
Proposal of the Board of Directors of Sweco AB for resolutions on:

- A. Implementation of a performance based share savings scheme 2017**
 - B. Authorization for the Board of Directors to resolve to acquire and sell treasury shares within the scope of the share savings scheme**
 - C. Transfer of treasury shares to participants in the share savings scheme**
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Background and rationale

Since 2011, the Annual General Meetings have resolved to implement so-called Share Savings Schemes aimed at senior executives and other key personnel within Sweco AB and its group of companies ("Sweco"), each scheme with duration until the publication of the year-end report of the third financial year following its implementation.¹ The Board of Directors maintains its view that it is important and in the shareholders' interest that the group's key personnel has a long-term interest in the performance of the shares in the company. In light of the foregoing, and having regard to the fact that the investment periods of previous Share Savings Schemes have expired, the Board of Directors proposes the long term performance based incentive scheme for the senior executives and other key personnel of the group as set out below (the "2017 Share Savings Scheme").

The main rationale for the 2017 Share Savings Scheme is to enhance the ability to retain and recruit key personnel and that the participants' individual long term commitment to ownership is expected to stimulate increased interest in the business and its profitability, increase motivation as well as the affinity with Sweco. The proposed conditions of the 2017 Share Savings Scheme correspond to those applicable to the 2016 Share Savings Scheme.

Sweco has, pursuant to authorizations granted to the Board of Directors by past Annual General Meetings, prior to the Annual General Meeting of 2017 acquired Class B treasury shares through Nasdaq Stockholm within the scope of previously implemented Share Savings Schemes to ensure delivery of shares to the participants as well as to secure payment of social security contributions connected thereto. Against the background of some participants of the previously implemented Share Savings Schemes having subsequently left their employments with Sweco, and that allotment of shares under the 2013 Share Savings Scheme has been made in a number lower than the number of shares repurchased for the purpose thereof, not all shares set aside for the said schemes will be used. Thus, Sweco's holding of treasury shares may cover

¹ Most recently, the 2013 Share Savings Scheme ended in connection with the publication of the year-end report for 2016.

part of the shares needed for the 2017 Share Savings Scheme. In order to implement the 2017 Share Savings Scheme, the Board of Directors proposes that a maximum of 176,400 Class B shares may be acquired and subsequently transferred onto participants in the 2017 Share Savings Scheme as well as through Nasdaq Stockholm to cover thereto related costs for social security contributions.² The Board of Directors may propose that Annual General Meetings held during the duration of the scheme resolve on similar measures to the extent they are deemed necessary.

A. Implementation of a performance based 2017 Share Savings Scheme

The Board of Directors proposes that the Annual General Meeting resolves that the 2017 Share Savings Scheme is implemented, comprising a maximum of 176,400 Class B shares in Sweco, pursuant to the following main conditions:

1. Up to 100 senior executives and other group key personnel will be offered to participate in the 2017 Share Savings Scheme.
2. Participation in the 2017 Share Savings Scheme requires the participants to acquire Class B shares in Sweco (“Savings Shares”) with their own funds at market rates through Nasdaq Stockholm up to an amount corresponding to 5 to 10 percent of each participant’s fixed annual salary for 2017 (the “Base Salary”). If a participant retains ownership of the Savings Shares until the fourth business day after the day of the publication of the year-end report for the financial year 2020 (the “Retention Period”) and the participant remains in the same, equivalent or higher position in the Sweco group during the whole of the Retention Period, then each Savings Share entitles the participant to without consideration receive one Class B share in Sweco (“Matching Share”) and – provided that the performance criteria set out in item 3 below are met – an additional one to four Class B shares in Sweco (“Performance Shares”).
 - Group CEO and CFO (two persons) are entitled to acquire Savings Shares for an amount corresponding to no more than 10 percent of their respective Base Salary, and are eligible to receive up to four Performance Shares for each retained Savings Share.
 - Heads of business areas (seven persons) are entitled to acquire Savings Shares for an amount corresponding to no more than 7.5 percent of their respective Base Salary, and are eligible to receive up to three Performance Shares for each retained Savings Share.
 - Heads of subsidiaries and divisions (approx. 55 persons) are entitled to acquire Savings Shares for an amount corresponding to no more than 5 percent of their respective Base Salary, and are eligible to receive up to two Performance Shares for each retained Savings Share.

² As an alternative, Sweco may enter into equity swap agreement(s) with a third party in order to hedge the obligation to transfer Matching Shares and Performance Shares under the 2017 Share Savings Scheme.

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- Key personnel in central administration (approx. 35 persons) are entitled to acquire Savings Shares for an amount corresponding to no more than 5 percent of their respective Base Salary, and are eligible to receive up to one Performance Share for each retained Savings Share.

Acquisitions of Savings Shares must be made by 31 December 2017, the Board of Directors, however, being authorized to extend that period, should a participant be prevented to acquire the shares during said period. Matching Shares and any Performance Shares will be received within 40 days of the publication of the year-end report for the financial year 2020.

3. The allocation of Performance Shares is dependent on the achievement of certain goals for the total yield of the Sweco B share (performance adjusted to take dividends into account) during the Retention Period. The evaluation of performance shall be based on a combination of the Sweco B share's total yield in relation to the total yield of a group of benchmark companies set by the Board (so-called relative total yield) and the requirement that the Sweco B share's total yield must be positive during the Retention Period (so-called absolute total yield), all based on the following principles:
 - Absolute total yield: For Performance Shares to be allocated, it is required that the Sweco B share's total yield is positive during the Retention Period.
 - Relative total yield: If the requirement of absolute total yield is fulfilled, then the potential allocation of Performance Shares is decided based on the total yield of the Sweco B share in relation to the total yield of the group of benchmark companies.
 - 35 percent of the maximum number of Performance Shares will be allocated if the total yield of the Sweco share matches the median of the group of benchmark companies.
 - 100 percent of the maximum number of Performance Shares will be allocated if the total yield of the Sweco share is higher than that of all of the benchmark companies.
 - If the total yield of the Sweco share is higher than the median, but lower than that of the highest of the benchmark companies, then the allocation will be linear.

The group of benchmark companies, as determined by the Board of Directors, will comprise publicly traded consulting engineering companies that are active and compete on the same markets as Sweco does.

4. Before the number of Performance Shares to be allocated is finally determined, the Board of Directors shall evaluate if allocation pursuant to the principles set out in item 3 is reasonable, having regard to Sweco's results and financial standing, to conditions on the stock market and to other circumstances. If the Board of Directors finds that it is not reasonable, then the Board of Directors shall decrease the number of Performance Shares to be allocated to the lower number of shares that the Board of Directors finds reasonable.

5. The number of Matching Shares and any Performance Shares that can be allotted as a result of retaining Savings Shares shall be re-calculated in case of splits and reverse splits of shares and similar events impacting the number of shares in Sweco.
6. Participation in the 2017 Share Savings Scheme presupposes that the participation is legally possible and that the participation in Sweco's sole opinion can be made with reasonable administrative costs and financial input.
7. The Board of Directors shall be responsible for the details and management of the 2017 Share Savings Scheme within the framework of the main conditions as set out above, and the Board of Directors is authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The Board of Directors shall also be authorized to adjust or deviate from the conditions as required by local laws and regulations and existing market practices.

B. Authorization for the Board of Directors to decide on the acquisition and sale of treasury shares within the scope of the Share Savings Scheme

To enable the transfer of Matching Shares and Performance Shares under the 2017 Share Savings Scheme and to cover thereto related costs for social security contributions, the Board of Directors proposes that the Annual General Meeting also authorizes the Board of Directors to decide on acquisition and sale of Class B treasury shares as follows:

1. The authorization may be utilized on one or several occasions, but not later than by the Annual General Meeting 2018.
2. In order to secure the number of Class B shares required for delivery of Matching Shares and Performance Shares to participants in the 2017 Share Savings Scheme, not more than 140,000 shares may be acquired.
3. The number of Class B shares required to cover social security contributions related to the 2017 Share Savings Scheme may be acquired and sold, however in no case more than 36,400 shares.
4. Acquisitions under items 2 above as well as acquisitions and sales under item 3 above shall be made over Nasdaq Stockholm for a price at the time within the relevant registered price range.

C. Transfer of treasury shares to participants in the Share Savings Scheme

To enable the delivery of Matching Shares and Performance Shares under the 2017 Share Savings Scheme, the Board of Directors finally proposes that the Annual General Meeting resolves to transfer Class B treasury shares in accordance with the following conditions:

1. The number of Class B shares required for the delivery of Matching Shares and Performance Shares to participants in the 2017 Share Savings Scheme may be transferred, however in no case more than 140,000 shares.

2. The right to acquire shares shall vest in participants in the 2017 Share Savings Scheme, where the maximum number of shares each participant is entitled to acquire is subject to the terms and conditions of the scheme.
3. Said participants' right to acquire shares may be exercised throughout the period during which the participants are entitled to receive Matching Shares and Performance Shares as set forth in the 2017 Share Savings Scheme, i.e. within 40 days from the day of the publication of the year-end report for the financial year 2020.
4. The transfers of the shares shall be made without consideration.
5. The number of shares that are transferred under the 2017 Share Savings Scheme may be subject to recalculation in case of splits and/or reverse splits of shares or similar events impacting the number of shares in Sweco.

Transfers are permitted of Class B treasury shares that (i) were acquired under Section B, (ii) are held to secure Sweco's obligations under the company's other Share Savings Schemes or Share Bonus Schemes, but that are no longer required thereunder, and (iii) were acquired for the completion of acquisitions, but that are expected not to be required for future acquisitions.

The rationale for the deviation of the existing shareholders' rights of pre-emption when transferring the company's treasury shares is to facilitate Sweco to transfer Matching Shares and Performance Shares to the participants in the 2017 Share Savings Scheme.

Costs for the 2017 Share Savings Scheme

The costs for the 2017 Share Savings Scheme are based on the IFRS 2 reporting standard and will be amortized over three years.

The Board of Directors has made a preliminary cost calculation for the 2017 Share Savings Scheme, which is based on a SEK 250 price per share at final allocation, that the maximum number of Performance Shares is allocated following the Retention Period, an estimated annual staff turnover of 5 percent, that each participant invests in Savings Shares to the maximum permitted amount and expected dividends during the period. The value of the Matching Shares and the Performance Shares have been calculated based on a share price of SEK 184 per share at the implementation of the scheme, an estimate of the future volatility of the company's share and the shares of the group of benchmark companies as decided by the Board of Directors, as well as the correlations between the respective total yields of these shares. Based on the above assumptions, the value of each Matching Share has been calculated to SEK 172 and the value of each Performance Share has been calculated to SEK 58.

In total, this results in a maximum cost for the 2017 Share Savings Scheme of approximately SEK 11.3 million, excluding costs for social security contributions. The cost for social security contributions based on an annual appreciation of the Sweco share of 10 percent until the time of allocation is approximately SEK 7.7 million. These costs should be viewed in relation to Sweco's costs for salaries and compensations, which during 2016 amounted to SEK 7,687 million including social security contributions. Administrative costs for the 2017 Share Savings Scheme are estimated to no more than SEK 1 million.

Effects on key ratios

The total number of shares in Sweco is 121,983,819 shares, out of which 10,533,731 are Class A shares, 110,550,088 are Class B shares and 900,000 are Class C shares. As per 24 March 2017, Sweco holds 1,785,118 Class B treasury shares and 900,000 Class C treasury shares.

The implementation of the 2017 Share Savings Scheme requires up to 140,000 Class B treasury shares to be acquired (not including shares to cover social security contributions), corresponding to approximately 0.1 percent of the total number of outstanding shares and approximately 0.1 percent of the number of votes in the company. Transfer of these shares without consideration to the participants of the 2017 Share Savings Scheme is estimated to correspond to a dilution of yield per share of up to 0.1 percent. The up to 36,400 Class B shares that may be transferred over Nasdaq Stockholm to cover costs for social security contributions do not have a diluting effect on the yield per share, since they are transferred at market prices.

If also treasury shares acquired within the scope of previous Share Savings Schemes are considered, the total number of shares included in the 2014-2017 Share Savings Schemes (being the schemes that are still outstanding) amounts to a maximum of 434,588 Class B shares (excluding shares required to cover costs for social security contributions). This corresponds to approximately 0.4 percent of the total number of shares and approximately 0.2 percent of the votes in the company. Transfers without consideration to the participants of the respective schemes are estimated to correspond to a dilution of yield per share of no more than 0.4 percent.

Alternative hedging measures for the 2017 Share Savings Scheme

As an alternative to the measures under Section B and C above, Sweco 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 obligation to transfer Matching Shares and Performance Shares under the 2017 Share Savings Scheme. Under such agreement(s), the third party may, in its own name, buy and transfer Class B shares to participants in accordance with the 2017 Share Savings Scheme. Such equity swap agreement(s) may also be used as an alternative for the purpose of hedging against social security costs resulting from 2017 Share Savings Scheme. The additional cost for such swap arrangement is estimated to be approximately SEK 1 million (calculated together with the corresponding cost for the 2017 Share Bonus Scheme).

Other share based incentive schemes

The Annual General Meetings in 2014-2016 resolved to implement the 2014, 2015 and 2016 Share Savings Scheme, respectively, on conditions principally corresponding to those proposed for the 2017 Share Savings Scheme.

	Share Savings Scheme ²⁾			Total
	2014	2015	2016	
Number of employees/key personnel still participating today	46	55	56	–
Number of Savings Shares acquired by participants through own funds at market rates	31,579	32,377	26,012	89,968
Maximum number of Matching and Performance Shares that can be allotted to the participants ¹⁾	103,814	104,414	86,360	294,588
The savings period runs until the publication of the year-end report for the financial year	2017	2018	2019	–

1) If the Savings Shares are retained until the expiration of each respective Retention Period and the employee still holds his or her employment, each Savings Share entitles the participant to receive one Matching Share without consideration and – if the Sweco share meets the total yield requirement – up to one to four Performance Share.

2) Most recently, the 2013 Share Savings Scheme ended in connection with the publication of the year-end report for 2016, whereupon 90,431 Matching Shares and Performance Shares were allotted to the participants.

The Annual General Meeting of 2016 resolved to implement a share bonus scheme for certain employees in Sweden, who do not participate in Sweco's Share Savings Schemes. The Board of Directors has proposed that the Annual General Meeting of 2017 shall resolve on the implementation of a corresponding scheme (please see separate proposal).

Preparation of the proposal

The 2017 Share Savings Scheme has been prepared by the Remuneration Committee, in consultation with the Board of Directors as a whole. The proposal has been adopted by the Board of Directors. Neither the President nor other employees who may be eligible to participate in the 2017 Share Savings Scheme has participated in the preparation or the adoption of the proposal.

Voting Majority

The general meeting's resolutions to implement the 2017 Share Savings Scheme pursuant to Section A, on the authorization for the Board of Directors to resolve to acquire and transfer the company's treasury shares pursuant to Section B as well as the transfer of the company's treasury shares pursuant to Section C are interlinked and therefore shall be put to a vote jointly. Thus, the majority rules set out in Chapter 16 of the Companies Act shall be applied, meaning that shareholders holding at least nine tenths of the cast votes as well as the shares represented at the meeting must vote in favor of the proposal for the resolutions to be valid.

Stockholm, March 2017

SWECO AB (publ)

The Board of Directors