
Corporate governance report

IN GENERAL ABOUT SWECO

Sweco AB is a public limited liability company headquartered in Stockholm, Sweden. Sweco's corporate governance is based on the Swedish Companies Act, Sweco's Articles of Association, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance, other applicable Swedish and international laws and regulations, and Sweco's own policies, procedures and guidelines. Sweco's Board of Directors and management strive to live up to the requirements of the shareholders, other stakeholders and Nasdaq Stockholm regarding sound and effective corporate governance. In accordance with the Swedish Companies Act and Sweco's Articles of Association, Sweco's governance, management and control are divided between the shareholders at the Shareholders' Meeting, the Board of Directors and the President. 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, 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.

Sweco's activities are largely carried out as assignments. The project teams vary depending on 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 in accordance with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007) promotes effective project management and a consistent approach to the project process and customer relationship. Sweco@work supports both complex and less complex projects 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 the independent quality assurance organisation. At the same time, there is a continuous internal monitoring of the system.

The consultants' task is to deliver sustainable and customer-adapted solutions that have high knowledge content, are of the appropriate quality and that benefit the customer's business. The Group's business system is centred on the assignment process and is accessible to the consultants at all times. Sweco works continuously with improvement measures to develop the company's working methods, promote sustainability and support employees. Strategic skills development programmes are used to meet the consultants' need for ongoing education and training. Knowledge and experience gained by the consultants in their assignments is preserved and developed for future use.

ETHICS, RESPONSIBILITY AND COMMITMENT

Sweco's commitment to CSR (Corporate Social Responsibility), defined as the company's responsibility to society, is based on the pledge that underpins the company's business – "Sustainable engineering and design". Sweco's vision is to become Europe's most respected knowledge company in the fields of consulting engineer-

ing, environmental technology and architecture. Sweco's long-term profitability and growth are driven by solutions that promote the sustainable development of society from an ecological, social and economic perspective. As consultants, Sweco's employees are often deeply involved in customer projects, frequently in an early stage, which gives them an opportunity to exert an influence but also carries an obligation to take responsibility for aspects within their control. Sweco's employees are obligated to comply with the company's CSR policy and compliance programme. See page 15 for additional information on Sweco's compliance programme.

Sweco complies with the laws, regulations and other requirements applicable to operations in countries where the company is active. Sweco also follows the Code of Ethics prepared by the International Federation of Consulting Engineers (FIDIC), and works according to the principles of the UN's Global Compact and the UN Declaration of Human Rights.

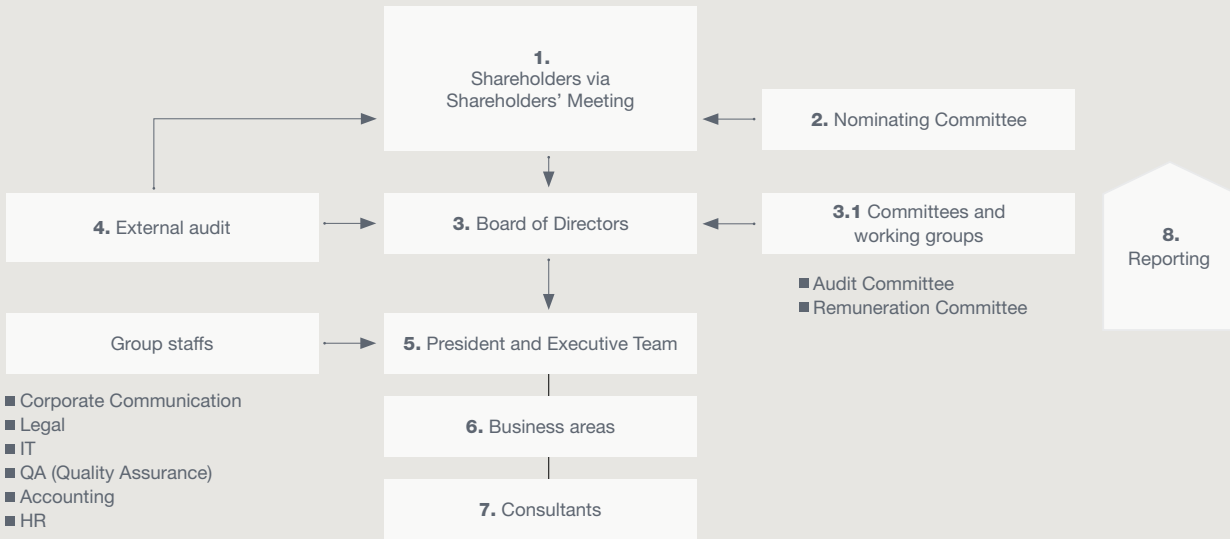
Sweco has high standards for conduct and business ethics, with objective and independent employees who act professionally in the best interest of the customer. Sweco has zero tolerance for fraud and collusion, corruption, bribes or unpermitted competition-restricting practises. No one at Sweco may, directly or indirectly, request or accept, or accept a promise of improper payment or other types of improper gifts, nor may anyone at Sweco, directly or indirectly, offer or provide payment or other types of compensation that may be regarded as improper to individuals, organisations, companies or persons closely associated thereto. No one at Sweco may provide cash or other assets to anyone representing Sweco in a particular matter who consequently promotes handling with influence or the giving or taking of bribes. Employees may not engage in activities in which there is a risk of conflict with Sweco's interests. No employee may exploit his or her position for personal gain at the expense of the company, its customers or its business partners. A Sweco employee who suspects business ethics improprieties is obligated to report this, in the first instance, to his or her manager, manager's manager, HR or group Legal Affairs staff and, in the second instance, via Sweco's whistle-blower function (Sweco Ethics Line).

Sweco takes into account the religion, culture, working conditions and traditions of each country and region and respects fundamental freedoms and rights. Sweco views diversity as essential in creating an innovative and inspiring working environment and actively promotes equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation, age, etc.

In its CSR policy, Sweco has established the company's and employees' basic outlook on the company's responsibilities in society. The CSR policy covers the areas of business ethics, quality and assurance, employee development, human rights, equality and diversity, and occupational health and safety. Group-wide and local guidelines specify responsibility in each area in greater detail. Examples of this include ethics guidelines concerning anti-corruption, gifts and business entertainment.

All managers are responsible for ensuring that they and their employees comply with the CSR policy and guidelines. All employees are obligated to familiarise themselves and comply with the provisions of the policy and guidelines and to encourage external partners to apply these principles. The President holds ultimate responsibility for ensuring that the policy is monitored; which is controlled through internal and external audits, etc.

Corporate Governance at Sweco



Internal policies and processes that affect Sweco's governance:

- Sweco's business model
- Internal control
- Board's rules of procedure
- Instructions to the President & CEO
- Authorisation and signatory rules
- Finance policy
- CSR policy
- Corporate communication policy
- IT security policy
- Crisis management policy
- Policy for purchase of non-audit services from auditing firms
- Insurance and legal instructions
- Financial instructions
- Manual for financial accounting and reporting in the Group
- Sweco@work
- Quality and environmental policy
- Risk management

External regulations and recommendations that affect Sweco's governance:

- Swedish Companies Act
- Swedish Code of Corporate Governance
- Nasdaq Stockholm's Rule Book for Issuers
- Laws and regulations in countries where Sweco operates
- Regulations and recommendations in the International Federation of Consulting Engineers (FIDIC) Code of Ethics
- UN rules and recommendations and Global Compact principles
- OECD guidelines for multinational companies
- Guidelines from the World Bank, Sida, OECD, NORAD and other international organisations for projects in various countries

ORGANISATION

1. SHAREHOLDER GOVERNANCE THROUGH SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is Sweco's highest decision-making body, where all shareholders are entitled to make decisions on Sweco AB's affairs. Shareholders who are recorded in the share register on the record day and who provided notification of their participation by the specified date are entitled to participate in the AGM and vote for all of their shares. AGM or EGM resolutions are normally made by simple majority. In certain issues, however, the provisions of the Swedish Companies Act stipulate a certain level of attendance to achieve a quorum or a specific majority of votes.

The Annual General Meeting must be held in Stockholm within six months following the close of the financial year. Resolutions made by the AGM include adoption of Parent Company and Group income statements and balance sheets; approval of dividends; discharge from liability for the Board of Directors and President; determination of fees for the Board of Directors and auditors; election of Board members, Board Chairman and auditor; decisions regarding the Nominating Committee; and other matters 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 during the past year. The Board of Directors, Executive Team and auditors are present to answer these questions.

2014 Annual General Meeting

The 2014 Annual General Meeting was held on 16 April in Stockholm and was attended by 119 shareholders, representing 71.7 per cent of the votes and 81.9 per cent of the share capital. Olle Nordström was elected chairman of the AGM. In his address to the AGM, President and CEO Tomas Carlsson commented on Sweco's performance in 2013, Sweco's development in recent years and the outlook for 2014. The auditor in charge reported on audit-related work conducted during 2013. The submitted income statements and balance sheets were adopted, and the Board of Directors and President were discharged from liability for financial year 2013. The AGM approved an ordinary dividend of SEK 3.25 per share. The AGM also approved the election of the Board members, Chairman of the Board and auditors, and fees for the Board of Directors, the Audit Committee, the Remuneration Committee and the auditors in accordance with the Nominating Committee's proposal. The AGM also adopted the Board's proposed guidelines for senior executive compensation and instructions to the Nominating Committee.

The AGM resolved to implement the 2014 Share Bonus Program, which covers employees in Sweden. It does not entail any change to the current employee incentive scheme other than that bonuses are paid in shares rather than cash. The resolution included decisions to implement a 2014 Share Bonus Program; to amend Sweco's Articles of Association; to conduct a directed share issue of Class C shares; to authorise the Board of Directors to repurchase newly issued Class C shares and Class B treasury shares; and to authorise the Board to transfer Class B treasury shares in order to settle commitments under the 2014 Share Bonus Program and cover social security contributions. The Scheme comprises a maximum of 1,200,000 Sweco Class B shares (no more than 930,000 for delivery to participants and no more than 270,000 to cover social security contributions). Of the 1,200,000 Class B shares, a maximum of 900,000 will be newly issued. The remaining shares will be acquired on the stock exchange or, alternatively, the company will use the

treasury shares it currently holds. The issue consists of 900,000 Class C shares at an issue price of SEK 1 per share, corresponding to the quota value of the share. With deviation from shareholders' preferential rights, a bank or financial institution (that has made previous arrangements to do so) is entitled to subscribe to the directed share issue. The issue price is based on the quota value of the share. The AGM resolved to authorise the Board of Directors, during the period preceding the 2015 AGM, to repurchase the newly issued Class C shares for SEK 1 per share for a total of SEK 900,000; to acquire no more than 1,200,000 Class B treasury shares in order to settle commitments under the 2014 Share Bonus Program; to transfer no more than 930,000 Class B treasury shares to employees under the 2014 Share Bonus Program; and to transfer no more than 270,000 Class B shares to cover social security contributions. As part of the 2014 Share Bonus Program, the company's Articles of Association were amended by AGM resolution. These amendments provide for the introduction of a new class of shares (Class C shares, which entitle the holder to 1/10 of a vote but not to dividend); the introduction of a redemption clause which authorises the company's Board of Directors to decide to reduce the share capital by repurchasing Class C shares; and the introduction of a conversion provision that entitles the Board to call for the conversion of Class C treasury shares to Class B shares. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2014 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 24-31 March 2014) less the amount of the AGM-approved dividend per share for 2013. The base share price shall be recalculated in accordance with the usual terms in the event of occurrences that affect the value of the share, including but not limited to any decision on share splits, bonus issues, redemptions and the like during the programme's duration. Bonus per employee is based on the participating business units' operating profit per employee. The maximum bonus per employee is three months' salary. Shares will be allocated to employees free-of-charge during the first six months of 2015, premised upon continued employment.

The AGM approved a long-term share savings program (the 2014 Share Savings Program) for Sweco Group senior executives. The scheme comprises a maximum of 155,000 Sweco Class B shares (no more than 123,000 for delivery to participants and no more than 32,000 to cover social security contributions). The AGM authorised the Board of Directors, during the period preceding the 2015 AGM, to decide on the purchase of a maximum of 123,000 Class B treasury shares on the stock exchange to ensure delivery of Matching and Performance Shares to scheme participants, and on the purchase and transfer of no more than 32,000 Class B treasury shares on the stock exchange to cover the cost of social security contributions. The AGM also approved the free-of-charge transfer of no more than 123,000 Class B treasury shares to participants in the 2014 Share Savings Scheme during the period they are entitled to receive Matching and Performance Shares.

Finally, the AGM authorised the Board of Directors to decide on the transfer of Class B treasury shares on the stock exchange under the 2011 Share Savings Program. This authority, which may be exercised on one or multiple occasions during the period preceding the 2015 AGM, applies to the number of Class B shares required to cover social security contributions under the 2011 Share Savings Program, not to exceed 13,946 shares.

2. NOMINATING COMMITTEE

The Nominating Committee is the AGM's body for preparing resolutions related to appointments, and is tasked with preparing material to assist the AGM with these matters. Apart from proposing the composition of the Board, the Nominating Committee submits recommendations on AGM chairman, Board members, Chairman of the Board, Board fees (broken down per Chairman, other Board members and committee membership) and election and remuneration of auditors.

During 2014 the Nominating Committee focused primarily on:

- monitoring and evaluation of the Board and its performance,
- discussion and analysis of the Board's competency requirements based on Sweco's operations, and
- proposals for Board composition and compensation issues ahead of the upcoming AGM.

The 2014 AGM resolved on instructions for the Nominating Committee ahead of the 2015 Annual General Meeting. Among other things, these instructions specify that the Board Chairman shall convene a Nominating Committee comprised of one representative from each of company's largest shareholders (at least three and at most four) and of 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 15 October 2014.

The Nominating Committee held four meetings ahead of the 2015 AGM. The Nominating Committee is comprised of Gustaf Douglas, representing Investment AB Latour; Birgitta Resvik, representing the J. Gust. Richert Memorial Foundation; and Board Chairman Johan Nordström, representing the Nordström family. The Nominating Committee is chaired by Johan Nordström.

3. BOARD OF DIRECTORS

The Board of Directors is responsible for the company's organisation and management 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 an annual basis through a systematic and structured process.

The Board's rules of procedures, including instructions for the division of duties between the Board and President, are updated and adopted annually. The rules of procedure regulate the Board's obligations, the division of duties within the Board, the number of Board meetings, the annual agenda and main topic 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 ownership structure. In accordance with Sweco's Articles of Association, the Board of Directors is comprised of at least three and not more than nine members. These members are elected by the Annual General Meeting to serve for the period through the conclusion of the next AGM.

Composition of the Board

Sweco's Board of Directors is comprised of seven ordinary members elected by the AGM to serve for a period of one year through

the conclusion of next year's AGM. The Board has also included three employee representatives and three employee-appointed deputies. With the exception of the President (Tomas Carlsson), none of the AGM-elected Board members have an operational role in the company. All Board members but one are from Sweden. Four of the seven directors are women. All AGM-elected directors, aside from the President (Tomas Carlsson) are independent in relation to Sweco. All directors aside from Johan Nordström and Anders G. Carlberg are independent in relation to the major shareholders.

The 2014 Annual General Meeting appointed Johan Nordström as Board Chairman. The other ordinary Board members appointed by the 2014 AGM are Anders G. Carlberg, Tomas Carlsson, Gunnell Duveblad, Eva Lindqvist, Pernilla Ström and Carola Teir-Lehtinen. The employee representatives are Thomas Holm, Göran Karloja and Anna Leonsson as ordinary members, with Görgen Edenhagen, Sverker Hanson and Christer Åberg as deputies.

See pages 84–85 further information about the members of the Board of Directors.

Work of the Board

Apart from the statutory Board meeting held immediately following the AGM, the Board meets at least six times per year. In 2014 the Board held seven meetings, four of which were held in conjunction with publication of interim reports. The meeting held in conjunction with publication of the Q2 report was held via telephone, with all documentation distributed in advance. The Board made two study visits in connection with the September meeting in Helsinki: to the West Metro/Mattby station building site and to the new Hagalund centre. Assignment presentations were made to the Board during both visits.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2014 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR issues, CSR, risk management, internal control issues and other matters for which decision responsibility is assigned to the Board by the rules of procedure. Other Sweco executives participate in Board meetings to present reports when necessary. 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 Board, Audit Committee and Remuneration Committee meetings in 2014 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	7	6	8
Olle Nordström ^{1) 2)}	1	–	4
Johan Nordström ^{3) 4)}	7	1	4
Anders G. Carlberg	6	6	–
Tomas Carlsson	7	–	–
Gunnell Duveblad	7	6	–
Eva Lindqvist ⁵⁾	6	4	–
Pernilla Ström	6	–	7
Carola Teir-Lehtinen	7	–	8
Thomas Holm	6	–	–
Göran Karloja	6	–	–
Anna Leonsson	7	–	–
Görgen Edenhagen	4	–	–
Sverker Hanson	2	–	–
Christer Åberg	2	–	–

1) Resigned from the Board in conjunction with the 2014 AGM.

2) Resigned from the Remuneration Committee after the 2014 AGM.

3) Resigned from the Audit Committee after the 2014 AGM.

4) Joined the Remuneration Committee after the 2014 AGM.

5) Joined the Audit Committee after the 2014 AGM.

Board composition and fees¹⁾

	Position	Year of birth	Nationality	Elected in	Independent	Board and committee fees, SEK ²⁾
Johan Nordström	Chairman of the Board, chairman of the Remuneration Committee	1966	Swedish	2012	no	550,000
Anders G. Carlberg	Board member, member of the Audit Committee	1943	Swedish	2009	no	300,000
Tomas Carlsson	Board member, President and CEO	1965	Swedish	2013	no	–
Gunnel Duveblad	Board member, chairman of the Audit Committee	1955	Swedish	2008	yes	350,000
Eva Lindqvist	Board member, member of the Audit Committee	1958	Swedish	2013	yes	300,000
Pernilla Ström	Board member, member of the Remuneration Committee	1962	Swedish	2009	yes	275,000
Carola Teir-Lehtinen	Board member, member of the Remuneration Committee	1952	Finnish	2011	yes	275,000
Thomas Holm	Employee representative, appointed by employees	1953	Swedish	2007	–	–
Göran Karloja	Employee representative, appointed by employees	1953	Swedish	2008	–	–
Anna Leonsson	Employee representative, appointed by employees	1971	Swedish	2005	–	–
Görgen Edenhagen	Deputy, appointed by employees	1964	Swedish	2011	–	–
Sverker Hanson	Deputy, appointed by employees	1963	Swedish	2011	–	–
Christer Åberg	Deputy, appointed by employees	1953	Swedish	2011	–	–

1) For the period from the 2014 AGM through the 2015 AGM.

2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2014 AGM. Fees refer to remuneration paid during the period from the 2014 AGM through the 2015 AGM. For fees expensed during 2014, see Note 6 on page 56.

Evaluation of Board performance and its members

An annual evaluation is conducted of the Board and its members to ensure that the Board meets the requisite performance criteria. Such an evaluation was also conducted in 2014. The results of the evaluation are discussed by the Board and reported to the Nominating Committee. The performance of the President and Executive Team is also regularly evaluated and is discussed during at least one Board meeting at which the Executive Team is not present.

3.1 BOARD COMMITTEES

Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Pernilla Ström and Carola Teir-Lehtinen. The tasks of the Remuneration Committee include drafting proposals for principles for remuneration, terms of employment, pension benefits and bonus systems for the CEO and other senior executives, and presentation of these proposals to the Board for decision. The Remuneration Committee meets at least twice per year, and held eight meetings in 2014.

Audit Committee

The statutory meeting of the Board also appoints the Audit Committee. Audit Committee members are Gunnel Duveblad (chairman), Eva Lindqvist and Anders G. Carlberg. The company's independent auditor attended all committee meetings but one. The tasks of the Audit Committee include, among other things to supporting the work of the Board to ensure the quality of the company's financial reporting, meeting regularly with the company's auditors, assisting the Board in preparing a report on internal control and risk management, monitoring significant disputes and damage claims, establishing guidelines on 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 2014 the Audit Committee held six meetings.

4. EXTERNAL AUDIT

The auditor is appointed on an annual basis by the AGM. The task of the auditor is to examine, on behalf of the shareholders, 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 PricewaterhouseCoopers AB (PwC) was re-elected by the 2014 AGM to serve as Sweco's auditor through the conclusion of the 2015 AGM. Authorised Public Accountant Lennart Danielsson has been auditor in charge since 2008. For financial year 2014, fees for audit services totalled SEK 5.3 million (4.8) and fees for non-audit services totalled SEK 2.4 million (3.1). Apart from audit services, Sweco consulted PwC on various matters related to financial accounting and mergers. PwC also 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 55.

5. PRESIDENT, EXECUTIVE TEAM AND STAFFS

The Board of Directors has delegated to the President responsibility for day-to-day operations of the company and the Group. The President supervises operations within the framework determined by the Board of Directors. The Board has also established instructions governing the division of duties between the Board of Directors and the President, which are updated and adopted annually. Sweco's Executive Team was formed in 2014 and is comprised of the President, the CFO, the four business area presidents, the General Counsel, the HR Director and the Communications Director. The Executive Team replaces the former executive management, which was comprised of the President and the CFO, assisted by group staffs for Corporate Communication, QA (Quality Assurance), Accounting, Legal Affairs, HR and IT.

For more information on senior executives, see pages 86–87.

6. BUSINESS AREAS

The Sweco Group's business activities are organised in four 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. Apart from ongoing contacts and monthly meetings with the management of each business area, Sweco's Executive Team exercises its control over the business areas through involvement in board activities. The business areas' boards include members from the Executive Team (represented by Sweco's President & CEO and the CFO), the business areas' management teams and, in certain cases, employee representatives. All business areas are subject to the same rules for division of responsibilities between the board of directors and the president as those applicable

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 customer-driven organisation distinguished by far-reaching decentralisation, with a high degree of autonomy for each unit. Under the Group's business model, business momentum is generated by the entire organisation and all employees take part in working with customers. With Sweco's policies and guidelines as a framework, managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with customer needs.

Sweco's international growth ambitions place rigorous demands on leadership. Employee dedication and development are critical for Sweco's growth. All employee development is focused on performance, customer understanding and knowledge sharing. This work is supported by the annual 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 ensure strong leadership Sweco uses the Sweco Leadership Compass, which defines the company's leadership culture and links leadership with Sweco's business culture. Effective management succession is ensured through Talent Review, a process and programme for continuous identification and development of good leaders.

8. INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

Control environment

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

Sweco's Board of Directors has formulated explicit decision-making procedures, rules of procedure 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 rules of procedure, instructions to the President, authorisation and signatory rules and a finance policy, and reviews the Group's other policy documents. Rules of procedure for the board and instructions to the president are found in every company in the Group, and are based on the same principles as those that apply for Sweco AB's Board of Directors. Sweco also has a number of policies for financial information, corporate communication, IT security, CSR, crisis management, HR and quality assurance. These policies are the 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 Sweco AB Board of Directors. The areas 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 achieve their objectives. The company's Board of Directors and top management are responsible for risk management.

Sweco's risk management is an ongoing process. Large parts 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 for work in progress in order to further improve risk management and internal control activities.

Based on the mapping of the Group's risks and risk management, during 2014 Sweco further developed and reinforced its routines for day-to-day risk monitoring. In 2014 these activities were reported regularly to the Audit Committee and the Board. Within each business area, a risk map is continuously monitored at business area board meetings, where the agenda also includes a standing item on risk management. A report on risk management and internal control within the Group – covering the areas of market and business risks, CSR, QA (Quality Assurance), HR, Accounting, IT and Corporate Communications – was discussed by the Board of Directors, the Audit Committee and the Executive Team.

The business ethics compliance programme based on Sweco's CSR policy was further developed during the year. This included the revision of the CSR policy, new procedures and training. The sweco@work management system includes several CSR-related procedures (including those dealing with partners). Full-day training is available for managers. All employees have access to individual e-learning courses, including a "we-learning" section where groups can gather to discuss business ethical dilemmas. Dilemma discussions have also been held in Sweco's Executive Team. The training programme and dilemma discussions will continue through 2015. A whistle-blower function (Sweco Ethics Line) has been in place since 2013 and enables the anonymous reporting of suspected improprieties. The purpose of the compliance programme is to increase awareness, ensure that adequate risk management procedures are in place, and monitor compliance within the Group.

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 report is submitted annually to Sweco's Executive Team, the Audit Committee and the Board of Directors.

Information on Sweco's governing documents (including group policies, manuals, guidelines and routines) is available on the Sweco Group intranet. Important guidelines, manuals, etc., are continuously updated and communicated to the relevant employees. The goal is for all employees to complete an e-learning course on the Sweco Group – which includes details on the Group's overall objectives, values and policies (including its CSR policy) – as new employees and on an on-going basis every second year.

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

Monitoring

Each business area has a controller responsible for ensuring compliance with policies, guidelines and routines for financial reporting. Controllers are also responsible for ensuring the accuracy and completeness of the reported financial information. To further enhance internal control of financial reporting, a self-assessment question-

naire on financial reporting is produced each year 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 includes 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 levels. Operationally relevant key ratios can also be followed up weekly on all of these levels. A group-wide consolidation is carried out every month 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, a corporate communication policy defines the responsibilities and rules for communication with external parties.

Internal audit

Sweco has a simple and uniform operational structure throughout the Group. Controllers at the Group and business area levels regularly monitor compliance with Sweco's established operating and internal control systems. Controllers also conduct ongoing analyses of the companies' reporting and financial results in order to ensure 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 and risk management on pages 78–79.

9. INFORMATION TO THE CAPITAL MARKET

Sweco strives to provide 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 communication policy that is part of the internal control environment and ensures that Sweco meets the requirements imposed on listed companies.

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

- interim and annual reports, published in Swedish and English
- press releases in Swedish and English on 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
- regular meetings with the media, investors and analysts in Sweden and around the world throughout the year

When interim reports, annual reports and press releases are published in printed form, the material is simultaneously published on the corporate website (www.swecogroup.com), which also contains a large volume of other information that is updated on a regular basis.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

Remuneration for the Board

Board remuneration is determined by the Annual General Meeting. Board fees for 2014/2015 were set at SEK 1,750,000, of which SEK 500,000 is payable to the Chairman and SEK 250,000 to each of the

five AGM-elected Board members 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 each period.

The chairman of the Remuneration Committee is paid an additional fee of SEK 50,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 25,000. The chairman of the Audit Committee is paid an additional fee of SEK 100,000 and the other members of the Audit Committee each receive an additional fee of SEK 50,000.

Principles for salary and other remuneration to senior executives pursuant to the 2014 AGM resolution are shown in Note 6 on pages 55–57.

THE SWECO SHARE

Sweco AB's shares have been traded on Nasdaq Stockholm since 21 September 1998. Sweco AB's total market capitalisation at 31 December 2014 was SEK 9,776 million (9,663). Share capital totalled SEK 92.4 million, divided between 9,368,164 Class A shares, 82,148,683 Class B shares and 900,000 Class C shares. The Class A and Class B shares are listed; the Class C shares were issued as per resolution of the 2014 AGM. The Class C shares were issued to enable the company to deliver shares (i.e., following conversion of the Class C shares to Class B shares) to employees under the 2014 Share Bonus Program. Class A shares carry one vote and Class B and C shares each carry 1/10 of one vote. Class A and Class B shares carry entitlement to dividends; Class C shares do not. Sweco's Articles of Association stipulate the right to convert Class A shares to Class B shares. Per shareholder request, 4,200 Class A shares were converted to Class B shares in February 2014 pursuant to the conversion clause in the Articles of Association. As at year-end 2014/15, Sweco held a total of 1,653,437 treasury shares: 753,437 Class B shares and 900,000 Class C shares.

Sweco AB had 7,780 shareholders at year-end 2014. The largest shareholders are the Nordström family (with 15.2 per cent of the share capital and 34.4 per cent of the votes), Investment AB Latour (with 31.4 per cent of the share capital and 22.6 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 2.1 per cent of the share capital and 10.1 per cent of the votes). Foreign investors held 17.9 per cent of the share capital and 9.5 per cent of the votes. Together, the ten largest shareholders control the equivalent of 69.4 per cent of the share capital and 79.3 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 specifies that at least half of profit after tax shall be distributed to the shareholders, while also requiring that the company maintain a capital structure that provides scope to develop and make investments in the company's core business.

10. DEVIATIONS FROM THE CODE

The Chairman of the Board of Directors also chairs the Nominating Committee. The principal shareholders represented on the Nominating Committee in accordance with the committee's instructions deem it desirable that the committee be chaired by the representative for the largest shareholder in terms of voting power.