

# SWECO ANNUAL REPORT 2019



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## FINANCIAL CALENDAR

15 May 2020  
Interim report January–March 2020

16 July 2020  
Interim report January–June 2020

4 November 2020  
Interim report January–September 2020

11 February 2021  
Year-end report 2020

## SUSTAINABILITY REPORT

Sweco's Sustainability Report is presented on pages 102–107 and comprises Sweco's statutory Sustainability Report in accordance with the Annual Accounts Act. The Sustainability Report has been prepared with inspiration from the guidelines of the Global Reporting Initiative.

## DIGITAL NEWS

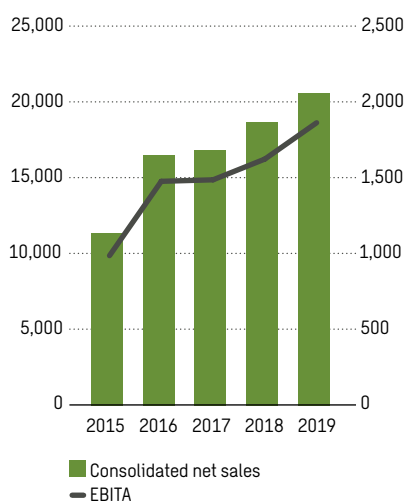
Visit [www.swecogroup.com/ir](http://www.swecogroup.com/ir) to subscribe to press releases and reports from Sweco. Select the information you want to receive and it will be sent to your email address on the date of publication. Fast, easy and eco-friendly.

## PROFIT AND KEY RATIOS, SWECO GROUP

	2019	2018
Net sales, SEK M	20,629	18,735
EBITA, SEK M	1,869	1,629
EBITA margin, %	9.1	8.7
Profit before tax, SEK M	1,777	1,511
Billing ratio, %	74.3	74.5
Net debt/EBITDA	1.0	1.0
Earnings per share, SEK	11.85	10.59
Equity per share, SEK	60.73	52.60
Dividend to shareholders, per share, SEK	6.20 <sup>1</sup>	5.50
Number of full-year employees	16,412	15,306

1) Proposed dividend.

## CONSOLIDATED NET SALES AND EBITA, SEK M

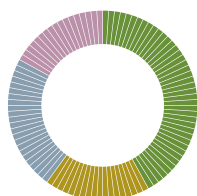


## SHARE PRICE PERFORMANCE 5-YEAR, SEK



## CLIENTS

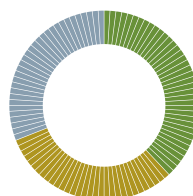
Sales by client category in 2019, %



Public sector, 42 (50)  
Industrial companies, 18 (17)  
Other private sector companies, 23 (18)  
Housing, real estate and construction, 17 (15)

## SERVICES

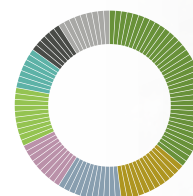
Share of consolidated sales in 2019, %



Buildings and urban districts, 38 (39)  
Water, energy and industry, 31 (29)  
Transport infrastructure, 31 (32)

## NET SALES BY BUSINESS AREA

Share of consolidated sales in 2019, %



Sweco Sweden, 36 (38)  
Sweco Norway, 12 (12)  
Sweco Finland, 11 (11)  
Sweco Denmark, 9 (9)  
Sweco Netherlands, 10 (10)  
Sweco Belgium, 7 (6)  
Sweco UK, 6 (5)  
Sweco Germany and Central Europe, 9 (8)  
Group-wide, 0 (1)

Urbanisation, digitalisation and climate change is transforming society. Together with our clients, we are committed to securing that we have clean water, clean air, clean energy and a physical environment where we all can live, work and prosper. With more than 17,000 experts in Europe, we have the knowledge to solve the most challenging projects, no matter size or location.

In every project, we are transforming society together.

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**SWECO'S STRONGEST  
YEAR SO FAR**

**+10%**

Sales increased 10 per cent driven by positive fee development, a higher number of employees and a solid order backlog.

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**NUMBER OF EMPLOYEES**

**17,000**

Sweco is the leading engineering and architecture consultancy in Europe, with more than 17,000 employees.


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**SWECO'S SUSTAINABILITY  
GOALS**

**2040**

The Sweco Group will be climate neutral no later than 2040.





# Our expertise is becoming more and more relevant

As Europe's leading engineering and architecture consultancy, Sweco has both a responsibility and major opportunities to join our clients in contributing to sustainable urban development. I convey, with satisfaction that our business is more relevant than ever.

Due to climate change and urbanisation, communities, cities, infrastructure and companies need to adapt to a more sustainable future. This includes capturing the opportunities offered by digitalisation, which offers the prospect of making most things in our society more intelligent and connected and is also instrumental in developing innovative sustainable solutions.

Sweco is at the centre of this transition. Our expertise is used to enable society to grow and develop in a smarter, more sustainable and resource-efficient way. These are complex issues that create demand for qualified expertise, signifying business opportunities for Sweco today and in the future.

## **CONTINUED POSITIVE DEVELOPMENT IN MANY MARKETS**

We continued to strengthen our market-leading position in Europe and achieved a new milestone this year: For the first time, our sales exceeded SEK 20 billion. Sales totalled SEK 20.6 billion, a 10 per cent increase. EBITA increased SEK 240 million to SEK 1.9 billion. The positive development was driven mainly by good demand for our services, a stable order backlog and favourable development of our hourly rates.

All of our business areas contributed positively during the year. Our focus on northern Europe, combined with our comprehensive range of services, provides a stable foundation for our operations. The development was particularly strong in Finland and Belgium, where good organic growth is coupled with high margins. Development in these two countries is an excellent example of the effects of successfully implementing our operational model, the Sweco model. Norway and the Netherlands are also combining good growth with a strengthened margin. Sales fell somewhat in Denmark, mainly due to our failure to recruit as many new employees as we had planned, while the margin increased. Our largest market, Sweden, continues to show good growth and market-leading margins. Market development varies between different segments, but as a whole the market is stable and we are seeing continued high demand for our services.

Germany is showing good growth but poorer profitability due to our investments during the year in strengthening the organisation for the future. The German market is fragmented and, with our strong market position, we have good opportunities for growth. In the UK, concerns about Brexit and delays in public sector projects and tender cycles had a negative effect on growth and profitability. However, we have a detailed distinct plan in place and, as with all of our core markets, a positive long-term outlook.

### GOOD GROWTH OPPORTUNITIES IN FRAGMENTED MARKETS

Sweco's business areas reflect our focus on eight core markets in northern Europe. The markets are fragmented to varying degrees and, by taking an active role in the consolidation of these markets, we see good growth opportunities for many years to come, both organically and through acquisitions. Our ambition is to be the market leader in all of our core markets. With a strong brand and the best consultants, we can handle all types of projects, regardless of size and complexity. And with a market-leading position, we are well placed to become the preferred choice for clients and new employees.

### STRATEGIC ACQUISITIONS ARE KEY

Acquisitions are a key element of Sweco's growth strategy, and in 2019 we conducted three major strategic acquisitions that further strengthened our market position.

During the year we acquired MLM Group in the UK, with 460 experts specialised in buildings, transportation infrastructure and environment. Through the acquisition, we increased our market share significantly while also broadening our geographic presence, client portfolio and offering.

With the acquisition of imp GmbH and the company's 380 experts specialised in power transmission and electricity distribution, we took a major step forward in Germany and created a leading offering of services, in a highly interesting segment. Germany's decision to convert to 100 per cent renewable energy involves a comprehensive transformation of the country's electricity grid, and we are now well positioned to offer leading expertise in this area.

The acquisition during the autumn of NRC Group's advisory and technical consultancy services for railway infrastructure, with 320 experts in Finland and Sweden, is another example of how we use acquisitions to become stronger geographically and in segments that are relevant from a sustainability perspective. The acquisition gives Sweco a market-leading position in railway design in Finland and strengthens our position in Sweden and northern Europe, where we are now market-leader, with just over 1,200 experts in the area.

Our acquisitions have been well integrated and have contributed to Sweco's development from day one. Our experience in acquisitions and integration is a strength. Since the listing of our shares in 1998 we have acquired more than 100 companies of varying size. A key element in this work is our business model with decentralised responsibility, which makes it uncomplicated and attractive for companies to join Sweco.

### A CLEAR PATH FORWARD

Sweco has a clear and distinct strategy. Our role is to plan and design sustainable communities and cities of the future. We need to have a comprehensive offering that is relevant to clients, with the best expertise in the industry. We have a clear focus on our eight core markets in northern Europe where we aim to hold market-leading positions and grow with profitability, both organically and through acquisitions.

Implementation of our strategy is based on our proven operational model, the Sweco model, which has been with us since the company was founded in 1958 and has been fine-tuned over the years. The Sweco model has formed the foundation of Sweco's success and will remain equally important in the future.

### THE SWECO MODEL IS WHAT MAKES US UNIQUE

The Sweco model is based on always focusing on the client, having the best employees, ensuring that we work effectively, and working in a decentralised way. With employees who have great personal responsibility, we work closely and locally with our clients.

At Sweco we work with a wide range of projects – from ensuring safe passage across a busy road for the dormouse, a protected species, to designing the world's most sustainable office building. I view this as a strength. Clients who turn to us need to feel confident that we have the right expertise for every project and take each project very seriously, regardless of size.

We want to continue to attract the best employees and ensure that we are at the absolute forefront of development. Together, our employees form a unique skills bank that shares experiences between business areas and countries. I am proud that this year we were named the Nordic region's most attractive employer among Nordic engineering students. This confirms that Sweco is an attractive workplace for the most talented employees.

### FORWARD TOGETHER

Looking back on the past year, I can humbly confirm that we achieved the best full-year result in Sweco's history. Our strategy and model deliver. We have a strong offering well aligned with our clients' needs and a clear role in contributing to their transition to sustainability. With our market-leading positions, clear focus on eight core markets and strong financial position, we are well placed to seize opportunities that arise and to continue growing.

How COVID-19 will affect Sweco's business and financial performance is too early to say. Close and long-term relationships with our clients continues to be vital for Sweco and we work jointly with avoiding delays due to the virus outbreak in our projects. Very fortunately our work is to a great extent digitally-based and not heavily dependent on travel or physical meetings. We are taking precautions to keep our people safe and limit the virus from spreading further while trying to keep the business running as usual.

Sweco is here for our clients. It is thanks to them that we can continue to grow and develop. And it is thanks to our highly skilled, ambitious employees that we have satisfied clients who bring us recurring and challenging projects. I would therefore like to close by thanking our clients for their confidence in us and my colleagues for their invaluable commitment.

Climate adaptation is the greatest issue of our time. With over 17,000 experts and 70,000 projects every year, Sweco has a unique skills bank. We want to use this, together with our clients, to develop innovative solutions and accelerate the transition to a more sustainable society.

Stockholm, March 2020



Åsa Bergman  
President and CEO

# Megatrends and consolidation characterise our market

Sweco plans and designs the sustainable communities and cities of the future. We are European market leader, established in 13 countries and with projects in 70 countries. Demand for our services is largely characterised by major societal trends, while the market we operate in is shaped by ongoing consolidation.

At Sweco engineers, architects and other experts work on the planning and design of sustainable cities, industries and community infrastructure. We assist our clients with analyses, calculations and studies and the planning, design and construction of what is to be built. People working at Sweco are specialists, and demand for our services follows overall economic development and the trends characterising the urban development sector.

## MAJOR TRENDS SHAPE THE MARKET AND DEMAND

The urban development sector is currently characterised by three major megatrends: urbanisation, digitalisation and climate change. Urbanisation fuels a need for redesigning and expanding cities and for linking countries and cities with new infrastructure, while digitalisation lays the groundwork for smart cities, industries and infrastructure. Efforts to prevent and

manage climate change and promote sustainable urban development cut through all aspects of our business. These trends are often closely linked, considering that we need to build more sustainable communities and that sustainable technical solutions can, in many cases, be used for just this purpose.

These trends largely characterise Sweco's market and demand for our services. Our clients turn to us for help and guidance, and the trends extend across multiple areas. Electrification, for instance, involves a tremendous transition that impacts everything from production to distribution and society's daily electricity consumption.

The complexity of these issues drives demand for qualified expertise, and, at Sweco, we are well positioned to meet this demand with leading expertise in a range of areas.

## Examples of how Sweco's services address clients' urbanisation, digitalisation and climate change challenges

### BUILDINGS AND URBAN AREAS

- Sustainable buildings
- Urban design
- Climate and environmental studies
- Smart buildings and smart cities



### WATER, ENERGY AND INDUSTRY

- Renewable energy
- Electrification
- Environmental impact statements
- Water treatment and water protection
- Efficient logistics and process technology



### TRANSPORTATION INFRASTRUCTURE

- Railway and tramline design
- Public transport planning
- Bike paths
- Traffic and urban planning



# An industry under consolidation

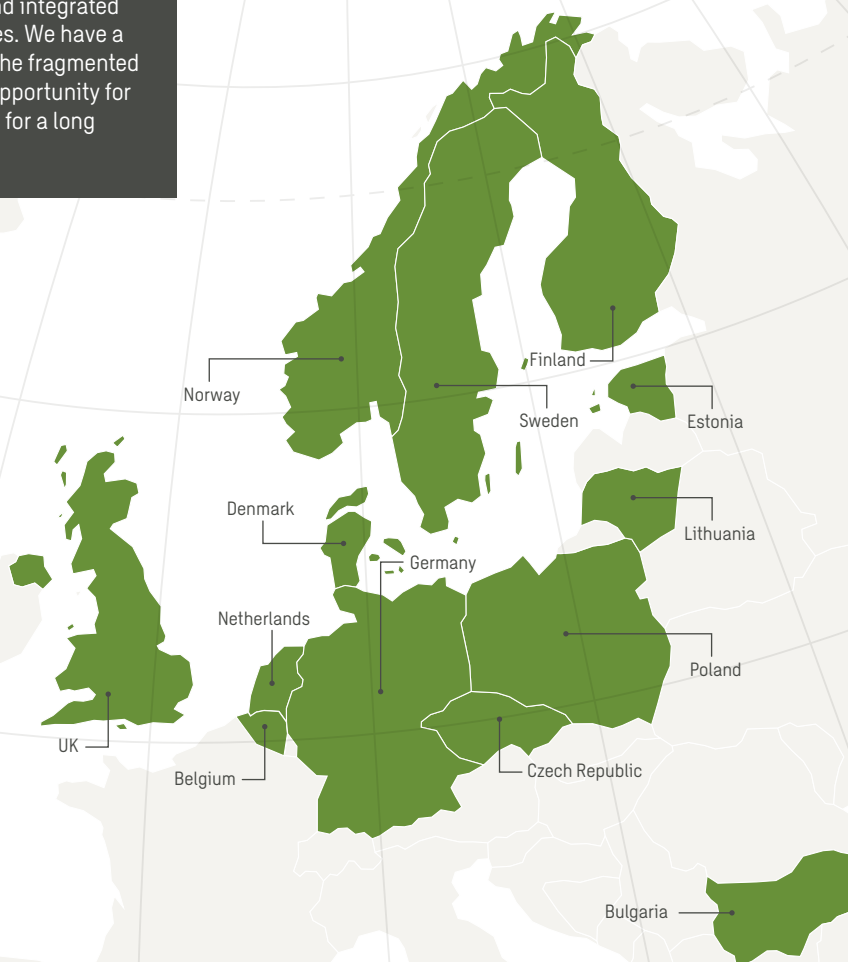
The European architecture and consulting engineering sector is fragmented and has long been characterised by consolidation. Sweco has grown over the years through a combination of organic and acquired growth – initially in Sweden, then in the Nordic region and, in recent years, in northern Europe. The consolidation in the industry creates opportunities for Sweco and is beneficial for our clients.

Being locally anchored is crucial in remaining close to the client, as is the capacity to offer the right

expertise to meet client needs. We can offer clients local presence and specialists working in various fields and with diverse skills. We can also offer challenging and stimulating career opportunities that make working with us attractive and enable us to provide the right expertise to our clients. Holding a leading position in the market is consequently a way of being the top choice for both employees and clients.

## 100+ ACQUISITIONS

Since Sweco's listing in 1998, we have successfully acquired and integrated more than 100 companies. We have a proven model, and view the fragmented market in Europe as an opportunity for continued strong growth for a long time to come.



# Planning and designing the sustainable communities and cities of the future

Sweco has a long history of profitable growth. We see major opportunities to continue growing faster than the market, with good profitability. To achieve this, we have a very clear strategy that details what we will do and where and how we will do it.

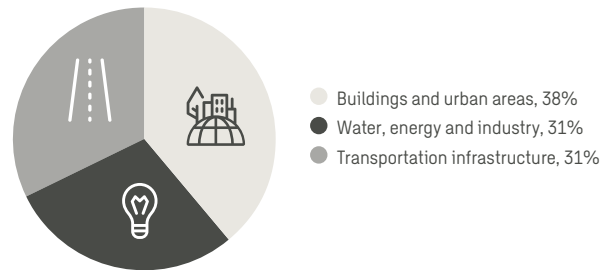
## A CLEAR DIRECTION

Sweco delivers qualified consulting services in the fields of engineering, environmental technology and architecture with a focus on three segments: buildings and urban areas; water, energy and industry; as well as transportation infrastructure. We need to have a multidisciplinary offering that, combined with our local presence and substantial skills bank, allows us to offer our clients the right expertise for every situation.

Tomorrow's communities and cities are facing major challenges related to climate adaptation, urbanisation and digitalisation. Sweco aims to be our clients' most approachable and committed partner, with recognised expertise.

## SERVICES

Share of consolidated sales in 2019





# Focus on profitable growth in northern Europe

Sweco's core markets are Sweden, Norway, Finland, Denmark, the Netherlands, Belgium, the UK and Germany. We hold well-established positions in these markets, and it is primarily here that we will grow in the future. These markets are stable economically and politically, while also being close to each other geographically and culturally.

## MARKET LEADING POSITION IN ALL CORE MARKETS

Over time, Sweco will develop leading positions in all eight core markets. Sweco is currently top three in five of the eight markets. Holding leading positions is crucial to our capacity to offer clients the broadest-based and most cutting-edge offering. It also supports us in being the top choice for both clients and employees. Size also creates economies of scale.

## PROFITABLE GROWTH, ORGANICALLY AND THROUGH ACQUISITION

Historically, Sweco has grown profitably both organically and through acquisition. We will continue to do so. Organic growth is our starting point, while acquisitions are made when they create value and strengthen our position and offering. Sweco has extensive experience in acquisitions and has been a driving force for consolidation – in Sweden, the Nordic region and now in northern Europe – since the company was founded.

## Three strategic acquisitions in 2019

### MLM STRENGTHENS SWECO IN THE UK



MLM Group was acquired in May. The company's 460 experts, with specialities including buildings, transportation infrastructure and environment, strengthen Sweco's expertise. We also gain a stronger presence in the market, particularly in London and southern England.

### WITH IMP, WE ARE SUPPORTING GERMANY'S ENERGY CONVERSION



Imp in Germany was acquired in June. The company has 380 experts specialised in power transmission. With our combined expertise, we are well positioned to support Germany's conversion to 100 per cent renewable energy, which is placing heavy demands on electricity grid transformation.

### SWECO BECOMES EUROPEAN LEADER IN RAILWAY DESIGN



NRC Group's advisory and technical consultancy services for railway infrastructure, comprising 320 experts, were acquired in August. The acquisition gives Sweco a market-leading position in railway design in Finland and strengthens our position as a leader in Sweden and northern Europe.

# The Sweco model is our strength

The key to our success is the way we work and carry out our projects. Our methods for doing this are clearly defined in our operational model, which we call the Sweco model.

Since 1958, our operational model has been based on four straightforward, well-defined pillars: client focus, the best employees, internal efficiency and a decentralised organisation. This has taken us from being a local business to our current leading position in Sweden, the Nordic region and now Europe. We call this the Sweco model.

## All facets of the Sweco model are interconnected

Working with sustainable solutions in very interesting projects makes Sweco an attractive employer for the best engineers and architects. We can then continue offering our clients the right expertise, which leads to greater client satisfaction and enables us to continue growing profitably and developing as an attractive company to do business with and work for. Our decentralised organisation and our focus on internal efficiency underpin a business that provides development opportunities for individuals and a focus on clients and projects.

The entire Sweco model is interconnected and works as a whole to help us deliver on our strategy and our goals.

### Client focus

To distinguish ourselves from our competitors, we need to thoroughly understand and deliver on our clients' expectations and needs. Our studies show that clients want to work with consultants who offer top expertise along with a high level of service and commitment. Our client promise is to be the most approachable and commitment partner, with recognised expertise. This is integrated throughout our processes – from recruitment through project implementation and evaluation. We regularly measure our clients' satisfaction, and this year saw continued positive development from already high levels.

We always strive to understand and address our clients' key drivers and needs better than anyone else, thereby offering the best solution for each client's particular needs. We achieve this by building long-term client relationships with close, local collaboration. It is together with our clients that we deliver the best solutions.

**8.5/10**

Average score from Sweco's 2019 client satisfaction surveys.

### The best employees

To be the best at what we do, we need to have the best employees in the industry. Employees are our most important resource and our aim is to always recruit, develop and retain the industry's top talent.

We have a thorough process to ensure that we recruit the right employees. Candidates are required to meet our high quality standards regarding conduct, approach and expertise. To retain our people, Sweco continuously works to out-perform our competitors in terms of providing development opportunities. Sweco actively manages performance to optimise the contribution of all employees.

**81%**

would recommend others to apply for a job at Sweco.



### Internal efficiency

We exist to service our clients, so we need to invest as much time as possible in client projects. We need to have high internal efficiency to achieve this. We have straight-forward and efficient processes, working practices and systems. We also have a flat organisational structure with a minimum of management layers. At Sweco we value simplicity and always focus on avoiding bureaucracy.

**74.3%**

– Sweco’s billing ratio in 2019.

### Decentralised organisation

Our decentralised organisational structure is the foundation underpinning all of Sweco. Our company is comprised of around one thousand small independent teams, with a team manager personally responsible for employees, sales, projects, budget and client relationships. All teams are gathered under our shared brand, strategy and corporate culture, but also have a high degree of personal freedom as well as access to Sweco’s entire collective expertise. This creates clarity, accountability and commitment throughout the organisation. To ensure that all teams develop in the right direction, we regularly measure financial and operational performance as well as client satisfaction and employee commitment.

Our way of working reflects the local character of our business and our client relationships. This makes us agile and relevant, and also allows us to scale up with larger, broader-based teams when needed.

# An attractive workplace

We want to be the best at solving our clients' challenges. To succeed in this we need to have the best employees in the industry, so we need to be an attractive employer that successfully attracts, retains and develops the top talent.

## ATTRACTING TALENT

The fundamental requirement for attracting future talent is to offer an attractive, challenging workplace. Our involvement in shaping the sustainable communities and cities of the future allows us to offer an environment in which people can create meaningful results through their work. As a place where high client expectations are combined with colleagues' broad-based and in-depth expertise, we offer an inspiring and stimulating environment. From early on, our consultants have great personal responsibility and work directly with our clients. For Sweco, it is crucial to emphasise employee development, results focus, expertise, knowledge sharing, and leadership.

At Sweco we actively focus on experienced consultants, students and universities to market ourselves as a workplace. As an example of Sweco's strong employer brand, in 2019 Universum named us the Nordic region's most attractive employer among engineering students.

## AN INSPIRING AND STIMULATING WORKPLACE

Our employees and their expertise are our most important resource. We have detailed processes and programmes to ensure that talents are developed and come into their own at Sweco. In keeping with our corporate culture, which is based on high levels of personal responsibility, it is also important that each employee takes responsibility for their own development, supported by experienced colleagues and managers.

We regularly measure employee satisfaction and perceptions of Sweco as a workplace. This year's results show that 81 per cent of employees feel that they are committed to and satisfied with their workplace.

## WE NURTURE TOMORROW'S LEADERS

Sweco is a company that develops the leaders of tomorrow. Identifying leadership talent and giving these people the opportunity to be successful has always been a key element of Sweco's corporate culture. We do this through training and through our organisational structure, with small teams and client-focused projects, in which consultants can

advance rapidly in their careers. We also do this by being an organisation with inspirational leaders. In 2019, 87 per cent of employees reported that they have an excellent manager.

## EQUALITY AND DIVERSITY

Workplace equality is essential in our efforts to develop our workplace as well as in our sustainability efforts. It is one of our prioritised goals and the UN's fifth goal for sustainable development. Workplace equality is a key factor in the positive development of society and our workplace.

Recruiting the best employees and reflecting the communities we belong to and develop are important components of Sweco's strategy. We are convinced that we become truly innovative and identify the best solutions when people with different backgrounds, thoughts and ideas meet. An essential requirement for this is being a workplace hallmarked by equality and diversity.

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## TALENT DEVELOPMENT AT SWECO

**Career paths.** The primary career paths at Sweco are as line manager, specialist and project manager.

**Sweco Employee Survey.** Annual employee survey, used to further develop the business.

**Sweco Academy.** Comprehensive term for our common training programmes. Includes everything from introductory training for new employees to leadership programmes.

**Sweco Talk.** Our process for guaranteeing that each employee's work and personal development are monitored carefully and thoroughly every year.

**Talent Review.** Our process for identifying Sweco employees who have the potential to take on greater responsibility.

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87%

HIGHLY VALUED MANAGERS

Around 87 per cent reported in the employee survey that they have an excellent manager.

8/10

FEEL SATISFIED

More than 8 in 10 employees are highly satisfied with their jobs.

89%

EMPLOYEE SURVEY

The response rate to our employee survey is 89 per cent, which is very high.



# We work with our clients to change society

As Europe's leading company in our industry, we aim to use our size and extensive knowledge bank to promote sustainable urban development. Regardless of whether we are planning a new city district, designing an energy solution or planning a transportation system, we need to do so in a way that is sustainable for future generations.

## OUR VIEWS ON SUSTAINABILITY

The past decade has been one of the warmest in history. The conversion to a sustainable society is considered by the world's academics and leaders as the most crucial and decisive issue of our time. As the leading company in our industry, we feel that we have both a great responsibility and a great opportunity to influence this development in our own operations and through our client projects.

Sustainability – which we define as sustainable development in line with the UN's definition and 17 development goals – is central to our entire business. We support and work with all 17 goals. Sweco's operations work primarily with combatting climate change (goal 13), promoting the development of sustainable cities and communities (goal 11), sustainable energy for all (goal 7), gender equality (goal 5), and sustainable industry, innovations and infrastructure (goal 9).

We focus on the importance of seeing how the goals interact with each other. Our level of success in combatting climate change, for example, affects the goals of eliminating poverty and hunger. We put strong emphasis on this type of synergy between the 17 goals and 169 sub-goals.

## GREATEST IMPACT MADE IN OUR PROJECTS

It is important to distinguish between the sustainability

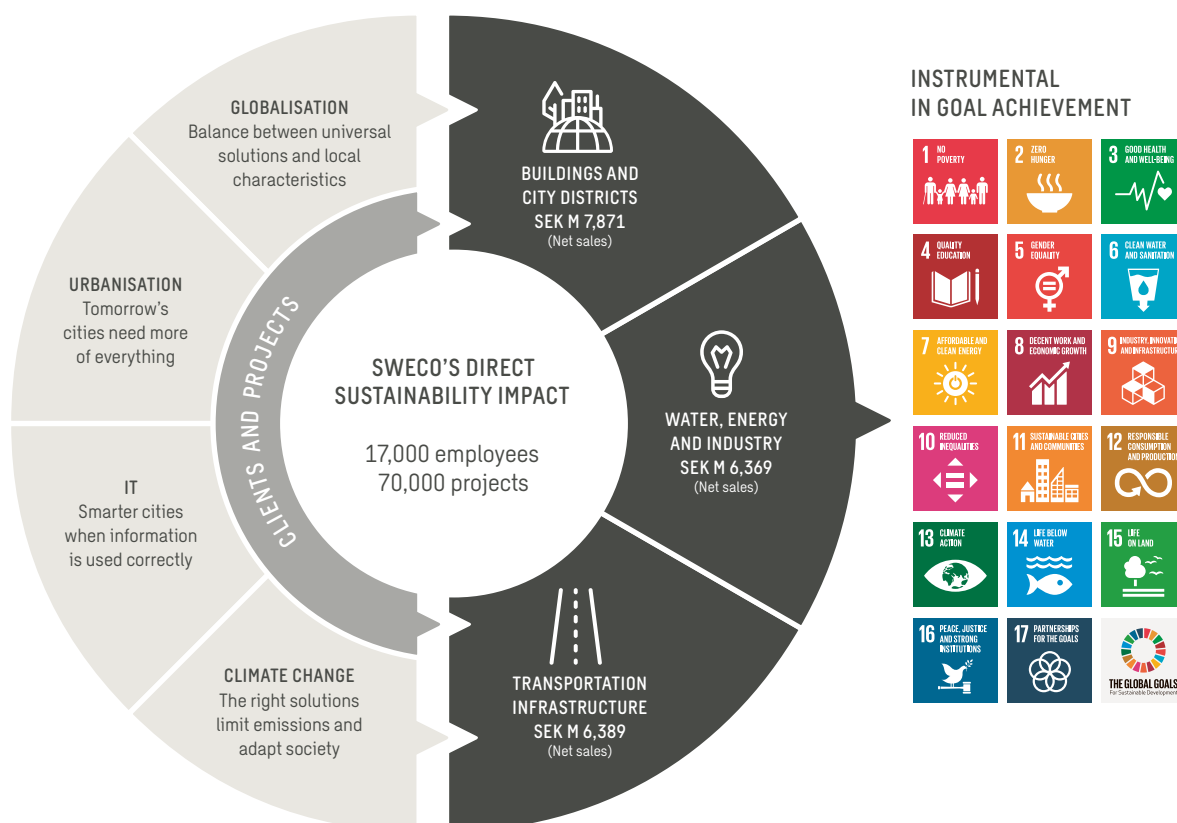
impact of Sweco's own operations and the indirect impact we have through our projects. It is through our client projects that we have the greatest opportunity to help reduce impact on the climate. We also endeavour to run our own business with the lowest possible climate impact.

Together with our clients, we work to varying degrees and at different stages with all of the 17 global development goals. Clients turn to us for guidance on how they can support a more sustainable urban development, as well as for help in implementing the goals in specific projects. The projects we work with often involve multiple development goals. For example, planning and design of the Visborg city district in Gotland, Sweden, involves goals 3, 11 and 15. Work on the new canal for sustainable goods transport between France, Belgium and the Netherlands involves goals 9, 11 and 13. And work on permit processes for expansion of Germany's electricity grid supports the country's conversion to renewable energy and involves goals 7, 9 and 13.

In addition to the work we do in our own business operations, we apply our expertise as proactive business representatives and experts at UN climate summits, most recently at COP25 in Madrid. We are also working to develop the key role played by the business sector in sustainable urban development through our membership in the World Business Council for Sustainable Development.



# Sweco's business activities promote sustainable development



## Sweco's operations will be climate neutral by 2040

In 2019, Sweco's Group Executive Team adopted the goal of making Sweco's operations climate neutral by 2040. The goal applies to all of Sweco's business operations. The goal includes Sweco being a forerunner in the markets where we operate and, accordingly, the climate neutrality goal for each market will be more ambitious than the respective national goal.

Climate neutrality means that our operations will have no negative net impact on the climate as regards climate-harmful emissions as defined by the Intergovernmental Panel on Climate Change (IPCC). The goal applies to Sweco's own operations including purchasing, offices, vehicles and travel.

Three areas are of top importance for Sweco in

terms of developing our own operations. These form the basis for our business plan, strategy and internal priorities, as well our ongoing dialogue with clients and other stakeholders. The prioritised areas are:

- Employees
- Climate and environment
- Business ethics

Please refer to the Sustainability Report on pages 102–107 for more detailed information on how Sweco works with these three areas and on Sweco's goal to become climate neutral by 2040.

# The ethical perspective





Sweco's decentralised organisation, in which all employees are responsible for their own business relationships, leads to good client understanding. It also sets high standards for individual business ethics awareness. Each Sweco employee is required to comply with laws, regulations and Sweco's policies. We set the same high standards for our business partners.

#### **BUSINESS ETHICS**

Business ethics forms part of Sweco's sustainability work as a facet of development goal number 16. It is also one of our greatest business risks. Business ethics is about taking responsibility for the way we carry out our projects and for the business practices we use. Being an ethical and responsible company is fundamental to long-term success. A high level of trust and confidence is one of our main assets, and an ambitious business ethics framework is an important way to protect and sustain this confidence.

We set high standards for ourselves and the companies we work with. Sweco's Business Partner Programme is a tool used to select business partners and ensure that they comply with our own ethical standards. In the same way, we only undertake projects that we regard as having been procured in a business ethical manner and we respect human rights, including zero tolerance for child labour in our own and our partners' business operations.

Sweco's clients, employees and owners must be able to trust our ability to conduct business in a transparent and responsible manner.

#### **SWECO'S CODE OF CONDUCT**

In our daily interactions with clients, each employee has considerable responsibility for their business relationships and projects. This generates good client understanding, yet also places high demands on

individual awareness and our procedures. This is why Sweco has a framework of business ethical policies. It helps Sweco's employees become familiar with the rules and enables them to act accordingly.

All Sweco employees sign Sweco's CSR policy and Code of Conduct annually and complete training in business ethics. In 2019 Sweco's CSR policy and Code of Conduct were merged to form a consolidated code of conduct that will be introduced within the organisation in early 2020.

In addition to these central policy documents, Sweco's business areas may also have supplemental guidelines based on local regulations.

#### **REGULAR REVIEW AND REPORTING**

Business ethics awareness underpins the entire operations. Business ethics is a standing item on monthly reviews with Sweco's business areas, and sustainability-related risks are reported to Sweco's Board of Directors on a quarterly basis.

Sweco's engineers and architects work on projects that impact society and people's everyday lives. The end result is just as important as the business practices used to get there. Clarity, transparency and accountability are prerequisites for continued success.

# Recognised expertise for communities and cities of the future



Tomorrow's communities and cities are facing changes related to climate adaptation, urbanisation and digitalisation – changes that can only be managed by an experienced advisor with recognised expertise. The results of Sweco's work are sustainable buildings, efficient infrastructure and access to electricity and clean water. With 17,000 experts in the field of consulting engineering, environmental technology and architecture, we offer our clients the right expertise for every situation. In this way, Sweco promotes sustainable development in line with the UN's 17 global goals.





## Buildings and urban areas

Never before have the cities of the world been growing as quickly as today. Regardless of whether it's a brand new city district or a building in need of modernisation, having a holistic perspective is imperative. Sweco can design buildings and city districts that are aesthetically pleasing and where sustainability is a key component of all aspects. Genuine insight into local conditions and working closely alongside our clients are key to a successful outcome.

### ARCHITECTURE

Sweco's architects design buildings and environments for people to live, work and thrive in.

Examples of services:

- General architecture
- Landscape architecture
- Interior architecture

### BUILDING SERVICE SYSTEMS

Sweco's building service systems consultants create comfortable indoor climates in cities' buildings and facilities.

Examples of services:

- Energy analysis and environmental certification
- Design of electrical, telecom and security systems
- Fire safety engineering and risk analysis
- HVAC and sanitation

### STRUCTURAL ENGINEERING

Sweco's structural engineers create buildings with a focus on safety and functionality, with load-bearing structures that harmonise with the design, the indoor environment and the client's business.

Examples of services:

- Steel, timber and glass structures design
- Building construction design
- Industrial structures design
- Construction economics

### URBAN PLANNING

Sweco's urban planning experts harness the possibilities of tomorrow, providing everything from analyses and forecasts, to completed master plans for new sustainable city districts.

Examples of services:

- Statistics and forecasts
- Analysis and strategy
- Studies
- Planning and design

### PROJECT MANAGEMENT

Sweco's project managers are the link between the client's vision and the tangible implementation of complex urban development projects.

Examples of services:

- Project and design management
- Property development and management
- Site supervision

### IT

Sweco's IT experts manage and process data produced by the city, to streamline everything from transportation to water flows.

Examples of services:

- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

## A sustainable office in classic London district

The seven-storey office building, the Ray Farrington, was completed in early 2019. In close collaboration with the local community and area residents, Sweco has been instrumental in the creation of a modern, energy efficient property of the highest environmental class.

### AN HISTORIC AREA

The property is situated in the classic London area of Clerkenwell, just north of Farringdon station. The area is known as a hub of creativity, with the world's largest number of creative companies per square kilometre. The aim of the Ray, as the property is called, was to create a new building that blends in with and reflects the area's character and architecture, while also being suited to modern working life.

The project, based on a detailed historical analysis of the area, was created in close collaboration between various specialised areas of expertise, from architecture and landscape developers to engineers, arborists and archaeologists. The result is a modern interpretation of the building style of the area, with particular inspiration drawn from the Victorian-era brick façade and detailed masonry of Clerkenwell's warehouse building.

The Ray's façade includes four different types a brick arranged in a Victorian colour scheme. Handmade and white glazed bricks produce graduated colour, becoming lighter as the building ascends and encouraging the visitor to see different colour tones and images in the façade, while also blending into historic environments and neighbouring buildings.

### ENTIRE PROJECT SHAPED BY SUSTAINABILITY

From the outset, the client – along with Sweco and the project team – had high environmental ambitions, with sustainability and sustainable design included in the project plan. The goal was to build a property that has a low level of energy consumption and therefore low greenhouse gas emissions. Thanks to a well-planned environmental strategy and passive house design, the property received the highest possible BREEAM 2014 environmental certification





(“outstanding”), which was also an explicit ambition of the city’s decision makers and the client.

A life cycle analysis (LCA) was conducted in order to create the most sustainable building possible. The analysis results improved the team’s understanding of the materials’ various climate footprints and were instrumental in selecting materials with lower life cycle cost.

#### ENERGY EFFICIENT DESIGN

The Ray was designed as a passive house with several functions for efficient low-energy solutions, for both heating and cooling. Thanks to Sweco’s digital simulations of the building, the material used for the façade during the design

phase, could also be customised, to reduce the energy consumption for cooling by more than 30 percent

The building’s construction and design are also adapted to the sun’s heating. Solar intake and heating are maximised during winter months in order to minimise the effect of the sun’s rays during summer months, which reduces energy consumption for heating as well as cooling. At the same time, the building has been constructed to take advantage of natural daylight, and this reduces the need for other light sources and lowers energy costs.

The building also has an efficient ventilation feature. During the warm months of the year, the building is ventilated with cool night-time air via the openable façade or the mechanical ventilation system. The ambient air cools the concrete floors and soffits, reducing the need for daytime cooling.



**BIOLOGICAL DIVERSITY IN CENTRAL LONDON**

One ambition with the Ray Farrington has been to integrate elements from nature into the building architecture and the surrounding environment. This has included planting a variety of plants, shrubs, grasses and perennials on the terraces and balconies and creating a green roof with rain ponds. Trees have also been planted on adjacent streets. These efforts have focused on improving the area’s biodiversity.

**FROM EDITORIAL OFFICE TO MODERN OFFICE SPACE**

The site where the building is located was previously home to a concrete building with small windows, which for more than 30 years (through 2007) was the editorial office of prominent British newspaper the Guardian. Today, the building houses modern, highly accessible and extremely functional office space. Terraces on every floor provide new meeting spots, quiet and relaxing environments and leafy views.

The location is easily accessible by public transport, on foot or by bike. To encourage sustainable transport methods to and from work, bike storage facilities and changing rooms with showers are provided rather than private parking

**FACTS**

Number of floors: 7  
 Floor area: 89,373 sqm  
 Terrace area: 8,443 sqm  
 Time period: 2012 – 2019

**SUSTAINABILITY GOALS**

Sweco’s projects are aligned to the UN’s 17 goals for sustainable development in various ways. The goals involved in this project are presented below. Please also read our Sustainability Report on 102–107.



spaces. Scooters and charging facilities for electric vehicles are also available in the building.

The Ray Farrington is an excellent example of how clients and project teams, working together, can succeed in making sustainability a central component in all aspects, and exceed goals and create a model for properties of the future.



## Water, energy and industry

The driving forces behind the creation of sustainable urban development cause a demand for modern technical solutions. Access to clean water, a reliable energy supply and resource-efficient industrial facilities are examples of what Sweco's efforts yield. Sweco's experts have what it takes to handle challenges under evolving circumstances – even as demands rise due to climate change and growing cities. Transforming complexity into simplicity for our clients is among Sweco's foremost specialties.

### WATER

Sweco's experts manage water for a variety of situations, ranging from providing access to clean water to protecting societies from flooding.

Examples of services:

- Water and wastewater engineering services
- Water resource planning
- Urban water management
- Design of flood protection structures

### ENERGY

Sweco's energy experts know how energy is produced, distributed where it's needed and consumed as efficiently as possible.

Examples of services:

- Energy production studies
- Transmission and distribution planning
- Energy market analysis
- Energy optimisation advice

### ENVIRONMENT

Sweco's environmental specialists create habitable environments that are not harmful to man or nature through measures including reducing the presence of toxins and effective waste management.

Examples of services:

- Waste management planning and advice on remediation of contaminated areas
- Environmental studies and impact assessments
- Services related to chemical substances and associated legislation

### INDUSTRY

Sweco's industrial consultants improve effective and resource-efficient production in all industrial operations.

Examples of services:

- Process engineering services
- Plant design (electricity, automation, mechanics, piping)
- Logistics planning and project management

### IT

Sweco's IT experts manage and process data produced by the city to streamline everything from transportation to water flows.

Examples of services:

- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support



## Sweco's experts enable the electrification of communities and cities

Access to energy is vital for a well-functioning modern society. At the same time, energy consumption accounts for around 60 per cent of global greenhouse gas emissions. Reducing impact on the climate while also supplying society's growing need for energy is among the greatest challenges of our time. Sweco's experts are instrumental in every stage of these conversion efforts.

Urban Energy was the topic of Sweco's Urban Insight series of reports during 2019. Various perspectives on the challenges and opportunities involved in converting society's energy production and consumption were addressed in six reports. A comprehensive energy conversion is possible, although heavy demands will be placed at every stage.

With an increased share of renewable energy, the energy system needs to be transformed and become more flexible to allow adaptation to weather-dependent production. Meanwhile, a more electrified society requires new charging infrastructure and better battery technology. The energy produced also needs to be able to be stored and used more efficiently with less waste.

This reflects the complexity and challenges

presented by the energy issue. It also reflects the daily work of many of Sweco's experts – from reports and studies to actual projects with battery technology, city- and nationwide charging infrastructure, energy production, storage facilities and distribution.

### SMART ELECTRICITY GRIDS ARE A KEY ISSUE

The electrification of Europe's communities and cities is one of the greatest changes involved in the conversion from fossil to renewable energy. While electrification is required from a climate perspective, it presents a challenge for our energy systems. One of the key issues is how the electricity grid will cope with the conversion.

Sweco has been working with "smart" electricity grids for several years, not least in Sweden and the Stockholm region, where





urbanisation and electrification are exerting great pressure on the electricity grid.

The electricity grid in many urban areas is already close to maximum capacity at certain times of year and specific times of day. This is because we are using more and more electricity – a trend that will accelerate in pace with electrification. Sweco's experts predict that electricity consumption will increase dramatically. From June 2020 through June 2040, estimates are that some parts of Sweden's basic industry will see an increase in electricity consumption of around 50 per cent, while the country's vehicle fleet is expected to increase its electricity consumption by 20 TWh.

Constructing new electricity grids or reinforcing existing grids is part of the solution. This is extremely costly, however, and difficult to do in densely populated areas. Sweco is therefore also advising energy and grid companies and Swedish regions on ways in which current grids can be used in smarter, more

flexible ways so that load on the grid can be evenly distributed over the day and year.

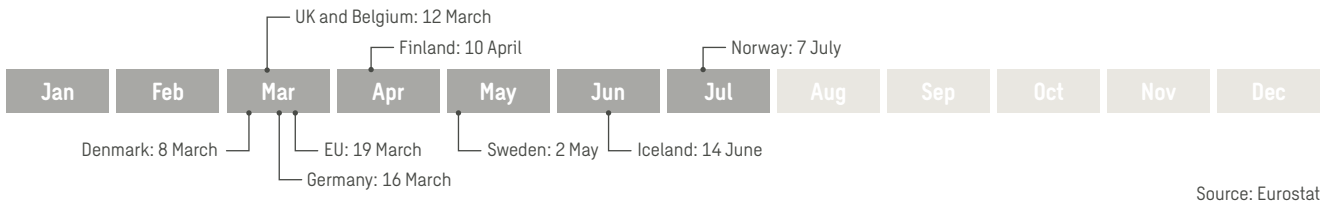
#### **BIG DATA ANALYTICS GAUGE FUTURE ENERGY DEMAND**

Using advanced big data analytics, Sweco has helped companies, regions and government authorities study in detail clients' and citizens' electricity consumption over 24-hour, weekly and annual periods, as well as possible future scenarios. Calculations are based on a large group of individuals, in some cases hundreds of thousands, enabling accuracy and the identification of trends and patterns indicating how electricity consumption can be controlled or stimulated to maximise the existing grid's capacity.

Results from these studies can be used, for example, in pricing strategies for network tariffs. In this way, a more even consumption for a 24-hour period can be stimulated, based on the pressure on the grid.



**E-DAY – THE DAY WHEN ALL ELECTRICITY FOR A YEAR HAS BEEN USED**



Source: Eurostat

**PRICING STRATEGIES TO OPTIMISE ELECTRICITY GRID**

Sweco has been working for many years with advanced big data analytics to create insightful future scenarios. Distribution network operators in Sweden installed electricity meters eight to ten years ago, allowing hourly measurement. This provides detailed information about electricity consumption and creates understanding of the effects of price adjustments.

On behalf of the Swedish Energy Markets Inspectorate, in 2019 Sweco ran big data analytics on client data from more than 400,000 clients in order to analyse the consequences of various pricing mechanisms. This work provided the client with a unique perception of how the future design of electricity grid tariff regulation may impact Swedish electricity consumers. The client’s ambition with the project is to design tariff regulations that promote efficient grid utilisation.

**TOWARDS AN ELECTRIFIED SOCIETY BASED ON RENEWABLE ENERGY**

Electrification is underway throughout Europe and has come the furthest in Norway. Sweco’s report *“Race to Electrification – Norway in Pole Position”* presents the E-day measurement – a theoretical date showing the day of the year by which all of a country’s electricity has been consumed in meeting the country’s energy demand. All energy used after that date does not come from electricity, but from other sources such as coal, gas, oil or bioenergy. Norway has sufficient electricity to meet the country’s energy needs until July 7th, as compared with the EU average of March 19th.

Although the measurement is highly theoretical, it indicates how far various nations

have come with electrification. Norway leads this development and illustrates that a high degree of electrification is entirely possible. The country also has inspiring ambitions in this area, including the goals that all new car sales will be electric cars by 2025 and that two-thirds of ferry transportation will be electrified by 2030.

The electrification of society using electricity produced from renewable sources is one of the best things we can do to counteract negative climate impact. Sweco employees work on this conversion on a daily basis.

**ABOUT URBAN INSIGHT**

Urban Insight is a long-term initiative that gives insights on sustainable urban development in Europe, seen from a citizen’s perspective. The initiative is built on a series of reports, based on facts and research, written by Sweco’s experts.

Visit our website: [swecourbaninsight.com](http://swecourbaninsight.com) to explore the insights.

**SUSTAINABILITY GOALS**

Sweco’s projects are aligned to the UN’s 17 goals for sustainable development in various ways. The goals involved in this type of project are presented below. Please also read our Sustainability Report on pages 102–107.





# Transportation infrastructure

In an accessible society, people and goods can move about safely and efficiently. Modern technology lays the foundation for an accessible future. Sweco's experts are planning and designing transportation systems that will help tomorrow's cities manage everything from growing populations to new transportation solutions. Achieving this requires a profound understanding of the demands from clients, society and the end users – and requires us to approach every project with the same steadfast commitment, from the very beginning to the very end.

## CIVIL ENGINEERING

Sweco's civil engineering specialists plan and design everything from roads and tunnels to bridges and ports for an even more accessible society.

Examples of services:

- Road and land use planning
- Rock excavation design and geotechnical engineering
- Bridge design
- Port master planning
- Surveying

## RAILWAYS

Sweco's experts have technical expertise in areas ranging from studies and plans for new tracks and railways to operation and maintenance of those already in place.

Examples of services:

- Planning for
- Tracks
- Electricity
- Signalling
- Telecoms
- Operation and maintenance

## TRAFFIC PLANNING

Sweco's traffic planners are involved in planning and strategies at an early stage for everything from public transportation to freight traffic, to ensure smooth and safe travel for all road and rail users.

Examples of services:

- Capacity planning
- Accessibility planning
- Strategic planning
- Intelligent transportation systems (ITS)

## PROJECT MANAGEMENT

Sweco's project managers are the link between the client's vision and the actual implementation of complex construction projects.

Examples of services:

- Project and design management
- Property and development management
- Site supervision

## IT

Sweco's IT experts manage and process data produced by the city to streamline everything from transportation to water flows.

Examples of services:

- Systems development and big data
- Data coordination and BIM
- 3D visualisation and geographical analyses
- Strategy and operational support

## Sweco is advisor for one of Norway's largest infrastructure projects

Bergen Light Rail is one of the largest infrastructure projects in Norway and the cornerstone of Bergen Municipality's undertaking to reduce passenger traffic emissions. Sweco is responsible for the planning and design of the fourth phase, a nine-kilometre-long line for rail traffic.

Bergen Municipality in Norway aims to ensure that transport needs resulting from the anticipated future increase in passenger transport are met entirely by public transport, cycling and walking, rather than more car traffic. The municipality's goal is to reduce car traffic by 10 per cent in 2020, and by 20 per cent by 2030, compared with the level in 2013.

The Bergen Light Rail tramway network is a key component in this endeavour. It is the cornerstone of Bergen's drive to expand its network of public transport lines and pedestrian and bike paths. The Light Rail has been

built in phases, beginning in 2010. The number of passengers has increased five-fold during this period, from roughly three million to fifteen million passengers per year.

Sweco was commissioned in 2015 to oversee the planning and design of the Light Rail's fourth phase – a new line between Bergen's city centre and the suburb of Fyllingsdalen – to be opened at turn of the year 2022/23. The nine-kilometre-long line, which will run 50 per cent above ground and 50 per cent through tunnels, will have eight new stops, including the Light Rail's first underground station.





### 300 EXPERTS FROM SIX COUNTRIES

The addition of an entirely new tramline is an extensive, complicated project. Sweco has provided expertise in all stages of the project, from environmental permits to planning and design. Sweco is responsible for areas ranging from planning the layout of the station areas and surrounding environment – with streets, pedestrian and bike paths, and public parks and areas – to planning and designing work on the tunnel.

In order to deliver the right expertise and highest quality in all aspects of the project, Sweco has involved more than 300 experts from six countries. They represent 18 different specialised disciplines that have been involved in various project areas. Sweco has worked with the latest technology to bring together a project of this complexity and ensure effective collaboration with the client, colleagues and other project suppliers.

### NEW TECHNOLOGY AND NEW APPROACH SAVE MONEY AND IMPROVE QUALITY

The project is being carried out using the latest digital technology and the most modern approach to organising and implementing projects of this character and size.

The new tramline and all associated components are modelled entirely in 3D. This covers everything from studies of alternative routes to the final, detailed technical design. This approach provides an overall view of the city design, of which the tramline system is one component. To make public transport by tram as attractive and accessible as possible for Bergen residents, all design is based on the user's perspective and experience.

To bring together the planning and implementation of the project, Sweco has worked with the client to develop a digital platform where all work is planned, co-ordinated and verified. This has generated major savings and





### FACTS

Project: Bergen Light Rail phase 4  
 Commission: Planning and design  
 Time period: 2015–2022  
 Client: Bergen Municipality and Bybanan Utbygging  
 Team: Over 300 employees, 18 areas of expertise, six countries

### SUSTAINABILITY GOALS

Sweco's projects are aligned to the UN's 17 goals for sustainable development in various ways. The goals involved in this project are presented below. Please also read our Sustainability Report on 102–107.



gains in efficiency for Bergen Municipality. Working efficiently with co-ordination and automation has saved a significant number of working hours while also shortening the planning period and reducing the cost of correcting errors.

In addition to the technical tools, Sweco has worked systematically with parallel planning rather than traditional sequential planning. This has made it easier for the client to provide comments and suggestions and has reduced the amount of time normally required to take decisions or make adjustments, while also providing everyone working on the project with the same information in real time. The new approach and the use of digital technology enable Sweco to work closely with the client, with colleagues internally and with suppliers and to continuously manage various issues.

#### ONE OF THE WORLD'S LONGEST PEDESTRIAN AND BIKE TUNNELS

Bergen Municipality's ambition to unite public transport with pedestrian and bike paths is illustrated not least by the project's focus on a three-kilometre-long tunnel for pedestrians and cyclists. This is one of the longest tunnels of its kind in the world, and reflects the project's high level of ambition, extreme complexity and the need for co-operation between disciplines.

The tunnel's length presents entirely new types of challenges. People cycling through the tunnel will spend an average of around nine minutes in the tunnel. Pedestrians will take around 40 minutes to walk through the tunnel. The tunnel therefore needs to be safe, secure and attractive to travel through. Other specialists such as behavioural scientists, have worked on the project to identify ways in which acoustics, lighting, colours and mobile coverage impact the way people experience the tunnel. Application of these insights creates a pleasant environment for travellers throughout the entire tunnel.

#### AN INVESTMENT FOR THE FUTURE

Bergen Light Rail is currently one of Norway's largest infrastructure projects and Bergen Municipality's greatest undertaking to reduce stress on the environment caused by traffic. The project involves major investments, but also the possibility of providing excellent returns by reducing the climate impact from traffic and promoting economic activity in Bergen. Every Norwegian krona invested in the project is expected to generate 30 kroner in the form of increased economic activity in the immediate area – an excellent investment for the future.

Sweco's  
strongest year  
to date





2019 was Sweco's strongest year to date, with positive development throughout the entire Group. Sweco is divided into eight geographically based business areas, with the goal of holding a market-leading position in all markets and segments we operate in.

#### STABLE GROWTH AND INDUSTRY-LEADING MARGINS

Demand in the Swedish market was generally good, with some variations between segments. Sweco's order backlog, hourly rates and number of employees developed positively with good profitability. We worked this year on a broad spectrum of Swedish and international projects. These include a route study for the future high-speed railway in southern Sweden, programme support and sustainability coaching for the modernisation of Hudiksvall Hospital, design of the new Blique Hotel by converting an old office building, and contributing to the renovation of Mozambique's largest hydropower plant.

#### SWEDEN

Business Area President:  
Ann-Louise Lökhölm-Klasson

- Sales: SEK M 7,482
- EBITA margin: 11.5%
- Market position: #2
- Number of full-time employees: 5,870

#### STRENGTHENED POSITION IN INFRASTRUCTURE AND CONSTRUCTION SECTOR

2019 was a good year for Sweco in Norway. We succeeded in increasing our hourly rates in a highly competitive market while also strengthening our position, primarily in the infrastructure and construction sector. This resulted in Sweco winning key projects, including the Mindemyren urban development project in Bergen, restoration of the National Theatre in Oslo, project management of a terminal expansion at Gardermoen Airport, investigative work for the Oslo Underground, and design of Vestland's new town hall.

#### NORWAY

Business Area President:  
Grete Aspelund

- Sales: SEK M 2,606
- EBITA margin: 8.3%
- Market position: #3
- Number of full-time employees: 1,563

#### STRONG GROWTH WITH STRONG PROFITABILITY

In Finland, efforts to develop our market-leading position produced good results. We delivered good organic growth this year, strengthened our profitability and, with the acquisition of NRC Group's advisory and technical consultancy services for railway infrastructure, strengthened our position in a highly relevant area. Sweco is well positioned in the market and was awarded several significant projects during the year in Finland and Estonia, including providing railway and infrastructure services for a 10-km-long tramline to connect eastern areas of Helsinki with the city centre.

#### FINLAND

Business Area President:  
Markku Varis

- Sales: SEK M 2,388
- EBITA margin: 12.0%
- Market position: #2
- Number of full-time employees: 2,160

Our strategy is focused on profitable growth and a business model centred on clients, internal efficiency and engaged employees through decentralised responsibility.

---

#### STABLE MARKET WITH IMPROVED PROFITABILITY

The market in Denmark was good overall. Demand in the water and environmental sectors was good and the infrastructure market was stable, although demand slowed down in the residential construction sector during the year. The ongoing integration of our engineering and architecture operations has been successful, and we are seeing strong demand in the market for our combined offering. Sustainability is a key component of our work. We became part of a new partnership during the year that will be instrumental in defining the way Denmark measures and develops in relation to the UN's 17 global goals for sustainable development. One of the project's targets is to increase awareness of the global sustainability goals among the Danish population.

---

#### DENMARK

Business Area President:  
Dariush Rezai

- Sales: SEK M 1,784
- EBITA margin: 7.7%
- Market position: #4
- Number of full-time employees: 1,173

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#### CONTINUED PROFITABILITY IMPROVEMENTS

The Dutch market developed positively during the year and demand for Sweco's services was good. The profitability improvements achieved during the year are attributable to higher hourly rates and a higher billing ratio. In the Netherlands we are seeing growing demand for big, multi-disciplinary projects. Sweco works proactively with strategic partnerships to offer innovative services focused on sustainability. Sweco's achievements during the year include signing a unique 20-year traffic planning contract with Enschede and Almelo Municipalities, and providing Amsterdam Municipality with technical expertise for the city's 8,000 entirely electric homes.

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#### NETHERLANDS

Business Area President:  
Eugene Grüter

- Sales: SEK M 2,055
- EBITA margin: 7.0%
- Market position: #4
- Number of full-time employees: 1,403

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#### STRONG GROWTH AND PROFITABILITY

Sweco Belgium developed very well during the year, with positive contribution from all segments. Sweco is involved in major infrastructure projects in the market and is also focused on sustainable transports. In the latter area, Sweco worked with projects during the year including the mobility vision for the Flanders transport region, expansion of the underground system in Brussels, and elevation of bridges spanning Albert Canal. In France Sweco is working with the Grand Paris Express and the Seine-Nord Europe Canal. In Belgium we are also working actively with the country's energy conversion, with projects focused on solar energy, heating and wind power.

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#### BELGIUM

Business Area President:  
Erwin Malcorps

- Sales: SEK M 1,394
- EBITA margin: 11.3%
- Market position: #3
- Number of full-time employees: 870



#### STRATEGIC ACQUISITION BENEFICIAL IN A CHALLENGING MARKET

Demand for Sweco's services has been satisfactory. Brexit-related concerns and a challenging market, particularly in the transportation infrastructure and water segments, had a negative impact on earnings. The London market is characterised by a high degree of activity, particularly in the construction sector. MLM Group was acquired during the year, one of the country's largest privately owned consultancies in the areas of engineering, environmental and building control. The integration will be completed during 2020, and the integrated operations will play an important role for Sweco in the future. Sweco's projects during the year include an ambitious urban development project for York City Centre, a framework contract with Vattenfall District Energy, and redevelopment of Elizabeth House in Waterloo, London.

#### UK

Business Area President:  
Max Joy

- Sales: SEK M 1,170
- EBITA margin: 4.4%
- Market position: #15
- Number of full-time employees: 1,136

#### CONTINUED STABLE MARKET

Sweco continued to show good growth in the German market during the year. The market for Sweco's services remained good. A key milestone during the year was the successful acquisition of imp, specialised in power transmission and electricity grids, and integration proceeded according to plan. The country's energy transition, along with the expansion and renovation of associated infrastructure, creates great demand for services in that area. During the year Sweco also worked with several multi-disciplinary projects, including the planning of a new hospital in Hanover and environmental permit work for a 300-kilometre-long high-voltage line for Amprion.

#### GERMANY AND CENTRAL EUROPE

Business Area President:  
Ina Brandes

- Sales: SEK M 1,941
- EBITA margin: 3.9%
- Market position: #2 (Germany)
- Number of full-time employees: 2,171

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# FINANCIAL TARGETS AND KEY RATIOS

## PROFITABILITY TARGET

# 12%

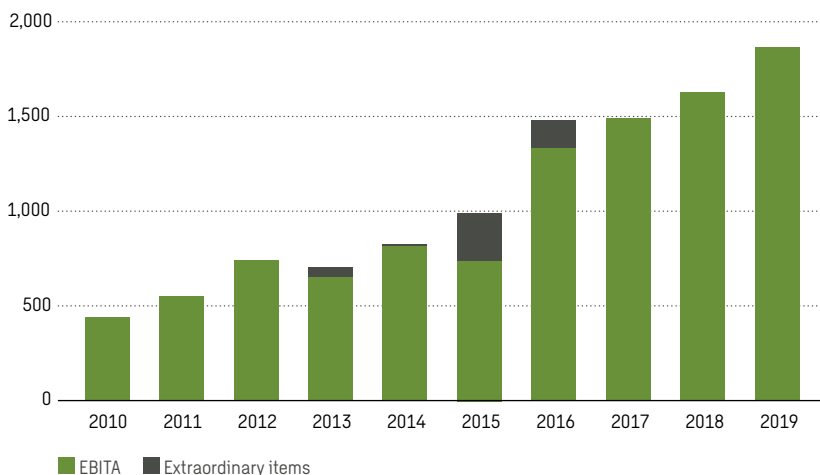
Sweco's target is an EBITA margin of at least 12 per cent.

## FINANCIAL STRENGTH

# <2 times

Sweco aims to maintain a net debt position over time. Sweco's net debt should not exceed 2.0 times EBITDA.

## EBITA, SEK M

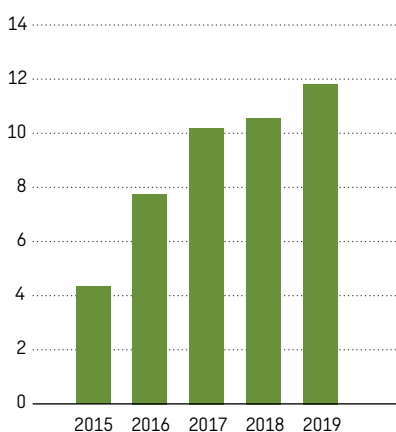


## DIVIDEND POLICY

# at least half

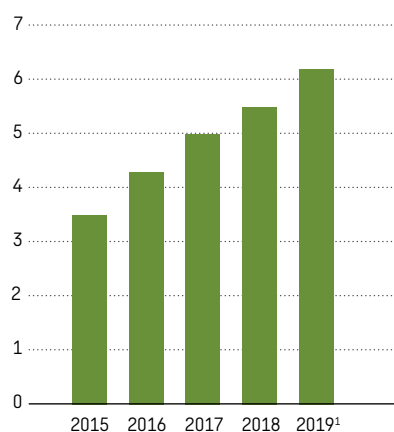
At least half of profit after tax shall be distributed to the shareholders, while also requiring that the company maintains a capital structure that provides scope to develop and make investments in the company's core business.

## EARNINGS PER SHARE SEK



Historical share data is restated in accordance with IAS 33 in view of the preferential rights issue conducted during Q4 2015.

## DIVIDEND PER SHARE SEK



Historical share data is restated in accordance with IAS 33 in view of the preferential rights issue conducted during Q4 2015.

1) Proposed dividend of SEK 6.20 per share.

## BOARD OF DIRECTORS' REPORT

The Board of Directors and the President & CEO of SWECO AB (publ) hereby submit the Annual Report and consolidated financial statements for financial year 2019.

Sweco's Sustainability Report is presented on pages 102–107 and comprises Sweco's statutory Sustainability Report in accordance with the Annual Accounts Act. The Sustainability Report has been prepared with inspiration from the guidelines of the Global Reporting Initiative.

Sweco AB, corporate identity number 556542-9841, is headquartered in Stockholm, Sweden and is the Sweco Group's parent company. The company's engineers, architects and environmental experts work together to plan and design the sustainable communities and cities of the future. Sweco delivers qualified consulting services with high knowledge content throughout the client's entire project chain: from feasibility studies, analyses and strategic planning through construction, design and project management. With more than 17,000 employees, Sweco is the largest engineering and architecture consultancy in the European market. Sweco operates its business in eight business areas and conducts project exports to some 70 countries worldwide.

### SWECO GROUP

Sweco has an efficient, client-focused organisation. With Sweco Group's decentralised, profitable growth-driven business model, all effort is focused on the business and the client's project. The parent company is responsible for group-wide functions. The business is organised in eight business areas:

Sweco Sweden  
Sweco Norway  
Sweco Finland: Finland and Estonia  
Sweco Denmark  
Sweco Netherlands  
Sweco Belgium  
Sweco UK  
Sweco Germany & Central Europe: Germany, Poland, Lithuania, Czech Republic and Bulgaria

Sweco is well positioned for profitable growth. The Group holds market-leading positions in Sweden, Norway, Finland, Denmark, the Netherlands, Belgium and Germany. Sweco's home markets generally have higher GDP growth and stronger public finances than the European average. With industry-leading profitability, Sweco is able to grow faster than the market average – both organically and through acquisitions.

The market for Sweco's services is good overall, with variations between countries and segments. Essentially all business areas are experiencing a good market for Sweco's services in the infrastructure, water and industry segments. Demand for services in the real estate segment is good overall while the residential segment remains weak in several countries.

The urban development sector is currently characterised by three major megatrends: urbanisation, digitalisation and climate change. To a large extent, these trends define Sweco's market and demand for our services. Urbanisation fuels a need for redesigning and expanding cities and for linking countries and cities with new infrastructure, while digitalisation lays the groundwork for smart cities, industries and infrastructure. Efforts to prevent and manage climate change and promote sustainable urban development cut through all aspects of our business. These trends are often closely linked, considering that we need to build more sustainable communities and that sustainable technical solutions can, in many cases, be used for just this purpose.

### PROFIT AND OPERATIONS

Net sales increased 10 per cent to SEK 20,629 million (18,735). Acquired growth contributed 3 per cent, while currency effects contributed 2 per cent. During 2019, Sweco completed three strategic acquisitions in the UK, Germany and Finland. Organic growth was 5 per cent, with a minor negative calendar effect.

EBITA increased by SEK 240 million to SEK 1,869 million (1,629), which is Sweco's best full-year result to date. A calendar effect of -2 hours had a negative year-on-year impact of approximately SEK 7 million on net sales and EBITA. EBITA increased approximately SEK 247 million after adjustment for calendar effects. Over half of the improvement is attributable to Finland and Belgium. Overall for the Group, a positive trend in hourly fees, an increased number of employees and contributions from acquired companies were the main drivers of improved EBITA.

In the fourth quarter, there was a positive impact of SEK 90 million on EBIT from the sale of an office property in Denmark and the divestment of non-core operations. Earnings per share increased to SEK 11.85 per share (10.59). Earnings per share excluding the impact from the divestments in the fourth quarter and the recognition of tax assets in the fourth quarter last year amounted to SEK 11.09 (10.09).

Key ratios	2019	2018
Net sales, SEK M	20,629	18,735
Organic growth, %	5	5
Acquisition-related growth, %	3	3
Currency, %	2	3
EBITA, SEK M	1,869	1,629
Margin, %	9.1	8.7
Profit after tax, SEK M	1,393	1,256
Earnings per share, SEK	11.85	10.59
Number of full-time employees	16,412	15,306
Billing ratio, %	74.3	74.5
Normal working hours	1,962	1,964
Net debt/EBITDA, x	1.0	1.0

### NET SALES, EBITA, EBITA MARGIN AND NUMBER OF FULL-TIME EMPLOYEES, JANUARY–DECEMBER

Business area	Net sales, SEK M		EBITA, SEK M		EBITA margin, %		Number of full-time employees	
	2019	2018	2019	2018	2019	2018	2019	2018
Sweco Sweden	7,482	7,230	858	835	11.5	11.5	5,870	5,654
Sweco Norway	2,606	2,392	216	179	8.3	7.5	1,563	1,469
Sweco Finland	2,388	2,072	287	197	12.0	9.5	2,160	2,067
Sweco Denmark	1,784	1,707	137	108	7.7	6.3	1,173	1,187
Sweco Netherlands	2,055	1,926	143	115	7.0	6.0	1,403	1,373
Sweco Belgium	1,394	1,124	158	99	11.3	8.8	870	789
Sweco UK	1,170	857	51	17	4.4	2.0	1,136	860
Sweco Germany & Central Europe	1,941	1,573	77	96	3.9	6.1	2,171	1,808
Group-wide, eliminations, etc.	-193	-147	-58	-17	-	-	65	100
<b>TOTAL GROUP</b>	<b>20,629</b>	<b>18,735</b>	<b>1,869</b>	<b>1,629</b>	<b>9.1</b>	<b>8.7</b>	<b>16,412</b>	<b>15,306</b>

## OUTLOOK

Demand for Sweco's services predominantly follows the general macro-economic trend in Sweco's markets, with some time lag. Northern European GDP development is solid. Political uncertainty, the global macro-economic situation and events in the financial market comprise risk factors in terms of future performance.

Sweco does not provide forecasts.

## ACQUISITIONS AND DIVESTMENTS

In 2019, Sweco acquired a number of companies with in total more than 1,200 employees generating annual net sales of approximately SEK 1.3 billion and EBITA of around SEK 138 million. Of these acquisitions, three were strategic acquisitions in the UK, Germany and Finland.

In May, Sweco acquired MLM in the UK, an engineering consultancy offering services primarily in the areas of building construction and transport infrastructure. The company, with approximately 460 employees, has most of its offices in southeast England.

In July, Sweco concluded the acquisition of imp GmbH in Germany – a consultancy with around 380 employees specialised in power transmission and electricity distribution. Imp GmbH has strengthened Sweco's capacity to assist clients in Germany's ongoing conversion to renewable energy.

In November, Sweco concluded the acquisition of advisory and technical consultancy services for railway infrastructure from NRC Group. Through the acquisition, Sweco has become the leading expert and supplier of railway design in Finland and has strengthened its position in Sweden. The acquisition gives Sweco approximately 320 additional experts in railway design, located in Finland (80 per cent) and Sweden (20 per cent).

In November, Sweco divested the Grontmij Beheer Reststoffen-projecten B.V., and its subsidiaries in the Netherlands, a waste management business with 26 employees, which was part of a portfolio of non-core real estate assets of the former Grontmij Group.

## CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 2,299 million (2,051) during the year. Net debt increased to SEK 2,114 million (1,849). Net debt increased primarily as a result of recent acquisitions.

The net debt/EBITDA ratio was 1.0 x (1.0).

Available cash and cash equivalents, including unutilised credit lines, totalled SEK 2,699 million (1,749) at the end of the year.

Purchase consideration paid to acquire companies and operations totalled SEK 713 million (276) and had an impact of SEK -672 million (-256) on Group cash and cash equivalents. Purchase consideration on the divestment of companies and operations totalled SEK 156 million (5) and had an impact of SEK -97 million (-1) on Group cash and cash equivalents.

Repurchases of Sweco shares totalled SEK 2 million (520) and had the same effect on the Group's cash and cash equivalents.

Dividends totalling SEK 644 million (593) were distributed to Sweco AB shareholders during the second quarter.

## EMPLOYEES

The number of employees at the end of the period was 18,148 (16,422), an increase of 1,726. During the year 3,053 employees (2,853) were hired, 2,512 (2,320) ended their employment, 49 (33) ended their employment in conjunction with the divestment of companies and 1,234 (365) were added via acquired companies. Personnel turnover was 15 per cent (15). The Group had a total of 16,412 full-time employees (15,306).

## SELECTED PROJECTS

The projects presented below have been selected to demonstrate the breadth of Sweco's project portfolio.

In Belgium, Sweco and BG Ingénieurs Conseils are responsible for designing and overseeing the large-scale renovation of the Belliar and Loi tunnels, located in the heart of the Belgian capital. The tunnels will be modernised, with a focus on safety, design and sustainability.

In Denmark, Sweco has been selected to develop a national baseline for the country's Sustainable Development Goals (SDG), in partnership with other companies and organisations, such as the Danish Energy Management. The project is called "Vores Mål" (Our Goal).

In the Netherlands, Sweco will support the national police with technical advisory services for their buildings in coming years. The project includes the review of over three hundred projects and studies regarding the future location of more than two hundred buildings. The quality of existing buildings will also be improved, particularly as regards sustainability. In addition to Sweco, two other engineering companies are working on this project.

In Finland, Sweco has been commissioned by Vapo Oy to deliver construction services, tender and contract support and site supervision for a new activated carbon factory in Ilonmantsi. The facility will produce technical carbon products for water, air and gas purification, primarily for the chemicals and pharmaceutical industry.

In Sweden, Sweco has been hired to examine various alternatives for a new double-track high-speed rail line. The new railway, approximately 70 km long, will be constructed between Hässleholm and Lund.

In Norway, Sweco has been engaged to assist in the renovation of the National Theatre in Oslo. The extensive project includes restoration, renovation and conservation of the 329-room main building. The project also includes the upgrading and replacement of technical equipment.

In the UK, Sweco has been engaged in the full design duties across multiple mechanical and electrical systems services for an 18-storey 80,000 sqm building in central London. Sweco's experience in providing sustainable energy efficient solutions will form the backbone to achieving a BREEAM Outstanding certification.

In Germany, Sweco will support Amprion GmbH with the environmental permits for the corridor A-North, one of the main arteries of the country's transmission grid. A-North will transport the steadily growing wind energy from the north to the centre and the south of Germany.

## BUSINESS AREA – SWECO SWEDEN

Net sales increased 3 per cent to SEK 7,482 million (7,230). Organic growth was 4 per cent. EBITA increased SEK 23 million to SEK 858 (835).

The Swedish market remains good but there are variations between the different segments. Demand for infrastructure services remains strong, backed by major public investments. The markets for industrial investments, water and environmental services are good. The real estate market is divided, with good demand within public buildings, whereas demand related to residential construction remains weak. The market for power transmission services is strong while demand in energy generation remains challenging.

Net sales and profit	2019	2018
Net sales, SEK M	7,482	7,230
Organic growth, %	4	3
Acquisition-related growth, %	0	-1
Currency, %	0	0
EBITA, SEK M	858	835
EBITA, %	11.5	11.5
Number of full-time employees	5,870	5,654

## BUSINESS AREA – SWECO NORWAY

Net sales increased 9 per cent to SEK 2,606 million (2,392). Organic growth was 8 per cent. EBITA increased SEK 37 million to SEK 216 million (179).

Overall, the Norwegian market remains good, with a historically strong infrastructure market dominated by large-scale rail and road projects. The residential market is weakening, albeit from a high level, while the market for office buildings is flat. Investments in energy production are still decreasing, including a declining market for energy transmission.

Net sales and profit	2019	2018
Net sales, SEK M	2,606	2,392
Organic growth, %	8	9
Acquisition-related growth, %	0	4
Currency, %	1	3
EBITA, SEK M	216	179
EBITA, %	8.3	7.5
Number of full-time employees	1,563	1,469

## BUSINESS AREA – SWECO FINLAND

Net sales increased 15 per cent to SEK 2,388 million (2,072). Acquired growth contributed 5 per cent and was primarily related to the acquisition of the design operations of NRC Group. Organic growth was 7 per cent. EBITA increased SEK 90 million to SEK 287 million (197).

The Finnish and Estonian market is good overall, but there are slight differences between segments. Demand for services within the buildings and real estate segment is good overall. Residential construction is declining. The renovation, maintenance and improvement market continues to grow. The market in industrial services is stable. The market for infrastructure-related services is good.

Net sales and profit	2019	2018
Net sales, SEK M	2,388	2,072
Organic growth, %	7	1
Acquisition-related growth, %	5	2
Currency, %	3	6
EBITA, SEK M	287	197
EBITA, %	12.0	9.5
Number of full-time employees	2,160	2,067

## BUSINESS AREA – SWECO DENMARK

Net sales increased 5 per cent to SEK 1,784 million (1,707). Organic growth was -2 per cent. EBITA increased SEK 29 million to SEK 137 million (108).

The market in Denmark is satisfactory overall. Demand in the water and environmental sectors remains stable, driven by climate-related services in the larger cities. The energy market is driven by transmission, gas and wind power, but it remains weak. The infrastructure market is fairly stable, however with a decline in state financed road and rail projects due to the lack of a new national infrastructure plan. The market for building services remains good overall, but the residential market remains weak.

Net sales and profit	2019	2018
Net sales, SEK M	1,784	1,707
Organic growth, %	-2	-2
Acquisition-related growth, %	4	20
Currency, %	3	6
EBITA, SEK M	137	108
EBITA, %	7.7	6.3
Number of full-time employees	1,173	1,187

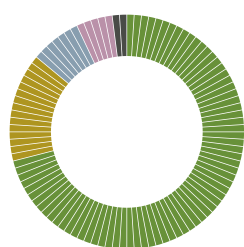
## BUSINESS AREA – SWECO NETHERLANDS

Net sales increased 7 per cent to SEK 2,055 million (1,926). Organic growth was 4 per cent. EBITA increased SEK 28 million to SEK 143 million (115).

The Dutch economy is strong, and the engineering market remains positive, as is the demand for Sweco's services within infrastructure, energy, water and public sector buildings. The ruling in May by the highest administrative court in the Netherlands on reduction of nitrogen emissions has created some short-term uncertainty on the market.

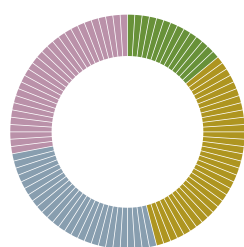
Net sales and profit	2019	2018
Net sales, SEK M	2,055	1,926
Organic growth, %	4	6
Acquisition-related growth, %	0	0
Currency, %	3	6
EBITA, SEK M	143	115
EBITA, %	7.0	6.0
Number of full-time employees	1,403	1,373

### COST STRUCTURE (EBITA), %



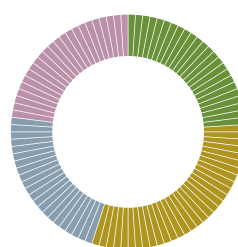
- Personnel costs, 71 (71)
- Subconsultants and expenses, 15 (16)
- Overhead expenses, 7 (6)
- Cost for premises, 5 (5)
- Amortisation/depreciation, 2 (2)

### TERM OF EMPLOYMENT, %



- <1 year, 14 (16)
- 1–3 years, 32 (30)
- 4–9 years, 26 (24)
- >10 years, 28 (30)

### AGE STRUCTURE, %



- <30 years, 24 (23)
- 31–40 years, 31 (30)
- 41–50 years, 22 (23)
- >50 years, 23 (24)



## BUSINESS AREA – SWECO BELGIUM

Net sales increased 24 per cent to SEK 1,394 million (1,124). Organic growth was 19 per cent. EBITA increased SEK 59 million to SEK 158 million (99).

The market is good within all segments and both the private and the public sector building markets remain strong. The residential market is stable as is the office market. The industry market and public infrastructure markets also remain strong. Belgium is in the middle of a complete energy transition with a focus on decarbonisation in the transportation, building and industry sectors as well as transforming energy production. The electrification in industry and the public domain is increasing.

Net sales and profit	2019	2018
Net sales, SEK M	1,394	1,124
Organic growth, %	19	14
Acquisition-related growth, %	2	11
Currency, %	3	6
EBITA, SEK M	158	99
EBITA, %	11.3	8.8
Number of full-time employees	870	789

## BUSINESS AREA – SWECO UK

Net sales increased 37 per cent to SEK 1,170 million (857). Acquired growth contributed 37 per cent and was related to the acquisition of MLM. Organic growth was -4 per cent. EBITA increased SEK 34 million to SEK 51 million (17).

In general, the market for Sweco's services in the UK is satisfactory with some uncertainty connected to Brexit remaining. The infrastructure and energy markets, which were impacted by delays and postponements in 2019, saw some improvement towards the end of the year. The water market continues to be impacted by the public tender cycle, but there is a more positive outlook for the transportation and environment markets. The London commercial building market remains good.

Net sales and profit	2019	2018
Net sales, SEK M	1,170	857
Organic growth, %	-4	13
Acquisition-related growth, %	37	0
Currency, %	4	5
EBITA, SEK M	51	17
EBITA, %	4.4	2.0
Number of full-time employees	1,136	860

## BUSINESS AREA – SWECO GERMANY & CENTRAL EUROPE

Net sales increased 23 per cent to SEK 1,941 million (1,573). Acquired growth contributed 9 per cent and was primarily related to the acquisition of imp GmbH. Organic growth was 11 per cent. EBITA decreased SEK 19 million to SEK 77 million (96).

The German market is good overall and is developing positively. The construction market for healthcare facilities and the commercial buildings market are good. Demand is strong in the transport and environmental sector due to public investment, and power transmission continues to be a good market, while power generation remains challenging.

The Lithuanian market has stabilised, and the Czech market is good. The Polish market is developing positively with increasing investments in transportation and water.

Net sales and profit	2019	2018
Net sales, SEK M	1,941	1,573
Organic growth, %	11	10
Acquisition-related growth, %	9	2
Currency, %	3	7
EBITA, SEK M	77	96
EBITA, %	3.9	6.1
Number of full-time employees	2,171	1,808

## OTHER INFORMATION

### Investments

Investments in equipment totalled SEK 226 million (266) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 241 million (233) and amortisation of intangible assets totalled SEK 149 million (116).

### Parent Company

Parent Company net sales totalled SEK 771 million (703) and were attributable to intra-group services. Profit after financial items totalled SEK 743 million (915). Investments in equipment totalled SEK 33 million (42). Cash and cash equivalents at the end of the year totalled SEK 184 million (381).

### The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 361.20 at the end of the year, representing an 83 per cent year-on-year increase. Nasdaq Stockholm OMXSPI increased by 30 per cent over the same period.

The total number of shares at the end of the period was 121,083,819: 10,420,274 Class A shares and 110,663,545 Class B shares. The total number of outstanding shares at the end of the period was 117,798,459: 10,420,274 Class A shares and 107,378,185 Class B shares.

### Share Savings Schemes

The 2019 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme for Sweco Group senior executives. Through the scheme, 60 senior executives have acquired some 16,000 shares. Pursuant to IFRS provisions, the cost of the 2019 Share Savings Scheme is estimated at approximately SEK 7 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 74,722 Class B treasury shares to participants in the 2015 Share Savings Scheme during the period.

Resolutions were made by the 2016, 2017 and 2018 AGMs on corresponding schemes, under which slightly more than 26,000, 29,000 and 26,000 shares were acquired, respectively. Under the four Share Savings Schemes, a total of approximately 237,000 shares may be issued if established targets are met based on participants still employed as at year end.

### Share Bonus Scheme

The 2019 AGM resolved to implement the 2019 Share Bonus Scheme for all employees in Sweden, under which payment will be made in shares.

## THE BOARD'S PROPOSED GUIDELINES FOR SENIOR EXECUTIVE COMPENSATION, FOR RESOLUTION BY THE 2020 AGM

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its senior executives. Remuneration to senior executives comprises basic salary, variable compensation consisting of short-term variable remuneration and long-term variable remuneration (Sweco Share Saving Scheme), pension and other benefits.

### Base salary and Short-term Variable Remuneration

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between base salary and short-term variable remuneration, shall be proportionate to the employee's position and work description. Sweco's short-term incentive remuneration shall be linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation.

Short-term variable remuneration for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, the short-term variable remuneration may not exceed 50 per cent of base salary. Due to acquisitions, exceptions to maximum per cent may apply for a limited period, until integration with Sweco's short-term incentive programme is aligned. Short-term variable remuneration shall be determined, based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives shall be determined by the Board of Directors.

### Long-term Variable Remuneration – Share-based incentive schemes

Sweco senior executives may be offered various forms of long-term incentive schemes, based on market terms. The rationale for share-based incentive schemes is to increase and/or diversify senior executives' share ownership and/or exposure and to more closely align the interests of the company's decision makers and shareholders. A long-term, personal shareholder commitment among key personnel is expected to stimulate greater interest in the company's operations and earnings trend and to increase motivation and solidarity with the company.

Resolutions on share-based incentive schemes shall always be made by the Annual General Meeting or at an Extraordinary General Meeting.

### Pensions

The terms and conditions for pensions for Sweco's President & CEO and senior executives shall be market-based relative to what generally applies to comparable senior executives in the market and shall normally be based on defined contribution pension schemes.

### Other benefits

Other benefits may be awarded, primarily in the form of company vehicles and mobile phone benefits.

### Terms of notice

In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period shall not exceed 6 months.

For other senior executives, the term of notice shall normally be 12 months in the event of dismissal by the company and 6 months in the event of the executive's resignation.

### Other

These principles shall apply to agreements entered into subsequent to the Annual General Meeting's resolutions and to any changes or alterations made to existing agreements after this time, to the extent permitted under the terms of the existing agreements. The Board of Directors shall have the right to deviate from these principles in individual cases if there are extraordinary reasons therefor.

## BOARD PROPOSALS

### Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,601 SEK M
along with net profit for the year	546 SEK M
or, in aggregate,	4,147 SEK M
be appropriated for the distribution of a dividend	
to the shareholders of SEK 6.20 per share	751 SEK M <sup>1</sup>
and that the remaining amount be carried forward.	3,396 SEK M

1) The dividend amount will be a maximum of SEK 751 million, calculated by the number of shares outstanding at 24 March 2020, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted by the 2019 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 27 April 2020.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 23 April 2020.

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. Pursuant to Sweco's financial targets, net debt shall not exceed 2.0 times EBITDA. In view of the Board's proposed dividend (above), the Board hereby issues the following statement pursuant to Chapter 18, Paragraph 4 and Chapter 19, Paragraph 22 of the Swedish Companies Act.

The Board of Directors is of the opinion that the proposed distribution to shareholders does not constitute an impediment to the company's capacity to meet its obligations in the short or long-term, and that the company's financial position allows for continued investments and expansion.

In light of the above, and also taking into account uncertainties about the impact of COVID-19 indicated in Note 37, the Board deems that the proposed dividend to shareholders is warranted considering the amount of shareholder equity required due to the nature, scope and risks associated with the company's operations, and by the company's consolidation requirements, liquidity and overall financial position.

### 2020 Share Savings Scheme

The Board of Directors proposes that the 2020 AGM resolves to implement a long-term share savings scheme for up to 100 Sweco Group senior executives and other key employees. The proposal principally corresponds to the terms in last year's proposal.

### 2020 Share Bonus Scheme

The Board of Directors also proposes that the 2020 AGM resolves to implement a share-based incentive scheme for employees in Sweden. The proposal principally corresponds to the terms in last year's proposal.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3:00 PM on Thursday, 23 April 2020 at Fotografiska, Stadsgårdshamnen 22, Stockholm.

# 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.

## CONSOLIDATED INCOME STATEMENT

SEK M	Note	2019	2018
Net sales	2, 3, 34	20,629	18,735
Other operating income		17	14
Other external expenses	4, 5, 34	-4,373	-4,112
Personnel costs	6, 28	-13,377	-12,091
Amortisation/depreciation and impairment losses, tangible and intangible fixed assets <sup>1</sup>	3, 7	-291	-252
Depreciation and impairments, right-of-use assets	7	-656	-602
Acquisition-related items <sup>2</sup>	7	-58	-75
<b>Operating profit (EBIT)</b>	<b>3</b>	<b>1,892</b>	<b>1,618</b>
Net financial items	8, 34	-46	-45
Interest cost of leasing	8, 34	-65	-61
Other financial items	8, 34	-4	-1
<b>Total net financial items</b>	<b>8</b>	<b>-115</b>	<b>-107</b>
<b>Profit before tax</b>		<b>1,777</b>	<b>1,511</b>
Income tax expense	10	-384	-255
<b>PROFIT FOR THE YEAR</b>		<b>1,393</b>	<b>1,256</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent Company		1,393	1,254
Non-controlling interests		0	1
<b>Earnings per share attributable to owners of the Parent Company</b>	<b>11</b>		
Basic earnings per share, SEK		11.85	10.59
Diluted earnings per share, SEK		11.52	10.35

1) Includes tangible assets and intangible assets that are not acquisition-related.

2) Acquisition-related items consist of amortisation and impairment of goodwill and acquisition-related intangible assets; revaluation of purchase price; profits and losses on the divestment of companies, operations, land and buildings; as well as expensed cost for future service.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2019	2018
<b>Profit for the year</b>		<b>1,393</b>	<b>1,256</b>
<b>Items that will not be reversed to profit or loss</b>			
Revaluation of defined benefit pensions, net after tax	10	-42	-11
<b>Total items that will not be reversed to profit or loss</b>		<b>-42</b>	<b>-11</b>
<b>Items that may subsequently be reversed to profit or loss</b>			
Exchange difference on translation of foreign operations		219	118
Hedge of net investment in subsidiary, net after tax	10	-54	-31
<b>Total items that may subsequently be reversed to profit or loss</b>		<b>165</b>	<b>87</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,516</b>	<b>1,332</b>
<b>Comprehensive income attributable to:</b>			
Owners of the Parent Company		1,516	1,330
Non-controlling interests		1	2



# CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2019	31 Dec 2018	1 Jan 2018
<b>ASSETS</b>	<b>3, 33</b>			
<b>Non-current assets</b>				
Goodwill	13	7,471	6,615	6,278
Other intangible assets	13	339	300	315
Property, plant and equipment	14	580	580	524
Right-of-use assets	15	3,043	2,724	2,585
Investments in associates	17	2	2	7
Investments in joint ventures	18	0	0	0
Financial investments	19	10	10	13
Deferred tax assets	10	321	321	255
Other non-current receivables	22, 28	56	168	147
<b>Total non-current assets</b>		<b>11,822</b>	<b>10,720</b>	<b>10,124</b>
<b>Current assets</b>				
Trade receivables	34	3,418	3,243	3,046
Work in progress less progress billings	23	2,486	2,145	2,614
Inventories		3	12	8
Current tax assets		50	6	2
Other current receivables		353	297	235
Prepaid expenses and accrued income	24	512	198	211
Cash and cash equivalents	25	660	775	572
<b>Total current assets</b>		<b>7,481</b>	<b>6,676</b>	<b>6,688</b>
<b>TOTAL ASSETS</b>		<b>19,303</b>	<b>17,397</b>	<b>16,812</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>26</b>			
Share capital		121	121	122
Other contributed capital		3,088	3,088	3,088
Reserves		201	44	-42
Retained earnings, including profit for the year		3,744	2,905	2,655
<b>Equity attributable to owners of the Parent Company</b>		<b>7,154</b>	<b>6,158</b>	<b>5,823</b>
Non-controlling interests		10	10	12
<b>Total equity</b>		<b>7,164</b>	<b>6,168</b>	<b>5,835</b>
<b>Liabilities</b>	<b>3, 33</b>			
<b>Non-current liabilities</b>				
Non-current lease liabilities	30	2,522	2,314	2,176
Non-current interest-bearing liabilities	27	1,665	2,105	2,120
Provisions for pensions	28	178	128	112
Other non-current provisions	29	57	266	250
Deferred tax liabilities	10	592	492	426
Other non-current liabilities		50	37	23
<b>Total non-current liabilities</b>		<b>5,065</b>	<b>5,342</b>	<b>5,107</b>
<b>Current liabilities</b>				
Current lease liabilities	30	688	599	579
Current interest-bearing liabilities	27	1,109	519	56
Provisions for pensions	28	11	9	18
Other current provisions	29	17	20	27
Progress billings in excess of work in progress	23	1,383	1,224	1,849
Trade payables	34	864	636	625
Current tax liabilities		116	194	231
Other current liabilities	31	967	930	841
Accrued expenses and prepaid income	31	1,921	1,758	1,642
<b>Total current liabilities</b>		<b>7,075</b>	<b>5,888</b>	<b>5,869</b>
<b>Total liabilities</b>		<b>12,140</b>	<b>11,230</b>	<b>10,976</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,303</b>	<b>17,397</b>	<b>16,812</b>

For information about the Group's pledged assets and contingent liabilities, see Note 32.

# CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2019	2018
<b>Operating activities</b>			
Profit before tax		1,777	1,511
<b>Adjustments for non-cash items</b>			
Amortisation/depreciation and impairment losses	3, 7	1,048	930
Capital gains/losses		-86	-2
Difference between pension premiums expensed and paid		-10	-12
Expensed interest		98	94
Share bonus scheme and share savings scheme		126	117
Other items		3	-2
<b>Total non-cash items</b>		<b>1,179</b>	<b>1,124</b>
Interest cost of leasing		-65	-61
Interest paid		-34	-41
Interest received		1	9
Income taxes paid		-418	-329
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,440</b>	<b>2,212</b>
<b>Changes in working capital</b>			
Change in current receivables		-372	486
Change in current liabilities		231	-647
<b>Cash flow from operating activities</b>		<b>2,299</b>	<b>2,051</b>
<b>Investing activities</b>			
Purchase of intangible assets		-42	-55
Disposal of intangible assets		0	0
Purchase of property, plant and equipment		-226	-266
Disposal of property, plant and equipment		56	15
Acquisition of subsidiaries and operations, net cash effect	12	-672	-256
Divestiture of subsidiaries and operations, net cash effect	12	-97	-1
Divestiture of associated companies		1	8
Acquisition of financial investments		0	0
Disposal of financial investments		0	3
Change in non-current receivables		-5	-16
<b>Cash flow from investing activities</b>		<b>-985</b>	<b>-569</b>
<b>Financing activities</b>			
Capital distribution to owners of the Parent Company	26	-644	-593
Capital distribution to non-controlling interests		0	-1
Repurchase of treasury shares	26	-2	-520
Borrowings		1,510	1,162
Repayment of borrowings		-1,622	-742
Principal elements of lease payments		-645	-579
<b>Cash flow from financing activities</b>	27	<b>-1,404</b>	<b>-1,271</b>
<b>CASH FLOW FOR THE YEAR</b>			
Cash and cash equivalents at beginning of year	25	775	572
Foreign exchange differences in cash and cash equivalents		-26	-9
Cash and cash equivalents at end of year	25	660	775

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Other contributed equity	Reserves	Retained earnings	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
<b>Equity at 1 January 2018</b>		122	3,088	-42	2,799	5,967	12	5,979
Change in accounting principles	1	-	-	-	-144	-144	-	-144
<b>Restated equity at 1 January 2018</b>		122	3,088	-42	2,655	5,823	12	5,835
Profit for the year		-	-	-	1,254	1,254	1	1,256
Other comprehensive income for the year		-	-	86	-11	75	1	76
Comprehensive income for the year		-	-	86	1,244	1,330	2	1,332
Capital distribution to the shareholders								
– dividend	26	-	-	-	-593	-593	-1	-594
Acquisition of non-controlling interests	12	-	-	-	0	0	0	0
Divestiture of non-controlling interests	12	-	-	-	-	-	-3	-3
Share bonus scheme								
– new share issue		-1	-	-	1	-	-	-
Share bonus scheme								
– value of employee service		-	-	-	112	112	-	112
Share savings scheme								
– value of employee service		-	-	-	5	5	-	5
Repurchase of treasury shares		-	-	-	-520	-520	-	-520
<b>EQUITY AT 31 DECEMBER 2018</b>		121	3,088	44	2,905	6,158	10	6,168
Profit for the year		-	-	-	1,401	1,401	0	1,401
Other comprehensive income for the year		-	-	157	-42	115	0	115
Comprehensive income for the year		-	-	157	1,359	1,516	1	1,516
Capital distribution to the shareholders								
– dividend	26	-	-	-	-644	-644	0	-645
Share bonus scheme								
– value of employee service		-	-	-	122	122	-	122
Share savings scheme								
– value of employee service		-	-	-	4	4	-	4
Repurchase of treasury shares		-	-	-	-2	-2	-	-2
<b>EQUITY AT 31 DECEMBER 2019</b>		121	3,088	201	3,744	7,154	10	7,164
<b>Proposed capital distribution to the shareholders</b>								
Dividend	26, 36				-751	-751		-751

## PARENT COMPANY INCOME STATEMENT

SEK M	Note	2019	2018
Net sales	3, 34	771	703
<b>Total operating income</b>		<b>771</b>	<b>703</b>
Other external expenses	3, 4, 5, 34	-685	-581
Personnel costs	6	-91	-98
Amortisation/depreciation and impairment losses	3, 7	-43	-55
<b>Total operating expenses</b>		<b>-818</b>	<b>-734</b>
<b>Operating profit/loss</b>	<b>3</b>	<b>-48</b>	<b>-30</b>
Profit from investments in group companies	8	813	993
Financial income	8, 34	27	12
Financial expenses	8, 34	-49	-60
<b>Net financial items</b>	<b>8</b>	<b>791</b>	<b>945</b>
<b>Profit after net financial items</b>		<b>743</b>	<b>915</b>
Appropriations	9	-120	-164
<b>Profit before tax</b>		<b>623</b>	<b>751</b>
Income tax expense	10	-77	-110
<b>PROFIT FOR THE YEAR</b>		<b>546</b>	<b>640</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2019	2018
Profit for the year	546	640
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>546</b>	<b>640</b>

# PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>	<b>3, 33</b>		
<b>Intangible assets</b>	<b>13</b>	<b>26</b>	<b>40</b>
<b>Property, plant and equipment</b>	<b>14</b>	<b>59</b>	<b>54</b>
<b>Financial assets</b>			
Investments in group companies	16	4,685	4,511
Receivables from group companies	21	1,833	1,833
Other non-current securities	20	1	1
Other non-current receivables		18	13
<b>Total financial assets</b>		<b>6,537</b>	<b>6,358</b>
<b>Total non-current assets</b>		<b>6,623</b>	<b>6,452</b>
<b>Current assets</b>			
Receivables from group companies	21	2,881	2,138
Current tax assets		32	–
Other receivables		14	60
Prepaid expenses and accrued income	24	260	82
Cash and bank	25	184	381
<b>Total current assets</b>		<b>3,371</b>	<b>2,661</b>
<b>TOTAL ASSETS</b>		<b>9,994</b>	<b>9,113</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>	26		
Share capital		121	121
Statutory reserve		188	188
Development expenditure fund		24	35
<b>Total restricted equity</b>		<b>333</b>	<b>344</b>
<i>Non-restricted equity</i>	26		
Share premium reserve		2,900	2,900
Retained earnings		701	564
Profit for the year		546	640
<b>Total non-restricted equity</b>		<b>4,147</b>	<b>4,104</b>
<b>Total equity</b>		<b>4,480</b>	<b>4,448</b>
<b>Untaxed reserves</b>	9	<b>474</b>	<b>354</b>
<b>LIABILITIES</b>	<b>3, 33</b>		
<b>Non-current liabilities</b>			
Liabilities to credit institutions	27	1,550	1,690
Other non-current liabilities	27	18	13
<b>Total non-current liabilities</b>		<b>1,569</b>	<b>1,703</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27	971	450
Trade payables		215	46
Liabilities to group companies		2,247	1,997
Current tax liabilities		–	70
Other current liabilities	31	2	13
Accrued expenses and prepaid income	31	36	32
<b>Total current liabilities</b>		<b>3,471</b>	<b>2,608</b>
<b>Total liabilities</b>		<b>5,039</b>	<b>4,311</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,994</b>	<b>9,113</b>

For information about the Parent Company's pledged assets and contingent liabilities, see Note 32.

## PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2019	2018
<b>Operating activities</b>			
Profit after net financial items		743	915
<b>Adjustments for non-cash items</b>			
Capital gains/losses		19	-
Amortisation/depreciation and impairment losses	7	43	55
Group contributions	8	-547	-739
Difference between interest recognised and received/paid	8	-2	1
Other items		16	27
<b>Total non-cash items</b>		<b>-471</b>	<b>-656</b>
Income taxes paid		-179	-104
<b>Cash flow from operating activities before changes in working capital</b>		<b>93</b>	<b>155</b>
<b>Changes in working capital</b>			
Change in current receivables		-958	131
Change in current liabilities		414	104
<b>Cash flow from operating activities</b>		<b>-451</b>	<b>390</b>
<b>Investing activities</b>			
Purchase of intangible assets	13	-1	-11
Purchase of property, plant and equipment	14	-33	-42
Disposal of property, plant and equipment		-	0
Acquisition of subsidiaries, net cash effect		-216	-
Divestiture of subsidiaries, net cash effect		22	-
<b>Cash flow from investing activities</b>		<b>-228</b>	<b>-53</b>
<b>Financing activities</b>			
Group contributions		739	796
Capital distribution to owners of the Parent Company	26	-644	-593
Repurchase of treasury shares	26	-2	-520
Borrowings	27	1,495	885
Repayment of borrowings	27	-1,106	-744
<b>Cash flow from financing activities</b>		<b>482</b>	<b>-175</b>
<b>CASH FLOW FOR THE YEAR</b>			
<b>Cash and cash equivalents at beginning of year</b>	25	<b>381</b>	<b>218</b>
<b>Cash and cash equivalents at end of year</b>	25	<b>184</b>	<b>381</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK M	Note	Share capital	Statutory reserve	Development expenditure fund	Total restricted	Share premium reserve	Retained earnings	Total non-restricted	Total equity
<b>Equity at 1 January 2018</b>	26	122	188	34	344	2,900	1,552	4,452	4,796
Profit for the year		–	–	–	–	–	640	640	640
Comprehensive income for the year		–	–	–	–	–	640	640	640
Capital distribution to the shareholders – dividend		–	–	–	–	–	-593	-593	-593
Development expenditure fund		–	–	1	1	–	–	–	1
Share bonus scheme – new share issue		-1	–	–	-1	–	1	1	–
Share bonus scheme – value of employee service		–	–	–	–	–	112	112	112
Share savings scheme – value of employee service		–	–	–	–	–	12	12	12
Repurchase of treasury shares		–	–	–	–	–	-520	-520	-520
<b>EQUITY AT 31 DECEMBER 2018</b>	26	121	188	35	344	2,900	1,203	4,104	4,448
Profit for the year		–	–	–	–	–	546	546	546
Comprehensive income for the year		–	–	–	–	–	546	546	546
Capital distribution to the shareholders – dividend		–	–	–	–	–	-644	-644	-644
Development expenditure fund		–	–	-11	-11	–	11	11	–
Withdrawal of treasury shares		–	–	–	–	–	122	122	122
Share savings scheme – value of employee service		–	–	–	–	–	11	11	11
Repurchase of treasury shares		–	–	–	–	–	-2	-2	-2
<b>EQUITY AT 31 DECEMBER 2019</b>	26	121	188	24	333	2,900	1,247	4,147	4,480
<b>Proposed capital distribution to the shareholders</b>									
Dividend	26, 36						-751	-751	-751

# NOTES

Amounts in SEK M unless otherwise specified.

## 1 SIGNIFICANT ACCOUNTING POLICIES

### Compliance with norms and laws

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. The Annual Accounts Act and RFR 1, Supplementary Accounting Rules for Groups, have also been applied.

The Parent Company applies the same accounting policies as the Group, except in those cases described under "Parent Company accounting policies".

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 24 March 2020. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 23 April 2020.

Amounts in brackets refer to the corresponding period of the previous year. Because table items are individually rounded off, table figures do not always tally.

### Basis of preparation of the consolidated and Parent Company financial statements

Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities that are reported at fair value. Financial assets and liabilities reported at fair value consist of derivatives, financial assets classified as financial assets at fair value through profit and loss, and available-for-sale (AFS) financial assets.

### Functional currency and presentation currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency of the Group. The financial statements are therefore presented in SEK.

### Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires Sweco's senior management to make judgements, estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions.

Estimates and assumptions are evaluated on a regular basis. Changes in estimates are recognised during the period the change occurs (if the change affects only that period) or during the period the change occurs and subsequent periods (if the change affects both).

Note 37 provides details on the inputs and assessments used by Sweco's senior management that have a significant impact on the financial statements, as well as estimates that may result in significant adjustments to subsequent financial statements.

### Significant accounting policies applied

The stated accounting policies for the Group have been consistently applied in the periods presented in the consolidated financial statements, unless otherwise stated below. The Group's accounting policies have been consistently applied by all companies in the Group; when necessary, there is also alignment with Group policies on the part of associated companies.

### Changed accounting policies

#### Changes in accounting policies resulting from new, revised or amended IFRS

Below is a description of the changed accounting standards that are applied by the Group with effect from 1 January 2019. Other changes in IFRS with application as of 2019 have not had any significant impact on the consolidated financial statements.

The Group has applied IFRS 16, Leases, which supersedes previous standards related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Agreement Contains a Lease.

IFRS 16 primarily affects lessees. The main effect of the new standard is that all leases previously reported as operating leases are reported in a manner similar to the previous accounting of finance leases; i.e., accounted for as a right-of-use asset. Accordingly, operating lease assets and liabilities are also reported on the balance sheet, and depreciation and interest expense in the income statement, as opposed to the earlier practice under which leasing fees were reported as operating expenses. Exceptions are available for low-value leases and leases shorter than 12 months.

The new standard has a material effect on the Group's financial statements. As a lessee, Sweco may choose to apply the standard either retroactively or with a modified retrospective approach. Sweco has chosen the full retrospective transition method and has accordingly accounted for all contracts as if IFRS 16 had always been applied. Due to the selected transition method, comparative figures for 2018 have been restated.

For the transition to IFRS 16, the Group has applied the relief rule to inherit the former definition of leasing at the transition. This means that Sweco has applied IFRS 16 to all contracts entered into prior to 1 January 2019 that have been identified as leases under IAS 17 and IFRIC 4. Sweco has used hindsight to determine the lease term of these contracts when a contract contains an extension or termination option. Finance leases have been reclassified to the reported values immediately prior to transition; i.e., reported value as at 31 December 2017.

At time of transition, Sweco's lease portfolio contains approximately 3,000 contracts and consists of leases of offices, vehicles and equipment. The most significant impact on the financial statements comes from the office leases.

Sweco's ability to meet its obligations under existing loan agreements has not changed with the introduction of IFRS 16.

The table below shows the effect of the restatement on opening balances and 2018 year's financial statements:

Income statement	2018		
	Reported	IFRS 16 impact	Restated
Net sales	18,735	–	18,735
Other income	14	–	14
Other external expenses	-4,661	549	-4,112
Personnel expenses	-12,177	86	-12,091
Amortisation/depreciation and impairments, tangible and intangible assets	-280	28	-252
Depreciation and impairments, right-of-use assets	–	-602	-602
Acquisition-related items	-77	2	-75
<b>Operating profit (EBIT)</b>	<b>1,554</b>	<b>63</b>	<b>1,618</b>
Net financial items	-45	–	-45
Interest cost of leasing	-2	-60	-61
Other financial items	-1	–	-1
<b>Profit before tax</b>	<b>1,508</b>	<b>3</b>	<b>1,511</b>
Income taxes	-254	-1	-255
<b>PROFIT FOR THE YEAR</b>	<b>1,254</b>	<b>2</b>	<b>1,256</b>

Balance sheet	1 January 2018		
	Reported	IFRS 16 impact	Restated
Goodwill	6,278	–	6,278
Other intangible assets	315	–	315
Property, plant and equipment	610	-86	524
Right-of-use assets	–	2,585	2,585
Financial assets	343	78	422
Current assets excl. cash and cash equivalents	6,161	-45	6,116
Cash and cash equivalents incl. short-term investments	572	–	572
<b>TOTAL ASSETS</b>	<b>14,279</b>	<b>2,531</b>	<b>16,812</b>
Total equity	5,979	-144	5,835
Non-current lease liabilities	–	2,176	2,176
Non-current interest-bearing debt	2,192	-72	2,120
Other non-current liabilities	796	14	811
Current lease liabilities	–	579	579
Current interest-bearing debt	79	-22	56
Other current liabilities	5,234	–	5,234
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,279</b>	<b>2,531</b>	<b>16,812</b>

Balance sheet	31 December 2018		
	Reported	IFRS 16 impact	Restated
Goodwill	6,615	–	6,615
Other intangible assets	300	–	300
Property, plant and equipment	668	-88	580
Right-of-use assets	–	2,724	2,724
Financial assets	421	79	502
Current assets excl. cash and cash equivalents	5,928	-27	5,901
Cash and cash equivalents incl. short-term investments	775	–	775
<b>TOTAL ASSETS</b>	<b>14,708</b>	<b>2,688</b>	<b>17,397</b>
Total equity	6,312	-144	6,168
Non-current lease liabilities	–	2,314	2,314
Non-current interest-bearing debt	2,177	-72	2,105
Other non-current liabilities	907	15	923
Current lease liabilities	–	599	599
Current interest-bearing debt	542	-24	519
Other current liabilities	4,770	–	4,770
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,708</b>	<b>2,688</b>	<b>17,397</b>



With transition to IFRS 16, re-allocations are made in the cash flow of previous operating lease payments, which under IFRS 16 are reported as interest and amortisation on the lease liability. The effect is an increase in cash flow from operating activities and a decrease in cash flow from financing activities as compared with previous accounting policies. The table below shows the effect of the restate on the cash flow statement for 2018:

Cash flow statement	2018		
	Reported	IFRS 16 impact	Restated
Profit before tax	1,508	3	1,511
Amortisation/depreciation and impairments	357	574	930
Other non-cash items	133	60	194
<b>Cash flow from operating activities before changes in working capital, taxes paid, interest paid and received</b>	<b>1,998</b>	<b>637</b>	<b>2,635</b>
Interest cost of leasing	–	-61	-61
Net interest paid	-32	–	-32
Taxes paid	-329	–	-329
Changes in working capital	-164	3	-161
<b>Cash flow from operating activities</b>	<b>1,473</b>	<b>579</b>	<b>2,051</b>
<b>Cash flow from investing activities</b>	<b>-569</b>	<b>–</b>	<b>-569</b>
Borrowings and repayment of borrowings	420	–	420
Principal elements of lease payments	–	-579	-579
Dividends paid	-593	–	-593
Repurchase of treasury shares	-520	–	-520
<b>Cash flow from financing activities</b>	<b>-693</b>	<b>-579</b>	<b>-1,271</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>211</b>	<b>–</b>	<b>211</b>

The bridge from reported future lease payments under IAS 17 per 31 December 2017 (see Note 5, Operational leases for 2017) to the transition to IFRS 16 is shown in the table below:

Lease liabilities	
<b>Reported operating lease commitments 31 December 2017</b>	<b>3,583</b>
Discounting of cash flows	-219
Finance lease liabilities recognised 31 December 2017	94
Less low-value and short-term leases	-27
Non-lease components of lease agreements	-235
Adjustments resulting from differences in lease term estimations and timing of cash flows	-43
Less contracts commenced after 31 December 2017	-371
Other	-27
<b>Lease liabilities recognised 1 January 2018</b>	<b>2,755</b>

#### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published but are not mandatory for the reporting period ending 31 December 2019. These standards and interpretations have not been adopted in advance and are not expected to have a material impact in the current or future reporting periods and on foreseeable future transactions.

#### Alternative Performance Measures

Alternative Performance Measures (APM) are measures of operating results and financial performance that are not specified or defined in IFRS. The presentation of non-IFRS financial measures is limited as an analytical tool and should not be used as a substitute for key ratios pursuant to IFRS. Sweco believes that the APMs will enhance investors' evaluation of ongoing operating results, aid in forecasting future periods and facilitate meaningful comparison of results between periods. The non-IFRS financial measures presented in this report may differ from similarly titled measures used by other companies. Below follows a more detailed description of the most important APMs. A complete list of all Sweco's definitions can be found on page 113.

- Organic growth – Organic growth is growth in Net sales in local currency, excluding the impact of acquisitions and disposals. Sweco considers organic growth a relevant measure for comparing and monitoring underlying growth in Net sales.
- EBITA – EBITA is the Group's key metric of operational performance on Group and BA level. Sweco's EBITA measure is defined as earnings before interest, taxes and acquisition-related items. All leases are treated as operational leases, with the total cost of the lease affecting EBITA. Acquisition-related items are amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of purchase price and profit and loss on divestment of companies and operations, profit and loss on the divestments of buildings and land, and expensed cost for future service. Acquisition-related items do not include transaction costs, integration costs or similar expenses, and these costs therefore impact EBITA. EBITA is considered a relevant measure since it facilitates equalised result comparisons between operational, cash-flow-generating business areas.
- EBITA excluding extraordinary items – EBITA excluding extraordinary items (items effecting comparability) is considered a relevant measure to facilitate analysis of the business and underlying earnings. When comparing EBITA to previous periods, it is important to highlight the impact on earnings of income/expense related to items of an extraordinary nature. Extraordinary items refer to transaction expenses, expenses associated with restructuring and/or integration of acquired businesses into the Group. Classification as an "extraordinary item" requires fulfilment of several criteria, including whether the item would have arisen if

the acquisition had not taken place and whether the item should be attributed to a project/event identified by senior management.

- Net debt/EBITDA – Net debt/EBITDA is Sweco's key metric for financial strength. The definition continues to be materially in line with the covenant definitions in Sweco's bank financing agreements.
- Net debt – Net debt is defined as financial debt (almost exclusively comprised of interest-bearing bank debt), less cash and cash equivalents and short-term investments. Lease liabilities are excluded from Net Debt. Net debt is considered a relevant measure to understand Sweco's indebtedness.
- EBITDA – Just as with EBITA, EBITDA is calculated assuming all leases to be operational.

#### Classifications

Non-current assets and non-current liabilities are essentially comprised of amounts expected to be recovered or settled later than 12 months after the balance sheet date. Current assets and current liabilities are essentially comprised of amounts that are expected to be recovered or settled within 12 months of the balance sheet date.

#### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Within Sweco, operating segments are defined by geography and reflect the operational structure. Operating segment results are reviewed regularly by the CEO. For additional information about the division into and presentation of operating segments, see Note 3.

#### Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities over which Sweco AB has a controlling interest, meaning that Sweco AB has influence over the investment object, is exposed to or has the right to variable return by virtue of its involvement, and can exert its control over the investment to influence returns. Potential share voting rights and the existence or nonexistence of de facto control are factors in determining whether controlling interest exists.

All subsidiaries are consolidated pursuant to the acquisition method of accounting, whereby the acquisition of a subsidiary is regarded as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. An acquisition analysis establishes the fair value of the identifiable assets acquired and liabilities assumed as at acquisition, as well as any non-controlling interest in the acquiree. Acquisition-related costs, with the exception of those associated with the issue of equity or debt instruments, are recognised as Other external expenses.

In business combinations where the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree (during step-by-step acquisitions) exceeds the Group's share in the fair value of net identifiable assets acquired and liabilities assumed, the difference is recorded as goodwill. When the difference is negative, the resulting gain is recognised as a bargain purchase directly in profit and loss.

Consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit and loss.

Any payable contingent purchase consideration is reported at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, it is not remeasured and settlement is recognised in equity. Otherwise, the fair value of contingent purchase consideration is remeasured at each reporting date and the change is recognised in profit and loss.

Non-controlling interest refers to acquisitions in which less than 100 per cent of the subsidiary is acquired. There are two alternative methods for reporting non-controlling interests: 1) as proportional share of net assets, or 2) at fair value (signifying that the non-controlling interests have a share in goodwill). The choice between these two methods can be made on an acquisition-by-acquisition basis.

For step-by-step acquisitions, the amount of goodwill is determined on the date when control is obtained. Any previously held equity interests are reported at fair value and changes in value are recognised in profit and loss.

Partial divestments of subsidiaries that result in loss of control are reported at fair value and changes in value are recognised in profit and loss.

For acquisitions conducted between 1 January 2004 and 31 December 2009 in which the acquisition cost exceeded the fair value of identifiable assets and liabilities acquired, the difference was recognised as goodwill. Acquisition-related costs incurred by the Group in connection with business combinations were capitalised as part of the acquisition cost.

For acquisitions conducted prior to 1 January 2004, impairment-tested goodwill was recognised as acquisition cost corresponding to the carrying amount pursuant to previously applied accounting policies. As at 1 January 2004, in preparing the Group's opening balance in accordance with IFRS the classification and accounting treatment of business combinations prior to 1 January 2004 were not restated in accordance with IFRS 3.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Subsidiaries' accounting policies have been changed when necessary to align them with the policies adopted by the Group.

Losses attributable to non-controlling interests are allocated even in the event that doing so results in a deficit equity balance.

Acquisitions from non-controlling interests are recognised as equity transactions; i.e., transactions between owners of the Parent Company (retained earnings) and non-controlling interests. As a result, no goodwill arises in these transactions. Changes in non-controlling interests are based on their proportionate share in net assets.

## Note 1

A change in the ownership interest of a subsidiary, without loss of control, is reported as an equity transaction; i.e., a transaction between owners of the Parent Company and non-controlling interests. The difference between the consideration received and the non-controlling interests' proportionate share in acquired net assets is recognised in retained earnings.

### Associated companies

Associated companies are entities over which the Group has significant, but not controlling, influence over operating and financial policies, normally through ownership of 20 to 50 per cent of the voting power. From the date on which the significant influence passes to the Group, investments in associates are reported according to the equity method of accounting, whereby the Group's carrying amount for the investment in an associate corresponds to the Group's share in the fair value of net assets of the associated company as well as goodwill and the effects of any fair value adjustments. In the consolidated income statement, shares in profit and loss attributable to Parent Company shareholders (adjusted for amortisation, impairment losses or reversals on goodwill or negative goodwill) are reported in "Other financial items". These shares in profit, less dividends received from associated companies, constitute the main change in the carrying amount of investments in associates. The Group's share in other comprehensive income of associates is reported on a separate line in the Group's comprehensive income.

Upon acquisition of the investment in an associate, any difference (whether positive or negative) between the acquisition cost and the investor's share of the fair value of the net identifiable assets including contingent liabilities of the associated company is reported in accordance with same principles applied for the acquisition of subsidiaries.

Transaction costs, other than those attributable to the issue of equity or debt instruments, are reported as other external costs. When the Group's share in reported losses of an associated company exceeds the carrying amount of the Group's investment in the associated company, the value of the investment is reduced to zero. Losses are also deducted from long-term interests that, in substance, form part of the investor's net investment in the associated company. Additional losses are recognised to the extent the Group has furnished guarantees to cover associated company losses. The equity method is applied until the date on which the significant influence ceases.

### Joint arrangements

Joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Sweco AB has evaluated its joint arrangements and determined that Sweco AF Healthcare Systems AB is a joint operation and that the Group has only insignificant joint ventures. Joint ventures are reported under the equity method, while joint operations are reported using the Group's share of the operation's income, expenses, assets and liabilities. Under the equity method, joint ventures are initially reported at cost in the consolidated statement of financial position. The carrying amount is then increased or decreased to reflect the Group's share in the profit and other comprehensive income of its joint ventures after the acquisition date. The Group's share of profit is included in consolidated income and its share of other comprehensive income in other comprehensive income. The equity method is applied from the date on which joint control is obtained and until the date on which joint control ceases.

### Transactions eliminated on consolidation

All intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising on intra-group transactions are eliminated in full in presentation of the consolidated financial statements. Unrealised gains arising on transactions with associated companies and joint ventures are eliminated to the extent corresponding to the Group's interest in the company. Unrealised losses are similarly eliminated unless they provide evidence of impairment.

### Foreign currency

#### Transactions in foreign currency

Transactions in foreign currencies are translated to the functional currency at the rate of exchange on the transaction date. The functional currency is the currency of the primary economic environment in which the company operates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Translation differences arising on translation are recognised in profit and loss.

#### Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the foreign operation's functional currency to the Group's presentation currency (SEK) at the closing day rate of exchange. Income and expenses in foreign operations are translated to SEK at an average rate that is a reasonable approximation of actual rates on the respective transaction dates. Translation differences arising on translation of foreign operations are recognised in the statement of comprehensive income and accumulated as a separate component of equity (reserves). When a foreign operation is disposed of, the cumulative amount of the exchange differences recognised in other comprehensive income, and accumulated in the separate component of equity relating to that foreign operation, is recognised in profit and loss when the gain or loss on disposal is recognised. Sweco has no group companies in countries with hyperinflationary economies.

The following exchange rates were used for translation of the most significant currencies:

	2019		2018	
	Closing	Average	Closing	Average
EUR	10.50	10.59	10.16	10.26
NOK	1.07	1.08	1.03	1.07
DKK	1.41	1.42	1.36	1.38
GBP	12.43	12.07	11.30	11.59

On consolidation, translation differences arising from the translation of net investments in foreign operations and other currency instruments designated as hedges of such investments are recognised in the statement of comprehensive income and accumulated in other reserves in equity, to the extent that the hedge is effective. The ineffective portion is recognised in the consolidated income statement. When a foreign operation is disposed of, the cumulative amount of the exchange differences relating to that foreign operation, after deduction of any currency hedges, is reclassified from equity to profit and loss.

Cumulative translation differences arising before 1 January 2004 (transition to IFRS) have been recognised as a translation reserve in equity.

### Net investments in foreign operations

Monetary non-current receivables from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, part of Sweco's net investment in the foreign operation. Exchange differences arising on monetary non-current items are recognised in other comprehensive income and accumulated in a separate component of equity (translation reserve). When a foreign operation is disposed of, the cumulative amount of the exchange differences attributable to monetary non-current items is included in the cumulative exchange differences that are reclassified from the translation reserve in equity to profit and loss.

### Revenue

#### Contracts

Revenue can only be recognised if there is a contract with the client. A number of criteria should be fulfilled in order for the contract to be enforceable, such as terms of payment and services to be transferred.

#### Performance obligations

Work that has been promised to the client under the contract is referred to as a "performance obligation". Performance obligations are assessed and identified at contract inception. Sweco's obligations towards its clients will be derived from the contracts, most of which include only one performance obligation.

For contracts that include multiple obligations, Sweco will, in some cases, bundle these obligations into one performance obligation based on the level of integration between the obligations. Under the standard, it is acceptable to bundle together multiple obligations to form a new, distinct obligation if certain criteria are fulfilled. An obligation is distinct when the client can benefit from the service on its own, or when the service is separately identifiable. Factors Sweco will then consider are the point in time at which the client can generate economic benefits, and the relationship and level of integration between the different services Sweco provides.

#### Transaction price

The transaction price is the price that will be allocated to the performance obligations. The transaction price is the amount to which Sweco expects to be entitled in exchange for the transfer of goods or services; it may include fixed and/or variable amounts. Variable consideration can either increase or decrease the transaction price. If this is specified in the contract, it needs to be estimated and reflected in the transaction price and reassessed on a continuous basis. Variable consideration in Sweco's client contracts primarily includes incentives and performance bonuses, as well as penalties for delay.

#### Allocation

The transaction price is allocated to each performance obligation based on a relative stand-alone selling price. The stand-alone selling price is determined at contract inception and allocated based on each item's relative value to the total value of the goods/services. The stand-alone selling price is the price for that good or service when it is sold separately in similar circumstances to similar clients. Sweco will use one of the following methods if the good/service is not sold in a similar situation:

- Adjusted market assessment approach
- Expected cost plus a margin approach

#### Recognition

Revenue is recognised as performance obligations are satisfied and control has passed, either over time or at a point in time. Revenue can be recognised over time if Sweco's performance does not create an asset with an alternative use to the entity, and Sweco has an enforceable right to payment for performance completed to date. This is applicable for Sweco's consulting services.

The assessment of whether an asset has an alternative use is made at contract inception and is not reassessed. Sweco takes into account the ability to redirect a product that is partially completed to another client, considering both formal and practical limitations. A substantive contractual restriction that limits management's ability to redirect the asset indicates that the asset has no alternative use. Practical limitations, such as significant costs required to rework the asset so it can be directed to another client, indicate that the asset has no alternative use. The "no alternative use" requirement is met in Sweco's client contracts, as large parts of Sweco's services are unique and are adapted to our clients' specific requirements.

A right to payment exists if Sweco is entitled to payment for performance completed to date in the event the client terminates the contract for reasons other than Sweco's non-performance. Sweco's assessment of the enforceability of the right to payment includes consideration of the contract terms and any legal precedent. Sweco's right to payment needs to cover cost plus a reasonable profit margin, and not only compensation for costs incurred.

Since performance obligations are satisfied over time, Sweco must measure its progress towards completion to determine the timing of revenue recognition. The purpose of measuring progress toward completion of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the client. The progress evaluation is done per performance obligation and not per contract. Sweco uses the input method cost incurred in relation to total estimated cost to measure progress towards completion.

An anticipated loss on a contract is recognised immediately in the income statement.

#### *Contract modifications*

A contract modification is a change to an existing contract. A contract modification might change the contract's scope, price, or both. A contract modification exists when the parties to the contract approve the modification. An assessment is often needed to determine whether changes to existing rights and obligations should have been accounted for as part of the original contract, or as a separate contract. Contract modifications can be accounted for either as a separate contract, prospectively, or as a catch-up adjustment. The nature of the modification determines the way it is accounted for.

#### *Contract cost*

In projects, cost may be incurred before services are transferred to the client. These may include the incremental cost of obtaining a contract and cost to fulfil a contract. External cost incurred before transferring services to the client include sales commissions payable in the event Sweco wins the contract and specific guarantee cost for longer projects. If a project is planned to last more than 12 months, external contract cost will be capitalised as an asset and amortised during the project if the cost is expected to be recovered. Sweco will use the practical expedient, which means that contract cost will not be capitalised if the contract is shorter than 12 months.

#### *Service contracts in balance sheet*

In the balance sheet, service contracts are recognised at the value of the work performed less confirmed losses and anticipated loss risks. Service contracts where the value of work in progress exceeds progress billings are reported among receivables as work in progress less progress billings. Service contracts in which the value of progress billings exceeds the value of work in progress are reported among liabilities as progress billings in excess of work in progress.

#### **Financial income and expenses**

Net financial items consist of interest expenses on credit facilities and other costs related to credit facilities less interest income on cash and cash equivalents and short-term investments.

Interest cost of leasing consists of the interest cost of leases.

Other financial items consist of profit from participations in associated companies, capital gain/loss from sale of participations in associated companies, dividends and fair value on financial assets at fair value, foreign exchange gains and losses on financial assets and liabilities, and other interest income and interest expenses.

Interest on financial instruments is calculated using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between the parties to the contract, transaction costs and any other discounts and premiums. Dividend income is recognised when the right to payment has been established. Gains/losses on the sale of financial instruments are recognised when the risks and rewards of ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

All borrowing costs are recognised in the income statement through application of the effective interest method, regardless of how the borrowed funds were utilised. Exchange gains and losses are reported net. Exchange gains and losses arising on operating receivables and liabilities are recognised in operating profit, while those arising on financial assets and liabilities are recognised in other financial items or in other comprehensive income.

#### **Financial instruments**

Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, loans and receivables, financial investments and derivatives. On the liability side, these include trade payables, borrowings and derivatives.

#### *Recognition and derecognition of assets and liabilities*

A financial asset or liability is recognised in the balance sheet when the company initially becomes a party to the contractual terms of the instrument. Trade receivables are recorded in the balance sheet when an invoice has been issued. Financial liabilities are recognised when the counterparty has performed applicable services and there is contractual obligation to pay, even if no invoice has been received. Trade payables are recorded when an invoice has been received.

A financial asset is derecognised from the balance sheet when the company's rights under the agreement are realised, expire, or the company has relinquished control of the asset. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation specified in the agreement is discharged or otherwise extinguished. The same applies to a part of a financial liability.

A financial asset and a financial liability are set off and netted in the balance sheet only when a legal right of set-off exists and there is an intent and ability to set off and net these items, or to simultaneously realise the asset and settle the liability.

The purchase or sale of a financial asset is recognised on the trade date, which is the date on which the transaction takes place, except when the company acquires or sells listed securities, in which case settlement date accounting is applied.

The fair value of a listed financial asset corresponds to the asset's quoted market price on the balance sheet date.

#### *Classification and measurement*

The classification of financial instruments is based on the entity's business model for managing the financial instruments, and on the contractual cash flows that are characteristic of the financial asset.

There are three types of financial assets:

- Equity instruments – can be measured at fair value through profit and loss or fair value through other comprehensive income. Items reported at fair value through other comprehensive income cannot be reversed to profit and loss when the instrument is derecognised from the balance sheet.
- Derivatives – are measured at fair value through profit and loss.
- Debt instruments – are defined as all other financial instruments that are not equities or derivatives. Debt instruments can be measured at fair value through profit and loss, fair value through other comprehensive income, or at amortised cost. Debt instruments held for trading are measured at fair value through profit and loss. Debt instruments where the entity may intend both to sell the financial asset and to collect contractual cash flows comprised solely of principal and interest payments are measured at fair value through other comprehensive income. Debt instruments measured at amortised cost are used when the entity's business model is to hold and collect contractual cash flows comprised solely of principal and interest payments.

The entity's purpose for holding financial assets determines the business model classification:

- Hold to collect – generating value by collecting contractual cash flows. Measured at amortised cost.
- Hold to collect and sell – generating value by collecting contractual cash flows and, to some extent, selling the asset. Measured at fair value through other comprehensive income.
- Other – generating value through trading and market valuation. Measured at fair value through profit and loss.

#### *Financial investments*

Financial investments comprise either financial assets or short-term investments, depending on the period or intent of the holding. If the maturity or expected holding period is longer than one year, investments are recognised as financial assets; if less than a year, they are recognised as short-term investments. The financial assets in Sweco consist of shares in small enterprises, which are not stock exchange-listed. These shares are classified as equity instruments. Sweco's purpose in holding these shares is not to trade them frequently; rather, it is to benefit Sweco's operations. As there is no active market for these shares and thus no current market valuation, the acquisition value is the most reasonable estimated market value, which is also the recognised value. The business model is hold to collect and sell, and these shares are measured at fair value through other comprehensive income.

#### *Other non-current receivables*

Other non-current receivables in Sweco consist of various receivables. Per 31 December 2018 the majority of this amount pertained to a bank deposit to cover future cash outflow in connection with costs associated with one of the Group's landfills. These receivables are classified as debt instruments and the purpose is to hold the assets and collect the principal amount. These receivables are thus measured at amortised cost. The business involved was sold in 2019 and these receivables are therefore not included in the 31 December 2019 balance.

#### *Current receivables and cash and cash equivalents*

Current receivables in Sweco consist mainly of trade receivables. Trade receivables arise when Sweco provides goods or services directly to a client. Cash and cash equivalents comprise cash, bank balances and other short-term investments with original maturities of less than three months. Highly liquid short-term investments are investments that are readily convertible to known amounts of cash and for which a buyer is not required for sale to be effectuated. Cash and cash equivalents are held solely to collect contractual cash flows. The business model for both trade receivables and cash are hold to collect, and these receivables are measured at amortised cost.

#### *Derivatives*

Sweco Group's derivative instruments are comprised of currency forward contracts that reduce the risk of exchange rate fluctuations. All derivatives are initially reported at fair value, signifying that transaction costs are charged to profit and loss for the current period. Derivatives are subsequently reported at fair value, and changes in fair value are recognised directly in the income statement within operating profit and loss when the criteria for hedge accounting have not been met.

#### *Financial liabilities*

In Sweco, financial liabilities consist of liabilities to credit institutions, other non-current liabilities and trade payables, and are measured at amortised cost.

The categories in which the Group's financial assets and liabilities are grouped are presented in Note 33, Financial instruments by category.

**Expected credit losses on contract assets**

A forward-looking model is used to recognise expected credit losses for contract assets, such as trade receivables and work in progress less progress billings. Sweco has chosen the standard's simplified approach with lifetime expected credit losses. Sweco uses a provision matrix that divides clients into two segments: the private sector and the public sector. The probability of default and clients' inability to pay Sweco's invoices in the future is assessed in consideration of the expectation of change in the economic environment in each segment, given the location of Sweco's clients. Provisions of doubtful trade receivables stemming from earlier larger acquisitions are exempted from the expected credit loss provision.

**Hedge accounting**

*Hedge accounting for net investments in foreign companies*

Hedge accounting is applied to investments made in Finland (mainly FMC Group) and the Netherlands (mainly Grontmij Group), and associated loan financing. Net investments in foreign operations are hedged by raising foreign currency loans that are reported at the rate of exchange on the balance sheet date. Translation differences in the foreign currency loan are recognised as hedges of the net investment in a subsidiary and are included in other comprehensive income. Through hedge accounting, the asset (net investment in a foreign operation) and liability (foreign currency loan) are linked to each other; accordingly, only net changes in value are recognised in other comprehensive income.

*Receivables and liabilities in foreign currency*

Currency forward contracts are used to hedge assets and liabilities against currency risk. Hedge accounting is not used. The underlying asset or liability and the hedge instrument are both translated at the rate of exchange on the balance sheet date, and exchange gains and losses are recognised through profit and loss. Changes in the fair value of operating receivables and liabilities are recognised in operating profit, while changes in the fair value of financial assets and liabilities are recognised in other financial items.

**Intangible assets**

*Goodwill*

Goodwill represents the difference between the historical cost of the acquisition and the fair value of the Group's share of the acquired assets, assumed liabilities and contingent liabilities.

For goodwill arising from acquisitions conducted prior to 1 January 2004, the carrying amount is the Group's historical cost. Goodwill is recognised at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units and is not amortised; it is tested for impairment annually (see section on impairment). Goodwill arising on acquisition of associated companies is included in the carrying amount of the shares in the associated company.

*Capitalised development expenditures*

Costs for research aimed at obtaining new scientific or technical knowledge are expensed when incurred.

Costs for development, where knowledge is used to achieve new or improved products or processes, are recognised as an asset in the balance sheet only when the technical and commercial feasibility of the product or process has been established, the Group has adequate resources to complete development, and the Group intends and is able to complete development of the intangible asset and either use it or sell it. It must also be possible to demonstrate how the asset will generate probable future economic benefits and to reliably measure expenditure attributable to the asset during its development. The carrying amount includes the costs of materials, direct employment costs and indirect costs that can be attributed to the asset in a reasonable and consistent manner. Other development expenditures are recognised as costs in the income statement as incurred. Capitalised development expenditures are carried at cost less any accumulated amortisation and impairment losses.

*Capitalisation of intangible assets in acquisitions*

The value of order backlog, client relationships and brands/trademarks are recognised in conjunction with an acquisition. The capitalised order backlog refers to operating profit on fixed orders at the acquisition date. Client relationships and brands/trademarks are reported at fair value at acquisition date less accumulated depreciation.

*Subsequent expenditure*

Subsequent expenditure on a capitalised intangible asset is recognised as an asset in the balance sheet only when the expenditure increases future economic benefits of the specific asset and the expense can be measured reliably.

*Borrowing costs*

Borrowing costs attributable to the acquisition, construction or production of "qualifying assets" are capitalised as part of the cost of the asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use or sale. The Group capitalises borrowing costs primarily on borrowings that are specific to the qualifying asset and, alternatively, on borrowing costs arising from general borrowings that are not specific to any other qualifying asset. The Group's centrally set internal interest rate is used to determine the interest rate for capitalised borrowing costs.

*Amortisation*

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinite. Goodwill and intangible assets not yet ready for use are impairment tested annually or when circumstances indicate that the asset has decreased in value. Amortisable intangible assets are amortised from the date on which they become available for use. The estimated useful lives are:

– capitalised development expenditures	5 years
– licences	3–5 years
– client relationships	5–8 years
– trademarks	1–3 years
– order backlog	expensed based on estimated useful lives

**Property, plant and equipment**

An item of property, plant and equipment is recognised as an asset in the balance sheet when it is probable that the economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Historical cost includes the costs of purchase and all directly attributable costs necessary to bring the asset to its required working condition. Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial amount of time to prepare for its intended use or sale are included as part of the cost of that asset.

Items of property, plant and equipment consisting of identifiable parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised in the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on sale arising from disposal of an asset is the difference between any disposal proceeds and the carrying amount of the asset less direct sales costs and is recognised in the income statement either in other operating income/expenses or acquisition related items, depending on type of asset. Capital gains or losses on sale of land and buildings are recognised in acquisition related items, while other asset types are recognised as other operating income/expenses.

*Subsequent expenditure*

Subsequent expenditure is added to the recorded value of the asset or recognised as a separate asset when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

The decisive factor in determining whether subsequent expenditure should be added to historical cost is whether the expenditure refers to replacement of an identified component or part(s) thereof, in which case it is capitalised. In cases where a new component is created, the resulting expenditure is added to historical cost. Any residual carrying value of a replaced component or part(s) is retired and expensed in connection with replacement. Repairs and maintenance are expensed as incurred.

*Depreciation method*

Assets are depreciated to residual value on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The Group applies component depreciation, whereby depreciation is based on the estimated useful life of the components.

The estimated useful lives are:

– buildings, operating properties	50 years
– IT and computer equipment	3 years
– other equipment	5 years

The residual value and useful life of an asset are evaluated yearly.

**Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date for any indication of a write-down requirement. The asset's recoverable value is calculated if such a requirement is indicated. The carrying amounts of deferred tax assets are reviewed according to the applicable standards (see section on taxes).

For goodwill and intangible assets not yet ready for use, the recoverable value is calculated annually.

If it is not possible to establish material independent cash flows for an individual asset, these assets are grouped at the lowest level at which it is possible to identify material independent cash flows (a "cash-generating unit"). When the carrying amount of an asset or cash-generating unit exceeds its recoverable value, an impairment loss is recognised in the income statement.

The impairment of assets attributable to a cash-generating unit (group of units) is allocated first to goodwill. A proportional impairment of other assets in the unit (group of units) is conducted thereafter. In Sweco, the cash-generating units are Sweco's eight business areas.

*Calculation of recoverable amount*

The recoverable amount is the fair value less selling expenses or value in use, whichever is higher. In measuring value in use, future cash flows are discounted with a discounting factor that reflects risk-free rates and the risks specific to the asset.

*Reversal of impairment*

Impairment losses are reversed when there is an indication that a write-down requirement no longer exists and that there has been a change in the assumptions on which the calculation of recoverable amount is based. The carrying amount is then increased to the recoverable amount, but cannot exceed what the reported value would have been if the impairment loss was not recognised. Reversal of impairment losses on goodwill is prohibited.

Impairment losses on trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event occurring after the date of the impairment loss.

### Right-of-use asset and lease liability

A right-of-use asset is an asset that Sweco is entitled to use for a period of time in accordance with contractual terms in exchange for a consideration. In order to be considered a right-of-use asset for Sweco, the contract must convey the right to control the use of an identified asset from which Sweco obtains substantially all economic benefit, and the right to direct the use of the identified asset (i.e., Sweco has the right to direct how and for what purpose the asset is used). Sweco does not have control of the asset if the supplier in practice is able to substitute an alternative asset throughout the period of use and gain economic benefit from exercising that right. The right-of-use period for Sweco is defined as the non-cancellable period.

Sweco has chosen to use the practical expedient for leases of low value and leases shorter than 12 months. Payments associated with these leases are expensed on a straight-line basis and are not recognised in the balance sheet.

### Lease term

The lease term is defined as the non-cancellable period, during which a lessee has the right of use of an underlying asset, including:

- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the lessee is reasonably certain to exercise that option.

Extension or termination options have a material effect on the lease liabilities mainly in contracts for premises. Such options have generally not been included for vehicles and other equipment, as these assets are in most cases returned after the original leasing period ends.

As a general rule, Sweco does not take extension options in contracts for premises into consideration when defining the lease term. For Sweco it is important to have the flexibility to change office locations when needed. The number of employees often changes due to acquisitions, organic growth and reorganisations. Since the business mainly consists of consultants, who are relatively easy to move to other locations, it is not reasonably certain at the start of a contract that an option to extend will be exercised.

A contract-specific assessment is conducted for large office contracts with extension options and an end date within three years. For these contracts it is possible to make a reasonably certain assessment, based on whether or not plans for possible change of location have been initiated.

Sweco also has open-ended (perpetual) premise leases where the end date needs to be based on estimation. Open-ended (perpetual) contracts generally include a termination option that needs to be identified in the contract, specifying whether the lessee or the lessor controls contract termination.

If Sweco controls the time of termination, lease term estimation is based on premises size, the importance of the premises to Sweco, and whether there are already plans to move to another location. For minor premise leases, in cases where there is no main contract or project controlling the end date, the practice is to set the estimated end date at two-three years in the future.

### Measurement of right-of-use asset and lease liability

The right-of-use asset should be measured at cost and is comprised of the following:

- The initial lease liability measurement calculated at the present value of lease payments that are unpaid at that date. Lease payments are discounted by applying the implicit interest rate, or incremental borrowing rate;
- Any lease payments made on or before the commencement date;
- Any initial direct cost incurred by the lessee (excluding costs for construction or design of the underlying asset);
- An estimated cost to be incurred by the lessee for dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to a condition required in the contract;
- Less any accumulated depreciation and any accumulated impairment; and
- Adjusted for any remeasurement of the lease liability when there is
  - a change in the lease term, (revised lease payments should be determined based on the revised lease terms as a new lease); or
  - a change in the assessment of an option to purchase the underlying asset; or
  - remeasurement arising from a change in the amounts expected to be payable under a residual value guarantee; or
  - remeasurement arising from a change in future lease payments resulting from a change in an index or a rate.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

According to IFRS the implicit interest rate of each lease contract should be applied when calculating the initial lease liability. Sweco has used that interest rate when it is available. In most cases, however, the implicit interest rate has not been available. The alternative approach for such situations is to apply the lessee's incremental borrowing rate. The incremental borrowing rate used by Sweco is estimated based on Sweco's interest rate margin, contract length and country-specific interest rate levels where the asset is leased.

### Lease receivables

Sweco offers a car lease financing solution ("employees cars") as a benefit to a number of employees in Sweden, under which Sweco serves guarantor for the lease while the employee assumes the entire cost of the lease. These leases are reported equally as lease receivables and lease liabilities, with no profit and loss effect for Sweco.

### Subleasing

Sweco has no material subleasing arrangements.

### Inventories

Inventories are comprised primarily of projects (building constructions) and are valued at historical cost or net realisable value, whichever is lower. Net realisable value is the estimated sales price in the ordinary course of business, less estimated costs of completion and selling expenses.

Land development projects and projects in which buyers have only a limited impact on the main elements of the assets' design are reported under inventories. The transfer of risks and benefits varies depending on the contractual provisions. If management and the key risks associated with ownership are transferred to the buyer gradually during the course of the project, revenues and earnings are reported in line with the project's development and valuation then follows the accounting method applied to services.

### Equity

#### Treasury shares

Upon the repurchase of shares (treasury shares), the purchase sum is recognised as a reduction in equity. Proceeds from the sale of treasury shares are recognised as an increase in equity. Transaction costs are recognised directly in equity.

#### Dividends

Dividends are recognised as a liability when they have been approved by the Annual General Meeting.

### Earnings per share

Earnings per share is calculated by dividing profit or loss attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting profit or loss and the average number of shares for the effects of dilutive potential ordinary shares.

### Employee benefits

#### Pension plans

Pension plans are financed through payment of premiums to insurance companies or pension funds, according to periodic actuarial computations. A defined benefit plan is based on a formula indicating the exact amount of benefit to be received by the employee after retiring, normally based on one or more factors such as age, duration of employment or salary. In a defined contribution plan, the employer pays a fixed contribution to a separate legal entity (insurance company). Sweco has both defined contribution and defined benefit plans.

#### Defined contribution plans

A defined contribution plan is classified as a plan in which the company's obligation is limited to the amount that it agrees to contribute. The amount of the post-employment benefits received by the employee is thus determined by the amount of contributions paid by the company to the pension plan or to an insurance company, together with investment returns on the accumulated contributions. Consequently, it is the employee who bears both the actuarial risk (that the amount of benefits will be lower than anticipated) and the investment risk (that the invested assets will not be adequate to provide the anticipated benefits). For defined contribution plans, the expense to be recognised in the income statement for the period is the contribution payable in exchange for services rendered by employees during the period.

#### Defined benefit plans

Defined benefit plans are plans for post-employment benefits other than defined contribution plans. The Group's net obligation under defined benefit plans is determined separately for each plan by estimating expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This obligation is discounted to a present value. The discount rate is the interest rate at the balance sheet date for high-quality corporate bonds, including mortgage bonds, with a maturity term corresponding to the Group's pension obligations. Calculations are done by a qualified actuary using the Projected Unit Credit Method. The fair value of plan assets is also calculated on the reporting date. The Group's net obligation consists of the present value of the obligation, reduced by the fair value of plan assets and adjusted for any asset ceiling.

All of the components included in a period's cost for a defined benefit plan are recognised in operating profit and loss.

Revaluation effects are comprised of actuarial gains and losses, the difference between actual return on plan assets and the amount included in net interest income/expense, and any changes in the asset ceiling (excluding interest included in net interest income/expense). Revaluation effects are recognised in other comprehensive income.

When the calculation results in an asset for the Group, the recognised value of the asset is limited to the plan surplus or the asset ceiling (calculated by applying the discount rate), whichever is lower. The asset ceiling is the present value of future economic benefits in the form of lower future employer contributions or cash refunds. Minimum funding requirements are taken into account in calculating the present value of future refunds or contributions.

Changes or curtailments in a defined benefit plan are recognised at the earliest of the following dates: a) when a change in the plan or a curtailment occurs, or b) when the company recognises related restructuring costs and termination benefits. Changes/curtailments are recognised directly in profit and loss.

#### Termination benefits

An expense is recognised on the termination of employees only if the company is demonstrably obliged to terminate an employee or group of employees prior to the normal retirement date.

**Short-term employee benefits**

For short-term employee benefits, the undiscounted amount of benefits expected to be paid for services rendered by employees during a period is recognised in that period.

**Other long-term employee benefits**

Other long-term employee benefits such as jubilee benefits are valued at the current actuarial value. The discount rate used is the yield on high-quality corporate bonds with maturity terms corresponding to the Group's obligations. Actuarial gains and losses are recognised in the income statement during the period incurred.

**Share savings schemes**

The 2016, 2017, 2018 and 2019 Annual General Meetings resolved to implement long-term share savings schemes for Sweco Group senior executives. Under the share savings schemes, participants may use their own funds to acquire Class B shares in Sweco ("Savings Shares"). If the Savings Shares are held until the announcement 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 and the 2022 financial year for the 2019 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") (the 2018 and 2019 share savings schemes also includes a performance criteria specifying that the Sweco share must maintain a positive TSR during the Retention Period in order for Matching Shares to be allocated) and, provided that the 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 total yield for the Sweco share, and is also dependent on the Sweco share's total yield 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.

**Share bonus scheme**

Sweco Group currently offers a share bonus scheme (the 2019 Share Bonus Scheme) under which bonuses are paid to employees in Sweden in the form of Sweco shares. 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 Sweco General Meeting 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.

**Provisions**

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. It is also required that the amount can be estimated reliably. When the effect of the time value of payments is material, provisions are reported at discounted present value using a pre-tax discount rate. The Group's provisions consist of pension provisions, provisions for soil/site remediation, restructuring provisions and other provisions.

**After-care liabilities**

The Group was responsible for the after-care of waste sites in the Netherlands and ensuring that waste products were processed for storage, and for securing long-term waste product maintenance until that business was sold on 7 November 2019. The provisions for landfill sites were calculated pursuant to IPO's RIINAS model (umbrella organisation for the twelve provinces in the Netherlands). These provisions increased in proportion to waste disposal per sector.

The provision was valued at present value of estimated future costs based on past experience. Key assumptions in this valuation were the discount rate, inflation, costs of materials and dues for cleaning waste water. The current market and the risks associated with the obligation were taken into account when determining future cash flows.

**Restructuring**

A restructuring provision is recognised when a formal detailed restructuring plan is in place and restructuring has begun or been publicly announced. No provision is made for future operating costs.

**Other provisions**

Other provisions refer primarily to the restoration of office space and future costs associated with disputes that have not been settled.

**Taxes**

Income taxes are comprised of current tax and deferred tax. Income taxes are recognised in profit and loss.

Current tax refers to tax payable or receivable with respect to the year's profit and loss, with the application of the tax rates that have been enacted or substantively enacted as at the balance sheet date. This also includes adjustments in current tax from earlier periods.

Deferred tax is calculated in accordance with the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax base. The following temporary differences are not recognised: temporary differences arising on initial recognition of goodwill; the initial recognition of assets and liabilities that are not business combinations and at the time of the transaction effect neither reported nor taxable profit; and temporary differences attributable to investments in subsidiaries and associated companies not likely to be recovered in the foreseeable future and for which the Group can control the date for recovery. The measurement of deferred tax reflects the manner in which the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is computed with the application of the rates/laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets for deductible temporary differences and tax loss carry-forwards are recognised to the extent it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Any additional income tax arising from dividends from subsidiaries is recorded on the date the dividend is recognised as a liability.

**Contingent liabilities**

A contingent liability is recognised when an obligation may arise due to the occurrence of an uncertain future event, or which will arise only through the occurrence or non-occurrence of one or more uncertain future events, or when an obligation is not recognised as a liability or provision due to the remote nature of the possibility of an outflow of economic resources.

**Parent Company accounting policies**

The Parent Company's annual financial statements were prepared in accordance with the Swedish Annual Accounts Act (1995:1554); RFR 2, Accounting for Legal Entities; and rules for listed companies issued by the Swedish Accounting Standards Board's Urgent Issues Task Force. RFR 2 specifies that in the report for the legal entity, the Parent Company shall apply all EU-endorsed IFRS and interpretations as far as possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, with respect to the connection between accounting and taxation. This recommendation defines exceptions to and additional disclosures to be made under IFRS provisions.

The differences between the accounting policies applied by the Group and those applied by the Parent Company are described below. The following accounting policies for the Parent Company have been applied consistently for all periods presented in the Parent Company financial statements.

**Changed accounting policies**

The new accounting principle IFRS 16 is not applied for the Parent Company. RFR 2 specifies alternative rules in the case where IFRS 16 is not applied, described under "Leasing" below.

**Subsidiaries, associated companies and joint ventures**

In the Parent Company, investments in subsidiaries, associated companies and joint ventures are reported in accordance with the cost method of accounting. Accordingly, acquisition-related costs are included in the carrying amount of the investment in a subsidiary, associated company or joint venture. In the consolidated financial statements, acquisition-related costs are expensed as incurred.

The value of contingent purchase consideration is measured based on the probability that the consideration will be paid. Any changes in the provision/receivable are added to/reduce the historical cost. In the consolidated financial statements, contingent purchase consideration is reported at fair value with value changes through profit and loss.

A bargain purchase (negative goodwill) corresponding to anticipated future losses and expenses is recognised during the periods when the expected losses and expenses occur. Negative goodwill arising for other reasons is recognised as a provision to the extent it does not exceed the aggregate fair value of acquired identifiable non-monetary assets. The portion exceeding this value is recognised directly in profit and loss. The portion that does not exceed the aggregate fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the acquired identifiable depreciable/amortisable assets. In the consolidated financial statements, bargain purchases are recognised directly in profit and loss.

**Sale of goods and performance of services**

In accordance with Chapter 2, Paragraph 4 of the Annual Accounts Act, the Parent Company recognises revenue from the sale of services when the performance of the service is completed. Work in progress is recognised at cost or at net realisable value, whichever is lower.

The Parent Company's invoicing of group-wide administration and other operations is recognised in net sales in the income statement.

**Dividends**

Dividends are recognised when the right to receive payment is deemed certain. This requirement also applies to subsidiaries. Any profits distributed by subsidiaries must be earned after Sweco's acquisition date. Dividends can also be anticipated if the decision to distribute the dividend has been taken or if Sweco AB can ensure distribution via its holding in the company.

**Work in progress**

In the balance sheet, work at a fixed price is reported at cost or fair value, whichever is lower.

**Development expenditure fund**

For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

**Leasing**

The Parent Company's definition of a lease follows the IFRS 16 definition; an agreement that is classified as a lease under IFRS 16 is also classified as a lease in the Parent Company. Lease payments are expensed on a straight-line basis throughout the leasing period. No right-of-use asset or lease liability is recognised in the balance sheet.

**Defined benefit pension plans**

The Parent Company applies different bases for calculating defined benefit pension plans than those specified in IAS 19. The Parent Company complies with the provisions in the Pension Obligations Vesting Act and the regulations of the Swedish Financial Supervisory Authority, as doing so is a requirement for tax deductibility. The most significant differences compared with IAS 19 are the manner in which the discount rate is determined, the calculation of the defined benefit obligation based on current salary level with no assumption about future salary increases, and the recognition of actuarial gains and losses in the income statement for the period during which they arise.

**Taxes**

In the Parent Company, untaxed reserves are reported including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided between a deferred tax liability and equity.

**Hedge accounting**

IFRS 2, IAS 21, item 4, specifies that liabilities in foreign currency may be recognised at historical cost rather than being translated according to the exchange rate on the balance sheet date when the hedge is deemed effective. Historical cost may be used for liabilities that constitute hedging instruments to hedge net investments in subsidiaries. Accordingly, both the hedging instrument (the liability) and the hedged item (the investment) are translated at historical exchange rates.

In the Parent Company, loans raised to finance a net investment in a foreign operation are recognised at historical cost. In the Group, hedge accounting is applied and the foreign currency loan is translated at the closing day rate with translation effects in the statement of comprehensive income.

**Financial guarantees**

The Parent Company's financial guarantee contracts consist of guarantees issued on behalf of subsidiaries. A financial guarantee contract is a contract that requires the company to reimburse the holder for a loss it incurs due to a specified debtor's failure to make payment when due or as agreed. The Parent Company reports financial guarantee contracts in accordance with an optional exception to IFRS 9 permitted by the Swedish Financial Accounting Standards Council. This relief provision applies to financial guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. The Parent Company reports financial guarantees as a provision in the balance sheet when there is an obligation for which it is probable that settlement will require an outflow of resources.

**Group and shareholder contributions for legal entities**

Shareholder contributions are recognised directly in equity by the recipient and are capitalised in investments in group companies by the giver, to the extent that no impairment charge is required. Group contributions received by the Parent Company from a subsidiary are recognised in the Parent Company in accordance with customary principles for dividend distributions from subsidiaries. Group contributions paid by the Parent Company to a subsidiary are recognised through profit and loss.

**2 NET SALES****NATURE OF GOODS AND SERVICES**

Sweco is a consulting company providing professional engineering and design services in three areas: Buildings and urban districts; Water, energy and industry; and Transportation infrastructure. Sweco delivers consulting services throughout the client's entire project chain, from feasibility studies, analyses and strategic planning through construction, design and project management. Sweco delivers one type of service: professional consulting services. Below is a description of the nature and timing of Sweco's services in all operating segments.

<b>Nature of the service</b>	Sweco derives its revenue from contracts with clients, and delivers its consulting services through projects. Fixed-price projects and time & material projects are the two most common project types across the Group. A third project type, percentage of construction cost, is also common in business areas Germany & Central Europe and Belgium. In fixed-price projects, the total consideration is fixed and is not dependent on the number of hours required by Sweco to perform its contractual duties. In time & material projects, the consideration is based on an hourly fee multiplied by the number of hours worked, while in percentage of construction projects, the total consideration is variable dependent on the construction cost. As described in Note 1, Sweco in most cases has only one performance obligation towards its clients. For information on the fulfilment of obligations and how this relates to revenue recognition, see the Revenue section in Note 1.			
<b>Contract asset and liabilities</b>	In the balance sheet, service contracts are recognised at the value of the work performed less confirmed losses and anticipated loss risks. Sweco's work in service contracts creates work in progress, which is the only contract asset recognised by Sweco in the balance sheet. Contract liabilities recognised in the balance sheet arise when invoices are sent in advance to the client (progress billings). In the balance sheet, service contracts are reported net, meaning if the value of work in progress exceeds progress billings, the contract is reported among current assets as "work in progress less progress billings". Service contracts in which the value of progress billings exceeds the value of work in progress are reported among current liabilities as "progress billings in excess of work in progress". For more information, see Note 23.			
<b>Timing of satisfaction of performance obligations</b>	Revenue is recognised as control is passed, which is over the lifetime of the project as services are rendered. The progress evaluation is done per performance obligation; for more information see the Revenue section in Note 1.			
<b>General invoice frequency and payment terms</b>	<b>Invoice frequency</b>	<b>Invoice frequency</b>	<b>Payment terms</b>	<b>Payment terms</b>
	<b>Fixed price</b>	<b>Time &amp; material</b>	<b>Fixed price</b>	<b>Time &amp; material</b>
Sweco Sweden	Predefined schedule in contract	On a monthly basis	30 days	30 days
Sweco Norway	Predefined schedule in contract	On a monthly basis	28 days	28 days
Sweco Finland	Milestones achieved Estonia: Quarterly	On a monthly basis	14 days except for Estonia with 30 days	14 days
Sweco Denmark	Predefined schedule in contract	On a monthly basis	30 days	30 days
Sweco Netherlands	Milestones achieved	On a monthly basis	30 days	30 days
Sweco Belgium	Milestone achieved or predefined schedule in contract	On a monthly basis	50 days	30 days
Sweco UK	Monthly or milestone achieved	On a monthly basis	30 days	30 days
Sweco Germany & Central Europe	Monthly, milestones achieved or predefined schedule in contract	On a monthly basis	30 days except for Lithuania with 60 days	30 days

Variable consideration (e.g., performance bonuses, penalty fees for project delays) may occur in certain instances.

**Transaction price allocated to the remaining performance obligations**

Revenue from contracts with clients that is expected to be recognised in the future and is related to performance obligations not yet fulfilled per 31 December 2019 amounts to approximately SEK 15,800 million. Management estimates that around 70 per cent will be recognised as revenue during the next financial year and the remainder will be recognised in the financial years thereafter. The majority of Sweco's projects and performance obligations are performed and fulfilled within twelve months. For more information, see Note 37.

### REVENUE GROWTH

During the year, net sales increased 10 per cent to SEK 20,629 million (18,735). Organic growth was approximately 5 per cent after adjustment for estimated calendar effects. The table below shows the calculation of organic growth excluding calendar effect – i.e., net sales growth adjusted for the impact of acquisitions and divestments as well as the effect of foreign currency fluctuations and calendar effects.

	Growth, %		
	2019	2018	2019 vs 2018
Reported Net sales	20,629	18,735	10
Adjustment for currency effects		317	2
<b>Net sales, currency-adjusted</b>	<b>20,629</b>	<b>19,051</b>	<b>8</b>
Adjustment for acquisitions/divestments	-646	-50	3
<b>Comparable net sales, currency-adjusted</b>	<b>19,983</b>	<b>19,001</b>	<b>5</b>
Adjustment of calendar effects	7		0
<b>COMPARABLE NET SALES, ADJUSTED FOR CURRENCY AND CALENDAR EFFECTS</b>	<b>19,990</b>	<b>19,001</b>	<b>5</b>

	Growth, %		
	2018	2017	2018 vs 2017
Net sales	18,735	16,887	11
Currency effects		572	3
<b>Net sales currency-adjusted</b>	<b>18,735</b>	<b>17,459</b>	<b>7</b>
Acquisitions/divestments	-354	86	3
<b>Comparable net sales currency-adjusted</b>	<b>18,380</b>	<b>17,545</b>	<b>5</b>
Adjustment of calendar effect	48		0
<b>COMPARABLE NET SALES, ADJUSTED FOR CURRENCY AND CALENDAR EFFECTS</b>	<b>18,428</b>	<b>17,545</b>	<b>5</b>

### 3 SEGMENT REPORTING

#### OPERATING SEGMENTS – BUSINESS AREAS

The Group's operations are divided into operating segments that are reviewed by the CEO. In the Group, the operating segments are defined as business areas. Each business area has a president who is responsible for day-to-day operations and the business area's financial performance. The business area presidents are members of the Group's Executive Team and report to the CEO.

EBITA is the Group's key metric of operational performance on Group and BA level. Sweco's EBITA measure is defined as earnings before interest, taxes and acquisition-related items. All leases are treated as operational leases, with the total cost of the lease affecting EBITA. EBITA is considered a relevant measure since it facilitates equalised result comparisons between operational, cash-flow-generating business areas. EBITA as reported below is the same performance metric as that which is monitored internally. As from 1 January 2019 Sweco operates with eight business areas to reflect the strategy on focusing on eight core markets in northern Europe. Comparative figures for 2018 have been restated based to the new organisation.

#### Sweco is organised into eight geographically based business areas:

Sweco Sweden	Sweco's operations in Sweden.
Sweco Norway	Sweco's operations in Norway.
Sweco Finland	Sweco's operations in Finland and Estonia.
Sweco Denmark	Sweco's operations in Denmark.
Sweco Netherlands	Sweco's operations in the Netherlands.
Sweco Belgium	Sweco's operations in Belgium,
Sweco UK	Sweco's operations in the UK,
Sweco Germany & Central Europe	Sweco's operations in Germany and, to a lesser extent, Lithuania, Bulgaria, Czech Republic and Poland.

In addition group-wide staff functions, IT and other assets are reported as group-wide and eliminations.

#### NET SALES PER OPERATING SEGMENT

	External sales		Internal sales		Total sales	
	2019	2018	2019	2018	2019	2018
Sweco Sweden	7,412	7,154	70	76	7,482	7,230
Sweco Norway	2,591	2,386	15	7	2,606	2,393
Sweco Finland	2,336	2,038	52	34	2,388	2,072
Sweco Denmark	1,772	1,691	12	16	1,784	1,707
Sweco Netherlands	1,982	1,838	73	88	2,055	1,926
Sweco Belgium	1,391	1,119	3	5	1,394	1,124
Sweco UK	1,168	856	2	2	1,170	857
Sweco Germany & Central Europe	1,880	1,534	61	39	1,941	1,573
Group-wide and eliminations	97	119	-290	-267	-193	-147
<b>TOTAL GROUP</b>	<b>20,629</b>	<b>18,735</b>	<b>-</b>	<b>-</b>	<b>20,629</b>	<b>18,735</b>

#### EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA		Amortisation/depreciation and impairments <sup>1</sup>	
	2019	2018	2019	2018
Sweco Sweden	858	835	-70	-73
Sweco Norway	216	179	-25	-22
Sweco Finland	287	197	-18	-16
Sweco Denmark	137	108	-24	-19
Sweco Netherlands	143	115	-42	-38
Sweco Belgium	158	99	-11	-11
Sweco UK	51	17	-21	-11
Sweco Germany & Central Europe	77	96	-37	-23
Group-wide and eliminations	-58	-17	-44	-39
<b>TOTAL GROUP</b>	<b>1,869</b>	<b>1,629</b>	<b>-291</b>	<b>-252</b>

1) Amortisation/depreciation and impairment included in EBITA.



## RECONCILIATION OF OPERATING PROFIT (EBIT) AND THE APMs EBITA AND EBITDA

	2019	2018
Operating profit (EBIT)	1,892	1,618
Acquisition-related items <sup>1</sup>	58	75
Lease expenses <sup>2</sup>	-736	-665
Depreciation and impairments, right-of-use assets	656	602
EBITA <sup>3</sup>	1,869	1,629
Amortisation/depreciation and impairment of tangible and intangible assets	291	252
EBITDA <sup>4</sup>	2,160	1,881

1) Acquisition-related items are defined as amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of purchase prices, and profit and loss on the divestment of companies, operations, buildings and land, as well as expensed cost for future service.

2) Lease expenses pertain to adjustments made in order to treat all leases as operating leases.

3) EBITA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITA.

4) EBITDA is an alternative performance measure (APM) defined as Earnings before Interest, Taxes, Depreciation & amortisation and Acquisition-related items, under which all leases are treated as operating leases and the total cost of the lease affects EBITDA.

## BALANCE SHEET AND INVESTMENT INFORMATION PER OPERATING SEGMENT

	Assets		Investments Property, plant and equipment		Investments Intangible assets		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
Sweco Sweden	5,065	5,064	52	113	20	10	3,698	3,902
Sweco Norway	1,283	1,112	44	22	0	1	747	662
Sweco Finland	2,440	1,749	13	7	406	9	967	578
Sweco Denmark	2,343	2,429	16	53	2	189	1,494	1,711
Sweco Netherlands	1,470	1,435	21	25	1	0	626	575
Sweco Belgium	1,547	1,451	9	14	13	17	555	490
Sweco UK	1,558	864	54	16	310	8	846	171
Sweco Germany & Central Europe	2,190	1,900	34	29	110	53	1,086	867
Group-wide	11,782	10,364	34	46	0	11	7,342	6,356
Eliminations	-13,732	-11,940					-9,033	-7,407
Unallocated	3,358	2,968					3,812	3,325
<b>TOTAL GROUP</b>	<b>19,303</b>	<b>17,397</b>	<b>277</b>	<b>325</b>	<b>862</b>	<b>298</b>	<b>12,140</b>	<b>11,230</b>

The breakdown of intangible assets is shown in Note 13. Group-wide items include cash and cash equivalents of SEK 184 million (381).

The business areas' profits, assets and liabilities include directly attributable items and items that can be allocated to the business areas in a reasonable and reliable manner. The reported items in the operating segments' profits, assets and liabilities are in accordance with the profits, assets and liabilities regularly reviewed by the CEO.

Transfer prices between the Group's various operating segments are set according to the "arm's length" principle (i.e., market-based prices).

Unallocated assets and liabilities are comprised of right-of-use assets, lease liabilities, deferred tax assets and deferred tax liabilities.

## NET SALES FROM EXTERNAL CLIENTS BY SERVICE SEGMENT

	2019	2018
Buildings and urban districts	7,871	7,437
Water, energy and industry	6,369	5,389
Transportation infrastructure	6,389	5,909
<b>TOTAL</b>	<b>20,629</b>	<b>18,735</b>

## INFORMATION ABOUT MAJOR CLIENTS

Sweco's largest client in 2019 was the Swedish Transport Administration. Net sales to this client totalled SEK 1,515 million (1,392) and were reported in business area Sweco Sweden. See also the section on credit risk in Note 34.

## RECONCILIATION OF OPERATING PROFIT (EBIT) AND PROFIT BEFORE TAX

	2019	2018
Operating profit (EBIT)	1,892	1,618
Net financial items	-46	-45
Interest cost of leasing	-65	-61
Other financial items	-4	-1
<b>PROFIT BEFORE TAX</b>	<b>1,777</b>	<b>1,511</b>

Net financial items are not monitored at the business area level since they are affected by actions taken by Group Treasury, which handles the Group's cash liquidity.

Parent Company net sales totalled SEK 771 million (703). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. Thirty-eight per cent (37) of the Parent Company's other external expenses were comprised of purchases from group companies.

## SALES AND NON-CURRENT ASSETS PER GEOGRAPHIC AREA

	External sales		Non-current assets <sup>1</sup>	
	2019	2018	2019	2018
Sweden	7,074	6,855	3,122	3,278
Norway	2,688	2,412	1,019	753
Finland	2,188	1,920	2,050	1,643
Netherlands	2,102	2,049	639	565
Denmark	1,562	1,531	1,614	1,534
Germany	1,478	1,139	1,027	884
Belgium	1,348	1,046	782	747
UK	1,116	776	1,058	695
Poland	212	193	52	54
Asia	196	213	1	1
Rest of Europe	191	236	-	-
Czech Republic	111	102	51	53
Lithuania	88	75	29	18
South and Central America	72	13	-	-
Africa	71	71	-	-
Estonia	68	57	19	19
Russia	30	27	-	-
Bulgaria	23	18	10	10
Oceania	7	0	-	-
North America	4	2	-	-
<b>TOTAL</b>	<b>20,629</b>	<b>18,735</b>	<b>11,472</b>	<b>10,253</b>

1) Refers to non-current assets that are not financial instruments, non-current receivables relating to the Group's landfills (see Note 22), deferred tax assets, assets pertaining to post-retirement benefits, or rights arising under insurance agreements.

#### 4 FEES TO AUDITORS

	Group		Parent Company	
	2019	2018	2019	2018
PricewaterhouseCoopers				
– audit services	12	11	2	1
– audit services other than statutory audit	0	1	–	0
– tax consulting	1	0	–	–
– non-audit services	2	1	1	1
<b>Total</b>	<b>15</b>	<b>13</b>	<b>3</b>	<b>3</b>
Other auditing firms				
– audit services	1	1	–	–
<b>Total</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>
<b>TOTAL</b>	<b>16</b>	<b>14</b>	<b>3</b>	<b>3</b>

Audit services refer to examination of the consolidated financial statements, the accounts and the administration of the Board of Directors and the President & CEO of the company; other tasks incumbent on the company's auditor; and advice or other assistance prompted by observations from such audits or the performance of other such tasks. Non-audit services refer to services such as advice on accounting and merger issues and due diligence processes for mergers and acquisitions as well as other services.

Of the total fee for audit services, SEK 4 million (4) is invoiced by PricewaterhouseCoopers Sweden for the statutory audit. Of total other fees, SEK 1 million (1) is invoiced by PricewaterhouseCoopers Sweden (the statutory auditors of Sweco AB (publ.)) and is primarily attributable to assistance in relation to acquisitions and tax compliance matters.

#### 5 LEASE EXPENSES

##### GROUP

	2019	2018
<b>Expensed lease charges</b>		
Depreciation charge of right-of-use assets	656	602
Interest expense	65	61
Expenses relating to short-term leases	3	1
Expenses relating to leases of low-value assets that are not shown above as short-term leases	17	16
Expenses relating to variable lease payments not included in lease liabilities	29	26
<b>TOTAL EXPENSED LEASE CHARGES</b>	<b>770</b>	<b>706</b>

Low-value leases are mainly comprised of IT equipment and office equipment. Short-term leases are very few in number and are mainly related to temporary lease agreements for premises.

There are no known significant future short-term lease commitments. Variable lease payments mainly consist of payments for property tax.

No significant sale and lease-back transactions took place during 2019, and there is no knowledge of any such future transactions.

##### PARENT COMPANY

	2019	2018
<b>Charges under signed leases</b>		
<b>TOTAL CHARGES PAID DURING THE YEAR</b>	<b>5</b>	<b>4</b>

##### Future minimum lease payments

– within one year	4	4
– between one and five years	14	15
– more than five years	–	3
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>18</b>	<b>22</b>

The Parent Company's lease portfolio comprises lease agreements for premises and cars. The car lease agreements includes extension options that are not included in above numbers until the options are actually executed. The car leases agreements include residual value guarantees. The Parent Company does not expect to pay anything under these guarantees for the agreements currently in force. The Parent Company is not subject to any restrictions or covenants imposed by leases.

#### 6 EMPLOYEES AND PERSONNEL COSTS

	Group		Parent Company	
	2019	2018	2019	2018
<b>Personnel costs</b>				
Salaries and remuneration, other employees	9,677	8,702	23	27
Salaries and remuneration, senior/other executives	108	104	27	26
<b>Total salaries and remuneration<sup>1</sup></b>	<b>9,785</b>	<b>8,806</b>	<b>50</b>	<b>53</b>
Social fees, excl. pension costs	1,900	1,733	21	22
Pension costs, senior executives <sup>2,3</sup>	19	19	5	5
Pension costs, others <sup>2</sup>	974	910	8	6
Other personnel costs	699	623	8	12
<b>TOTAL PERSONNEL COSTS</b>	<b>13,377</b>	<b>12,091</b>	<b>91</b>	<b>98</b>

1) Senior/other executives refers to the Executive Team, board members of the Parent Company and board members and presidents of all subsidiaries – a total of 60 (62) individuals in the Group and 13 (12) individuals in the Parent Company.

2) See also Note 28, Provisions for Pensions.

3) A total of 53 (55) senior executives in the Group and 6 (5) in the Parent Company received pension contributions.

	2019		2018	
	Total	Of which, % men	Total	Of which, % men
<b>Number of full-time employees</b>				
<b>Sweden</b>				
Parent Company	28	39	29	38
Subsidiaries	5,773	66	5,586	67
<b>Total Sweden</b>	<b>5,801</b>	<b>66</b>	<b>5,615</b>	<b>67</b>

##### Outside Sweden

Finland	2,074	73	1,995	76
Norway	1,578	68	1,484	69
Netherlands	1,434	80	1,396	82
Germany	1,312	59	1,040	56
Denmark	1,135	76	1,148	72
UK	1,135	72	860	71
Belgium	870	69	790	68
Poland	398	51	353	54
Lithuania	198	52	194	57
Czech Republic	189	64	182	63
Estonia	87	63	80	66
Bulgaria	59	51	56	55
Serbia	32	34	–	–
Turkey	8	47	38	47
Russia	1	–	–	–
Rest of Europe	2	100	–	–
India	97	79	68	78
Rest of Asia	–	–	4	100
Africa	2	100	2	100
South and Central America	–	–	1	100
<b>Total, outside Sweden</b>	<b>10,611</b>	<b>70</b>	<b>9,691</b>	<b>70</b>
<b>TOTAL GROUP</b>	<b>16,412</b>	<b>68</b>	<b>15,306</b>	<b>69</b>

##### Percentage of women

	2019	2018
<b>Group</b>		
Board members	34	29
Other senior executives, 52 (54) individuals	29	26
<b>Parent Company Group</b>		
Board members in all companies	63	63
Other senior executives, 6 (5) individuals	33	40

	Group		Parent Company	
	2019	2018	2019	2018
<b>Sickness absence, %</b>				
Total sickness absence	3.1	3.1	0.1	0.5
– sickness absence for men	2.4	2.5		
– sickness absence for women	4.5	4.6		
– employees – 29 years	2.3	2.3		
– employees 30 – 49 years	3.3	3.3		
– employees 50 – years	3.2	3.4		

## REMUNERATION TO SENIOR EXECUTIVES

### Principles

The Board of Directors appoints a Remuneration Committee which is tasked with addressing matters related to remuneration principles, employment terms, pension benefits and bonus systems for senior executives, as well as monitoring and evaluating these principles as well as remuneration structures. The Remuneration Committee also deals with general employment terms and remunerative matters affecting all employees in the company. Senior executives include the President & CEO, members of the Executive Team and all managers who report directly to the President & CEO.

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its senior executives. Remuneration to senior executives comprises basic salary, variable compensation consisting of short-term variable remuneration and long-term variable remuneration (Sweco Share Saving Scheme), pension and other benefits.

### Base salary and Short-term Variable Remuneration

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between base salary and short-term variable remuneration, shall be proportionate to the employee's position and work description. Sweco's short-term incentive remuneration shall be linked to predetermined, measurable criteria that are devised to comply with the company's long-term value creation.

Short-term variable remuneration for the President & CEO and the CFO may not exceed 75 per cent of base salary. For other senior executives, the short-term variable remuneration may not exceed 50 per cent of base salary. Due to acquisitions, exceptions to maximum per cent may apply for a limited period, until integration with Sweco's short-term incentive programme is aligned. Short-term variable remuneration shall be determined, based on results in relation to predetermined profitability targets. Targets for the President & CEO and other senior executives shall be determined by the Board of Directors.

### Long-term Variable Remuneration – Share-based incentive schemes

Sweco senior executives may be offered various forms of long-term incentive schemes, based on market terms. The rationale for share-based incentive schemes is to increase and/or diversify senior executives' share ownership and/or exposure and to more closely align the interests of the company's decision makers and shareholders. A long-term, personal shareholder commitment among key personnel is expected to stimulate greater interest in the company's operations and earnings trend and to increase motivation and solidarity with the company.

Resolutions on share-based incentive schemes shall always be made by the Annual General Meeting or at an Extraordinary General Meeting.

### Pensions

The terms and conditions for pensions for Sweco's President & CEO and senior executives shall be market-based relative to what generally applies to comparable senior executives in the market and shall normally be based on defined contribution pension schemes.

### Other benefits

Other benefits may be awarded, primarily in the form of company vehicles and mobile phone benefits.

### Terms of notice

In the event of dismissal by the company, the President & CEO has a maximum notice period of 18 months. In the event of the President & CEO's resignation, the notice period shall not exceed 6 months.

For other senior executives, the term of notice shall normally be 12 months in the event of dismissal by the company and 6 months in the event of the executive's resignation.

### Other

These principles shall apply to agreements entered into subsequent to the Annual General Meeting's resolutions and to any changes or alterations made to existing agreements after this time, to the extent permitted under the terms of the existing agreements. The Board of Directors shall have the right to deviate from these principles in individual cases if there are extraordinary reasons therefor.

## Remuneration and other benefits expensed in 2019 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme <sup>1</sup>	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	900	–	–	–	–	900
Board member Gunnel Duveblad	550	–	–	–	–	550
Board member Elaine Grunewald	490	–	–	–	–	490
Board member Alf Göransson	460	–	–	–	–	460
Board member Johan Hjertansson	460	–	–	–	–	460
Board member Eva Lindqvist	460	–	–	–	–	460
Board member Christine Wolff	490	–	–	–	–	490
President & CEO	6,666	2,809	599	142	2,218	12,434
Other senior executives (13 individuals)	32,595	6,731	1,545	1,283	6,538	48,691
<b>TOTAL</b>	<b>43,071</b>	<b>9,540</b>	<b>2,144</b>	<b>1,425</b>	<b>8,756</b>	<b>64,935</b>

1) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.

## Remuneration and other benefits expensed in 2018 (SEK 000s)

	Base salary/ board fee	Variable salary	Share savings scheme <sup>5</sup>	Other benefits	Pension cost	TOTAL
Board Chairman Johan Nordström	880	–	–	–	–	880
Board member Anders G. Carlberg <sup>1</sup>	152	–	–	–	–	152
Board member Gunnel Duveblad	538	–	–	–	–	538
Board member Elaine Grunewald	452	–	–	–	–	452
Board member Alf Göransson <sup>2</sup>	267	–	–	–	–	267
Board member Johan Hjertansson	448	–	–	–	–	448
Board member Eva Lindqvist	448	–	–	–	–	448
Board member Christine Wolff	478	–	–	–	–	478
President & CEO <sup>3</sup>	4,591	3,135	253	52	1,429	9,460
Former president & CEO <sup>4</sup>	2,633	-64	–	31	829	3,429
Other senior executives (11 individuals)	28,260	5,905	709	1,058	6,455	42,387
<b>TOTAL</b>	<b>39,147</b>	<b>8,976</b>	<b>962</b>	<b>1,141</b>	<b>8,713</b>	<b>58,939</b>

1) Until 2018 AGM.

2) As of 2018 AGM.

3) From 20 April 2018.

4) Until 19 April 2018.

5) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.

The Chairman and other board members receive board fees and compensation for committee work in accordance with AGM resolution. Employee representatives receive no board fees.

In the above tables, other senior executives are members of the Executive Team excluding the President of Sweco AB.

Variable salary and share savings scheme refers to expensed remuneration in 2019 and 2018.

### Share savings schemes

The 2016, 2017, 2018 and 2019 Annual General Meetings resolved to implement long-term share savings schemes directed at senior executives in the Sweco Group.

Under the share savings schemes, participants may 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 announcement 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 and the 2022 financial year for the 2019 share savings scheme (the "Retention Period") and the participant remains employed in his/her position or an equivalent or higher position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") (the 2018 share savings scheme and 2019 share savings scheme also includes a performance criteria specifying that the Sweco share must maintain a positive TSR during the Retention Period in order for Matching Shares to be allocated) and, provided that the 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

Note 6–8

of Performance Shares is conditional on a positive total yield for the Sweco share and is also dependent on the Sweco share's total yield in relation to a group of benchmark companies. The cost for the Group is accounted for according to IFRS and is expensed on a straight-line basis over the Retention Period.

Share savings scheme	Group				Parent Company			
	2019	2018	2017	2016	2019	2018	2017	2016
No. of participants still employed	60	52	47	41	11	7	8	7
No. of shares acquired	15,705	24,413	19,206	16,577	4,225	5,296	3,128	3,304
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	15,705	24,413	19,206	16,577	4,225	5,296	3,128	3,304
No. of Performance Shares granted per Savings Share <sup>1</sup>	1-4	1-4	1-4	1-4	1-4	1-4	1	1
Maximum no. of Performance Shares	35,926	54,559	37,335	32,969	12,672	15,687	5,508	6,964
Provision for the year, SEK M <sup>2,3</sup>	0.4	2.0	1.8	2.0	0.1	0.4	0.2	0.3
Accumulated provision, SEK M <sup>2,3</sup>	0.4	2.3	4.0	6.5	0.1	0.5	0.4	0.8
Estimated total cost, SEK M <sup>2,3</sup>	7.3	6.5	6.1	6.8	2.4	1.5	0.6	0.8
Retention period	Nov 2019– Feb 2023	Nov 2018– Feb 2022	Nov 2017– Feb 2021	Nov 2016– Feb 2020	Nov 2019– Feb 2023	Nov 2018– Feb 2022	Nov 2017– Feb 2021	Nov 2016– Feb 2020

1) The President & CEO and the CFO may receive no more than four performance shares; business area presidents no more than three performance shares; subsidiary presidents, divisional managers and Heads of Group staff no more than two performance shares; and key employees in staff functions no more than one performance share.

2) Including social fees.

3) Provision is updated annually and is affected mainly by changes in employee turnover.

## 7 AMORTISATION/DEPRECIATION, IMPAIRMENT AND ACQUISITION-RELATED ITEMS

	Group		Parent Company	
	2019	2018	2019	2018
Other intangible assets, depreciation and impairments	-48	-40	-14	-14
Buildings, depreciation and impairments	-2	-7	-	-
Equipment, depreciation and impairments	-241	-206	-28	-23
<b>Total amortisation/ depreciation and impairment, tangible and intangible fixed assets</b>	<b>-291</b>	<b>-252</b>	<b>-43</b>	<b>-37</b>
Right-of-use-assets, premises, depreciation and impairments	-554	-507	-	-
Right-of-use-assets, equipment, depreciation and impairments	-102	-95	-	-
<b>Total depreciation and impairment, right-of-use-assets</b>	<b>-656</b>	<b>-602</b>	<b>-</b>	<b>-</b>
Intangible assets capitalised on acquisition, amortisations	-101	-77	-	-18
Profit/loss on divestment of buildings and land	20	1	-	-
Expensed costs for future service	-37	-	-	-
Revaluation of purchase price	-1	-1	-	-
Profit/loss on divestment of companies and operations	62	2	-	-
<b>Total acquisition-related items</b>	<b>-58</b>	<b>-75</b>	<b>-</b>	<b>-18</b>
<b>TOTAL</b>	<b>-1,005</b>	<b>-929</b>	<b>-43</b>	<b>-55</b>

## 8 NET FINANCIAL ITEMS

GROUP	2019	2018
	<b>Net financial items</b>	
Interest income – bank	1	1
Interest expenses – bank	-35	-30
Other financial expenses	-12	-15
<b>Total financial items</b>	<b>-46</b>	<b>-45</b>
Interest cost of leasing	-65	-61
<b>Other financial items</b>		
Dividends on financial assets at fair value	-	0
Fair value losses on financial assets at fair value	0	0
Profit for the year from associated companies and joint ventures	1	2
Capital gain on sale of participation in associated companies	0	8
Interest income – trade receivables	1	1
Interest expenses – trade payables	-1	-1
Interest expenses – other	-8	-8
Other financial income	5	6
Net exchange rate fluctuations	-2	-8
<b>Total other financial items</b>	<b>-4</b>	<b>-1</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>-115</b>	<b>-107</b>
<b>PARENT COMPANY</b>		
<b>Profit from participation in group companies</b>	<b>2019</b>	<b>2018</b>
Dividends	285	254
Group contributions	547	739
Capital loss on sale of subsidiaries	-19	-
<b>Total profit from participation in group companies</b>	<b>813</b>	<b>993</b>
<b>Financial income</b>		
Interest income from group companies	19	4
Other interest income	8	8
<b>Total financial income</b>	<b>27</b>	<b>12</b>
<b>Financial expenses</b>		
Interest expenses to group companies	0	-
Other interest expenses	-21	-24
Foreign exchange losses	-20	-27
Other financial expenses	-7	-9
<b>Total financial expenses</b>	<b>-49</b>	<b>-60</b>
<b>TOTAL NET FINANCIAL ITEMS</b>	<b>791</b>	<b>945</b>
Interest income received during the year	24	12
Interest expenses paid during the year	-21	-23

## 9 APPROPRIATIONS AND UNTAXED RESERVES

## PARENT COMPANY

Appropriations	2019	2018
Transfer to tax allocation reserve	-120	-164
<b>TOTAL</b>	<b>-120</b>	<b>-164</b>
Untaxed reserves	2019	2018
Transfer to tax allocation reserve	474	354
<b>TOTAL</b>	<b>474</b>	<b>354</b>

## 10 TAXES

	Group		Parent Company	
Current tax expense	2019	2018	2019	2018
Tax expense for the period	-335	-279	-77	-111
Adjustment of tax attributable to prior years	36	3	0	1
<b>Total current tax expense</b>	<b>-298</b>	<b>-276</b>	<b>-77</b>	<b>-110</b>
Deferred tax income/expense				
Deferred tax – temporary differences	-69	-50	–	–
Deferred tax – recognition of previously unrecognised losses	7	60	–	–
Deferred tax – adjustment of tax attributable to prior years	-38	2	–	–
Deferred tax – change in tax rate	15	9	–	–
<b>Total deferred tax income/expense</b>	<b>-85</b>	<b>21</b>	<b>–</b>	<b>–</b>
<b>TOTAL REPORTED TAX EXPENSE</b>	<b>-384</b>	<b>-255</b>	<b>-77</b>	<b>-110</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted nominal tax rates applicable to profits of the consolidated entities. The reconciliation of the actual tax expense is as follows:

	Group				Parent Company			
Reconciliation of effective tax rate	2019, %	2019	2018, %	2018	2019, %	2019	2018, %	2018
Profit before tax		1,777		1,511		600		751
Income tax calculated pursuant to national profit tax rates in each country	22.7	404	22.8	344	21.4	128	22.0	165
Tax effects of:								
– Non-taxable dividends	–	–	–	–	-10.2	-61	-7.4	-56
– Other non-taxable income	-1.5	-26	-0.7	-11	0.0	0	–	–
– Non-deductible expenses	1.9	34	2.2	34	1.7	10	0.3	2
Recognition of previously unrecognised loss carry-forwards	-0.4	-7	-4.0	-60	–	–	–	–
Utilisation of previously uncapitalised loss carry-forwards	-0.8	-15	-2.5	-38	–	–	–	–
Tax effect of uncapitalised loss carry-forwards	0.2	4	0.0	0	–	–	–	–
Effect on deferred tax – reduced tax rate	-0.7	-12	-0.6	-9	–	–	–	–
Adjustment of previous years' tax expense	0.1	1	-0.3	-5	–	–	-0.1	-1
<b>TAX EXPENSE FOR THE YEAR</b>	<b>21.6</b>	<b>384</b>	<b>16.9</b>	<b>255</b>	<b>12.9</b>	<b>77</b>	<b>14.7</b>	<b>110</b>

## GROUP

	2019			2018		
Tax attributable to other comprehensive income	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	219	–	219	118	–	118
Hedges of net investments in subsidiaries	-62	8	-54	-40	9	-31
Revaluation of defined benefit pensions	-57	15	-42	-12	2	-11
<b>TOTAL</b>	<b>100</b>	<b>23</b>	<b>123</b>	<b>66</b>	<b>11</b>	<b>76</b>

Note 10

Deferred tax assets and liabilities

	Group			Group	
	2019	2018		2019	2018
<b>Change in carrying amount for the year</b>			<b>Deferred tax at year end</b>		
Opening carrying amount – deferred tax assets	321	212	Deferred tax asset – loss carry-forwards	213	228
Adjustment of opening balances due to changes in accounting principles	–	43	Deferred tax asset – consolidated pension deficits	10	7
Increase through acquisitions	6	0	Deferred tax asset – temporary differences	98	86
Measurement period adjustment	-1	0	<b>Total deferred tax assets</b>	<b>321</b>	<b>321</b>
Decrease through divestitures	-14	–	Deferred tax component of companies' reported untaxed reserves	-253	-199
Reclassification to deferred tax liability	-5	-1	Deferred tax liability – temporary differences	-339	-294
Other deferred tax income/expense in the income statement	-15	56	<b>Total deferred tax liabilities</b>	<b>-592</b>	<b>-492</b>
Deferred tax income/expense in other comprehensive income	18	6	<b>TOTAL DEFERRED TAX, NET</b>	<b>-271</b>	<b>-171</b>
Foreign currency translation differences	10	5			
<b>CLOSING CARRYING AMOUNT – DEFERRED TAX ASSETS</b>	<b>321</b>	<b>321</b>			
Opening carrying amount – deferred tax liabilities	-492	-425			
Adjustment of opening balances due to changes in accounting principles	–	-1			
Increase through acquisitions	-31	-30			
Measurement period adjustment	1	–			
Decrease through divestitures	–	-1			
Reclassification from deferred tax asset	5	1			
Change in component of untaxed reserves in the income statement	-51	-36			
Other deferred tax income/expense in the income statement	-19	2			
Deferred tax income/expense in other comprehensive income	4	5			
Foreign currency translation differences	-8	-6			
<b>CLOSING CARRYING AMOUNT – DEFERRED TAX LIABILITIES</b>	<b>-592</b>	<b>-492</b>			

Of total deferred tax assets, SEK 47 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 112 million is expected to be paid within 12 months. Unrecognised loss carry-forwards in the Group total SEK 23 million (15); these are not expected to be utilised against future profits, and most have a time limit for utilisation. Approximately SEK 15 million (8) of unrecognised loss carry-forwards have a duration of up to 5 years, approximately SEK 4 million (4) have a duration of 6–9 years, and the remainder of approximately SEK 4 million (3) have an indefinite duration.

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment incl. right-of-use assets	50	50	12	-4	62	46
Intangible assets	-1	0	-175	-110	-175	-110
Financial assets	23	20	13	10	36	30
Current assets	22	14	-206	-154	-184	-141
Current liabilities	-2	-4	0	-19	-3	-23
Untaxed reserves	–	–	-253	-199	-253	-199
Pensions	10	7	10	3	20	10
Other provisions	6	7	7	-19	13	-13
Loss carry-forwards	213	228	0	0	213	228
<b>TOTAL</b>	<b>321</b>	<b>321</b>	<b>-592</b>	<b>-492</b>	<b>-271</b>	<b>-171</b>

Movements in net deferred taxes can be summarised as follows:

2019	Opening carrying amount 2019	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/divestitures	Reclassifications	Foreign currency translation differences	Closing carrying amount 2019
Property, plant and equipment incl. right-of-use assets	46	12	–	1	2	1	62
Intangible assets	-110	-37	–	-26	0	0	-175
Financial assets	30	-1	8	–	-1	0	36
Current assets	-141	-38	–	-2	1	-5	-184
Current liabilities	-23	21	–	–	–	-1	-3
Untaxed reserves	-199	-54	–	–	–	0	-253
Pensions	10	-5	15	0	–	0	20
Other provisions	-13	40	–	-12	-2	-1	13
Loss carry-forwards	228	-23	–	–	–	8	213
<b>TOTAL</b>	<b>-171</b>	<b>-85</b>	<b>23</b>	<b>-39</b>	<b>0</b>	<b>2</b>	<b>-271</b>

2018	Opening carrying amount 2018 <sup>1)</sup>	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/divestitures	Reclassifications	Foreign currency translation differences	Closing carrying amount 2018
Property, plant and equipment incl. right-of-use assets	45	1	–	–	–	1	46
Intangible assets	-105	4	–	-9	0	-1	-110
Financial assets	22	-1	9	–	0	0	30
Current assets	-128	-8	–	0	0	-5	-141
Current liabilities	3	-5	–	-21	1	0	-23
Untaxed reserves	-172	-27	–	–	–	0	-199
Pensions	7	2	2	–	–	0	10
Other provisions	-6	-6	–	–	0	0	-13
Loss carry-forwards	164	60	–	–	0	5	228
<b>TOTAL</b>	<b>-172</b>	<b>20</b>	<b>11</b>	<b>-30</b>	<b>0</b>	<b>-1</b>	<b>-171</b>

1) Including adjustment of opening balances due to changes in accounting principles

## 11 EARNINGS PER SHARE

### GROUP

	2019	2018
Average number of shares before dilution	117,570,767	118,408,024
Effect of anticipated utilisation of share bonus scheme and share savings scheme	3,395,587	2,766,663
<b>Average number of shares after dilution</b>	<b>120,966,354</b>	<b>121,174,687</b>
<b>Earnings per share on profit attributable to owners of the Parent Company</b>		
Basic earnings per share, SEK <sup>1</sup>	11.85	10.59
Diluted earnings per share, SEK <sup>2</sup>	11.52	10.35

1) Excluding the impact from divestments during the fourth quarter and the tax asset revaluation last year, earnings per share amounted to SEK 11.09 per share (10.09).

2) Excluding the impact from divestments during the fourth quarter and the tax asset revaluation last year, earnings per share amounted to SEK 10.77 per share (9.86).

Earnings per share were calculated on profit for the year attributable to Parent Company shareholders divided by the average number of outstanding shares as specified in the table. For calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted for the dilutive effect of all potential common shares. For additional information about the repurchase of treasury shares, see Note 26.

## 12 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

### GROUP

	Date	Acquired share, % <sup>1</sup>	Holding post-transaction, % <sup>1</sup>
<b>Acquisitions 2019</b>			
Linumaa Oy, Finland	2 January 2019	100	100
MLM Holdings Limited, UK	3 May 2019	100	100
Tovatt Architects & Planners AB, Sweden	1 July 2019	100	100
imp GmbH, Germany	5 July 2019	100	100
JIE engineering d.o.o., Serbia	5 July 2019	100	100
Design operations of NRC Group, Finland	1 November 2019	100	100
Pythagoras bvba, Belgium	30 November 2019	100	100
<b>Acquisitions 2018</b>			
Royal HaskoningDHV, acquisition of assets, Belgium	1 January 2018	100	100
Sweco Architects A/S, acquisition of minority share, Denmark	28 February 2018	3	100
Årstiderne Arkitekter A/S, Denmark	28 February 2018	100	100
BML Ingenieurgesellschaft mbH, Germany	1 March 2018	100	100
Avecon Ltd, Finland	1 June 2018	100	100
Planet Engineering BVBA, Belgium	16 October 2018	100	100
Nexilis, acquisition of assets, Belgium	16 October 2018	100	100
Götzelmann + Partner GmbH, Germany	31 October 2018	100	100

1) Ownership share corresponds to equity interest.

In 2019, Sweco in total acquired companies and businesses with approximately 1,234 employees (individuals) generating an annual Net Sales of approximately SEK 1,334 million and about SEK 138 million in annual EBITA.

In January, Sweco acquired Linnunmaa Ltd, a chemicals and environmental safety consultancy in Finland with 17 employees.

In May, Sweco acquired MLM Group in the UK, an engineering consultancy offering services primarily in building and transportation infrastructure. Its 13 offices are predominantly located in southeast England. MLM Group employs some 460 people and has annual net sales of about SEK 500 million and an EBITA of approximately SEK 50 million.

In July, Sweco acquired Tovatt Architects & Planners, a Swedish architecture firm with around 20 employees, thereby strengthening its position in urban planning and building architecture.

In July, Sweco also acquired imp GmbH in Germany – a consulting company with around 380 employees, active predominantly in the power transmission and distribution networks markets. Sweco's ability to support clients in the ongoing transition toward renewable energy in Germany is strengthened by imp, which has annual net sales of about SEK 210 million and an EBITA of approximately SEK 21 million. As part of the transaction, Sweco also acquired JIE engineering d.o.o. in Serbia with 36 employees. JIE is active in the same fields as imp and mainly supplies services to imp.

In November, Sweco completed the acquisition of the rail infrastructure engineering and consulting services business from NRC Group. With the acquisition, Sweco has become the leading full-service railway design expert in Finland, while also strengthening its position in Sweden. The acquisition brings around 320 new railway design experts to Sweco, located in Finland (80 per cent) and Sweden (20 per cent).

In December, Sweco acquired Pythagoras bvba, an engineering company in Belgium with 13 employees. Pythagoras specialises in site supervision and site coordination of infrastructure works.

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 18 million (5) and are chiefly comprised of financial advisory and consulting fees associated with due diligence and tax. These expenses, totalling SEK 16 million (2) during the year, were reported in other external expenses in the income statement.

### Divestitures

During the period Sweco divested its Swedish subsidiary Sweco Elektronik AB. Sweco also divested Grontmij Beheer Reststoffenprojecten B.V. and its subsidiaries in the Netherlands, a waste management business which was part of a portfolio of non-core real estate assets of the former Grontmij Group. The divested businesses had 49 employees and contributed SEK 103 million in net sales and SEK 18 million in operating profit. The divestitures had a positive impact on profit of SEK 62 million.

Note 12

Net assets of acquired and divested companies at acquisition date

	2019		2018	
	Acquired value	Divested value	Acquired value	Divested value
Intangible assets	138	15	40	0
Property, plant and equipment	51	14	13	-
Right-of-use assets	172	1	4	-
Financial assets	4	117	0	-
Current assets <sup>1</sup>	405	36	170	8
Cash and cash equivalents	31	254	15	6
Non-current liabilities	-210	-225	-6	-
Lease liabilities	-165	-1	-4	-
Deferred tax	-29	0	-31	-
Other current liabilities	-373	-117	-137	-8
Consolidated goodwill recognised on acquisition <sup>2</sup>	690	-	212	-
Acquisition of non-controlling interests	-	-	0	-
Non-controlling interests recognised on divestiture	-	-	-	-3
Capital gain/loss recognised on divestiture	-	62	-	2
<b>Total purchase price</b>	<b>713</b>	<b>156</b>	<b>276</b>	<b>5</b>
Purchase price outstanding	-22	-	-5	-
Payment of deferred purchase price	12	-	0	-
Cash and cash equivalents in acquired and divested companies	-31	-254	-15	-6
<b>DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS</b>	<b>672</b>	<b>-97</b>	<b>256</b>	<b>-1</b>

1) Of acquired current assets, receivables total SEK 387million (162).

2) Of which 2018, SEK 2 million is attributable to acquisitions of assets which are tax deductible in the event of future write-downs.

Acquisitions completed in 2019 and 2018 are reported in aggregate form in the table above. Separate reporting of each acquisition is not warranted due to the size of the companies acquired. For acquisitions made in 2019, the acquisition analyses for MLM Holdings Limited, Tovatt Architects & Planners AB, imp GmbH, JIE engineering d.o.o, the design operations of NRC Group and Pythagoras bvba are preliminary.

The acquisitions had a negative impact of SEK 672 million (256) on Group cash and cash equivalents. Divestitures impacted the Group's cash and cash equivalents by SEK -97 million (-1). The net impact on Group cash and cash equivalents is SEK -769 million (-257).

Acquired values correspond to fair value in accordance with IFRS 3 (i.e., following completion of an acquisition analysis). Acquired goodwill is attributable to employees' technical expertise.

Of the unsettled purchase price commitment of net SEK 22 million, SEK 47 million pertains to conditional purchase consideration entered as liability and SEK 25 million pertains to unsettled receivables.

Contribution of acquired and divested companies to consolidated sales and operating profit

	2019		2018	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	543	103	354	8
Contribution to net sales if acquired company had been owned for the full year	1,334	-	455	-
Contribution to EBITA in the year's accounts	60	18	42	2
Contribution to EBITA if acquired company had been owned for the full year	138	-	52	-
Contribution to operating profit (EBIT) in the year's accounts	-26	18	30	2
Contribution to operating profit (EBIT) if acquired company had been owned for the full year	-42	-	35	-



## 13 INTANGIBLE ASSETS

## GROUP

	2019			2018		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	6,686	990	7,677	6,349	878	7,228
Purchases	–	34	34	–	47	47
Developed internally	–	8	8	–	7	7
Increase through acquisitions	684	137	821	212	40	251
Measurement period adjustment	6	1	7	1	–	1
Decrease through divestiture of companies	-15	–	-15	–	–	–
Reclassification	–	0	0	–	0	0
Sales/disposals	–	-62	-62	–	0	0
Foreign currency translation differences	181	27	208	125	18	143
<b>Closing accumulated acquisition costs</b>	<b>7,542</b>	<b>1,135</b>	<b>8,678</b>	<b>6,686</b>	<b>990</b>	<b>7,677</b>
Opening accumulated amortisation/depreciation and impairments	-71	-690	-761	-71	-563	-634
Reclassification	–	0	0	–	0	0
Sales/disposals	–	61	61	–	–	–
Foreign currency translation differences	–	-18	-18	–	-11	-11
Amortisation/depreciation for the year	–	-149	-149	–	-116	-116
<b>Closing accumulated amortisation/depreciation and impairments</b>	<b>-71</b>	<b>-796</b>	<b>-867</b>	<b>-71</b>	<b>-690</b>	<b>-761</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>7,471</b>	<b>339</b>	<b>7,811</b>	<b>6,615</b>	<b>300</b>	<b>6,916</b>
<b>By business area</b>						
Sweco Sweden	2,040			2,038		
Sweco Norway	471			453		
Sweco Finland	1,369			985		
Sweco Denmark	1,251			1,211		
Sweco Netherlands	289			279		
Sweco Belgium	562			533		
Sweco UK	770			483		
Sweco Germany & Central Europe	719			633		
Capitalised development costs for software		134			106	
Assets capitalised on acquisition		205			194	
<b>CLOSING CARRYING AMOUNT</b>	<b>7,471</b>	<b>339</b>		<b>6,615</b>	<b>300</b>	

Internally developed software of SEK 8 million (7) was capitalised in the Netherlands and Sweden during the year, while other intangible assets were acquired through acquisition or purchase. See also Note 7 regarding impairment of goodwill. In the above table, borrowing costs are not included in asset acquisition costs.

## PARENT COMPANY

	2019	2018
<b>Other intangible assets</b>		
Opening acquisition costs	149	138
Purchases	1	11
<b>Closing accumulated acquisition costs</b>	<b>149</b>	<b>149</b>
Opening accumulated amortisation	-109	-77
Amortisation for the year	-14	-32
<b>Closing accumulated amortisation</b>	<b>-123</b>	<b>-109</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>26</b>	<b>40</b>

## Note 13

### Impairment testing for cash-generating units with goodwill

Sweco's goodwill is allocated among the eight business areas in accordance with the table on the preceding page and values are tested on an annual basis. Recoverable amounts for the cash-generating units are established based on value in use calculations. These calculations are based on five-year cash flow forecasts that reflect past experience and on external information sources. After the first five years, cash flow forecasts are based on an annual growth rate of 1 per cent, which is deemed a conservative estimate of the long-term growth rate of the business areas' markets.

The key variables that have a major impact on value in use calculations are sales growth, EBITA margin and the discount rate.

#### Sales growth

Demand for consulting services follows the general economic trend, particularly growth in GDP and fixed investments. Projected market growth is based on a transition from the prevailing market situation to the anticipated long-term growth rate. Sales growth is based on assumptions about market growth and assumptions about Sweco's market shares.

#### EBITA margin

The EBITA margin is forecasted based on an assessment of future profitability with reference to historical outcomes, tangible action plans and an assessment of future potential.

#### Discount rate

The discount rate is calculated as the weighted average cost of debt and equity, taking into consideration each country's specific market conditions relating to risk-free rates of interest and risk premiums.

The impairment testing indicates no need for impairment.

#### Sensitivity analysis

The table "Impairment tests for cash-generating units with goodwill" shows the (assumed) values used to determine value in use and the (adjusted) values that result in a recoverable amount that is equal to the carrying amount, assuming that all other variables are held constant.

### Impairment tests for cash-generating units with goodwill, years 1–5

2019	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Denmark	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.1	-31.4	3.0	-35.9	5.3	-19.4	2.7	-12.2
Average EBITA margin, %	8.7	2.3	8.1	1.3	8.8	2.5	7.2	3.7
Pre-tax discount rate, %	6.2	24.6	8.0	76.0	6.4	21.3	5.8	10.3

2019	Sweco Netherlands		Sweco Belgium		Sweco UK		Sweco Germany & Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.2	-36.5	4.9	-19.4	6.5	-2.2	4.6	-14.6
Average EBITA margin, %	6.2	0.9	8.6	3.6	6.3	4.4	7.1	3.9
Pre-tax discount rate, %	5.8	48.6	7.4	17.2	7.4	10.1	7.0	12.4

2018	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Central Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.2	-27.4	3.2	-33.5	3.2	-18.5	3.6	-10.7
Average EBITA margin, %	8.8	2.7	8.5	1.7	8.2	3.0	7.6	5.2
Pre-tax discount rate, %	7.3	25.0	8.8	57.5	7.9	21.8	8.1	12.2

2018	Sweco Denmark		Sweco Netherlands		Sweco Western Europe	
	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	3.3	-6.6	2.5	-27.2	3.7	-6.7
Average EBITA margin, %	7.2	4.8	4.6	0.9	7.8	5.6
Pre-tax discount rate, %	7.0	10.2	7.0	40.2	9.1	12.7

## 14 PROPERTY, PLANT AND EQUIPMENT

## GROUP

	2019			2018		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	52	1,408	1,460	90	1,299	1,389
Adjustment of opening balances due to changes in accounting principles	-	-	-	-9	-168	-177
Purchases	-	226	226	0	266	266
Increase through acquisitions	1	50	51	2	11	13
Decrease through divestiture of companies	-10	-23	-33	-	-1	-1
Reclassification	-	2	2	4	-4	0
Sales/disposals	-26	-163	-189	-36	-3	-39
Foreign currency translation differences	14	48	62	1	8	9
<b>Closing accumulated acquisition costs</b>	<b>31</b>	<b>1,548</b>	<b>1,579</b>	<b>52</b>	<b>1,408</b>	<b>1,460</b>
Opening accumulated depreciation and impairments	-19	-861	-880	-42	-737	-779
Adjustment of opening balances due to changes in accounting principles	-	-	-	4	86	90
Reclassification	0	-1	-1	-	-4	-4
Sales/disposals	6	147	153	25	-	25
Decrease through divestiture of companies	12	7	19	-	1	1
Foreign currency translation differences	-13	-34	-47	0	-1	-1
Depreciations for the year	-2	-241	-243	-7	-206	-213
<b>Closing accumulated depreciation</b>	<b>-16</b>	<b>-983</b>	<b>-999</b>	<b>-19</b>	<b>-861</b>	<b>-880</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>15</b>	<b>565</b>	<b>580</b>	<b>33</b>	<b>547</b>	<b>580</b>
Of which, land:						
Opening acquisition costs	14		14	14		14
Sales/disposals	-11		-11	-		-
Foreign currency translation differences	1		1	0		0
Increase through acquisitions	0		0	-		-
Decrease through divestiture of companies	-3		-3	-		-
<b>Closing carrying amount, land</b>	<b>2</b>		<b>2</b>	<b>14</b>		<b>14</b>
Of which, property, plant and equipment under construction						
Closing carrying amount	-	-	-	-	1	1
Purchases for the year	-	-	-	-	1	1

## PARENT COMPANY

Equipment	2019	2018
Opening acquisition costs	169	127
Purchases	33	42
Sales/disposals	-45	0
<b>Closing accumulated acquisition costs</b>	<b>157</b>	<b>169</b>
Opening accumulated depreciation	-115	-92
Sales/disposals	45	0
Depreciation for the year	-28	-23
<b>Closing accumulated depreciation</b>	<b>-98</b>	<b>-115</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>59</b>	<b>54</b>

## 15 RIGHT-OF-USE ASSETS

## GROUP

Change in carrying amount for the year	2019			2018		
	Premises	Equipment	Total	Premises	Equipment	Total
Opening carrying amount	2,537	187	2,724			
Adjustment of opening balances due to changes in accounting principles	–	–	–	2,407	178	2,585
New leases	434	170	604	364	99	463
Increase through acquisitions	164	7	172	3	1	4
Changes in existing leases	177	-3	174	233	-1	232
Decrease through divestiture of companies	–	-1	-1	–	–	–
Sales/disposals	-26	-11	-37	–	–	–
Depreciations for the year	-554	-102	-656	-507	-95	-602
Foreign currency translation differences	58	5	63	37	5	42
<b>CLOSING CARRYING AMOUNT</b>	<b>2,791</b>	<b>252</b>	<b>3,043</b>	<b>2,537</b>	<b>187</b>	<b>2,724</b>

## 16 SHAREHOLDINGS AND PARTICIPATION IN GROUP COMPANIES

## PARENT COMPANY

Change in carrying amount for the year	2019	2018
Opening carrying amount	4,511	4,511
Acquisition of subsidiaries	216	–
Divestiture of subsidiaries	-42	–
<b>CLOSING CARRYING AMOUNT</b>	<b>4,685</b>	<b>4,511</b>

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>Directly owned companies</b>					
Sweco Central Europe AB <sup>1</sup>	556633-5831	Stockholm	100	1,000	55
Sweco Norge AS	967032271	Norway	100	152,349	112
Sweco Finland Oy <sup>1</sup>	0871165-9	Finland	100	21,000	905
Sweco Western Europe AB <sup>1</sup>	556221-1689	Stockholm	100	4,005	3
Sweco Sverige AB <sup>1</sup>	556032-2496	Stockholm	100	100,000	887
Vattenbyggnadsbyrå AB <sup>2</sup>	556077-9471	Stockholm	100	1,000	1
Vattenbyggnadsbyrå Export AB <sup>2</sup>	556079-1336	Stockholm	100	4,500	1
Sweco Holdco B.V. <sup>1</sup>	30029428	Netherlands	100	76,114,143	2,506
Sweco Holding Oy <sup>1</sup>	3005231-1	Finland	100	100	216
<b>Total shareholdings and participation in group companies</b>					<b>4,685</b>

## Indirectly owned companies

## Through Sweco Central Europe AB

Sweco Hydroprojekt a.s.	26475081	Czech Republic	100	10	
UAB Sweco Lietuva	301135783	Lithuania	100	126,105,128	
Sweco Engineering sp. z o.o	56155	Poland	100	266,384	
Sweco Energoproekt JSC	1305488081	Bulgaria	73	400	
Sweco Projekt AS	11304200	Estonia	100	383,569	
Sweco EST OÜ	10633373	Estonia	100	1	

## Through Sweco Finland Oy

Sweco Architects Oy	0635637-4	Finland	100	100	
Sweco Asiantuntijapalvelut Oy	2635440-5	Finland	100	10,000	
Contesta Oy	1712699-6	Finland	100	10,000	
FMC Laskentapalvelut Oy	1013429-9	Finland	100	16,667	
Sweco Industry Oy	0350941-9	Finland	100	1,920,000	
Linnunmaa Oy	1875811-9	Finland	100	800	
Kiinteistö Oy Sammonpiha <sup>3</sup>	0770284-4	Finland	75	166	
Sweco International Oy	2635445-6	Finland	100	10,000	
000 Sweco Stroiproject	7806311117	Russia	100		
Sweco PM Oy	2635438-4	Finland	100	10,000	
Sweco Rakenntekniikka Oy	2635439-2	Finland	100	10,000	
Sweco Projektit Oy <sup>2</sup>	2661738-3	Finland	100	100	
Sweco Talotekniikka Oy	0957613-7	Finland	100	1,000	
Sweco Ympäristö Oy	0564810-5	Finland	100	1,000	

1) Holding company

2) Dormant company

3) Real estate company

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
<b>Through Sweco Holding Oy</b>				
Sweco Infra & Rail Oy	2998506-9	Finland	100	100,000
Sweco Arcus Oy	1023425-7	Finland	100	500
<b>Through Sweco Sverige AB</b>				
Sweco International AB	556862-9918	Stockholm	100	500
Sweco Business Information Consulting Co.	91310000MA1K349X1E	China	100	10
Sweco Architects AB	556173-0606	Stockholm	100	20,000
Tovatt Architects & Planners AB	556641-7670	Johanneshov	100	3,000
Sweco Energy AB	556007-5573	Stockholm	100	60,000
Sweco Environment AB	556346-0327	Stockholm	100	20,000
Sweco-COWI Joint Venture AB <sup>2</sup>	556085-5867	Stockholm	100	1,000
Sweco Industry AB	556341-2476	Stockholm	100	20,000
Sweco Civil AB	556507-0868	Stockholm	100	120,000
Sweco India Private Ltd.	AABCF0979RST001	India	100	10,000
Sweco Management AB	556140-0283	Stockholm	100	5,000
Sweco Position AB	556337-7364	Stockholm	100	1,250
Sweco Structures AB	556140-9557	Stockholm	100	20,000
Sweco Systems AB	556030-9733	Stockholm	100	1,500,000
Sweco Society AB	556949-1698	Stockholm	100	500
Sweco Rail AB	556767-9849	Solna	100	1,000
Nordic Infracpro AB	559023-2780	Stockholm	100	15,000
Grontmij Sverige AB	556013-2341	Stockholm	100	53,000
Grontmij AB	556563-7237	Stockholm	100	18,000
<b>Through Sweco Holdco B.V.</b>				
Sweco Nederland Holding B.V. <sup>1</sup>	30161447	Netherlands	100	5,000
Sweco Capital Consultants B.V.	27091285	Netherlands	100	32,305
Stoel Partners Holding B.V. <sup>1</sup>	05031421	Netherlands	100	240
Sweco Nederland B.V.	30129769	Netherlands	100	1,816
Grontmij Maunsell Holding B.V.	30164459	Netherlands	100	102
Grontmij Maunsell Infrastructure Consultancy Services B.V.	30164468	Netherlands	100	102
Sweco Vastgoedmanagement B.V.	23064728	Netherlands	100	1,816
Grontmij Assetmanagement Holding B.V. <sup>1</sup>	30136340	Netherlands	100	182
Grontmij Nederland Projecten B.V. <sup>3</sup>	30163316	Netherlands	100	200
Grontmij Real Estate Nederland B.V. <sup>3</sup>	30149254	Netherlands	100	454
MaasBilt B.V. <sup>3</sup>	30039313	Netherlands	100	45,379
PAR 2 Ontwikkeling B.V. <sup>3</sup>	37128584	Netherlands	100	900
PAR 2 Ontwikkeling C.V. <sup>3</sup>	37131835	Netherlands	100	
Assutex C.V. <sup>4</sup>	30122026	Netherlands	100	
Sweco Denmark Holding ApS <sup>1</sup>	31862671	Denmark	100	600,000
Sweco Denmark A/S	48233511	Denmark	100	62,800,896
A/S af 20/11 19802	83049316	Denmark	100	1
GSA Gesellschaft für Strassenanalyse GmbH	HRB 2231	Germany	100	1
Sweco Pavement Consultants AS	961 168 848	Norway	100	1,500
Sweco Pavement Consultants AB	556228-0361	Sweden	100	10,006
Årstiderne Arkitekter AS	990180466	Norway	100	1,000
Sweco Belgium nv	BE0405647664	Belgium	100	218,248
GM Contracting nv	BE0419330703	Belgium	100	18,252
Planet Engineering BvBA	BE0465100053	Belgium	100	750
Pythagoras bvba	BE472234897	Belgium	100	2,565
Sweco UK Holding Limited <sup>1</sup>	2237772	UK	100	31,243,690
Sweco Ireland Limited	120358	Ireland	100	175,100
Sweco UK Limited	2888385	UK	100	8,214,013
Roger Preston & Partners Ltd <sup>2</sup>	2748664	UK	100	56
Sweco Services UK Limited	2707426	UK	100	200
Roger Preston Group Ltd	6546246	UK	100	1
MLM Holdings Ltd <sup>1</sup>	04108949	UK	100	288,000
MLM Building Control Ltd	02891295	UK	100	2
MLM Consulting Engineers Ltd	03057104	UK	100	1,000
MLM Consulting Ltd	03383526	UK	100	2
Fluid Structures Engineers & Technical Designers Ltd	03865913	UK	100	1,187
MLM Building Control & Environmental Consultancy Ltd	E554682	Ireland	100	100

1) Holding company

2) Dormant company

3) Real estate company

4) Insurance company

Note 16–17

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Grontmij Holding France SNC <sup>1</sup>	523637593	France	100	2,080,360
Sweco Mühendislik Müsavirlik ve Tasarım Ltd Sirketi	662694	Turkey	100	100
Sweco GmbH	HRB21768HB	Germany	100	200
Jo. Franzke Generalplaner GmbH	HRB102538	Germany	100	1
imp GmbH	HRB207026	Germany	100	3
JIE engineering d.o.o.	20664975	Serbia	100	2
Sweco Consulting Sp. z o.o.	0000140225	Poland	100	30,469
Grontmij Participations B.V. <sup>1</sup>	31034252	Netherlands	100	11,350

1) Holding company

Most of the Group's subsidiaries are consulting firms. Group subsidiaries also include holding companies, dormant companies, real estate companies and insurance companies, as shown in the table above. All material subsidiaries are owned by a majority of the votes. No non-controlling interests are material to the Group.

## 17 SHAREHOLDINGS AND PARTICIPATION IN ASSOCIATED COMPANIES

Shares in Betonialan Ohuthiekeskus FMC Oy in Finland were divested in 2019 and shares in Geotek Oy in Finland were divested in 2018. Financial information for non-material shareholdings in associated companies, based on amounts included in the consolidated financial statements, is detailed below.

### GROUP

Group's share of:	2019	2018
Profit for the year	1	2
Capital gain on sale of associated company	0	8
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1</b>	<b>10</b>

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>2019</b>					
<b>Through Sweco Denmark A/S</b>					
Odeon A/S	26391253	Denmark	22	600,000	2
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
<b>Through Sweco Belgium NV</b>					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
<b>Total shares and participation</b>					<b>2</b>
<b>2018</b>					
<b>Through Sweco Finland Oy</b>					
Betonialan Ohuthiekeskus FMC OY	1713909-2	Finland	33	33	0
<b>Through Sweco Denmark A/S</b>					
Odeon A/S	26391253	Denmark	22	600,000	2
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50		0
<b>Through Sweco Belgium NV</b>					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
<b>Total shares and participation</b>					<b>2</b>

## 18 HOLDINGS IN JOINT VENTURES AND JOINT OPERATIONS

None of the Group's joint ventures are of a significant size, and value of the holdings amounted to SEK 0 million (0).

### GROUP

Group's share of joint ventures:	2019	2018
Profit for the year	-	-1
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-1</b>

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
<b>2019</b>			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50
<b>2018</b>			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Sweden	50

Group's shareholdings in joint operations	2019	2018
Operating income	2	3
Operating costs	-2	-3
<b>PROFIT FOR THE YEAR</b>	<b>0</b>	<b>0</b>

Current assets	1	6
<b>Total assets</b>	<b>1</b>	<b>6</b>

Current liabilities	-1	-6
<b>Total liabilities</b>	<b>-1</b>	<b>-6</b>
<b>NET ASSETS</b>	<b>0</b>	<b>0</b>

There are no pledged assets or contingent liabilities relating to holdings in joint operations.

## 19 FINANCIAL INVESTMENTS

### GROUP

Change in carrying amount for the year	2019	2018
Opening carrying amount	10	13
Acquisition of other shares	0	0
Reclassification	0	0
Disposal of other shares	0	-3
Gained through acquisition	0	0
Revaluation of holdings	0	-1
Foreign currency translation difference	0	0
<b>CLOSING CARRYING AMOUNT</b>	<b>10</b>	<b>10</b>

The business model for financial investments is "hold to collect and sell". The assets are regularly measured at fair value with changes in value reported in other comprehensive income. An impairment loss is recognised in the income statement when necessary. See also Note 8.

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
<b>2019</b>					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	0
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	6
Other shares and participation					3
<b>Total shares and participation</b>					<b>10</b>
<b>2018</b>					
BRF Störtloppet	716414-8764	Åre			1
Hirsala Golf Oy	1709135-9	Finland		3	0
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	5
Other shares and participation					4
<b>Total shares and participation</b>					<b>10</b>

## 20 OTHER NON-CURRENT SECURITIES

### PARENT COMPANY

Change in carrying amount for the year	2019	2018
Opening carrying amount	1	1
<b>CLOSING CARRYING AMOUNT</b>	<b>1</b>	<b>1</b>

Shareholdings at year end	Corp. ID number	Domicile	Carrying amount
<b>2019</b>			
BRF Störtloppet	716414-8764	Åre	1
<b>Total shares and participation</b>			<b>1</b>
<b>2018</b>			
BRF Störtloppet	716414-8764	Åre	1
<b>Total shares and participation</b>			<b>1</b>

## 21 RECEIVABLES FROM GROUP COMPANIES

### PARENT COMPANY

Change in carrying amount for the year	2019	2018
<b>Non-current assets</b>		
Opening carrying amount	1,833	1,833
Lending to group companies	-1	-1
Foreign currency translation difference	1	1
<b>Closing carrying amount</b>	<b>1,833</b>	<b>1,833</b>

<b>Current assets</b>		
Opening carrying amount	2,138	2,295
Change for the year	743	-157
<b>Closing carrying amount</b>	<b>2,881</b>	<b>2,138</b>
<b>TOTAL RECEIVABLES FROM GROUP COMPANIES</b>	<b>4,714</b>	<b>3,971</b>

## 22 OTHER NON-CURRENT RECEIVABLES

### GROUP

	Hold to collect	
Change in carrying amount for the year	2019	2018
Opening carrying amount	168	110
Adjustment of opening balance due to changes in accounting principles	–	36
Decrease through divestiture of companies	-103	–
Increase in receivables	22	56
Decrease in receivables	-37	-39
Reclassification	0	2
Foreign currency translation difference	5	3
<b>CLOSING CARRYING AMOUNT</b>	<b>56</b>	<b>168</b>

Of Other non-current receivables at 31 December 2018, SEK 98 million was attributable to a bank deposit to cover future cash outflows for costs associated with one of the Group's landfills. This business was sold 2019 and, consequently, the bank deposit is no longer included in the balance at 31 December 2019.

The amount reported as "changes in accounting principles" refers to lease receivables. Of Other non-current receivables in 2019, SEK 18 million is attributable to lease receivables related to employee cars.

## 23 WORK IN PROGRESS

### GROUP

Below is a description of significant movements in work in progress less progress billings and progress billings in excess of work in progress.

	2019		2018	
Change in carrying amount for the year	Work in progress less progress billings	Progress billings in excess of work in progress	Work in progress less progress billings	Progress billings in excess of work in progress
Opening carrying amount	2,145	-1,224	2,614	-1,849
Increase through acquisitions	101	-108	79	-50
Decrease through divestiture of companies	-3	0	–	0
Progress billings	-13,081	-7,266	-13,596	-4,122
Value of work completed	13,395	7,144	13,048	4,797
Reclassification	-71	71	–	–
<b>CLOSING CARRYING AMOUNT</b>	<b>2,486</b>	<b>-1,383</b>	<b>2,145</b>	<b>-1,224</b>

The majority of the opening balance for progress billing in excess of work in progress has been recognised as income during 2019. No significant revenue from performance obligations fulfilled during previous periods has been reported.

## 24 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2019	2018	2019	2018
Prepaid rent-related expenses	39	32	–	–
Prepaid insurance premiums	16	17	–	–
Prepaid IT expenses	9	7	–	–
Accrued interest income	3	2	–	–
Other accrued income	1	2	–	–
Prepaid licence expenses	216	40	216	40
Prepaid expenses for future service <sup>1</sup>	113	–	–	–
Other prepaid expenses	115	99	44	43
<b>TOTAL</b>	<b>512</b>	<b>198</b>	<b>260</b>	<b>82</b>

1) Prepaid expenses for future services refers to a portion of cash paid in connection with acquisitions which, according to IFRS 3, is to be treated as a cost for future service rather than as purchase price.

## 25 CASH AND CASH EQUIVALENTS

Surplus cash is invested in fixed-income securities such as commercial paper or certificates of deposit, where the funds are held for a predetermined period of time. Commercial paper is recognised in the balance sheet and the cash flow statement as short-term investments, which are included in current receivables. Commercial paper is classified as financial assets at fair value through profit and loss. Deposits are recognised as current liquid investments, which are included in cash and cash equivalents. Sweco always has the option of immediately withdrawing the deposited funds prior to the maturity date but may then lose a portion of the higher interest payable on the funds.

Current investments have been classified as cash and cash equivalents on the basis that:

- they are exposed to an insignificant risk for value fluctuations
- they are readily convertible to cash
- they have original maturities of less than three months.

Cash and cash equivalents in the balance sheet	Group		Parent Company	
	2019	2018	2019	2018
Cash/bank	660	775	184	381
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>660</b>	<b>775</b>	<b>184</b>	<b>381</b>

There was no commercial paper in Sweco Group at 31 December 2019 or 2018.



## 26 EQUITY

Change in number of outstanding shares <sup>1</sup>	A shares	B shares	Total
Number of shares at 1 January 2018	10,533,731	108,590,865	119,124,596
Issuance of treasury shares – share savings scheme	–	97,809	97,809
Issuance of treasury shares – share bonus scheme	–	537,163	537,163
Conversion of A shares to B shares	-101,740	101,740	–
Repurchase of treasury shares	–	-2,689,626	-2,689,626
<b>NUMBER OF SHARES AT 31 DECEMBER 2018</b>	<b>10,431,991</b>	<b>106,637,951</b>	<b>117,069,942</b>
Issuance of treasury shares – share savings scheme	–	74,722	74,722
Issuance of treasury shares – share bonus scheme	–	664,395	664,395
Conversion of A shares to B shares	-11,717	11,717	–
Repurchase of treasury shares	–	-10,600	-10,600
<b>NUMBER OF SHARES AT 31 DECEMBER 2019</b>	<b>10,420,274</b>	<b>107,378,185</b>	<b>117,798,459</b>

1) After deduction for treasury shares.

A statement of changes in equity is found on page 49 for the Group and on page 53 for the Parent Company. Additional information about the Sweco share is provided on pages 95–97.

Sweco repurchased 10,600 Class B shares during the year for SEK 2 million, corresponding to SEK 194.63 per share. During the year all Class C shares were redeemed.

The total number of shares, including treasury shares, at the end of the period was 121,083,819 (10,420,274 Class A shares and 110,663,545 Class B shares.) The total number of votes was 21,486,628.5 whereof 10,420,274 represented by Class A shares and 11,066,354.5 by Class B shares.

**Share capital**

The quota value per share is 1. All shares carry entitlement to dividends, which are determined yearly at the Annual General Meeting. Class A shares carry one vote and Class B shares carry 1/10 of one vote. All shares grant equal entitlement to the company's remaining net assets. With regard to treasury shares, all rights are suspended until these shares are re-issued.

**Other contributed capital**

Other contributed capital is comprised of equity contributed by the shareholders in the form of shares and other equity instruments issued at a premium, meaning that the amount paid exceeds the quota value of the shares.

**Reserves**

Reserves are comprised of a translation reserve containing all exchange differences arising on the translation of foreign operations to another currency and exchange differences arising on the hedged net investments in Finland (mainly FMC Group) and the Netherlands (mainly Grontmij Group) with loans denominated in EUR.

**Retained earnings including profit for the year**

Retained earnings including profit for the year are comprised of profits earned in the Parent Company and its subsidiaries, associated companies and joint ventures. Retained earnings have been charged with the historical cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. Upon utilisation of treasury shares, an amount equal to the market value of the shares is transferred to retained earnings.

At 31 December 2019 the Group's holding of treasury shares amounted to 3,285,360 (4,013,877) Class B shares. The treasury shares were purchased at an average price of SEK 141.61 each, for a total of SEK 465 million. The market value at 31 December 2019 was SEK 1,187 million. The repurchased shares correspond to 2.7 per cent of the total number of shares and 1.5 per cent of the votes.

**Capital distribution to shareholders**

After the balance sheet date, the Board of Directors proposed the following capital distribution to shareholders for resolution by the Annual General Meeting on 23 April 2020.

	2019	2018
Dividend of SEK 6.20 per common share (5.50 SEK)	751	644

Amounts for 2019 were calculated including treasury shares. Accordingly, the change in value may be lower if the shares remain in treasury. Should the Board exercise the authority granted it by the April 2019 AGM to acquire additional treasury shares, the amount distributed to the shareholders may be further reduced. More information is found in the Board of Directors Report on page 40.

**PARENT COMPANY****Restricted reserves**

Restricted reserves may not be reduced through distribution to shareholders.

**Statutory reserve**

The purpose of the statutory reserve is to set aside a portion of net profit that is not used, to cover an accumulated deficit. This includes the part of the share premium reserve that was transferred on 31 December 2005. The share premium reserve arose through the issue of equity instruments (shares and subscription warrants) at a premium, meaning that the amount paid exceeded the quota value of the shares.

**Development expenditure fund**

For capitalisation of internal development expenditures, the corresponding amount is transferred from unrestricted equity to the development expenditure fund in restricted equity. The fund is reduced as capitalised expenditures are depreciated or written off.

**Share premium reserve**

The share premium reserve arose through the issue of shares and subscription warrants at a premium, meaning that the amount paid exceeded the quota value of the shares.

**Retained earnings**

Retained earnings are comprised of the previous year's non-restricted equity after deduction of dividends. Retained earnings together with profit for the year, along with the share premium reserve and any fair value reserves, comprise total non-restricted equity; i.e., the amount available for distribution to shareholders.

## 27 CURRENT AND NON-CURRENT INTEREST-BEARING DEBT

	Group		Parent Company	
	2019	2018	2019	2018
<b>Non-current interest-bearing debt</b>				
Liabilities to credit institutions	1,665	2,105	1,550	1,690
<b>Total</b>	<b>1,665</b>	<b>2,105</b>	<b>1,550</b>	<b>1,690</b>
<b>Current interest-bearing debt</b>				
Bank overdraft facilities	57	66	–	–
Other liabilities to credit institutions	1,052	453	971	450
<b>Total</b>	<b>1,109</b>	<b>519</b>	<b>971</b>	<b>450</b>
<b>TOTAL INTEREST-BEARING DEBT</b>	<b>2,774</b>	<b>2,624</b>	<b>2,521</b>	<b>2,140</b>

All financial liabilities above are recognised at amortised cost. Liabilities to credit institutions were mainly raised to finance acquisitions. The most important covenant in the loan agreement is the Net debt/EBITDA ratio. All covenants were met by a wide margin at the end of the reporting period. The bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

Loan maturity structure	Group		Parent Company	
	2019	2018	2019	2018
0–1 year	1,109	519	971	450
1–5 years	1,665	2,105	1,550	1,690
5 years and later	–	0	–	–
<b>TOTAL</b>	<b>2,774</b>	<b>2,624</b>	<b>2,521</b>	<b>2,140</b>

The fixed interest rate period for all loans is less than one year.

## Granted overdraft and credit terms

	Group		Parent Company	
	2019	2018	2019	2018
Credits granted	4,813	3,598	4,613	3,146
Credits utilised on balance sheet date	-2,774	-2,624	-2,521	-2,140
<b>UNUTILISED CREDITS</b>	<b>2,039</b>	<b>974</b>	<b>2,092</b>	<b>1,006</b>

Average interest rate, % <sup>1</sup>	1.21	1.11	0.60	0.80
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1) The average interest rate is calculated based on the interest expense of several loans set against the average outstanding balances of these loans through the year, excluding fees.

Net debt<sup>1</sup>

	2019	2018
Non-current interest-bearing debt	1,665	2,105
Current interest-bearing debt	1,109	519
Cash and cash equivalents incl. short-term investments	-660	-775
<b>NET DEBT</b>	<b>2,114</b>	<b>1,849</b>

1) Net debt is an alternative performance measure (APM) defined as net financial debt (comprised almost exclusively of interest-bearing bank debt) less cash and cash equivalents and short-term investments. Lease liabilities are excluded from Net debt.

Below is an analysis of changes in net debt and other non-current liabilities.

GROUP	Cash and cash equivalents	Non-current interest-bearing loans	Current interest-bearing loans	Net debt	Other non-current liabilities	Total
<b>Carrying amount at 1 January 2018</b>	<b>572</b>	<b>-2,192</b>	<b>-79</b>	<b>-1,698</b>	<b>-23</b>	<b>-1,721</b>
<b>Non-cash items</b>						
Adjustment of opening balance due to changes in accounting principles	–	72	22	94	–	94
Increase through acquisitions	–	-3	-5	-8	-2	-10
Decrease through divestiture of companies	–	–	4	4	–	4
Reclassification	–	301	-300	1	-1	0
Foreign currency translation differences	-9	-38	0	-47	0	-47
<b>Total non-cash items</b>	<b>-9</b>	<b>332</b>	<b>-279</b>	<b>44</b>	<b>-3</b>	<b>41</b>
Cash flow	211	-246	-161	-195	-12	-207
<b>CARRYING AMOUNT AT 31 DECEMBER 2018</b>	<b>775</b>	<b>-2,105</b>	<b>-519</b>	<b>-1,849</b>	<b>-37</b>	<b>-1,887</b>
<b>Non-cash items</b>						
Increase through acquisitions	–	-204	-17	-221	5	-216
Reclassification	–	1,052	-1,052	–	-8	-8
Foreign currency translation differences	-26	-45	-1	-72	-1	-73
<b>Total non-cash items</b>	<b>-26</b>	<b>803</b>	<b>-1,070</b>	<b>-293</b>	<b>-4</b>	<b>-297</b>
Cash flow	-90	-363	480	27	-9	18
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>660</b>	<b>-1,665</b>	<b>-1,109</b>	<b>-2,114</b>	<b>-50</b>	<b>-2,166</b>

PARENT COMPANY	Cash and cash equivalents	Non-current interest-bearing loans	Current interest-bearing loans	Net debt	Other non-current liabilities	Total
<b>Carrying amount at 1 January 2018</b>	<b>218</b>	<b>-1,980</b>	<b>-8</b>	<b>-1,769</b>	<b>-12</b>	<b>-1,781</b>
<b>Non-cash items</b>						
Reclassification	–	300	-300	–	-11	-11
Foreign currency translation differences	–	–	–	–	-1	-1
<b>Total non-cash items</b>	<b>–</b>	<b>300</b>	<b>-300</b>	<b>–</b>	<b>-12</b>	<b>-12</b>
Cash flow	163	-10	-142	11	11	22
<b>CARRYING AMOUNT AT 31 DECEMBER 2018</b>	<b>381</b>	<b>-1,690</b>	<b>-450</b>	<b>-1,758</b>	<b>-13</b>	<b>-1,771</b>
<b>Non-cash items</b>						
Reclassification	–	971	-971	–	–	–
Foreign currency translation differences	–	7	–	7	–	7
<b>Total non-cash items</b>	<b>–</b>	<b>978</b>	<b>-971</b>	<b>7</b>	<b>–</b>	<b>7</b>
Cash flow	-197	-893	450	-586	-5	-591
<b>CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>184</b>	<b>-1,550</b>	<b>-971</b>	<b>-2,337</b>	<b>-18</b>	<b>-2,355</b>

## 28 PROVISIONS FOR PENSIONS

## DEFINED BENEFIT PENSION PLANS

## Sweden

The Group's retirement pension obligations for salaried employees in Sweden are secured through insurance in Alecta. According to statement UFR 10 from the Swedish Accounting Standards Board's Urgent Issues Task Force, Alecta is a "multi-employer" plan. The Group has not had access to sufficient information to report this as a defined benefit pension plan. Consequently, the ITP-based pension plan which is secured through insurance in Alecta is reported as a defined contribution plan.

AI Pension (AIP) was previously used for some employees in Sweden. This plan has now been discontinued and transferred to ITP and Alecta.

Surpluses in Alecta can be refunded to the policyholders and/or the insureds. At the end of 2019 Alecta's surplus measured as a collective consolidation ratio was 148 per cent (142). The collective consolidation ratio is the market value of Alecta's plan assets as a percentage of insurance obligations computed according to their own actuarial assumptions, which are not consistent with IAS 19.

## Norway

As at the close of 2019, Sweco Norge AS has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to 31 retired members. The plans' assets and liabilities are calculated using identical actuarial assumptions.

## Netherlands

Most of the Dutch pension plan is comprised of a collective defined contribution plan. Contribution is based on a fixed premium. The plan has no provisions covering additional funding by the Netherlands in the event of a deficit.

The Dutch defined benefit pension plan mainly relates to a conditional early retirement plan. The plan is only applicable to active employees who were younger than 56 years at 1 January 2006 and 31 December 2005. The plan is effective through 31 December 2020.

Both plans are administered by Stichting Pensioenfonds Grontmij, a fund that is legally separated from the Group.

## Belgium

Sweco Belgium has several defined benefit pension plans with similar demographic and financial assumptions. Assets and liabilities in these plans are computed according to the same actuarial assumptions. As the legislature requires employers to ensure a minimum return on pension plans, several Belgian pension plans previously classified as defined contribution plans are now recognised as defined benefit plans. The initial recognition of the defined benefit pension plan liability (SEK 38 million) is reported as part of the purchase price allocation of the Grontmij transaction.

## Other countries (Finland, Germany, UK, Denmark and Poland)

Employees in Finland are covered by defined contribution pension plans. There is a defined benefit pension plan for employees added through the acquisition of design operation in NRC Group 2019. Germany and the UK participate in defined contribution pension plans with local pension funds or insurance companies. Both countries have limited defined benefit pension plans. The German plan is unfunded. The Group participates in defined benefit pensions plans with local pension funds or insurance companies in Poland and Denmark.

Breakdown of net asset/ liability for defined benefit plans by country	2019					Total
	Norway	Nether- lands	Germany	Belgium	Other	
Present value of defined benefit pension obligations	-55	-111	-43	-237	-7	-452
Fair value of plan assets	44	85	-	153	3	284
Liability for jubilee benefits	-	-14	-2	-	-5	-21
<b>NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS</b>	<b>-11</b>	<b>-40</b>	<b>-45</b>	<b>-84</b>	<b>-9</b>	<b>-189</b>

Breakdown of net asset/ liability for defined benefit plans by country	2018					Total
	Norway	Nether- lands	Germany	Belgium	Other	
Present value of defined benefit pension obligations	-56	-89	-37	-191	-14	-388
Fair value of plan assets	41	76	-	143	10	270
Liability for jubilee benefits	-	-13	-2	-	-4	-19
<b>NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS</b>	<b>-15</b>	<b>-25</b>	<b>-40</b>	<b>-48</b>	<b>-9</b>	<b>-137</b>

Defined benefit pension plans in the balance sheet	2019	2018
Present value of defined benefit pension obligations	-452	-388
Fair value of plan assets	284	270
Liability for jubilee benefits	-21	-19
<b>NET LIABILITY FOR DEFINED BENEFIT PLANS</b>	<b>-189</b>	<b>-137</b>
Non-current pension provisions	-178	-128
Current pension provisions	-11	-9
<b>NET BALANCE SHEET AMOUNT</b>	<b>-189</b>	<b>-137</b>

Change in defined benefit pension obligations for the year	2019	2018
Defined benefit pension obligation at beginning of year	-388	-355
Current service costs	-25	-24
Past service costs	0	0
Curtailment gain	0	0
Interest expense	-6	-5
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	1	1
– Actuarial gains and losses on changed financial assumptions	-49	0
– Experienced-based adjustments	-6	-13
Settlement and changes in the pension plan	2	0
Contributions from plan participants	-5	-
Reclassification	-	-1
Benefits paid	39	22
Increase through acquisitions	-3	0
Foreign currency translation difference	-13	-12
<b>Defined benefit pension obligation at year end</b>	<b>-452</b>	<b>-388</b>

Change in fair value of plan assets for the year	2019	2018
Fair value of plan assets at beginning of year	270	244
Employer contributions	37	31
Contributions from plan participants	5	3
Interest income	4	4
Return on plan assets, excluding interest income	-9	3
Actuarial gains and losses	6	-3
Settlement and changes in the pension plan	-2	-
Benefits paid	-37	-19
Increase through acquisitions	3	0
Administration cost	-1	-1
Foreign currency translation difference	9	8
<b>Fair value of plan assets at year end</b>	<b>284</b>	<b>270</b>

Plan assets are comprised of	2019	2018
Cash and cash equivalents and current investments	87	87
Shares	0	-
Government bonds	39	41
Fixed-income securities	3	2
Real estate	1	-
Other <sup>1</sup>	156	139
<b>TOTAL PLAN ASSETS</b>	<b>284</b>	<b>270</b>

1) Refers to assets in Sweco Belgium pension plans where insurance contracts exist. Assets in these plans are managed by an external party and returns generated by these assets are used to pay employees' benefits. Distribution of these assets, geographically or by asset class, was not available at the date of the publication of this Annual report, nor was information on whether the holding was listed or not.

Note 28

Defined benefit pension plans	2019	2018
<b>Net expense in the income statement</b>		
Current service costs	-26	-25
Past service costs	0	0
Net interest income/interest expense	-2	-2
Settlement and changes in the pension plan	0	0
<b>TOTAL NET EXPENSE</b>	<b>-28</b>	<b>-27</b>
<b>Net expense is recognised in the income statement as</b>		
Personnel costs	-28	-27
<b>Net expense in profit for the year</b>	<b>-28</b>	<b>-27</b>
<b>Expense recognised in other comprehensive income</b>		
Revaluations:		
Actuarial gains (-) and losses (+)	-49	-16
Difference between actual return and return on discount rate on plan assets	-9	3
<b>Net expense recognised in other comprehensive income</b>	<b>-57</b>	<b>-12</b>
<b>NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME</b>	<b>-86</b>	<b>-39</b>

The defined benefit plans are exposed to actuarial risks such as life expectancy, currency, interest rate and investment risks.

	Norway		Netherlands		Germany		Belgium	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Actuarial assumptions, %</b>								
Discount rate	2.3	2.6	0.0	0.0	1.1	2.0	0.7	1.8
Anticipated return on plan assets	2.3	2.6	0.0	0.0	0.0	0.0	0.7	1.8
Annual rate of salary increase	2.3	0.0	1.0	1.0	2.0	2.0	2.8	2.8
Annual rate of pension increase	0.5	0.8	0.0	0.0	1.5	1.5	0.0	0.0
Inflation	1.5	0.3	0.0	0.0	0.0	0.0	1.8	1.8
Discount rate jubilee	-	-	1.1	0.0	0.9	2.0	-	-
<b>Life expectancy assumption, years</b>								
<b>- pensioned at end of period:</b>								
Men	21.0	21.0	24.6	24.6	14.0	14.0	21.6	21.6
Women	24.1	24.1	26.6	26.6	17.0	17.0	25.3	25.3
<b>Life expectancy assumption, years</b>								
<b>- pensioned 20 years after end of period:</b>								
Men	23.2	23.2	26.2	26.2	22.0	22.0	-	-
Women	26.5	26.5	28.3	28.3	25.0	25.0	-	-
<b>Other information</b>								
Weighted average maturity of obligation, years	7.0	8.0	1.9	1.9	16.2	15.0	13.0	10.2
Number of active members in relation to total number of individuals, %	0	0	100	100	23	36	99	100

**Sensitivity analysis**

The table below presents possible changes in actuarial assumptions on the balance sheet date (all other assumptions remaining constant) and how these would affect the defined benefit obligation.

Defined benefit obligation, SEK M	Increase	Decrease
Discount rate (-/+ 1% change)	54	41
Annual rate of salary increase (+/- 1% change)	21	17
Annual rate of pension increase (+/- 1% change)	11	9
Life expectancy (+/-1 year)	2	2

The Group estimates that approximately SEK 36 million will be paid to defined benefit pension plans during 2020.

**DEFINED CONTRIBUTION PENSION PLANS**

	2019	2018
<b>Allocation of expenses by pension plan</b>		
Sweden, Alecta	-375	-351
Sweden, AIP	-	-17
Finland	-214	-196
Netherlands	-133	-124
Norway	-122	-107
Denmark	-73	-75
UK	-47	-30
Germany	-3	-3
Belgium	0	0
Other countries	0	0
<b>TOTAL</b>	<b>-966</b>	<b>-902</b>



## 32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2019	2018	2019	2018
<b>Pledged assets</b>				
Pledged funds for rent	1	20	–	–
<b>TOTAL PLEDGED ASSETS</b>	<b>1</b>	<b>20</b>	<b>–</b>	<b>–</b>
<b>Contingent liabilities</b>				
Corporate guarantees <sup>1</sup>	463	496	417	337
<b>Total corporate guarantees</b>	<b>463</b>	<b>496</b>	<b>417</b>	<b>337</b>
<b>Bank guarantees</b>				
Advance payment guarantees	94	119	29	42
Performance guarantees	188	135	19	38
Other	265	207	117	97
<b>Total bank guarantees</b>	<b>547</b>	<b>461</b>	<b>165</b>	<b>178</b>
<b>TOTAL CONTINGENT LIABILITIES<sup>1</sup></b>	<b>1,010</b>	<b>957</b>	<b>581</b>	<b>515</b>

1) Sweco conducted a review of the corporate guarantees and updated the contingent liabilities for 2018 from SEK 791 million to SEK 957 million.

Since 2015 Sweco AB has issued a guarantee pursuant to Article 2:403 of the Dutch Civil Law (Burgerlijk Wetboek) under which the Parent Company is the guarantor for liabilities and obligations of Sweco Holdco B.V.

## 33 FINANCIAL INSTRUMENTS BY CATEGORY

## GROUP

The fair value and carrying amounts are recognised in the balance sheet as shown below. Carrying amount is considered a good approximation of fair value.

2019	Carrying value					Fair value hierarchy			
	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through comprehensive income</b>									
Shares	–	10	–	–	10	–	–	10	10
<b>TOTAL</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>10</b>
<b>Financial assets measured at amortised cost</b>									
Non-current receivables	56	–	–	–	56	–	–	–	–
Trade receivables	3,418	–	–	–	3,418	–	–	–	–
Cash and cash equivalents	660	–	–	–	660	–	–	–	–
<b>TOTAL</b>	<b>4,134</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,134</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities measured at fair value through profit and loss</b>									
Currency forwards for hedging	–	–	2	–	2	–	2	–	2
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>
<b>Financial liabilities measured at amortised cost</b>									
Liabilities to credit institutions	–	–	–	2,774	2,774	–	–	–	–
Other non-current liabilities	–	–	–	47	47	–	–	–	–
Trade payables	–	–	–	864	864	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,685</b>	<b>3,685</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

2018	Carrying value					Fair value hierarchy			
	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through comprehensive income</b>									
Shares	–	10	–	–	10	–	–	10	10
<b>TOTAL</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>10</b>
<b>Financial assets measured at amortised cost</b>									
Non-current receivables	168	–	–	–	168	–	–	–	–
Trade receivables	3,243	–	–	–	3,243	–	–	–	–
Cash and cash equivalents	775	–	–	–	775	–	–	–	–
<b>TOTAL</b>	<b>4,186</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,186</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities measured at fair value through profit and loss</b>									
Currency forwards for hedging	–	–	3	–	3	–	3	–	3
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>3</b>
<b>Financial liabilities measured at amortised cost</b>									
Liabilities to credit institutions	–	–	–	2,624	2,624	–	–	–	–
Other non-current liabilities	–	–	–	25	25	–	–	–	–
Trade payables	–	–	–	636	636	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,285</b>	<b>3,285</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## PARENT COMPANY

Fair value and carrying amounts are recognised in the balance sheet as shown below:

2019	Carrying value				Fair value hierarchy	
	Hold to collect	Hold to collect and sell	Other liabilities	Total carrying amount	Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	18	–	–	18	–	–
Cash and cash equivalents	184	–	–	184	–	–
<b>TOTAL</b>	<b>202</b>	<b>1</b>	<b>–</b>	<b>203</b>	<b>1</b>	<b>1</b>
Non-current interest-bearing liabilities	–	–	1,550	1,550	–	–
Current interest-bearing liabilities	–	–	971	971	–	–
Trade payables	–	–	215	215	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>2,736</b>	<b>2,736</b>	<b>–</b>	<b>–</b>

2018	Carrying value				Fair value hierarchy	
	Loans and receivables	Hold to collect and sell	Other liabilities	Total carrying amount	Level 3	Total
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	13	–	–	13	–	–
Cash and cash equivalents	381	–	–	381	–	–
<b>TOTAL</b>	<b>394</b>	<b>1</b>	<b>–</b>	<b>395</b>	<b>1</b>	<b>1</b>
Non-current interest-bearing liabilities	–	–	1,690	1,690	–	–
Current interest-bearing liabilities	–	–	450	450	–	–
Trade payables	–	–	46	46	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>2,186</b>	<b>2,186</b>	<b>–</b>	<b>–</b>

The table above provides information about the method for determining the fair value of financial instruments measured at fair value in the balance sheet. The hierarchy for determining fair value is based on the following three levels.

- Level 1: according to quoted market prices in active markets for identical instruments  
 Level 2: according to directly or indirectly observable market inputs that are not included in level 1  
 Level 3: according to inputs that are not based on observable market data

No transfers between any of the levels took place during the year.

**Measurement of fair value**

Below is a summary of the primary methods and assumptions used to determine the fair values of the financial instruments reported in the tables above.

The fair value of a listed financial asset is equal to the asset's quoted market price on the balance sheet date. The fair value of unlisted financial assets is determined through market valuation, such as recently completed transactions, the price of similar instruments and discounted cash flows. When there is no reliable basis for determining fair value, financial assets are measured at amortised cost. The financial assets in Sweco consist of shares in small enterprises, which are not stock exchange-listed. As there is no active market for these shares and thus no current market valuation, the acquisition value is the most reasonable estimated market value, which is also the recognised value.

For forward exchange contracts, fair value is determined on the basis of quoted market prices for forward exchange contracts on the balance sheet date.

The value of non-current loans is recognised as accrued amortised cost, which is considered a good approximation of fair value since the fixed interest period for all loans is less than one year.

The fair value of finance lease liabilities is based on the present value of future cash flows discounted at the market rate of interest for similar lease contracts (Level 2).

For trade receivables and payables with a remaining life of less than one year, the carrying amount is assessed to reflect fair value.

The table below presents reconciliation between the opening and closing balances for financial instruments measured at fair value in the balance sheet based on a valuation technique that uses unobservable market data (Level 3).

GROUP	Financial investments
Opening carrying amount at 1 January 2018	13
Total reported gains and losses	
– recognised in profit for the year	-1
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	0
Gained through acquisitions	0
Proceeds from divestitures	-3
<b>CLOSING CARRYING AMOUNT AT 31 DECEMBER 2018</b>	<b>10</b>
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2018	
Opening carrying amount at 1 January 2019	10
Total reported gains and losses	
– recognised in profit for the year	1
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	0
Gained through acquisitions	0
Proceeds from divestitures	0
<b>CLOSING CARRYING AMOUNT AT 31 DECEMBER 2019</b>	<b>10</b>
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2019	0

### 34 FINANCIAL RISKS AND FINANCE POLICY

Through its operations, the Group is exposed to various types of financial risk. Financial risk refers to fluctuations in earnings and cash flow due to changes in exchange rates, interest rates, refinancing and credit risks.

#### FINANCE POLICY

To control and minimise the financial risks to which the Group is exposed, the Board of Directors has drawn up a finance policy that is revised and adopted at least once a year. The policy regulates the division of responsibilities between local companies and the corporate finance department, and specifies the financial risks that the Group is permitted to take and how these risks are to be managed. Surplus cash is invested primarily in fixed-income instruments in the money market, with low credit risk and high liquidity as required criteria. Transaction exposure for client projects is hedged primarily through forward exchange contracts.

#### MARKET RISK

Market risk is the risk for fluctuations in the value of financial investments due to changes in market prices. Sweco's policy minimises this risk by limiting the average fixed-interest term of financial investments to 120 days.

#### CURRENCY RISKS

##### Transaction exposure

The Group's exposure to currency risk is primarily related to potential exchange rate fluctuations in contracted and anticipated payment flows in foreign currencies. The objective of currency risk management is to minimise the effects of exchange rate movements on the Group's profit and financial position. The Group normally has a natural risk coverage in that both sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the forecasted net payment flows are hedged through forward contracts.

The Group's transaction exposure from exports in 2019 can be broken down into the following significant currencies:

##### 2019

SEK M	DKK	EUR	GBP	NOK	USD
Income	72	564	44	135	50
Expenses	-31	-632	-15	-48	-22
<b>NET</b>	<b>41</b>	<b>-68</b>	<b>29</b>	<b>87</b>	<b>28</b>

##### 2018

SEK M	DKK	EUR	GBP	NOK	USD
Income	54	461	45	153	42
Expenses	-26	-464	-22	-44	-42
<b>NET</b>	<b>28</b>	<b>-3</b>	<b>23</b>	<b>109</b>	<b>0</b>

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 30 months (0 and 42 months).

SEK M	Contract amount		Unrealised gains + / losses -		Average rate	
	2019	2018	2019	2018	2019	2018
<b>Currency</b>						
EUR buy	-158	-38	0	0	10.47	10.23
EUR sell	26	56	-2	-3	10.53	9.85
CNH	15	-	0	-	1.35	-
USD	7	3	0	0	9.35	8.30
GBP	-	1	-	0	-	10.99
DKK	-	3	-	0	-	1.31
NOK	-	4	-	0	-	1.01
Other	1	2	0	0		

Hedge accounting was not applied for the forward exchange contracts outstanding on the balance sheet date. Valuation gains/losses on forward exchange contracts are recognised in other external expenses in the income statement and fair value is recognised in other current receivables/liabilities in the balance sheet.

#### Translation exposure

When the balance sheets of foreign subsidiaries are translated to SEK, a foreign currency translation difference arises due to the facts that the current year is translated at a different rate than the preceding year, and that the income statement is translated at the average exchange rate during the year while the balance sheet is translated at the closing day rate.

Translation exposure is comprised of the risk for changes in equity resulting from translation differences. For the significant currencies, translation exposure at 31 December 2019 was NOK 497 million (441), GBP 57 million (61), DKK 499 million (442) and EUR 372 million (310). The Group's policy is not to hedge translation exposure in foreign currencies except in connection with major acquisitions.

Sweco has chosen to hedge the net investments in Finland (mainly FMC Group) and the Netherlands (mainly Grontmij Group) with currency loans in EUR, which are reported in the table below. There were no inefficiencies to be reported from hedges of net investments in foreign operations.

	Group	
	2019	2018
<b>Net investment in foreign operation</b>		
Carrying amount foreign currency loan, SEK M	-1,748	-1,843
Carrying amount foreign currency loan, EUR M	-166	-181
Hedge ratio for both loans	1:4	1:3
Change in carrying amount of the loans as a result of changed foreign currency rate	-40	-40
Change in value of hedged item used to determine hedge effectiveness	1,008	439
<i>Of which, due to changed foreign currency rate</i>	<i>193</i>	<i>173</i>

During 2019, an amount of EUR 15 million (10) was amortised on currency loans.

#### Balance sheet exposure

On the translation of assets and liabilities transactions, balance sheet exposure arises in the difference between exchange rates on the transaction date and the closing day rate. The resulting exchange difference is recognised in the income statement.

Foreign exchange differences recognised in the income statement	Group		Parent Company	
	2019	2018	2019	2018
Other operating income	8	6	8	7
Other operating expenses	1	-1	-	0
<b>Total foreign exchange differences in operating profit</b>	<b>9</b>	<b>5</b>	<b>8</b>	<b>7</b>
Other financial items	-2	-8	-20	-27
<b>Total foreign exchange differences in total net financial items</b>	<b>-2</b>	<b>-8</b>	<b>-20</b>	<b>-27</b>
<b>TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT AFTER TAX</b>	<b>7</b>	<b>-3</b>	<b>12</b>	<b>-20</b>

#### INTEREST RATE RISK

Interest rate risk refers to the effects of interest rate movements on the Group's net financial items and fluctuations in the value of financial instruments due to changes in market interest rates. All loans carry interest with short fixed-interest periods. The Group's assessment is that loans with short interest periods result in the lowest risk and financing cost over time.



**LIQUIDITY RISK**

Liquidity risk (the risk that the Group will incur higher costs due to insufficient liquidity and be unable to fulfil its payment obligation), cash flow risk (the risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (the risk that the Group would be unable to refinance matured loans) are deemed minor in view of the Group's financial

position with unutilised bank overdraft facilities which, including cash and cash equivalents, total SEK 2,699 million (1,749). There are cash pools in place to minimise the borrowing requirement through the use of surplus liquidity in the Group. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations; see also Note 27.

An age analysis of financial liabilities is shown in the table below:

2019	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		2,717	1,052	1,665	–
Forward exchange contracts, EUR	-13	-132	-142	10	–
Forward exchange contracts, USD	1	7	7	–	–
Forward exchange contracts, CNH	11	15	15	–	–
Forward exchange contracts, other		1	1	–	–
Lease liabilities		3,210	688	1,902	621
Trade payables		864	864	0	–
Other liabilities		1,017	967	50	–
<b>TOTAL</b>		<b>7,699</b>	<b>3,452</b>	<b>3,627</b>	<b>621</b>

2018	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		2,558	453	2,105	–
Forward exchange contracts, EUR	2	18	-2	20	–
Forward exchange contracts, GBP	0	1	1	–	–
Forward exchange contracts, DKK	2	3	3	–	–
Forward exchange contracts, NOK	4	4	4	–	–
Forward exchange contracts, USD	0	3	3	–	–
Forward exchange contracts, other		2	2	–	–
Lease liabilities		2,913	599	1,675	639
Trade payables		636	634	2	–
Other liabilities		967	930	37	–
<b>TOTAL</b>		<b>7,105</b>	<b>2,627</b>	<b>3,839</b>	<b>639</b>

**CREDIT RISK**

Credit risk in Sweco arises mainly from trade receivables, cash and cash equivalents and other non-current receivables.

The risk that the Group's clients will not meet their obligations (i.e., that payment will not be received from the clients), constitutes a client credit risk. The Group carries out regular credit assessments of new clients.

Sweco currently has around 34,000 clients in both the private and public sectors. Of total sales the public sector accounts for 42 per cent, property and construction companies for 17 per cent, industrial companies for 18 per cent and other private sector companies for 23 per cent.

The ten largest clients account for 16 per cent of total sales. Since Sweco is not dependent on any individual client, there is little risk that trade receivable losses will have a significant impact on the company. Historically, such losses have been minor.

To measure the expected credit loss regarding trade receivables and work in progress less progress billings Sweco applies the simplified approach which uses a lifetime expected loss allowance.

To measure the expected credit losses, trade receivables and work in progress less progress billings have been grouped based on shared credit risk characteristics. The work in progress less progress billings have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for work in progress less progress billings.

The expected loss rate calculated to 0.03 per cent (0.05 per cent) is based on the historical credit loss rate over a period of 36 months (36). Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting clients' capacity to settle the receivables. On the balance sheet date, the forward-looking approach does not support a change in the expected credit loss rate, as the economic environment Sweco operates in (primarily Europe) is currently strong. This may change, however, if the economic situation deteriorates. Historically, Sweco's operations have been affected late in the business cycle, and it is the Group's assessment that this relation remains valid. Provisions of doubtful trade receivables stemming from the acquisition of Grontmij in 2015 have been excluded from the forward-looking expected credit loss provision since these are not representative of Sweco's operations.

Age analysis, trade receivables	2019			2018		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	2,704	0	2,704	2,527	0	2,527
Overdue trade receivables 0–30 days	311	-4	308	362	-1	361
Overdue trade receivables 31–90 days	155	0	154	113	-3	110
Overdue trade receivables 91–180 days	67	-3	64	54	-3	51
Overdue trade receivables > 180 days	272	-84	188	254	-60	194
<b>TOTAL</b>	<b>3,509</b>	<b>-91</b>	<b>3,418</b>	<b>3,310</b>	<b>-67</b>	<b>3,243</b>

Trade receivables by currency	2019	2018
SEK	1,203	1,185
EUR	1,203	1,119
DKK	333	380
NOK	356	368
GBP	220	93
PLN	22	37
USD	9	12
CZK	50	34
Other currencies	21	15
<b>TOTAL</b>	<b>3,418</b>	<b>3,243</b>

Changes in reserve for doubtful receivables	Trade receivables		Work in progress less progress billings	
	2019	2018	2019	2018
Opening reserve for doubtful trade receivables	-67	-63	-7	-8
Increase through acquisitions	-10	-1	–	–
Provisions to reserve for doubtful trade receivables	-36	-37	–	–
Write-offs of non-collectible receivables/non-invoiceable for the year	10	9	–	–
Reversal of unutilised amount	13	26	3	1
Translation difference	-2	-1	–	–
<b>CLOSING RESERVE FOR DOUBTFUL RECEIVABLES</b>	<b>-91</b>	<b>-67</b>	<b>-4</b>	<b>-7</b>

Other non-current receivables at amortised cost amounted to SEK 56 million (168), comprised of lease receivables related to employee cars, endowment insurance, deposits and other receivables. Of Other non-current receivables at 31 December 2018, SEK 98 million was attributable to a bank deposit to cover future cash outflows for costs associated with one of the Group's landfills. The business involved was sold 2019 and these receivables are therefore not included in the 31 December 2019 balance.

Surplus cash is firstly used to make repayment on loans. In the event there are no loan repayments to be made, cash surplus may be invested in accordance with the rules stipulated in the finance Policy, such as deposits with a minimum Standard & Poor's rating of A or equivalent rating, etc.

#### SENSITIVITY ANALYSIS

To manage currency risks, the Group strives to minimise the impact of short-term fluctuations in profit and cash flows. However, in a longer perspective, profit, cash flows and equity will be affected by more lasting changes in exchange rates and interest rates. The sensitivity analysis is presented in the table below.

Factor	Change +/-	2019 Impact on earnings +/- SEK M	2018 Impact on earnings +/- SEK M
Currency	%		
EUR	10	50	38
NOK	10	24	22
DKK	10	14	10
GBP	10	1	3
USD	10	2	0
Interest rate on lending/borrowing	1%-point	17	17

The sensitivity analysis is based on the assumption that currency translation and transaction exposure, and all other factors, are constant. The sensitivity analysis shows the calculated impact on earnings after tax (standard tax rate of 23.7 per cent) when changing currency exchange rates and interest rates respectively.

#### CAPITAL MANAGEMENT

Sweco Group's financial objective is to uphold an appropriate capital structure and financial stability in order to maintain the confidence of investors, creditors and the market. A good capital structure also creates a foundation for ongoing development of the Group's business operations. Capital is defined as total equity and non-controlling interests.

Capital	2019	2018
Equity	7,154	6,158
Non-controlling interests	10	10
<b>TOTAL</b>	<b>7,164</b>	<b>6,168</b>

Sweco Group's capital is used to finance acquisitions, to maintain a high level of financial flexibility and to provide competitive dividends to Sweco's shareholders.

The Group's dividend policy is to distribute at least half of profit after tax to the shareholders while also maintaining a capital structure that provides scope for development of and investment in the company's core operations. The Board of Directors has proposed that the 2020 Annual General Meeting approves a dividend of SEK 6.20 per share, equal to a dividend share of approximately 54 per cent of profit after tax. Through the dividend, a maximum of SEK 751 million will be distributed to the shareholders.

Sweco's target for financial strength is to maintain a level of net debt that over time does not exceed 2.0 times EBITDA. Over the past five years, ordinary dividends totalled an average of around 61 per cent of profit after tax.

Sweco's 2019 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2019 Share Savings Scheme and the 2019 Share Bonus Scheme, under which bonuses are paid in shares for operations in Sweden.

The Board proposes that the 2020 Annual General Meeting authorises the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2020 Share Savings Scheme and the 2020 Share Bonus Scheme.

#### 35 RELATED PARTY TRANSACTIONS

The Group's related parties are major shareholders, joint ventures, associated companies, the Board of Directors and other senior executives.

Sales to related parties are carried out on market-based terms.

Goods and services totalling SEK 0 million (1) were sold to companies owned by the Nordström family (a shareholder controlling approximately 33.4 per cent of the votes in Sweco). The related trade receivable at 31 December 2019 amounted to SEK 0 million (0). Consulting services totalling SEK 8 million (10) were sold to companies owned by the Douglas family (which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 20.9 per cent of the votes in Sweco). The related trade receivable at 31 December 2019 amounted to SEK 1 million (1).

The Group had insignificant sales to associated companies and joint ventures. Dividends from associated companies totalled SEK 0 million (1). Trade payables with associated companies at 31 December 2019 amounted to SEK 6 million (2).

For information on remuneration to the Board of Directors and senior executives, see Note 6.

#### 36 EVENTS AFTER THE BALANCE SHEET DATE

On 11 February 2020 the Board of Directors proposed that the Annual General Meeting resolve on a distribution to the shareholders in the form of a dividend totalling a maximum of SEK 751 million (see Note 26).

On 16 January, Sweco acquired Talboom Group, a Belgian consulting company with around 110 employees. Talboom is active predominantly in the pharmaceutical and infrastructure markets and in 2018 had net sales of EUR 12.2 million. Talboom is consolidated into Sweco Belgium as of January 2020.

#### 37 CRITICAL ESTIMATES, ASSESSMENTS AND UNCERTAINTIES

##### KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements in accordance with IFRS requires the Group to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Estimates and underlying assumptions are based on historical experience and on several other factors that may be considered probable based on the specific conditions. The result of this process forms the basis for evaluating reported assets and obligations that may be difficult to identify from other sources. Actual results may deviate from these estimates.

Significant estimates and underlying assumptions are reviewed periodically. Revised estimates are reported during the period in which the estimate was revised, if the revision affects only that year. Otherwise, they are reported during the year under review and future periods if the revision affects both the year under review and future periods.

##### Impairment testing of goodwill

In determining the recoverable amount of cash-generating units for impairment testing of goodwill, the Group made assumptions about future conditions and estimated key variables (see Note 13). As illustrated in Note 13, significant changes in these estimates and assumptions may affect the value of goodwill.

##### Valuation of work in progress and remaining performance obligation

Approximately 32 per cent of Sweco's net sales are generated in fixed price service contracts. Assets and liabilities in these contracts represent significant amounts. Work in progress is recognised at the value of work performed less confirmed losses and anticipated loss risks. Revenue is recognised based on the estimated stage of completion. If the stage of completion cannot be estimated reliably, the project is valued to incurred cost. Determination of the risks in the projects and the percentage of completion is based on prior experience of similar projects and the specific conditions of each project. The balance sheet amount is comprised of multiple contracts, none of which makes up a substantial share of the total. While miscalculation of an individual project would not have a significant impact on the value of work in progress, a general miscalculation could have a significant impact, although this is not probable.

The value of the remaining performance obligations mentioned in Note 2 gives an indication of contracted work still to be performed. Experience says that it is difficult to settle on the exact timing of revenue recognition for this work, and there is the possibility that clients will postpone and/or cancel the contract. The amount is therefore uncertain and should not be interpreted as indicative of Sweco's overall future performance.

**Effect of ongoing litigation and valuation of contingent liabilities on the consolidated financial position**

The Group has made a number of acquisitions in different countries over the years and has taken over certain contingent liabilities attributable to the acquired companies. Companies within the Group are also involved in various other legal proceedings arising in the ordinary course of business. For further information, see Note 32 and Note 34.

**Reporting of income tax, VAT and other taxes**

Reporting of income tax, VAT and other taxes is based on applicable regulations in the countries where the Group operates. Due to the overall complexity of tax and tax accounting regulations, application and reporting are based on interpretations and on estimates and assessments of possible outcomes. Deferred tax is calculated on temporary differences between the reported and taxable values of assets and liabilities. There are two main types of assumptions and assessments that affect reported deferred tax: assumptions and assessments (i) to determine the carrying amount of various assets and liabilities and (ii) regarding future taxable profit, in cases where future utilisation of reported and non-reported deferred tax assets is dependent on this in addition to existing deferred tax liabilities. Significant assessments and assumptions are also made when reporting provisions and contingent liabilities with respect to tax risks. For additional information on taxes, please see Note 10.

**Pension assumptions**

Provisions for pensions are based on Sweco's best actuarial assumptions about the future (see Note 28). Deviations in the actual outcome of these parameters are recognised in other comprehensive income.

**Impact from UK's referendum to leave the EU**

Sweco's operations in the UK are primarily directed towards local clients in local currency. Sweco UK represents about 6 per cent of Group revenues. While Brexit may have a material impact on Sweco UK, the assessment is that the impact on the Group is limited. When Sweco UK's financial statements are translated to SEK, any positive or negative effects on the valuation of the British currency will affect the Group's consolidated accounts. Transaction risk is limited as most revenues are matched with local cost.

**Uncertainties regarding effects of the COVID-19 virus**

In businesses like Sweco's, the spread of the COVID-19 virus can have a significant impact. Clients, employees and projects may be affected on a major scale, which can also have adverse financial and other consequences. At the time of writing, there is a great deal of uncertainty as to the extent of the COVID-19 virus's impact on Sweco, the form this impact may take, and the time horizon during which an impact may be felt.

**38 PARENT COMPANY INFORMATION**

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm. The headquarter address is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm.

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## SIGNATURES OF THE BOARD OF DIRECTORS

The Board of Directors and the President & CEO give their assurance that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' Report, including the Sustainability Report, for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 24 March 2020

Johan Nordström  
Board chairman

Gunnel Duveblad  
Board member

Elaine Grunewald  
Board member

Alf Göransson  
Board member

Johan Hjertonsson  
Board member

Eva Lindqvist  
Board member

Christine Wolff  
Board member

Görgen Edenhagen  
Employee representative

Maria Ekh  
Employee representative

Anna Leonsson  
Employee representative

Åsa Bergman  
President & CEO

Our audit report was submitted on 24 March 2020  
PricewaterhouseCoopers AB

Michael Bengtsson  
Auditor in charge  
Authorised Public Accountant

Aleksander Lyckow  
Authorised Public Accountant

# AUDITOR'S REPORT

(Translation of the Swedish original, for interpretation the Swedish version shall prevail)  
To the general meeting of the shareholders of Sweco AB (publ), corporate identity number 556542-9841

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Sweco AB (publ) for the year 2019 except for the corporate governance statement on pages 41–45. The annual accounts and consolidated accounts of the company are included on pages 36–90 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 41–45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Audit scope

Sweco are engineering and architectural consultants and manages their assignments in projects. Thousands of projects are ongoing within Sweco's decentralized organization. The majority of these project are based on time and material, there are however a significant part which is fixed price projects. The majority of the operations are conducted in 8 countries.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

#### KEY AUDIT MATTER

##### Cut-off and accuracy in revenue recognition of fixed price projects

Sweco describe this area further in note 23, 34 and 37 in this annual report.

Accounting of revenues relating to fixed price projects require, in particular when it comes to fixed price projects, that estimates must be made. Sweco applies percentage of completion accounting for fixed price projects. The revenue to be accounted for can be impacted by various circumstances. Example of such circumstances can be changes in contractual terms, actual costs exceeding planned cost and discussions and negotiations regarding achievement of milestones may exist. Factors such as these can impact the accounting and thereby lead to a higher level of inherent uncertainty in this area. Accounting of revenue from fixed price projects which span over a longer period of time lead to a higher risk for errors where revenue may be accounted for in the wrong period and/or at the wrong amount. Since project accounting require estimates to be made errors may either occur due to conscious or unconscious errors and/or erroneous estimates.

Sweco's growth has been driven organically as well as through acquisitions. In our audit we have therefore focused on project accounting of projects (with focus on fixed price projects) and valuation of goodwill (which is accounted for as a consequence of acquisitions made).

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Main focus areas and risks identified are further detailed in the "Key Audit Matters" included below. Our audit of Sweco's financial reporting has included audit of the company's routines, processes and internal controls over the financial reporting, analytic review of the financial information and detailed testing of supporting documents from the accounting function. Our audit has been performed during the whole year with increased effort during the third and fourth quarter. The audit is performed by audit teams which are part of the PwC network. Local audit teams exist in each country and these auditors report the result of their work to the group audit team.

In addition to work performed by the local audit teams the auditor in charge and members of the group audit team have performed four country visits outside of Sweden during the year. The scope and extent of our audit procedures for Sweco mean that we have covered all material units within Sweco which together represent a significant part of revenues, earnings and assets. The outcome of our work is during the year continuously reported to the company, the Audit Committee and for the full year also to the Board of Directors.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

#### HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have in our audit performed certain main activities including, though not limited to, the following:

- Testing on a sample basis that information in the project management system tie to the accounting system.
- Examined a selection of projects and performed a walk-through of projects with the responsible controller
- The walk through of projects includes, on a random basis, verifying the existence of agreements, challenging the assessments of percentage of completion and project provisions, assessments on the aging of project balances and explanations to overdue but not paid invoices.
- Procedures relating to internal control and routines for additions to existing projects, for making sure registered hours are assessed for invoicing and testing of IT-general controls.
- Examination of routines and procedures to assess consistent application of accounting principles for project provisions.

Overall, we deem that Sweco's assumptions and judgments are within reasonable ranges

**Valuation of goodwill**

Sweco describe this area further in Note 13 and 37 in this annual report.

Sweco's growth has historically been partly driven by acquisitions. Acquisitions leads to goodwill. Sweco's goodwill amounts to MSEK 7,471, a significant part of total assets. Each year management prepares an impairment test of goodwill. The test aims to test the goodwill value, i.e. whether book value of the asset tested exceeds its recoverable amount or not. The calculation of the impairment test is based on management's estimates and assumptions considering for example revenue and margin development and discount rate (WACC). A development which deviates negatively from the assumptions included in the test can trigger a need for impairment. The test is performed for each Cash Generating Unit. Sweco has defined these as their Business Areas. The Business Areas have their own management team and it is on this level that Sweco monitors their goodwill. Sweco's impairment test shows that no need for impairment exists.

We have in our audit performed for example the following key audit activities:

- Examined Sweco's model for impairment testing in order to conclude on the mathematical accuracy and reasonability in assumptions applied.
- On a sample basis verified data used in the impairment test calculation versus the budgets prepared by Sweco. In the test focus has been revenue growth, the operating margin and its assessed development and the applied discount rate. We have also verified data against external sources when possible.
- Performed sensitivity analysis were the effects of changes in assumptions and assessments are analysed to identify when/if/in what extent changes in these triggers a need for impairment.
- Examined that disclosure requirements according to IAS 36 Impairment has been included in the annual report.

Assumptions which form the basis for Sweco's impairment test is deemed to be within reasonable ranges.

**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–35, 94–101 and 108–113. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Director's and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Sweco AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

**Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

#### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 41–45 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 12, 113 97, Stockholm, Sweden, was appointed auditor of Sweco AB (publ) by the general meeting of the shareholders on the 11 April 2019 and has been the company's auditor since 1995.

Stockholm 24 March 2020  
PricewaterhouseCoopers AB

Michael Bengtsson  
Authorized Public Accountant  
Auditor in charge

Aleksander Lyckow  
Authorized Public Accountant

## SENSITIVITY ANALYSIS

Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on earnings, both upwards and downwards. For Sweco, an increase in the billing ratio (capacity utilisation) by one percentage point (around 25 minutes per consultant and week) would result in an

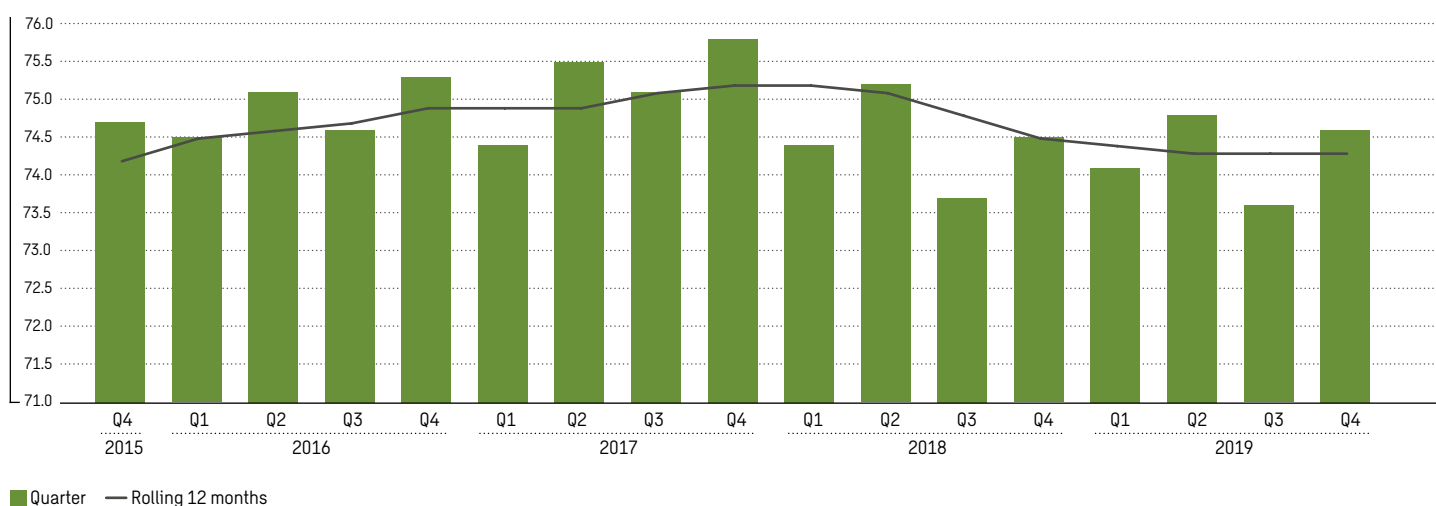
increase in profit of around SEK 238 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 205 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2019. For every assumed change, all other variables are assumed to be constant.

Factor	+/-	Effect +/-	
		Cash flow/operating profit	Earnings per share <sup>1</sup>
Net sales			
– average fee	1%	SEK 177 million	SEK 1.13
– average hourly fee	SEK 10	SEK 205 million	SEK 1.31
– billing ratio	1%-point	SEK 238 million	SEK 1.52
Personnel costs	1%	SEK 134 million	SEK 0.85
Overhead expenses	1%	SEK 25 million	SEK 0.16
Calendar effect	1 hour	SEK 9 million	SEK 0.06

1) After 22.7 per cent standard tax.

### BILLING RATIO BY QUARTER

%





## THE SWECO SHARE

Sweco AB's shares have been listed on Nasdaq Stockholm since 21 September 1998. Sweco's share capital is divided into Class A, Class B and Class C shares. Class A and B shares grant equal entitlement to dividends. Class A shares grant entitlement to one vote and Class B shares to one-tenth of one vote. Class A and B shares are listed. There are currently no Class C shares issued. Sweco's Articles of Association grant shareholders the right to convert Class A shares to Class B shares. The combined market capitalisation of Sweco shares at year-end was SEK 43,723 million.

### SHARE PRICE PERFORMANCE AND TRADING

The closing price for the Sweco B share was SEK 361.20 at year-end 2019, representing an increase of 83.4 per cent during the year. Over the same period, Nasdaq Stockholm increased by 29.6 per cent. The highest closing price for the Class B share in 2019 was SEK 367.40 and the lowest was SEK 183.60. The highest closing price for the Class A share was SEK 368.00 and the lowest was SEK 183.00.

A total of 30,254,556 (75,140 A and 30,179,416 B) Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 120,718 Class B shares and 301 Class A shares.

The annual total yield on the Sweco B share, defined as the sum of share price performance and reinvested dividends, has averaged at 32.2 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 11.4 per cent.

### LARGEST SHAREHOLDERS AT 31 DECEMBER 2019<sup>1</sup>

Shareholder	Number of A shares	Number of B shares	Total	Votes, %	Holding, %
Nordström family	6,118,808	10,665,646	16,784,454	33.4	13.9
Investment AB Latour	1,375,605	31,246,875	32,622,480	20.9	26.9
J. Gust. Richerts Memorial Foundation	1,991,260	67,832	2,059,092	9.3	1.7
SEB Funds		8,388,685	8,388,685	3.9	6.9
NN Group N.V.		6,394,644	6,394,644	3.0	5.3
Swedbank Robur Funds		3,363,181	3,363,181	1.6	2.8
ODIN Funds		2,434,360	2,434,360	1.1	2.0
Capital Group		2,007,017	2,007,017	0.9	1.7
Vanguard		1,853,185	1,853,185	0.9	1.5
Skandia Life Insurance	2,317	1,801,983	1,804,300	0.8	1.5
<b>Total, ten largest shareholders</b>	<b>9,487,990</b>	<b>68,223,408</b>	<b>77,711,398</b>	<b>75.9</b>	<b>64.2</b>
Other <sup>2</sup>	932,284	42,440,137	43,372,421	24.1	35.8
<b>TOTAL</b>	<b>10,420,274</b>	<b>110,663,545</b>	<b>121,083,819</b>	<b>100.0</b>	<b>100.0</b>

1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

2) Including a total of 3,285,360 treasury shares (all of which are Class B shares) and a total of 328,536.0 votes regarding repurchased shares.

### TREASURY SHARES

At 31 December 2019 Sweco held a total of 3,285,360 treasury shares (all of which are Class B shares) with an average purchase price of SEK 141.61 corresponding to SEK 465 million. The market value of the Class

### SWECO AB'S SHARE<sup>1</sup>

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	10,420,274	10,420,274.0	8.6	48.5
B	110,663,545	11,066,354.5	91.4	51.5
C	0	0.0	0.0	0.0
<b>TOTAL</b>	<b>121,083,819</b>	<b>21,486,628.5</b>	<b>100.0</b>	<b>100.0</b>

1) As at 31 December 2019, including a total of 3,285,360 treasury shares (all of which are Class B shares) and a total of 328,536.0 votes regarding repurchased shares.

An investment in Sweco is an investment in the leading engineering and architecture consultancy in Europe. As an investment, Sweco offers long-term growth supported by global sustainability drivers and industry consolidation. In addition, the unique operating principles – the Sweco Model – and increased scale are drivers for improved margin over time. The strong financial position, with stable operating cash-flow and relatively low leverage creates room for both continued value-creating acquisitions and stable dividend growth.

B treasury shares at the end of the year was SEK 1.187 million. The treasury shares correspond to 2.7 per cent of the total number of shares and 1.5 per cent of the votes.

### DISTRIBUTION OF SHAREHOLDINGS AT 31 DECEMBER 2019<sup>1</sup>

Number of shares	Number of known shareholders	Number of shares	Holding, %	Votes, %
1–500	13,944	1,494,089	1.2	1.0
501–1,000	1,460	1,061,011	0.9	0.6
1,001–10,000	1,993	5,332,688	4.4	3.4
10,001–50,000	225	4,555,785	3.8	3.1
50,001–100,000	44	3,046,355	2.5	2.3
100,001–	58	100,215,760	82.8	87.1
Anonymous ownership		5,378,131	4.4	2.6
<b>TOTAL</b>	<b>17,724</b>	<b>121,083,819</b>	<b>100.0</b>	<b>100.0</b>

1) Including a total of 3,285,360 treasury shares (all of which are Class B shares) and a total of 328,536.0 votes regarding repurchased shares.

## INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

The 2019 Annual General Meeting (like the AGMs in 2011–18) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the 2019 Share Savings Scheme. Under the scheme, participants may use their own funds to acquire Class B shares in Sweco (“Savings Shares”) on Nasdaq Stockholm for an amount equivalent to 5 to 10 per cent of the respective participant’s basic annual salary for 2019. If the Savings Shares are held until the fourth business day following the day of the publication of the year-end report for the 2022 financial year (“the Retention Period”) and the participant remains employed in his/her position or an equivalent or higher position in the Sweco Group throughout the Retention Period, each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration

(“Matching Share”) provided that the Sweco share has maintained a positive total shareholder return (“TSR”) during the Retention Period, and – provided that the set 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 total yield for the Sweco share, and is also dependent on the Sweco share’s total yield in relation to a group of benchmark companies.

The Board has decided to propose that the 2020 AGM approve the implementation of a long-term share savings scheme for up to 100 senior executives and key staff in the Sweco Group.

The participants and number of shares covered by each of the earlier share savings schemes are shown below.

	Share savings scheme				
	2016 <sup>2</sup>	2017	2018	2019	Total
Number of participating executives/key staff	41	47	52	60	–
Number of Savings Shares acquired by participants with own funds at market price	16,577	19,206	24,413	15 705	75, 901
Maximum number of Matching and Performance Shares that can be delivered to participants <sup>1</sup>	49,546	56,541	78,972	51 631	236,690
Retention Period runs until the fourth business day following the day of the publication of year-end report for financial year	2019	2020	2021	2022	–

1) If Savings Shares are held until the end of the respective Retention Period and the participant remains employed in his/her position or has an equivalent or higher position in the Sweco Group, each Savings Share grants entitlement to one Matching Share (the 2018 and 2019 Share Savings Scheme is also subject to the performance requirement specifying that Sweco’s TSR must be positive during the Retention Period in order for Matching Shares to be issued) and – provided that the set performance criteria for total yield for the Sweco share are met – to an additional number of not more than one to four Performance Shares.

2) The scheme expired on the fourth business day following the day of the publication of the 2019 year-end report. The Board subsequently decided to allocate a total of 38 963 Class B shares to the remaining participants.

The number of Performance Shares allocated to participants at the end of the share savings scheme is dependent on the performance of the Sweco Class B share as compared with the share performance of a comparison group determined by Sweco’s Board of Directors. The Board may change the composition of the comparison group as required due to the de-listing of a comparison company during the savings period. The table below lists the group of benchmark companies used for Sweco’s share saving schemes.

Group of benchmark companies 2016 share savings schemes	Group of benchmark companies 2017 share savings scheme	Group of benchmark companies 2018 share savings scheme	Group of benchmark companies 2019 share savings scheme
Arcadis	Arcadis	Arcadis	Arcadis
Multiconsult	Multiconsult	Multiconsult	Multiconsult
Rejler Group	Rejler Group	Rejler Group	Rejler Group
AFRY (ÅF Pöryr AB)	AFRY (ÅF Pöryr AB)	RPS	RPS
		WSP	WSP
		AFRY (ÅF Pöryr AB)	AFRY (ÅF Pöryr AB)

## SHARE BONUS SCHEME

In accordance with the Board’s proposal, Sweco’s 2019 Annual General Meeting resolved to introduce a Share Bonus Scheme for the greater part of Group employees in Sweden. The resolution included decisions to implement a 2019 Share Bonus Scheme; authorisation for the Board of Directors to repurchase Class B treasury shares, authorisation for the Board of Directors to transfer Class B treasury shares for completion of the undertakings under the 2019 Share Bonus Scheme and authorisation for the Board of Directors to sell Class B treasury shares to secure payment of social security contributions. A maximum of 2,000,000 shares are comprised in the 2019 Share Bonus Scheme.

## DIVIDEND POLICY

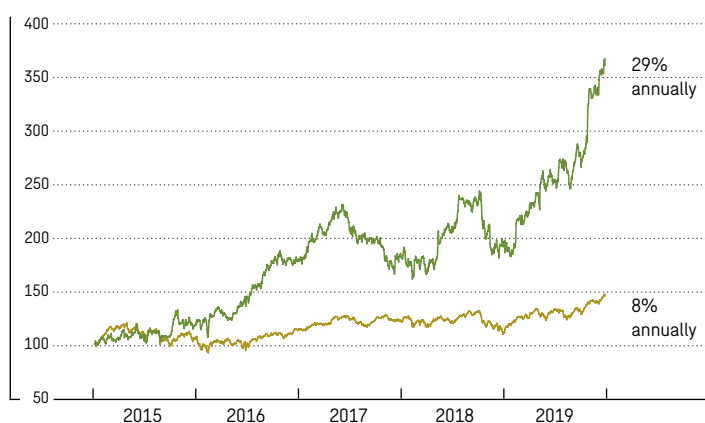
Sweco’s dividend policy is to distribute at least half of profit after tax to the shareholders while maintaining a capital structure that permits development of and investments in the company’s core business.

## PROPOSED DIVIDEND

The Board of Directors proposes a dividend for the 2019 financial year of SEK 6.20 per share (5.50), amounting to a maximum capital distribution of SEK 751 million (644).

## SHARE PRICE PERFORMANCE 5-YEAR

SEK



— Sweco B  
— OMX PI Stockholm 31 December 2014 = share price for Sweco B

## TOTAL RETURN 5 YEAR

Index 100 = 31 December 2014



— Sweco B  
— OMX GI  
Sweco’s total return over the past five years has averaged at 32 per cent.

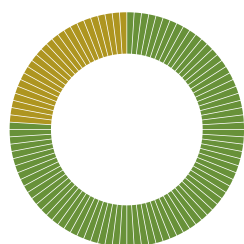
## SHARE CAPITAL DEVELOPMENT<sup>1</sup>

Date	Change in number of shares			Total number of shares			Quota value, SEK	Share capital, SEK M
	A shares	B shares	C shares	A shares	B shares	C shares		
2011, Aug: Conversion	-3,399	3,399	-	9,385,676	82,131,171	-	1	91.5
2012, May: Conversion	-4,012	4,012	-	9,381,664	82,135,183	-	1	91.5
2013, Mar: Conversion	-3,300	3,300	-	9,378,364	82,138,483	-	1	91.5
2013, Dec: Conversion	-6,000	6,000	-	9,372,364	82,144,483	-	1	91.5
2014, Feb: Conversion	-4,200	4,200	-	9,368,164	82,148,683	-	1	91.5
2014, May: New share issue	-	-	900,000	9,368,164	82,148,683	900,000	1	92.4
2015, May: New share issue	-	-	900,000	9,368,164	82,148,683	1,800,000	1	93.3
2015, May: Conversion and redemption	-	433,791	-900,000	9,368,164	82,582,474	900,000	1	92.9
2015, Sep: Issue in kind	-	13,116,828	-	9,368,164	95,699,302	900,000	1	106.0
2015, Oct: Issue in kind	-	1,832,419	-	9,368,164	97,531,721	900,000	1	107.8
2015, Dec: New share issue	1,171,020	12,123,925	-	10,539,184	109,655,646	900,000	1	121.2
2016, Mar: Conversion	-5,453	5,453	-	10,533,731	109,661,099	900,000	1	121.1
2016, May: New share issue	-	-	900,000	10,533,731	109,661,099	1,800,000	1	122.0
2016, May: Conversion and redemption	-	888,989	-900,000	10,533,731	110,550,088	900,000	1	122.0
2017, May: New share issue	-	-	500,000	10,533,731	110,550,088	1,400,000	1	122.5
2017, Jun: Redemption	-	-	-900,000	10,533,731	110,550,088	500,000	1	121.6
2018, May: Conversion	-49,655	49,655	-	10,484,076	110,599,743	500,000	1	121.6
2018, Jun: Conversion and redemption	-1,586	1,586	-500,000	10,482,490	110,601,329	-	1	121.1
2018, Jul: Conversion	-12,837	12,837	-	10,469,653	110,614,166	-	1	121.1
2018, Sep: Conversion	-13,592	13,592	-	10,456,061	110,627,758	-	1	121.1
2018, Oct: Conversion	-15,707	15,707	-	10,440,354	110,643,465	-	1	121.1
2018, Nov: Conversion	-400	400	-	10,439,954	110,643,865	-	1	121.1
2018, Dec: Conversion	-7,963	7,963	-	10,431,991	110,651,828	-	1	121.1
2019, Jan: Conversion	-10,217	10,217	-	10,421,774	110,662,045	-	1	121.1
2019, Mar: Conversion	-500	500	-	10,421,274	110,662,545	-	1	121.1
2019, May: Conversion	-1,000	1,000	-	10,420,274	110,663,545	-	1	121.1

1) As at 30 December 2019, including a total of 3,285,360 treasury shares (all of which are Class B shares) and a total of 328,360.0 votes regarding repurchased shares.

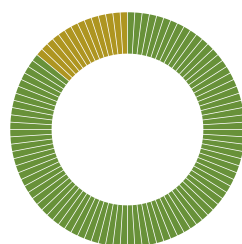
## SHAREHOLDERS PER CATEGORY AT 31 DECEMBER 2019

Holding as % of shares



Swedish shareholders, 75.8%  
Foreign shareholders, 24.2%

Holding as % of votes



Swedish shareholders, 86.2%  
Foreign shareholders, 13.8%

## FIVE-YEAR OVERVIEW

	2019	2018 <sup>3</sup>	2017	2016	2015
<b>Income statement, SEK M</b>					
Net sales	20,629	18,735	16,887	16,531	11,389
EBITA excl. extraordinary items	1,869	1,629	1,492	1,482	991
EBITA	1,869	1,629	1,492	1,336	740
Operating profit (EBIT)	1,892	1,618	1,425	1,249	681
Net financial items	-115	-107	-49	-33	-41
Profit before tax	1,777	1,511	1,377	1,216	640
Profit for the year	1,393	1,256	1,223	931	439
<b>Balance sheet, SEK M</b>					
Balance sheet total	19,303	17,397	14,279	13,820	12,575
Equity	7,164	6,168	5,979	5,435	4,907
Cash and cash equivalents and current interest-bearing receivables	660	775	572	892	544
Interest-bearing liabilities	2,774	2,624	2,271	2,451	2,232
Net interest-bearing receivable/liability	-2,114	-1,849	-1,698	-1,558	-1,688
<b>Cash flow, SEK M</b>					
Cash flow from operating activities	2,299	2,051	1,060	1,165	1,140
Cash flow from investing activities	-985	-569	-364	-401	-1,440
Cash flow from financing activities	-1,404	-1,271	-1,005	-428	707
Cash flow for the year	-90	211	-309	336	407
<b>Key ratios</b>					
Operating profit (EBIT) per employee, SEK 000s	115	106	98	85	67
Value added per employee, SEK 000s	930	896	851	827	835
Billing ratio, % <sup>1</sup>	74.3	74.5	75.2	74.9	74.2
EBITA margin excl. extraordinary items, %	9.1	8.7	8.8	9.0	8.7
EBITA margin, %	9.1	8.7	8.8	8.1	6.5
Operating margin, %	9.2	8.6	8.4	7.6	6.0
Profit margin, %	8.6	8.1	8.2	7.4	5.6
Equity/assets ratio, %	37.1	35.5	41.9	39.3	39.0
Net debt/EBITDA, times	1.0	1.0	1.0	1.0	1.8
Net debt/equity, %	29.5	30.0	28.4	28.7	34.4
Debt/equity ratio, times	0.4	0.4	0.4	0.5	0.5
Interest coverage ratio, times	32	25	28	20	15
Return on equity, %	20.9	20.9	21.4	18.0	12.9
Return on capital employed, %	15.3	14.6	17.8	16.8	13.2
Return on total assets, %	10.4	9.6	10.2	9.7	7.4
Number of full-time employees	16,412	15,306	14,530	14,653	10,188
<b>Share data</b>					
Earnings per share, SEK <sup>2</sup>	11.85	10.59	10.23	7.78	4.36
Diluted earnings per share, SEK <sup>2</sup>	11.52	10.35	10.04	7.65	4.30
Dividend return, % <sup>2</sup>	1.7	2.8	2.8	2.4	2.8
Equity per share, SEK <sup>2</sup>	60.73	52.60	50.09	45.37	40.98
Diluted equity per share, SEK <sup>2</sup>	59.14	50.91	49.12	44.47	40.49
Cash flow per share, SEK <sup>2</sup>	-0.76	1.79	-2.59	2.81	4.05
Diluted cash flow per share, SEK <sup>2</sup>	-0.74	1.75	-2.54	2.76	3.99
Closing price SWECO B at 31 December, SEK <sup>2</sup>	361.20	196.90	181.8	180.20	124.25
Market capitalisation, SEK M	43,723	23,769	22,109	22,260	15,038
Ordinary dividend per share, SEK (2019 – proposed) <sup>2</sup>	6.20	5.50	5.00	4.30	3.50
Number of shares at 31 December	117,798,459	117,069,942	119,124,596	119,554,270	119,537,510
Number of shares after dilution at 31 December	120,966,354	120,966,354	121,466,354	121,983,819	120,972,890
Number of shares after full dilution at 31 December	120,966,354	120,966,354	121,466,354	121,983,819	120,972,890
Number of Class B and C treasury shares	3,285,360	4,013,877	2,459,223	2,429,549	1,557,320

1) Billing ratio for 2015 is pro forma and includes the Grontmij Group as of 1 January 2015.

2) Historical share data has been restated in accordance with IAS 33 due to the preferential rights issue conducted during Q4 2015.

3) Due to changed accounting principles the numbers for 2018 have been restated.

## COMMENTS ON THE FIVE-YEAR OVERVIEW

### 2015

Overall, the market for Sweco's services was good and development was stable. The Swedish market was strong. The Norwegian market was good, but had weakened. Markets in Denmark, Western Europe and Central Europe were good and developed positively. The markets in Finland and the Netherlands remained challenging. Grontmij, with approximately 6,000 employees in 9 countries, was acquired on 1 October. Sweco is now Europe's leading engineering and architecture consultancy. In 2014 Grontmij had annual sales of approximately SEK 6.0 billion and EBITA (as per Sweco's definition) of approximately SEK 203 million, excluding extraordinary expenses and the divested business in France. Sales for the combined company total approximately SEK 16 billion. Following the acquisition, Sweco has around 14,500 employees (pro forma 2015). Integration is underway and proceeding according to plan. As of 1 October, Sweco is organised into 7 geographic business areas. Sweco's Board of Directors decided to introduce EBITA as the primary earnings measure, to replace EBIT (operating profit). Accordingly, EBITA has been the primary earnings measure used for internal and external results monitoring since Q4 2015. Net sales increased 24 per cent to SEK 11,389 million. Adjusted for extraordinary expenses of SEK 250 million related to the Grontmij acquisition, EBITA totalled SEK 991 million. EBITA totalled SEK 740 million. Net debt in relation to EBITDA was 1.8 times. The number of employees at year end was 15,151. The closing price for the Sweco B share was SEK 124.25, an increase of 21 per cent.

### 2016

Overall, the market for Sweco's services was good. The Swedish market was strong. Performance in Denmark, Norway, and Central and Western Europe was generally good. Conditions in Finland and the Netherlands remained challenging, although there were signs of improvement. Net sales increased 45 per cent to SEK 16,531 million. Acquisition-based growth was 42 per cent, and was almost exclusively attributable to the Grontmij acquisition. Adjusted for extraordinary expenses of SEK 146 million related to the Grontmij acquisition, EBITA totalled SEK 1,482 million. EBITA amounted to 1,336 million. Amortisation of acquisition-related intangible assets increased to SEK 92 million. This increase was primarily a result of the Grontmij acquisition that impacted EBIT, which totalled SEK 1,249 million. Net debt in relation to EBITDA was 1.0. The number of employees at the end of the period was 15,236. The share price of the Sweco Class B share was SEK 180.20 at the end of the year, representing a 45 per cent year-on-year increase.

### 2017

Overall, the market for Sweco's services was good. The Swedish market remained strong in most segments, while residential construction softened. Performance in Finland and the Netherlands was good, and indeed improved during the year. Essentially all other core markets remained strong. Net sales increased 2 per cent to SEK 16,887 million. Acquisition-based growth contributed 1 per cent, and currency effects 1 per cent. Organic growth totalled 0 per cent. Excluding calendar effects, organic growth was 1 per cent. EBITA increased to SEK 1,492 million. Acquisition-related items amounted to SEK 67 million. EBIT totalled SEK 1,425 million. Sweco Netherlands is on a solid trajectory of profitability. As a consequence of accounting rules, a deferred tax asset related to historical losses in Grontmij has been recognised. Tax assets were valued at SEK 161 million and impacted net profit positively by the same amount. Net debt in relation to EBITDA was 1.0. The number of employees at the end of the period was 15,557. The share price of the Sweco Class B share was SEK 181.80 at the end of the year, representing a 1 per cent year-on-year increase.

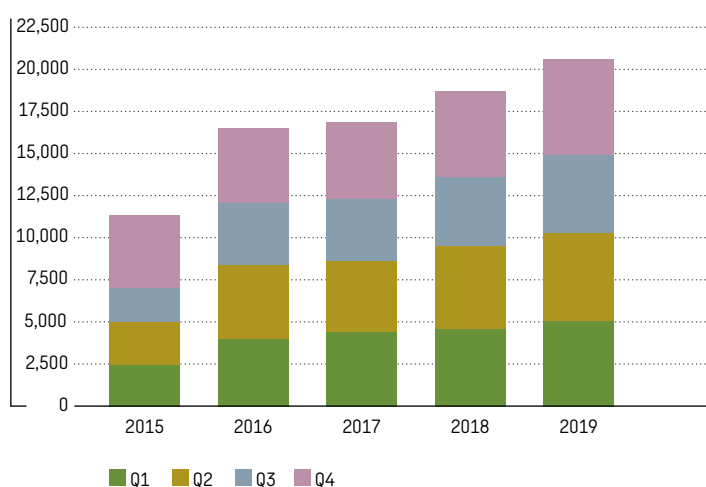
### 2018

Overall, the market for Sweco's services was good, with variations between countries and segments. Essentially all Business Areas experienced a good market for Sweco's services in the infrastructure, water and industry segments. Demand for services in the real estate segment remained good in most countries, except for the UK and residential construction in the Nordics, where demand slowed down. Net sales increased 11 per cent to SEK 18,735 million. Organic growth totalled 5 per cent. Excluding calendar effects, organic growth was 5 per cent. Acquisition-based growth contributed 3 per cent, and currency effects 3 per cent. EBITA increased to SEK 1,631 million. Acquisition-related items amounted to SEK 77 million. EBIT totalled SEK 1,554 million. Due to the positive development in the Netherlands, Sweco recognised the remaining tax value of historical losses in Grontmij. As a result, a one-off tax asset of SEK 60 million had a positive impact on profit after tax. Net debt in relation to EBITDA was 1.0 times. The number of employees at the end of the period was 16,422. The share price of the Sweco Class B share was SEK 196.90 at the end of the year, representing an 8 per cent year-on-year increase.

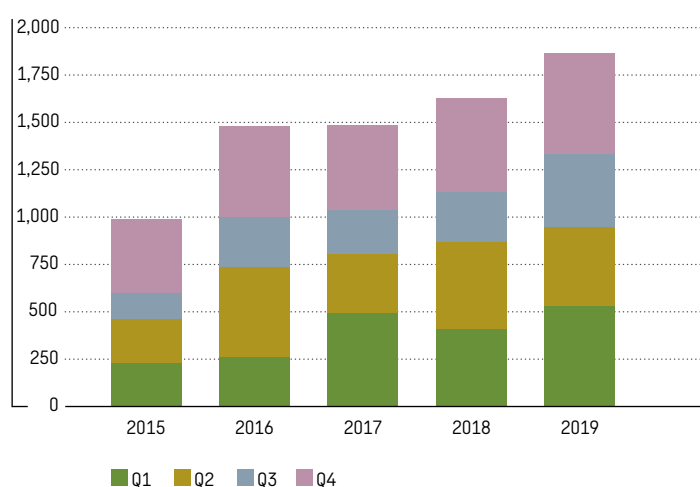
### 2019

The market for Sweco's services was good overall, with variations between countries and segments. Essentially all Business Areas experienced a good market for Sweco's services in the infrastructure, water and industry segments. Demand for services in the real estate segment was good overall while the residential segment remained weak in several countries. Net sales increased 10 per cent to SEK 20,629 million. Acquired growth contributed 3 per cent, while currency effects contributed 2 per cent. During 2019, Sweco completed three strategic acquisitions in the UK, Germany and Finland. Organic growth was 5 per cent, with a minor negative calendar effect. EBITA increased to SEK 1,869 million and EBIT increased to SEK 1,892 million. In the fourth quarter, there was a positive impact of SEK 90 million on EBIT from the sale of an office property and the divestment of non-core operations. Net debt in relation to EBITDA was 1.0 times. The number of employees at the end of the period was 18,148. The share price of the Sweco Class B share was SEK 361.20 at the end of the year, representing an 83 per cent year-on-year increase.

NET SALES, SEK M



EBITA EXCL. EXTRAORDINARY ITEMS, SEK M



# RISKS AND RISK MANAGEMENT

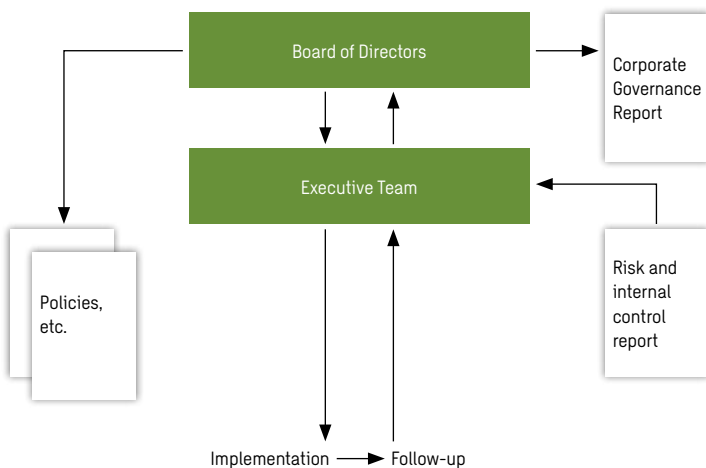
Sweco plans and designs the sustainable communities and cities of the future. Our work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With 17,000 employees in Europe, we offer our clients the right expertise for every project. We deliver qualified consulting services in the fields of engineering, environmental technology and architecture to thousands of clients in tens of thousands of projects every year. Approximately 42 per cent of our turnover is from the public sector and 58 per cent from the private sector. Our ten largest clients account for around 16 per cent of net sales. These factors give Sweco good risk diversification. Despite this, the Group is exposed to a number of risks through its business activities. Consequently, one important aspect of management and control of the Group's operations is to maintain effective risk management in which risks are identified, evaluated and handled. The aim of Sweco's risk management is to secure the Group's long-term earnings growth and ensure that the various business areas achieve their objectives.

## RISK PROCESS

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

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. The Group's Board of Directors and top management have ultimate responsibility for risk management.

The Executive Team develops and follows up on risk management at Group level. The General Counsel initiates reporting of risks on the corporate level, which is done regularly to the Audit Committee. An annual comprehensive report on Group risk and internal control is addressed by the Board of Directors, the Audit Committee and the Executive Team. This report contains an overview of the top risks within the Group and the mitigating actions taken. It also provides insights into incidents regarding these risks that occurred during the year. The report is based on the risk assessments conducted in the business areas and is regularly reviewed in business area management team meetings. A report on the Group's material disputes is presented at each meeting of the Board and the Audit Committee. Below is a schematic illustration of the company's risk management process.



Sweco's operations are exposed to a number of strategic, operational and financial risks. The risks that Sweco has identified as the most significant in its business operations, and the ways in which these are managed, are described here.

## STRATEGIC AND OPERATIONAL RISKS

### Market and projects

Changed market conditions caused by factors such as economic decline, lower propensity among the clients to invest, changes in political priorities, changes in purchasing behaviour, new legislation, and competitor and client consolidation may result in lower income and margins for Sweco. Sweco's decentralised organisation and closeness to clients enable early observation of changes in the market. The effects of these risks are reduced through a wide geographic presence in areas that often have different market cycles, a comprehensive range of services, and a large client base spread across different industries and sectors.

The risks relating to COVID-19 are continuously assessed and addressed. With its impact on clients, employees and projects, the corporate actions are focused on ensuring the safe working environment for our employees and that we can continue to deliver in our projects.

Project risks are the risks associated with an individual project, such as miscalculation of the amount of time needed or costs involved. Projects may also lead to disputes regarding Sweco's right to payment and the client's claim to compensation for any damages caused by Sweco. Project contracts are drafted with terms and conditions that minimise risks and ensure that disputes with clients are handled correctly and efficiently. Among other things, the agreements ensure that the scope of the project is defined, that Sweco is entitled to payment upon performance pursuant to the contract terms, and that contractual liability meets the insurer's requirements. Training programmes for project managers are in place to continuously develop our employees' project management skills. Improving these skills helps mitigate risks in our portfolio.

Sweco has an insurance programme that includes professional indemnity insurance against liability for damages related to project performance. Project quality assurance is supported by management systems (certified under ISO 9001, with most also certified under ISO 14001 and OHSAS 18001).

### Employees and expertise

Sweco's success is dependent on its ability to attract, develop and retain the top talent. Sweco has a strong brand and is repeatedly given high rankings as an attractive workplace among students and young engineers. Sweco uses a number of processes and tools to develop employees and strengthen its leadership, including the Sweco Talk performance review, the Sweco Employee Survey, skills training through Sweco Academy and the leadership aspects defined in Leadership@Sweco, as well as management training and succession planning through the Talent Review. We continuously improve the quality of our onboarding and track its efficiency and effectiveness with onboarding surveys.

Skills development and knowledge sharing are also vital for Sweco's success. Employees' expertise and ability to translate their knowledge into optimal solutions for clients is the core of the Group's business and distinguishes Sweco from its competitors. Shortcomings in knowledge sharing may result in risks such as low quality in client deliveries. Knowledge and processes for knowledge sharing and cooperation are therefore a strategic priority for Sweco. The learning and experience exchange takes place primarily through work on the projects. All employee development is focused on performance, knowledge and knowledge sharing. Sweco has a large number of processes and tools for knowledge sharing.

With 17,000 employees, Sweco is highly committed to a safe environment for our staff. Sweco works in accordance with OHSAS 18001. Incidents and near misses are monitored and reported on a monthly basis.

## Acquisitions

Sweco's growth is partly due to acquisitions, which may involve risks. Examples include a transaction being based on incomplete or incorrect data, key persons leaving the company, an unsuccessful integration or anticipated results failing to materialise. Acquisitions in new markets involve risks associated with factors such as an understanding of the local market conditions, price scenario and competitive situation. These risks are minimised through a well-developed acquisition and integration process where decisions about new acquisitions are made by the Board or the Executive Team according to a process with fixed decision-making points. Sweco's Board of Directors conducts an ongoing evaluation of previous acquisitions. During 2019 the company successfully executed acquisitions in Finland, UK, Sweden, Germany and Belgium.

## IT

Sweco's consultants are dependent on access to advanced IT tools and a secure IT environment. The availability and reliability of the company's IT environment is therefore critical for uninterrupted business operations. The roll out of the Sweco-wide ERP system is progressing with the majority of our countries now on one ERP system. Centralised IT operations ensure maximum effectiveness and efficiency. Effective firewalls and virus protection, regular software upgrades, high-tech vulnerability scanning, and a structured approach to patch management minimise disruptions arising from technical problems. Next to this, Sweco has redundant data centres to serve the IT infrastructure. The company has information security guidelines focused on how employees and subconsultants should act in order to always uphold the highest possible level of security toward all stakeholders.

## Communication

Sweco's success is associated with the ability to communicate effectively with both internal and external stakeholders. Through clear communication and a strong brand we inspire confidence and build relationships. A deeply rooted culture in which employees are well aware of the company's values and policies strengthens the Group's identity and creates security for clients. Sweco's information policy and communication strategy includes instructions for price-sensitive information, mass media contacts and the use of social media. There are also guidelines for crisis management that include procedures for dealing with communication in a crisis situation.

## COMPLIANCE RISKS

### Business ethics and CSR

Sweco's operations involve an international presence. This may lead to increased exposure to sustainability-related risks. With more than 100 years of experience in project exports, Sweco has developed and established routines and tools for initiating and implementing projects around the world. Sweco's policies, guidelines and processes are subject to continuous review and development with a special focus on business ethics violations such as fraud, bribery, prohibited competition-restricting practices and conflicts of interest.

Sweco has a zero-tolerance policy with regard to non-compliance with business ethics. In addition to training measures and procedures for structured follow-up of incidents, procedures for assessment and selection of business partners are applied in accordance with the Sweco Business Partner Programme. Managers and employees on international assignments attend mandatory full-day training courses, and e-learning courses are required for all employees. "Team learning" sessions, where teams meet and discuss business ethical dilemmas, are regularly held across the Group. Dilemma discussions are also held on a regular basis by Sweco's Executive Team.

Sweco Ethics Line, a whistle-blower function operated by an external provider, enables anonymous reporting of suspected improprieties. Compliance audits are held on a group-wide and global basis, based on identified risk areas, to enable a structured review of implementation quality.

## CLIMATE ADAPTION AND MITIGATION

Sustainability is at the core of Sweco's business and forms an integral part of the company's vision, business and strategy. We deliver on sustainability in our client projects and we take responsibility for how we operate and act as a company. There is a risk that we contribute insufficiently to a positive development in sustainability. To mitigate this risk we have decided on a 2040 Climate Neutral target, are developing KPI's and metrics to support our goals and are assessing ways of measuring and/or describing our impact on sustainable solutions in client assignments.

## FINANCIAL RISKS

Through its operations, Sweco is exposed to various types of financial risks. Sweco's finance policy states how these risks are to be managed in the Group. The Board of Directors is responsible for the finance policy, which contains guidelines, targets and a division of responsibilities for the Treasury Department together with rules for financial risk management. For more information, see Note 34 on pages 86–88.

Changes in interest rates, exchange rates and the market prices of financial instruments may affect Sweco's cash flow, profit and balance sheet. Sweco has a strong balance sheet, which means that direct interest rate risk is limited. With regard to currency risk, the Group normally has natural risk coverage since sales and expenses are denominated in local currency. In cases where contracts are entered into in a non-local currency, the contracted and anticipated payment flows are hedged through forward contracts. Liquidity risk is the risk of being unable to meet financial obligations when they fall due. Thanks to its strong financial position and available overdraft facilities, Sweco's liquidity risk is low.

Credit risk is defined as the risk related to clients' ability to pay. Sweco has a balanced base of around 34,000 clients. Sweco is not dependent on any individual client, since the largest clients account for only a small share of total sales. Historically, credit losses have been minor.

Non-compliance with tax regulations may result in fines or other expenses for the company. There is also a risk that anticipated benefits resulting from the existence of compensable tax losses may not be realised. New legislation requires increased transparency and also increases reporting responsibilities for the Group parent company. The Group tax department is responsible for monitoring these developments and ensuring compliance.

In the Group's financial reporting, there is a risk that errors may arise and that the financial reporting is not prepared in accordance with legal requirements, rules for listed companies or applicable accounting standards. Through an effective control environment, clear instructions and internal normative documents for financial reporting, Sweco works continuously with control of its accounting and reporting. In addition, extensive monitoring and analysis take place through the use of reporting systems, budgets, forecasts, etc. The Executive Team carries out monthly reviews with the management of each business area. For more information about internal control, see pages 44–45.

# SUSTAINABILITY REPORT

This is the third year that Sweco presents a Sustainability Report as part of the Annual Report. The Sustainability Report aims to provide information on Sweco's sustainability work: material sustainability topics, risks and opportunities, sustainability goals, how the company works with the issues and the results that have been achieved.

Sustainability is at the core of Sweco's business and forms an integral part of the company's vision, business and strategy. We deliver on sustainability in our client projects and we take responsibility for how we operate and act as a company.

As the leading company in Europe in our area of expertise – planning and designing the sustainable communities and cities of the future, where we conduct more than 70,000 projects each year – sustainability plays an important role in Sweco's daily work. With thousands of experts across Europe, we have a great opportunity to share know-how and guide our clients in their efforts to find the best sustainable solutions.

Our commitment to the environment is reflected in our client projects, where we always seek to provide solutions to address climate change. As consultants, we are often deeply involved from an early stage where there are many opportunities to influence outcomes.

We are mindful of the need for conservation and the sustainable use of natural resources in building design, whilst minimising environmental pollution. From optimised structures to the generation of energy from waste, our engineers are involved in delivering low-carbon sustainable solutions. Sweco have a detailed understanding of the relationship between carbon and cost. We use this knowledge to help our clients identify the most valuable carbon reduction options.

The built environment accounts for approximately 40 per cent of global carbon emissions and therefore requires urgent action to mitigate climate change, according to the World Business Council For Sustainable Development. As a proxy for energy, natural resources and quantities of materials, carbon provides an important perspective for design optimisation. While efficient design can reduce carbon and cost to a certain point, alternative low carbon materials often cost more than traditional fossil fuel-based options. We support our clients to select the most efficient and cost-effective carbon reduction options. From early concept stage through to construction, we integrate industry-leading carbon management principles within design and procurement processes to go beyond carbon accounting and provide practical carbon and cost consultancy.

Sweco's water specialists are world leaders, meeting increasing demands for drinking water, waste recycling and flood mitigation, through sustainable creative solutions. Our water specialists are supporting our clients in meeting their climate targets with the use of innovative and lowest whole of life cost focused solutions.

A transition to sustainable energy systems is underway across the globe. Sweco's energy experts work across the entire energy supply chain. Focus is on how energy is produced, distributed where it's needed, and consumed as efficiently as possible. The result is a reliable, cost-effective and environmentally sustainable energy supply.

Beyond delivering sustainable solutions to our clients, Sweco's sustainability efforts aim to meet our stakeholders' expectations and contribute to the United Nations (UN) Sustainable Development Goals (SDGs).

Our direction is clear, we aim to be a role model in sustainability, meaning we want to take responsibility, to make a difference and to be part of solving the global sustainability challenges.

## SUSTAINABILITY GOVERNANCE

Ultimate responsibility for Sweco's sustainability initiatives lies with the Group's President and CEO. The CEO has delegated environmental issues to the Chief Sustainability Officer who heads the group-wide initiatives, business-ethics-related issues to the General Counsel and employee-related issues to the Chief HR Officer. Sweco has a decentralised organisation which means that all client-related sustainability issues are the responsibility of the business areas. Each Business Area President is responsible for sustainability matters and has delegated functions for this responsibility. Moreover, sustainability is integrated into the business strategies of the Sweco business areas.

The company's Code of Conduct forms the basis of Sweco's work with sustainability at Group level. Our Code of Conduct specifies the company's and employees' basic outlook on the company's responsibilities in

society, and encompasses: the environment, business ethics, employee development, human rights, child labour, equality and diversity, and occupational health and safety as well as labour standards. Sweco's Code of Conduct gathers the ethical guidelines to ensure responsible conduct by Sweco's employees and business partners. Sweco also has a Business Partner Programme that aims to ensure that its partners comply with ethical business practices, as well as group-wide policies regarding anti-corruption, gifts and business entertainment.

Sweco's sustainability is built upon common principles, although implementation is carried out based on local conditions in Sweco's different markets. Factors such as market maturity and national legislation affect the way work is conducted at a local level. Local guidelines define specific areas of responsibility in more detail. All Sweco employees are obligated to comply with the Code of Conduct and the company's other policies and guidelines. Furthermore, all employees are obligated to familiarise themselves and comply with the provisions of the policies and guidelines, and to encourage external partners to apply these principles. The CEO of Sweco has the ultimate responsibility for ensuring that all employees follow the code. We monitor compliance through, for example, annual performance reviews, annual employee surveys and internal and external audits. Every employee working at Sweco is expected to comply with the policy and guidelines. Understanding and complying with this code is mandatory for everyone working for Sweco, including all our majority owned subsidiaries, both employees and business partners. It is a personal responsibility to comply.

Sweco complies with the laws, regulations and other requirements applicable to operations in countries where the Group is active. Our standards and requirements often exceed legal requirements. We support and respect all human rights, as defined by the UN in the Universal Declaration of Human Rights. Sweco does not tolerate child labour in any part of its own operations nor in the operations of any business partner and does not permit illegal or forced labour. Sweco also follows the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and although while we are not a signatory, we work according to the ten principles in the UN's Global Compact.

Sweco's business activities are carried out as projects. The project teams vary depending on project size, location and complexity. Each project is led by a project manager whose day-to-day work is facilitated by Sweco's group-wide business system. All operating core countries are certified in Quality, Environment and Occupational Health & Safety in accordance with ISO 9001, 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 systems also help Sweco comply with legislation, improve projects' environmental aspects, identify potential risks and measure and improve client satisfaction. The Group's business systems are audited each year, for instance by independent quality assurance organisations, and are also internally monitored on an ongoing basis.

In Sweco's decentralised organisation, teams of consultants form the basic building blocks of the organisation. The teams are organised in a straight-line organisation, without matrix elements, ensuring clear accountability and with each team taking full business responsibility.

Sweco Group's profitable growth strategy together with our operating model, the Sweco model, entails that all efforts are focused on the business and the clients' projects. The Sweco model is a way of working based on a culture of simplicity, with empowered teams focusing on our clients and our employee. The model is based on four cornerstones Client focus, Best people, Internal efficiency and Decentralised organisation which have evolved over time. Best people is about having the best people to secure that we are the best at what we do. The employees are our key asset, meeting our clients, representing our company and doing business. To attract, recruit and retain the best employees we need leaders who foster a culture of learning, development and diversity.

In our daily work, all employees are responsible for their own business relationships, thereby achieving maximum client understanding and benefit. Our commitment to sustainability applies in all our efforts. Sweco complements this responsibility at the central level with resources, networks, guidelines and tools to assist employees in their work. How sustainability efforts and activities are organised and managed varies



between the business areas depending on specific requirements, market maturity and client structure. Sweco's position is that the business model is functional, that it supports employees and clients in progressively developing their sustainability work and is instrumental in the realisation of the global sustainability goals.

Employees who suspect any unethical behaviour are encouraged and obligated to report this, in the first instance to their manager, manager's manager, HR or Group Legal Affairs staff and, in cases where anonymity is called for, via Sweco's whistle-blower function, the Sweco Ethics Line. When in doubt, employees are encouraged to seek additional guidance and support from their manager, manager's manager, HR or Group Legal Affairs.

#### **MATERIAL SUSTAINABILITY TOPICS – RISKS AND OPPORTUNITIES**

Based on the business plan, strategy, internal priorities and ongoing dialogues with clients and stakeholders, Sweco Group has identified three material topics: the external environment, employees and business ethics as key risks and opportunities. Sweco maintains an ongoing dialogue with our clients, employees, owners and other external stakeholders in the markets in which we operate. Risks related or connected to our operations are important components in evaluating sustainability issues.

Risk identification and evaluation are part of the risk section described on pages 100–101.

Below are the essential business opportunities and risks identified for each significant material sustainability topic.

##### **Climate and the external environment**

As a service-based consultancy, with operations based on our employees' collective expertise, it is mainly in the environmental area, particularly when it comes to reducing our own and our clients' climate impact or dealing with the climate adaption and mitigation of climate change, that Sweco has the greatest opportunity to make a difference and contribute to sustainable development. Our external stakeholders expect us to take responsibility for how we operate and act as a company in addition to the sustainable solutions that we deliver together with our clients. To become a preferred partner for our clients, we must demonstrate that we shoulder our responsibility in terms of mitigating the challenges to global sustainability and contribute to society. If we fail to deliver environment- and climate-adapted solutions to our clients, we risk losing their trust. Sweco's goal is to deliver sustainable and innovative solution in all of our client projects.

The drivers for our behaviour and performance within sustainability mainly comprise the Group decision taken during 2019 to reach Climate Neutrality not later than 2040 (covers scope 1, 2 and 3). We also ensure that reduced climate impact will be part of what we deliver in the work that we do for our clients. In 2020, each business area will measure its own carbon footprint and ensure it has a climate target which is at least corresponds to Group level, while at the same time ensuring that we are frontrunners compared to the national, government decided target. During the year, each business area will also develop a national road map subject to follow-up and actions, to develop metrics (KPIs) for our carbon emission goals, and to assess ways of measuring and describing our sustainability impact in our own operations. Where applicable, this work will be carried out in line with established standards, such as ISO 14064, which specifies principles and requirements at organisation level for quantification and reporting of greenhouse gas (GHG) emissions.

##### **Employees**

According to the Sweco model, having the best people and leaders in the industry is a prerequisite to remain successful, meaning in order to remain relevant for our clients and their requirements we must have the best people with the relevant competence to enable delivery of the best sustainable solutions. The capabilities, behaviour and mindset of our consultants is ultimately what defines a successful delivery to our clients. To achieve this, Sweco aspires to be the most attractive employer, meaning we attract, recruit and develop the best people. This makes us the natural first choice for talent.

Sweco's future success is highly dependent on utilising the collective know-how and competence within the sustainability field that we pos-

sess within the Sweco Group. The clients expect us to deliver the most innovative and sustainable solutions and the employees are attracted to the opportunity to work with the most interesting projects. It is therefore important that all employees have access to the know-how. Inadequate know-how sharing may entail risks such as low-quality deliveries to clients. The health and safety of all Sweco employees is top priority and therefore also a risk if we do not meet their expectations of an employer.

Sweco also strives to maintain a physical and psychosocial work environment in which all employees can develop and thrive in a climate of physical and emotional well-being. Our workplaces need to be free from discrimination, harassment and retaliation. We promote open communication combined with respect for all opinions.

Sweco views diversity among employees as essential to creating an innovative and inspiring working environment, and actively promotes equal rights and opportunities in the workplace regardless of gender, ethnicity, nationality, religious belief, disability, sexual orientation or age.

##### **Business ethics**

For Sweco, compliance is a license to operate. Business ethics violations such as fraud, corruption, prohibited competition-restricting practices and conflicts of interest have been identified as one of the most significant sustainability risks for the company's operations and the Sweco brand. Sweco's operations involve an international presence. This may lead to increased exposure to sustainability-related risks, especially when working in collaboration with external third parties and joint ventures. It is also our primary assessment that this type of project may involve risks associated with human rights violations. Ethical breaches may have a negative impact on attracting both clients and employees. Sweco's Business Partner Programme has been developed to address these risks, through its processes for assessing and selecting new business partners, requiring compliance with the Sweco Code of Conduct and providing clear guidance on how to contract new business partners.

#### **MATERIAL SUSTAINABILITY TOPICS – PERFORMANCE**

##### **Climate and the external environment**

Adaptation and mitigation to the consequences of climate change are becoming increasingly necessary if we are to maintain the functions of society at current levels even as they are being impacted by climate change. By proactively adapting today's societies, we can reduce the risk of harm to people's lives and health, and the environment, and prevent the spiralling cost of damage to infrastructure, buildings, etc.

Given the nature of our business, we carefully consider the environmental impact of our projects. Sweco's consultants have comprehensive experience and expertise that enables them to offer solutions that calculate and reduce environmental impact from all sectors of society. We also have broad-based expertise in climate adaptation. We support scientific goals and government policies focused on rapid climate adaptation and stand ready to contribute our expertise. Sweco offers opportunities for its employees to continuously develop their skills in environmental and climate issues to thereby ensure that our expertise is always at the cutting edge.

Sweco's greatest environmental impact is through its client projects, in which Sweco provides expertise in planning and designing sustainable communities and cities of the future.

For our client projects, Sweco as a group ensures that we are aligned with the climate and sustainability targets of each country as well as with the European Union as a whole. Sweco will seek to offer solutions with the lowest possible carbon footprint to our clients and we will ensure that we manage and share climate best practices and experiences from within and outside the Group.

We strive to conduct our own business with the least possible negative environmental impact. In 2019, the Sweco Executive Team took the decision that the Sweco Group will be climate neutral no later than 2040. The decision includes all the business areas including all divisions.

In line with the Science-based targets, Sweco will halve emissions each decade; the carbon footprint is to be reduced by 50 per cent between 2020 and 2030. To help us ensure that the company is on target, interim targets of a 25 per cent reduction for 2025 and 75 per cent for 2035 have been set. During 2020 our baseline carbon footprint will be measured both at Group level and within each business area.

Climate neutral means that Sweco will have no net impact on the climate. This includes all climate gases as defined by the Intergovernmental Panel on Climate Change (IPCC), though the main impact is with CO<sub>2</sub>.

Climate neutrality is to be achieved primarily through emissions reductions in our own operations, with no more than 15 percent to be achieved through carbon sinks, emissions offsets or climate compensation.

The scope of climate neutrality encompasses Sweco's own operations, including our procurement, our offices, our vehicles and travel. Under the Greenhouse Gas Protocol, this involves Scope 1 (direct emissions), Scope 2 (indirect emissions), and the most significant elements of Scope 3 (other indirect emissions). Each business area is free to add areas to Scope 3, but not to subtract.

- Scope 1 – Includes direct emissions that occur from sources owned or controlled by Sweco.
- Scope 2 – Includes indirect emissions from the generation of electricity, heating and cooling purchased and consumed by Sweco.
- Scope 3 – Includes other indirect greenhouse gas emissions from sources not owned or directly controlled by Sweco, e.g. employee travel, waste and food.

As the company to a large extent is comprised of consultants, Sweco recognises its role in helping clients reduce carbon emissions from their projects, however such project emissions are not included in Sweco's internal climate neutrality targets. However, we actively seek to address finding optimised sustainability solutions in our client projects.

## Result

2018 Sweco estimated the energy use and carbon footprint from parts of the Swedish operations. As a consequence of the new group-wide climate neutrality targets, Sweco has elected not to report corresponding data for 2019. The updated carbon measurement and reporting going forward will have a wider scope and will cover the entire Group. 2020 will be the first year in which Sweco measures the Group's total carbon footprint.

This is also the baseline year for our climate targets, inter alia:

- Energy consumption for our own buildings and offices
- Energy usage for our vehicles
- Energy mix between different sources of electricity, fuel, etc.
- Modal share for transport (aviation, rail, etc.)
- Food and beverages, climate impact
- Carbon footprint, on Group level and Business area level

Each business area will be responsible for delivering data, which will be aggregated at Group level for compilation and actions, to be reported on in the Sustainability Report for 2020.

## Employees

Sweco needs to be the most attractive employer, recruit the best people in the industry, and be the preferred choice for the most talented people. Client focused and engaged employees are the core of Sweco's business. By working with sustainable solutions in the most interesting and exciting projects, Sweco becomes an attractive employer – locally and globally. Focus on development opportunities and a positive corporate culture are prerequisites for attracting the best architects and engineers. This involves development through daily work tasks and specific training programmes through Sweco Academy. We recruit highly skilled consultants who have the authority to make decisions that produce the best solutions for our clients.

Sweco Group employees	2019	2018	2017
Total number of employees, FTE	16,412	15,306	14,530
Women, %	32	31	30
Employee turnover (termination of own request), %	11.3	12.3	12.5
Average age	41	41	41

Total number of employees per country, 2019	Total number of employees	Women, %	Average age
Sweden	6,369	36	40
Norway	1,660	32	41
Finland	2,481	27	41
Denmark	1,245	28	44
Netherlands	1,496	21	43
Belgium	1,000	31	40
UK	1,284	30	39
Germany	1,689	42	41

Sweco works systematically with employee development, equality and diversity, and occupational health and safety. This includes ensuring that the performance of each employee is managed in the best possible way. Several business areas within Sweco also include in their business plans specific goals linked to workplace equality and diversity.

A special group-wide council – the Sweco European Works Council, with representatives from all Sweco countries – has been in place since 2016 to ensure open dialogue, information exchange and collaboration between employees and Sweco's Executive Team. The council monitors, from a Group perspective, cross-border issues, such as development opportunities, organisational changes and new working methods.

## Development of employees

We need to continuously ensure that we always possess the expertise demanded by our clients. Sweco works systematically to offer all employees professional development. The ability to offer development opportunities and an engaging corporate culture to all employees is crucial to our continued success and client satisfaction. The focus is on development, performance, expertise, knowledge sharing and leadership. Among other things, we offer training courses from day one through Sweco Academy and with the support of experienced colleagues and managers.

Sweco conducts systematic evaluations to ensure that resources are invested in the right issues regarding employees. This is done through, among other things, an annual employee survey and annual performance reviews. Employee satisfaction is measured annually through the group-wide employee survey. All employees employed for at least three months are asked to provide their feedback. This is an important indicator of how well Sweco is developing as a client-centric company where all employees can develop and be successful. Indicators with less-than-optimal results are followed up by the immediate manager and the HR department. Together they analyse the results and set up action plans for improvement.

The 2019 employee survey had a response rate of 89 per cent (89). Scores on all questions improved over last year's survey and remained high for motivation, loyalty and commitment. Nearly eight out of ten employees feel a high level of job satisfaction. Results for leadership were also good, with approximately 86 per cent (81) of employees stating that their manager is doing an excellent job.

## Health and Safety

The health and safety of all Sweco employees is top priority. Sweco strives to maintain a physical and psychosocial work environment in which all employees can develop and thrive in a climate of physical and emotional well-being. Our workplaces need to be free from discrimination, harassment and retaliation. We promote open communication combined with respect for all opinions.

At business area level Sweco works systematically to investigate, conduct and monitor operations in such a way as to prevent illness and on-the-job accidents, and to continuously improve the work environment. Our management systems support this entire process. The annual performance reviews and employee surveys are key follow-up tools. Going forward the number of incidents and accidents will be reported to and coordinated at Group level. Managers play an important role in creating a good work environment and the HR department provides support in identifying solutions to work-related problems, as regards both preventa-

tive measures and plans for returning to work. During 2019 we saw a small decrease in the sickness absence, on Group level.

Operations in all Sweco's core markets are certified in accordance with the OHSAS 18001 standard. Our management systems enable the operations to manage work environment risks and improve work environment performance.

Result	2019	2018	2017
Sickness absence, %	3.1	3.1	3.5

### Gender equality and diversity

Sweco views diversity among employees as essential to 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 or age.

Unjustifiable salary disparities for identical or equivalent work are prohibited. All employees are given equal opportunities for professional development in their existing fields and in new areas.

The Swedish operations took several initiatives during the year to highlight the issue of equal treatment. These included multiple workshops and lectures on workplace harassment and equality. Specific efforts have been made to develop an equal treatment plan that clarifies procedures and routines concerning equal treatment issues in various areas, including the recruitment process. Sweco takes proactive measures to prevent discrimination and promote equal treatment. In all recruitments and promotions, equal opportunity is offered to all applicants.

In 2019, Sweco was once again included on the green list of equal companies presented in the annual report from AllBright, which maps gender distribution among listed companies' management teams each year.

Sweco has taken several steps to promote diversity in society. In 2018, Sweco signed the Equal by 2030 initiative, which promotes increased female representation in the energy industry.

Several initiatives were taken in a number of Sweco's markets to broaden the recruitment base, make a contribution in the then prevailing refugee crisis and utilise valuable expertise. For example, Sweco decided in 2015 to join "Sweden Together – the 100 Club", a national initiative to facilitate labour market entry for new arrivals to Sweden. Three years later, more than 100 people have been offered internships at Sweco, of which nearly 40 per cent have resulted in employment.

Result	2019	2018	2017
Female employees, %	33	32	31
Female employees, Board of Directors, %	63	63	50
Female employees, Executive team, %	43	42	50

Satisfied employees on "Motivate – Recommend – Retain"

- 81 per cent (81) of employees feel motivated in their daily work
- 81 per cent (80) of employees would recommend Sweco to others as a workplace
- 79 per cent (78) of employees would like to still be working at Sweco in one year's time

### BUSINESS ETHICS

Sweco has a zero-tolerance approach to any kind of bribery, corruption, fraud and competition-restricting practices. Fighting corruption involves taking responsibility for the projects Sweco carries out and the business methods that are used. As experts in planning and designing the sustainable communities and cities of the future, this is an absolute prerequisite for long-term success and is therefore a key sustainability indicator for Sweco.

Sweco's anti-corruption efforts are as important in its home markets as in its export projects. All employees and managers receive regular training in business ethics issues, pursuant to Sweco's specific training principles, in order to increase awareness, generate internal dialogue and equip employees with an ethical compass. By informing and educating

employees regarding business ethics and encouraging them to report suspected or confirmed instances of corruption, Sweco is committed to consolidating a real and positive change throughout its operations.

In comparison with 2018 the share of employees completing the internal training in business ethics and signing off the CSR policy and the Code of Conduct has declined in 2019, but still solid participation compared with 2017. The slight decline in completion rates stems from the large amount of newly hired employees and recently acquired companies.

Result, %	2019	2018	2017
<b>CSR policy<sup>1</sup></b> per cent of Sweco employees who have confirmed that they have read and understood Sweco's CSR policy	90.0	95.0	75.1
<b>Code of Conduct</b> per cent of Sweco employees who have confirmed that they have read and understood Sweco's Code of Conduct	90.0	94.1	77.5
<b>Internal Business Ethics training</b> per cent of Sweco employees who are required to complete internal training in business ethics who have done so	86.0	92.6	85.2
<b>Ethics Line</b> number of compliance incidents reported through Sweco's Ethics Line	5	2	4

1) The CSR policy is merged with the Code of Conduct as of 2020.

### Human Rights

Sweco complies with the laws, regulations and other requirements applicable to operations in the countries in which the Group operates. Sweco also works in accordance with the Universal Declaration of Human Rights and although while we are not a signatory, we work according to the ten principles in the UN's Global Compact.

Human rights violations are strictly prohibited. Sweco does not tolerate child labour (defined as work that deprives children of their childhood, their potential and their dignity, and work that is harmful to their physical and mental development) in any part of its own operations or in the operations of any business partner. To Sweco, this means work that is mentally, physically, socially or morally dangerous and harmful to anyone under the age of 18, and interferes with the schooling of anyone under the age of 16 by depriving them of the opportunity to attend school, obliging them to leave school prematurely, or requiring them to attempt to combine school attendance with excessively long and arduous work. Neither does Sweco tolerate forced labour, contemporary forms of slavery, debt bondage and human trafficking.

We actively promote equal rights and opportunities in the workplace regardless of gender, ethnic origin, nationality, religious belief, disability, sexual orientation or age, both within the company and in its relationships with clients and other external stakeholders.

### ABOUT THE SUSTAINABILITY REPORT

Sweco's Sustainability Report 2019 together with the information on pages 12 and 13 meets the requirements of the Swedish Annual Accounts Act as well as the expectations of Sweco's stakeholders: mainly owners, investors, analysts, employees and clients. Sweco reports yearly on its sustainability performance and the Sustainability Report pertains to the calendar year 2019. The Sustainability Report 2018 was published in March 2019.

The Sustainability Report has been prepared with inspiration from the guidelines of the Global Reporting Initiative, see the GRI index at pages 106–107.

No accounting or reporting principles have been adjusted from previous years. The statistics pertaining to employees have been compiled by the HR function from the HR system and refer to figures as of 31 December 2019 for all companies in the Group, unless otherwise stated.

# GRI INDEX

GRI Standard	Disclosure	Page	Comment
<b>GRI 102: GENERAL DISCLOSURES</b>			
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organization	36	Board of Directors' Report
102-2	Activities, brands, products, and services	1	Sweco in Brief
102-3	Location of headquarters	36	Board of Directors' Report
102-4	Location of operations	36	Board of Directors' Report
102-5	Ownership and legal form	39, 41	Board of Directors' Report, Corporate Governance Report
102-6	Markets served	1, 36	Sweco in Brief, Board of Directors' Report
102-7	Scale of the organization	36	Board of Directors' Report
102-8	Information on employees and other workers	10, 104	Human Resources, Sustainability Report
102-9	Supply chain		Sweco's has a limited supply chain. Our main impact is made in client projects and collaborations with other parties.
102-10	Significant changes to the organisation and its supply chain		This is Sweco's first report inspired by the GRI standards
102-11	Precautionary principle or approach	100–101, 102–103	Risks and Risk Management, Sustainability Report
102-12	External initiatives	102–103	Sustainability Report
102-13	Membership of associations	106	Sustainability Report
<b>STRATEGY AND ANALYSIS</b>			
102-14	Statement from senior decision-maker	2–3	Message from the CEO
102-15	Key impacts, risks, and opportunities	100–101, 103	Risks and Risk Management, Sustainability Report
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behaviour	8, 41	Sweco model, Corporate Governance Report
102-17	Mechanisms for advice and concerns about ethics	41, 102	Corporate Governance Report, Sustainability Report
<b>GOVERNANCE</b>			
102-18	Governance structure	41–43, 102	Corporate Governance Report, Sustainability Report
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	102–105	Sustainability Report
102-41	Collective bargaining agreements		We have collective bargaining agreements
102-42	Identifying and selecting stakeholders	102–105	Sustainability Report
102-43	Approach to stakeholder engagement	102–105	Sustainability Report
102-44	Key topics and concerns raised	100–101, 102–105	Risks and Risk Management, Sustainability Report
<b>REPORTING METHODOLOGY</b>			
102-45	Entities included in the consolidated financial statement	36–37	Board of Directors' Report
102-46	Defining report content and topic boundaries		Report is based on Sweco operations and the boundaries of the report have been established with the help of the GRI principles for reporting and quality
102-47	List of material topics	103	Sustainability Report
102-48	Restatements of information		This is our first report according to GRI standards
102-49	Changes in reporting		This is our first report according to GRI standards
102-50	Reporting period	105	Sustainability Report
102-51	Date of most recent report	105	Sustainability Report
102-52	Reporting cycle	105	Sustainability Report
102-53	Contact point for questions regarding the report	Back cover	See contact page
102-55	GRI content index	106–107	GRI index

GRI Standard	Disclosure	Page	Comment
<b>GRI 103: MANAGEMENT APPROACH</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
103-1	Explanation of the material topic and its boundary	102–105	Sustainability Report
103-2	The management approach and its components	102–105	Sustainability Report
103-3	Evaluation of the management approach	102–105	Sustainability Report
<b>SPECIFIC DISCLOSURES – GRI 200: ECONOMIC</b>			
<b>GRI 205: ANTI-CORRUPTION 2016</b>			
205-1	Operations assessed for risks related to corruption	100–101, 103	Risks and Risk Management, Sustainability Report
205-2	Communication and training about anti-corruption policies and procedures	100–101, 105	Sustainability Report
205-3	Confirmed incidents of corruption and actions taken		We have no known cases 2019
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016</b>			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		We have no known cases 2019
<b>SPECIFIC DISCLOSURES – GRI 400: SOCIAL</b>			
<b>GRI 401: EMPLOYMENT 2016</b>			
401-1	New employee hires and employee turnover	37, 104	Board of Directors' Report, Sustainability Report
<b>GRI 404: TRAINING AND EDUCATION 2016</b>			
404-1	Average hours of training per year per employee	104–105	Sustainability Report
404-2	Programs for upgrading employee skills and transition assistance programs	104	Sustainability Report
404-3	Percentage of employees receiving regular performance and career development reviews	104	Sustainability Report
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>			
405-1	Diversity of governance bodies and employees	105	Sustainability Report
<b>GRI 406: INCIDENTS AND DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	105	Sustainability Report
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	105	Corporate Governance Report, Sustainability Report
412-2	Employee training on human rights policies or procedures	105	Corporate Governance Report, Sustainability Report

## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

This is a literal translation of the Swedish original report

To the general meeting of the shareholders in Sweco AB (publ), corporate identity number 556542-9841

### ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 102–107 and that it has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### OPINION

A statutory sustainability report has been prepared.

Stockholm, 24 March 2020  
PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant  
Auditor in charge

Aleksander Lyckow  
Authorised Public Accountant

## BOARD OF DIRECTORS AND AUDITORS



### JOHAN NORDSTRÖM

Born in 1966. Board Chairman. Member of the Board since 2012. Chairman of: Tilia fastigheter AB. Directorships include: Skirner AB, Hemfrid i Sverige AB, among others. Education: Architect, Royal Institute of Technology in Stockholm (KTH). Experience: President of Skirner AB. Holdings in Sweco: 605,000 directly held shares and 15,041,831 shares held through Skirner Förvaltning AB, which is owned by the Nordström family.



### GUNNEL DUVEBLAD

Born in 1955. Member of the Board since 2008. Chairman of: Team Olivia Group AB, Global Scanning A/S, HiQ International AB and the Ruter Dam Foundation. Directorships include: Dustin Group AB, Kindred Group Plc and Skirner AB. Education: Systems Scientist, Umeå University. Experience: former President of EDS Northern Europe. Holdings in Sweco: 4,000 shares.



### CHRISTINE WOLFF

Born in 1960. German citizen. Member of the Board since 2016. Directorships include: Hochtief AG, Berliner Wasserbetriebe A.ö.R and KSBG GmbH. Education: M.Sc. Geology and MBA, HSBA Hamburg. Experience: former Senior Vice President and Managing Director Europe & Middle East URS Corporation and board member of Grontmij N.V. Holdings in Sweco: 1,000 shares.



### ÅSA BERGMAN

Born in 1967. President and CEO since 2018. Directorships include: Persson Invest AB and Swegon AB. Education: Civil Engineering, KTH. Experience: CEO of Sweco Management AB and Sweco Sverige AB. Holdings in Sweco: 44,084 shares.



### ELAINE GRUNEWALD

Born in 1967. Swedish and American citizen. Member of the Board since 2017. Education: M.A., Resource and Environmental Management, M.A., International Relations, Boston University Graduate School. B.A., Communications and Debate, Suffolk University. Experience: Co-founder of AI Sustainability Center AB. Former Senior Vice President and Chief Sustainability and Public Affairs Officer, Ericsson AB. Holdings in Sweco: 1,000 shares.



### ALF GÖRANSSON

Born in 1957. Member of the Board since 2018. Chairman of: Loomis AB and Axfast AB. Directorships include: Hexpol AB, Attendo AB, Melker Schörling AB, NCC AB and Sandberg Development Group. Education: International Economics, University of Gothenburg, Sweden. Experience: Among previous positions can be mentioned CEO and member of the Board of Directors of Securitas AB, CEO of NCC AB, CEO of Svedala Industri AB. Holdings in Sweco: 1,000 shares.



**EVA LINDQVIST**

Born in 1958. Member of the Board since 2013. Directorships include: Tele2 AB, Bodycote plc, Keller Group plc among others. Education: M.Sc.Eng., Linköping University and MBA, University of Melbourne, Australia. Experience: former President of TeliaSonera International Carrier. Holdings in Sweco: 1,125 shares.



**JOHAN HJERTONSSON**

Born in 1968. Member of the Board since 2015. Chairman of: Nederman Holding AB, Swegon Group AB, Hultafors Group AB, Nord-Lock International AB, Caljan AS and Latour Industries AB. Directorships include: Investment AB Latour. Education: MBA, Lund University, Harvard University – The General Manager Program. Experience: CEO and President of Investment AB Latour, former CEO and President of Fagerhult, former CEO and President of Lammhults Design Group, managing positions within marketing, product development and finance at Electrolux. Holdings in Sweco: 30,000 shares.



**ANNA LEONSSON**

Born in 1971. Employee representative since 2005. Education/experience: Architect SAR/MSA, Master Degree in Architecture, Faculty of Engineering, Lund University. Employed by Sweco since: 1997. Holdings in Sweco: 601 shares.



**GÖRGEN EDENHAGEN**

Born 1964. Employee representative since 2011. Education/experience: Master of Science in Industrial Engineering, Luleå University of Technology. Employed by Sweco since 2008. Holdings in Sweco: 4,308 shares



**MARIA EK**

Born in 1974. Employee representative since 2015. Education/experience: Engineer. Employed by Sweco since: 1999. Holdings in Sweco: 1,925 shares.

**AUDITORS**

PricewaterhouseCoopers AB  
Auditor in charge:  
**Michael Bengtsson**, Authorised Public Accountant.  
Other assignments: Indutrade, Bure, Nobina and Bonnier Group.

**DEPUTIES**

**Peter Rothstein**  
Born in 1959. Employee representative since 2017.  
Holdings in Sweco: 1,764 shares.

**Charlotte Berglund**

Born in 1973. Employee representative since 2019.  
Holdings in Sweco: 1,531 shares.

**Nicole Corrodi**

Born in 1985. Employee representative since 2019.  
Holdings in Sweco: 514 shares.

## EXECUTIVE TEAM



**ÅSA BERGMAN**

Born in 1967.  
President & CEO since 2018.  
Year of employment: 1991.  
Holdings in Sweco: 44,084 shares.



**INA BRANDES**

Born in 1977.  
President of Sweco Germany & Central Europe  
(former Sweco Central Europe) since 2015.  
Year of employment: 2015 (previously employed by Grontmij).  
Holdings in Sweco: 8,231 shares.



**MARKKU VARIS**

Born in 1958.  
President of Sweco Finland since 2013.  
Year of employment: 1993.  
Holdings in Sweco: 18,922 shares.



**GRETE ASPELUND**

Born in 1971.  
President of Sweco Norway since 2016.  
Year of employment: 2016.  
Holdings in Sweco: 12,050 shares.



**EUGENE GRÜTER**

Born in 1959.  
President of Sweco Netherlands since 2016.  
Year of employment: 2016.  
Holdings in Sweco: 7,411 shares.



**MAX JOY**

Born in 1969.  
President of Sweco UK since 2019.  
Year of employment: 2016.  
Holdings in Sweco: 2,994 shares.



**ERWIN MALCORPS**

Born in 1973.  
President of Sweco Belgium since 2019.  
Year of employment: 2015 (previously employed by Grontmij).  
Holdings in Sweco: 1,084 shares.





**ANN-LOUISE LÖKHÖLM-KLASSON**

Born in 1971.  
President of Sweco Sweden since 2018.  
Year of employment: 2008.  
Holdings in Sweco: 5,550 shares.



**OLOF STÅLNACKE**

Born in 1965.  
Chief Financial Officer at Sweco AB since 2019.  
Year of employment: 2019.  
Holdings in Sweco: 5,754 shares.



**DARIUSH REZAI**

Born in 1975.  
President of Sweco Denmark since 2017.  
Year of employment: 2017.  
Holdings in Sweco: 2,618 shares.



**KATARINA GRÖNWALL**

Born in 1968.  
Chief Communication Officer at Sweco AB since 2019.  
Year of employment: 2019.  
Holdings in Sweco: 139 shares.



**LISA LAGERWALL**

Born in 1972.  
General Counsel at Sweco AB since 2011.  
Year of employment: 2006.  
Holdings in Sweco: 10,008 shares.



**MIKAEL LANDBERG**

Born in 1968.  
Chief HR Officer at Sweco AB since 2018.  
Year of employment: 2018.  
Holdings in Sweco: 1,277 shares.



**MARTIN ARONSSON**

Born in 1980.  
Chief Strategy and Mergers & Acquisitions Officer at Sweco AB since 2019.  
Year of employment: 2014.  
Holdings in Sweco: 5,226 shares.

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# ANNUAL GENERAL MEETING

## ANNUAL GENERAL MEETING

The Annual General Meeting of SWECO AB (publ) will be held at 3:00 p.m. on Thursday, 23 April 2020 at Fotografiska, Stadsgårdshamnen 22, Stockholm, Sweden. Admission to the AGM will begin at 2:15 p.m. and registration will open at 2:45 p.m.

## RIGHT TO PARTICIPATE

Shareholders who wish to participate in the AGM must be entered in their own name in the register of shareholders maintained by Euroclear Sweden AB no later than Friday, 17 April 2020. Shareholders are also required to have notified the company of their intention to participate no later than Friday, 17 April 2020 via Sweco's website, by letter or by calling the number provided below.

## NOTIFICATION

The notification should include name, personal identity number (company registration number), address, telephone number, registered holding and special mention if the shareholder wishes to be accompanied by an assistant. Registered participants will be mailed an admission card which is to be presented at the entrance to the AGM premises. For details on how personal data is processed in connection with the AGM, see [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

## NOTIFICATION CAN BE MADE:

- online via Sweco's website: [www.swecogroup.com](http://www.swecogroup.com).
- by letter to Sweco AB, "Sweco Årsstämma", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.
- by calling +46 (0)8-402 90 73, weekdays between 9:00 a.m. and 5:00 p.m.

## NOMINEE SHARES

Shareholders whose shares have been registered by a nominee shareholder must, in order to exercise their voting rights at the AGM, temporarily register the shares in their own name. Such re-registration should be requested in good time prior to Friday, 17 April 2020 from the bank or securities broker that manages the shares.

## FORM OF PROXY

Shareholders who are represented by a proxy must submit an original form of proxy and a certificate of registration, where appropriate, to be sent to the company no later than Friday, 17 April 2020. Proxies representing a legal entity must attach a verified certificate of registration or corresponding proof of authorisation to sign for the shareholder.

## PROPOSED AGENDA

The items of business required by law and the Articles of Association will be dealt with at the Annual General Meeting.

## DIVIDEND

The Board of Directors proposes that the shareholders receive a dividend of SEK 6.20 per share. The proposed record date is Monday, 27 April 2020. If the AGM decides in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 30 April 2020.

## DEFINITIONS

### Acquisition-driven growth

Annual growth in net sales in local currencies, based on acquired businesses.

### Acquisition-related items

Amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of additional purchase price, and profit and loss on the divestment of companies, operations, buildings and land, as well as expensed costs for future service.

### Billing ratio

Billable hours in relation to total hours of attendance for all employees.

### Capital employed

Total assets less interest-free current and non-current liabilities and deferred tax liabilities.

### Cash flow per share

The year's cash flow divided by the average number of shares outstanding (excluding treasury shares).

### Debt/equity ratio

Interest-bearing liabilities excluding leasing liabilities in relation to shareholders' equity.

### Dividend yield

The year's dividend per share (proposed for 2019) in relation to the closing price for the Sweco class B share.

### Earnings per share

Profit for the year attributable to owners of the Parent Company divided by the average number of shares outstanding (excluding treasury shares).

### EBITA

Earnings before Interest, Taxes and Acquisition-related items, under which all leases are treated as operating leases whereby the total cost of the lease affects EBITA.

### EBITA margin

EBITA in relation to Net sales.

### EBITDA

Earnings before Interest, Taxes, Depreciation & amortisation and Acquisition-related items, under which all leases are treated as operating leases whereby the total cost of the lease affects EBITDA.

### EBITDA margin

EBITDA in relation to Net sales.

### Employee turnover rate

The number of employees who left the Group during the year in relation to the average number of employees.

### Equity/assets ratio

Shareholders' equity in relation to total assets.

### Equity per share

Equity attributable to owners of the Parent Company divided by the number of shares outstanding (excluding treasury shares) at the end of the period.

### Extraordinary items

Consists of extraordinary transaction, integration and restructuring costs of acquired operations.

### Growth, currency effects

Effect of exchange rate changes on net sales growth.

### IAS

International Accounting Standards.

### IFRS

International Financial Reporting Standards.

### Interest coverage ratio

Profit after net financial items under which all leases are treated as operating leases plus financial expenses excluding interest cost of leasing divided by financial expenses excluding interest cost of leasing.

### Market capitalisation

The year's closing price for the Sweco class A and class B share multiplied by the number of shares outstanding in each class.

### Net debt

Financial debt (comprised almost exclusively of interest-bearing bank debt) less cash and cash equivalents and short-term investments. Lease liabilities are excluded from net debt.

### Net debt/EBITDA

Net debt divided by EBITDA.

### Net debt/equity ratio

Net debt divided by shareholders' equity.

### Normal working hours

The potential number of hours, according to the calendar, that a full-time employee could work if he/she is not absent and does not work overtime.

### Number of employees

Number of individuals employed at the end of the period.

### Number of full-time employees

Hours of attendance plus hours of absence (excluding long-term absence) divided by normal working hours.

### Operating margin

Operating profit (EBIT) in relation to net sales.

### Operating profit (EBIT)

Profit before net financial items and tax.

### Operating profit (EBIT) per employee

Operating profit (EBIT) divided by the number of full-time employees.

### Organic growth

Annual growth in net sales in local currencies, excluding acquisitions.

### Profit margin

Profit before tax in relation to net sales.

### Return on capital employed

Profit after net financial items plus financial expenses in relation to average capital employed.

### Return on equity

Profit for the year attributable to owners of the Parent Company in relation to average equity attributable to owners of the Parent Company.

### Return on total assets

Profit after net financial items plus financial expenses in relation to average total assets.

### Total return

Share price performance including reinvested dividends.

### Value added per employee

Operating profit plus personnel costs divided by the full-time equivalents.

