

SHARE BONUS SCHEME 2018

Proposal of the Board of Directors for Share Bonus Scheme 2018

Resolutions:

- a) **proposal on implementation of Share Bonus Scheme 2018**
 - b) **proposal on resolution to transfer Series B treasury shares**
 - c) **proposal on authorization for the Board of Directors to sell Series B treasury shares to secure payment of social security contributions**
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Background and rationale

The Board of Directors of SWECO AB (publ), Reg. No. 556542-9841, (the “Company”) holds the opinion that a long-term commitment of employees by holding equity in the Company can be expected to increase the interest in the business and its profitability, increase motivation and the affinity with the Company as well as establish focus on the group as a whole. Therefore, the annual general meeting of 2014 resolved that the Company should implement a share bonus scheme to replace the existing cash bonus scheme for employees in Sweden. Corresponding share bonus schemes were implemented after decision by the annual general meetings of 2015-2017. These Share Bonus Schemes did not entail any amendments to the previously existing bonus scheme for relevant employees, with the exception for shares being allotted instead of cash being paid. The Board of Directors proposes that the annual general meeting of 2018 resolves to implement a share bonus scheme, hereinafter called Share Bonus Scheme 2018, on terms and conditions generally corresponding to those of Share Bonus Scheme 2017 (however, Share Bonus Scheme 2018 does not include any issue of Series C shares and the proposal to authorize the Board of Directors to repurchase Series B treasury shares is now part of a separate proposal on a general repurchase authorization). Share Bonus Scheme 2018 shall cover all employees with long term employments in Sweden in accordance with the rules for employee bonuses established by the Board of Directors, but exclude senior managers as well as managers who participate in the Company’s other incentive schemes. A precondition for being awarded shares through the scheme is that the participant’s employment at the time of the awarding of the bonus has not expired nor been terminated. Considering applicable pension rules in Sweden, share bonus schemes are a cost-effective way for the Company to grant bonuses to employees in Sweden.

The proposal of the Board of Directors includes (A) the implementation of the scheme as such, as well as certain resolutions as a direct result of the implementation of Share Bonus Scheme 2018, namely resolutions on (B) transfers of Series B treasury shares, and (C) authorization for the Board of Directors to sell Series B treasury shares to secure payment of social security contributions, all in accordance with what is set out in the respective Sections below. Share Bonus Scheme 2018 also involves a resolution on authorization for the Board of Directors to resolve to acquire Series B treasury shares pursuant to a separate general repurchase authorization proposal (item 17 on the agenda).

A. Proposal on implementation of Share Bonus Scheme 2018

The Board of Directors proposes that the annual general meeting resolves to adopt Share Bonus Scheme 2018 in accordance with the following.

1. *Structure of Share Bonus Scheme 2018*

Share Bonus Scheme 2018 is structured to relate to the Company's overall profitability targets and is structured to stimulate increased profitability and growth. Share Bonus Scheme 2018 entails that the employee receives shares in the Company corresponding to accrued bonus for 2018 divided by a base share price. The base share price shall correspond to the average purchase price weighted by volume for the Company's Series B shares during 19 March 2018 – 30 March 2018, less the amount corresponding to the dividend per share for the financial year 2017.

In order to enable the Company to deliver shares to the employees covered by Share Bonus Scheme 2018, the Board of Directors proposes two actions.

(i) Firstly, the Board of Directors proposes that the Board of Directors is authorized to resolve to repurchase Series B shares over the stock exchange as set out in a separate general repurchase authorization proposal (item 17 on the agenda).

(ii) Secondly, the Board of Directors proposes that the annual general meeting resolves to approve transfers of any remaining Series B treasury shares, which the Company has acquired (or has converted from acquired Series C treasury shares) to secure delivery under previous Share Bonus Schemes and the Company's Share Savings Schemes (see Section 10 below), to the extent those shares are not required to meet the obligations under said schemes and also such shares as have been acquired to be used in acquisitions, to the extent those shares are not deemed to be needed for future acquisitions. To the extent such shares are available, the number of Series B shares acquired by the Company over the stock exchange to ensure that the Company can meet its obligations under Share Bonus Scheme 2018 will be decreased proportionally.

Up to 2,000,000 Series B shares may be repurchased as set out above in item (i) to enable the Company to deliver Series B shares under Share Bonus Scheme 2018 and secure thereto connected costs for social security contributions, less the possible decrease that can be the effect of the Company using Series B shares from previous acquisitions pursuant to item (ii). The maximum number of Series B shares that can be transferred under item (ii) above is 2,000,000.

2. *Employees covered by Share Bonus Scheme 2018*

Share Bonus Scheme 2018 shall cover all employees in Sweden holding long term employments in accordance with the rules on employee bonuses determined by the Board of Directors, however excluding senior managers and other managers participating in the Company's other incentive schemes, in total approximately 6,000 employees. To be covered by Share Bonus Scheme 2018 and be eligible to receive shares in the Company, it is required that the employee's employment with the group has not expired or been terminated at the time of the allotment of the shares. For employees that work part time, have seasonal employments or are absent because of parental leave, studies, illness etc., the right to bonus is decreased corresponding to the absence.

3. *Term*

Share Bonus Scheme 2018 shall apply for the financial year 2018, and allotment of shares in the Company shall take place during the first half of 2019.

4. *Share bonus*

The bonus per employee is based on the operational results per employee of the included business units. For maximum bonus, it is required that the result exceeds a number of predetermined amount levels. To the extent a level is not reached, the bonus is decreased by predetermined parameters. The results of several business units at several levels within the group are included, serving the purpose of ensuring that all included business units must produce good results for maximum bonus to be awarded. For unit and regional managers and similar positions also the number of employees for which the relevant manager is responsible is considered. With respect to administrative staff only the number of business units for which the employee works is considered.

The maximum total bonus per employee is three monthly salaries.

To determine the number of shares to which the employee is entitled under Share Bonus Scheme 2018, the bonus shall be divided by the base share price in accordance with Section 1 above and Section 5 below. The number of shares to which the employee is entitled under Share Bonus Scheme 2018 is rounded up to the closest integer.

5. *Adjustment of the base share price*

The base share price in Section 1 shall be recalculated in generally accepted manners if events have transpired that affect the share price, such as splits, bonus issues, cancellation and similar during the duration of the scheme. The recalculation shall be carried out by the Company in accordance with the provisions set out in [Appendix 1](#).

6. *Date for delivery of shares*

The Company shall deliver the shares to which the employees are entitled under Share Bonus Scheme 2018 during the first half of 2019.

7. *Estimated costs for Share Bonus Scheme 2018*

The costs for Share Bonus Scheme 2018 that will encumber the profit and loss statement according to IFRS 2 are estimated at approximately SEK 155 million, mainly comprising costs of acquiring Series B shares to secure delivery of shares under Share Bonus Scheme 2018. In addition thereto, the results will be encumbered by costs for social security contributions related to the market value of the allotted shares, which are estimated to approximately SEK 52 million. Total costs, including costs for social security contributions, are thus estimated to approximately SEK 207 million based on the costs for bonuses in previous years and the expected number of employees during the relevant year. Through Share Bonus Scheme 2018, the group's total costs for bonuses is expected to decrease by approximately 23 million for 2018 as compared to the costs if cash bonus had instead been granted. The costs shall also be seen in relation to the Company's total costs for salaries and compensation, which during 2017 amounted to SEK 10,299 million including costs for social security contributions. Administrative costs for Share Bonus Scheme 2018 have been estimated to a maximum of SEK 1 million.

8. *Effects on key numbers*

The total number of shares in the Company amounts to 121,583,819, of which 10,533,731 are Series A shares and 110,550,088 are Series B shares and 500,000 are Series C shares. As per 12 February 2018 the Company holds 1,959,223 Series B treasury shares and 500,000 Series C treasury shares.

To implement Share Bonus Scheme 2018, acquisition of in total up to 2,000,000 Series B shares may be carried out (including shares to secure payment of social security contributions), corresponding in total to approximately 1.7 percent of the total number of issued and outstanding shares and approximately 0.9 percent of the number of votes in the Company. Transfer without consideration of the up to 1,500,000 shares to the participants of Share Bonus Scheme 2018 is estimated to correspond to a dilution of the yield per share of no more than 1.3 percent. The up to 500,000 Series B shares that may primarily be transferred over Nasdaq Stockholm to cover costs for social security contributions do not cause dilution of yield per share, since they are transferred to the current market price.

If also shares in the Company related to the Company's Share Savings Schemes are considered, the total number of shares included in the Share Savings Schemes (i.e. not including Share Bonus Scheme 2018) is no more than 356,875 Series B shares (excluding shares to secure payment of social security contributions). This number corresponds to approximately 0.3 percent of the total number of shares and approximately 0.2 percent of the votes in the Company. Transfer without consideration of these shares to the participants in the relevant incentive schemes is estimated to correspond to a dilution of yield per share of no more than approximately 0.3 percent.

9. Alternative hedging measures for the Share Bonus Scheme 2018

As an alternative to the measures under Section B below and the Board of Directors' separate repurchase authorization proposal, the Company may, if deemed appropriate by the Board of Directors, enter into one or several equity swap agreement(s) with a third party in order to hedge the obligations under Share Bonus Scheme 2018. Under such agreement(s), the third party may, in its own name, buy and transfer Series B to participants in Share Bonus Scheme 2018. The additional cost for such swap arrangement is estimated to be approximately SEK 1 million summed with the corresponding cost for Share Savings Scheme 2018.

10. The Company's share based incentive schemes

Since 2011, the Annual General Meetings have resolved to implement so-called Share Savings Schemes aimed at senior executives and other key personnel within the Company. The Board of Directors has proposed that the annual general meeting of 2018 resolves to implement Share Savings Scheme 2018. For a description of this scheme and an account of the other outstanding Share Savings Schemes, please see the Board of Directors separate proposal on Share Savings Scheme 2018.

11. The preparation of Share Bonus Scheme 2018

The decision of the Board of Directors to propose that the annual general meeting resolves to implement Share Bonus Scheme 2018 was taken at a Board meeting on 12 February 2018. The proposal has been drafted by the Remuneration Committee with support of external advisors.

B. Proposal on transfer of Series B treasury shares

The Board of Directors proposes that the annual general meeting resolves on the transfer of treasury shares on the following conditions.

1. The Company shall transfer the number of Series B treasury shares, which the Company is obliged to transfer under the conditions of Share Bonus Scheme 2018 adopted as set out above, in total up to 1,500,000 shares. The right to acquire shares shall be held by employees who are entitled to receive shares under the conditions of Share Bonus Scheme 2018.
2. The transfer of shares to the employees included in Share Bonus Scheme 2018 shall be made without consideration and be made in first half of 2019.
3. Transfers can be made of (i) such Series B shares as have been acquired under Share Bonus Scheme 2018 pursuant to the Board of Directors' separate repurchase authorization proposal, and (ii) such Series B treasury shares as have been acquired (or have been converted from acquired Series C treasury shares) by the Company to ensure delivery under previous Share Bonus Schemes and the Company's Share Savings Schemes, but are not needed under those schemes as well as such shares as the Company has acquired to complete acquisitions but are not deemed required for future acquisitions (in total up to 2,000,000 shares may be transferred under this item (ii) summed with the shares transferred under Section C.5 (ii) below).
4. The number of Series B shares in the Company that may be transferred under this Section B may be subject to recalculation as a result of bonus issues, splits, preferential rights issue and/or similar event that occurs between now and the transfer.

The Board of Directors is of the opinion that it is beneficial to the Company and its shareholders that the Company's employees are shareholders in the Company. In light thereof, it is important to implement Share Bonus Scheme 2018. The transfer of the shares to the employees forms part of the implementation of Share Bonus Scheme 2018 and serves the purpose of fulfilling the Company's obligations towards the employees entitled to receive shares in accordance with the conditions of Share Bonus Scheme 2018.

C. Proposal on resolution to authorize the Board of Directors to sell Series B treasury shares to secure payment of social security contributions

The Board of Directors proposes that the annual general meeting resolves to authorize the Board of Directors to sell Series B treasury shares on the following conditions.

1. Sales of Series B shares may be made over Nasdaq Stockholm at a price within the relevant at the time registered price, by which is meant the span between the highest registered purchase price and the lowest registered sales price.
2. Sales of shares may be made of the number of Series B shares required to secure the Company's costs, including costs for social security contributions, connected to Share Bonus Scheme 2018, however no more than 500,000 shares.
3. Sales of shares may also be made outside Nasdaq Stockholm to a bank or other financial institution, in deviation from the existing shareholders' pre-emption rights. Such sale may be made at a price corresponding to the registered price range at the stock exchange, with such deviation on market terms that the Board of Directors finds reasonable.

4. The authorization may be used on one or more occasions, however no later than prior to the next annual general meeting.
5. Sales may be made of (i) those Series B treasury shares that have been acquired under Share Bonus Scheme 2018 pursuant to the Board of Directors' separate repurchase authorization proposal, and (ii) such Series B treasury shares as the Company has previously acquired (or has converted from acquired Series C treasury shares) to ensure delivery under previous Share Bonus Schemes and the Company's Share Savings Schemes but are no longer needed under those schemes, as well as such shares as the Company has acquired to complete acquisitions but are not deemed required for future acquisitions (in total up to 2,000,000 shares may be sold under this item (ii) summed with the shares transferred under Section B.3 (ii) above).
6. The number of Series B shares in the Company that may be sold under this Section C may be subject to recalculation as a result of bonus issues, splits, preferential rights issue and/or similar corporate event that happens between now and the sale.

The Board of Directors is of the opinion that it is beneficial to the Company and its shareholders that the Company's employees are shareholders in the Company. In light thereof, it is important to implement Share Bonus Scheme 2018. The transfer of the shares under this authorization forms part of the implementation of Share Bonus Scheme 2018 and serves the purpose to enable the transfer of treasury shares and securing costs, including social security contributions, connected to Share Bonus Scheme 2018.

D. Voting majority etc.

As the above resolutions are conditional upon the annual general meeting resolving in accordance with each of the proposals under Sections A-C above, it is proposed that the resolution of the annual general meeting on each of the said Sections is taken as one decision. The resolution then requires that shareholders representing at least nine tenths of both the votes cast and the shares represented at the meeting votes in favor of the proposal. The resolution shall also be conditional upon the annual general meeting resolving in accordance with the Board of Directors' separate repurchase authorization proposal (item 17 on the agenda)

E. Appendices

- a) Recalculation of base share price, Appendix 1
- b) Statement of the Board of Directors pursuant to Section 4 of Chapter 18 and Section 22 of Chapter 19 of the Companies Act, Appendix 2

Stockholm, February 2018

SWECO AB (publ)
The Board of Directors