
REMUNERATION REPORT 2020

Introduction

This report describes how the guidelines for salary and other remuneration to senior executives within the Sweco Group, adopted by the Annual General Meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding and during 2020 completed share-related and share price-related incentive schemes. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Information required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554) is available in note 6 (Employees and personnel costs) on pages 61–63 in the annual report 2020. Information on the work of the Remuneration Committee in 2020 is set out in the corporate governance report available on pages 42 in the annual report 2020.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 6 on page 63 in the annual report 2020.

Key developments 2020

The CEO summarises the company's overall performance in her statement on pages 2–3 in the annual report 2020.

The company's remuneration guidelines: scope, purpose, compliance and deviation

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. Sweco's remuneration guidelines enable the company to offer the executive management a competitive total remuneration. The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its qualified senior executives.

The remuneration under the remuneration guidelines consists of the following components: base salary (fixed cash salary), short term incentive ("STI") and pension and other benefits. STI shall be linked to predetermined, measurable criteria, which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall be devised to comply with the company's long-term value creation and thus contribute to the company's business strategy and long-term interests, including its sustainability.

The guidelines are found on page 62 in the annual report 2020. During 2020, the company has complied with the remuneration guidelines adopted by the annual general meeting in 2020, however with one deviation due to extraordinary reasons (see further below). No derogations from the procedure for implementation of the guidelines have been made. The auditor's report

regarding the company's compliance with the guidelines is available on www.swecogroup.com. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive schemes.

During 2020, one deviation was made from the remuneration guidelines compared to the remuneration covered by the guidelines. Due to the exceptional year, and the challenges and actions required with regard to the COVID-19 crisis, the Board of Directors resolved to pay out an extra monthly base salary to the CEO, which is reported as an extraordinary item in Table 1 below. As assessed by the Remuneration Committee and the Board of Directors, the remuneration guidelines allow for this deviation. The decision to deviate from the guidelines was, in accordance with the procedure set out in the remuneration guidelines, prepared by the Remuneration Committee and resolved by the Board of Directors.

Table 1 – Total CEO remuneration in 2020 (kSEK)*

Position	Fixed remuneration		Variable remuneration		Extraordinary	Pension	Total	
	Base salary	Other benefits	One-year variable	Multi-year variable**	Extraordinary items	Pension cost	Total Remuneration	Proportion of fixed and variable remuneration***
Åsa Bergman (CEO)	7 604	130	2 647	864	625	2 475	14 345	76/24

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration if vested in 2020, as set out in table 2 and table 3 below (as applicable). Disbursement of any pay may or may not have been made the same year.

** Vested share awards as set out in table 2 below

*** Pension expense, which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding and during 2020 completed share-related and share price-related incentive schemes

The 2016, 2017, 2018, 2019 and 2020 annual general meetings resolved to implement long-term share savings schemes (the 2016 Share Savings Scheme, 2017 Share Savings Scheme, 2018 Share Savings Scheme, 2019 Share Savings Scheme and the Share Savings Scheme 2020) directed at senior executives and other key personnel in the Sweco Group. During 2020, the 2016 Share Savings Scheme was completed with allotment being made in February 2020.

Under the share savings schemes, participants use their own funds to acquire Class B shares in Sweco ("Savings Shares") over NASDAQ Stockholm for an amount equivalent to a maximum of 5–10 per cent of the participant's annual base salary for that year. If the Savings Shares are held until the fourth business day following the day of the publication of the year-end report for the 2019 financial year for the 2016 Share Savings Scheme, the 2020 financial year for the 2017 Share Savings Scheme, the 2021 financial year for the 2018 Share Savings Scheme, the 2022 financial year for the 2019 Share Savings Scheme and the 2023 financial year for the Share Savings Scheme 2020 (respectively the "Retention Period") and the participant remains employed on the same, equivalent or higher position in the Sweco Group throughout the Retention Period, then each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") if the absolute total shareholder return ("TSR") for the Class B share in Sweco is positive during the Retention Period (the requirement for positive TSR for Matching Share did not apply for the 2016 Share Savings Scheme and does not apply for the 2017 Share Savings Scheme), and, provided that certain performance criteria have been met, to an additional number of not more than one to four Class B shares in Sweco ("Performance

Shares”). The granting of Performance Shares is conditional on a positive TSR for the Sweco B share during the Retention Period and is also dependent on the Sweco B share’s TSR in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period as a personnel cost, with a corresponding increase in equity. The cost of the Matching Share is based on the fair value of the share on the acquisition date; the cost of the Performance Share is based on the fair value of the share as calculated by an external party through a “Monte Carlo simulation”. In connection with the grant, social fees are paid for the value of the employee benefit. Provisions for these estimated social fees are therefore made during the Retention Period.

In total, 38,963 Matching Share and Performance Shares was allotted under the 2016 Share Savings Scheme, which correspond to a dilution of yield per share of up to 0,03 percent (number of shares prior to share split (ratio 3:1) mention below). Information of the outcome, performance criteria etc. of the 2016 Share Savings Scheme is found in Table 3(b) below.

Due to the share split (ratio 3:1) that was implemented in the company in the autumn of 2020, the share savings schemes (2017–2020) will be recalculated in accordance with the terms of respective scheme.

Further information regarding the schemes is available on www.swecogroup.com.

Table 2 – Share savings schemes (CEO)

Position	The main conditions of the share savings plans					Information regarding the reported financial year			
	1	2	3	4	5	Opening balance	During the year		Closing balance
	Name of Share Saving Scheme	Performance period	Award date	Vesting date*	End of retention period	Share awards held at beginning of the year**	Awarded***	Vested****	Subject to performance condition
Åsa Bergman (CEO)	2020	2020-2024	2020-12	2024-02	2024-02	0	24 930	0	24 930
	2019	2019-2023	2019-12	2023-02	2023-02	28 155	0	0	28 155
	2018	2018-2022	2018-12	2022-02	2022-02	50 400	0	0	50 400
	2017	2017-2021	2017-12	2021-02	2021-02	13 272	0	0	9 954
	2016	2016-2020	2016-12	2020-02-24	2020-02-24	12 636	0	9 594	
Total						104 463	24 930	9 594	113 439

* Within 40 days from the day of the publication of the year-end report for each respective financial year

** Maximum output of matching [M] and performance shares [P] for each respective scheme, 2017 [M3318-P9954], 2018 [M10080-P40320], 2019 [M5631-P22524].

*** Maximum output of matching and performance shares 2020 [M4986-P19944]

**** Vested shares after allotment was 9594 and has been recalculated after share split [M3159] and [P6435]

Sweco Group further currently offers a share bonus scheme, the Share Bonus Scheme 2020, under which bonuses are paid to employees in Sweden, who are covered by the scheme, in the form of Sweco shares. During 2020, the previous share bonus scheme, the 2019 Share Bonus Scheme, was completed with allotment being made in May 2020.

The Share Bonus Scheme 2020 apply for the financial year 2020 and allotment of shares in Sweco shall take place during the first half of 2021. The 2019 Share Bonus Scheme applied for the financial year 2019. The 2019 Share Bonus Scheme covered and the Share Bonus Scheme 2020 covers all employees with long-term employments in Sweden in accordance with the rules for employee bonuses established by the Board of Directors but exclude senior executives and other key personnel who participate in Sweco’s other incentive schemes (i.e. the share savings schemes). A precondition for being awarded shares through the share bonus scheme is that the participant’s employment at the time of the awarding of the bonus has not expired nor been terminated. Under this equity-managed scheme, the number of shares to be received by each employee is calculated based on a fixed base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during a specified period). The base share price

is restated in accordance with standard terms in the event the General Meeting of the company resolves to conduct a share split, preferential rights issue or similar during the duration of the scheme. Estimated bonuses are expensed on a straight-line basis during the vesting period as a personnel cost, with a corresponding increase in equity. The expense recognised corresponds to the fair value of the estimated number of shares expected to vest. This expense is adjusted in subsequent periods to reflect the actual number of vested shares. Social fees relating to share-based compensation to employees as payment for services rendered are expensed during the periods in which such services are rendered. Provisions for social fees are based on the fair value of the share at the reporting date.

In total, 561,735 Class B shares were allotted under the 2019 Share Bonus Scheme, which correspond to a dilution of the yield per share of no more than 0,46 percent.

Due to the share split (ratio 3:1) that was implemented in the autumn of 2020, the Share Bonus Scheme 2020 will be recalculated in accordance with the terms of the scheme.

For the avoidance of doubt, the CEO is not covered by any share bonus scheme.

Further information regarding the share bonus schemes is available on www.swecogroup.com.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Table 3a - Performance of the CEO in the reported financial year: variable cash remuneration

Position	1 Description of the criteria related to remuneration component	2 Relative weighting of the performance criteria	3 a) measured performance and b) actual award/remuneration outcome
	Operating margin own unit (EBITA %)	35%	a) 9,1% b) 600 kSEK
	Operating margin superior unit (EBITA%)	35%	a) 9,1% b) 600 kSEK
Asa Bergman (CEO)	Sales growth own unit (%)	30%	a) 10,1% b) 515 kSEK
	EBIT*	Each tenth of a per cent in E is equal to 0.1 monthly salaries though maximized at 3 monthly salaries	a) 3,0 b) 1 680 kSEK

* The bonus for the CEO consists of one additional part, which is based on:
E = EBIT margin (%) for the own operating unit compared with the average EBIT margin (%) for a group of comparison companies consisting of AFRY, Multiconsult, Rejlers, Arcadis, WSP and RPS.
Each tenth of a per cent in E is equal to 0.1 monthly salaries though maximized at 3 monthly salaries

Table 3b - Performance of the CEO in the reported financial year: share-based incentives

Position	Share Saving Scheme	1	2	3
		Description of the criteria related to remuneration component	Relative weighting of the performance criteria	a) measured performance and b) actual award/remuneration outcome
Åsa Bergman (CEO)	Share Saving Scheme 2016	a) Absolute TSR - Positive b) Relative TSR - Benchmark vs. Peer Group	100%	A) Positive TSR b) 68% of maximum performance shares

Comparative information on the change of total remuneration and company performance

Table 4 – Change of total remuneration and company performance over the last five reported financial years (“RFY”) (kSEK)

	RFY 2016 vs RFY 2015	RFY 2017 vs RFY 2016	RFY 2018 vs RFY 2017*	RFY 2019 vs RFY 2018	RFY 2020 vs RFY 2019	RFY 2020
CEO Remuneration	+3 661 (+35%)	-419 (-3%)	-775 (-6%)	-455 (-4%)	+ 1 911 (+15%)	14 345
Group Operating profit	+568 000 (+83%)	+176 000 (+14%)	+193 000 (+14%)	+274 000 (+17%)	-126 000 (-7%)	1 766 000
Average remuneration on a full time equivalent basis of employees of the parent company**	+174 (+11%)	-237 (-14%)	-208 (-14%)	+163 (+13%)	-70 (-5%)	1 385
Average remuneration on a full time equivalent basis of employees of the Sweco Group**	-10 (-2%)	+23 (+4%)	+36 (+6%)	+21 (+3%)	+2 (0%)	656

* During April 2018 Sweco changed CEO

** Excluding members of the group executive management

Stockholm, February 2021

SWECO AB (publ)

The Board of Directors