and for non-auditing services to SEK 3.7 million. In 2009, fees for non-auditing services amounted to SEK 0.8 million. Aside from auditing services, Sweco has consulted PwC on various matters related to financial accounting and mergers. Furthermore, PwC has performed due diligence assessments in connection with acquisitions. The amount of fees paid to all accounting firms is shown in Note 4 on page 59.

## 5 PRESIDENT, EXECUTIVE MANAGEMENT AND STAFFS

The Board of Directors has delegated responsibility for the day-to-day operations of the company and the Group to the President. The President supervises operations within the framework determined by the Board of Directors. The Board has established instructions governing the division of responsibilities between the Board of Directors and the President which are updated and adopted yearly. The executive management is assisted by Group staffs for Business Development, Corporate Communications, Quality & Environment, Accounting, Legal Affairs, HR and IT.

For more information about senior executives, see pages 90–91.

## PRIORITIES IN 2010 – WELL ESTABLISHED PROCESSES AND STRONGER LEADERSHIP

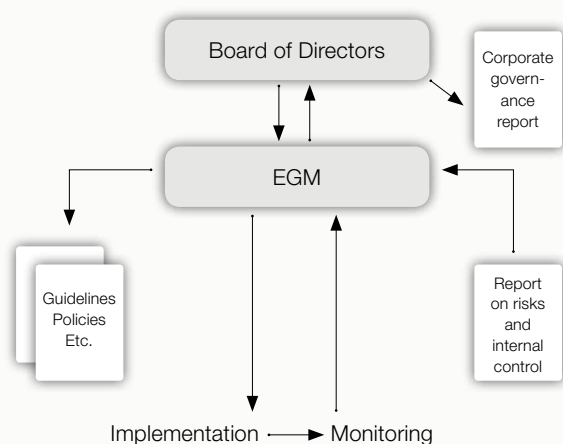
Sweco works continuously to update and improve its control model and in 2010 identified two main areas: risk management and leadership. The risk management project was initiated already in 2009 but was further developed during 2010. Leadership issues are always a top priority at Sweco and in 2010 an additional project was launched to ensure a high standard in Sweco's internal leadership development processes.

### Risk management process

Sweco's risk management is an ongoing process. A large share of Sweco's operations consist of assignments and work in progress. There is a special emphasis on further improving control to ensure good internal control over assignments and work in progress.

In 2010 Sweco carried out an in-depth mapping of the Group's risks and risk management. The results of this mapping were compiled in a report that was submitted to Sweco's Audit Committee and Board in the summer of 2010. In the different risk areas, action and activity plans have been drawn up for each sub-area and risk owners have been appointed. Examples of sub-areas include the corporate communications policy, CSR policy, crisis management policy and IT strategy. Based on this work, Sweco has developed and implemented new and better routines for continuous risk monitoring.

The illustration on the next page describes how Sweco, based on known risks, has created the guidelines and policies that are necessary to eliminate or minimise risks. These guidelines are being implemented at all levels and are continuously monitored, among other things through internal follow-up and external auditors. These activities are summarised in a risk and internal control report that is submitted yearly to the Audit Committee and the Board via the EGM (Extended Group Management, which consists of the Executive Management, the business area presidents and the heads of the group staffs). In order for Sweco's risk management efforts to succeed, the managers and assignment managers must have a full understanding of the process. As a result, implementation of the working methods and adaptation to local norms and rules has been started in the local language of the respective country, as far as possible. Read more about Sweco's risks on pages 84–85.



### Leadership development

Sweco's international growth ambitions place rigorous demands on the company's leadership. Dedicated employees are the very foundation of Sweco's platform for sustainable growth. Sweco's decentralised business model is a key factor for the company's success. Each consultant has a clear area of responsibility and well defined authority to handle assignments, clients, employees and profitability. Continued success demands strong leaders at all levels and in all operating and administrative areas of Sweco.

The basis for Sweco's leadership development is the Sweco Leadership Compass (the Compass), which was implemented throughout the Group during 2009 and 2010. The aim is to draw a clear line between leadership, business success, client deliveries and employee development. The program reinforces Sweco's leadership culture through more clearly defined expectations, responsibilities and powers. The Compass supports employees at all levels and describes the qualities that characterise a leader at Sweco, regardless of their formal position.

Good management succession is also crucial in order to realise Sweco's growth ambitions. Through the Next Generation Process, Sweco identifies employees with the potential to take on greater leadership responsibility. Selected participants then take part in Sweco's leadership development course, Next Generation Program.

In 2010 the Next Generation Process was carried out at all management levels in the Group and a Next Generation Program was carried out for the first time at the global level with 21 participants from all of the countries in which Sweco has operations. The Next Generation initiative is fully integrated with Sweco's business planning and overall strategic activities. A large share of the program is conducted in the form of projects, where interdisciplinary teams address strategic challenges that have been identified by the Executive Management. Several participants have already been recruited to senior management positions in Sweco.

### 6 BUSINESS AREAS

The Sweco Group's business activities are organised in six business areas, each of which is headed by a president and a controller.

Each business area is led by a board of directors that meets at least four times a year. The President & CEO is chairman of the board of each business area. Aside from ongoing contact, the executive management exercises its control over business areas through involvement in the board activities of each area. The board of directors of each business area always includes representatives from the executive management and the business area's management and, in certain cases, employee representatives. The respective business areas are subject to the same rules for division of responsibilities between the board of directors and the president that apply at the Group level. Each business area is made up of underlying companies or business divisions that are organised by area of expertise. Each division/company can then be organised by region or group, depending on the number of employees. The smallest organisational unit often consists of between five and 30 employees under the supervision of a manager.

### 7 CONSULTANTS

Sweco has a client-driven organisation that is distinguished by far-reaching decentralisation where each unit has a high degree of autonomy. The Group works according to a business model in which business momentum is generated by the entire organisation and all employees take part in working with clients. Managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with client needs.

### 8 INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

#### Control environment

Internal control over financial reporting is based on the overall control environment established by the Board and executive management. This includes the culture and values communicated and practiced by the Board. Key components of the control environment are the organisational structure, management philosophy and style, responsibilities and powers that are clearly defined and communicated for all levels in the organisation.

The Board of Sweco has formulated explicit procedural rules and instructions for its own work and that of the Remuneration Committee, Audit Committee and President to facilitate effective management of operating risks. Every year, the Board updates and adopts the procedural rules, instructions for the President, decision-making and signatory powers and a finance policy. Procedural rules for the board and instructions for the president are found in every company in the Group, and are based on the same principles as those for Sweco AB. In addition, Sweco has a number of policies for financial information, corporate communications, IT security, CSR, HR, quality and the environment which create a foundation for good internal control.

Sweco has a signatory and decision-making policy that clearly

regulates the allocation of powers and authorities at every level in the company, from the individual consultant to the Board of Directors of Sweco AB. The areas that are covered include price offers, investments, rental and lease agreements, expenditures and guarantees, etc.

#### **Internal control over financial reporting**

Internal control over financial reporting is based on the overall control environment established by the Board and executive management.

#### **Risk assessment and control activities**

The goal of Sweco's risk management is to secure the Group's profit growth and guarantee that Sweco's operations in the various business units meet their goals. The company's Board of Directors and executive management are responsible for risk management.

The group-wide risk management project that was conducted during the year led to further development of Sweco's work on risk management and internal control. A large share of Sweco's operations consist of projects and work in progress. There is a continued emphasis on further improvement and documentation of control to ensure good internal control with respect to projects and work in progress.

An in-depth risk analysis was carried out in the area of financial reporting. Normative documents, such as a financial accounting manual, were further developed and implemented as a means for ensuring effective management of risks in financial reporting.

#### **Information and communication**

Information about Sweco's normative documents such as group policies, manuals, guidelines and routines is gathered on the Sweco Group's intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the affected employees. Communication about financial reporting also takes place in connection with controller meetings that are held regularly within the Group. For external communication there is a corporate communications policy that defines the responsibilities and rules for communication with external parties.

#### **Monitoring**

Each business area has a controller whose task is to monitor compliance with policies, guidelines and routines. The controllers are also responsible for ensuring the accuracy and completeness of the reported financial information.

The Group's business system contains a number of functions for financial management, control and monitoring. There is a web-based project reporting system where project managers can continuously monitor their projects and track monthly earnings and key ratios at the group, region, company/division and business area level. Key ratios of relevance for operations can also be followed up weekly at all of these

levels. Every month, a group-wide consolidation is carried out to measure actual results against budgets and internal forecasts.

#### **Internal audit**

Sweco has a simple and uniform operating structure throughout the Group. Controllers at the Group and business area level regularly monitor compliance with Sweco's established steering and internal control systems. In addition, the controllers conduct ongoing analyses of the companies' reporting and financial results in order to oversee their development. In light of the above, the Board of Directors has chosen not to set up a special internal audit function.

### **⑨ INFORMATION TO THE CAPITAL MARKET**

Sweco strives to provide the shareholders, financial analysts and others interested in the company with simultaneous, timely, clear and consistent information about the Group's operations, financial position and development. Sweco has a corporate communications policy that is part of the internal control environment and ensures that Sweco meets the requirements to which it is subject as a listed company.

Sweco regularly provides the market with financial information in the form of:

- Interim and annual reports, which are published in Swedish and English.
- Press releases in Swedish and English about news and events with a potential impact on the share price.
- Teleconferences and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim reports.
- Capital Markets Days.
- Meetings with the media, investors and analysts in Sweden and around the world throughout the year.

In addition to interim reports, annual reports and press releases, Sweco publishes material on the corporate website [www.swecogroup.com](http://www.swecogroup.com), which also contains a large volume of other information that is continuously updated.

### **REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES**

#### **Remuneration to the Board**

The amount of remuneration payable to the Board of Directors is determined by the Annual General Meeting. Board fees for 2010/2011 were set at SEK 1,400,000, of which SEK 350,000 is paid to the Chairman and SEK 175,000 is paid to each of the six members elected by the Annual General Meeting who are not employed in the company. No Board fees are paid to the President or the employee representatives. Board fees are paid on two occasions during the period in question.

The chairman of the Remuneration Committee is paid an additional fee of SEK 40,000 and the other members of the Remuneration Committee receive additional fees of SEK 20,000 each. The chairman of the Audit Committee is paid an additional fee of SEK 80,000 and the other members of the Audit Committee receive additional fees of SEK 40,000 each.

The principles for salary and other remuneration to senior executives according to the decision of the 2010 Annual General Meeting are shown in Note 6 on page 61.

### THE SWECO SHARE

Sweco AB's shares have been traded on NASDAQ OMX Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2010 was SEK 5,394 million (4,963). The share capital amounted to SEK 92 million, divided between 9,389,075 class A shares and 82,127,772 class B shares. The class A shares grant one vote and the class B shares 1/10 of one vote. All shares carry equal entitlement to dividends. Sweco's Articles of Association stipulate the right to convert shares of class A to class B.

At year-end 2010 Sweco AB had 8,697 shareholders. The two largest shareholders are the Nordström family (with 14.6 per cent of the share capital and 34.0 per cent of the votes) and Investment AB Latour (with 31.7 per cent of the share capital and 22.7 per cent of the votes). Foreign investors held 10.3 per cent of the share capital and 5.5 per cent of the votes. Together, the ten largest shareholders control 69.0 per cent of the share capital and 79.6 per cent of the votes.

Sweco's dividend policy is to distribute at least half of profit after tax to the shareholders while at the same time maintaining a capital structure that provides scope for development of, and investment in, the company's core operations.

### ⑩ DEVIATIONS FROM THE CODE

The Board Chairman is also chairman of the Nominating Committee. In the opinion of the principal shareholders who are represented on the Nominating Committee in accordance with the committee's instructions, it is desirable that the committee be chaired by the representative for the largest shareholder in terms of voting power.