

# CORPORATE GOVERNANCE REPORT

## SWECO AB IN GENERAL

Sweco AB is a public limited liability company with registered office in Stockholm, Sweden. Sweco's corporate governance is based on the Swedish Companies Act, Sweco AB's Articles of Association, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance, other applicable laws and regulations and its own policies, procedures and guidelines. Sweco's Board of Directors (the "Board") and management 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 the company's Articles of Association, Sweco's governance, management and control are divided between the shareholders at the Shareholders' Meeting, the Board and the President & CEO. This 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 statutory auditors.

## BUSINESS MODEL AND PROJECT MANAGEMENT

Sweco operates according to a business model with a strong client focus, the best people in the industry, internal efficiency and a decentralised organisation. In Sweco's decentralised organisation, teams of consultants form the basic building blocks of the business. As each and every consultant is responsible for generating business, the company's operations must be permeated by a strong entrepreneurial attitude and approach. Sweco's client promise is to be most approachable and committed partner with recognised expertise.

Sweco's activities are carried out as projects. The project teams vary depending on project size, location and complexity. Each project is headed by a responsible project manager whose day-to-day work is facilitated by Sweco's group-wide business system. All operating countries are certified in accordance with ISO 9001 and most are also certified in accordance with ISO 14001 and OHSAS 18001. OHSAS 18001 will be replaced by ISO 45001 and organisations have until March 2021 to convert to ISO 45001. These certifications regard management systems. The certifications help Sweco to comply with legislation, improve projects' environmental aspects, identify potential risks and measure and improve client satisfaction. The Group's business system and its usage are audited every year by an independent quality assurance organisation. The system is also monitored internally on a continuous basis.

The responsibility of the Sweco consultant is to deliver sustainable and client-adapted solutions that have a high knowledge content, are of the appropriate quality and benefit the client's business. The Group's business system includes guidelines, policies and procedures focused on project results and is accessible to the consultants at all times. Sweco works continuously with improvement measures to develop working methods, promote sustainability and support the employees. Strategic skills development programmes are used to meet the consultants' need for ongoing education and training. The knowledge and experience gained by the consultants in their projects is preserved and developed for future use.

## SUSTAINABILITY AND COMPLIANCE

Sweco's contribution to society is achieved through our client projects, but also through how we operate and act as a company. 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 client projects, frequently in an early stage where there is great opportunity to exert an influence. This places high demands for individual awareness of business ethics and Sweco's procedures.

Sweco complies with the laws, regulations and other requirements applicable to operations in countries where the Group is active. In some cases, Sweco's standards and requirements exceed legal requirements. We support and respect all human rights, as defined by the UN in the Universal Declaration of Human Rights. Sweco follows the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and although not a signatory, Sweco works according to the ten principles in the UN's Global Compact.

Sweco's Code of Conduct establishes Sweco's and its employees' view

on the company's social responsibilities, covering business ethics, employee development, human rights, equality and diversity, and occupational health and safety. Sweco's Code of Conduct gathers the ethical guidelines designed to enable corporate responsibility on the part of Sweco's employees and partners. Additionally, Sweco has a Business Partner Programme to enable that existing and prospective partners meet corporate responsibility requirements. Sweco also has group-wide policies on anti-corruption, gifts and business entertainment and sponsorship. Local guidelines specify areas of responsibilities in more detail.

The President and CEO is ultimately responsible for the Code of Conduct and other Sweco policies and their implementation, and every employee working at Sweco is expected to live up to these. Compliance is a matter for the executive management of the Group, and for managers at all levels in the Group down to the individual employee. All managers are responsible for ensuring that their employees have everything they need to comply with Sweco's policies and guidelines. All employees are obligated to familiarise themselves with the contents of the policies and guidelines, accept and follow them. Each employee is obligated to familiarise themselves and comply with the provisions of the policies and to encourage external partners to comply with applicable policies. An employee who suspects business ethics improprieties is obligated to report this internally, in the first instance to his or her manager, manager's manager, HR or Group Legal Affairs and, in cases where anonymity is called for, via Sweco's external whistle-blower function called Sweco Ethics Line. The President & CEO holds the ultimate responsibility for ensuring that the policies are monitored, e.g., through internal and external audits, internal statistics and line manager reviews.

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, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. This is set forth in Sweco's Code of Conduct.

The Nomination Committee has applied Section 4.1 in the Swedish Corporate Governance Code as a policy for diversity of the members in the Board. Diversity is an important element in the nomination process. The Nomination Committee has continuously strived for an equal representation with regard to gender and diversity as to competencies, experience and background, which is reflected in the current composition of the Board.

See pages 102–107 for Sweco's Sustainability Report.

## ORGANISATION

### SHAREHOLDER GOVERNANCE THROUGH SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is Sweco's highest decision-making body, where all shareholders are jointly 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 on time are entitled to participate in the Annual General Meeting (AGM) and vote for all of their shares. AGM or Extraordinary General Meeting (EGM) resolutions are generally made by simple majority. However, in certain cases, the provisions of the Swedish Companies Act stipulate a qualified level of attendance to achieve a quorum or a specific majority of votes.

The AGM must be held in Stockholm within six months following the close of the financial year. Resolutions made by the AGM include, among others, adoption of Sweco AB and Group income statements and balance sheets, approval of dividends, discharge from liability for the members of the Board and CEO, determination of fees for the Board of Directors and statutory auditors, election of Board members, Chairman of the Board and statutory auditor, decisions regarding the Nominating Committee and other matters as required by the Swedish Companies Act. At Sweco AB's AGM, each shareholder has the opportunity to ask questions about the company and its performance during the past year. The Board, Executive Team and statutory auditors are present to answer these questions.

### 2019 Annual General Meeting

The 2019 AGM was held on 11 April in Stockholm and was attended by 248 shareholders, representing 79.63 per cent of the votes and 66.8 per cent of the share capital. Johan Nordström was elected Chairman of the AGM. In her address to the AGM, President & CEO Åsa Bergman commented

on Sweco's performance in 2018, Sweco's development in recent years and the outlook for 2019. The statutory auditor reported on audit-related work conducted during 2018. The submitted income statements and balance sheets were adopted and the Board and CEO were discharged from liability for the financial year 2018. The AGM approved an ordinary dividend of SEK 5.50 per share.

The AGM resolved to re-elect the Board members, the Chairman of the Board and the statutory auditors and the fees for the Board members, members of the Audit Committee and the Remuneration Committee and the statutory auditors in accordance with the Nominating Committee's proposal. The AGM also adopted the Board's proposed guidelines for remuneration to senior executives and instructions for the Nominating Committee.

According to the Board's proposal, the AGM resolved to implement the Share Bonus Scheme 2019 on terms and conditions that generally corresponds to those of Share Bonus Scheme 2018 and stipulates that bonuses are paid in shares rather than cash. The resolution included decisions to implement the Share Bonus Scheme 2019 per se and to authorise the Board to transfer Class B treasury shares to secure obligations under the Share Bonus Scheme 2019 and to sell Class B treasury shares to secure payment of social security contributions.

The Share Bonus Scheme comprises a maximum of 2,000,000 Sweco Class B shares (no more than 1,500,000 for delivery to participants and no more than 500,000 to cover social security contributions). The AGM resolved to authorise the Board to transfer no more than 1,500,000 Class B treasury shares to employees under the Share Bonus Scheme 2019; and to sell no more than 500,000 Class B shares to cover social security contributions. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2019 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 18–29 March 2019) less the amount of the AGM-approved dividend per share for 2018. The base share price is restated in accordance with usual terms and conditions if events occur 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 scheme's duration. Bonus per employee is based on the participating business units' EBITA per employee. Shares will be allocated to employees free-of-charge during the first six months of 2020 premised upon continued employment.

The AGM approved a long-term share savings scheme (the 2019 Share Savings Scheme) for Sweco Group senior executives. The scheme comprises a maximum of 187,900 Sweco Class B shares (no more than 149,100 for delivery to participants and no more than 38,800 to cover social security contributions). The AGM approved the free-of-charge transfer of no more than 149,100 Class B treasury shares to participants in the 2019 Share Savings Scheme during the period they are entitled to receive Matching and Performance Shares.

The AGM authorised the Board to decide on acquisitions and transfers of treasury shares in order to deliver shares under the Share Bonus Scheme 2019 and the 2019 Share Savings Scheme and to cover thereto related costs for social security contributions, as well as to give the Board greater freedom of action in working to optimise Sweco's capital structure, including to enable Sweco to use treasury shares as consideration in, or otherwise finance, potential future company or business acquisitions. The authorisation may be used on one or several occasions up until the next Annual General Meeting. The number of acquired Sweco Series B shares may, together with Sweco shares otherwise acquired and held by Sweco, at any given time not exceed ten (10) percent of all issued shares in Sweco. Up to 2,000,000 Series B shares may be required to ensure Sweco's obligations under the Share Bonus Scheme 2019. In order to implement the 2019 Share Savings Scheme, a maximum of 187,900 Series B shares are required.

Finally, the AGM authorised the Board to decide on the sale of Class B treasury shares on the stock exchange under the Share Bonus Scheme 2018 and the 2016 Share Savings Scheme. This authority, which may be exercised on one or more occasions during the period preceding the 2020 AGM, applies to the number of Class B shares required to cover social fees under the 2018 Share Bonus Scheme (not to exceed 500,000

shares) and the 2016 Share Savings Scheme (not to exceed 7,729 shares).

The Board resolved at the statutory Board meeting to exercise its authority as granted by the AGM (as regard to the repurchase of shares: up to 12,000,000 Class B treasury shares).

## 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 2019 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 matters ahead of the upcoming AGM.

The 2019 AGM resolved on instructions for the Nominating Committee ahead of the 2020 AGM. Among other things, these instructions specify that the Chairman of the Board shall convene a Nominating Committee comprised of three or four representatives – one representative from each of Sweco AB's three largest shareholders and the Chairman of the Board if he/she is not a member in his/her capacity of shareholder representative. The names of the Committee members, together with the names of the shareholders they represent, were published on Sweco's website on 14 October 2019 and were based on the known number of votes held by the three largest owners of the company as of the last business day in August 2019.

The Nominating Committee held four meetings in 2019. Ahead of the 2020 AGM the Nominating Committee consists of Eric Douglas representing Investment AB Latour, Birgitta Resvik representing the J. Gust. Richert Memorial Foundation and Chairman of the Board Johan Nordström representing the Nordström family. The Nominating Committee is chaired by Johan Nordström.

## BOARD OF DIRECTORS

The Board is responsible for the company's organisation and management of the company's affairs. The Board shall continuously monitor the financial situation of the company and the Group and shall ensure that the company is organised in such a way that its accounting, cash management and other financial circumstances can be adequately controlled. The Board shall also ensure 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 responsibilities between the Board and the President & CEO, are updated and adopted annually. The rules of procedure regulate the Board's obligations, the division of responsibilities within the Board, the minimum number of Board meetings, the annual agenda and main topic of each meeting, instructions for preparing the agenda and background documentation for decisions.

The Chairman of the Board supervises the work of the Board and is responsible for ensuring that the Board carries out its responsibilities in an organised and efficient manner. The Chairman continuously monitors the Group's development through ongoing contact with the President & CEO. The Chairman of the Board 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.

## Composition of the Board

The Board consists of eight ordinary members elected by the AGM and three employee representatives, with three union-appointed deputies. The AGM-elected Board members serve for a one-year period through the conclusion of next year's AGM. With the exception of the President & CEO (Åsa Bergman), none of the AGM-elected Board members have an

operational role in the company. Six of the AGM-elected Board members are of Swedish nationality, one of German nationality and one of Swedish and American nationality. There are five female and three male AGM-elected Board members. With the exception of the President & CEO Åsa Bergman, all AGM-elected Board members are independent in relation to Sweco. With the exception of Gunnel Duveblad, Johan Hjertonsson and Johan Nordström, the AGM-elected Board members are independent in relation to the major shareholders.

The 2019 AGM re-elected Johan Nordström as Chairman of the Board. The other ordinary Board members, which all were re-elected by the 2019 AGM, are Åsa Bergman, Gunnel Duveblad, Alf Göransson, Elaine Grunewald, Johan Hjertonsson, Eva Lindqvist and Christine Wolff. The employee representatives are Görgen Edenhagen, Maria Ekh and Anna Leonsson with Peter Rothstein, Nicole Corrodi (as of May 2019) and Charlotte Berglund (as of May 2019) as deputies.

See pages 108–109 for further information on members of the Board.

### 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 2019 the Board held nine 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. In conjunction with the September meeting in Copenhagen, Denmark, the Board visited Postgarden, an architectural project transforming the historic main Post office complex in central Copenhagen to a welcoming retail and office space.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2019 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR matters, CSR, risk management, internal control matters and other matters for which decision responsibility is assigned to the Board by the rules of procedure. Executive Team members other than the President & CEO participate in Board meetings to present reports when necessary. The Board Secretary is the company's General Counsel. The company's statutory auditor takes part in at least one Board meeting per year. Attendance at Board, Audit Committee and Remuneration Committee meetings in 2019 is presented in the following table.

### Board composition and fees<sup>1</sup>

	Position	Year of birth	Nationality	Elected in	Independent larger shareholders	Board and committee fees, SEK <sup>2</sup>
Johan Nordström	Chairman of the Board, Chairman of the Remuneration Committee	1966	Swedish	2012	no	900,000
Åsa Bergman	Board member, President & CEO	1967	Swedish	2018	yes	–
Gunnel Duveblad	Board member, Chairman of the Audit Committee	1955	Swedish	2008	no	550,000
Elaine Grunewald	Board member, member of the Audit Committee	1967	American / Swedish	2017	yes	490,000
Alf Göransson	Board Member, member of the Audit Committee	1957	Swedish	2018	yes	490,000
Johan Hjertonsson	Board member, member of the Remuneration Committee	1968	Swedish	2015	no	460,000
Eva Lindqvist	Board member, member of the Remuneration Committee	1958	Swedish	2013	yes	460,000
Christine Wolff	Board Member, member of the Audit Committee	1960	German	2016	yes	490,000
Görgen Edenhagen	Employee representative	1964	Swedish	2011	–	–
Maria Ekh	Employee representative	1974	Swedish	2016	–	–
Anna Leonsson	Employee representative	1971	Swedish	2005	–	–
Charlotte Berglund	Deputy employee representative	1973	Swedish	2019	–	–
Nicole Corrodi	Deputy employee representative	1985	Swedish	2019	–	–
Peter Rothstein	Deputy employee representative with right of attendance	1959	Swedish	2017	–	–

1) For the period from the 2019 AGM through the 2020 AGM.

2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2019 AGM. Fees refer to remuneration paid during the period from the 2019 AGM through the 2020 AGM.

For fees expensed during 2019, see Note 6 on page 65.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	9	6	6
Johan Nordström	9	–	6
Åsa Bergman	9	–	–
Gunnel Duveblad	8	6	–
Elaine Grunewald	9	6	–
Alf Göransson <sup>1</sup>	8	3	–
Johan Hjertonsson	9	–	6
Eva Lindqvist	8	–	6
Christine Wolff	9	6	–
Görgen Edenhagen	9	–	–
Maria Ekh	9	–	–
Anna Leonsson	9	–	–
Charlotte Berglund <sup>2</sup>	–	–	–
Nicole Corrodi <sup>3</sup>	–	–	–
Tom Ahasverussen <sup>4</sup>	–	–	–
Amanda Carlberg <sup>5</sup>	–	–	–
Peter Rothstein <sup>6</sup>	7	–	–

1) Appointed as member of the Audit Committee after the 2019 AGM.

2) Replaced Amanda Carlberg as deputy employee representative as of May 2019.

3) Replaced Peter Rothstein as deputy employee representative as of May 2019.

4) Resigned as deputy employee representative with right of attendance in May 2019.

5) Resigned as deputy employee representative in May 2019.

6) Replaced Tom Ahasverussen as deputy employee representative with right of attendance in May 2019.

### Evaluation of Board performance and its members

An annual self-assessment 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 2019. The results of the evaluation are discussed by the Board and reported to the Nominating Committee. The performance of the President & CEO and Executive Team is also regularly evaluated and is discussed during at least one Board meeting during which the relevant person is not present.

## BOARD COMMITTEES

### Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Johan Hjertonsson and Eva Lindqvist. The tasks of the Remuneration Committee include drafting proposals for guidelines for remuneration, terms of employment, pension benefits and bonus systems for the President & 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 six meetings in 2019.

### Audit Committee

The statutory meeting of the Board appoints the Audit Committee. The Audit Committee members are Gunnel Duveblad (chairman), Elaine Grunewald, Alf Göransson and Christine Wolff. The tasks of the Audit Committee include, among others, supporting the work of the Board to ensure the quality of the company's financial reporting, oversight of the internal audit function and reporting, meeting regularly with the company's statutory auditor, assisting the Board in preparing a report on internal control and risk management, monitoring compliance status and incidents reported, monitoring significant disputes and damage claims, establishing guidelines on the non-auditing services the company may procure from its statutory auditor and evaluating the statutory auditor's performance. The Audit Committee meets at least four times per year. In 2019 the Audit Committee held six meetings. The statutory auditor attended all committee meetings.

## REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

### Remuneration for the Board

Board remuneration is determined by the AGM. Board fees for 2019/20 were set at SEK 3,840,000, of which SEK 800,000 is payable to the Chairman of the Board and SEK 400,000 to each of the six AGM-elected Board members not employed in the Group. No Board fees are paid to the President & CEO or the employee representatives and deputies. Board fees are paid in two instalments during each period.

The Chairman of the Remuneration Committee is paid an additional fee of SEK 100,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 60,000. The Chairman of the Audit Committee is paid an additional fee of SEK 150,000 and the other members of the Audit Committee each receive an additional fee of SEK 90,000.

### Remuneration for senior executives

Principles for salary and other remuneration to senior executives pursuant to the 2019 AGM resolution are shown in Note 6 on pages 64–66.

## STATUTORY AUDIT

The statutory auditor is appointed annually by the AGM. The task of the statutory 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 and the President & CEO.

The auditing firm PricewaterhouseCoopers AB (PwC) was re-elected by the 2019 AGM to serve as the company's statutory auditor through the conclusion of the 2020 AGM. Authorised Public Accountant Michael Bengtsson was by the auditing firm appointed chief statutory auditor for financial year 2019. For the financial year 2019, fees for audit services totalled SEK 12 million (11) and fees for non-audit services totalled SEK 3 million (1). The non-audit services in 2019 primarily relate to assistance in relation to acquisitions and tax compliance matters. The amount of fees paid to all accounting firms is shown in Note 4 on page 64.

## PRESIDENT & CEO AND EXECUTIVE TEAM

The Board has delegated to the President & CEO the responsibility for day-to-day business operations of the company and the Group. The President & CEO supervises the business operations within the framework determined by the Board. The Board has also established instructions governing the division of responsibilities between the Board and the President & CEO, which are updated and adopted annually.

During 2019, Sweco's Executive Team comprised of the President &

CEO, the CFO, the eight Business Area Presidents, the General Counsel, the HR Officer, the Communication Officer and, as of July 2019, the Chief Strategy & M&A Officer.

For more information on the Executive Team, see pages 110–111.

## BUSINESS AREAS

As of January 2019, the Sweco Group's business activities are organised in eight business areas: Sweco Sweden, Sweco Norway, Sweco Finland, Sweco Denmark, Sweco Netherlands, Sweco Belgium, Sweco UK and Sweco Germany & Central Europe. Each business area is headed by a Business Area President ("BA President") and a Business Area Finance Director ("BA Finance Director").

At least three business area management meetings are held per year for each business area. Sweco's President & CEO and CFO monitor the business areas by participating in business area management meetings with the respective BA President and BA Finance Director, as well as through ongoing contact. The President & CEO is also chair of the business areas' boards of directors. All business areas are subject to the Sweco Group rules for division of responsibilities between business area's board of directors and its BA President. Each business area consists of one or more business divisions that are organised by area of expertise. Each division may be organised by region, department or group, depending on the number of employees.

## CONSULTANTS AND LEADERSHIP

Sweco has a client-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 clients. 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 client needs.

Sweco's size and international breadth place rigorous demands on leadership. Employee dedication and development are critical for Sweco's growth. All employee development is focused on performance, client 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 of the Group's operating and administrative areas. Sweco invests in management development to ensure strong leadership. Our skilled and committed managers help our clients achieve success and conduct good business and enable our employees to develop. Effective management succession is supported through Talent Review, a process and programme for continuous identification and development of good leaders.

## INTERNAL CONTROL, RISK MANAGEMENT AND MONITORING

### Control environment

The internal control (over financial reporting and in general) is based on the overall control environment established by the Board and the Executive Team, including, among others, the culture and values communicated and practiced by the Board and Executive Team. Key components are the organisational structure, management philosophy and style, and responsibilities and powers that are clearly defined and communicated to all levels in the organisation.

The Board 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 & CEO in order to facilitate effective management of operational risks. Every year, the Board updates and adopts the rules of procedure, instructions to the President & CEO, decision making procedure and authorisation policy and a finance policy and reviews the Group's other policy documents. Rules of procedure for the local boards and instructions to the local presidents are in place in every Group company and are based on the same principles as those that apply to Sweco AB's Board. Sweco also has a number of policies for finance, CSR information, corporate communication, information security, crisis management, data privacy, HR and quality and environment. These policies are the foundation for good internal control.

Sweco's decision making procedure and authorisation policy clearly regulates the allocation of powers at every level, from the individual consultant to the Sweco AB Board. The areas covered include tenders, investments, rental and lease agreements, expenditures and guarantees.

Through the Audit Committee, the Board adopts and monitors policies and procedures on financial reporting and reporting to the Board to ensure that internal control activities focused on these matters are functioning properly. Internal controls are reviewed by Group internal audit, as well as the statutory auditor. The outcomes are reported to the Audit Committee.

### 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 and senior management are ultimately responsible for risk management. Sweco's risk management covers all business areas, companies/divisions and processes in the Group. Each manager is responsible for risk management activities in his/her respective area.

Sweco's goals, which are expressed in the company's business plan and strategy, provide a foundation for the company's risk management. Risk management is based on a group-wide risk analysis. This inventory of risks is aimed at identifying the most significant risks that the Group is exposed to, the probability that these will occur and the potential impact on Sweco's goals. At the same time, the effectiveness of existing controls and risk mitigation measures are assessed. The results of the overall risk analysis have been gathered in a risk map that reflects Sweco's estimate of its risk exposure.

A report on risk management and internal control within the Group was discussed by the Board, the Audit Committee and the Executive Team. Risk management is a standing item on the agenda for each business area management meeting.

### Monitoring

Each business area has a BA Finance Director responsible for ensuring compliance with policies, and routines for financial reporting. The BA Finance Directors 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 questionnaire on internal control is produced each year and circulated to all BA Finance Directors in the Group. The purpose of the questionnaire is to track the effectiveness of significant internal controls related to the company's financial reporting as well as other key areas. 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 are project reporting systems where project managers can continuously monitor their projects and track monthly earnings and key ratios. This can also be monitored on a group, region, division and business area level. Operationally relevant key ratios can 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 business area management meetings, which are held regularly. An information policy defines the responsibilities and rules for communication with external parties.

### Internal audit

Sweco has a dedicated internal audit function, whose roles and responsibilities are defined in the audit charter. Group internal audit consists of the head of internal audit, one group internal auditor and a team of qualified (business) auditors. Business auditors are experienced financial professionals that rotate into Group Internal Audit as part of their management development.

Internal audit work is governed by the annual audit plan, which reflects risk assessment relative to the realisation of business objectives (risk-based approach). The audit plan is approved by the Audit Committee, with detailed audit assignments defined on a quarterly basis.

Audits were conducted in multiple business areas in 2019, mainly focusing on:

- (Financial) project management
- Revenue recognition
- Compliance with business ethics programme
- Compliance to GDPR guidelines

A summary of audit findings is reported to the Audit Committee on a quarterly basis.

Read more about Sweco's risks and risk management on pages 100–101.

### INFORMATION TO THE CAPITAL MARKET

Sweco strives to provide shareholders, financial analysts, investors, the media and other interested parties with simultaneous, timely, clear and consistent information about the Group's operations, financial position and development. Sweco has an information 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
- Teleconferences and presentations for shareholders, financial analysts, investors and the media in connection with the publication of interim and annual 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](http://www.swecogroup.com), which also contains a large volume of other information that is updated on a regular basis.

### 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 2019 was SEK 43.7 billion. Share capital totalled SEK 121.1 million, divided between 10,420,274 Class A shares and 110,663,545 Class B shares, representing 21,486,628.5 votes in the company. There are no Class C shares issued. The Class A and Class B shares are listed. Class A shares carry one vote and Class B shares carry 1/10 of one vote. Class A and Class B shares carry entitlement to dividends. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. 11,717 Class A shares were converted to Class B shares during financial year 2019 pursuant to the conversion clause in the Articles of Association. As of 31 December 2019, Sweco held a total of 3,285,360 treasury shares, all of which are Class B shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 18,131 shareholders at year-end 2019. The largest shareholders are the Nordström family (with 13.9 per cent of the share capital and 33.4 per cent of the votes), Investment AB Latour (with 26.9 per cent of the share capital and 20.9 per cent of the votes) and the J. Gust. Richert Memorial Foundation (with 1.7 per cent of the share capital and 9.3 per cent of the votes). Foreign investors held 24.9 per cent of the share capital and 14.2 per cent of the votes. Together, the ten largest shareholders control the equivalent of 68.7 per cent of the share capital and 78.4 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.

### DEVIATIONS FROM THE CODE

The Chairman of the Board 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.