

Corporate governance report

GENERAL ABOUT SWECO

Sweco AB is a public limited liability 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 Annual Accounts 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 business, the company's operations must be permeated by a strong entrepreneurial attitude and approach. Sweco's core values of curiosity, commitment and responsibility 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 assignments. The project teams vary with consideration to project size, location and complexity. Each project is headed by a responsible assignment manager whose day-to-day work is facilitated by Sweco's group-wide business system, sweco@work. The system, which is quality, environmentally and OHS certified according to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007, promotes effective project management and a consistent approach to the assignment process and client relationship. Sweco@work supports both complex and less complex assignments and gives every assignment manager access to up-to-date financial management data for his or her projects. The system and its usage are audited every year by the independent quality assurance organisation, and also undergo continuous 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 is centred around the assignment process and is accessible to the consultants at all times. Sweco pursues continuous improvements 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 and the Group 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

Sweco's consultants serve as advisors to companies, public agencies, ministries and national governments. 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 is represented in many countries and always acts in compliance with local and international laws and regulations. Sweco does not accept fraud, 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 or accept a promise thereof, nor may anyone at Sweco, directly or indirectly, offer, promise or provide payment or other types of compensation that can be regarded as improper to individuals, organisations, companies or persons closely linked to them. No one at Sweco may provide cash or other assets to someone who represents Sweco in a certain matter and thereby promotes the giving or taking of a bribe or handling under influence. 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 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 acts according to the principles in the UN's Global Compact and the UN Declaration of Human Rights.

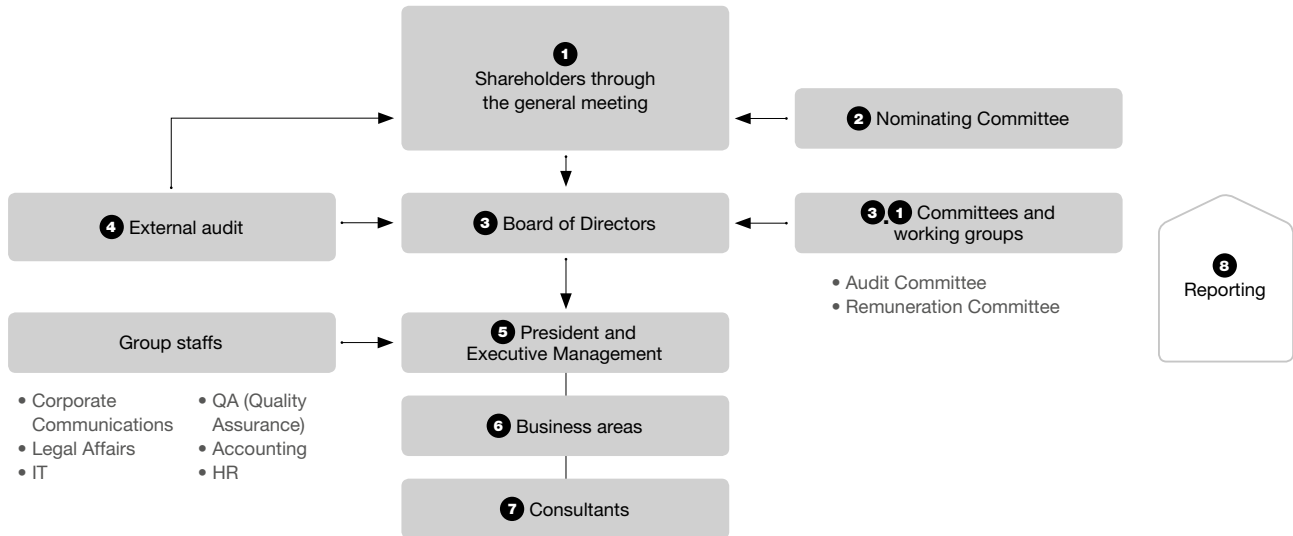
Responsibility for compliance with the CSR policy and the above-mentioned guidelines is shared by all of Sweco's employees. All employees are obligated to familiarise themselves with and follow the contents of the policy and the guidelines, and to also encourage external partners to apply these principles.

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 Sweco AB. 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 some cases the Swedish Companies Act requires a certain level of attendance to achieve a quorum or a specific voting majority.

Corporate governance at 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
- Authorisation and signatory rules
- Finance policy
- CSR policy
- Corporate communications policy
- IT security policy
- Crisis management policy
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting and reporting in the Group
- Sweco@work
- Quality and environmental policy
- Risk management

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
- Guidelines from the World Bank, Sida, the OECD, NORAD and other international organisations for assignments in different countries

The Annual General Meeting must be held within six months after the end of the financial year, and is to be held in Stockholm. The Annual General Meeting shall resolve on 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 the Board members, Board Chairman and auditor, decisions regarding the Nominating Committee and other items of business 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 performance in the past year. Representatives from the Board, the Executive Management and the auditors are present to answer these questions.

2012 Annual General Meeting

The 2012 Annual General Meeting was held on 17 April in Stockholm and was attended by a total of 199 shareholders, representing 82 per cent of the votes and 70 per cent of the share capital. Olle Nordström was elected as chairman of the Annual General Meeting. The Annual General Meeting approved an ordinary dividend of SEK 3.00 per share. In addition, the Annual General Meeting resolved to implement a long-term share savings scheme, the 2012 Share Savings Scheme, directed at senior executives in the Sweco Group. The scheme consists of a maximum of 250,000 Sweco class B shares (of which, no more than 198,000 shares for delivery to the participants and no more than 52,000 shares to cover the cost of social security contributions). The Annual General Meeting furthermore authorised the Board, during the period before the next Annual General Meeting, to decide on the repurchase of not more than 198,000 Sweco class B shares on the stock exchange to ensure delivery of Matching and Performance Shares to the participants in the scheme, and the repurchase and transfer of not more than 52,000 Sweco class B shares on the stock exchange to cover the cost of social security contributions. The Annual General Meeting also approved the free-of-charge transfer of not more than 198,000 Sweco class B shares to the participants in the 2012 Share Savings Scheme during the period when they are entitled to receive Matching and Performance Shares. The Annual General Meeting furthermore decided to authorise the Board, during the period before the next Annual General Meeting, to decide on the repurchase and transfer of treasury shares to give the Board greater freedom of action in working to optimise the company's capital structure and to use Sweco shares as consideration in connection with future acquisitions.

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 also resolved on principles for salary and other remuneration to senior executives and instructions for the Nominating Committee. In his address to the Annual General Meeting, President and CEO Mats Wäppling commented on Sweco's performance in 2011, Sweco's development in recent years and the outlook for 2012. The Auditor in Charge reported on audit-related work during 2011.

The Annual General Meeting also resolved on an amendment to § 5 of the Articles of Association so that the number of Board members elected by the general meeting of shareholders shall be at least three and not more than nine, and changes in the wording of § 6 and § 8 in light of the fact that the term for the auditor is now one year.

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 for approval by the Annual General Meeting, 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 other Board members and any compensation for committee work, as well as election of auditors and auditing fees.

In 2012 the Nominating Committee focused primarily on:

- monitoring 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 2012 Annual General Meeting resolved on instructions for the Nominating Committee ahead of the 2013 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 16 October 2012.

Ahead of the 2013 Annual General Meeting, the Nominating Committee has held four meetings. Sweco's Nominating Committee ahead of the 2013 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 Foundation. 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 regulate 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 not more than nine 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 consisted of nine regular members who were elected by the Annual General Meeting to serve for a period of one year until 1 December 2012, when Mats Wäppling resigned from the Board in connection with leaving his post as President and CEO of Sweco. After that, the Board has consisted of eight regular members and one vacancy. The Board of Directors has also included three employee representatives and three deputies for these, appointed by the employees. With the exception of the President (Mats Wäppling), none of the Board members elected by the Annual General Meeting has an operating role in the company. All Board members except one are from Sweden. Five of nine members are men (four after Mats Wäppling's resignation). All mem-

bers elected by the Annual General Meeting, aside from the President (Mats Wäppling) are independent in relation to Sweco. All members aside from Olle Nordström, Johan Nordström and Anders G. Carlberg are independent in relation to the major shareholders.

The 2012 Annual General Meeting appointed Olle Nordström as Board Chairman. The other regular Board members appointed by the 2012 Annual General Meeting were Anders G. Carlberg, Gunnel Duveblad, Aina Nilsson Ström, Pernilla Ström, Carola Teir-Lehtinen, Kai Wärn, Johan Nordström and Mats Wäppling (until 30 November 2012, thereafter one vacancy). The employee representatives have been Thomas Holm, Göran Karloja and Anna Leonsson as regular members, with Görgen Edenhagen, Sverker Hanson and Christer Åberg as deputies.

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 pages 88–89.

Board composition and fees¹⁾

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK ²⁾
Olle Nordström	Chairman, chairman of the Remuneration Committee	1958	Swedish	1997	No	440,000
Anders G. Carlberg	Board member	1943	Swedish	2009	No	200,000
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	Yes	280,000
Aina Nilsson Ström	Board member, member of the Remuneration Committee	1953	Swedish	2005	Yes	220,000
Johan Nordström	Board member, member of the Audit Committee	1966	Swedish	2012	No	240,000
Pernilla Ström	Board member, member of the Audit Committee	1962	Swedish	2009	Yes	240,000
Carola Teir-Lehtinen	Board member, member of the Remuneration Committee	1952	Finnish	2011	Yes	220,000
Mats Wäppling ³⁾	Board member, President and CEO	1956	Swedish	2003	No	–
Kai Wärn	Board member	1959	Swedish	2010	Yes	200,000
Thomas Holm	Employee representative, appointed by the employees	1953	Swedish	2007	–	–
Göran Karloja	Employee representative, appointed by the employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by the employees	1971	Swedish	2005	–	–
Görgen Edenhagen	Deputy, appointed by the employees	1964	Swedish	2011	–	–
Sverker Hanson	Deputy, appointed by the employees	1963	Swedish	2011	–	–
Christer Åberg	Deputy, appointed by the employees	1953	Swedish	2011	–	–

1) For the period from the 2012 Annual General Meeting to the 2013 Annual General Meeting.

2) Fees for work on the Board, the Remuneration Committee and the Audit Committee according to the decision of the 2012 Annual General Meeting.

3) Resigned from the Board on 30 November 2012.

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 2012 the Board held ten meetings, of which two were resolutions by circulation for decision in urgent matters. Four of the Board meetings 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. In connection with the meeting in August, the Board visited Kiruna, Sweden, and was given a presentation by the City of Kiruna. A study visit was also made to LKAB's mine. The Board then visited Luleå, Sweden, where the local Sweco office presented its projects and clients and a study visit was made to see Sweco's work related to Facebook's future server halls.

In addition to reporting on development of Sweco's operations and finances, the Board meetings in 2012 devoted considerable attention to growth, both organic and acquisition-driven, the company's strategic focus, management and HR issues, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board according to the procedural rules. When needed, other executives in the company participate in Board meetings in order to present reports. The Board Secretary is the company's General Counsel. The company's auditor takes part in at least one Board meeting per year. Attendance at meetings of the Board, the Audit Committee and the Remuneration Committee in 2012 is shown in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	10	6	5
Olle Nordström	10	–	5
Anders G. Carlberg ¹⁾	9	1	–
Gunnel Duveblad	10	6	–
Aina Nilsson Ström	10	–	5
Johan Nordström ²⁾	7	5	–
Pernilla Ström	10	6	–
Carola Teir-Lehtinen ²⁾	10	–	3
Mats Wäppling ³⁾	8	–	–
Kai Wärn ⁴⁾	9	–	2
Thomas Holm	9	–	–
Göran Karloja	9	–	–
Anna Leonsson	9	–	–
Görgen Edenhagen	8	–	–
Sverker Hanson	2	–	–
Christer Åberg	1	–	–

1) Resigned from the Audit Committee after the 2012 Annual General Meeting to be replaced by Johan Nordström.

2) As of the 2012 Annual General Meeting.

3) Resigned from the Board on 30 November 2012.

4) Resigned from the Remuneration Committee after the 2012 Annual General Meeting to be replaced by Carola Teir-Lehtinen.

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 2012. 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 consists of Aina Nilsson Ström, Olle Nordström and Carola Teir-Lehtinen, with Olle Nordström as chairman. The tasks of the Remuneration Committee include drafting of proposals for remuneration principles, terms of employment, pension benefits and bonus systems for the Executive Management and other senior executives, and presentation of these to the Board for decision. The Remuneration Committee meets at least twice a year, and held five meetings in 2012.

Audit Committee

The statutory meeting of the Board also appoints an Audit Committee. The Audit Committee consists of Gunnel Duveblad, Johan Nordström and Pernilla Ström, with Gunnel Duveblad as chairman. The company's independent auditor attended four of the 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, assisting the Board in preparing a report on internal control and risk management, monitoring significant disputes and damage claims, establishing guidelines for which non-auditing services the company may procure from its auditor and evaluating the auditor's performance. The Audit Committee meets at least three times per year. In 2012 the Audit Committee held six meetings.

4. EXTERNAL AUDIT

The auditor is appointed by the Annual General Meeting yearly since the 2012 Annual General Meeting. The task of the auditor, 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 2012 Annual General Meeting to serve as Sweco's auditor until the end of the 2013 Annual General Meeting. Auditor in Charge since 2008 is Authorised Public Accountant Lennart Danielsson. For the financial year 2012, fees for audit services amounted to SEK 3.8 million (SEK 3.5 million in 2011) and for non-audit services to SEK 0.7 million (SEK 5.8 million in 2011). Aside from audit services, Sweco has consulted PwC on various matters related to financial accounting and mergers. Furthermore, PwC has assisted in due diligence processes 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 also established instructions governing the division of responsibilities between the Board of Directors and the President that are updated and adopted yearly. The Executive Management consists of the President Tomas Carlsson together with the CFO Jonas Dahlberg and Director Bo Jansson. The Executive Management is assisted by group staffs for Corporate Communications, QA (Quality Assurance), Accounting, Legal Affairs, HR and IT.

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

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. Sweco's President & CEO is chairman of the board of each business area. Aside from ongoing contact and monthly meetings with the management of each business area, the Executive Management exercises its control over the business areas through involvement in the board activities of the respective business areas. The board of each business area always includes representatives from the Executive Management and the business area's management and, in certain cases, includes 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, department 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 AND LEADERSHIP

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.

Sweco's international growth ambitions place rigorous demands on the company's leadership. Employee dedication and development are critical for Sweco's growth. All employee development should be focused on performance, expertise and knowledge sharing. This work is supported by the yearly Sweco Talk performance review. Sweco's continued success relies on strong leaders at all levels and in all operating and administrative areas of the Group. To promote strong leadership Sweco uses the Sweco Leadership Compass, which defines the company's leadership culture and links together leadership with Sweco's business culture. Effective management succession is ensured through Next Generation, a process and a program for continuous identification and development of good leaders. Of the 21 participants in Sweco's first global Next Generation Program, 17 have advanced to strategically important positions. A new Next Generation Program with 24 participants was started in the autumn of 2012.

8. INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

Control environment

Internal control, both over financial reporting and in general, 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 and management. Key components of the control environment are the organisational structure and the management philosophy and style, as well as 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 in order to facilitate effective management of operational risks. Every year, the Board updates and adopts the procedural rules, instructions for the President, authorisation and signatory rules and a finance policy, and reviews the Group's other policy documents. 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 that apply for the Board of Sweco AB. In addition, Sweco has a number of policies for financial information, corporate communications, IT security, CSR, crisis management, HR and quality assurance. These policies create a foundation for good internal control.

Sweco has signatory and authorisation rules that clearly regulate the allocation of powers at every level, from the individual consultant to the Board of Directors of Sweco AB. The areas that are covered include tenders, investments, rental and lease agreements, expenditures and guarantees, etc.

Risk management

The goal of Sweco's risk management is to secure the Group's long-term earnings growth and guarantee that Sweco's operations in the various business units are able to meet their objectives. The company's Board of Directors and Executive Management are responsible for risk management.

Sweco's risk management is an ongoing process. A large share of Sweco's operations consist of work in progress. In view of this, there is a special emphasis on continuously monitoring risks and risk management

in work in progress in order to further improve the risk management and internal control activities.

Based on the mapping of the Group's risks and risk management that was carried out in 2010, in the past year Sweco further developed and reinforced its routines for day-to-day risk monitoring. In 2012 these activities were reported regularly to the Audit Committee and the Board. For each business area, a risk map is continuously monitored at the business area's board meetings, where the agenda also includes a standing item on risk management. A report on risk management and internal control in the Group, covering the areas of CSR, Insurance, Accounting, QA (Quality Assurance), IT, HR and Corporate Communications, has been discussed by the Audit Committee and approved by both the EGM (Extended Group Management, consisting of the Executive Management, the business area president and the heads of the group staffs) and the Board of Directors. In the late summer, a special review of policies, guidelines, etc., related to business ethics was started due to changes in the Swedish anti-bribery legislation. The results of this work will be reported to the Audit Committee, the EGM and the Board in the first half of 2013.

The illustration at right describes Sweco's risk process: risks are identified, necessary guidelines and policies are created, these are implemented in the organisation and monitored at several different levels, and a yearly report is submitted to the EGM, the Audit Committee and the Board.

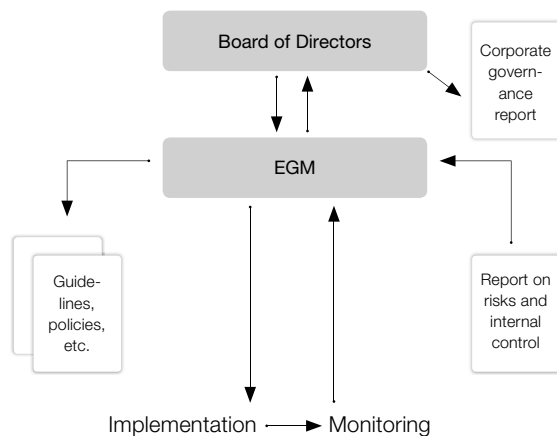
Information about Sweco's normative documents such as group policies, manuals, guidelines and routines is gathered on the Sweco Group's intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the affected employees. One such example is the e-learning course about the Sweco Group that was carried out during the year and includes overall goals, values and policies (including the CSR policy). The ambition is for all employees to complete the course both in connection with hiring and continuously every second year.

Guidelines and policies have been implemented at different levels in the organisation and are monitored continuously, among other things through internal follow-up and external audits.

Monitoring

Each business area has a controller whose task is to monitor compliance with policies, guidelines and routines for financial reporting. The controllers are also responsible for ensuring the accuracy and completeness of the reported financial information. In order to further enhance internal control over the financial reporting, a self-assessment questionnaire on financial reporting has been developed and circulated to all controllers in the Group. The purpose of the questionnaire is to ensure the effectiveness of all significant internal controls related to the company's financial reporting. The submitted answers are analysed and any shortcomings are identified and corrected.

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.



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.

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.

Read more about Sweco's risks on pages 82–83.

9. INFORMATION TO THE CAPITAL MARKET

Sweco strives to provide the shareholders, financial analysts and other interested parties 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.
- conference calls and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim reports.
- Capital Market 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 in printed form, the material is also published on the corporate website 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 to the Board of Directors is determined by the Annual General Meeting. Board fees for 2012/2013 were set at SEK 1,800,000, of which SEK 400,000 is payable to the Chairman and SEK 200,000 to each of the seven 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 2012 Annual General Meeting are shown in Note 6 on pages 60–61.

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 2012 was SEK 6,653 million (5,258). The share capital amounted to SEK 91.5 million, divided between 9,381,664 class A shares and 82,135,183 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. In May 2012, at the request of shareholders, 4,012 class A shares were converted to class B shares with the support of the conversion clause in the Articles of Association.

At year-end 2012 Sweco AB had 7,500 shareholders. The three largest shareholders are the Nordström family (with 15.2 per cent of the share capital and 34.5 per cent of the votes), Investment AB Latour (with 31.7 per cent of the share capital and 22.7 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 2.1 per cent of the share capital and 10.2 per cent of the votes). Foreign investors held 13.7 per cent of the share capital and 7.3 per cent of the votes. Together, the ten largest shareholders control the equivalent of 69.0 per cent of the share capital and 79.8 per cent of the votes. The company is not aware of any agreements between shareholders that could lead to limitations in the right to transfer shares in the company.

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.