

Sweco Annual Report 2020



Transforming
society
together

SWECO 

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FINANCIAL CALENDAR

11 May 2021	Interim report January–March 2021
16 July 2021	Interim report January–June 2021
29 October 2021	Interim report January–September 2021
11 February 2022	Year-end report 2021

SUSTAINABILITY REPORT

Sweco's Sustainability Report is presented on pages 98–111 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 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.

COVER IMAGE

In close collaboration with Järfälla Municipality, we have been working on the development of Barkarbystaden, northwest of Stockholm, into a vibrant, sustainable city district for several years. The construction of 18,000 residences is planned, along with workplaces, schools, sports grounds, shops, social services and culture.

PROFIT AND KEY RATIOS, SWECO GROUP

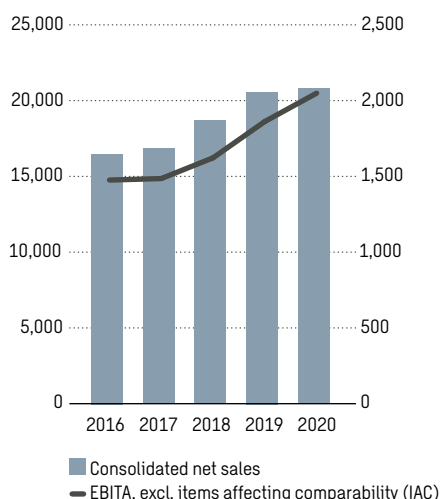
	2020	2019
Net sales, SEK M	20,858	20,629
EBITA excl. items affecting comparability (IAC), SEK M	2,056	1,869
EBITA-marginal excl. IAC, %	9.7	9.1
EBITA, SEK M	1,766	1,869
EBITA margin, %	8.5	9.1
Profit before tax, SEK M	1,608	1,777
Billing ratio, %	74.3	74.3
Net debt/EBITDA, x	0.5	1.0
Earnings per share, SEK ¹	3.64	11.85
Equity per share, SEK ^{1, 2}	21.25	60.73
Dividend to shareholders, per share, SEK ¹	2.20 ³	6.20
Number of full-year employees	17,328	16,412

1) Due to the share split conducted during fourth quarter 2020, historical data has been restated in accordance with IAS 33.

2) Refers to portion attributable to Parent Company shareholders.

3) Proposed dividend.

CONSOLIDATED NET SALES AND EBITA, SEK M



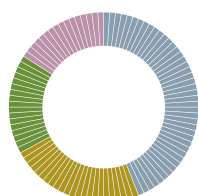
SHARE PRICE PERFORMANCE 5-YEAR, SEK



Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

CLIENTS

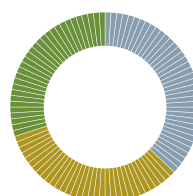
Net sales by client category in 2020, %



Public sector, 44 (42)
Other private sector companies, 23 (23)
Housing, real estate and construction, 17 (17)
Industrial companies, 16 (18)

SERVICES

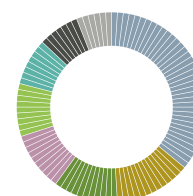
Share of consolidated net sales in 2020, %



Buildings and urban areas, 37 (38)
Transport infrastructure, 33 (31)
Water, energy and industry, 30 (31)

NET SALES BY BUSINESS AREA

Share of consolidated sales in 2020, %



Sweco Sweden, 36 (36)
Sweco Finland, 13 (11)
Sweco Norway, 11 (12)
Sweco Netherlands, 10 (10)
Sweco Denmark, 9 (9)
Sweco Belgium, 8 (7)
Sweco Germany and Central Europe, 7 (9)
Sweco UK, 6 (6)

Sweco has always brought together different types of experts to solve the great societal challenges of our time – a task that is now more relevant, challenging and inspiring than ever.

Together with our clients, our 17,500 architects, engineers and other specialists develop solutions to manage urbanisation, take best advantage of digitalisation opportunities and make future societies more sustainable.

Our work method enables us to offer our clients a combination of global expertise and local presence and understanding, adapted to their business and reality. Our ambition is to be our clients' most relevant partner, working together to help them solve their challenges.

Sweco – Transforming society together

MARKET POSITION

#1

Sweco is the leading engineering and architecture consultancy in Europe.

NUMBER OF EMPLOYEES


17,500

Our ambition is to have the industry's best employees.

SWECO'S SUSTAINABILITY GOALS

2040

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



Working together to make tomorrow's societies more sustainable

2020 has been both a challenging and an enlightening year for Sweco. Along with the rest of society, we have been impacted by the Covid-19 pandemic. In spite of this, we have once again demonstrated that we are strong even in difficult times, and we see that the underlying trends that drive our business – urbanisation, digitalisation and sustainability – still underpin the development of society.

We see how more and more ambitious climate targets are being adopted. The EU's Green Deal, for example, covers areas such as sustainable transport, innovative industry, fossil fuel phase-out and energy-efficient buildings – all aimed at becoming the world's first climate neutral region by 2050. Many countries, companies and municipalities also have their own action plans in place that will enable the conversion to a more sustainable future.

We also see that demand for advanced digital solutions continues to grow. One good example of our forefront position in this area is our work with the Randselva Bridge in Norway – a 634-metre-long bridge built without drawings, based solely on BIM (Building Information Models). The project has won prestigious international awards and has been described as setting a completely new industry standard for what can be achieved when it comes to the production of complex constructions.

Our decentralised approach has once again proven to be a strength. With our strong local presence, we have a profound understanding of our clients and their reality. This is

a fundamental condition for building trust and confidence and having the capacity to be a long-term partner. Together with our clients, we have quickly found new avenues and approaches that have enabled us to essentially deliver in full in most projects throughout the year.

Our business model creates stability

With our diversification across geographies, service segments and private/public projects, we are stable in an uncertain world. At Sweco, we are not dependent on big, cyclically sensitive projects. Our strength lies in the fact that we work locally, with a high degree of small and medium-sized projects. Our local teams completed over 80,000 projects during the year. With strong client relationships, it is often possible to identify new projects even when times are tough, and with more than 1,500 teams that have personal client relationships, we have tremendous strength in our ability to sell.

With that said, we have not, of course, been unaffected by the pandemic's impact on the economy. On our part, the downturn has been most noticeable in parts of the industrial segment and in the private construction and real estate segments. During the fourth quarter we also saw a more obvious impact during the second wave of the pandemic, with increased restrictions and further closures in many of our markets.

Improved profitability in seven of eight markets

Sales for full-year 2020 totalled SEK 20.8 billion, a year-on-year increase of 1 per cent. EBITA decreased to SEK 1.8 billion (1.9) and the EBITA margin was 8.5 per cent (9.1). Operating profit was impacted by the SEK 290 million write-down in Germany, conducted during the fourth quarter. Adjusted for items affecting comparability, the result improved to SEK 2.0 billion and the margin to 9.7 per cent. Seven of our eight business areas improved their profitability during the year, and two of them – Sweden and Finland – outperformed our margin target of 12 per cent.

Overall, demand for Sweco's services was good during the year in most of our markets. In Sweden we continue to deliver market-leading margins, and in Finland we combined record-high margins with strong organic and acquired growth. We improved our result in Denmark, with the acquisition of KANT Arkitekter contributing to growth. We continue our long-term improvement journey in the Netherlands, and in Belgium we continue to deliver growth as well as margin improvements. In Norway we took an important step with the acquisition of TAG Arkitekter, and we now have a fully integrated architecture and consulting engineering offering. The impact of the pandemic was most obvious in the UK, where closures and extensive restrictions affected our business. Despite this, we improved our full-year result in the UK.

The result in Germany & Central Europe was, of course, negatively affected by the significant write-down conducted at the end of the year. With an action programme and new management in place, we have a positive view of long-term opportunities in this market, although the change journey will take time.

Acquisitions – a key element of our growth strategy

Our strategy is based on organic and acquired growth. We have a well-proven operational model, the Sweco model, and extensive experience gained from more than 130 successful acquisitions over the past 20 years. In 2020 we conducted a total of ten acquisitions: Talboom Group, A-RES, Temco and SGI Ingénieurs in Belgium, KANT Arkitekter in Denmark, and Optiplan and Saraco in Finland – all of which further strengthened our position in these markets.

The acquisition of TAG Arkitekter in Norway, with close to 100 employees, was a key part of the solution in the Norwegian market. Combining engineering and architectural expertise is one of the elements that makes Sweco unique and is something we want to be able to offer in all of our markets. To place our architectural operations in perspective, Sweco – with 1,300 architects and landscape architects – is now among the world's five largest architecture firms.

Sustainability underlies everything we do – and creates new business opportunities

We see new business opportunities in the wake of the pandemic. Throughout the world there is talk of a green restart, supported by initiatives on the EU and national levels, which indicates that conversion efforts and investments in new solutions and technology will accelerate. Sweco has an important role to play in this.

Our broad-based expertise is becoming increasingly important as efforts to build a more sustainable society become more multi-faceted. We help our clients create synergies and avoid conflicts between the UN's 17 sustainable development goals (SDGs) utilising tools such as the

Sustainability Sun, developed by Sweco's experts. When projects encompass multiple dimensions, there is greater advantage in having the capacity to draw on experience and expertise from all of our business areas and projects carried out in widely different contexts. In times when many of our clients have intensified their sustainability goals and are setting difficult financial priorities, our carbon cost method – which demonstrates how to reduce climate impact and cost – is especially welcome.

In the same way, sustainability efforts shape our own business. We subscribed to the UN's Global Compact early this year, indicating that we support the Global Compact's ten priorities with a focus on strengthening efforts in the areas of human rights, labour law, the environment and anti-corruption. We have stepped up our involvement in the World Business Council for Sustainable Development (WBCSD) and have taken the initiative to form a working group on methods for measuring and reducing the climate impact of projects. We also submitted our group-wide climate goals to the Science Based Targets initiative (SBTi) for approval during 2020. Our climate goals are aligned with the Paris Agreement's 1.5°C target.

Sweco's operations will be climate neutral by 2040 and we will halve our climate impact by 2030 over 2020 levels. Each domestic market will also be a climate forerunner in its market. Several of our markets have therefore adopted climate goals more far-reaching than our group-wide goals. Our climate goals were supplemented during the year with action plans and significant sharing of lessons learned, between markets.

Continued focus on profitable growth

We have a stable platform at Sweco for continued profitable growth. We have a market-leading position in Europe, and we are well positioned to address the strong trends that drive demand for our services. We once again demonstrated the strength of our well-diversified, decentralised model. We have a strong financial position and we see excellent opportunities for continued growth, both organically and through acquisitions.

Looking ahead, we will continue to deliver on our strategy and implement the Sweco model in all of our markets. We will sharpen our focus on understanding and solving our clients' needs better than anyone else with our local presence, close to our clients' operations.

Solving the great societal challenges of our time is more relevant, demanding and inspiring than ever before. Sweco has always gathered together experts with different perspectives and skills to develop the best solutions. Together with our clients, our 17,500 experts develop solutions to make tomorrow's societies more sustainable in all dimensions – environmentally, socially and economically.

In conclusion, I would like to thank all of our clients and employees for everything we have achieved during this highly unusual year.

Stockholm, March 2021



Åsa Bergman
President and CEO

Megatrends drive demand and shape our external environment

Sweco plans and designs the sustainable communities and cities of the future. Demand for our services is largely driven by the major societal trends affecting our clients' business.

Urbanisation, digitalisation and sustainability are three megatrends that impact demand for Sweco's services. With population growth and increased prosperity, urbanisation generates greater demand for sustainable solutions for urban planning and development and for enabling more efficient transportation infrastructure and energy solutions. Digitalisation affects our entire society and places great demand for solutions to develop smart cities, industries and infrastructure. Efforts to prevent and manage climate change and promote sustainable urban development run through Sweco's entire service offering.

Ambitious climate goals are also being pursued through initiatives such as EU's Green Deal, which specifies that the EU will be climate neutral by 2050 and that the conversion

will promote economic well-being and improve competitiveness. The Green Deal also encompasses areas such as sustainable transports, innovative industry, phase-out of fossil fuels, and energy-efficient buildings. Many countries and companies also have their own action plans for achieving a more sustainable future.

Powerful driving forces are increasing demand for our services. We continuously develop our offering through insights drawn from our comprehensive project activity. This makes us well positioned to be our clients' top choice. Sweco's employees are experts across a range of areas, and we now have a leading offering to address the complex challenges our clients are facing due to changes in the external environment.



Sweco has a comprehensive offering that addresses clients' urbanisation, digitalisation and sustainability challenges.

BUILDINGS AND URBAN AREAS

Urbanisation and digitalisation create increased demand for smart and sustainable solutions in the planning, development and expansion of cities and buildings.

WATER, ENERGY AND INDUSTRY

To address the challenges associated with climate change and urbanisation, Sweco offers modern technological solutions that ensure access to clean water, a reliable energy supply and resource-efficient industrial facilities.

TRANSPORTATION INFRASTRUCTURE

As cities grow and expand, greater demands are placed on transportation infrastructure that is efficient and sustainable. Countries also need to ensure that their transportation networks between regions and cities are efficient and sustainable.

Sweco is stable in an uncertain world

When the Corona pandemic erupted, no one could predict what the consequences would be for the world around us. Despite the prevailing uncertainty, we were able to adapt our operations quickly and effectively thanks to our digital maturity and our work model based on small, agile teams close to our clients. Up to 14,000 of our 17,500 employees have worked remotely while essentially maintaining full capacity. Many of our projects also serve important societal functions and their implementation has therefore been prioritised despite the pandemic.

We also see that our operational model, the Sweco model, has once again proven its strength. Although we are a global company with operations in numerous countries, our decentralised approach and strong local presence enables us to swiftly adapt when conditions in the market and for our clients change. This allows us to always remain relevant.

These have been decisive factors in our success in maintaining good sales levels and strong full-year results. At the same time, the pandemic has negatively affected us in several different areas. Demand decreased during the year in

parts of the industry segment and within residential homes and properties. Several measures were taken to address this during the year, including short-term layoffs in Sweden, Belgium, Finland, Norway and the UK, and organisational changes in Sweden. Sweco's Board of Directors decided in April to adjust the dividend to ensure financial strength until the market outlook recovers. An extra dividend was approved in October. The second wave of the pandemic, with increased restrictions and lockdowns, affected Sweco's business in late 2020. Among other things, growth slowed as the pandemic made it more difficult to recruit employees at the desired rate.

It is too early to know what impact the pandemic will have on our surrounding world over the long term, but we certainly know that it has accelerated digitalisation. We see this in our own business and in many of our client projects. Along with our clients, we have become better at using digital tools and identifying innovative new ways to utilise the advantages of digitalisation in our projects. This in turn results in greater efficiency and enables us to offer our clients better guidance.

SWECO SECURES FLOW OF INFECTIONS DISEASE DATA DURING CORONA PANDEMIC

During the year Sweco was commissioned by the European Centre for Disease Prevention and Control (ECDC) to secure member states' reporting of data on diseases and the spread of infections, including Covid-19. Information linked to a geographical location (e.g., region, county, country) is crucial to enable the identification, monitoring and analysis of various diseases. Sweco has around 250 experts in Sweden specialised in the applications of geographical IT, a key element in the digitalisation of society which is needed in nearly all societal sectors.



Our success is based on a clear and simple strategy

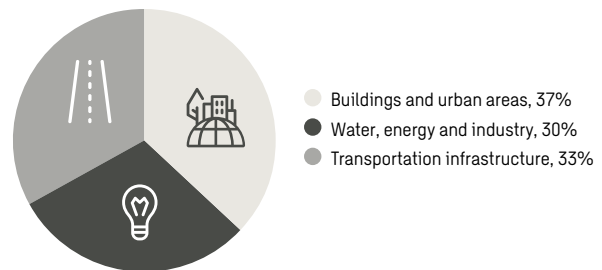
Sweco is the leading engineering and architecture consultancy in Europe, with a history of stable and profitable growth. We have a clear strategy for continuing our growth journey, based on our offering (what), our geographical presence (where) and our operational model (how).

A diversified offering with a focus on sustainability

Since our start in 1958, our combination of architecture and engineering services has been a key to our success. Today, we offer qualified consulting services in three segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Sustainable urban development cuts through all aspects of our offering.

SERVICES

Share of consolidated net sales in 2020



Three acquisitions in 2020

SWECO ESTABLISHES LEADING POSITION IN BELGIUM IN PHARMACEUTICAL RESEARCH



With the acquisition of the Talboom Group in January, Sweco strengthens its position in engineering services for the pharmaceutical, biotech and infrastructure segments in Belgium. The Talboom Group has around 70 employees.

MARKET POSITION IN DENMARK FURTHER CONSOLIDATED



In March Sweco acquired Danish architecture company KANT Arkitekter, with around 80 employees. KANT Arkitekter holds a strong position in public sector development of educational facilities and housing.

SWECO NORWAY ESTABLISHED ARCHITECTURAL OPERATIONS THROUGH STRATEGIC ACQUISITION



In October Sweco acquired TAG Arkitekter, with close to 100 employees. With offices in Oslo, Bergen and Trondheim, the company specialises in building and landscape architecture.

WHAT WHERE HOW

Focus on profitable growth in northern Europe

Sweco's growth strategy is based on organic and acquired growth with a focus on eight geographical business areas.

Good growth opportunities in fragmented markets

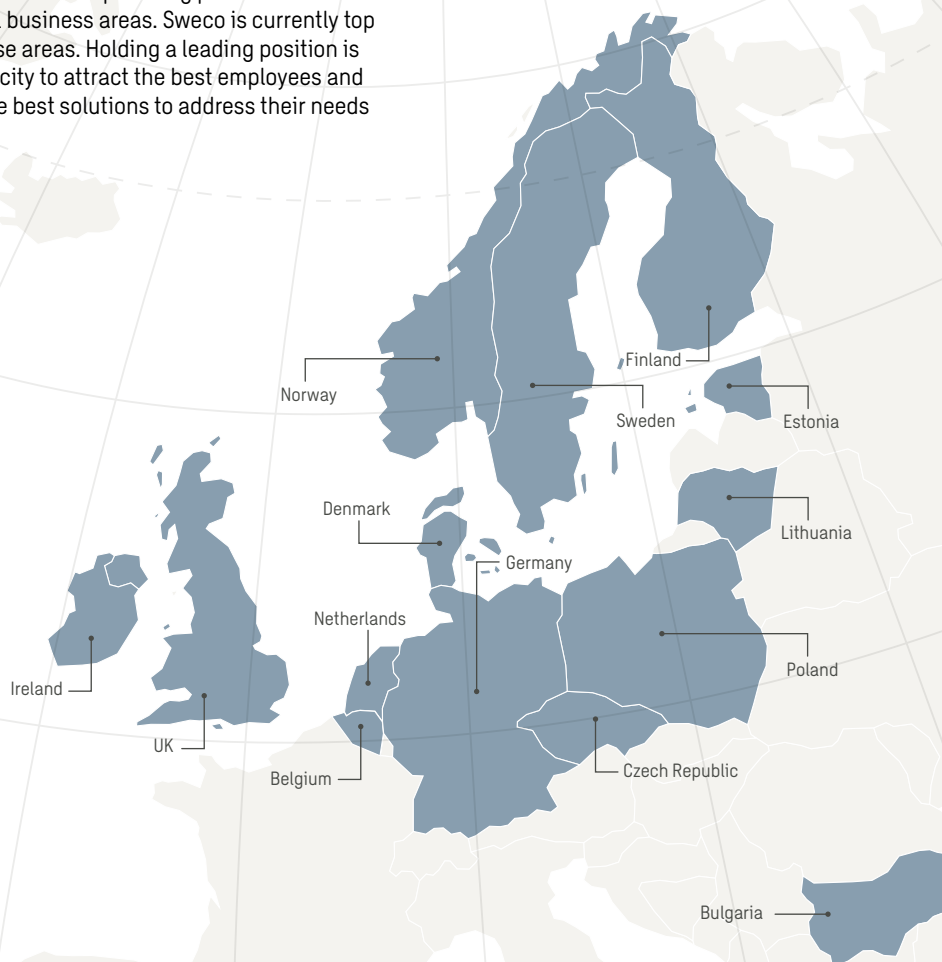
The European architecture and consulting engineering sector is fragmented and has long been characterised by consolidation. This presents good growth opportunities and enables us to broaden our presence and our offering. Sweco has a strong local presence while also benefiting from the collective expertise of our 17,500 employees.

Market-leading positions

Sweco's ambition is to develop leading positions in our eight geographical business areas. Sweco is currently top three in five of these areas. Holding a leading position is crucial to our capacity to attract the best employees and offer our clients the best solutions to address their needs and challenges.

Acquisitions during the year

2020 was an acquisition-intensive year. A total of 10 acquisitions were conducted to establish market-leading positions and develop the offering. During the year we strengthened our positions within architecture in Denmark and Norway and we can now, in line with our strategy, also offer clients fully integrated architect and engineering services in these markets. We have also continued to conduct add-on acquisitions in interesting areas.



The Sweco model is our strength

Sweco's success is largely based on our way of working together within the company and with our clients. Our operational model – the Sweco model – is based on four fundamental pillars that are still our core values.

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 committed 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.

8.7/10 (8.5/10)

Average score from Sweco's 2020 client satisfaction surveys.

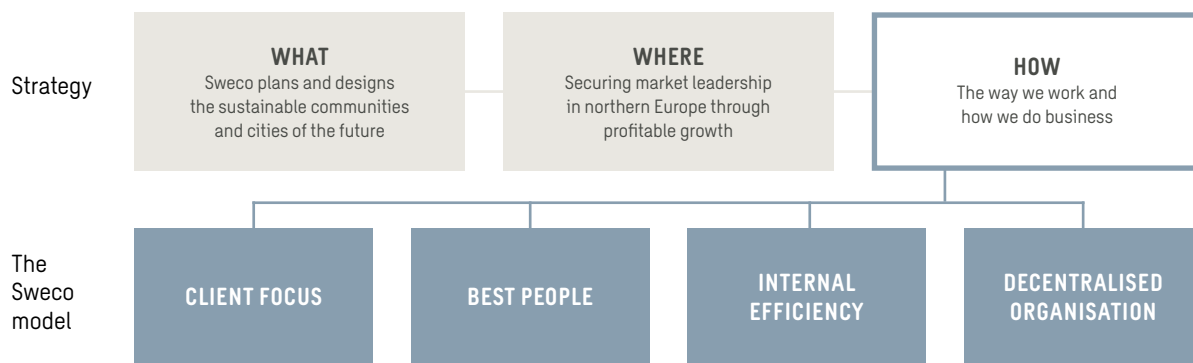
Best people

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 offer the best development opportunities, while actively managing performance to optimise the contribution of all employees.

83% (81)

would recommend others to apply for a job at Sweco.





Internal efficiency

We exist to provide service to our clients, so we need to invest as much time as possible in client projects. To manage this we need to have high internal efficiency, which Sweco achieves with our straightforward 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% (74.3)

Sweco's billing ratio in 2020.

Decentralised organisation

Our decentralised organisational structure is essential to our business. Sweco is comprised of more than 1,500 small independent teams, with a team manager personally responsible for client relationships, projects and employees. This model creates clarity, accountability and commitment throughout the organisation. This has been the key to our success for many years and has enabled us to maintain a strong client focus with a high degree of efficiency and commitment, even during the pandemic.

> 1,500 teams

Empowered teams working closely with clients.



Sustainability shapes our entire business

Sustainability is business critical for Sweco. In all markets where we operate, we are strongly committed to working with our clients to plan and design the sustainable communities and cities of the future.

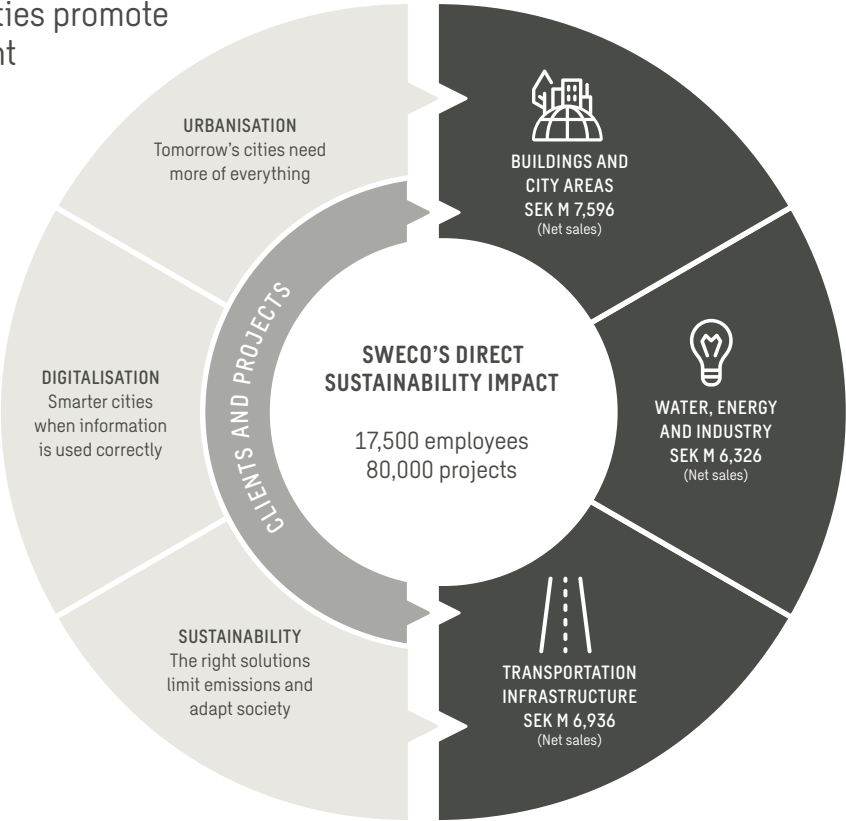
As industry leader in Europe, we have a great responsibility – and opportunity – to actively support a sustainable conversion. It is in our client projects where we can make the greatest difference, working with our clients to identify the most innovative solutions. But we also want to be a fore-runner within our own business operations. One example of this is our group-wide goal to be climate neutral by 2040.

Greatest opportunity for impact in client projects
 In 2020 we carried out over 80,000 projects, of which 44 per cent (sales) comprised projects for public operators such as municipalities, regions, cities and national agen-

cies in more than 70 different countries. Our greatest opportunity to make a difference lies in our ability to lead and offer our expertise in these projects to support a more sustainable urban development – for example, by ensuring access to clean water, efficient infrastructure and sustainable energy solutions.

We always aim to do a little more than the client requests, utilising our consultant’s expertise to offer and create more sustainable solutions. As an example, in Sweco’s projects covering railway operations in Sweden we decided to deliver emissions reductions five percentage points lower than requested by the client in all major projects.

Sweco’s business activities promote sustainable development



Sustainable development goals are part of our business

Under the auspices of the UN, countries of the world have agreed on 17 global goals for sustainable development (SDGs) to be achieved by 2030. Together with our clients, we work with all 17 global goals, based on each project's nature and challenges. 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. We also support achievement of the goals within our own business operations – for example, by reducing our own emissions and improving gender equality.

From goal conflict to synergy

Sweco focuses on maximising synergies between the global goals and minimising goal conflicts. It requires both a balancing act and sound knowledge to manage projects

that advance socioeconomic development and environmental sustainability, including biological diversity. Our experts work to help our clients avoid these goal conflicts and optimise the synergies between the UN's global goals and their connection to national environmental goals.

We developed Sweco's Sustainability Sun to understand and generate a positive effect of our clients' impact on the global goals. The Sustainability Sun is a tool that gives a comprehensive picture of how a project, commission, plan or business operation advances the global goals. The tool is used to advantage in a project's planning phase to compare various alternatives as regards sustainability and the 17 global goals, including the 169 targets. It is also a tool for working more proactively with risks and opportunities and works equally well for companies and the public sector.



Sättra is an urban development project in Västerås with around 2,000 new homes, services and schools, and ambitious goals for making it easy to live sustainably.

Sustainable development within our business segments

We conducted a group-level analysis during the year to identify the most business-critical global goals and those we have the greatest opportunity to influence: goal 6, clean water and sanitation; goal 7, affordable and clean energy; goal 9, industry, innovation and infrastructure; goal 11, sustainable cities and communities; and goal 13, climate action. We work proactively with many

of the 169 targets included as part of the 17 global sustainability goals.



BUILDINGS AND URBAN AREAS

Social sustainability is an integral part of our work with urban planning. We want to be instrumental in creating a more equal society with the citizen as the focus point, so human needs are always our starting point. We also offer solutions to reduce cities' climate impact, adapt the city and its infrastructure to a changing climate, and help improve circular economies. Combining depth and breadth of expertise, Sweco offers a unique, holistic design approach for tomorrow's buildings and landscapes.

In this business segment, we see that our contribution is focused on targets:



- 11.2 Provide access to sustainable transport systems for all
- 11.3 Inclusive and sustainable urbanisation
- 11.6 Reduce the environmental impact of cities



- 13.1 Strengthen resilience and adaptive capacity to climate-related natural disasters
- 13.2 Integrate climate change measures into policies and planning

WATER, ENERGY AND INDUSTRY

This business segment covers projects focused on restructuring industry to meet future needs and ensure well-being, including the conversion and protection of water resources and the environment and creating efficient industrial logistics and processes. We work on projects to reduce hazardous emissions, recycle waste and ensure access to clean water in order to make the world's resources go further. We also promote the conversion towards a more sustainable, efficient energy system, with energy experts working across the entire conversion process – from renewable energy to improved energy efficiency.

In this business segment, we see that our contribution is focused on targets:



- 6.3 Improve water quality and wastewater treatment and increase reuse
- 6.5 Integrated water resources management
- 6.6 Protect and restore water-related ecosystems



- 7.2 Increase global percentage of renewable energy
- 7.3 Double the improvement in energy efficiency
- 7.A Facilitate access to clean energy research and technology and invest in clean energy

TRANSPORTATION INFRASTRUCTURE

One crucial component of sustainable urban development is solving cities' and regions' future transportation needs in step with population growth and continued urbanisation. Well-functioning and stable infrastructure is the foundation of all successful societies. Our experts work on projects including new railways and tramlines, electric road systems, and planning public transport and pedestrian and bicycle paths to make transportation more efficient, sustainable and adapted to people's needs. We also work with new mobility services such as MaaS (Mobility as a Service) and LaaS (Logistics as a Service) and help the European Union co-ordinate and plan new infrastructure.

In this business segment, we see that our contribution is focused on targets:



- 9.1 Develop sustainable, resilient and inclusive infrastructure
- 9.4 Upgrade infrastructure and retrofit industries to improve sustainability.

The impact of climate change on society and our business

Limiting climate change is the single greatest challenge we have as a society. Sweco's work for a long time to come will be defined by the conversion to a climate-neutral society and the capacity to create climate-smart solutions. Even with very rapid and far-reaching emissions reductions, we as a company – and all societies – will need to adapt to a changing climate.

Climate change is a risk and a threat to all businesses. During the year Sweco conducted a risk assessment focused on more specific sustainability risks and opportunities. The analysis is divided into three parts – climate change and environment, employees, and business ethics – and we are analysing the impact of internal and external factors within this framework.

Sweco's offering is well suited to the increasing demands and expectations for sustainability brought on by climate change, and our risks therefore lie primarily in our stakeholders setting higher standards for our own conversion efforts. There is also a risk of Sweco working with operators or in projects that are not harmonised with globally established climate and sustainability goals. To reduce this type of risk, we work in stages to tighten, specify and broaden our goals by helping clients in vulnerable or controversial segments to accelerate their conversion. In certain cases, we refrain entirely from participating in specific projects or entire sectors. Read more about our views on climate- and sustainability-related risks on pages 98–111.

As consultants, we do not own the projects we work with. This means that the climate impact of the projects we are involved in falls outside the scope of our direct, formal climate responsibility. Our aim moving forward, however, is to have the capacity to report on the climate benefits we bring to our projects.

Climate neutral by 2040

As conversion experts we also have a great opportunity to make a difference in our own operations, and we make every effort to be a role model for the industry and for our clients and other stakeholders. In 2019 we adopted

a group-wide goal to achieve net-zero emissions by 2040 and to halve emissions by 2030 over 2020 levels. As a decentralised organisation, each individual Sweco market has established its own goals based on the requirement to serve as a forerunner in that country – i.e., at least as ambitious as the country's national goals. Sweco's climate goals are aligned with Carbon Law and have been submitted to the Science Based Targets initiative specifying the higher level of ambition. Sweco has also signed the UN Global Compact's Business Ambition for 1.5°C to demonstrate our goal of cutting our emissions to reduce global warming. Read more about our internal climate work on pages 98–111.

Sustainability governance

Sweco has been a member of the UN's Global Compact since early 2021, and we work in accordance with the Global Compact's ten principles. Based on these principles, we work strategically with sustainability initiatives and our most significant aspects in three main areas:

- Climate and external environment
We reduce our own and our clients' environmental impact
- Employees
We care about our employees and our work environment
- Business ethics
We are honest and fair

Our business ethics framework includes our Code of Conduct, risk assessments for projects and suppliers, and procedures for reporting and managing incidents. Our Code of Conduct forms the basis for Sweco's sustainability work and is a key component in ensuring that all of our employees and business partners deliver in accordance with our principles. The Code specifies our responsibility in society and covers the environment, business ethics, privacy, employee development, human rights and labour law.



Urban Insight 2020: Climate Action

To develop the most innovative and sustainable solutions to the great challenges of our time, we need data, facts and insights. Within the framework of our long-term Urban Insight initiative, we share insights on the most interesting and relevant issues and topics across Europe. Since its launch in 2018, Sweco has published more than 20 reports in areas including sustainable transports, energy conversion and climate challenges. Sustainable urban development, in a range of aspects, is the theme common to all reports.

The 2020 theme – Climate Action – provided insights in areas including the ways cities can prepare for future climate changes,

become more circular and take steps to ensure biological diversity. One example of Sweco's work in the latter area is shown in the above picture. The bathing beach at the Almind Sø nature area in Silkeborg, Denmark, is constructed to protect the surrounding natural environment and the lake's biological diversity.

The 2021 Urban Insight theme is ways to create healthy, resilient urban environments.

Read more at www.swecourbaninsight.com.

We set high standards in all projects

Our business ethics framework is in place to ensure that all of our employees and business partners deliver value based on shared principles. It is also instrumental in managing our business risks.

With 17,500 employees carrying out projects in many locations throughout the world, it is essential to ensure that we and our business partners always conduct business based on the same principles. Business ethics is an integral part of our sustainability work. Every Sweco employee is responsible for complying with the prevailing laws and regulations where they operate and with Sweco's policies. The same applies to our business partners. Our business ethics framework includes our Code of Conduct and other business ethics policies, project and supplier risk assessments, and procedures for reporting and managing incidents.

New Code of Conduct

In late 2019 Sweco's CSR policy and Code of Conduct were merged into an integrated Code of Conduct that was introduced throughout the organisation during the first six months of 2020. All Sweco employees are required to read and sign the Code of Conduct each year. Our employees also undergo regular business ethics training associated with their roles and work duties. In addition to the central policy documents, our business areas may also have supplemental guidelines.

At Sweco, we have an extremely well-functioning system for digital training, and our employees are accustomed to participating in regular training sessions. This applies not least to the topic of business ethics. In 2020, 89 per cent of our employees read and signed our new Code of Conduct.

Careful selection of business partners and projects

Sweco's has a special Business Partner Programme for evaluating our partners. As part of the programme, we require our business partners to comply with our Code of Conduct and other policies, in areas such as anti-corruption and bribes, and there is also training. For example, our employees and our business partners may participate together in training sessions, to review various scenarios and dilemmas that may arise.

For projects outside our home markets, we have a process for evaluating projects and business partners. We use Transparency International Corruption Perceptions Index (CPI) to determine the risk level of each project. For projects with high risk levels, routines are applied for to evaluate risks in the client contract, in project implementation and for business partner participation.

Reporting and review

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

Sweco has a zero-tolerance policy with regard to non-compliance with business ethics. We focus on enforcing this policy by proactively providing training and information, and by reactively picking up on and managing incidents. Sweco has a whistle-blower function – the Sweco Ethics Line – operated by an external provider that enables anonymous reporting of incidents.

Audits of Sweco's business ethics work are conducted regularly on the Group level, based on identified risk areas, to enable a structured review of these efforts.

Expertise that shapes tomorrow's communities and cities

The communities and cities of tomorrow are facing major changes. Together with our clients, our 17,500 architects, engineers and other specialists develop solutions to manage urbanisation, seize the opportunities offered by digitalisation, and make future societies more sustainable.





Sweco's experts help cities manage future climate change

Our climate is changing dramatically. The future will be both warmer and wetter, with greater risk of flooding and heavy rain and snowfall, while local water shortages and droughts will be increasingly common during the summer. Sweco's climate adaptation experts work with our clients to future-proof cities and communities to address these new conditions.

Urbanisation, climate change, an ageing population, the emergence of new technology and new business models – these are some of the circumstances that cities and societies need to be able to manage. In many cases, measures and adjustments associated with these issues come at a high cost. This applies not least to climate adaptations.

Great need throughout Europe

An Urban Insight report published by Sweco in November 2020 found that only one-quarter of Europe's cities have action plans in place for managing climate changes.

At Sweco, consultants work to help cities and communities become more resilient and manage the anticipated changes. Our work encompasses everything from major city planning projects to local climate adaptations. Together with our clients, we develop coherent, long-term city planning that takes a holistic perspective while also providing for the complexity of the future.

Although we focus on northern Europe, we work with clients across the globe. We ensure that the unique insights we gain from this are shared throughout the company, thereby

benefitting all of our clients and projects. One important consideration is that the measures taken should not only address climate-related risks but should also include and positively

impact the city's mobility, social inclusion and economic development.



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



Future-proofing Amsterdam's urban development

The Netherlands is a country vulnerable to climate change, with 40 per cent of its land area below sea level.¹ With rising sea levels, more water in the country's major rivers and increased rainfall, there is a great need to future-proof the city of Amsterdam. Meanwhile, the city continues to grow.

Numerous urban expansion projects to and around the water are planned, including adjacent to the Amstel River and on islands in Lake IJ. Since 2017 Sweco has been contracted by the City of Amsterdam to support and lead urban development and to develop new areas. In Overamstel, Sweco is involved in transforming an industrial area into 5,000 new homes.

In Zeeburgereiland our work encompasses 10,000 houses and flats, and in IJburg two islands in Lake IJ are being created to make room for 8,500 new homes.

Sweco's work in Amsterdam has included providing the city with guidance in implementing a sustainable, circular design for the residences, which includes climate adaptation, energy, choice of material, ecology and social value. The islands at IJburg are a particularly interesting project. A number of measures have been taken to contend with heavy rainfall, rising sea levels and an increased risk of drought. Flood protection is an integral part of the design, and rainwater will be absorbed by the islands' sandy soil and provide protection against heavy rain. The islands also have

green zones and parks to relieve heat stress and promote biological diversity.

1) www.sverigesradio.se/artikel/6125335

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 98–111.



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

Sweco: Advisor to industry in its conversion from fossil to renewable and circular

All facets of society are undergoing sustainable adaptation, not least the industrial sector. Sweco's experts work in close collaboration with our clients to reduce industry's climate impact.

Sweco's water, energy and industry experts work with many of the issues that are crucial for sustainable urban development. Sweco's water and environmental consultants work with projects that include reducing hazardous emissions, recycling waste and ensuring access to clean water. Our energy experts work with the transition from fossil to renewable energy, energy optimisation and introduction of new fuels such as electricity and hydrogen.

Industry's key role in the conversion is instrumental in emissions reduction, improved use of resources and economic growth. Sweco's experts work with numerous innovative and forward-thinking clients and projects throughout Europe.

Fossil-free and circular industry

Industry currently accounts for around 20 per cent of the EU's emissions, while only 12 per cent of the material used in EU industry is recycled. Conversion to a fossil-free and more circular industry represents two powerful trends characterising many of Sweco's industrial projects. This development is in line with the EU's Green Deal, which prioritises sustainable



industry and a circular economy. Investments in these areas also provide opportunities for industry to strengthen its competitiveness.

In Belgium, where industrial clients are found mainly within the chemical, pharmaceutical and mineral industries, energy conversion and circular solutions comprise the majority of Sweco's projects. Often in combination.

Numerous projects, for example, involve replacing fossil energy with renewable energy.

In one project in Belgium, on behalf of global mineral company Sibelco, Sweco is responsible for the planning and project management of the construction of Flanders's largest solar panel farm, which will provide the factory with renewable energy (see photo). Examples of projects that combine energy conversion and circular solutions include utilising energy or by-products from industrial processes to produce new energy, thereby creating a circular supply chain.

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

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

A globally unique closed-loop project

In Belgium, Sweco has also been involved in a pioneering project in circular processes. The backdrop to the project is the world's diminishing supply of raw material while mountains of waste and scrap grow. Rather than viewing scrapyards and landfills as the final destination for waste material, we can view these sites as a source of raw material and energy and make them part of a circular economy.

After years of research, Machiels Group, a Belgian environmental engineering company, wanted to test these ideas in practice by

developing the first industrial-scale test facility, and turned to Sweco. The test facility, Remo Milieubeheer, is the first in the world aimed at identifying ways to convert waste and scrap material into energy with a high degree of material recycling.

The facility, situated at an existing landfill in Houthalen-Helchteren in Flanders, is in operation and will be gradually scaled up. Energy extraction and material recycling are expected to continue for 20 years, until the area is finally cleaned up and emptied, after which it will become a park.

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 98–111.



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

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

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

Europe's climate goals create demand for sustainable transport solutions

Sweco's transport infrastructure experts plan and design sustainable transport solutions in close collaboration with our clients. In one growth area – railway design – Sweco and its 1,200 experts hold a leading position in northern Europe.

Today's societies require solutions for transporting people and products safely, efficiently and sustainably. This is essential in the development of attractive, sustainable cities as well as the connection between cities, regions and countries.

Sweco has substantial experience in transport infrastructure and is an expert in the planning, project management and design of transport infrastructure that meets these precise requirements. Designing everything

from roads, tramlines, railways and underground railways to bridges, tunnels and travel centres, we work closely with our clients to improve accessibility in tomorrow's communities and cities.

Sustainable transport is becoming increasingly important

In other words, transport infrastructure is a key function fundamental to society, one which most of us use on a daily basis. We are now in

the midst of a paradigm shift, with development driven by the global trends of urbanisation, digitalisation and sustainability.

Digitalisation in the form of sensor technology and management of great quantities of complex data enables optimisation of railway and tramline systems from a CO₂ perspective. The demands posed by urbanisation for efficient, sustainable transport solutions can also be met with digital technology by improving traffic flows and planning maintenance.

As cities grow, greater demands arise from a sustainability perspective. Multiple aspects must be taken into consideration in creating a sustainable and healthy transport system. Cities need to be planned based on accessibility and safety and need to provide space for a good mix of transport modes, including alternative means of transport such as bicycles.

Rail-bound traffic is one area that is becoming increasingly important in managing these issues. Sweco holds a leading position in northern Europe in track and railway design, with over 1,200 experts in this area. Projects range from national main lines to growing cities' public transport networks, often linked to local or national environmental goals.



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



Sweco is supporting Tampere's ambitious climate goals

Finland has undertaken an aggressive effort to become climate neutral by 2035, which drives demand for sustainable transport infrastructure solutions. Tampere, Finland's third-largest city, aims to be climate neutral as early as 2030.

In a major move to achieve this goal, the city has decided to develop a modern new tram system. The goal is to create a more efficient and sustainable transport network for the fast-growing city. The project has two main

parts: the eastbound double-branch line to be put into operation in August 2021, and the westbound line to be developed in two phases during the 2020-24 period.

Agreements finalised in late 2020 specify that Sweco will work with the planning and be responsible for design during the project's second phase. Approximately 50 Sweco experts are involved and the project is scheduled for completion in 2024. The tram system, with a total length of 24 km, is a key step in achieving the goal of climate neutrality by 2030.

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 98–111.



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

Climate neutral by 2040

Sweco's group-wide internal sustainability goals are to have climate-neutral operations by 2040 and to halve emissions by 2030 over 2020 levels. Each market has also developed its own, often more ambitious, climate goals in line with our decentralised organisational model.



END YEARS FOR CLIMATE NEUTRALITY

SWEDEN

(2020 emissions: 4,718 tonnes CO₂e)

As part of its efforts to become climate positive by 2030, Sweco's Swedish operations have set the goal of having a totally fossil-free passenger car fleet by 2023, as defined by Fossil Free Sweden, and fossil-free office operations by 2030. During 2020 we also introduced the practice of having only climate-labelled goods in our cafes and dining rooms, with regular feedback on emissions development.

UK

(2020 emissions: 812 tonnes CO₂e)

In the UK, all Sweco offices will have green energy contracts by 2030. As from 2022, our British consultants will no longer travel domestically by air. The vehicle fleet will be fully electrified by 2025.

NETHERLANDS

(2020 emissions: 2,721 tonnes CO₂e)

By 2035, Sweco in the Netherlands will be 100 per cent climate neutral and 100 per cent circular. By 2025, waste and emissions from our offices will be cut 50 per cent and half of our cars will be electric.

2020 >

2030

2035

BELGIUM

(2020 emissions: 938 tonnes CO₂e)

To achieve climate neutrality by 2030, Sweco in Belgium has a goal to continuously increase electrification of its vehicle fleet, which will include only electric cars by 2028, while also reducing the size of the fleet. During the year Sweco increased the number of electric car charging points in our garages and car parks, as most of our employees charge their cars during working hours.

FINLAND

(2020 emissions: 1,876 tonnes CO₂e)

By 2030, Sweco's Finnish operations will have an electrified or gas-powered vehicle fleet and its offices will be energy neutral. Its energy supply will be provided under green contracts by 2025.

With the objective that each business area should be a climate forerunner in its market, the business areas' goals need to be more ambitious than each country's national goals. To succeed with this, each market has developed a plan for goal achievement.

Sweco's climate goal includes all three scopes under the Greenhouse Gas (GHG) Protocol. In 2020 we submitted our climate goal to the Science Based Targets initiative, a method for setting science-based climate targets in line with the Paris Agreement and with the ambition to limit temperature increases to under 1.5°C.

2020 is Sweco's base year for assessing climate impact. All of our emissions reductions are measured against 2020 levels. For the initial 10-year period we are following the Carbon Law, developed by the Stockholm Resilience Centre, which involves halving our emissions, after which we will move more rapidly towards our goal of achieving climate neutrality by 2040.

This year, when many people worked from home and business travel was cut to a minimum, emissions from our operations and offices have also been lower than during a normal, average year. This sets a high standard for us to continue pursuing our ambition to reduce emissions annually through measures including conversion to more sustainable types of energy, electrification of our vehicle fleet, less travel and greater digitalisation.

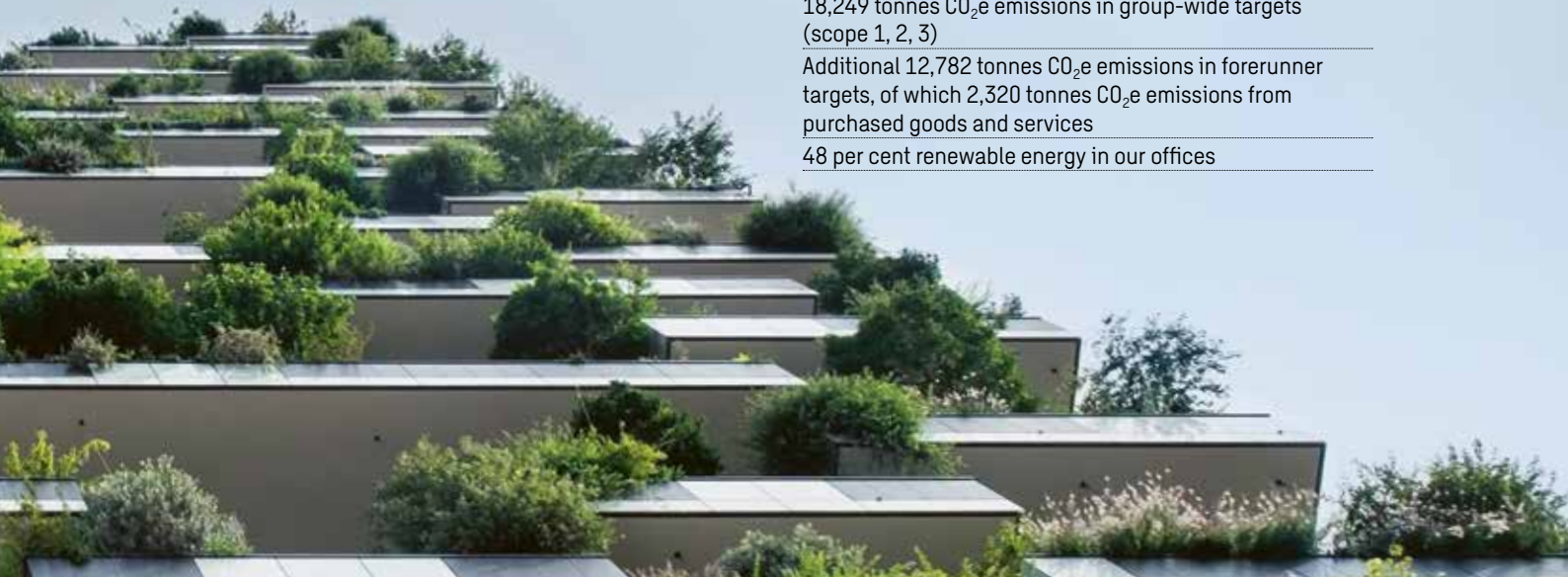
Our combined direct and indirect impact is made through emissions from office heating and electricity, business-related travel and commuting to and from work, and goods and services from our suppliers. All business areas are therefore working proactively to transition to green contracts and renewable energy, limit travel emissions and switch to electric vehicles, especially in countries where company cars are commonly provided.

Status 2020

18,249 tonnes CO₂e emissions in group-wide targets (scope 1, 2, 3)

Additional 12,782 tonnes CO₂e emissions in forerunner targets, of which 2,320 tonnes CO₂e emissions from purchased goods and services

48 per cent renewable energy in our offices



NORWAY

(2020 emissions: 2,479 tonnes CO₂e)
Our Norwegian operations will be totally climate neutral by 2026. Plans include substituting train travel for air travel, holding digital meetings and reducing emissions from offices.

LITHUANIA

(2020 emissions: 293 tonnes CO₂e)
To achieve climate neutrality by 2040, Sweco in Lithuania has undertaken to progressively increase the share of renewable energy, with a major focus on locally produced solar energy. By 2030, 80 per cent of electricity consumed will come from renewable energy production and 30 per cent of the vehicle fleet will be electric cars.

CZECH REPUBLIC

(2020 emissions: 307 tonnes CO₂e)
Sweco has been measuring its emissions in the Czech Republic since 2007 and the business's emissions were reduced by more than half between 2008 and 2019. The goal is to be climate neutral by 2040. The plan includes electrifying 50 per cent of the vehicle fleet by 2030 and switching to green energy contracts by 2025.

POLAND

(2020 emissions: 690 tonnes CO₂e)
Green electricity is already used at our office in Krakow, and by 2022 all offices in Poland will switch to green electricity contracts wherever possible. We will reduce our paper consumption by at least 50 per cent by 2025. Single-use plastic items are banned at our offices as from 2021.

2036

2040

GERMANY

(2020 emissions: 1,913 tonnes CO₂e)
In Germany, Sweco's goal is to reduce business travel emissions by 50 per cent by 2030 through measures including development of a modern mobility concept. German offices will have switched to green electricity contracts by 2022.

BULGARIA

(2020 emissions: 98 tonnes CO₂e)
The goal for Sweco in Bulgaria is to have only electric vehicles by 2030 and to reduce travel to the main office by holding more digital meetings.

DENMARK

(2020 emissions: 833 tonnes CO₂e)
Sweco's Danish operations have introduced a series of measures to reduce CO₂ emissions, with a goal to cut emissions by 60 per cent by 2030. As an example, our main office has moved to a building that has Gold Environmental Certification, with all energy supplied by certified green electricity. Sweco Denmark's vehicle fleet will be totally fossil free by 2028 and emissions from commuting will be reduced 60 per cent by 2030.

Our employees make
a difference in society



At Sweco, we promote sustainable urban development and believe that the best results are achieved when we work as a team alongside our clients, partners and other societal actors.

Sweco's experts have broad authority to make decisions, take responsibility and drive change. In this way we grow and develop together while creating change in our 80,000 client projects.

The industry's top experts

Our goal is to always have the industry's most capable employees. Our experts are highly educated and trained, with profound knowledge covering various areas of urban development. By gathering experts with different expertise, experience and knowledge, who are authorised to make decisions, take responsibility and drive change together with our clients, we create results that make a mark in society.

The pandemic has demonstrated that we have well-functioning digital work methods that have enabled effective remote working and collaboration during the year, which facilitated the onboarding of around 2,400 new employees.

Sweco has a special focus on individual development, which takes place together with the client and in targeted internal skills and development initiatives.

Our 2020 employee surveys confirm that our experts are proud to be working at Sweco. We received a score of 4.3 on a 5-point scale in employees' responses to the statement "I am proud to work at Sweco." Based on our surveys, we know that our workplace is valued for encouraging personal development and is characterised by collaboration, flexibility and respect.

Sweco's managers continue to be appreciated. According to the 2020 Employee survey, 88 per cent of our leaders are considered excellent managers.

According to a study by Universum, Sweco is Sweden's most attractive employer in our industry among civil engineers and the seventh most attractive employer overall, just behind companies such as Google, Spotify and IKEA.

Leadership more important than ever in 2020

Our organisation is comprised of around 1,500 teams led by 1,500 team managers. We have a distinctive management culture. During the year we further refined what it means to be a leader at Sweco.

Leadership has been extra important during the pandemic. Within a short period of time, most of our experts transitioned from working in offices to working remotely, which developed our digital work methods. We stepped up our skills development with digital training sessions to ensure that we maintain and develop our high level of

expertise, and we refined our management training with sessions on remote management.

The transition to remote working has gone well. Our employee surveys measuring well-being and motivation are conducted more frequently, as we know that working from home can affect these conditions. We plan to facilitate initiatives in this area as needed.

Sweco develops the leaders of tomorrow. As part of this work, we will continue our collaboration with Hult Ashridge Executive Education. In 2020 we started a programme for employees who have the potential to advance to senior management positions. Sweco also incorporates a number of national leadership development initiatives.

Employees with client focus

Customer focus is the foundation for Sweco's success, business model and business relationships. Our clients value our profound expertise in combination with our committed approach. During the year we reviewed the behaviours that are appreciated by our clients. These are Sweco Core Behaviours, which form the basis of our Performance Management Process – Sweco Talk – which evaluates performance and behaviour. Our updated Sweco Talk will be rolled out in stages during 2021. In this way, we ensure that all employees maintain a strong client focus.

Focus on equality, diversity and inclusion

Sweco is an international workplace with an inclusive, supportive culture rooted in collaboration. Great personal responsibility is combined with teamwork and support from all expert competencies. We welcome people of all nationalities, religions, ethnicities, backgrounds, educations and functional variations. Sweco's accurate reflection of society is essential to understanding and addressing the client's challenges and needs and is instrumental in the client's success.

Gender equality is a fundamental priority and is included in our sustainability work, with a focus on the UN's fifth Sustainable Development Goal – in particular, goal 5.5: To ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making. The gender balance is equal within the Sweco Group, and the gender distribution on the Board and among top executives remains even. Sweco retains its place on Swedish foundation Allbright's 2020 green list of gender equal companies, an annual survey of gender distribution in listed companies' executive teams.

Improved profitability in seven of eight business areas



High-tech park and innovation hub in Hainan



New hospital Aker Sykehus

Sweden

Margin surpassed financial target

The Swedish market remained relatively good, with variations between different segments. Net sales was in line with last year while profitability improved. The improvement was mainly related to higher fees, a positive calendar effect, and lower operating expenses. Despite negative organic growth, when adjusted for calendar effects Sweden had a positive EBITA margin development. Sustainability is a key driver for a growing number of clients and Sweco has been working proactively to strengthen our offer within sustainability and digitalisation. Notable new projects in 2020 include winning a contract for the development of a new international high-tech park and innovation hub in Hainan, China, and the assignment to prepare a roadmap for electrifying the road between Stockholm and the suburb of Nynäshamn.

Business Area President:	Ann-Louise Lökhölm-Klasson
Net sales:	SEK M 7,481
EBITA margin:	12.8%
Market position:	#2
Number of full-time employees:	5,828

Norway

Improvement in pricing and new major projects won

The first half of 2020 showed robust market demand in all sectors, excluding the commercial buildings sector. The market slowed during the second half of the year, due mainly to project delays in the public sector, pandemic-related issues, and budget constraints. Net sales declined and EBITA decreased somewhat during the year due to a weaker Norwegian krona and negative growth, driven mainly by lower revenue from subconsultants and higher negative project adjustments, whereas a greater number of employees contributed positively. Sweco was awarded several major contracts in 2020, including, an assignment for the new hospital Aker Sykehus, a major framework agreement for power system operator Statnett, and highway projects E39 Mandal to Lyngdal øst and E39 Lyngdal to Flekkefjord for Nye Veier.

Business Area President:	Grete Aspelund
Net sales:	SEK M 2,414
EBITA margin:	8.6%
Market position:	#3
Number of full-time employees:	1,660

Sweco is divided into eight geographically based business areas, with the goal of holding a market-leading position in all markets and segments in which we operate.



Battery manufacturing plant for Northvolt



New building for Rigshospitalet

Finland

Strategic acquisitions and further margin improvements

Sweco Finland continued to improve sales and profitability during the year, mainly due to strong project execution, lower operating expenses and contribution from acquisitions. In October, Sweco Finland acquired Saraco DM Ltd, a consultancy specialising in project management and property development. At the end of the year the engineering and architecture consultancy Optiplan was also acquired. Sweco is well positioned on the market and has been commissioned to work on several significant projects, including tramlines in Helsinki, Tampere and Vantaa, Europe's largest "green battery" manufacturing plant for Northvolt, Estonia's Rail Baltica cargo station in Muuga harbour, as well as renovation of Helsinki Olympic Stadium which was recognised with several awards during the year.

Business Area President:	Markku Varis
Net sales:	SEK M 2,777
EBITA margin:	13.3%
Market position:	#1
Number of full-time employees:	2,493

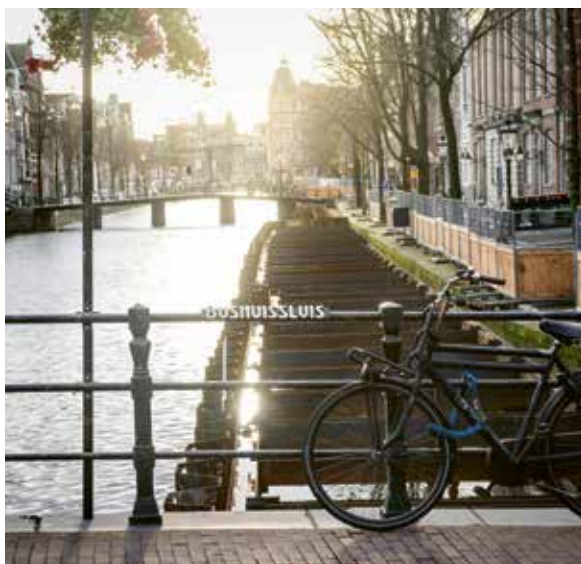
Denmark

Successful integration of engineering and architecture offering

The market in Denmark showed an overall satisfactory development, with stable demand within water, environmental and infrastructure services. However, some segments were affected by the pandemic with delayed and cancelled projects, especially in the international business. Net sales growth in Denmark was driven by the acquisition of KANT Arkitekter in early 2020. EBITA improved with a higher billing ratio and higher average fees. The ongoing integration of our engineering and architecture operations has been successful and our combined offering is well received in the market. Sweco has a four-year framework agreement with Boliggården to provide consultancy services connected to maintaining, renovating and building new public housing in and around Helsingør municipality. Sweco has also been providing a wide range of services for a new building for Rigshospitalet in Copenhagen.

Business Area President:	Dariusz Rezaï
Net sales:	SEK M 1,846
EBITA margin:	7.8%
Market position:	#4
Number of full-time employees:	1,230

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



Renovation of the historic Amsterdam quay walls



City park De Motten in Tongeren

Netherlands

Strong market focus improves profitability

The Dutch market was relatively good during the year, with slight differences between segments. Sweco delivered a slight growth in sales and a significant margin improvement. The positive development is related to strong market focus. During 2020 Sweco Netherlands, UK and Sweden together won the prestigious Bentley Award for innovative digital solution ProjectWise, an environment that allows our clients to continuously follow their projects. Sweco Netherlands was also the first engineering company in the EU to receive BIM level 2 certification for three teams. Sweco Netherlands also won an innovative project to renovate the historic Amsterdam quay walls. In this project new innovations are tested and developed within a consortium.

Business Area President:	Eugene Grüter
Net sales:	SEK M 2,066
EBITA margin:	8.3%
Market position:	#4
Number of full-time employees:	1,390

Belgium

Continued strong profitable growth

Demand remained stable in both public and private sectors, with strong demand in the pharma & biotech and infrastructure sectors. Sweco Belgium experienced strong organic growth, with an additional boost by a number of strategic acquisitions: Studiebureau Talboom, Talboom PharmaChem, Temco, SGI Ingénieurs and A-RES. Demand for sustainable solutions is increasing. Sweco has been assigned to assist Aquafin in developing a unique biomass plant that will generate green energy and heat. Other projects include supporting local governments to prepare climate adaptation plans, involvement in planning for the largest floating solar park in Belgium, and development of the sustainable future plans for North Sea Port. Sweco received an award for its development of the public space around the De Motten city park in Tongeren.

Business Area President:	Erwin Malcorps
Net sales:	SEK M 1,655
EBITA margin:	11.4%
Market position:	#3
Number of full-time employees:	1,071



British Antarctic Survey's Rothera Research Station



Waste-to-energy plant in Schwandorf

UK

Further positioning Sweco within sustainability

The UK market was negatively impacted by the restrictions and lockdowns caused by the pandemic, particularly in the private buildings sector. This led to some projects being put on hold or cancelled. At most, 160 employees were on temporary furlough. Yet, Sweco UK achieved an increase in profit compared to last year and continued to position Sweco within sustainability. New projects include a 103-turbine wind farm in Shetland, Scotland, which will provide enough electricity to meet the needs of 475,000 homes. Other examples are the development of London's first net-zero carbon workplace and commercial hub, and the completion of the wharf at British Antarctic Survey's Rothera Research Station as well as the continued construction of the adjacent science and operations facility, the Discovery Building.

Business Area President:	Max Joy
Net sales:	SEK M 1,247
EBITA margin:	6.0%
Market position:	#15
Number of full-time employees:	1,236

Germany and Central Europe

A challenging year

The pandemic had a negative impact on demand within the private building construction and architecture segments, while demand within publicly funded projects was good. There was strong demand for Sweco's services within energy transition and water. A review of the German project portfolio was conducted during the year, resulting in a write-down of working capital of SEK 290 million with a corresponding impact on net sales and income. Adjusted for the write-down, EBITA was SEK -9 million and the EBITA margin was -0.5 per cent. Sweco Germany is now fully focused on actions to ensure sustainable profitable growth over the long term, and on full implementation of the Sweco Model. One significant project during 2020 is acting as general planner in the construction of a state-of-the-art waste-to-energy plant in Schwandorf, Germany.

Acting Business Area President:	Karsten Gruber
Net sales:	SEK M 1,657
EBITA margin:	-18.1%
Market position:	#2
Number of full-time employees:	2,375

Financial targets and key ratios

PROFITABILITY TARGET

12%

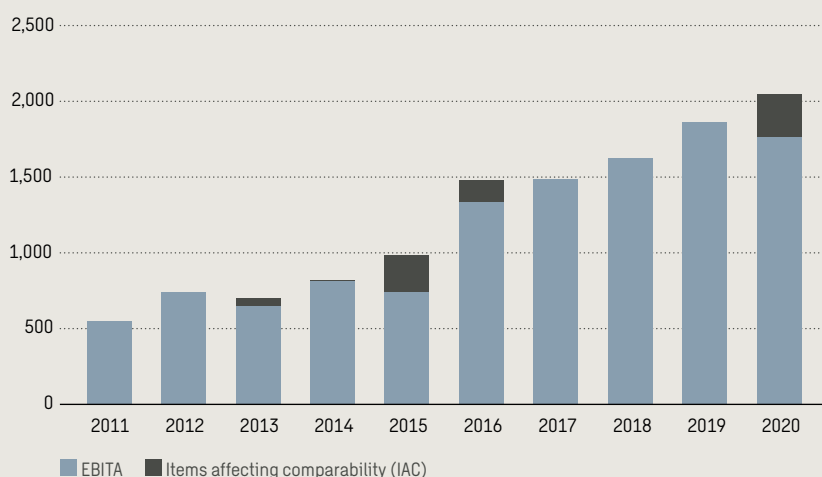
Sweco's target is an EBITA margin of at least 12 per cent.

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

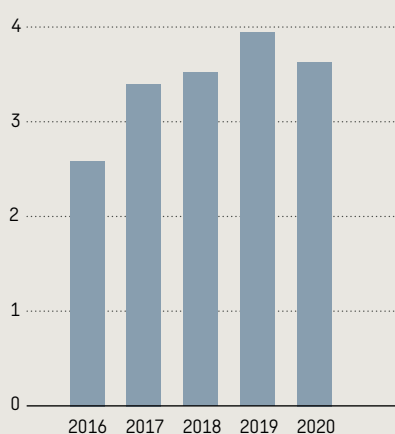


DIVIDEND POLICY

at least half

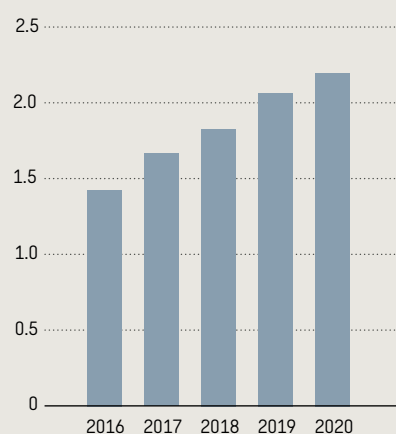
At least half of profit after tax shall be distributed to the shareholders, while also requiring that the company maintains a capital structure that provides scope to develop and make investments in the company's core business.

EARNINGS PER SHARE SEK



Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

DIVIDEND PER SHARE SEK



Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and CEO of Sweco AB (publ) hereby submit the Annual Report and consolidated financial statements for financial year 2020.

Sweco's Sustainability Report is presented on pages 98–111 and comprises Sweco's statutory Sustainability Report in accordance with the Annual Accounts Act.

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 approximately 17,500 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.

Overall, the underlying market for Sweco's services became somewhat weaker towards the end of 2020, due to the negative impact from the Covid-19 pandemic that erupted in the first quarter of 2020. Essentially all Business Areas experienced a good market for Sweco's services in the infrastructure, water, environment and energy segments. Demand for services in the building and real estate segment and in parts of the industry market remained weaker.

The urban development sector is currently characterised by three major megatrends: urbanisation, digitalisation and sustainability. 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

Overall performance in the year 2020 was impacted by effects of the Covid-19 pandemic that erupted in the first quarter. As the impact of Covid-19 and government measures became visible, Sweco quickly adapted to the new situation with many of its employees working from home. With a high degree of digitalisation, the capacity to deliver remained relatively unchanged.

Although Sweco experienced continued stable demand in most segments, the Covid-19 pandemic had a negative effect on demand in certain segments. In April 2020, Sweco announced organisational adjustments due to lower demand in the industry and the private building and real estate segments. At the end of the second quarter, around 130 employees in Sweden had been affected by the organisational adjustments. In addition, 217 employees were on temporary lay-off at the end of the second quarter, the majority of these being in the United Kingdom. The number of employees on temporary lay-off declined in all countries during the second half of 2020. At the end of 2020 around 70 employees remained on temporary lay-off, the majority of these were in the United Kingdom and Finland.

During the year, delayed customer negotiations and disputes in some large projects in Germany, as well as findings from an internal audit of one of the German divisions, indicated potential risk in the working capital. A review of the entire project portfolio in Germany was therefore initiated. The review of the German project portfolio was concluded in December and resulted in a write-down of trade working capital of SEK 290 million. This write-down had a negative impact on net sales and EBITA of the same amount.

Net sales in 2020 increased 1 per cent to SEK 20,858 million (20,629). Organic growth amounted to approximately -2 per cent after adjustment for calendar effects. Acquired growth amounted to 4 per cent. Currency effects were -2 per cent. Excluding items affecting comparability (IAC), organic growth amounted to approximately -1 per cent after adjustment for calendar effects. Items affecting comparability encompassed the write-down of working capital of SEK 290 million in the German operations and are reported in Business Area Sweco Germany & Central Europe.

EBITA decreased to SEK 1,766 million (1,869) and the EBITA margin

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	
	2020	2019	2020	2019	2020	2019	2020	2019
Sweco Sweden	7,481	7,482	954	858	12.8	11.5	5,828	5,870
Sweco Norway	2,414	2,606	209	216	8.6	8.3	1,660	1,563
Sweco Finland	2,777	2,388	369	287	13.3	12.0	2,493	2,160
Sweco Denmark	1,846	1,784	143	137	7.8	7.7	1,230	1,173
Sweco Netherlands	2,066	2,055	172	143	8.3	7.0	1,390	1,403
Sweco Belgium	1,655	1,394	189	158	11.4	11.3	1,071	870
Sweco UK	1,247	1,170	75	51	6.0	4.4	1,236	1,136
Sweco Germany & Central Europe	1,657	1,941	-299	77	-18.1	3.9	2,375	2,171
Group-wide, eliminations, etc.	-285	-193	-47	-58	-	-	45	65
TOTAL GROUP	20,858	20,629	1,766	1,869	8.5	9.1	17,328	16,412

decreased to 8.5 per cent (9.1). EBITA excluding IAC increased to SEK 2,056 million (1,869) and the EBITA margin excluding IAC amounted to 9.7 per cent (9.1), which is 0.6 percentage units above last year. EBITA excluding IAC improved approximately 5 per cent or SEK 85 million year-on-year after adjustment for calendar effects. Overall for the Group, lower operating expenses, contributions from acquisitions and an increased number of employees were the main improvement drivers, while lower average fees impacted negatively. The calendar effect of 12 more hours corresponded to a positive year-on-year impact of approximately SEK 102 million on net sales and EBITA.

Earnings per share decreased to SEK 3.64 per share (3.95) and was affected by the write-down in the German operations. Earnings per share for 2019 have been restated for the share split that was made in November 2020.

Key ratios	2020	2019
Net sales, SEK M	20,858	20,629
Organic growth, %	-1	5
Acquisition-related growth, %	4	3
Currency, %	-2	2
Total growth, %	1	10
Organic growth adjusted for calendar, %	-2	5
Organic growth adjusted for calendar & IAC, %	-1	5
EBITA excl. IAC, SEK M	2,056	1,869
Margin, %	9.7	9.1
EBITA, SEK M	1,766	1,869
Margin, %	8.5	9.1
Profit after tax, SEK M	1,293	1,393
Earnings per share, SEK	3.64	3.95
Number of full-time employees	17,328	16,412
Billing ratio, %	74.3	74.3
Normal working hours	1,974	1,962
Net debt/EBITDA, x	0.5	1.0

OUTLOOK

The Covid-19 pandemic continues to create significant uncertainty regarding future market development. Demand for Sweco's services normally follows the general macro-economic trend in Sweco's markets, with some time lag. A negative medium-term impact on demand can therefore be expected from the economic effects of Covid-19. However, this impact will most likely be partly mitigated by increased public spending.

Sweco does not provide forecasts.

ACQUISITIONS AND DIVESTMENTS

In 2020, Sweco acquired ten companies and businesses with more than 500 employees generating annual net sales of approximately SEK 655 million and EBITA of around SEK 62 million. The largest acquisitions were the acquisitions of Talboom in Belgium, KANT Arkitekter in Denmark, TAG Arkitekter in Norway and Optiplan in Finland.

In January, Sweco acquired Talboom Group, a Belgian consulting company with around 70 employees. Talboom is active predominantly in the pharmaceutical and infrastructure markets.

In March, Sweco acquired the Danish architecture firm KANT Arkitekter A/S. KANT Arkitekter with around 80 employees has a strong position in the public sector learning and housing segments, particularly in the eastern part of Denmark.

In October, Sweco completed the acquisition of the Norwegian architect company TAG Arkitekter. TAG Arkitekter, with close to 100 employees, is mainly active within the real estate and landscape architecture segments. The company has offices in Oslo, Bergen and Trondheim.

In December, Sweco acquired the Finnish engineering and architecture consultancy Optiplan with approximately 150 experts in four cities: Helsinki, Tampere, Turku and Oulu. The company offers multidisciplinary engineering and architecture services focusing on designing sustainable and energy efficient housing and commercial real estate.

SIGNIFICANT EVENTS DURING THE YEAR

On 6 April, Sweco informed about the effects of Covid-19 and mitigating actions. The financial position remained strong and large parts of the project portfolio relatively unaffected. However, the industry and private building and real estate segments, equalling about 25 per cent of total business, had been affected to some extent. Mitigating actions in Sweden, Norway and Belgium were announced.

On 21 April, Sweco's Board of Directors announced an adjustment of the dividend proposal to the AGM, from SEK 6.20 to SEK 3.10 per share (values before share split conducted in November), given the general level of uncertainty resulting from Covid-19.

On 30 April, dividends totalling SEK 365 million (644) were distributed to Sweco AB shareholders.

On 16 September, Sweco's Board of Directors announced a proposal of an extraordinary dividend of SEK 3.10 per share (before share split). The amount corresponded to the reduction of the proposed dividend made to the AGM in April. The Board considered that the market situation had stabilised and that the company had the prerequisites to proceed with an extraordinary dividend. The Board of Directors also proposed a 3:1 split of the company's shares.

On 22 October, an extraordinary general meeting was held. The Extraordinary General Meeting resolved, in accordance with the proposal of the Board of Directors, to distribute an extraordinary dividend of SEK 3.10 per share (before share split) to the shareholders and to authorise a split of the company's shares. One existing share of the company would be divided into 3 shares of the same class of shares (3:1 share split), and a connected amendment of the articles of association was decided upon.

On 29 October, an extraordinary dividend of SEK 367 million was distributed to Sweco AB's shareholders and on 5 November it was announced that the record date for the split of the company's shares whereby each existing share of the company was divided into three shares of the same class (ratio 3:1) was determined to be 11 November, 2020.

On 21 December, Sweco announced that the review of the German project portfolio, which was initiated during the third quarter, would result in a write-down of trade working capital of SEK 290 million. Sweco Germany has full focus on taking necessary actions to ensure strict project governance and project accounting standards going forward in order to ensure profitable growth. Accelerating the implementation of the Sweco Model is a key priority.

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 3,249 million (2,299) during the year. Net debt decreased significantly to SEK 943 million (2,114), primarily as a result of increased operating cash flow. The net debt/EBITDA ratio was 0.5 x (1.0). Available cash and cash equivalents, including unutilised credit lines, totalled SEK 3,898 million (2,699) at the end of the year.

Purchase consideration paid to acquire companies and operations totalled SEK 592 million (713) and had an impact of SEK -535 million (-672) on Group cash and cash equivalents. No divestments were made during the period. Last year, divestments of companies and operations generated considerations of SEK 156 million and had an impact of SEK -97 million on the Group's cash and cash equivalents.

No repurchases of Sweco shares were made during the period. Last year, repurchases of Sweco shares totalled SEK 2 million and had the same effect on the Group's cash and cash equivalents.

Dividends totalling SEK 732 million (644) were distributed to Sweco AB shareholders during the period.

EMPLOYEES

The number of employees at the end of the period was 18,552 (18,148), an increase of 404. During the year 2,420 employees (3,053) were hired, 2,514 (2,512) ended their employment, 0 (49) ended their employment in conjunction with the divestment of companies and 509 (1,234) were added via acquired companies. Personnel turnover decreased to 14 per cent (15). The Group had a total of 17,328 full-time employees (16,412).

SELECTED PROJECTS

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

In alliance with Nordic industrial partners ABB and Fineweld, Sweco was selected to deliver the production units to the battery industry disruptor Northvolt, establishing one of Europe's largest battery factories in Skellefteå, northern Sweden. Sweco takes responsibility for project management tasks and key engineering services such as process, technical safety, layout, equipment, piping, steel structures, electrification instrumentation and automation.

As part of a consortium, Sweco was awarded a contract with the State Water Holding Polish Waters, for the review and preparation of flood risk management plans. The assignment also includes a public information campaign and public consultation in the areas that are close to the river basins. The review and update of the flood risk management plans are expected to be finalised by the end of Q1 2022.

Sweco signed a framework contract with ProRail to replace the train detection system on the entire 40 kilometre long railway, Havenspoorlijn, in the Netherlands. This assignment is the first large-scale application of a new type of axle counters in the Netherlands.

As part of Sorø Municipality's Vision 2022 and ambitions to attract more inhabitants, the municipality assigned Sweco to draw up a master plan for the development of the 175,000 m² area, Pilegårdstrekanten in Dianalund in Denmark. The new district will translate the UN's global goals into architecture and show how sustainable materials and design can create a healthy neighbourhood with great diversity and quality of life.

Sweco received an extended assignment from the European Centre for Disease Prevention and Control (ECDC) in Solna, Sweden to secure reporting from member countries of infection and disease data, including data on Covid-19. Sweco's experts have worked since 2019 with an assignment to visualise, structure and automate the reported data in the ECDC's new system.

Sweco was assigned services related to the construction of a new onshore control room to control the Norwegian offshore installation Martin Linge in the North Sea. By using power from land, CO₂ emissions will be reduced by 200,000 tonnes annually, corresponding to the emissions from 10,000 cars.

Sweco was assigned to provide designing services for internal access tracks, crane hardstandings, culverted water-course crossings, internal wind farm bridges and construction stage technical support services for the Viking Wind Farm in Shetland, Scotland.

Sweco was assigned to provide services connected to the extension of a sewage treatment plant by Zweckverband Abwasserreinigung Balingen, Germany.

Sweco won a global BIM award for the Randselva Bridge project. The Tekla Global BIM Awards 2020 final showcases industry-leading BIM construction projects from around the world and this year the Randselva Bridge in Norway was selected as the best BIM project from over 130 projects.

Sweco Belgium won the assignment to redevelop a large industrial site with brownfield liability into a sustainable economic hub, with added economic and ecological value for the city of Charleroi and its inhabitants.

Sweco is a design partner in all ongoing tramline project alliances in Finland. During the fourth quarter, Sweco was assigned to deliver design services for two larger tramway projects supporting cities in meeting their carbon neutrality 2030 goals. Sweco was contracted to provide planning services connected to the western 9-kilometre section of Vantaa tramway from Tikkurila to Helsinki Airport as well as the second phase of Tampere Tramway with a total length of 24 kilometres.

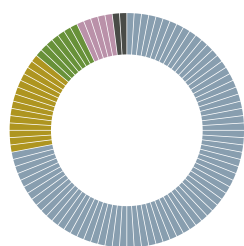
BUSINESS AREA – SWECO SWEDEN

Sweco Sweden had a positive EBITA margin development, despite negative organic growth. Net sales remained stable at SEK 7,481 million (7,482). Organic growth was -1 per cent adjusted for calendar effects. EBITA increased SEK 96 million to SEK 954 million (858) and the EBITA margin improved to 12.8 per cent (11.5).

The Swedish market remained relatively good but there were variations between the different segments. Demand for infrastructure services remained strong, backed by major public investments. The markets for industrial investments, water and environmental services were also good. The real estate market was divided, with good demand within public buildings, whereas demand related to residential construction remained weak with the exception of larger cities where the situation was somewhat better. The market for power transmission services was strong while demand in energy generation remained challenging.

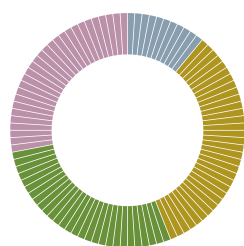
Net sales and profit	2020	2019
Net sales, SEK M	7,481	7,482
Organic growth, %	0	4
Acquisition-related growth, %	0	0
Currency, %	0	0
Total growth, %	0	3
Organic growth adjusted for calendar, %	-1	4
EBITA, SEK M	954	858
EBITA margin, %	12.8	11.5
Number of full-time employees	5,828	5,870

COST STRUCTURE (EBITA), %



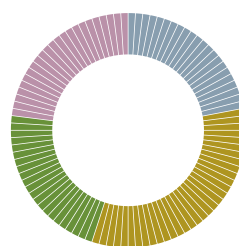
Personnel costs, 72 (71)
Subconsultants and expenses, 14 (15)
Overhead expenses, 7 (7)
Cost for premises, 5 (5)
Amortisation/depreciation, 2 (2)

TERM OF EMPLOYMENT, %



<1 year, 11 (14)
1-3 years, 33 (32)
4-9 years, 28 (26)
>10 years, 28 (28)

AGE STRUCTURE, %



<30 years, 22 (24)
31-40 years, 33 (31)
41-50 years, 22 (22)
>50 years, 23 (23)

BUSINESS AREA – SWECO NORWAY

Net sales decreased 7 per cent to SEK 2,414 million (2,606) mainly due to a weaker Norwegian krona. Organic growth was 0 per cent adjusted for calendar effects and the currency effect was -9 per cent. EBITA decreased SEK 7 million to SEK 209 million (216).

Overall, the Norwegian market was weakening during the year due to Covid-19. The commercial building sector was affected by postponement or cancellation of new projects. The infrastructure and energy markets were stable, but were not yet showing signs of compensating for the weaker building market.

Net sales and profit	2020	2019
Net sales, SEK M	2,414	2,606
Organic growth, %	1	8
Acquisition-related growth, %	1	0
Currency, %	-9	1
Total growth, %	-7	9
Organic growth adjusted for calendar, %	0	8
EBITA, SEK M	209	216
EBITA margin, %	8.6	8.3
Number of full-time employees	1,660	1,563

BUSINESS AREA – SWECO FINLAND

Net sales increased 16 per cent to SEK 2,777 million (2,388). Acquired growth contributed 15 per cent and was primarily related to the acquisition of the design operations of NRC Group. Organic growth was 3 per cent. EBITA increased SEK 82 million to SEK 369 million (287). EBITA margin increased to 13.3 per cent (12.0).

Overall, the Finnish market was relatively good with slight differences between segments. Demand within the building and real estate segments was relatively good but decline in residential construction continued. The renovation, maintenance and improvement market were stable. The market for industrial services was quite stable and the market for infrastructure-related services was good.

Net sales and profit	2020	2019
Net sales, SEK M	2,777	2,388
Organic growth, %	3	7
Acquisition-related growth, %	15	5
Currency, %	-1	3
Total growth, %	16	15
Organic growth adjusted for calendar, %	3	7
EBITA, SEK M	369	287
EBITA margin, %	13.3	12.0
Number of full-time employees	2,493	2,160

BUSINESS AREA – SWECO DENMARK

Net sales increased 3 per cent to SEK 1,846 million (1,784) and the growth was driven by the acquisition of the architecture firm KANT Arkitekter A/S which contributed 5 per cent to growth. Organic growth was -2 per cent adjusted for calendar effects. EBITA increased SEK 6 million to SEK 143 million (137).

The market in Denmark was affected by the Covid-19 pandemic with delayed and cancelled projects, but there were still several segments with satisfactory development. Demand in the water and environmental sectors remained stable, driven by climate-related services in the larger cities. The energy market remained relatively weak. The infrastructure market was fairly stable in the municipal market, whereas state investments in road infrastructure in particular remained weak. The market for building services and the residential market were relatively stable.

Net sales and profit	2020	2019
Net sales, SEK M	1,846	1,784
Organic growth, %	-1	-2
Acquisition-related growth, %	5	4
Currency, %	-1	3
Total growth, %	3	4
Organic growth adjusted for calendar, %	-2	-2
EBITA, SEK M	143	137
EBITA margin, %	7.8	7.7
Number of full-time employees	1,230	1,173

BUSINESS AREA – SWECO NETHERLANDS

Net sales increased 1 per cent to SEK 2,066 million (2,055). Organic growth was 1 per cent. EBITA increased SEK 29 million to SEK 172 million (143).

The Dutch market was relatively good during the year, with slight differences between segments. Demand within the residential building segment remained high due to the continued shortage of residential homes. Both the buildings/residential homes and the infrastructure market had delays in some projects coming to the market due to Covid-19. The market for industrial services was diversified, in the sense that the food sector was stable, but the chemical sector remained under pressure. Within the energy market there was a substantial demand to increase the infrastructure to facilitate green energy like solar- and windfarms.

Net sales and profit	2020	2019
Net sales, SEK M	2,066	2,055
Organic growth, %	1	4
Acquisition-related growth, %	0	0
Currency, %	-1	3
Total growth, %	1	7
Organic growth adjusted for calendar, %	1	3
EBITA, SEK M	172	143
EBITA margin, %	8.3	7.0
Number of full-time employees	1,390	1,403

BUSINESS AREA – SWECO BELGIUM

Net sales increased 19 per cent to SEK 1,655 million (1,394). Organic growth was 6 per cent. Acquired growth contributed with 13 per cent and was mainly related to the acquisition of Talboom Group. EBITA increased SEK 31 million to SEK 189 million (158). The EBITA margin increased slightly to 11.4 per cent (11.3).

The market in Belgium was good within most segments and both the private and the public sector building market remained stable. The residential market and the office market weakened during the year. The public infrastructure market was stable. Belgium is in the middle of a complete energy transition with a new government clearly committed to the Green Deal. The electrification in industry and the public domain increased. The pharma industry was running at full speed, while the more traditional industry markets were impacted by Covid-19 during the first half of the year and the recovery was somewhat delayed due to the second Covid-19 wave.

Net sales and profit	2020	2019
Net sales, SEK M	1,655	1,394
Organic growth, %	6	19
Acquisition-related growth, %	13	2
Currency, %	-1	3
Total growth, %	19	24
Organic growth adjusted for calendar, %	6	19
EBITA, SEK M	189	158
EBITA margin, %	11.4	11.3
Number of full-time employees	1,071	870

BUSINESS AREA – SWECO UK

Net sales increased 7 per cent to SEK 1,247 million (1,170) driven by acquisition-related growth which contributed 16 per cent and was related to the acquisition of MLM. Organic growth was -7 per cent. EBITA increased SEK 24 million to SEK 75 million (51) and the EBITA margin improved to 6.0 per cent (4.4).

The UK market remained challenging due to Covid-19. Demand in the buildings market remained fairly stable towards the end of the year, however, a number of larger projects that were anticipated to re-commence, did not. The energy and environment markets remained stable with moderate impact from Covid-19. The water market improved due to increased project call-offs by clients under framework contracts. The transportation infrastructure market remained fairly stable given the ongoing projects within the highways sector.

Net sales and profit	2020	2019
Net sales, SEK M	1,247	1,170
Organic growth, %	-7	-4
Acquisition-related growth, %	16	37
Currency, %	-2	4
Total growth, %	7	36
Organic growth adjusted for calendar, %	-7	-4
EBITA, SEK M	75	51
EBITA margin, %	6.0	4.4
Number of full-time employees	1,236	1,136

BUSINESS AREA – SWECO GERMANY & CENTRAL EUROPE

Net sales decreased 15 per cent to SEK 1,657 million (1,941) and was primarily a result of the German write-down of SEK 290 million as mentioned in section Profit and operations on page 33. Acquired growth contributed 7 per cent and was mainly related to the acquisition of imp GmbH. Organic growth was -21 per cent adjusted for calendar effects and adjusted also for items affecting comparability organic growth amounted to -6 per cent. EBITA decreased with SEK 376 million to SEK -299 million (77). Items affecting comparability (IAC) encompassed the write-down of working capital of SEK 290 million in the German operations. EBITA excluding IAC amounted to SEK -9 million (77).

Overall, the German market remained stable during the year despite Covid-19. However, private investors continued to slow down or stop projects and tenders in the real estate market. On the other hand, the German publicly funded sector remained good and energy transition projects have continued as planned.

Net sales and profit	2020	2019
Net sales, SEK M	1,657	1,941
Organic growth, %	-20	11
Acquisition-related growth, %	7	9
Currency, %	-2	3
Total growth, %	-15	23
Organic growth adjusted for calendar, %	-21	11
Organic growth adjusted for calendar & IAC, %	-6	11
EBITA excl. IAC, SEK M	-9	77
EBITA margin excl. IAC, %	-0.5	3.9
EBITA, SEK M	-299	77
EBITA margin, %	-18.1	3.9
Number of full-time employees	2,375	2,171

OTHER INFORMATION

Investments

Investments in equipment totalled SEK 187 million (226) and were primarily attributable to IT investments. Depreciation of equipment totalled SEK 226 million (241) and amortisation of intangible assets totalled SEK 136 million (149).

Parent Company

Parent Company net sales totalled SEK 874 million (771) and were attributable to intra-group services. Profit after financial items totalled SEK 1,036 million (743). Investments in equipment totalled SEK 32 million (33). Cash and cash equivalents at the end of the year totalled SEK 1,387 million (184).

The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 151.00 at the end of the year, representing a 25 per cent year-on-year increase. Nasdaq Stockholm OMXSPI increased by 13 per cent over the same period.

In November, the number of shares and votes increased as a result of the share split (ratio 3:1) that was resolved by Sweco AB's extraordinary General Meeting on October 22, 2020, through which each existing share was split into three new shares of the same class. All historical share data referred to in the Annual Report 2020 has been restated in accordance with IAS 33 if not stated otherwise.

The total number of shares at the end of the period was 363,251,457: 31,157,139 Class A shares and 332,094,318 Class B shares. The total number of outstanding shares at the end of the period was 355,197,471: 31,157,139 Class A shares and 324,040,332 Class B shares. As of 31 December 2020, Sweco held a total of 8,053,986 treasury shares, all of which are Class B shares, representing 2.2 per cent of share capital. The quota value of these treasury shares is SEK 0.33 and the average acquisition value is SEK 29.92, which corresponds to a total of SEK 241 million. Sweco's treasury shares do not carry voting rights.

Incentive schemes

In accordance with the conditions of the company's incentive schemes, 1,802,094 treasury shares (representing approximately 0.5 per cent of the share capital) were transferred, without consideration, to Sweco employees in 2020. The quota value of these shares was at the time of the transfer SEK 1.00 per share (i.e. prior to the share split) and the value of the shares at the time of the transfer was SEK 224 million.

Share Savings Schemes

The 2020 Annual General Meeting (AGM) resolved to implement a long-term share savings scheme directed at senior executives and other key personnel within the Sweco Group (the Share Savings Scheme 2020). Through the scheme, 75 senior executives and other key personnel have acquired some 44,000 B shares. Pursuant to IFRS provisions, the cost of the Share Savings Scheme 2020 is estimated at approximately SEK 10 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 38,963 Class B treasury shares (number of shares prior to share split (ratio 3:1)) to participants in the 2016 Share Savings Scheme during the period.

Resolutions were made by the 2017, 2018 and 2019 AGMs on corresponding schemes, under which slightly more than 87,000, 78,000 and 48,000 shares were acquired, respectively. Under the 2017–2020 Share Savings Schemes, a total of approximately 662,000 shares may be issued if established targets are met based on participants still employed as at year end.

Share Bonus Scheme

The 2020 AGM resolved to implement the Share Bonus Scheme 2020, under which bonuses are paid to employees in Sweden, who are covered by the scheme, in the form of Sweco B shares. The Share Bonus Scheme 2020 apply for the financial year 2020 and allotment of shares in Sweco shall take place during the first half of 2021. Sweco transferred 561,735 Class B treasury shares (number of shares prior to share split (ratio 3:1)) to participants in 2019 Share Bonus Scheme during the period.

CURRENT GUIDELINES FOR SALARY AND OTHER REMUNERATION TO SENIOR EXECUTIVE WITHIN THE SWECO GROUP

The Annual General Meeting 2020 resolved on updated guidelines for salary and other remuneration to senior executive within the Sweco Group. Compared with the guidelines resolved by the 2019 Annual General Meeting, the guidelines have been updated to comply with the requirements under the European Union Shareholder Rights Directive II as implemented into Swedish law. The guidelines are found in Note 6 on page 62.

BOARD PROPOSALS FOR AGM 2021

Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,612 SEK M
along with net profit for the year	739 SEK M
or, in aggregate,	4,351 SEK M
be appropriated for the distribution of a dividend to the shareholders of SEK 2.20 per share	799 SEK M ¹
and that the remaining amount be carried forward.	3,552 SEK M

¹⁾ The dividend amount will be a maximum of SEK 799 million, calculated by the number of shares outstanding at 23 March 2021, including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted by the 2020 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 26 April 2021.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 22 April 2021.

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 maintains 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 has made an assessment in accordance with Chapter 18, Paragraph 4 and Chapter 19, Paragraph 22 of the Swedish Companies Act. The Board holds the opinion that the proposed dividend distribution to the shareholders does not prevent the company to meet its obligations in the short or long term, while the company's financial standing enables it to continue to invest and expand.

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 distribution to the shareholders are reasonable considering the demands posed by the nature, scope and risks of the operations with respect to the size of the equity, as well as the company's and the Group's consolidation needs, liquidity and overall general standing.

2021 Share Savings Scheme

The Board of Directors proposes that the 2021 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, with the exception of the performance targets, which for the Share Savings Scheme 2021 includes both absolute and relative total shareholder return for the share and that the accumulated earnings per share during the period is positive and is within a predetermined interval.

2021 Share Bonus Scheme

The Board of Directors also proposes that the 2021 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 2021

The Annual General Meeting will be held at 3:00 PM on Thursday, 22 April 2021 in 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 a number of countries have already passed transition to ISO 45001, and the remaining countries are planned to be transitioned during first half of 2021. Organisations have until September 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 works according to the 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 98–111 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 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.

2020 Annual General Meeting

The 2020 AGM was held on 23 April in Stockholm and was attended by 231 shareholders, representing 78.65 per cent of the votes and 66.7 per cent of the share capital. Johan Nordström was elected Chairman of the

AGM. Due to Covid-19 and adaptations in physical presence to reduce the risk of spreading Covid-19, several of the attending shareholders exercised their voting rights by post prior to the AGM. For the same reasons the President & CEO Åsa Bergman held a shorter speech at the AGM. A longer speech was published on the company's webpage where the President & CEO commented on Sweco's performance in 2019, Sweco's development in recent years and the outlook for 2020.

The statutory auditor reported on audit-related work conducted during 2019. The submitted income statements and balance sheets were adopted and the Board and CEO were discharged from liability for the financial year 2019. The AGM approved an ordinary dividend of SEK 3.10 per share.

The AGM resolved, in accordance with the Nominating Committee's proposal, to 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. The AGM also adopted the Board's proposed guidelines for salary and other remuneration to senior executives.

According to the Board's proposal, the AGM resolved to implement the Share Bonus Scheme 2020 on terms and conditions that generally corresponds to those of Share Bonus Scheme 2019 and stipulates that bonuses are paid in shares rather than cash. The resolution included decisions to implement the Share Bonus Scheme 2020 per se and to authorise the Board to transfer Class B treasury shares to secure obligations under the Share Bonus Scheme 2020 and to sell Class B treasury shares to secure payment of social security contributions.

The Share Bonus Scheme comprises a maximum of 1,100,000 Sweco Class B shares (no more than 825,000 for delivery to participants and no more than 275,000 to cover social security contributions). The AGM resolved to authorise the Board to transfer no more than 825,000 Class B treasury shares to employees under the Share Bonus Scheme 2020 and to sell no more than 275,000 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 2020 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 16–27 March 2020) less the amount corresponding to the dividend per share for the financial year 2019. 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 2021 premised upon continued employment.

The AGM approved a long-term share savings scheme (the Share Savings Scheme 2020) for Sweco Group senior executives. The scheme comprises a maximum of 104,000 Sweco Class B shares (no more than 82,500 for delivery to participants and no more than 21,500 to cover social security contributions). The AGM approved the free-of-charge transfer of no more than 82,500 Class B treasury shares to participants in the Share Savings Scheme 2020 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 2020 and the Share Savings Scheme 2020 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 Class 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 1,100,000 Class B shares may be required to ensure Sweco's obligations under the Share Bonus Scheme 2020. In order to implement the Share Savings Scheme 2020, a maximum of 104,000 Class 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 2019 and the 2017 Share Savings Scheme. This authority, which may be

exercised on one or more occasions during the period preceding the 2021 AGM, applies to the number of Class B shares required to cover social fees under the 2019 Share Bonus Scheme (not to exceed 500,000 shares) and the 2017 Share Savings Scheme (not to exceed 36,400 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).

Extraordinary General Meeting 22 October 2020

The EGM was held without physical presence by inviting the shareholders to exercise their voting rights only by postal voting. This due to the risk of spreading Covid-19 and the authorities' regulations/guidance on avoiding gatherings of people. 285 shareholders, representing 81.33 per cent of the votes and 71.51 per cent of the share capital, exercise their voting rights at the EGM by postal voting.

The EGM resolved on a dividend distribution to the shareholders of SEK 3.10 per share, in total SEK 367 million. This dividend distribution is in addition to the dividend distribution resolved at the AGM held on April 23, 2020.

According to the Board's proposal, the EGM resolved to amend the articles of association, primarily as regards the stipulation on minimum and maximum number of shares and share capital due to the proposed share split (see below).

The EGM also resolved, as proposed by the Board, to split the shares of the company, whereby each existing share was, on the record day, split into three shares of the same class of shares (share split 3:1). The record day for the share split was November 11, 2020.

As a consequence of the abovementioned share split (ratio 3:1), the company's ongoing Share Savings Schemes (Share Savings Scheme 2017, 2018, 2019 and 2020) will be recalculated in accordance with the terms of respective scheme and the company's Share Bonus Scheme 2020 will be recalculated in accordance with the terms of that scheme.

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 2020 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 current instructions for the Nominating Committee 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 19 October 2020 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 2020.

The Nominating Committee held four meetings in 2020. Ahead of the 2021 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 man-

agement 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 is comprised of at least three and not more than nine members.

Composition of the Board

Following 2020 AGM, the Board consists of seven ordinary members elected by the AGM and three employee representatives, with three union-appointed deputies. Until the conclusion of the 2020 AGM, the Board consisted of eight ordinary members. 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. Five of the AGM-elected Board members are of Swedish nationality, one of German nationality and one of Swedish and American nationality. There are four 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 2020 AGM re-elected Johan Nordström as Chairman of the Board. The other ordinary Board members, which were re-elected by the 2020 AGM, are Åsa Bergman, Gunnel Duveblad, Elaine Grunewald, Alf Göransson, Johan Hjertonsson and Christine Wolff. Eva Lindqvist declined to be re-elected. The employee representatives are Görgen Edenhagen, Maria Ekh and Anna Leonsson with Peter Rothstein, Charlotte Berglund and Nicole Corrodi as deputies.

See pages 112–113 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 2020 the Board held eleven meetings, four of which were held in conjunction with publica-

tion of interim reports. Due to Covid-19 restrictions, nine out of total eleven meetings were held digitally, with all documentation distributed in advance. Due to Covid-19 restrictions, the Board did not visit any projects in the Sweco countries, as is commonly occurring at the strategy meeting in September. Instead some projects were presented digitally to the Board at the meeting.

In addition to reporting on the development of Sweco's operations and finances, the Board meetings in 2020 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR matters, sustainability, Code of Conduct, 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 2020 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	11	7	7
Johan Nordström	11	–	7
Åsa Bergman	11	–	–
Gunnel Duveblad	11	7	–
Elaine Grunewald ¹	10	1	5
Alf Göransson	11	7	–
Johan Hjertonsson	11	–	6
Eva Lindqvist ²	4	–	2
Christine Wolff	11	7	–
Görgen Edenhagen	11	–	–
Maria Ekh	11	–	–
Anna Leonsson	11	–	–
Peter Rothstein	9	–	–
Charlotte Berglund	1	–	–
Nicole Corrodi	–	–	–

1) Resigned as member in Audit Committee, appointed as member of the Remuneration Committee after the 2020 AGM.
2) At own request not re-elected as member of the Board by the 2020 AGM.

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 2020. 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 composition and fees¹

	Position	Year of birth	Nationality	Elected in	Independent larger shareholders	Board and committee fees, SEK ²
Johan Nordström	Chairman of the Board, Chairman of the Remuneration Committee	1966	Swedish	2012	no	1,020,000
Åsa Bergman	Board member, President & CEO	1967	Swedish	2018	yes	–
Gunnel Duveblad	Board member, Chairman of the Audit Committee	1955	Swedish	2008	no	620,000
Elaine Grunewald	Board member, member of the Remuneration Committee	1967	American / Swedish	2017	yes	530,000
Alf Göransson	Board Member, member of the Audit Committee	1957	Swedish	2018	yes	550,000
Johan Hjertonsson	Board member, member of the Remuneration Committee	1968	Swedish	2015	no	530,000
Christine Wolff	Board Member, member of the Audit Committee	1960	German	2016	yes	550,000
Görgen Edenhagen	Employee representative	1964	Swedish	2011	–	–
Maria Ekh	Employee representative	1974	Swedish	2016	–	–
Anna Leonsson	Employee representative	1971	Swedish	2005	–	–
Peter Rothstein	Deputy employee representative with right of attendance	1959	Swedish	2017	–	–
Charlotte Berglund	Deputy employee representative	1973	Swedish	2019	–	–
Nicole Corrodi	Deputy employee representative	1985	Swedish	2019	–	–

1) For the period from the 2020 AGM through the 2021 AGM.

2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2020 AGM. Fees refer to remuneration paid during the period from the 2020 AGM through the 2021 AGM. For fees expensed during 2020, see Note 6 on page 63.

BOARD COMMITTEES

Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chairman), Elaine Grunewald and Johan Hjertonsson. 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 seven meetings in 2020.

Audit Committee

The statutory meeting of the Board appoints the Audit Committee. The Audit Committee members are Gunnel Duveblad (chairman), 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 2020 the Audit Committee held seven meetings. The statutory auditor attended six of seven committee meetings.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

Remuneration for the Board

Board remuneration is determined by the AGM. Board fees for 2020/21 were set at SEK 3,800,000, of which SEK 900,000 is payable to the Chairman of the Board and SEK 450,000 to each of the five 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 120,000 and the other members of the Remuneration Committee each receive an additional fee of SEK 80,000. The Chairman of the Audit Committee is paid an additional fee of SEK 170,000 and the other members of the Audit Committee each receive an additional fee of SEK 100,000.

Remuneration for senior executives

Principles for salary and other remuneration to senior executives pursuant to the 2020 AGM resolution are shown in Note 6 on pages 61–63.

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 2020 AGM to serve as the company's statutory auditor through the conclusion of the 2021 AGM. Authorised Public Accountant Michael Bengtsson was by the auditing firm appointed chief statutory auditor for financial year 2020. For the financial year 2020, fees for audit services totalled SEK 15 million (12) and fees for non-audit services totalled SEK 2 million (3). The non-audit services in 2020 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 61.

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 2020, Sweco's Executive Team comprised of the President &

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

For more information on the Executive Team, see pages 114–115.

BUSINESS AREAS

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 which includes, among others, the culture and values of Sweco. 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.

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.

The Audit Committee 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 2020, mainly focusing on:

- (Financial) project management
- Revenue recognition
- Project governance
- 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 96–97.

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 (both digital and physical) with the media, investors and analysts worldwide throughout the year.

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

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 2020 was SEK 55 billion. Share capital totalled SEK 121.1 million. Following a share split (ratio 3:1) implemented in the autumn of 2020 (EGM 22 October 2020), the share capital is divided between 31,157,139 Class A shares and 332,094,318 Class B shares, representing 64,366,570.8 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. 34,561 Class A shares were converted to Class B shares during financial year 2020 pursuant to the conversion clause in the Articles of Association. As of 31 December 2020, Sweco held a total of 8,053,986 treasury shares, all of which are Class B shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 22,066 shareholders at year-end 2020. The largest shareholders are the Nordström family (with 13.9 per cent of the share capital and 33.5 per cent of the votes), Investment AB Latour (with 26.9 per cent of the share capital and 21 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 24.7 per cent of the share capital and 14.2 per cent of the votes. Together, the ten largest shareholders control the equivalent of 65.2 per cent of the share capital and 76.6 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 SWEDISH CORPORATE GOVERNANCE 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	2020	2019
Net sales	2, 3, 34	20,858	20,629
Other operating income		7	17
Other external expenses	4, 5, 34	-4,180	-4,373
Personnel costs	6, 28	-13,859	-13,377
Amortisation/depreciation and impairment losses, tangible and intangible fixed assets ¹	3, 7	-278	-291
Depreciation and impairments, right-of-use assets	7	-708	-656
Acquisition-related items ²	7	-135	-58
Operating profit (EBIT)	3	1,706	1,892
Net financial items	8, 34	-46	-46
Interest cost of leasing	8, 34	-54	-65
Other financial items	8, 34	2	-4
Total net financial items	8	-98	-115
Profit before tax		1,608	1,777
Income tax expense	10	-316	-384
PROFIT FOR THE YEAR		1,293	1,393
Profit for the year attributable to:			
Owners of the Parent Company		1,292	1,393
Non-controlling interests		1	0
Earnings per share attributable to owners of the Parent Company	11		
Basic earnings per share, SEK ³		3.64	3.95
Diluted earnings per share, SEK ³		3.58	3.84

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.

3) Due to the share split conducted during fourth quarter 2020, historical data has been restated in accordance with IAS 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Note	2020	2019
Profit for the year		1,293	1,393
Items that will not be reversed to profit or loss			
Revaluation of defined benefit pensions, net after tax	10	-34	-42
Total items that will not be reversed to profit or loss		-34	-42
Items that may subsequently be reversed to profit or loss			
Exchange difference on translation of foreign operations		-366	219
Hedge of net investment in subsidiary, net after tax	10	52	-54
Total items that may subsequently be reversed to profit or loss		-314	165
COMPREHENSIVE INCOME FOR THE YEAR		945	1,516
Comprehensive income attributable to:			
Owners of the Parent Company		945	1,516
Non-controlling interests		0	1

CONSOLIDATED BALANCE SHEET

SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS	3, 33		
Non-current assets			
Goodwill	13	7,593	7,471
Other intangible assets	13	340	339
Property, plant and equipment	14	519	580
Right-of-use assets	15	2,705	3,043
Investments in associates	17	2	2
Investments in joint ventures	18	1	0
Financial investments	19	10	10
Deferred tax assets	10	279	321
Other non-current receivables	22, 28	100	56
Total non-current assets		11,549	11,822
Current assets			
Trade receivables	34	3,558	3,418
Work in progress less progress billings	23	1,891	2,486
Inventories		3	3
Current tax assets		10	50
Other current receivables	24	421	353
Prepaid expenses and accrued income	24	430	512
Cash and cash equivalents	25	2,088	660
Total current assets		8,400	7,481
TOTAL ASSETS		19,948	19,303
EQUITY AND LIABILITIES			
Equity	26		
Share capital		121	121
Other contributed capital		3,088	3,088
Reserves		-105	209
Retained earnings, including profit for the year		4,445	3,736
Equity attributable to owners of the Parent Company		7,548	7,154
Non-controlling interests		10	10
Total equity		7,557	7,164
Liabilities	3, 33		
Non-current liabilities			
Non-current lease liabilities	30	2,135	2,522
Non-current interest-bearing liabilities	27	2,996	1,665
Provisions for pensions	28	163	178
Other non-current provisions	29	79	57
Deferred tax liabilities	10	484	592
Other non-current liabilities		105	50
Total non-current liabilities		5,963	5,065
Current liabilities			
Current lease liabilities	30	706	688
Current interest-bearing liabilities	27	34	1,109
Provisions for pensions	28	5	11
Other current provisions	29	100	17
Progress billings in excess of work in progress	23	1,592	1,383
Trade payables	34	461	864
Current tax liabilities		161	116
Other current liabilities	31	1,229	967
Accrued expenses and prepaid income	31	2,142	1,921
Total current liabilities		6,428	7,075
Total liabilities		12,391	12,140
TOTAL EQUITY AND LIABILITIES		19,948	19,303

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

CONSOLIDATED CASH FLOW STATEMENT

SEK M	Note	2020	2019
Operating activities			
Profit before tax		1,608	1,777
Adjustments for non-cash items			
Amortisation/depreciation and impairment losses	3, 7	1,071	1,048
Capital gains/losses		-12	-86
Difference between pension premiums expensed and paid		-57	-10
Expensed interest		83	98
Revaluation of additional purchase price		38	0
Share bonus scheme and share savings scheme		182	126
Other items ¹		270	3
Total non-cash items		1,573	1,179
Interest leasing		-54	-65
Interest paid		-33	-34
Interest received		5	1
Income taxes paid		-337	-418
Cash flow from operating activities before changes in working capital		2,761	2,440
Changes in working capital			
Change in current receivables		221	-372
Change in current liabilities		266	231
Cash flow from operating activities		3,249	2,299
Investing activities			
Purchase of intangible assets		-46	-42
Disposal of intangible assets		0	0
Purchase of property, plant and equipment		-187	-226
Disposal of property, plant and equipment		13	56
Acquisition of subsidiaries and operations, net cash effect	12	-535	-672
Divestiture of subsidiaries and operations, net cash effect	12	-	-97
Divestiture of associated companies		4	1
Acquisition of financial investments		0	0
Disposal of financial investments		-	0
Change in non-current receivables		5	-5
Cash flow from investing activities		-746	-985
Financing activities			
Capital distribution to owners of the Parent Company	26	-732	-644
Capital distribution to non-controlling interests		0	0
Repurchase of treasury shares	26	-	-2
Borrowings		2,007	1,510
Repayment of borrowings		-1,630	-1,622
Principal elements of lease payments		-700	-645
Cash flow from financing activities	27	-1,056	-1,404
CASH FLOW FOR THE YEAR		1,447	-90
Cash and cash equivalents at beginning of year	25	660	775
Foreign exchange differences in cash and cash equivalents		-19	-26
Cash and cash equivalents at end of year	25	2,088	660

1) In 2020 "other items" includes an SEK 290 million write-down of work in progress less progress billings in Sweco's German operation.

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
Equity at 1 January 2019		121	3,088	44	2,905	6,158	10	6,168
Profit for the year		–	–	–	1,393	1,393	0	1,393
Other comprehensive income for the year		–	–	165	-42	123	0	123
Comprehensive income for the year		–	–	165	1,351	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
EQUITY AT 31 DECEMBER 2019		121	3,088	209	3,736	7,154	10	7,164
Profit for the year		–	–	–	1,293	1,293	0	1,293
Other comprehensive income for the year		–	–	-314	-34	-348	0	-348
Comprehensive income for the year		–	–	-314	1,259	945	0	945
Capital distribution to the shareholders								
– dividend	26	–	–	–	-732	-732	0	-733
Share bonus scheme								
– value of employee service		–	–	–	177	177	–	177
Share savings scheme								
– value of employee service		–	–	–	5	5	–	5
EQUITY AT 31 DECEMBER 2020		121	3,088	-105	4,445	7,548	10	7,557
Proposed capital distribution to the shareholders								
Dividend	26, 36				-799	-799		-799

PARENT COMPANY INCOME STATEMENT

SEK M	Note	2020	2019
Net sales	3, 34	874	771
Total operating income		874	771
Other external expenses	3, 4, 5, 34	-766	-685
Personnel costs	6	-97	-91
Amortisation/depreciation and impairment losses	3, 7	-45	-43
Total operating expenses		-909	-818
Operating profit/loss	3	-35	-48
Profit from investments in group companies	8	1,079	813
Financial income	8, 34	30	27
Financial expenses	8, 34	-38	-49
Net financial items	8	1,071	791
Profit after net financial items		1,036	743
Appropriations	9	-180	-120
Profit before tax		856	623
Income tax expense	10	-117	-77
PROFIT FOR THE YEAR		739	546

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK M	2020	2019
Profit for the year	739	546
COMPREHENSIVE INCOME FOR THE YEAR	739	546

PARENT COMPANY BALANCE SHEET

SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS	3, 33		
Intangible assets	13	24	26
Property, plant and equipment	14	60	59
Financial assets			
Investments in group companies	16	4,669	4,685
Receivables from group companies	21	1,832	1,833
Other non-current securities	20	1	1
Other non-current receivables		39	18
Total financial assets		6,541	6,537
Total non-current assets		6,625	6,623
Current assets			
Receivables from group companies	21	2,944	2,881
Current tax assets		8	32
Other receivables	24	7	14
Prepaid expenses and accrued income	24	246	260
Cash and bank	25	1,387	184
Total current assets		4,593	3,371
TOTAL ASSETS		11,218	9,994
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>	26		
Share capital		121	121
Statutory reserve		188	188
Development expenditure fund		13	24
Total restricted equity		322	333
<i>Non-restricted equity</i>	26		
Share premium reserve		2,900	2,900
Retained earnings		712	701
Profit for the year		739	546
Total non-restricted equity		4,351	4,147
Total equity		4,673	4,480
Untaxed reserves	9	654	474
LIABILITIES	3, 33		
Non-current liabilities			
Liabilities to credit institutions	27	2,866	1,550
Other non-current liabilities	27	39	18
Total non-current liabilities		2,906	1,569
Current liabilities			
Current interest-bearing liabilities	27	–	971
Trade payables		38	215
Liabilities to group companies		2,908	2,247
Other current liabilities	31	3	2
Accrued expenses and prepaid income	31	35	36
Total current liabilities		2,985	3,471
Total liabilities		5,891	5,039
TOTAL EQUITY AND LIABILITIES		11,218	9,994

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

PARENT COMPANY CASH FLOW STATEMENT

SEK M	Note	2020	2019
Operating activities			
Profit after net financial items		1,036	743
Adjustments for non-cash items			
Capital gains/losses		-	19
Amortisation/depreciation and impairment losses	7	45	43
Group contributions	8	-765	-547
Difference between interest recognised and received/paid	8	1	-2
Other items		12	16
Total non-cash items		328	-471
Income taxes paid		-93	-179
Cash flow from operating activities before changes in working capital		235	93
Changes in working capital			
Change in current receivables		303	-958
Change in current liabilities		487	414
Cash flow from operating activities		1,025	-451
Investing activities			
Purchase of intangible assets	13	-13	-1
Purchase of property, plant and equipment	14	-32	-33
Acquisition of subsidiaries, net cash effect	16	17	-216
Divestiture of subsidiaries, net cash effect		-	22
Cash flow from investing activities		-28	-228
Financing activities			
Group contributions		547	739
Capital distribution to owners of the Parent Company	26	-732	-644
Repurchase of treasury shares	26	-	-2
Borrowings	27	1,962	1,495
Repayment of borrowings	27	-1,571	-1,106
Cash flow from financing activities		205	482
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at beginning of year	25	184	381
Cash and cash equivalents at end of year	25	1,387	184

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
Equity at 1 January 2019	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	–
Share bonus scheme – value of employee service		–	–	–	–	–	122	122	122
Share savings scheme – value of employee service		–	–	–	–	–	11	11	11
Repurchase of treasury shares		–	–	–	–	–	-2	-2	-2
EQUITY AT 31 DECEMBER 2019	26	121	188	24	333	2,900	1,247	4,147	4,480
Profit for the year		–	–	–	–	–	739	739	739
Comprehensive income for the year		–	–	–	–	–	739	739	739
Capital distribution to the shareholders – dividend		–	–	–	–	–	-732	-732	-732
Development expenditure fund		–	–	-11	-11	–	11	11	–
Share bonus scheme – value of employee service		–	–	–	–	–	177	177	177
Share savings scheme – value of employee service		–	–	–	–	–	9	9	9
EQUITY AT 31 DECEMBER 2020		121	188	13	322	2,900	1,451	4,351	4,673
Proposed capital distribution to the shareholders									
Dividend	26, 36						-799	-799	-799

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 23 March 2021. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 22 April 2021.

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

The Group applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020: amendments to IAS 1, IAS 8, IFRS 3, IFRS 9 and IFRS 7; and the Revised Conceptual Framework for Financial Reporting. The amendments listed did not have any significant impact on the consolidated financial statements.

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 2020. 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 117.

- Organic growth adjusted for calendar – Organic growth adjusted for calendar is calculated as growth in net sales in local currency, excluding the impact of acquisitions and disposals and estimated calendar effect. Sweco considers organic growth adjusted for calendar 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 divestment 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.

- Items affecting comparability – To assist in understanding its operations, Sweco believes that it is useful to consider certain measures and ratios exclusive of items affecting comparability. Items affecting comparability include items that are non-recurring, have a significant impact and are considered to be important for understanding operating performance when comparing results between periods. Items affecting comparability pertain to significant amounts related to restructuring and integration costs, acquisition and divestment costs, project write-downs and other one-off items. All measures and ratios have been disclosed, initially including items affecting comparability and subsequently, as a second measure when deemed appropriate, excluding items affecting comparability.
- Net debt/EBITDA – Net debt/EBITDA is Sweco's key metric for financial strength. The definition is 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, i.e. business areas of the Group. Business area 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. Non-controlling interests are reported either as proportional share of net assets, or 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.

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 ÅF Healthcare Systems AB is classified as a joint operation and that the Group otherwise only has 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 related 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:

	2020		2019	
	Closing	Average	Closing	Average
EUR	10.05	10.48	10.50	10.59
NOK	0.96	0.98	1.07	1.08
DKK	1.35	1.41	1.41	1.42
GBP	11.22	11.79	12.43	12.07

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 related to that foreign operation, after deduction of any currency hedges, is reclassified from equity to profit and loss.

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, such as terms of payment and services to be transferred, must be fulfilled in order for the contract to be enforceable.

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 are derived from the contracts, most of which include only one performance obligation.

For contracts that include multiple obligations, Sweco in some cases bundles 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 then considers 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 are 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 uses 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.

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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.

Contract assets and liabilities

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, contract assets. 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, contract liabilities.

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 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 are measured at amortised cost and comprised of lease receivables related to insurance reimbursement, employee cars, endowment insurance, deposits and other receivables.

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 except from contingent consideration that are measured at fair value through profit and loss.

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 and trade receivables. 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. Provi-

sions of doubtful trade receivables stemming from earlier larger acquisitions are exempted from the expected credit loss provision. For more information, see Note 34.

Hedge accounting

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 for amortisable assets, except order backlog where the estimated useful life not is straight-lined; see below. Goodwill has an indefinite useful life, which means that goodwill is not amortised, but is impairment is tested. 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).

Goodwill and intangible assets not yet ready for use are impairment tested annually or when circumstances indicate that the asset has decreased in value.

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

Note 1

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;
- 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

The right-of-use asset is recognised in subsequent periods at cost less depreciation and any accumulated impairment.

The lease liability is remeasured when the lease terms are modified based on a change in future lease payments due to a change in an index or a rate, or based on a revised assessment of an option to purchase the underlying asset or a change in the amounts expected to be payable under a residual value guarantee.

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.

When calculating the initial lease liability Sweco use the implicit rate of each lease contract. When the implicit interest rate is not available, Sweco uses the incremental borrowing rate, which is estimated based on Sweco's interest rate margin, contract length and interest level in the country where the asset is leased.

Lease receivables

Sweco offers a car lease financing solution ("employee's cars") as a benefit to a number of employees in Sweden, under which Sweco serves as 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.

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 2017, 2018, 2019 and 2020 Annual General Meetings resolved to implement long-term share savings schemes for Sweco Group senior executives. Under the share savings schemes, participants uses their own funds to acquire Class B shares in Sweco ("Savings Shares"). If the Savings Shares are held until the fourth business day after the announcement of the year-end report for the 2020 financial year for the 2017 share savings scheme, the 2021 financial year for the 2018 share savings scheme, the 2022 financial year for the 2019 share savings scheme and the 2023 financial year for the 2020 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, then each Savings Share shall thereafter grant entitlement to one Class B share in Sweco without consideration ("Matching Share") if the absolute total shareholder return ("TSR") for the Class B share in Sweco is positive during the Retention Period (the requirement for positive TSR for Matching Share does not apply for the 2017 share savings scheme), and, provided that certain performance criteria have been met, to an additional number of not more than one to four Class B

shares in Sweco ("Performance Shares"). The granting of Performance Shares is conditional on a positive TSR for the Sweco B share during the retention period and is also dependent on the Sweco B share's TSR in relation to a group of benchmark companies. The cost is expensed on a straight-line basis over the Retention Period as a personnel cost, with a corresponding increase in equity. The cost of the Matching Share is based on the fair value of the share on the acquisition date; the cost of the Performance Share is based on the fair value of the share as calculated by an external party through a Monte Carlo simulation.

In connection with the grant, social fees are paid for the value of the employee benefit. Provisions for these estimated social fees are therefore made during the Retention Period.

Due to the share split (ratio 3:1) conducted during autumn 2020, the above-mentioned share savings schemes will be recalculated in accordance with the schemes' respective terms.

Share bonus scheme

Sweco Group currently offers a share bonus scheme (the 2020 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 related 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.

Due to the share split (ratio 3:1) conducted during autumn 2020, the above-mentioned share bonus scheme will be recalculated in accordance with the scheme's terms.

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 legal claims, restructuring provisions and other provisions.

Legal claims

The amount of the provision is the estimated future cost associated with disputes that have not been settled. As from 2020 the reported provision also includes disputes in which the estimated cost is covered by the company's insurance, with related insurance reimbursement reported as non-current other receivables and current other receivables. 2019 figures have not been adjusted, as the effects are not deemed significant.

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.

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 cases where IFRS 16 is not applied, described under "Leasing" below. New standards and amendments have not had any significant impact on the Parent Company.

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 (asset acquisition). 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

RFR 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 areas; 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.

Nature of the service	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 Sweco Germany & Central Europe and Sweco 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.			
Contract asset and liabilities	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.			
Timing of satisfaction of performance obligations	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.			
General invoice frequency and payment terms	Invoice frequency	Invoice frequency	Payment terms	Payment terms
	Fixed price	Time & material	Fixed price	Time & material
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 (Estonia: 30 days)	14 days (Estonia: 21 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	28–30 days	28–30 days
Sweco Germany & Central Europe	Monthly, milestones achieved or predefined schedule in contract	On a monthly basis	30 days (Lithuania: 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 expected to be recognised in the future and related to performance obligations not yet fulfilled per 31 December 2020 amounts to approximately SEK 15,200 million (15,800). Management estimates that around 70 per cent (70) of this amount will be recognised as revenue during the next financial year, with the remainder recognised in subsequent financial years. 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 1 per cent to SEK 20,858 million (20,629). Organic growth was approximately -1 per cent after adjustment for estimated calendar effects and items affecting comparability. The table below shows the calculation of organic growth excluding calendar effects and items affecting comparability; i.e., net sales growth adjusted for the impact of acquisitions and divestments as well as the effect of foreign currency fluctuations, calendar effects and items affecting comparability.

			Growth, %
	2020	2019	2020 vs 2019
Reported net sales	20,858	20,629	1
Adjustment for currency effects		-372	-2
Net sales, currency-adjusted	20,858	20,257	3
Adjustment for acquisitions/divestments	-999	-103	4
Comparable net sales, currency-adjusted	19,860	20,154	-1
Adjustment of calendar effects	-102		0
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY AND CALENDAR EFFECTS	19,758	20,154	-2
Adjustment of items affecting comparability	290		1
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY, CALENDAR EFFECTS AND ITEMS AFFECTING COMPARABILITY	20,048	20,154	-1

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

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. Sweco operates with eight business areas to reflect the strategy on focusing on eight core markets in northern Europe.

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	
	2020	2019	2020	2019	2020	2019
Sweco Sweden	7,417	7,412	64	70	7,481	7,482
Sweco Norway	2,400	2,591	14	15	2,414	2,606
Sweco Finland	2,711	2,336	66	52	2,777	2,388
Sweco Denmark	1,820	1,772	27	12	1,846	1,784
Sweco Netherlands	2,022	1,982	44	73	2,066	2,055
Sweco Belgium	1,646	1,391	9	3	1,655	1,394
Sweco UK	1,245	1,168	2	2	1,247	1,170
Sweco Germany & Central Europe	1,598	1,880	60	61	1,657	1,941
Group-wide and eliminations	0	97	-285	-290	-285	-193
TOTAL GROUP	20,858	20,629	-	-	20,858	20,629

EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA		Amortisation/depreciation and impairments ¹	
	2020	2019	2020	2019
Sweco Sweden	954	858	-61	-70
Sweco Norway	209	216	-23	-25
Sweco Finland	369	287	-17	-18
Sweco Denmark	143	137	-21	-24
Sweco Netherlands	172	143	-39	-42
Sweco Belgium	189	158	-10	-11
Sweco UK	75	51	-21	-21
Sweco Germany & Central Europe	-299	77	-40	-37
Group-wide and eliminations	-46	-58	-45	-44
TOTAL GROUP	1,766	1,869	-278	-291

1) Amortisation/depreciation and impairment included in EBITA.

Note 3

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

	2020	2019
Operating profit (EBIT)	1,706	1,892
Acquisition-related items ¹	135	58
Lease expenses ²	-782	-736
Depreciation and impairments, right-of-use assets	708	656
EBITA³	1,766	1,869
Amortisation/depreciation and impairment of tangible and intangible assets	278	291
EBITDA⁴	2,044	2,160

- 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Sweco Sweden	5,639	5,065	58	52	-3	20	4,203	3,698
Sweco Norway	1,339	1,283	22	44	122	0	850	747
Sweco Finland	2,683	2,440	19	13	147	406	1,182	967
Sweco Denmark	2,405	2,343	12	16	159	2	1,528	1,494
Sweco Netherlands	1,299	1,470	14	21	1	1	588	626
Sweco Belgium	1,727	1,547	11	9	118	13	754	555
Sweco UK	1,368	1,558	6	54	0	310	777	846
Sweco Germany & Central Europe	2,096	2,190	25	34	23	110	1,117	1,086
Group-wide	15,680	11,782	32	34	13	0	10,754	7,342
Eliminations	-14,535	-13,732					-9,848	-9,033
Unallocated	246	3,358					484	3,812
TOTAL GROUP	19,948	19,303	199	277	580	862	12,391	12,140

The breakdown of intangible assets is shown in Note 13. Group-wide items include cash and cash equivalents of SEK 1,387 million (184).

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

	2020	2019
Buildings and urban areas	7,596	7,871
Water, energy and industry	6,326	6,369
Transportation infrastructure	6,936	6,389
TOTAL	20,858	20,629

INFORMATION ABOUT MAJOR CLIENTS

Sweco's largest client in 2020 was the Swedish Transport Administration. Net sales to this client totalled SEK 1,640 million (1,515) and were reported in Business Area Sweco Sweden. See also the section on credit risk in Note 34.

RECONCILIATION OF THE APMs EBITA AND EBITA EXCL. IAC

	2020	2019
EBITA	1,766	1,869
Items affecting comparability (IAC) ¹	290	-
EBITA EXCL. IAC	2,056	1,869

1) Items affecting comparability pertain to the SEK 290 million write-down of work in progress less progress billings in the German operation and are reported in Business Area Sweco Germany & Central Europe. The entire SEK 290 million write-down is reported as IAC in full-year 2020, as it is not possible to allocate the amount over the current and previous years.

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 874 million (771). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. Thirty-five per cent (38) 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 ¹	
	2020	2019	2020	2019
Sweden	7,247	7,074	3,028	3,122
Norway	2,462	2,688	1,015	1,019
Finland	2,442	2,188	2,128	2,050
Netherlands	2,047	2,102	542	639
Denmark	1,652	1,562	1,661	1,614
Germany	1,170	1,478	951	1,027
Belgium	1,588	1,348	862	782
UK	1,197	1,116	898	1,058
Poland	277	212	29	52
Asia	184	196	1	1
Rest of Europe	142	191	-	-
Czech Republic	96	111	44	51
Lithuania	95	88	26	29
South and Central America	83	72	-	-
Africa	76	71	-	-
Estonia	55	68	18	19
Russia	19	30	-	-
Bulgaria	22	23	10	10
Oceania	0	7	-	-
North America	5	4	-	-
TOTAL	20,858	20,629	11,211	11,472

1) Refers to non-current assets that are not financial instruments, deferred tax assets, assets pertaining to post-retirement benefits, or rights arising under insurance agreements.

4 FEES TO AUDITORS

	Group		Parent Company	
	2020	2019	2020	2019
PricewaterhouseCoopers				
– audit services	15	12	2	2
– audit services other than statutory audit	1	0	1	–
– tax consulting	0	1	–	–
– non-audit services	1	2	1	1
Total	17	15	3	3
Other auditing firms				
– audit services	1	1	–	–
Total	1	1	–	–
TOTAL	18	16	3	3

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 6 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 merger matters.

5 LEASE EXPENSES

GROUP

	2020	2019
Expensed lease charges		
Depreciation and impairment of right-of-use assets	708	656
Interest expense	54	65
Expenses related to short-term leases	5	3
Expenses related to leases of low-value assets that are not shown above as short-term leases	17	17
Expenses related to variable lease payments not included in lease liabilities	33	29
TOTAL EXPENSED LEASE CHARGES	816	770

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 2020, and there is no knowledge of any such future transactions.

PARENT COMPANY

	2020	2019
Charges under signed leases		
TOTAL CHARGES PAID DURING THE YEAR	4	5
Future minimum lease payments		
– within one year	4	4
– between one and five years	11	14
– more than five years	–	–
TOTAL FUTURE LEASE PAYMENTS	15	18

The car lease agreements include extension options that are not included in the above figures until the options are actually executed. The car lease 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	
	2020	2019	2020	2019
Personnel costs				
Salaries and remuneration, other employees	10,279	9,677	26	23
Salaries and remuneration, senior/other executives	116	108	30	27
Total salaries and remuneration¹	10,395	9,785	55	50
Social fees, excl. pension costs	1,961	1,900	26	21
Pension costs, senior executives ^{2,3}	24	19	6	5
Pension costs, others ²	1,000	974	5	8
Other personnel costs	479	699	6	8
TOTAL PERSONNEL COSTS	13,859	13,377	97	91

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 61 (60) individuals in the Group and 13 (13) individuals in the Parent Company.

2) See also Note 28, Provisions for Pensions.

3) A total of 54 (53) senior executives in the Group and 6 (6) in the Parent Company received pension contributions.

	2020		2019	
	Total	Of which, % men	Total	Of which, % men
Number of full-time employees				
Sweden				
Parent Company	32	34	28	39
Subsidiaries	5,725	66	5,773	66
Total Sweden	5,757	65	5,801	66

Outside Sweden

Finland	2,408	75	2,074	73
Norway	1,675	66	1,578	68
Germany	1,512	60	1,312	59
Netherlands	1,403	80	1,434	80
UK	1,235	71	1,135	72
Denmark	1,191	69	1,135	76
Belgium	1,071	70	870	69
Poland	423	51	398	51
Lithuania	197	56	198	52
Czech Republic	174	64	189	64
Estonia	85	64	87	63
Bulgaria	58	50	59	51
Serbia	26	38	32	34
Turkey	1	–	8	47
Russia	–	–	1	–
Rest of Europe	2	100	2	100
India	108	77	97	79
Africa	2	100	2	100
Total, outside Sweden	11,571	69	10,611	70
TOTAL GROUP	17,328	68	16,412	68

	2020	2019
Percentage of women		
Group		
Board members in all companies	29	34
Other senior executives, 51 (52) individuals	31	29
Parent Company		
Board members	57	63
Other senior executives, 6 (6) individuals	67	33

	Group		Parent Company	
	2020	2019	2020	2019
Sickness absence, %				
Total sickness absence	3.1	3.1	0.6	0.1
– sickness absence for men	2.5	2.4		
– sickness absence for women	4.2	4.5		
– employees – 29 years	2.1	2.3		
– employees 30 – 49 years	3.2	3.3		
– employees 50 – years	3.4	3.2		

REMUNERATION TO SENIOR EXECUTIVES

1. Senior executives and area of application

Senior executives fall within the provisions of these guidelines. Senior executives include the President & CEO, the CFO and all managers who report directly to the President & CEO and is a member of the executive team. The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

2. The decision-making process to determine, review and implement these guidelines

The Board of Directors appoints a Remuneration Committee, which is charged with preparing the Board of Directors' decision to propose guidelines for executive remuneration and preparing matters relating to employment terms, pension benefits and bonuses for senior executives, as well as monitoring and evaluating these guidelines (including its application) as well as remuneration structures, etc. The Remuneration Committee is also charged with general employment terms and remuneration matters that apply to all employees of the company. The members of the Remuneration Committee are independent of the company and its executive management.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The President & CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

3. The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Sweco plans and designs the cities and communities of the future. Sweco's home market is in Northern Europe and Sweco aim to become market leader in all countries where Sweco have permanent presence. Through market leadership, Sweco can uphold the broadest and deepest competence and become the preferred choice for customers and employees. Sweco excel through its operating model. Sweco differentiates by being its customers' most approachable and committed partner, with recognised expertise. Sweco want to be the most attractive employer for the best engineers and architects in the business and have industry-leading internal efficiency to minimise time and resources spent outside customer projects. Sweco have a decentralised organisation with business responsibility at the front line.

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

Sweco has implemented long-term share-related incentive plans ("LTI") (Share Savings Schemes) for senior executives. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. For more information regarding adopted plans, please see Sweco's website.

4. Remuneration

The Sweco Group's aim is to offer a competitive and market-based level of remuneration to recruit and retain its qualified senior executives.

Types of remuneration, etc.

Remuneration to a senior executive comprises of the following components:

- Base salary (fixed cash salary)
- Short term incentive ("STI")
- Pension and other benefits

Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, LTI.

a) Base salary and STI

Remuneration is to be based on factors such as work duties, qualifications, experience, position and performance. In addition, the break-down between fixed base salary and STI, shall be proportionate to the employee's position and work description.

The satisfaction of criteria for awarding STI shall be measured over a period of one year. STI for the President & CEO and the CFO may not exceed 75 percent of the fixed annual base salary. For other senior executives, STI may not exceed 50 percent of the fixed annual base salary. Due to acquisitions, exceptions to this maximum percentage may apply for a limited time, until integration with Sweco's short-term incentive program is aligned.

b) Pension and other benefits

The terms and conditions for pensions, including health insurance, 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 unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions.

STI shall for the President & CEO not qualify for pension benefits. For other senior executives, STI shall qualify for pension benefits to the extent required by mandatory collective agreement provisions.

Other benefits may be awarded, primarily in the form of life insurance, medical insurance and company vehicles.

The pension premiums for premium defined pension and other benefits shall amount to approximately one third of the total annual remuneration.

Foreign conditions

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for payment of STI, etc.

STI shall be linked to predetermined, measurable criteria, which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall be devised to comply with the company's long-term value creation and thus contribute to the company's business strategy and long-term interests, including its sustainability.

The criteria for payment of STI shall be based on profitability, growth and trade working capital and be divided as follows: STI shall to approximately one third be linked to the profitability of the superior business unit, to approximately one third be linked to the profitability of the own business unit and to approximately one third be linked to the growth or trade working capital of the own business unit.

To which extent the criteria for awarding STI has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns STI to the President & CEO. For STI to other senior executives, the President & CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The Board of Directors has the possibility that may follow under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim STI paid on incorrect grounds (claw-back).

Termination of employment

In the event of dismissal by the company, the President & CEO has a notice period of no more than 18 months. In the event of the President & CEO's resignation, the notice period shall be no more than 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.

Fixed base salary during the period of notice and severance pay may together not exceed an amount equivalent to the President & CEO's fixed base salary for 24 months, and 12 months for other senior executives. When termination is made by the executive there is no right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall only compensate for possible loss of income as a result of the non-compete undertaking and shall be based on the level of remuneration that the executive had at the time of the termination of employment.

5. Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

6. Derogation from the guidelines

The Board of Directors shall have the right to temporarily resolve to deviate from these guidelines, in whole or in part, in individual cases if there are extraordinary reasons therefore and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Remuneration and other benefits expensed in 2020 (SEK 000s)

	Remuneration expensed						Total remuneration expensed
	Board fees decided at the 2020 AGM ¹	Base salary/board fee	Variable salary	Share savings scheme ²	Other benefits	Pension cost	
Board Chairman Johan Nordström	1,020	980	–	–	–	–	980
Board member Gunnel Duveblad	620	597	–	–	–	–	597
Board member Elaine Grunewald	530	517	–	–	–	–	517
Board member Alf Göransson	550	530	–	–	–	–	530
Board member Johan Hjertansson	530	507	–	–	–	–	507
Board member Eva Lindqvist ³	–	153	–	–	–	–	153
Board member Christine Wolff	550	530	–	–	–	–	530
President & CEO	–	7,604	3,272	864	130	2,475	14,345
Other senior executives (13 individuals)	–	32,858	5,091	2,116	2,165	6,788	49,018
TOTAL	3,800	44,276	8,363	2,980	2,295	9,263	67,177

1) Board fees and compensation for committee work accordance with AGM resolution for the period from the 2020 AGM through the AGM 2021.

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

3) Until 2020 AGM.

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

	Remuneration expensed						Total remuneration expensed
	Board fees decided at the 2020 AGM ¹	Base salary/board fee	Variable salary	Share savings scheme ²	Other benefits	Pension cost	
Board Chairman Johan Nordström	900	900	–	–	–	–	900
Board member Gunnel Duveblad	550	550	–	–	–	–	550
Board member Elaine Grunewald	490	490	–	–	–	–	490
Board member Alf Göransson	490	460	–	–	–	–	460
Board member Johan Hjertansson	460	460	–	–	–	–	460
Board member Eva Lindqvist	460	460	–	–	–	–	460
Board member Christine Wolff	490	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
TOTAL	3,840	43,071	9,540	2,144	1,425	8,756	64,935

1) Board fees and compensation for committee work accordance with AGM resolution for the period from the 2019 AGM through the AGM 2020.

2) 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 2020 and 2019.

Share savings schemes

The 2017, 2018, 2019 and 2020 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 use their own funds to acquire Class B shares in Sweco ("Savings Shares") over NASDAQ Stockholm for an amount equivalent to a maximum of 5–10 per cent of the participant's annual base salary for that year. If the Savings Shares are held until the fourth business day after the announcement of the year-end report

for the 2020 financial year for the 2017 share savings scheme, the 2021 financial year for the 2018 share savings scheme, the 2022 financial year for the 2019 share savings scheme and the 2023 financial year for the 2020 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") if the absolute total shareholder return ("TSR") for the Class B share in Sweco is positive during the Retention Period (the requirement for positive TSR for Matching Share does not apply for the 2017 share savings scheme), and, provided that certain performance criteria have been met, to an additional number of not more than one to four Class B shares in Sweco ("Performance Shares"). The granting of Performance Shares is conditional on a positive TSR for the Sweco B share during the retention Period and is also dependent on the Sweco B share's TSR in relation to a group of benchmark companies. The cost 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			
	2020	2019	2018	2017	2020	2019	2018	2017
No. of employees/key personnel still participating	75	56	47	42	14	10	7	7
No. of shares acquired	43,668	44,715	67,755	52,488	12,840	12,342	15,888	9,057
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	43,668	44,715	67,755	52,488	12,840	12,342	15,888	9,057
No. of Performance Shares granted per Savings Share ¹	1–4	1–4	1–4	1–4	1–4	1–4	1–4	1
Maximum no. of Performance Shares	93,191	104,025	153,585	102,939	36,259	37,683	47,061	15,693
Provision for the year, SEK M ^{2,3}	0.5	2.2	2.0	1.8	0.2	0.7	0.4	0.2
Accumulated provision, SEK M ^{2,3}	0.5	2.6	4.2	5.6	0.2	0.8	1.0	0.6
Estimated total cost, SEK M ^{2,3}	9.7	7.3	6.4	5.9	3.5	2.4	1.5	0.6
Retention period	Nov 2020– Feb 2024	Nov 2019– Feb 2023	Nov 2018– Feb 2022	Nov 2017– Feb 2021	Nov 2020– Feb 2024	Nov 2019– Feb 2023	Nov 2018– Feb 2022	Nov 2017– Feb 2021

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	
	2020	2019	2020	2019
Other intangible assets, depreciation and impairments	-51	-48	-15	-14
Buildings, depreciation and impairments	-1	-2	-	-
Equipment, depreciation and impairments	-226	-241	-31	-28
Total amortisation/ depreciation and impairment, tangible and intangible fixed assets	-278	-291	-45	-43
Right-of-use-assets, premises, depreciation and impairments	-595	-554	-	-
Right-of-use-assets, equipment, depreciation and impairments	-112	-102	-	-
Total depreciation and impairment, right-of-use-assets	-708	-656	-	-
Intangible assets capitalised on acquisition, amortisations	-85	-101	-	-
Profit/loss on divestment of buildings and land	6	20	-	-
Cost for received future service	-47	-37	-	-
Revaluation of purchase price	-38	-1	-	-
Profit/loss on divestment of companies and operations ¹	29	62	-	-
Total acquisition-related items	-135	-58	-	-
TOTAL	-1,120	-1,005	-45	-43

1) A provision of SEK 29 million for a exposure in an previous divestment was released during 2020.

8 NET FINANCIAL ITEMS

GROUP

	2020	2019
Net financial items		
Interest income – bank	2	1
Interest expenses – bank	-30	-35
Other financial expenses	-18	-12
Total financial items	-46	-46
Interest cost of leasing	-54	-65
Other financial items		
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	2	1
Capital gain on sale of participation in associated companies	3	0
Interest income – trade receivables	1	1
Interest expenses – trade payables	-1	-1
Interest expenses – other	-	-8
Other financial income	0	5
Net exchange rate fluctuations	-3	-2
Total other financial items	2	-4
TOTAL NET FINANCIAL ITEMS	-98	-115

PARENT COMPANY

	2020	2019
Profit from participation in group companies		
Dividends	314	285
Group contributions	765	547
Capital loss on sale of subsidiaries	-	-19
Total profit from participation in group companies	1,079	813
Financial income		
Interest income from group companies	20	19
Other interest income	8	8
Foreign exchange gains	2	-
Total financial income	30	27
Financial expenses		
Interest expenses to group companies	0	0
Other interest expenses	-25	-21
Foreign exchange losses	-	-20
Other financial expenses	-13	-7
Total financial expenses	-38	-49
TOTAL NET FINANCIAL ITEMS	1,071	791
Interest income received during the year	31	24
Interest expenses paid during the year	-27	-21

9 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY

	2020	2019
Appropriations		
Transfer to tax allocation reserve	-180	-120
TOTAL	-180	-120
Untaxed reserves		
Transfer to tax allocation reserve	654	474
TOTAL	654	474

10 TAXES

	Group		Parent Company	
	2020	2019	2020	2019
Current tax expense				
Tax expense for the period	-417	-335	-117	-77
Adjustment of tax attributable to prior years	-2	36	0	0
Total current tax expense	-419	-298	-117	-77
Deferred tax income/expense				
Deferred tax – temporary differences	72	-69	-	-
Deferred tax – recognition of previously unrecognised losses	0	7	-	-
Deferred tax – adjustment of tax attributable to prior years	4	-38	-	-
Deferred tax – change in tax rate	27	15	-	-
Total deferred tax income/expense	104	-85	-	-
TOTAL REPORTED TAX EXPENSE	-316	-384	-117	-77

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:

Reconciliation of effective tax rate	Group				Parent Company			
	2020, %	2020	2019, %	2019	2020, %	2020	2019, %	2019
Profit before tax		1,608		1,777		856		623
Income tax calculated pursuant to national profit tax rates in each country	19.7	317	22.7	404	21.4	183	21.4	133
Tax effects of:								
– Non-taxable dividends	–	–	–	–	-7.9	-67	-9.8	-61
– Other non-taxable income	0.0	-1	-1.5	-26	–	–	0.0	0
– Non-deductible expenses	1.8	29	1.9	34	0.2	1	0.9	6
Recognition of previously unrecognised loss carry-forwards	0.0	0	-0.4	-7	–	–	–	–
Utilisation of previously uncapitalised loss carry-forwards	-0.1	-2	-0.8	-15	–	–	–	–
Tax effect of uncapitalised loss carry-forwards	0.1	2	0.2	4	–	–	–	–
Effect on deferred tax – reduced tax rate	-1.7	-27	-0.7	-12	–	–	–	–
Adjustment of previous years' tax expense	-0.1	-2	0.1	1	0.0	0	–	–
TAX EXPENSE FOR THE YEAR	19.6	316	21.6	384	13.7	117	12.4	77

GROUP

Tax attributable to other comprehensive income	2020			2019		
	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	-366	–	-366	219	–	219
Hedges of net investments in subsidiaries	65	-13	52	-62	8	-54
Revaluation of defined benefit pensions	-45	11	-34	-57	15	-42
TOTAL	-346	-2	-348	100	23	123

Deferred tax assets and liabilities

Change in carrying amount for the year	Group		Deferred tax at year end	Group	
	2020	2019		2020	2019
Opening carrying amount – deferred tax assets	321	321	Deferred tax asset – loss carry-forwards	190	213
Increase through acquisitions	4	6	Deferred tax asset – consolidated pension deficits	5	10
Measurement period adjustment	1	-1	Deferred tax asset – temporary differences	85	98
Decrease through divestitures	–	-14	Total deferred tax assets	279	321
Reclassification to deferred tax liability	-2	-5	Deferred tax component of companies' reported untaxed reserves	-236	-253
Other deferred tax income/expense in the income statement	-35	-15	Deferred tax liability – temporary differences	-248	-339
Deferred tax income/expense in other comprehensive income	2	18	Total deferred tax liabilities	-484	-592
Foreign currency translation differences	-12	10	TOTAL DEFERRED TAX, NET	-205	-271
CLOSING CARRYING AMOUNT – DEFERRED TAX ASSETS	279	321			
Opening carrying amount – deferred tax liabilities	-592	-492			
Increase through acquisitions	-39	-31			
Measurement period adjustment	0	1			
Reclassification from deferred tax asset	2	5			
Change in component of untaxed reserves in the income statement	15	-51			
Other deferred tax income/expense in the income statement	124	-19			
Deferred tax income/expense in other comprehensive income	-5	4			
Foreign currency translation differences	12	-8			
CLOSING CARRYING AMOUNT – DEFERRED TAX LIABILITIES	-484	-592			

Of total deferred tax assets, SEK 57 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 148 million is expected to be paid within 12 months. Unrecognised loss carry-forwards in the Group total SEK 25 million (23); these are not expected to be utilised against future profits, and most have a time limit for utilisation. Approximately SEK 15 million (15) 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 6 million (4) have an indefinite duration.

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment incl. right-of-use assets	42	50	8	12	50	62
Intangible assets	-1	-1	-177	-175	-178	-175
Financial assets	16	23	6	13	22	36
Current assets	19	22	-220	-206	-201	-184
Current liabilities	2	-2	0	0	1	-3
Untaxed reserves	–	–	-236	-253	-236	-253
Pensions	5	10	11	10	16	20
Other provisions	8	6	14	7	22	13
Loss carry-forwards	190	213	109	0	299	213
TOTAL	279	321	-484	-592	-205	-271

Note 10–11

Movements in net deferred taxes can be summarised as follows:

2020	Opening carrying amount 2020	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/divestitures	Reclassifications	Foreign currency translation differences	Closing carrying amount 2020
Property, plant and equipment incl. right-of-use assets	62	-10	–	0	0	-3	50
Intangible assets	-175	14	–	-25	0	9	-178
Financial assets	36	-1	-13	0	1	0	22
Current assets	-184	-11	–	-14	0	8	-201
Current liabilities	-3	4	–	0	–	0	1
Untaxed reserves	-253	17	–	–	0	0	-236
Pensions	20	-15	11	–	0	0	16
Other provisions	13	11	–	–	0	-1	22
Loss carry-forwards	213	95	–	4	0	-13	299
TOTAL	-271	104	-2	-35	0	-1	-205

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
TOTAL	-171	-85	23	-39	0	2	-271

11 EARNINGS PER SHARE

GROUP

	2020	2019
Average number of shares before dilution ¹	354,626,159	352,712,302
Dilution due to share bonus scheme and share savings schemes ¹	6,737,046	10,186,761
Average number of shares after dilution	361,363,205	362,899,062

Earnings per share on profit attributable to owners of the Parent Company¹

	2020	2019
Basic earnings per share, SEK ²	3.64	3.95
Diluted earnings per share, SEK ³	3.58	3.84

1) Due to the share split conducted during the fourth quarter all historical data have been restated in accordance with IAS 33.

2) Earnings per share last year, excluding the impact from divestments during the fourth quarter, amounted to SEK 3.70.

3) Earnings per share last year, excluding the impact from divestments during the fourth quarter, amounted to SEK 3.59.

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

	Country	Date	Acquired share, % ¹	Holding post-transaction, % ¹	Annual net sales ²	Number of employees (individuals)
Acquisitions 2020						
Talboom Group	Belgium	15 January 2020	100	100	133	69
Morgenroth & Landwehr, asset deal	Germany	15 February 2020	–	–	8	6
KANT Arkitekter A/S	Denmark	2 March 2020	100	100	136	81
Temco, asset deal	Belgium	11 March 2020	–	–	37	31
Automation unit of Eurocon, asset deal	Sweden	30 March 2020	–	–	5	5
SGL Ingénieurs sa/nv	Belgium	12 June 2020	100	100	58	31
Aries Real Estate Solutions s.a	Belgium	29 September 2020	100	100	12	12 ³
Saraco Group	Finland	1 October 2020	100	100	45	34
TAG Arkitekter	Norway	30 October 2020	100	100	97	97
Optiplan Oy	Finland	30 December 2020	100	100	124	143
					655	509

Acquisitions 2019

Linummaa Oy	Finland	2 January 2019	100	100	17	17
MLM Holdings Limited	UK	3 May 2019	100	100	500	454
Tovatt Architects & Planners AB	Sweden	1 July 2019	100	100	25	20
imp GmbH	Germany	5 July 2019	100	100	210	389
JIE engineering d.o.o.	Serbia	5 July 2019	100	100	3	30
Design operations of NRC Group	Finland	1 November 2019	100	100	540	312
Pythagoras bvba	Belgium	30 November 2019	100	100	13	12
					1,308	1,234

1) Ownership share corresponds to equity interest.

2) Estimated annual sales at acquisition date.

3) Of which 11 self-employed.

In 2020, Sweco acquired 10 companies and businesses with approximately 500 employees (individuals) generating annual net sales of approximately SEK 655 million and about SEK 62 million in annual EBITA.

In January, Sweco acquired Talboom Group, a Belgian consulting company active predominantly in the pharmaceutical and infrastructure markets.

In February, Sweco acquired the business within Morgenroth & Landwehr in Germany with expertise in civil engineering.

In March, Sweco acquired the Danish architecture firm KANT Arkitekter A/S. KANT Arkitekter has a strong position in the public sector learning and housing segments, particularly in the eastern part of Denmark.

In March, Sweco acquired the business within Temco, a Belgian engineering firm, that mainly provides engineering, maintenance and consulting services to companies in the ferrous/nonferrous, chemical and food sectors.

Also in March, Sweco acquired the automation unit of Eurocon, active within automation for the pharma and food industry segments.

In July, Sweco acquired SGL Ingénieurs sa/nv, the Belgian part of the international SGI

Group with expertise in structural design, building techniques and civil engineering. The acquisition strengthens Sweco's presence in Brussels and Wallonia.

In September, Sweco acquired A-RES in Belgium, a consultancy active within construction supervision and related services.

In October, Sweco acquired Saraco Group in Finland, a consultancy specialising in project management and property development with offices in Helsinki, Turku and Tampere.

In October, Sweco completed the acquisition of the Norwegian architect company TAG Arkitekter. TAG Arkitekter is mainly active within the real estate and landscape architecture segments. The company has offices in Oslo, Bergen and Trondheim.

In December, Sweco acquired the Finnish engineering and architecture consultancy Optiplan. The acquisition strengthens Sweco's expertise in the area of designing sustainable, energy efficient residential buildings and non-residential buildings.

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 11 million (18) and are chiefly comprised of financial advisory and consulting fees associated with due diligence and tax. These expenses, totalling SEK 11 million (16) during the year, were reported in other external expenses in the income statement.

Net assets of acquired and divested companies at acquisition date

	2020		2019	
	Acquired value	Acquired value	Acquired value	Divested value
Intangible assets	110	138		15
Property, plant and equipment	12	51		14
Right-of-use assets	21	172		1
Financial assets	5	4		117
Current assets ¹	238	405		36
Cash and cash equivalents	67	31		254
Non-current liabilities	-7	-210		-225
Lease liabilities	-20	-165		-1
Deferred tax	-39	-29		0
Other current liabilities	-226	-373		-117
Consolidated goodwill recognised on acquisition	435	690		–
Capital gain/loss recognised on divestiture	–	–		62
Total purchase price	596	713		156
Purchase price outstanding	-44	-22		–
Payment of deferred purchase price	50	12		–
Cash and cash equivalents in acquired and divested companies	-67	-31		-254
DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS	535	672		-97

1) Of acquired current assets, receivables total SEK 232 million (387).

Acquisitions completed in 2020 and 2019 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 2020, the acquisition analyses for Morgenroth &

Landwehr, KANT Arkitekter, Temco, Eurocon's automation unit, SGI Ingénieurs sa/ny, Aries Real Estate Solutions, Saraco, TAG Arkitekter and Optiplan are preliminary.

Note 12–13

The acquisitions had a negative impact of SEK 535 million (672) on Group cash and cash equivalents. No divestments were made during the period. Last year, divestments of companies and operations had an impact of SEK -97 million on the Group's cash and cash equivalents. The net impact on Group cash and cash equivalents is SEK -535 million (-769).

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 44 million, SEK 44 million pertains to conditional purchase consideration entered as liability.

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

	2020		2019	
	Acquisition		Acquisition	Divestiture
Contribution to net sales in the year's accounts	313		543	103
Contribution to net sales if acquired company had been owned for the full year	643		1,334	
Contribution to EBITA in the year's accounts	26		60	18
Contribution to EBITA if acquired company had been owned for the full year	62		138	
Contribution to operating profit (EBIT) in the year's accounts	10		-26	18
Contribution to operating profit (EBIT) if acquired company had been owned for the full year	33		-42	

13 INTANGIBLE ASSETS

GROUP

	2020			2019		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	7,542	1,135	8,678	6,686	990	7,677
Purchases	–	35	35	–	34	34
Developed internally	–	11	11	–	8	8
Increase through acquisitions	422	108	530	684	137	821
Measurement period adjustment	13	2	15	6	1	7
Decrease through divestiture	–	–	–	-15	–	-15
Reclassification	–	4	4	–	0	0
Sales/disposals	–	-26	-26	–	-62	-62
Foreign currency translation differences	-313	-52	-365	181	27	208
Closing accumulated acquisition costs	7,664	1,217	8,882	7,542	1,135	8,678
Opening accumulated amortisation/depreciation and impairments	-71	-796	-867	-71	-690	-761
Reclassification	–	-6	-6	–	0	0
Sales/disposals	–	26	26	–	61	61
Foreign currency translation differences	–	35	35	–	-18	-18
Amortisation/depreciation for the year	–	-136	-136	–	-149	-149
Closing accumulated amortisation/depreciation and impairments	-71	-877	-948	-71	-796	-867
CLOSING CARRYING AMOUNT	7,593	340	7,934	7,471	339	7,811
By business area						
Sweco Sweden	2,036			2,040		
Sweco Norway	543			471		
Sweco Finland	1,417			1,369		
Sweco Denmark	1,321			1,251		
Sweco Netherlands	276			289		
Sweco Belgium	612			562		
Sweco UK	694			770		
Sweco Germany & Central Europe	694			719		
Capitalised development costs for software		124			134	
Assets capitalised on acquisition		216			205	
CLOSING CARRYING AMOUNT	7,593	340		7,471	339	

Internally developed software of SEK 11 million (8) was capitalised in the Netherlands and Sweden during the year, while other intangible assets were acquired through acquisition or purchase. See also Note 12 regarding intangible assets arising from acquisitions. In the above table, borrowing costs are not included in asset acquisition costs.

PARENT COMPANY

	2020	2019
Other intangible assets		
Opening acquisition costs	149	149
Purchases	13	1
Closing accumulated acquisition costs	162	149
Opening accumulated amortisation	-123	-109
Amortisation for the year	-15	-14
Closing accumulated amortisation	-138	-123
CLOSING CARRYING AMOUNT	24	26

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. The assumed values are not meant to be a forecast or ambition of Sweco, instead these are used solely to impairment test the reported goodwill values. After the first five years, cash flow forecasts are based on an annual growth rate of 2 per cent, which reflects the anticipated 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.

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.

As a consequence of the SEK 290 million write-down in the cash-generating unit Sweco Germany & Central Europe, the assumptions concerning this unit have been taken into special consideration.

For all cash-generating units, Sweco's assessment is that adjusted values in the below table present no reasonable change in assumptions. The impairment testing therefore indicates no need for impairment.

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

2020 Variable	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, %	2.3	-27.4	4.3	-32.2	2.0	-59.0	3.3	-7.6
Average EBITA margin, %	8.7	2.8	8.2	1.3	8.8	3.0	7.3	4.4
Pre-tax discount rate, %	8.2	23.6	8.4	51.0	8.3	20.3	7.6	11.1

2020 Variable	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, %	2.4	-36.2	5.2	-18.8	4.4	-6.6	5.3	-1.2
Average EBITA margin, %	6.4	0.9	8.8	3.6	6.2	3.7	5.8	4.9
Pre-tax discount rate, %	7.5	51.6	8.9	20.0	8.4	12.4	9.5	12.1

2019 Variable	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 Variable	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

14 PROPERTY, PLANT AND EQUIPMENT

GROUP

	2020			2019		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	31	1,548	1,579	52	1,408	1,460
Purchases	–	187	187	–	226	226
Increase through acquisitions	–	10	10	1	50	51
Measurement period adjustment	1	–	1	–	–	–
Decrease through divestiture	–	–	–	-10	-23	-33
Reclassification	–	110	110	–	2	2
Sales/disposals	-2	-165	-167	-26	-163	-189
Foreign currency translation differences	-3	-70	-73	14	48	62
Closing accumulated acquisition costs	27	1,620	1,647	31	1,548	1,579
Opening accumulated depreciation and impairments	-16	-983	-999	-19	-861	-880
Reclassification	–	-107	-107	0	-1	-1
Sales/disposals	1	154	155	6	147	153
Decrease through divestiture	–	–	–	12	7	19
Foreign currency translation differences	2	49	51	-13	-34	-47
Depreciations for the year	-1	-226	-227	-2	-241	-243
Closing accumulated depreciation	-14	-1,114	-1,128	-16	-983	-999
CLOSING CARRYING AMOUNT	12	507	519	15	565	580
Of which, land:						
Opening acquisition costs	2	–	2	14	–	14
Sales/disposals	-0	–	-0	-11	–	-11
Foreign currency translation differences	-0	–	-0	1	–	1
Increase through acquisitions	–	–	–	0	–	0
Decrease through divestiture	–	–	–	-3	–	-3
Closing carrying amount, land	2	–	2	2	–	2

PARENT COMPANY

	2020	2019
Equipment		
Opening acquisition costs	157	169
Purchases	32	33
Sales/disposals	-26	-45
Closing accumulated acquisition costs	163	157
Opening accumulated depreciation	-98	-115
Sales/disposals	26	45
Depreciation for the year	-31	-28
Closing accumulated depreciation	-103	-98
CLOSING CARRYING AMOUNT	60	59

15 RIGHT-OF-USE ASSETS

GROUP

Change in carrying amount for the year	2020			2019		
	Premises	Equipment	Total	Premises	Equipment	Total
Opening carrying amount	2,791	252	3,043	2,537	187	2,724
New leases	274	147	421	434	170	604
Increase through acquisitions	19	2	21	164	7	172
Changes in existing leases	116	1	117	177	-3	174
Decrease through divestiture	-	-	-	-	-1	-1
Sales/disposals	-52	-6	-58	-26	-11	-37
Impairment losses	-14	-	-14	-	-	-
Depreciations for the year	-582	-112	-694	-554	-102	-656
Foreign currency translation differences	-120	-11	-131	58	5	63
CLOSING CARRYING AMOUNT	2,432	273	2,705	2,791	252	3,043

Impairment losses of SEK 14 million have been made during 2020. The impairment losses relate to unused office space in the Netherlands and UK.

16 SHAREHOLDINGS AND PARTICIPATION IN GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2020	2019
Opening carrying amount	4,685	4,511
Acquisition of subsidiaries	-	216
Divestiture of subsidiaries	-	-42
Adjusted purchase price	-17	-
CLOSING CARRYING AMOUNT	4,669	4,685

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
Directly owned companies					
Sweco Central Europe AB ¹	556633-5831	Stockholm	100	1,000	59
Sweco Norge AS	967032271	Norway	100	152,349	112
Sweco Finland Oy ¹	0871165-9	Finland	100	21,000	1,104
Sweco Sverige AB ¹	556032-2496	Stockholm	100	100,000	887
Vattenbyggnadsbyrån Export AB ²	556079-1336	Stockholm	100	4,500	1
Sweco Holdco B.V. ¹	30029428	Netherlands	100	76,114,143	2,506
Total shareholdings and participation in group companies					4,669

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 Consulting Sp. z o.o.	0000140225	Poland	100	30,469	
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 Norge AS

TAG Arkitekter AS	894607262	Norway	100	1,250	
TAG Arkitekter AB	559222-7911	Sweden	100	50,000	

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 ³	0770284-4	Finland	75	166	
Sweco International Oy ¹	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	
Saraco D&M Oy	1738349-0	Finland	100	1,050	
Saraco Turku Oy	2832346-9	Finland	100	1,000	
Saraco Tampere Oy	2918682-2	Finland	100	1,000	
Sweco Projektit Oy ²	2661738-3	Finland	100	100	
Sweco Talotekniikka Oy	0957613-7	Finland	100	1,000	
Sweco Infra & Rail Oy	2998506-9	Finland	100	100,000	
Optiplan Oy	0775337-1	Finland	100	100	

1) Holding company
2) Dormant company
3) Real estate company

Note 16

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Through Sweco Sverige AB				
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 ²	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 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 Infrapro AB	559023-2780	Stockholm	100	15,000
Sweco India Private Ltd.	AABCF0979RST001	India	100	10,000
Grontmij AB	556563-7237	Stockholm	100	18,000
Through Sweco Holdco B.V.				
Sweco Nederland Holding B.V. ¹	30161447	Netherlands	100	5,000
Sweco Capital Consultants B.V.	27091285	Netherlands	100	32,305
Stoel Partners Holding B.V. ¹	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. ¹	30136340	Netherlands	100	182
Grontmij Nederland Projecten B.V. ³	30163316	Netherlands	100	200
Grontmij Real Estate Nederland B.V. ³	30149254	Netherlands	100	454
MaasBilt B.V. ³	30039313	Netherlands	100	45,379
PAR 2 Ontwikkeling B.V. ³	37128584	Netherlands	100	900
PAR 2 Ontwikkeling C.V. ³	37131835	Netherlands	100	
Assutex C.V. ⁴	30122026	Netherlands	100	
Sweco Denmark Holding ApS ¹	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 Asset Management Technologies AS	961 168 848	Norway	100	1,500
Sweco Asset Management Technologies AB	556228-0361	Gothenburg	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
Studiebureau Talboom NV	BE0441476692	Belgium	100	150
Talboom Pharmachem NV	BE0439084752	Belgium	100	3,685
Sweco Louvain la Neuve	BE0475803311	Belgium	100	2,768
Aries Real Estate Solutions s.a.	BE0436988364	Belgium	100	16,000
Sweco UK Holding Limited ¹	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 ²	2748664	UK	100	56
Sweco Services UK Limited	2707426	UK	100	200
Roger Preston Group Ltd	6546246	UK	100	1
MLM Holdings Ltd ¹	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

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Grontmij Holding France SNC ¹	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
Sweco d.o.o.	20664975	Serbia	100	2
Grontmij Participations B.V. ¹	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 Park 15 Business BV in the Dutch real estate operations were divested in 2020 and shares in Betonialan Dhuthiekeskus FMC Oy in Finland were divested in 2019. 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:	2020	2019
Profit for the year	2	1
Capital gain on sale of associated company	3	0
TOTAL COMPREHENSIVE INCOME	5	1

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2020					
Through Sweco Denmark A/S					
Odeon A/S	26391253	Denmark	22	130,500	2
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50	250,000	0
Projektgruppen Akutcenter Viborg ApS	35046445	Denmark	26	20,500	0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	100	0
Total shares and participation					2
2019					
Through Sweco Denmark A/S					
Odeon A/S	26391253	Denmark	22	130,500	2
PavEx Consulting s.r.o.	cz63487624	Czech Republic	50	250,000	0
Projektgruppen Akutcenter Viborg ApS	35046445	Denmark	26	20,500	0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	40	0
Total shares and participation					2

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 1 million (0).

GROUP

Group's share of joint ventures:	2020	2019
Profit for the year	4	–
TOTAL COMPREHENSIVE INCOME	4	–

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
2020			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Stockholm	50
2019			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Stockholm	50

Group's shareholdings in joint operations	2020	2019
Operating income	1	2
Operating costs	-1	-2
PROFIT FOR THE YEAR	0	0

Current assets	1	1
Total assets	1	1

Current liabilities	-1	-1
Total liabilities	-1	-1
NET ASSETS	0	0

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	2020	2019
Opening carrying amount	10	10
Acquisition of other shares	0	0
Reclassification	0	0
Disposal of other shares	0	0
Increase through acquisition	0	0
Revaluation of holdings	0	0
Foreign currency translation difference	0	0
CLOSING CARRYING AMOUNT	10	10

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
2020					
BRF Störtloppet	716414-8764	Åre			1
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	6
Other shares and participation					3
Total shares and participation					10
2019					
BRF Störtloppet	716414-8764	Åre			1
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	6
Other shares and participation					3
Total shares and participation					10

20 OTHER NON-CURRENT SECURITIES

PARENT COMPANY

Change in carrying amount for the year	2020	2019
Opening carrying amount	1	1
CLOSING CARRYING AMOUNT	1	1

Shareholdings at year end	Corp. ID number	Domicile	Carrying amount
2020			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participation			1
2019			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participation			1

21 RECEIVABLES FROM GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	2020	2019
Non-current assets		
Opening carrying amount	1,833	1,833
Lending to group companies	0	-1
Foreign currency translation difference	-1	1
Closing carrying amount	1,832	1,833

Current assets		
Opening carrying amount	2,881	2,138
Change for the year	63	743
Closing carrying amount	2,944	2,881
TOTAL RECEIVABLES FROM GROUP COMPANIES	4,777	4,714

Credit risk in receivables from Group companies is deemed to be low based on loss history and is not considered to require any credit loss provision.

22 OTHER NON-CURRENT RECEIVABLES

GROUP

	Hold to collect	
Change in carrying amount for the year	2020	2019
Opening carrying amount	56	168
Increase through acquisition	1	–
Decrease through divestiture	–	-103
Increase in receivables	40	22
Decrease in receivables	-49	-37
Reclassification	54	0
Foreign currency translation difference	-2	5
CLOSING CARRYING AMOUNT	100	56

Non-current receivables at year end		
Insurance reimbursement	38	–
Lease receivables – employee cars	9	18
Other non-current receivables	53	38
CLOSING CARRYING AMOUNT	100	56

Other receivables comprises endowment insurance, deposits and other receivables.

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.

	2020		2019	
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	2,486	-1,383	2,145	-1,224
Increase through acquisitions	52	-6	101	-108
Decrease through divestiture	–	–	-3	0
Progress billings	-16,424	-5,951	-13,081	-7,266
Value of work completed	15,977	5,548	13,395	7,144
Reclassification	-200	200	-71	71
CLOSING CARRYING AMOUNT	1,891	-1,592	2,486	-1,383

The majority of the opening balance for progress billing in excess of work in progress has been recognised as income during 2020. No significant revenue from performance obligations fulfilled during previous periods has been reported.

24 PREPAID EXPENSES, ACCRUED INCOME AND OTHER CURRENT RECEIVABLES

	Group		Parent Company	
	2020	2019	2020	2019
Prepaid rent-related expenses	50	39	0	–
Prepaid insurance premiums	14	16	0	–
Prepaid IT expenses including licence expenses	248	225	237	216
Prepaid expenses for future service ¹	58	113	–	–
Other prepaid expenses	59	115	9	44
Accrued interest income	0	3	–	–
Other accrued income	1	1	1	–
TOTAL	430	512	246	260

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.

	Group		Parent Company	
Other current receivables	2020	2019	2020	2019
VAT	15	4	–	2
Deposits	33	33	–	–
Insurance reimbursement	107	–	–	–
Lease receivables – employee cars	23	25	–	–
Derivatives	1	–	–	–
Other current receivables	242	291	7	12
TOTAL OTHER CURRENT RECEIVABLES	421	353	7	14

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.

	Group		Parent Company	
Cash and cash equivalents in the balance sheet	2020	2019	2020	2019
Cash/bank	2,088	660	1,387	184
TOTAL CASH AND CASH EQUIVALENTS	2,088	660	1,387	184

There was no commercial paper in Sweco Group at 31 December 2020 or 2019.

26 EQUITY

Change in number of outstanding shares ^{1,2}	A shares	B shares	Total
Number of shares at 1 January 2019, restated after share split (ratio 3:1)	31,295,973	319,913,853	351,209,826
Issuance of treasury shares – share savings scheme	–	224,166	224,166
Issuance of treasury shares – share bonus scheme	–	1,993,185	1,993,185
Conversion of A shares to B shares	-35,151	35,151	–
Repurchase of treasury shares	–	-31,800	-31,800
NUMBER OF SHARES AT 31 DECEMBER 2019	31,260,822	322,134,555	353,395,377
Issuance of treasury shares – share savings scheme	–	116,889	116,889
Issuance of treasury shares – share bonus scheme	–	1,685,205	1,685,205
Conversion of A shares to B shares	-103,683	103,683	–
NUMBER OF SHARES AT 31 DECEMBER 2020	31,157,139	324,040,332	355,197,471

1) After deduction for treasury shares.

2) Due to the share split conducted during fourth quarter 2020, historical data has been restated in accordance with IAS 33.

A statement of changes in equity is found on page 47 for the Group and on page 51 for the Parent Company. Additional information about the Sweco share is provided on pages 91–93.

In November 2020, the number of shares and votes increased as a result of the share split (ratio 3:1) that was resolved by Sweco AB's Extraordinary General Meeting held on 22 October 2020, through which each existing share was split into three new shares of the same class. All historical share data have therefore been restated in accordance with IAS 33.

The total number of shares, including treasury shares, at the end of the period was 363,251,457 (31,157,139 Class A shares and 332,094,318 Class B shares.) The total number of votes was 64,366,570.8 whereof 31,157,139 represented by Class A shares and 33,209,431.8 by Class B shares.

Share capital

The quota value per share is 0.33. All issued 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 2020 the Group's holding of treasury shares amounted to 8,053,986 (9,856,080) Class B shares. The treasury shares were purchased at an average price of SEK 29.92 each, for a total of SEK 241 million. The market value at 31 December 2020 was SEK 1,216 million. The repurchased shares correspond to 2.2 per cent of the total number of shares and 1.3 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 22 April 2021.

	2020	2019
Dividend of SEK 2.20 per common share (2.07 SEK) ¹	799	732

1) Due to the share split conducted during fourth quarter 2020, historical data has been restated in accordance with IAS 33.

Amounts for 2020 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 2020 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 37.

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	
	2020	2019	2020	2019
Non-current interest-bearing debt				
Liabilities to credit institutions	2,996	1,665	2,866	1,550
Other non-current liabilities	0	–	–	–
Total	2,996	1,665	2,866	1,550
Current interest-bearing debt				
Bank overdraft facilities	31	57	–	–
Other liabilities to credit institutions	3	1,052	–	971
Total	34	1,109	–	971
TOTAL INTEREST-BEARING DEBT	3,031	2,774	2,866	2,521

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	
	2020	2019	2020	2019
0–1 year	34	1,109	–	971
1–5 years	2,996	1,665	2,866	1,550
TOTAL	3,031	2,774	2,866	2,521

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

Granted overdraft and credit terms

	Group		Parent Company	
	2020	2019	2020	2019
Credits granted	4,841	4,813	4,661	4,613
Credits utilised on balance sheet date	-3,031	-2,774	-2,866	-2,521
UNUTILISED CREDITS	1,811	2,039	1,795	2,092
Average interest rate, %¹	1.37	1.49	0.59	0.63

1) The average interest rate is calculated based on the capital cost, interest and fees, set against the average outstanding balances of these loans through the year.

Net debt¹

	2020	2019
Non-current interest-bearing debt	2,996	1,665
Current interest-bearing debt	34	1,109
Cash and cash equivalents incl. short-term investments	-2,088	-660
NET DEBT	943	2,114

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
Carrying amount at 1 January 2019	775	-2,105	-519	-1,849	-37	-1,887
Non-cash items						
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
Total non-cash items	-26	803	-1,070	-293	-4	-297
Cash flow	-90	-363	480	27	-9	18
CARRYING AMOUNT AT 31 DECEMBER 2019	660	-1,665	-1,109	-2,114	-50	-2,166
Non-cash items						
Increase through acquisitions	–	-5	-4	-9	-23	-32
Reclassification	–	-78	78	–	-19	-19
Foreign currency translation differences	-19	111	6	98	0	98
Total non-cash items	-19	28	80	89	-42	47
Cash flow	1,447	-1,359	995	1,083	-13	1,070
CARRYING AMOUNT AT 31 DECEMBER 2020	2,088	-2,996	-34	-943	-105	-1,048

PARENT COMPANY	Cash and cash equivalents	Non-current interest-bearing loans	Current interest-bearing loans	Net debt	Other non-current liabilities	Total
Carrying amount at 1 January 2019	381	-1,690	-450	-1,758	-13	-1,771
Non-cash items						
Reclassification	–	971	-971	–	–	–
Foreign currency translation differences	–	7	–	7	–	7
Total non-cash items	–	978	-971	7	–	7
Cash flow	-197	-893	450	-586	-5	-591
CARRYING AMOUNT AT 31 DECEMBER 2019	184	-1,550	-971	-2,337	-18	-2,355
Non-cash items						
Reclassification	–	–	–	–	-21	-21
Foreign currency translation differences	–	46	–	46	–	46
Total non-cash items	–	46	–	46	–	25
Cash flow	1,203	-1,362	971	812	-21	812
CARRYING AMOUNT AT 31 DECEMBER 2020	1,387	-2,866	–	-1,479	-39	-1,518

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.

Surpluses in Alecta can be refunded to the policyholders and/or the insureds. At the end of 2020 Alecta's surplus measured as a collective consolidation ratio was 148 per cent (148). 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.

Other countries

As at the close of 2020, Sweco Norway has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to 30 retired members. The plans' assets and liabilities are calculated using identical actuarial assumptions.

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 defined benefit pension plan ended in December 2020. The plans are administered by Stichting Pensioenfonds Grontmij, a fund that is legally separated from the Group.

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.

At the close of 2020, Sweco Germany has two defined benefit pension plan with similar demographic and financial assumptions. One plan applies to two retired members, while the other ("Direktzusagen") is due to expire and applies to 67 retired members, 35 active employees, and 52 former employees, who are eligible for benefits at age 65. The German plans are unfunded.

Employees in Finland are covered by defined contribution pension plans. Employees gained through the 2019 acquisition of NRC Group's design operations are covered by a defined benefit plan. Denmark and the UK participate in defined contribution pension plans with local pension funds or insurance companies. The Group also participates in defined benefit pension plans with local pension funds or insurance companies in Poland, India and Bulgaria.

Breakdown of net asset/ liability for defined benefit plans by country	2020					Total
	Norway	Nether- lands	Germany	Belgium	Other	
Present value of defined benefit pension obligations	-48	-	-45	-250	-7	-350
Fair value of plan assets	36	-	-	162	3	201
Liability for jubilee benefits	-	-14	-3	-	-2	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-12	-14	-49	-87	-6	-168

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
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	-11	-40	-45	-84	-9	-189

Defined benefit pension plans in the balance sheet	2020	2019
Present value of defined benefit pension obligations	-350	-452
Fair value of plan assets	201	284
Liability for jubilee benefits	-19	-21
NET LIABILITY FOR DEFINED BENEFIT PLANS	-168	-189

Non-current pension provisions	-163	-178
Current pension provisions	-5	-11
NET BALANCE SHEET AMOUNT	-168	-189

Change in defined benefit pension obligations for the year	2020	2019
Defined benefit pension obligation at beginning of year	-452	-388
Current service costs	-24	-25
Past service costs	0	0
Curtailment gain	0	0
Interest expense	-3	-6
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	-13	1
– Actuarial gains and losses on changed financial assumptions	-13	-49
– Experienced-based adjustments	-20	-6
Settlement and changes in the pension plan	138	2
Contributions from plan participants	-	-5
Reclassification	-	-
Benefits paid	18	39
Increase through acquisitions	-	-3
Foreign currency translation difference	19	-13
Defined benefit pension obligation at year end	-350	-452

Change in fair value of plan assets for the year	2020	2019
Fair value of plan assets at beginning of year	284	270
Employer contributions	76	37
Contributions from plan participants	5	5
Interest income	2	4
Return on plan assets, excluding interest income	3	-9
Actuarial gains and losses	-1	6
Settlement and changes in the pension plan	-135	-2
Benefits paid	-20	-37
Increase through acquisitions	-	3
Administration cost	-1	-1
Foreign currency translation difference	-12	9
Fair value of plan assets at year end	201	284

Plan assets are comprised of	2020	2019
Cash and cash equivalents and current investments	0	87
Shares	0	0
Credits	1	-
Government bonds	31	39
Fixed-income securities	-	3
Real estate	3	1
Other ¹	166	156
TOTAL PLAN ASSETS	201	284

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.

Defined benefit pension plans	2020	2019
Net expense in the income statement		
Current service costs	-24	-26
Past service costs	0	0
Net interest income/interest expense	-1	-2
Settlement and changes in the pension plan	3	0
TOTAL NET EXPENSE	-23	-28
Net expense is recognised in the income statement as		
Personnel costs	-23	-28
Net expense in profit for the year	-23	-28
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (-) and losses (+)	-47	-49
Difference between actual return and return on discount rate on plan assets	2	-9
Net expense recognised in other comprehensive income	-45	-57
NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME	-68	-86

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

	Norway		Netherlands ¹		Germany		Belgium	
Actuarial assumptions, %	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	1.7	2.3	-	0.0	0.6	1.1	0.7	0.7
Anticipated return on plan assets	1.7	2.3	-	0.0	-	0.0	0.7	0.7
Annual rate of salary increase	-	2.3	-	1.0	2.0	2.0	2.8	2.8
Annual rate of pension increase	1.0	0.5	-	0.0	1.5	1.5	0.0	0.0
Inflation	1.5	1.5	-	0.0	0.0	0.0	1.8	1.8
Discount rate, jubilee	-	-	0.3	1.1	0.6	0.9	-	-
Life expectancy assumption, years								
- pensioned at end of period:								
Men	21.0	21.0	-	24.6	13.0	14.0	21.6	21.6
Women	24.0	24.1	-	26.6	15.0	17.0	25.3	25.3
Life expectancy assumption, years								
- pensioned 20 years after end of period:								
Men	23.2	23.2	-	26.2	22.0	22.0	-	-
Women	26.5	26.5	-	28.3	25.0	25.0	-	-
Other information								
Weighted average maturity of obligation, years	10.0	7.0	-	1.9	16.5	16.2	13.0	13.0
Number of active members in relation to total number of individuals, %	0	0	-	100	23	23	99	99

1) The defined benefit plan in the Netherlands ended in 2020; the provision for jubilee benefits is all that remains.

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)	52	35
Annual rate of salary increase (+/- 1% change)	23	14
Annual rate of pension increase (+/- 1% change)	11	9
Life expectancy (+/-1 year)	1	1

The Group estimates that approximately SEK 23 million will be paid to defined benefit pension plans during 2021.

DEFINED CONTRIBUTION PENSION PLANS

	2020	2019
Allocation of expenses by pension plan		
Sweden	-366	-375
Finland	-226	-214
Netherlands	-138	-133
Norway	-113	-122
Denmark	-79	-73
UK	-72	-47
Belgium	-4	0
Germany	-3	-3
Other countries	0	0
TOTAL	-1,001	-966

29 OTHER PROVISIONS

GROUP

Change in fair value for the year	2020				2019			
	Legal claims	Restructuring	Other provisions	Total	After-care liabilities	Restructuring	Other provisions	Total
Opening carrying amount	0	1	73	74	211	0	74	286
Increase through acquisitions	2	–	–	2	–	–	6	6
Decrease through divestiture	–	–	–	–	-227	–	-4	-231
Provision for the year	47	20	11	77	–	13	11	24
Utilised provision	-2	-1	-13	-16	-1	0	-13	-14
Reversal of unutilised provision	-101	0	-34	-135	–	-3	-5	-8
Interest	–	–	–	–	8	–	0	8
Foreign currency translation difference	-5	0	-3	-8	10	0	4	14
Reclassification	202	–	–	202	-1	–	1	–
Reclassification to accrued expenses	–	-18	–	-18	–	-9	–	-9
CLOSING CARRYING AMOUNT	143	2	34	178	–	1	73	74
OF WHICH, CURRENT OTHER PROVISIONS	88	2	10	100	–	1	16	17

Legal claims

The amount of the provision is the estimated future cost associated with disputes that have not been settled. As from 2020 the reported provision also includes disputes in which the estimated cost is covered by the company's insurance, with related insurance reimbursement reported as non-current other receivables (Note 22) and current other receivables (Note 24). The amount reported as reclassification pertains to the provision for disputes covered by insurance at 1 January 2020. 2019 figures have not been adjusted, as the effects are not deemed significant.

Restructuring

Provisions include the anticipated costs incurred as a result of the Group's decision to conduct restructuring activities. Provisions for restructuring are only recognised when Sweco has a formal detailed restructuring plan in place and has notified those impacted by the plan as at balance sheet date. Amounts are based on management's best estimates and are adjusted if there are changes to these estimates.

Other provisions

Other provisions refer primarily to the restoration of office space.

30 LEASE LIABILITIES

GROUP

	2020	2019
Cash outflow, premises	686	650
Cash outflow, equipment	135	125
CASH OUTFLOW, TOTAL LEASES	821	775

	2020		2019	
	Present value	Nominal value	Present value	Nominal value
Current lease liabilities				
Due within one year	706	748	688	744
Total current lease liabilities	706	–	688	–
Non-current lease liabilities				
Due within more than one but less than five years	1,644	1,722	1,902	2,016
Due within more than five years	491	509	621	652
Total non-current lease liabilities	2,135	–	2,522	–
TOTAL LEASE LIABILITIES	2,841	–	3,210	–
TOTAL FUTURE LEASE PAYMENTS	–	2,979	–	3,412

GROUP

Change in lease liabilities attributable to financing activities	Lease liabilities
Carrying amount at 1 January 2019	2,913
Cash flow 2019	
Amortisation of debt	-645
Non-cash items 2019	
New leases and revaluation	711
Increase through acquisition	165
Decrease through divestiture	-1
Foreign currency translation differences	67
CARRYING AMOUNT AT 31 DECEMBER 2019	3,210
Cash flow 2020	
Amortisation of debt	-700
Non-cash items 2020	
New leases and revaluation	448
Increase through acquisition	20
Foreign currency translation differences	-137
CARRYING AMOUNT AT 31 DECEMBER 2020	2,841

Lease liabilities are recognised in the balance sheet at present value. The above table also shows nominal amounts of future payments.

Lease commitments for contracts commenced after 31 December 2020 amount to approximately SEK 89 million.

Sweco's lease portfolio contains approximately 3,300 contracts and consists of leases of offices, vehicles and equipment. The most significant impact on the financial statements comes from the office leases.

Future payments for leasing of premises is expected to be in line with the current year's payments, provided the same level of business is maintained. This may be facilitated by utilising extension options for existing contracts or by concluding new agreements on similar terms. Changes in the future level of lease commitments is expected to be primarily related to growth in the number of employees and fluctuation in real estate prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

Residual value guarantees exist in some car lease contracts, but amounts of expected payments under residual value guarantees are not material to the Group.

31 ACCRUED EXPENSES, PREPAID INCOME AND OTHER CURRENT LIABILITIES

Accrued expenses and prepaid income	Group		Parent Company	
	2020	2019	2020	2019
Accrued payroll costs	395	316	6	8
Accrued holiday and overtime pay	925	841	3	3
Accrued social and pension costs	553	464	20	17
Other personnel-related costs	67	67	–	–
Accrued IT expenses	8	3	–	–
Accrued audit and consulting costs	11	7	–	–
Accrued rent-related costs	37	18	–	–
Accrued interest	2	4	1	3
Prepaid income	1	1	–	–
Other accrued expenses	143	198	5	5
TOTAL ACCRUED EXPENSES AND PREPAID INCOME	2,142	1,921	35	36

Other current liabilities	Group		Parent Company	
	2020	2019	2020	2019
VAT	785	606	2	–
Employee withholding tax	349	253	2	2
Other current liabilities	95	108	0	0
TOTAL OTHER CURRENT LIABILITIES	1,229	967	3	2

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.

2020	Carrying value					Fair value hierarchy				Total
	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3		
Financial assets measured at fair value through comprehensive income										
Shares	–	10	–	–	10	–	–	10	10	
TOTAL	–	10	–	–	10	–	–	10	10	
Financial assets measured at fair value through profit and loss										
Currency forwards for hedging	–	–	1	–	1	–	1	–	1	
TOTAL	–	–	1	–	1	–	1	–	1	
Financial assets measured at amortised cost										
Non-current receivables	62	–	–	–	62	–	–	–	–	
Trade receivables	3,558	–	–	–	3,558	–	–	–	–	
Cash and cash equivalents	2,088	–	–	–	2,088	–	–	–	–	
TOTAL	5,708	–	–	–	5,708	–	–	–	–	
Financial liabilities measured at fair value through profit and loss										
Contingent considerations	–	–	–	49	49	–	–	49	49	
Currency forwards for hedging	–	–	–	0	0	–	0	–	0	
TOTAL	–	–	–	49	49	–	0	49	49	
Financial liabilities measured at amortised cost										
Liabilities to credit institutions	–	–	–	3,031	3,031	–	–	–	–	
Other non-current liabilities	–	–	–	74	74	–	–	–	–	
Trade payables	–	–	–	461	461	–	–	–	–	
TOTAL	–	–	–	3,566	3,566	–	–	–	–	

32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	Group		Parent Company	
	2020	2019	2020	2019
Pledged funds for rent	–	1	–	–
TOTAL PLEDGED ASSETS	–	1	–	–
Contingent liabilities				
Corporate guarantees	430	463	350	417
Total corporate guarantees	430	463	350	417
Bank guarantees				
Advance payment guarantees	83	94	29	29
Performance guarantees	198	188	19	19
Other guarantees	231	265	117	117
Total bank guarantees	512	547	165	165
TOTAL CONTINGENT LIABILITIES	942	1,010	515	582

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.

2019	Carrying value				Total carrying amount	Fair value hierarchy			Total
	Hold to collect	Hold to collect and sell	Other assets	Other liabilities		Level 1	Level 2	Level 3	
Financial assets measured at fair value through comprehensive income									
Shares	–	10	–	–	10	–	–	10	10
TOTAL	–	10	–	–	10	–	–	10	10
Financial assets measured at amortised cost									
Non-current receivables	55	–	–	–	55	–	–	–	–
Trade receivables	3,418	–	–	–	3,418	–	–	–	–
Cash and cash equivalents	660	–	–	–	660	–	–	–	–
TOTAL	4,133	–	–	–	4,133	–	–	–	–
Financial liabilities measured at fair value through profit and loss									
Contingent considerations	–	–	–	51	51	–	–	51	51
Currency forwards for hedging	–	–	2	–	2	–	2	–	2
TOTAL	–	–	2	51	53	–	2	51	53
Financial liabilities measured at amortised cost									
Liabilities to credit institutions	–	–	–	2,774	2,774	–	–	–	–
Other non-current liabilities	–	–	–	43	43	–	–	–	–
Trade payables	–	–	–	864	864	–	–	–	–
TOTAL	–	–	–	3,681	3,681	–	–	–	–

PARENT COMPANY

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

2020	Carrying value				Total carrying amount	Fair value hierarchy	
	Hold to collect	Hold to collect and sell	Other liabilities			Level 3	Total
Other non-current securities	–	1	–	–	1	1	1
Other non-current receivables	39	–	–	–	39	–	–
Cash and cash equivalents	1,387	–	–	–	1,387	–	–
TOTAL	1,426	1	–	–	1,427	1	1
Non-current interest-bearing liabilities	–	–	–	2,866	2,866	–	–
Trade payables	–	–	–	38	38	–	–
TOTAL	–	–	–	2,905	2,905	–	–

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

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.

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

Contingent consideration is measured at fair value in profit and loss. Fair value is determined based on purchase agreement terms. The most likely outcome is assessed, and this value is calculated at present value if the settlement time exceeds one year (Level 3).

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 2019	10
Total reported gains and losses	
– recognised in profit for the year	0
– recognised in other comprehensive income	–
Cost of acquisitions	0
Reclassification	–
Gained through acquisitions	0
Proceeds from divestitures	–
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2019	10
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2019	0
Opening carrying amount at 1 January 2020	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
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2020	10
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2020	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 2020 can be broken down into the following significant currencies:

2020	DKK	EUR	GBP	NOK	USD	CNY
SEK M						
Income	72	623	40	107	28	49
Expenses	-24	-491	-15	-46	-25	-3
NET	48	132	25	61	3	46

2019	DKK	EUR	GBP	NOK	USD
SEK M					
Income	72	564	44	135	50
Expenses	-31	-632	-15	-48	-22
NET	41	-68	29	87	28

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 18 months (0 and 30 months).

SEK M	Contract amount		Unrealised gains + / losses -		Average rate	
	2020	2019	2020	2019	2020	2019
Currency						
EUR buy	-6	-158	0	0	10.36	10.47
EUR sell	24	26	0	-2	10.13	10.53
CNH	41	15	1	0	1.28	1.35
USD	9	7	0	0	8.45	9.35
Other	-1	1	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 2020 was NOK 498 million (497), GBP 52 million (57), DKK 534 million (449) and EUR 407 million (372). 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	
Net investment in foreign operation	2020	2019
Carrying amount foreign currency loan, SEK M	-1,521	-1,748
Carrying amount foreign currency loan, EUR M	-151	-166
Hedge ratio for both loans	1:4	1:4
Change in carrying amount of the loans as a result of changed foreign currency rate	65	-40
Change in value of hedged item used to determine hedge effectiveness	-1,339	1,008
<i>Of which, due to changed foreign currency rate</i>	<i>-293</i>	<i>193</i>

During 2020, an amount of EUR 15 million (15) 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	
	2020	2019	2020	2019
Other operating income	–	8	–	8
Other operating expenses	-5	1	-4	–
Total foreign exchange differences in operating profit	-5	9	-4	8
Other financial items	-3	-2	-3	-20
Total foreign exchange differences in total net financial items	-3	-2	-3	-20
TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT AFTER TAX	-8	7	-7	12

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 3,899 million (2,699). 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.

Note 34

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

2020	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		3,119	79	3,040	–
Forward exchange contracts, EUR	2	17	12	6	–
Forward exchange contracts, USD	1	9	8	0	–
Forward exchange contracts, CNH	32	40	40	–	–
Forward exchange contracts, other		-1	-1	–	–
Lease liabilities		2,979	748	1,722	509
Trade payables		461	459	2	–
Other liabilities		1,334	1,229	105	–
TOTAL		7,958	2,574	4,875	509

2019	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities ¹		2,886	1,153	1,733	–
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 ¹		3,412	744	2,016	652
Trade payables		864	864	0	–
Other liabilities		1,017	967	50	–
TOTAL		8,070	3,609	3,809	652

1) Sweco conducted a review of the calculation of undiscounted values. The review resulted in an update of the 2019 values for interest-bearing liabilities and lease liabilities.

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 33,000 clients in both the private and public sectors. Of total sales the public sector accounts for 44 per cent, property and construction companies for 17 per cent, industrial companies for 16 per cent and other private sector companies for 23 per cent.

The ten largest clients account for 17 per cent of net 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 0.09 per cent (0.03 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 expected credit loss rate has been included with an adjustment due to Covid-19, as the pandemic may affect clients' ability to pay the receivable. In addition to expected credit loss reserves, reserves for doubtful accounts receivable that are doubtful for other reasons are also reported.

Age analysis, trade receivables	2020			2019		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	2,889	-6	2,883	2,704	0	2,704
Overdue trade receivables 0–30 days	301	-3	298	311	-4	308
Overdue trade receivables 31–90 days	121	-4	118	155	0	154
Overdue trade receivables 91–180 days	63	-23	40	67	-3	64
Overdue trade receivables > 180 days	296	-76	219	272	-84	188
TOTAL	3,670	-112	3,558	3,509	-91	3,418

Trade receivables by currency	2020	2019
SEK	1,497	1,203
EUR	1,210	1,203
DKK	292	333
NOK	284	356
GBP	160	220
CZK	45	50
PLN	34	22
USD	5	9
Other currencies	30	21
TOTAL	3,558	3,418

Changes in reserve for doubtful receivables	Trade receivables		Work in progress less progress billings	
	2020	2019	2020	2019
Opening reserve for doubtful trade receivables	-91	-67	-4	-7
Increase through acquisitions	-2	-10	–	–
Provisions to reserve for doubtful trade receivables	-63	-36	-6	–
Write-offs of non-collectible receivables/non-invoiceable for the year	20	10	–	–
Reversal of unutilised amount	19	13	–	3
Translation difference	5	-2	–	–
CLOSING RESERVE FOR DOUBTFUL RECEIVABLES	-112	-91	-10	-4

Other non-current receivables at amortised cost amounted to SEK 100 million (56), comprised of lease receivables related to employee cars, insurance reimbursement, endowment insurance, deposits and other receivables.

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 +/-	2020 Impact on earnings +/- SEK M	2019 Impact on earnings +/- SEK M
Currency	%	SEK M	SEK M
EUR	10	44	50
NOK	10	21	24
DKK	10	14	14
GBP	10	0	1
USD	10	0	2
Interest rate on lending/borrowing	1%-point	12	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 23.3 per cent) with changing currency and exchange 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	2020	2019
Equity	7,548	7,154
Non-controlling interests	10	10
TOTAL	7,557	7,164

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 2021 Annual General Meeting approve a dividend of SEK 2.20 per share, equal to a dividend share of approximately 62 per cent of profit after tax. Through the dividend, a maximum of SEK 799 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 54 per cent of profit after tax.

Sweco's 2020 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2020 Share Savings Scheme and the 2020 Share Bonus Scheme, under which bonuses are paid in shares for operations in Sweden.

The Board proposes that the 2021 Annual General Meeting authorise the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2021 Share Savings Scheme and the 2021 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 (0) were sold to companies owned by the Nordström family (a shareholder controlling approximately 33.5 per cent of the votes in Sweco). The related trade receivable at 31 December 2020 amounted to SEK 0 million (0). Consulting services totalling SEK 5 million (8) were sold to companies owned by the Douglas family (which has a controlling interest in Investment AB Latour, a shareholder controlling approximately 21.0 per cent of the votes in Sweco). The related trade receivable at 31 December 2020 amounted to SEK 0 million (1).

The Group had insignificant sales to associated companies and joint ventures. Dividends from associated companies totalled SEK 0 million (0). Trade payables with associated companies at 31 December 2020 amounted to SEK 0 million (6).

For information on remuneration to the Board of Directors and senior executives, see Note 6.

36 EVENTS AFTER THE BALANCE SHEET DATE

On 10 February 2021 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 799 million (see Note 26).

On 19 January Sweco acquired BUUR in Belgium, which has a strong reputation in urban planning, landscape architecture, infrastructure design and mobility studies. BUUR has over 60 employees and full year revenues of approximately EUR 4.5 million.

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 31 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 withdrawal from the European Union (Brexit)

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 pandemic

The Covid-19 pandemic that erupted during first quarter 2020 has affected society and businesses in several aspects. Government measures and lockdowns also impacted companies including Sweco, as well as its employees and clients. Sweco adapted quickly to the new situation, with many of its employees working from home. Due to a high degree of digitalisation, the capacity to deliver remained relatively unchanged. However, the Covid-19 situation continues to create significant uncertainty regarding future market development. A negative medium-term impact on demand can therefore be expected due to the economic effects of Covid-19. This impact will most likely be partly mitigated by increased public spending. In sum, there still remains significant uncertainty as to the extent and timing of Covid-19's impact on Sweco.

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, Gjörwellsgränd 22, Box 34044, SE-100 26 Stockholm.

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, 23 March 2021

Johan Nordström
Board chairman

Gunnel Duveblad
Board member

Elaine Grunewald
Board member

Alf Göransson
Board member

Johan Hjertonsson
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 23 March 2021
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 2020 except for the corporate governance statement on pages 39–43. The annual accounts and consolidated accounts of the company are included on pages 34–86 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 2020 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 2020 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 39–43. 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 is engineering and architectural consultants and manages their assignments in projects. Thousands of projects are ongoing within Sweco's decentralized organization. The majority of these projects are based on time and material, there are however a significant

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 describes this area further in Note 1, 2 and 37 and in the administration report on page 33 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.

part which is fixed price projects. The majority of the operations are conducted in 8 countries. 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.

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. 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.
- A specific review has been performed relating to Germany. The work has consisted of further walkthroughs with responsible controllers and project managers, analyses regarding assessments linked to degree of completion, and extended audit that the right to payment regarding additional contracts exists.

Valuation of goodwill

Sweco describes this area further in Note 1, 13 and 37 in this annual report.

Sweco's growth has historically been partly driven by acquisitions. Acquisitions lead to goodwill. Sweco's goodwill amounts to MSEK 7,593, 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 the 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. 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. Even if an entity passes the impairment test, a future development that deviates negatively from the assumptions and assessments that have been the basis for the test may lead to a need for impairment. The test performed by Sweco shows that there is no need for impairment, also with regard to the cash generating unit Germany & Central Europe, where assumptions concerning the unit, as a result of the writedown of 290 MSEK, have been given specific considerations by Sweco.

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.

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 1–33 and 90–117. 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. 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 2020 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's 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.

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. 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 39–43 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 RevR 16. The auditor's 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 21, 113 97, Stockholm, Sweden, was appointed auditor of Sweco AB (publ) by the general meeting of the shareholders on the 23 April 2020 and has been the company's auditor since the 1995.

Stockholm 23 March 2021
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

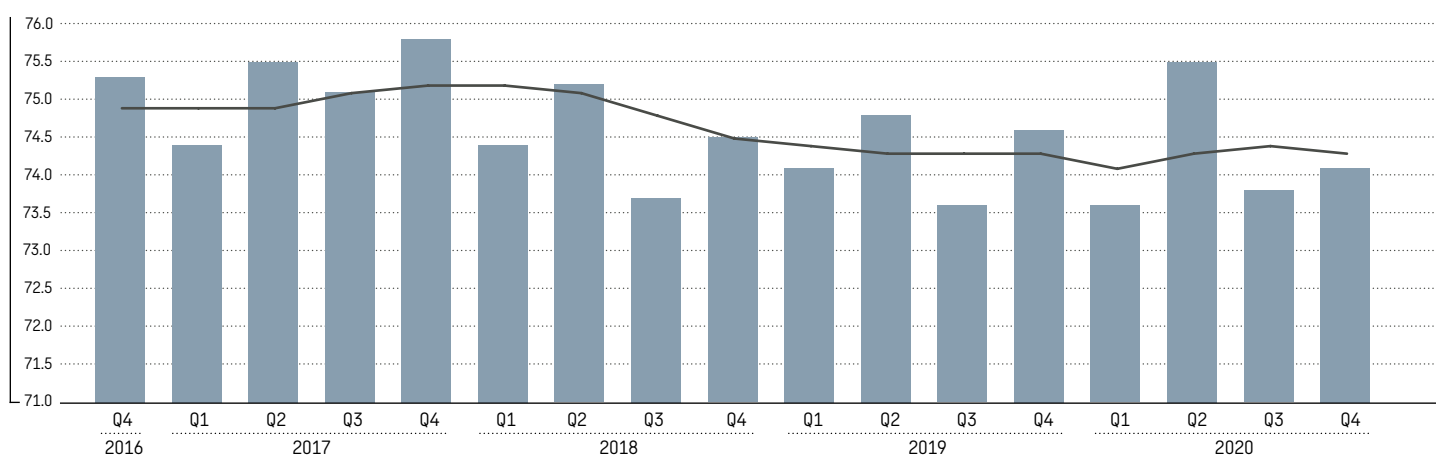
increase in profit of around SEK 248 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 218 million. The table shows the effects of some key variables on cash flow, operating profit and earnings per share based on the annual accounts for 2020. For every assumed change, all other variables are assumed to be constant.

Factor	+/-	Effect +/-	
		Cash flow/operating profit	Earnings per share ¹
Net sales			
– average fee	1%	SEK 184 million	SEK 0.41
– average hourly fee	SEK 10	SEK 218 million	SEK 0.48
– billing ratio	1%-point	SEK 248 million	SEK 0.55
Personnel costs			
– personnel costs	1%	SEK 139 million	SEK 0.31
Overhead expenses			
– overhead expenses	1%	SEK 25 million	SEK 0.06
Calendar effect			
– calendar effect	1 hour	SEK 9 million	SEK 0.02

1) After 19.7 per cent standard tax.

BILLING RATIO BY QUARTER

%



■ Quarter — Rolling 12 months

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 54,882 million.

SHARE PRICE PERFORMANCE AND TRADING

The closing price for the Sweco B share was SEK 151.00 at year-end 2020, representing an increase of 25 per cent during the year. Over the same period, Nasdaq Stockholm increased by 13 per cent. The highest closing price for the Class B share in 2020 was SEK 178.00 and the lowest was SEK 76.93. The highest closing price for the Class A share was SEK 175.00 and the lowest was SEK 69.33.

A total of 114,014,988 (366,798 A and 113,648,190 B) Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 450,985 Class B shares and 1,456 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 33 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 12 per cent.

LARGEST SHAREHOLDERS AT 31 DECEMBER 2020¹

Shareholder	Number of A shares	Number of B shares	Total	Votes, %	Holding, %
Nordström family	18,356,424	31,996,938	50,353,362	33.5	13.9
Investment AB Latour	4,126,815	93,740,625	97,867,440	21.0	26.9
J. Gust. Richerts Memorial Foundation	5,973,780	203,496	6,177,276	9.3	1.7
SEB Funds		25,645,521	25,645,521	4.0	7.1
NN Group N.V.		19,005,000	19,005,000	3.0	5.2
Swedbank Robur Funds		10,964,257	10,964,257	1.7	3.0
Capital Group		7,376,253	7,376,253	1.1	2.0
ODIN Funds		6,309,849	6,309,849	1.0	1.7
Vanguard		5,061,923	5,061,923	0.8	1.4
Norges Bank		3,808,737	3,808,737	0.6	1.0
Total, ten largest shareholders	28,457,019	204,112,599	232,569,618	76.0	63.9
Other ²	2,700,120	127,981,719	130,681,839	24.0	36.1
TOTAL	31,157,139	332,094,318	363,251,457	100.0	100.0

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 8,053,986 treasury shares (all of which are Class B shares) and a total of 805,398.6 votes regarding repurchased shares.

TREASURY SHARES

At 31 December 2020 Sweco held a total of 8,053,986 treasury shares (all of which are Class B shares) with an average purchase price of SEK 29.92 corresponding to SEK 241 million. The market value of the Class B

SWECO AB'S SHARE¹

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	31,157,139	31,157,139.0	8.6	48.4
B	332,094,318	33,209,431.8	91.4	51.6
C	0	0.0	0.0	0.0
TOTAL	363,251,457	64,366,570.8	100.0	100.0

1) As at 31 December 2020, including a total of 8,053,986 treasury shares (all of which are Class B shares) and a total of 805,398.6 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.

treasury shares at the end of the year was SEK 1.216 million. The treasury shares correspond to 2.2 per cent of the total number of shares and 1.3 per cent of the votes.

DISTRIBUTION OF SHAREHOLDINGS AT 31 DECEMBER 2020¹

Number of shares	Number of known shareholders	Number of shares	Holding, %	Votes, %
1–500	14,854	1,701,082	0.5	0.4
501–1,000	2,330	1,663,407	0.5	0.3
1,001–10,000	4,085	12,189,391	3.4	2.4
10,001–50,000	567	11,275,645	3.1	2.6
50,001–100,000	86	6,037,605	1.7	1.4
100,001–	144	313,976,007	86.4	90.3
Anonymous ownership		16,408,320	4.5	2.7
TOTAL	22,066	363,251,457	100.0	100.0

1) Including a total of 8,053,986 treasury shares (all of which are Class B shares) and a total of 805,398.6 votes regarding repurchased shares.

INCENTIVE SCHEMES FOR SENIOR EXECUTIVES

The 2020 Annual General Meeting (like the AGMs in 2011–2019) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: the Share Savings Scheme 2020. Participation in the Share Savings Scheme 2020 requires the participants to acquire Class B shares in Sweco (“Savings Shares”) with their own funds at market rates through Nasdaq Stockholm up to an amount corresponding to 5 to 10 per cent of the respective participant’s fixed annual salary for 2020 (base salary). If the Savings Shares are held until the fourth business day following the day of the publication of the year-end report for the financial year 2023 (“the Retention Period”) and the participant remains in the same, equivalent or higher position in the Sweco Group throughout the Retention Period, then each Savings Share entitles the participant to, without consideration, receive one Class B share in Sweco (“Matching Share”) subject to the absolute total shareholder return (“TSR”) being positive during the Retention Period, and – provided that the set perfor-

mance criteria are met – to an additional number of not more than one to four Class B shares in Sweco (“Performance Shares”). The granting of Performance Shares is conditional on a positive TSR for the Sweco share during the retention Period, and is also dependent on the Sweco share’s TSR in relation to a group of benchmark companies.

The Board has decided to propose that the 2021 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 proposal principally corresponds to the terms in last year’s proposal, with the exception of the performance targets, which for the Share Savings Scheme 2021 includes both absolute and relative TSR for the share and that the accumulated earnings per share (“EPS”) during the period is positive and is within a predetermined interval.

The participants and number of shares covered by each of the earlier share savings schemes that are still ongoing are shown below.

	Share savings scheme				
	2017 ²	2018	2019	2020	Total
Number of employees/key personnel still participating today	41	47	56	75	–
Number of Savings Shares acquired by participants through own funds at market rates	51,309	67,755	44,715	43,668	207,447
Maximum number of Matching and Performance Shares that can be allotted to the participants ¹	151,890 ³	221,340	148,740	136,859	658,829
The Retention Period runs until the fourth business day following the day of the publication of the year-end report for the financial year	2020	2021	2022	2023	–

1) If the Savings Shares are retained until the expiration of each respective Retention Period and the employee still holds his or her employment in the same, similar or higher position, each Savings Share entitles the participant to receive one Matching Share without consideration if the absolute TSR for the Class B share in Sweco is positive during the Retention Period and – if the Sweco share meets the performance requirements of absolute and relative TSR – up to one to four Performance Shares.

2) Data per February, 2021 for the 2017 Share Savings Scheme, which ended on the fourth business day following the day of the publication of the year-end report for the financial year 2020.

3) Following the end of the 2017 Share Savings Scheme, the Board decided to allocate a total of 141,130 Class B shares to the remaining participants.

The granting of Performance Shares is conditional on a positive TSR for the Sweco B share during the Retention Period and also dependent on the Sweco Class B share’s TSR in relation to the TSR of a group of benchmark companies determined by the Board. The Board may change the composition of the comparison group as required due to the de-listing of a comparison company during the retention period. The table below lists the group of benchmark companies used for Sweco’s share saving 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	Group of benchmark companies Share savings scheme 2020
Arcadis	Arcadis	Arcadis	Arcadis
Multiconsult	Multiconsult	Multiconsult	Multiconsult
Rejler Group	Rejler Group	Rejler Group	Rejler Group
AFRY (ÅF Pöyry AB)	RPS	RPS	RPS
	WSP	WSP	WSP
	AFRY (ÅF Pöyry AB)	AFRY (ÅF Pöyry AB)	AFRY

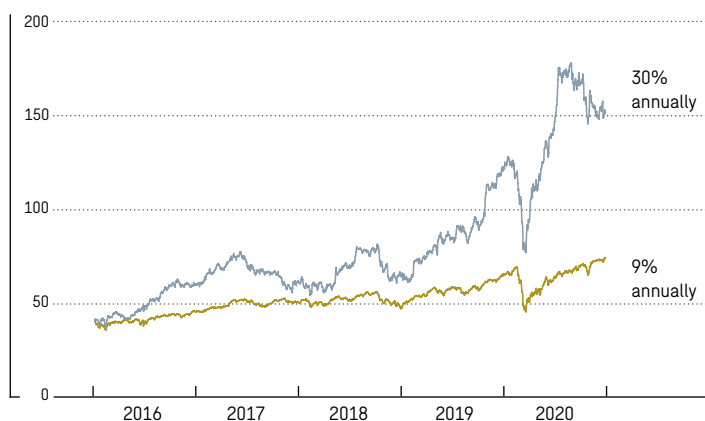
SHARE BONUS SCHEME

In accordance with the Board’s proposal, Sweco’s 2020 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 2020 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 2020 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 1,100,000 shares are comprised in the 2020 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.

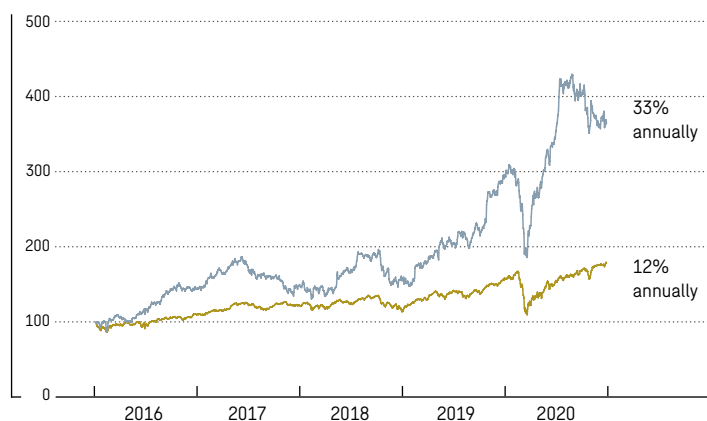
SHARE PRICE PERFORMANCE 5-YEAR SEK



— Sweco B
— OMX PI Stockholm 30 December 2015 = share price for Sweco B
Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

TOTAL RETURN 5 YEAR

Index 100 = 30 December 2015



— Sweco B
— OMX SGI
Sweco’s total return over the past five years has averaged at 33 per cent.

DIVIDEND

The Board of Directors proposes a dividend for the 2020 financial year of SEK 2.20 per share (adjusted for the 3:1 split in November 2020, the total dividend for 2019 was 2.07), amounting to a maximum capital distribution of SEK 799 million (732).

For the 2019 financial year, the Board of Directors originally proposed a dividend of SEK 6.20 per share (before share split), however the Board of Directors adjusted the initial proposal, due to the uncertainty caused

by Covid-19, to 3.10 per share (before share split). The AGM on 23 April 2020, resolved on a dividend of SEK 3.10 per share (before share split) in accordance with the Board of Directors adjusted proposal. In the fall of 2020, the Board considered that the market situation had stabilised and that the company had the prerequisites to proceed with an extraordinary dividend. The Extraordinary General Meeting resolved on 22 October 2020, as proposed by the Board of Directors, on a dividend distribution to the shareholders of SEK 3.10 per share (before share split).

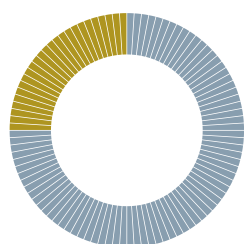
SHARE CAPITAL DEVELOPMENT¹

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
2020, Mar: Conversion	-34,561	34,561	–	10,385,713	110,698,106	–	1	121.1
2020, Nov: 3-for-1 split	10,385,713	110,698,106	–	31,157,139	332,094,318	–	0.33	121.1

1) As at 31 December 2020, including a total of 8,053,986 treasury shares (all of which are Class B shares) and a total of 805,698.6 votes regarding repurchased shares.

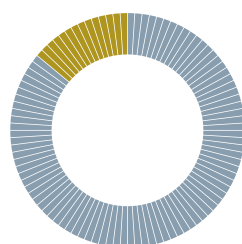
SHAREHOLDERS PER CATEGORY AT 31 DECEMBER 2020

Holding as % of shares



Swedish shareholders, 75.3%
Foreign shareholders, 24.7%

Holding as % of votes



Swedish shareholders, 85.8%
Foreign shareholders, 14.2%

FIVE-YEAR OVERVIEW

	2020	2019	2018 ¹	2017	2016
Income statement, SEK M					
Net sales	20,858	20,629	18,735	16,887	16,531
EBITA excl. IAC	2,056	1,869	1,629	1,492	1,482
EBITA	1,766	1,869	1,629	1,492	1,336
Operating profit (EBIT)	1,706	1,892	1,618	1,425	1,249
Net financial items	-98	-115	-107	-49	-33
Profit before tax	1,608	1,777	1,511	1,377	1,216
Profit for the year	1,293	1,393	1,256	1,223	931
Balance sheet, SEK M					
Balance sheet total	19,948	19,303	17,397	14,279	13,820
Equity	7,557	7,164	6,168	5,979	5,435
Cash and cash equivalents and current interest-bearing receivables	2,088	660	775	572	892
Interest-bearing liabilities	3,031	2,774	2,624	2,271	2,451
Net interest-bearing receivable/liability	-943	-2,114	-1,849	-1,698	-1,558
Cash flow, SEK M					
Cash flow from operating activities	3,249	2,299	2,051	1,060	1,165
Cash flow from investing activities	-746	-985	-569	-364	-401
Cash flow from financing activities	-1,056	-1,404	-1,271	-1,005	-428
Cash flow for the year	1,447	-90	211	-309	336
Key ratios					
Operating profit (EBIT) per employee, SEK 000s	98	115	106	98	85
Value added per employee, SEK 000s	898	930	896	851	827
Billing ratio, %	74.3	74.3	74.5	75.2	74.9
EBITA margin excl. IAC, %	9.7	9.1	8.7	8.8	9.0
EBITA margin, %	8.5	9.1	8.7	8.8	8.1
Operating margin, %	8.2	9.2	8.6	8.4	7.6
Profit margin, %	7.7	8.6	8.1	8.2	7.4
Equity/assets ratio, %	37.9	37.1	35.5	41.9	39.3
Net debt/EBITDA, times	0.5	1.0	1.0	1.0	1.0
Net debt/equity, %	12.5	29.5	30.0	28.4	28.7
Debt/equity ratio, times	0.4	0.4	0.4	0.4	0.5
Interest coverage ratio, times	32	32	25	28	20
Return on equity, %	17.6	20.9	20.9	21.4	18.0
Return on capital employed, %	12.9	15.3	14.6	17.8	16.8
Return on total assets, %	8.7	10.4	9.6	10.2	9.7
Number of full-time employees	17,328	16,412	15,306	14,530	14,653
Share data²					
Earnings per share, SEK	3.64	3.95	3.53	3.41	2.59
Diluted earnings per share, SEK	3.58	3.84	3.45	3.35	2.55
Dividend return, %	1.5	1.7	2.8	2.8	2.4
Equity per share, SEK	21.25	20.24	17.53	16.70	15.12
Diluted equity per share, SEK	21.07	19.71	16.97	16.37	14.82
Cash flow per share, SEK	4.08	-0.25	0.60	-0.86	0.94
Diluted cash flow per share, SEK	4.00	-0.25	0.58	-0.85	0.92
Closing price SWECO B at 31 December, SEK	151.00	120.40	65.63	60.60	60.07
Market capitalisation, SEK M	54,882	43,723	23,769	22,109	22,260
Ordinary dividend per share, SEK (2020 – proposed)	2.20	2.07	1.83	1.67	1.43
Number of shares at 31 December	355,197,471	353,395,377	351,209,826	357,373,788	358,662,810
Number of shares after dilution at 31 December	358,263,690	362,899,062	362,899,062	364,399,062	365,951,457
Number of shares after full dilution at 31 December	358,263,690	362,899,062	362,899,062	364,399,062	365,951,457
Number of Class B and C treasury shares	8,053,986	9,856,080	12,041,631	7,377,669	7,288,647

1) Due to changed accounting principles the numbers for 2018 have been restated.

2) Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

COMMENTS ON THE FIVE-YEAR OVERVIEW

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 items affecting comparability 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.

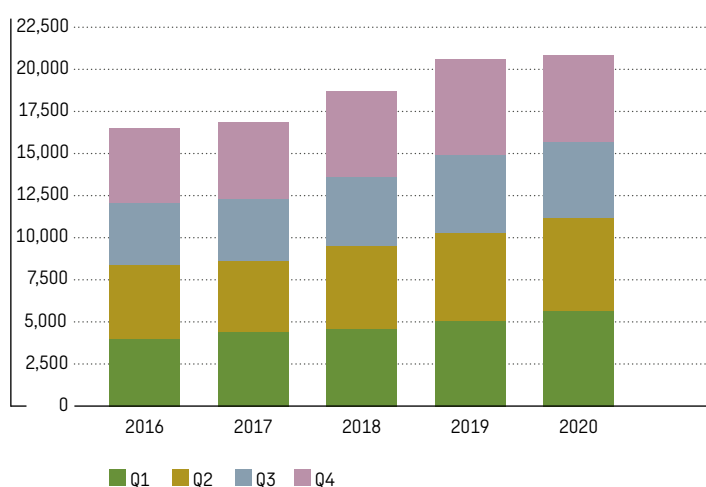
2019

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.

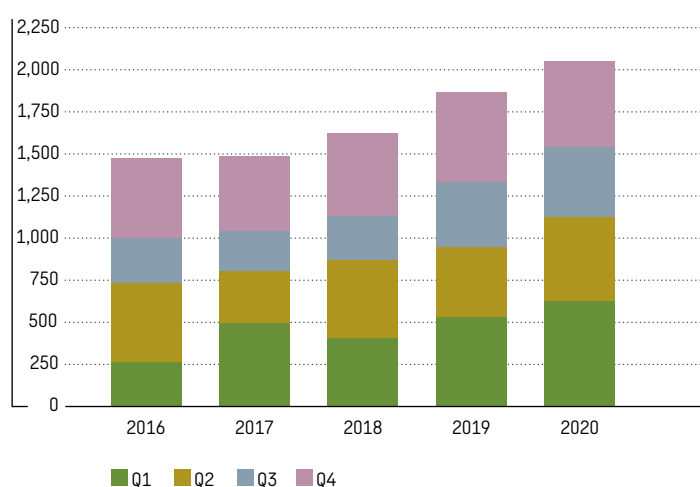
2020

Overall, the underlying market for Sweco's services became somewhat weaker towards the end of 2020, due to the negative impact from the Covid-19 pandemic that erupted in the first quarter of 2020. Essentially all Business Areas experienced a good market for Sweco's services in the infrastructure, water, environment and energy segments. Demand for services in the building and real estate segment and in parts of the industry market remained weaker. Net sales increased 1 per cent to SEK 20,858 million (20,629). Acquired growth amounted to 4 per cent. Currency effects were -2 per cent. Excluding the write-down in Germany, organic growth amounted to approximately -1 per cent after adjustment for calendar effects. EBITA decreased to SEK 1,766 million and EBIT decreased to SEK 1,706 million. EBITA excluding the write-down in Germany increased to SEK 2,056 million (1,869) and the EBITA margin excluding the write-down in Germany amounted to 9.7 per cent (9.1). Net debt in relation to EBITDA was 0.5 times. The number of employees at the end of the period was 18,552. The share price of the Sweco Class B share was SEK 151.00 at the end of the year, representing a 25 per cent year-on-year increase.

NET SALES, SEK M



EBITA EXCL. IAC, SEK M



RISKS AND RISK MANAGEMENT

Sweco works continuously and in a structured manner to identify, monitor and manage risk. In our Annual Report, we present our nine most operational risks and how Sweco works to manage these risks.

Sweco provides consulting services to thousands of clients in around 80,000 projects each year. About 44 per cent of revenue is generated in the public sector and 56 per cent in the private sector. Our 10 largest clients account for about 17 per cent of sales. The breadth of our project portfolio and a good balance between geographies, segments, and clients create an even spread of risk in the business.

Despite this, Sweco, like all companies, is exposed to a variety of risks. Sweco's Board of Directors has overall responsibility for risk management, while operational responsibility is delegated to the CEO and Executive Team.

A key aspect of the management and control of Group operations is having smoothly functioning risk management that proactively identifies, evaluates, and manages risks. Properly managed, risks can lead to opportunities. If risks are not managed at all – or are managed incorrectly or in an untimely manner – this can have significant negative consequences in the form of lower revenues, higher costs, or reduced credibility.

RISK MANAGEMENT

Sweco defines risk as an uncertainty that may affect our ability to achieve goals outlined in our business plan and strategy. Identification, analysis, management, and review of risk is conducted on a continuous basis.

The Group's risk management is based on company-wide risk analysis. Risk analysis aims to identify the most serious risks to which the company is exposed, the degree to which these risks may arise, and

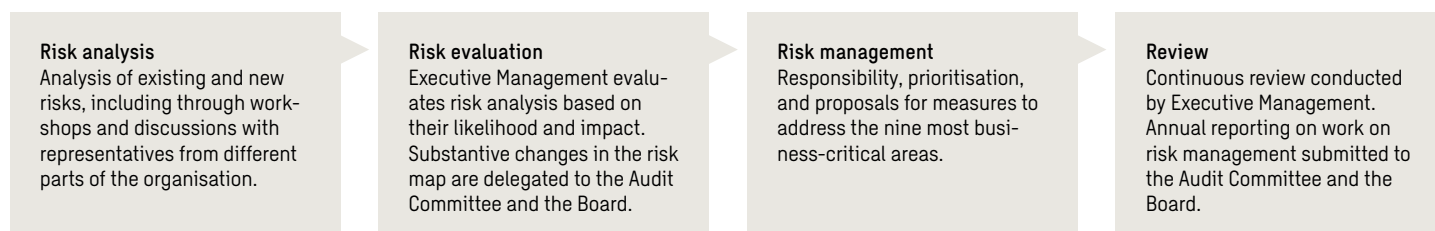
their impact on the company's goals. The effectiveness of existing controls and measures to reduce risk are also assessed. Results of our overall risk analysis have been compiled in a risk map that reflects the company's risk exposure. Risk management is a standing item on the agenda of business area board meetings.

Work with risk management includes all business areas, divisions, and processes in the Group. Managers are responsible for work on risk management in their respective areas. The Group's Board of Directors is ultimately responsible for ensuring that a risk management process is in place. The Executive Team develops and monitors risk management at Group level. Sweco's General Counsel initiates work on risk reporting at Group level.

An annual report on the Group's risk and internal controls is reviewed by the Board, the Audit Committee and the Executive Team. This report contains an overview of the most business-critical risks in the Group and the countermeasures taken. It also provides information on events linked to these risks that have occurred during the year.

The risk report is based on the annual risk assessment conducted by the Executive Team, which is then presented to the Board of Sweco AB. The process for producing the risk report for 2020 differed slightly from previous years. All business areas were asked to provide the five to 10 most relevant risks. In addition, a separate overview of potential risks for Sweco was conducted. These risks were compiled, and the Executive Team then made a preliminary assessment and identified and prioritised the nine most business-critical risks for Sweco.

Below is a schematic illustration of the company's risk management process



FINANCIAL RISK

Through its operations, Sweco is exposed to various types of financial risk. Sweco's financial policy specifies how these risks are to be managed within the Group. The Board is responsible for the financial policy, which contains guidelines, targets, and allocation of responsibilities for the finance function as well as regulations for financial risk management. More information on this is presented in Note 34 on pages 83–85. Interest rate changes, exchange rate fluctuations, and market prices of financial instruments may impact cash flow, earnings, and the balance sheet.

Sweco has a strong balance sheet, which means that our immediate exposure to risk associated with interest rates is low. In terms of currency risk, the Group typically has standard risk coverage in that both sales and costs are booked in local currency. In cases where contracts are quoted in a non-local currency, contracted and expected payment flows are hedged through forward contracts. Liquidity risk is the risk of being unable to honour debts when they are due for payment. Due to Sweco's strong financial position and substantial overdraft facilities, the Group's liquidity risk is low. Credit risk is defined as risk related to clients' ability to pay.

Sweco has a balanced and diverse client base comprising of approximately 33,000 clients. Sweco is not dependent on any individual clients, as its largest clients account for only a small proportion of total sales. Historically, credit losses have been minor.

The company risks being fined or incurring other costs if it fails to

adhere to relevant tax rules. There is also a risk that expected gains from compensable tax losses will not be realised.

New tax laws require greater transparency and also increase the reporting obligations of the Group's parent companies. The Group's tax department is responsible for monitoring developments in these areas and ensuring compliance with regulations.

In terms of financial reporting, there are risks that errors may occur and that the reporting is not prepared in accordance with the law or requirements for listed companies and applicable accounting standards. With a sound financial control environment, clear instructions, and internal control documents for financial reporting, Sweco works continuously to monitor accounting and reporting. In addition, extensive review and analysis is conducted on an ongoing basis through reporting systems, budgets, forecasts, etc. The Executive Team holds monthly reviews with the management teams of each business area. For more information on internal controls, see pages 42–43.

SUSTAINABILITY-RELATED RISK

Sustainability lies at the core of Sweco's operations and forms an integral part of the company's vision, business, and strategy. We deliver sustainability in our client projects and take responsibility for how we conduct business and act as a company. More information about Sweco's sustainability work and sustainability-related risk can be found in our sustainability report on pages 98–111.

OPERATIONAL RISK

The table below details the nine most operationally oriented risks at Group-wide level from the 2020 risk report. The table describes the risks, their degree of impact and probability, and how Sweco works to manage these risks. In addition, Covid-19-related risks are addressed on an ongoing basis, and the Company's efforts remain focused on guaranteeing a safe work environment for employees and on client project deliveries. We continuously monitor political uncertainty such as Brexit.

RISK	IMPACT	LIKELIHOOD	RISK MANAGEMENT
<p>Organisational setup, technology and culture may not be in line with speed of change. As experts and advisors to our clients, our ability to be at the forefront of our business sectors is crucial. This includes understanding new client needs and adopting new technologies. With our decentralised model, these changes need to be identified locally, but it is also crucial that knowledge is shared throughout the organisation.</p>	●	●	Sweco works continuously to strengthen co-operation and knowledge exchange within the organisation. Special focus is placed on capturing digital opportunities to improve our deliveries, productivity, and efficiency. New technologies are integrated into routines; for example, by developing our work with BIM. Digitalisation programmes are also set up throughout our business areas.
<p>Staying digitally relevant – unable to scale up/share and/or adapt to the speed of change. It is critical for us to be digitally relevant. Within the organisation, there are many digital initiatives that contribute considerable value to our business and our clients. There are risks associated with failing to scale and share these initiatives throughout the entire organisation and secure our overall digital competence.</p>	●	●	Sweco is closely involved in the digital transformation of our industry and, given the rapid pace of change, it is important to work in a focused and structured manner. During the year, we launched a digitalisation project with participants from all business areas. The goal is to develop a digitalisation road map and methods for effective implementation. Internal digital platforms were launched during the year to share various working methods and tools.
<p>Fail to develop and identify needed capabilities. Ensuring that Sweco is an agile, innovative, and forward-looking organisation is based primarily on the people we have as leaders in our organisation.</p>	●	●	Leadership and talent development to ensure that we have the right expertise is part of our business plan. Sweco works actively in all business areas with leadership and talent development programmes.
<p>Insufficient awareness of and focus on implementation of compliance to laws and regulations. Business ethics are critical to Sweco's business prospects and reputation. At the same time, Sweco is subject to increasingly complex laws and regulations. Overall, this creates the need for continuous focus on these issues throughout the organisation.</p>	●	●	Focus is on continuously ensuring knowledge and understanding of Sweco's Code of Conduct. Discussion of issues will be held on a more structured basis, as well as new digital training sessions. Initiatives on GDPR processes and other support tools have been developed. In January 2021, Fredrika Andersson Berger will join as new Group Ethics Compliance Officer.
<p>Insufficient succession planning and replacement of key employees. For a knowledge company like Sweco, employees' knowledge is crucial. Personnel changes at all levels in the company have an impact on our operations and project deliveries, which is why processes for replacing key employees is of the utmost importance.</p>	●	●	Ongoing work is being done to develop and update succession planning in all Sweco business areas. Leadership programmes are available to reward key employees, while project tools are available to ensure handover and information transfer if/when someone does leave the company.
<p>Losing out on business opportunities as digital development enables new types of competition. Digital development brings with it a new type of competition, with e.g. software companies developing models and algorithms able to compete with Sweco's expertise. For Sweco, this involves rising to the challenge with a robust client promise and digital offering.</p>	●	●	Sweco works hard to differentiate itself with our client focus and our client promise. In 2020, we launched a client promise programme to ensure that everyone delivers on that promise. We combine this with an advanced digital offering and focus on delivering added value and managing this new type of competition.
<p>Failure to understand and act to ensure value-based pricing. The organisation's ability to understand and properly price the value that Sweco delivers to its clients is a risk and a potential obstacle to improving overall profitability and obtaining appropriate payment for Sweco's expertise.</p>	●	●	Activities to increase understanding of and work on value creation and value-based pricing is included in the 2021 business plan.
<p>Inefficient project control leading to project losses. The risk of project losses and dissatisfied clients lies with Sweco's ability to handle project management.</p>	●	●	Sweco works continuously on project management training. In addition, various tools and models are available. Risk management processes were further developed during the year and will be implemented in all business areas.
<p>System failure leading to inability to work digitally and loss of data. Disruption to IT infrastructure and obstacles to data access represent a major business risk, irrespective of the cause. Ensuring we can continue to operate in such circumstances is therefore a top priority.</p>	●	●	In 2020, PwC conducted an external analysis of Sweco's IT security – it had no remarks. Sweco works on IT security on an ongoing basis. Different systems are rolled out regularly to reduce the risk of external threats, as is staff training.

● High ● Medium ● Low

SUSTAINABILITY REPORT

This is the fourth consecutive year that Sweco presents a Sustainability Report as an integrated part of the Annual Report. The Sustainability Report provides information on Sweco's sustainability work: material sustainability topics, risks and opportunities, sustainability objectives and targets, how the company works with these issues and progress achieved during 2020.

Progress 2020

2020 has been a year with extraordinary circumstances due to the Covid-19 pandemic. Throughout the year we have adapted to the circumstances whilst continuing to deliver in our client projects and accelerating our internal sustainability work. Achievements from 2020 are:

- The successful and efficient transition to remote working, peaking at 14,000 employees. A global crisis team and local crisis management teams in the Business Areas have supported the transition, and our employees adapted remarkably well.
- Despite the pandemic, employees continue to stay motivated and contribute to our client projects around the world, such as the examples shown at the bottom of the page.
- Developed our Code of Conduct defining our corporate responsibility in society and now also clearly constituting our quality, environment and health & safety policy.
- Results from employee survey indicating that employees are proud to work at Sweco (score 4.3 out of 5).
- All Sweco's home markets have set important milestones and developed roadmaps to reach the Sweco Group climate neutrality 2040 goal.
- Committed to the Science Based Targets initiative and set emissions reduction targets in line with SBT's Business ambition for 1.5°C.
- After the end of the year, Sweco joined the United Nations Global Compact which means we adhere to its principles regarding human rights, labour law and the environment.

OUR BUSINESS

Sweco plans and designs the sustainable communities and cities of the future. We do this by offering qualified services in the fields of consulting engineering, environmental technology and architecture.

Sustainability is at the core of Sweco's business, forming an integral part of our strategy. We deliver on sustainability in our client projects and we take responsibility for how we operate and act as a company. As Europe's leading company in our industry, we use our size and extensive knowledge bank to provide solutions to address global challenges and promote sustainable development. As consultants, we are often deeply involved

from an early stage in projects, with many opportunities to influence outcomes in a more sustainable direction.

URBAN INSIGHTS THEMATIC REPORTS

Planning and designing the sustainable cities and communities of tomorrow requires data, facts and insights to find the most innovative solutions. This is shared in Sweco's Urban Insight reports which encompass expert knowledge and innovative thinking evolving around a theme each year. In 2020, the overall theme was Climate Action, addressing amongst other things how to reduce environmental impact from the construction industry, and how to make cities more climate resilient.

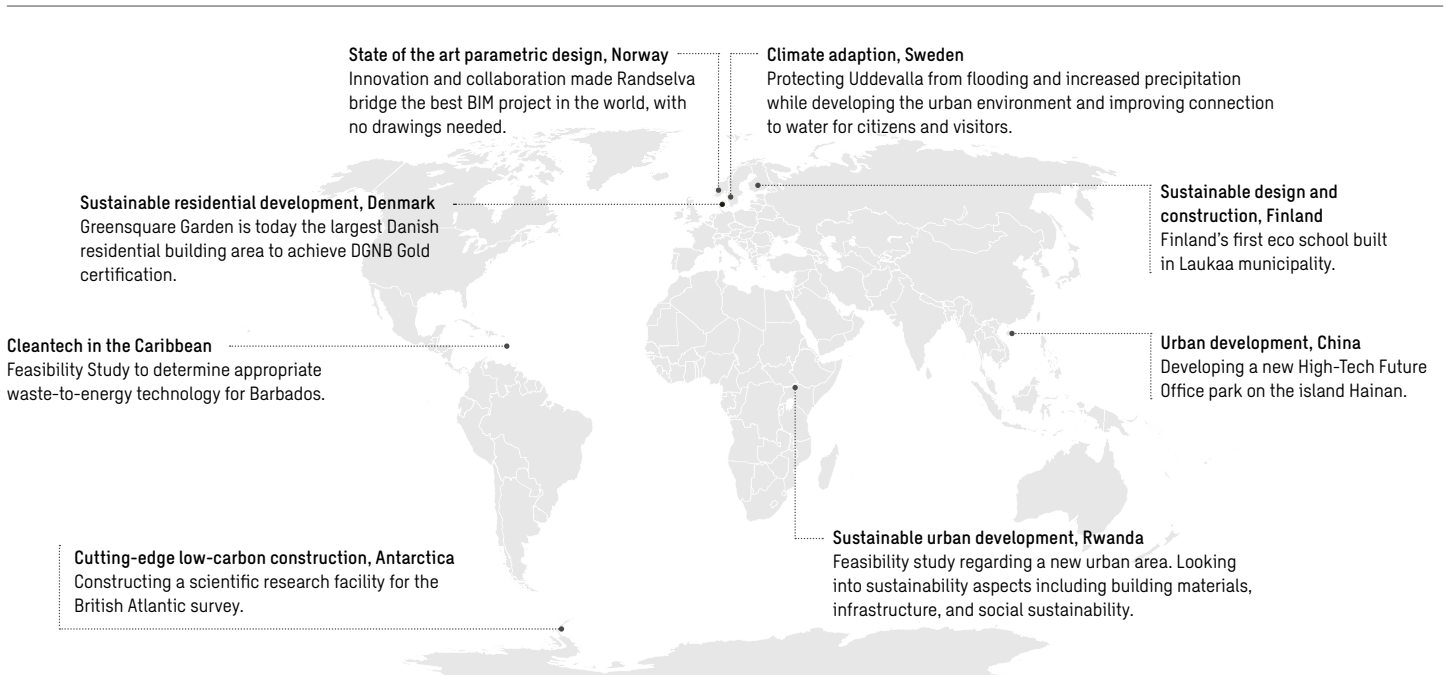
The theme for 2021 is Urban Health and Well-being, and reports produced during this year will highlight the best solutions to promote healthy and safe urban environments. Urban Insight is an annual series of reports, written by several selected experts. This long-term initiative from Sweco aims to share knowledge on sustainable urban development topics in Europe. Urban Insight reports can be found at www.swecourbaninsight.com.

As Sweco continues to grow, so does our ability to build and plan the sustainable communities and cities of the future. Regardless of whether we grow organically or through acquisitions, new colleagues and competencies strengthen our ability to deliver on sustainability in our client projects. Companies that Sweco acquired in 2020 particularly contribute to strengthening our position in sustainable urban development and infrastructure. Acquisitions are further described in the strategy section on page 6 in the Annual Report.

In 2020, Sweco launched the value proposition Transforming Society Together. It elaborates on how we make our societies more sustainable by addressing global challenges together with our clients. It is further described in the strategy section on pages 6–9 in the Annual Report, along with Sweco's vision, client promise and business model.

Materiality analysis

At Sweco we believe that to transform society together, we need to work with the sustainability topics that are the most material for our business operations and our stakeholders. Sweco's materiality analysis is aligned with the requirements in the GRI Standards 2016.



Significant economic, environmental and social impact

We continuously assess the impact of our business sustainability topics from an economic, environmental and social perspective. In 2020, the impact was assessed through discussions within the Executive Team and with a survey with top management and sustainability experts in all Sweco's markets, in total 200 respondents. Top management and sustainability experts were asked to select 5 out of the 17 UN Sustainable Development Goals (SDGs) that they considered to have the most business opportunities in the coming three years, as well as to rank sustainability trends and business aspects going forward. Other sustainability topics included in the assessment were drawn from the Sweco Code of Conduct, UN Global Compact and the Global Reporting Initiative as well as from the business plan and the strategy, internal assessments and other priorities.

Significant influence on stakeholder assessments and decisions

As a decentralised organisation, stakeholder dialogues occur on both Group and national or Business Area level. In 2020, stakeholder dialogues were performed with our clients, employees, owners and external stakeholders in all our key markets.

KEY OUTCOMES OF THE DIALOGUES:

- Sustainability is increasingly seen as business critical.
- Legislation, targets, procurement criteria and requirements in tenders are drivers in delivering on sustainability.
- The awareness and understanding of the SDGs are increasing, but the integration into business models is still limited.
- Digitalisation and technical advancements are essential to deliver on sustainability.
- Attaining and developing the workforce is key to succeed.
- The emphasis from the European Union and individual governments on sustainable solutions, partially as a response to the Covid-19 pandemic, has been noted and seen by many as a business opportunity for accelerated change.

Energy

- Transforming the energy sector from fossil dependency to renewable and alternative energy sources is key.
- Energy efficiency is essential for both the construction process and final product.

Circular economy

- The potential of circular economy is not fully utilised.
- There are inadequate incentives to benefit from circular economy in a profitable way.

Climate

- Mitigation is the key issue, particularly within the private sector. The public sector is leading the way in showing an increasing awareness of climate adaptation and how to integrate the two.
- When other issues of environmental sustainability are raised, they are often linked to the threats posed by a changing climate, such as the stress on biodiversity or the risks that this poses to nature-based solutions.

Social

- Actors aspire to contribute to a healthy and safe living environment for all communities.
- There is an increasing understanding of how infrastructure, transport solutions and the energy sector can contribute to social development.

Business ethics

- 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.

The client dialogues evolved around the sustainability topics chosen in dialogue with our clients, in line with Sweco's strong client focus. The dialogues were conducted either one-on-one with the client or in small focus groups, focusing on risks, opportunities, challenges, trends, prioritisation and how to best include the issues at hand in the business model of the client.

Dialogues were also held with industry organisations within the transport, technology, energy, construction, real estate and agriculture sectors in the markets we operate in. These dialogues evolved around a survey covering the same sustainability topics included in the client dialogues. Industry organisations represent multiple clients from all Sweco's industry segments, providing Sweco with a broader client perspective.

Material sustainability topics

Our material sustainability topics have been identified through internal and external assessments as well as stakeholder dialogues. The outcome is presented in Sweco's materiality analysis 2020.

From the materiality analysis we have identified three strategic focus areas for our sustainability activities supported by eleven material sustainability topics:

CLIMATE AND THE EXTERNAL ENVIRONMENT – WE REDUCE OUR OWN AND OUR CLIENTS' ENVIRONMENTAL FOOTPRINT

- Climate mitigation and adaption
- Energy efficiency, sources and systems
- Biodiversity
- Water
- Air quality
- Waste and circularity

EMPLOYEES – WE CARE FOR OUR EMPLOYEES

- Diversity and equality
- Health and safety

BUSINESS ETHICS – WE ARE FAIR

- Business ethics
- Human rights
- Supply chain management

For details on our sustainability topics' impact along the value chain, see the GRI Index on pages 108–111.

The UN Sustainable Development Goals and the Paris Agreement

Sweco's sustainability work is primarily delivered from three focus areas – climate and the external environment, employees, and business ethics. Focusing on these areas help Sweco contribute to the UN Sustainable Development Goals and the Paris Agreement, mainly through our projects.

Sweco's client engagements primarily contribute to the following SDGs:



In addition, Sweco's own operations also significantly contribute to gender equality (goal 5).

The sub-goals we particularly contribute to, through our client engagements, are:

- 6.3 Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- 6.5 Implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.
- 6.6 Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
- 7.2 Increase substantially the share of renewable energy in the global energy mix.
- 7.3 Double the global rate of improvement in energy efficiency.
- 7.A Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.
- 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
- 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- 11.3 Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.2 Integrate climate change measures into national policies, strategies and planning.

We increasingly focus on how the goals interact with each other, increasing co-benefits and reducing trade-offs. Our level of success in combatting climate change, for example, can positively influence the goals of eliminating poverty and hunger. We strongly emphasise this type of synergy between the 17 goals and 169 sub-goals.

Climate and the external environment – we reduce our own and our clients’ environmental footprint

Sweco strives to conduct its operations and business in an optimal way to have a positive impact regarding climate and the external environment. This entails applying the precautionary principle and working proactively and systematically with identifying, evaluating and managing risks in order to reduce emissions and protect the environment.

As a service-based consultancy, our own direct environmental and climate-related impact is limited. Our business is based on our employees’ collective expertise and it is within climate and the external environment that Sweco in client engagements has the greatest opportunity to make a difference and contribute to sustainable development.

Employees – we care for our employees

Considering that Sweco is a consultancy firm, the capabilities, behaviour and mindset of our consultants are ultimately what defines a successful delivery to our clients. Having the best employees and leaders in the industry is a prerequisite to transforming society together with our clients.

Sweco’s responsibilities include all people employed by the Sweco Group, and projects include contractors or others working on Sweco’s behalf.

Sweco’s future success is highly dependent on utilising the collective know-how and competence within the sustainability field that we possess within the Sweco Group. It is therefore important that Sweco continues to focus on its employees, ensuring that all employees have access to the know-how and are motivated to continuously develop their skills and insights. Improving the knowledge and best practice sharing is a key priority for 2021 for the entire Group.

Considering that the employees are the primary source of Sweco’s success, the health and safety of all Sweco employees is a 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 a transparent working culture with an open communication combined with respect for all opinions.

Sweco considers diversity and inclusion 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. Considering that we are developing the communities and cities of the future, it is essential that we reflect the population.

Business ethics – we are fair

For us, business ethics is about taking responsibility for the way we carry out our projects and for the business practices we use in all our business operations. Being an ethical and responsible company is fundamental to our long-term success. Therefore, a high level of trust and confidence is one of our main assets. We set high standards for ourselves and the companies we work with. Sweco’s clients, employees and owners must be able to trust our ability to conduct business in a transparent and responsible manner. For Sweco, compliance is a licence to operate.

The Sweco Code of Conduct is our policy that defines how we – as a company, as teams and as employees – should act, towards each other, towards our clients, business partners, suppliers, competitors and authorities and in every other situation where we represent Sweco.

Sweco’s engineers, architects and experts work on projects that impact societies as well as people’s everyday lives. This sets high standards in terms of ecological, ethical and socioeconomic considerations. Our ambition to contribute to a sustainable development of society serves as a basis for our actions. We never compromise with our Code of Conduct.

SUSTAINABILITY-RELATED RISKS AND RISK MANAGEMENT

Risks related or connected to our operations and business are important components in evaluating sustainability topics. Risk identification, evaluation and management are part of the risk section described on pages 96–97 in the Annual Report. In addition, Sweco has performed a risk assessment focusing on sustainability risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations.

Risk assessments

Sustainability-related risks entail Sweco’s impact on sustainability topics and their impact on Sweco. The risks cover our operations and business and pose both opportunities and challenges throughout the value chain. The result of the risk assessment is shown and described in detail on the next page.

RISK AND OPPORTUNITIES	CONTROL ACTIVITIES	LOCATION IN VALUE CHAIN
<i>Climate and the external environment</i>		
<p>Policies and legislation The global challenges are influencing policies and legislation, which can change quickly. This can be an opportunity for Sweco as demand for advice surrounding sustainability topics increases, but it can also pose a risk. Rapid and far-reaching changes in policies and legislation regarding sustainability can require resources in order to secure that Sweco can deliver on them. Failure to deliver on this could lead to losing tenders and key employees and cause reputational damage.</p>	<ul style="list-style-type: none"> Sweco continuously follows policies and legislation with impact on our business operations and our client engagements. Sweco anticipates, assesses and acknowledges new policies and legislation relating to sustainability. 	<ul style="list-style-type: none"> Sweco, internal operations Business partners Clients Society
<p>Climate change The impacts of climate change can cause physical damage to Sweco's offices and projects that Sweco is working on. When Sweco's clients are faced with the physical consequences of climate change, the financial implications can also have an impact on Sweco. The consequences of climate change can impact the demand for our services. Whilst we will never veer from the primary focus on mitigating climate change, we nevertheless recognise that increased demand for climate adaption is an opportunity for us. Our expertise will help communities and cities to better adapt to increased flooding, heatwaves, droughts, rising sea levels, storms and wildfires.</p>	<ul style="list-style-type: none"> Sweco assesses the direct and indirect exposure to climate-related risks in accordance with the TCFD recommendations, the national legislation in the countries where we operate, the relevant Global Compact principles and the science-based reports from IPCC and others. 	<ul style="list-style-type: none"> Suppliers Sweco, internal operations Business partners Clients Society
<p>Sweco's climate targets Alongside the primary aim of mitigating climate impact, Sweco's climate targets aim to strengthen Sweco's position as a frontrunner. The targets are also subject to a reputational risk if we are not able to meet them. This risk is connected to the national circumstances that Sweco in part relies on to reduce greenhouse gas emissions, such as the carbon intensity in energy grids and infrastructure required for sustainable travel. For instance, in some of the countries where we operate, it is not currently possible to select electricity from renewable sources, and even electric train or buses will have a significant negative impact on the climate. The consequences of not meeting set targets include a negative impact on our ability to attract the best people, and a deteriorated standing with investors and other business partners. It would risk the trust that clients have in Sweco's ability to identify the most sustainable solutions for them, which would negatively impact Sweco's business and ability to transform society. In the same way, Sweco's climate neutrality target, and respective targets, provides an opportunity to show that we take responsibility for how we operate and strengthens our position as a transformative actor in society.</p>	<ul style="list-style-type: none"> Milestones and interim targets monitor progress towards set climate targets. Reporting is done in the same format as financial reporting, ensuring high priority. Every home market has developed a roadmap in order to monitor progress towards set climate targets in each market and overall Group climate neutrality target. 	<ul style="list-style-type: none"> Suppliers Sweco, internal operations Business partners Clients Society
<i>Employees</i>		
<p>Having the best people Sweco's ability to deliver the best sustainable solutions relies on the employees. To remain relevant for our clients and their requirements we must have the best people with the relevant competence. To achieve this, Sweco aspires to be the most attractive employer, meaning that we attract, recruit and develop the best people. The consequences of not having the best people will negatively impact Sweco's ability to transform society together with our clients.</p>	<ul style="list-style-type: none"> Sweco acquires companies strategically to attain competence. A thorough recruitment process secures the best people. Sweco has great leadership and continuous to invest in leaders. Sweco offers continuous development in order to continuously develop employees and managers. 	<ul style="list-style-type: none"> Sweco, internal operations Clients Society
<p>Knowledge-sharing In order to be able to transform society together with our clients, our employees must have access to the vast collective know-how within Sweco. Inadequate know-how sharing may lead to low-quality deliveries to clients. In order to secure and maintain the collective knowledge within the organisation, Sweco strives to have the best people and provide them the prerequisites for knowledge-sharing.</p>	<ul style="list-style-type: none"> The Urban Insight Reports are a way of sharing knowledge internally and externally. Cross-border networks in certain areas of expertise, operating for the purpose of knowledge-sharing and learning. Cross-border projects where competencies from different areas of expertise and countries participate enhance knowledge sharing. 	<ul style="list-style-type: none"> Sweco, internal operations Clients Society
<i>Business ethics</i>		
<p>Business ethics violations Business ethics violations such as corruption including bribery, conflicts of interest, fraud, embezzlement, unlawful kickbacks and anti-competitive behaviour have been identified as one of the most significant sustainability risks for the company's operations and the Sweco brand. Sweco's operations involve presence in markets around the world, including those with very different standards and enforcement. 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. The consequences of ethical breaches may have a negative impact on attracting both clients and employees. This would negatively impact our ability to transform society together with our clients. We only undertake projects that we regard as having been procured in a business ethical manner and with respect for human rights, including zero tolerance for child labour in our own and our partners' business operations.</p>	<ul style="list-style-type: none"> Sweco has an ambitious business ethics framework to raise awareness with training and manage business ethics risks. There is an obligation for our employees to report suspected misconduct and a whistleblowing system enables anonymous reporting. Compliance audits on a regular basis. Sweco's Business Partner Programme has been developed to address risks of business ethics violations, 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. 	<ul style="list-style-type: none"> Sweco, internal operations Business partners Clients Competitors Society Suppliers

The likelihood and impact of the identified risks and opportunities varies. Generally, the largest risks are related to Sweco's operations, business partners and suppliers, and the largest opportunities are related to our clients and society.

Risks related to suppliers

Sweco relies on suppliers for services in our operations and guidance on products in client projects, which signifies that suppliers constitute a risk in Sweco's value chain. For example, suppliers provide materials used in projects, which need to have specified characteristics, comply with relevant standards, and have a properly disclosed embedded footprint in order to be properly considered in design, construction and management.

Risks related to own operations

The health, safety and well-being of all Sweco employees is a top priority and therefore also a risk if we do not meet employee expectations. The physical effects of climate change contribute to this risk. If Sweco fails to provide its employees with a satisfactory physical and psychosocial work environment, we will likely not be the natural first choice for talent we aspire to be. This also means that employees are likely not able to perform to their full potential and thrive, which would have a negative impact for Sweco.

Sweco's operations are covered by the climate neutral 2040 target and the additional targets. Reducing emissions in our operations can both be costly and profitable and thus poses both risks and opportunities. This depends on the actions required to achieve the established reduction targets and the results of these actions, such as necessary investments and return on these investments. The risks differ between scope 1, scope 2 and scope 3 as defined by the Greenhouse Gas Protocol.

Scope 1 (direct emissions)

- Risks related to direct emissions include fuels used in vehicles controlled by Sweco. It is therefore important that Sweco has access to renewable fuels as well as green electricity for charging electric vehicles.

Scope 2 (indirect emissions)

- Risks related to indirect emissions include electricity, heating and cooling consumed by the offices and other buildings controlled by Sweco. It is therefore important for Sweco to have access to energy-efficient buildings and fossil-free energy contracts.

Scope 3 (other indirect emissions)

- Risks related to indirect emissions that Sweco does not control include cooperation with suppliers in complying with sustainability criteria, employees' vehicles when used for business travel and travel habits within the organisation. Suppliers may not be able to comply with set criteria, employees' private cars may be dependent on fossil fuels and travel habits may be hard to change within the organisation, all contributing to the difficulty in reducing emissions within Sweco's operations in Scope 3. It is therefore important that Sweco works together with suppliers, employees and other stakeholders to make sure that new criteria and habits are attainable.

Risks related to our business partners

Sweco's business entails collaborations with various business partners, which encompasses all actors working in Sweco projects besides clients, employees and suppliers. Working with business partners provides an opportunity to give the best possible result to our clients but it also poses a risk for Sweco. This is covered by the Code of Conduct, which everyone working with Sweco is obliged to understand and comply with.

Risks and opportunities related to our clients

The main sustainability risk connected to our clients is that sustainability is not at the top of their agenda and hence not fully integrated into their business model. Since Sweco's essence is the value we deliver in our

projects, and this is how we transform society together with our clients, this risk is not merely reputational, but at the core of our business. We mitigate this risk by developing a mutual understanding of the global challenges and the value of implementing sustainable solutions. In some cases, we will also decide against entering into agreements when our emphasis on sustainability cannot be met in the project at hand. For this reason, we are continuously reducing our exposure to fossil fuels and non-renewable energy. In a wider sense, we aim to be in line with the Sustainable Development Goals and the Paris Agreement in every project.

To be a preferred partner for our clients, we must demonstrate that we shoulder our responsibilities in terms of tackling the challenges to global sustainability and contributing to society. If we fail to deliver sustainable solutions to our clients, we risk losing their trust. Sweco's goal is to deliver sustainable and innovative solution in all our client projects, beyond the expectations of our clients and society at large.

Sweco's interactions with clients must be professional and compliant with required ethical standards. Ethical misconduct can lead to consequences to our reputation, brand and exclusion from tendering procedures.

Risks and opportunities related to society

As sustainability rises to the top of society's agenda, Sweco has greater opportunity to build the communities and cities of the future. However, considering that interest in sustainability matters is increasing, more actors will enter the sustainability market which means increased competition for Sweco. Whilst we are confident that we will continue to offer relevant solutions to our clients, we must remain vigilant to new competition and new solutions, always being the most approachable and committed partner with recognised expertise.

Every day and in every project, Sweco has an opportunity to make society more sustainable. However, despite having the best people and an active dialogue with clients, some risks cannot be fully avoided since there are projects that have intrinsically negative impacts on sustainability issues. In these cases, all sustainability impacts are considered in order to present a well-informed and well-assessed design and execution. For example, a new railway line will usually physically fragment the landscape and create barriers for biodiversity. This negative impact can be reduced with animal crossings and fencing designed to suit the local environment. In line with this, Sweco aims to always identify potential risks and minimise negative trade-offs between different sustainability targets, together with our clients and other stakeholders.

SUSTAINABILITY GOVERNANCE AND MANAGEMENT

Sweco's progress within sustainability is reported to the Board on a regular basis. The responsibility for Sweco's daily operations has been delegated to the Group's President and CEO who has delegated integration of sustainability matters to the Chief Sustainability Officer, General Counsel and Chief HR Officer. Legal compliance including business ethics and privacy-related matters are delegated to the General Counsel. Employee-related matters are delegated to the Chief HR Officer. Other sustainability-related matters are delegated to the Chief Sustainability Officer. Sustainability work is then further communicated to the rest of the company and the different markets through assigned functions.

Governance and management are adapted to the decentralised organisation. 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 17 UN Sustainable Development Goals and the Paris Agreement. Sweco has committed to the Science Based Targets initiative and set emissions reduction targets in line with SBT's Business ambition for 1.5°C.

In our daily work, our employees are the direct interface with our clients, thereby achieving maximum understanding of the local context. Our commitment to sustainability applies in all our efforts. Sweco complements this responsibility at the central level with resources, networks, policies, procedures and tools to assist employees in their work.

Code of Conduct

The company's Code of Conduct forms the basis of Sweco's work with sustainability. It specifies the basic outlook on the company's responsibilities in society to ensure responsible conduct by Sweco's employees and business partners. It encompasses the environment, business ethics, privacy, employee development, human rights, and labour rights. All Sweco employees are obligated to comply with the Code of Conduct and the company's policies. It is a personal responsibility to comply and the CEO of Sweco has the ultimate responsibility for ensuring that all employees follow the code.

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.

SUSTAINABILITY-RELATED POLICIES:

- Sweco Code of Conduct
- Quality, environment and health & safety policy
- Anti-bribery and anti-corruption policy
- Gifts and entertainment policy
- Group privacy policy

In addition to central policy documents, Sweco's Business Areas have additional local policies covering e.g. procurement and travel.

Compliance

The Sweco compliance program includes group-wide awareness trainings, Code of Conduct sign off for all employees, and other compliance procedures and routines which are rolled out in the organisation. Compliance is followed up with reporting on participation in training sessions, sign offs and incidents. Sweco employees must report any violations of business ethics that arise in their course of work, even if Sweco is not directly involved or party to the relevant agreement.

Compliance with the Code of Conduct is monitored by, for example, performance reviews, employee surveys and internal and external audits. In addition to this, we continuously act upon compliance issues reported. 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.

The compliance organisation within Sweco consists of a Group ethics compliance officer with local compliance officers in each Business Area. For privacy, there is a Group privacy officer with local privacy officers in each Business Area. For HR, there is a Chief HR Officer and locally there are HR directors in each Business Area. As of 2020 all Business Areas have a sustainability officer mainly responsible for climate and external environment matters.

Sweco complies with local laws and regulations applicable to countries where the Group is active. The Code of Conduct sets out minimum requirements and applies to all parts of the organisation, irrespective of where they are based, or where the Sweco projects are performed.

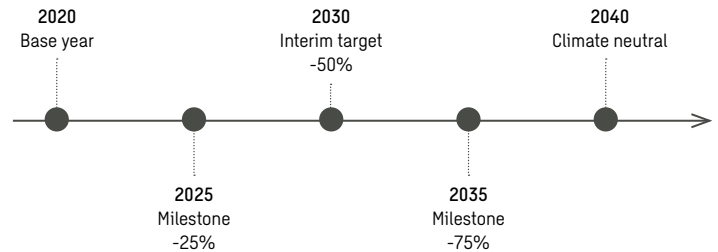
Sweco supports and respects human rights, as defined by the UN in the Universal Declaration of Human Rights. Sweco also follows the Code of Ethics formulated by the International Federation of Consulting Engineers (FIDIC) and works according to the principles in the UN's Global Compact. Violations of human rights are never permitted. Sweco's business activities are carried out as projects. All operating core countries are certified in Quality, Environment and Health & Safety in accordance with ISO 9001, ISO 14001 and OHSAS 18001 or ISO 45001. OHSAS 18001 will be replaced by ISO 45001 and organisations have until March 2021 to convert to ISO 45001.

GOALS AND PERFORMANCE

Climate and the external environment

In 2019, Sweco's Group Executive Team decided that Sweco's operations are to be climate neutral no later than 2040. This means that Sweco is to have no net impact on the climate by then, including all greenhouse gas emissions as defined by the Intergovernmental Panel on Climate Change (IPCC), though for Sweco the main impact is from carbon dioxide emissions.

Climate neutrality is to be achieved primarily through emission reductions in our own operations, with no more than 15 per cent to be achieved through carbon sinks, emissions offsets, or climate compensation through established and third-party verified mechanisms.



In line with the Carbon Law established by the Stockholm Resilience Centre, Sweco will halve emissions each decade, with 2020 as our base year, notwithstanding that the circumstances of this year and the correlated low emissions will render the target more difficult to reach.

In line with the Greenhouse Gas Protocol, the scope of climate neutrality encompasses

- Scope 1 (direct emissions that occur from sources owned or controlled by Sweco),
- Scope 2 (indirect emissions from the generation of electricity, heating and cooling purchased and consumed by Sweco), and
- the most significant elements of Scope 3 (other indirect greenhouse gas emissions from sources not owned or directly controlled by Sweco, e.g. employee travel).

In addition to Group's climate neutrality target, the Executive Team has decided that each home market will set a target, meaning that it is to be more ambitious than the respective national climate target. Each home market is free to add areas to Scope 3 that are not included in Sweco Group's climate neutral 2040 target, but not to subtract areas. These targets form the basis for our business plan, strategy and internal priorities.

The climate work is not starting from scratch. In several home markets, the journey towards climate neutrality has been ongoing for quite some time. For example, Sweco operations in the Czech Republic have been measuring its climate impact since 2007 and have halved its emissions between 2008 and 2019. With climate experts inhouse, Sweco is confident of reaching climate neutrality no later than 2040.

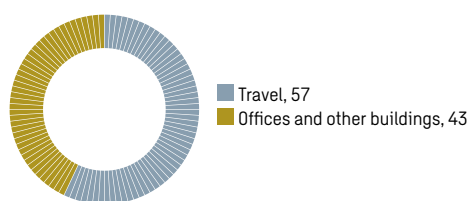
As Sweco acquires companies they will be integrated to the Group's climate neutral 2040 target as well as the home market's target. This involves adjusting the base year accordingly and ensuring target fulfilment is on track.

Performance 2020

Sweco has committed to the Science Based Targets initiative and set emissions reduction targets in line with SBT's Business ambition for 1.5°C.

Sweco's operations contributed to 18,249 tonnes of carbon dioxide equivalents (CO₂e) in 2020, which constitutes the baseline for the journey towards climate neutrality described above. Our business travel is our largest emission source, accounting for 57 per cent of Sweco's total emissions. Sweco's emissions from travel are mainly comprised of aviation (15 per cent) and car travel (82 per cent).

SWECO GROUP'S GREENHOUSE GAS EMISSIONS, %



Emission intensity

The climate neutrality 2040 target, as well as the targets in respective home markets, are absolute targets. Targets for each home market are more ambitious than the country's national goals. Over time Sweco aims to grow, thus relying on a decrease in emission intensity. In 2020, Sweco's emission intensity was 1,053 kilograms of CO₂e per full-time equivalent (FTE) and 875 kilograms CO₂e per net sales in SEK million.

Group greenhouse gas emissions

Per scope	Emissions, tonnes CO ₂ e	Emission intensity	
		kg CO ₂ e/FTE	kg CO ₂ e/SEK M
Scope 1 (direct emissions)	7,346	424	352
Scope 2 (indirect emissions)	7,515	434	360
Scope 3 (other indirect)	3,393	196	163
TOTAL	18,254	1,053	875

Per category	Emissions, tonnes CO ₂ e	Emission intensity	
		kg CO ₂ e/FTE	kg CO ₂ e/SEK M
Business travel ¹	10,471	604	502
Energy consumption, office ²	7,778	449	373
Outsourced IT	5	0	0
TOTAL	18,254	1,053	875

1) Includes aviation, train, car, bus, maritime, taxi and rental car. Radioactive forcing index is included in aviation.

2) Relates to electricity and heating and cooling of offices and other buildings.

Energy usage in Sweco offices and other buildings

Energy	MWh	Energy intensity ²	
		kWh/FTE	kWh/SEK M
Electricity	28,801	1,662	1,381
Heating and cooling	22,661	1,308	1,086
TOTAL¹	51,462	2,970	2,467
Renewable sources	24,881	1,436	1,193
Non-renewable sources	26,581	1,534	1,274

1) Calculated using data from Eurostat 2019.

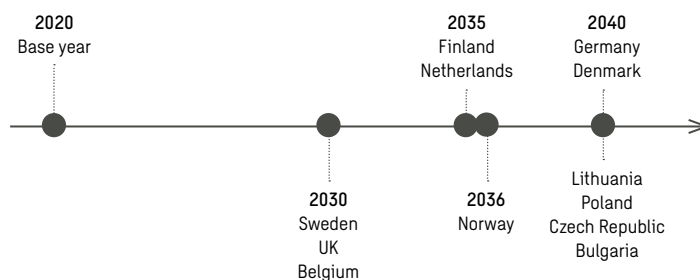
2) Note that energy intensity is presented with a different unit for CO₂e since values are so low.

Greenhouse gas emissions per Business Area

Business Area	Emissions (tonnes CO ₂ e)
Sweco Sweden	4,718
Sweco Norway	2,479
Sweco Finland	1,876
Sweco Denmark	833
Sweco Netherlands	2,721
Sweco Belgium	938
Sweco UK	812
Sweco Germany and Central Europe	3,301
Germany	1,913
Czech Republic	307
Poland	690
Lithuania	293
Bulgaria	98
Group	572
TOTAL	18,249

Targets

In 2020, Sweco's home markets set targets for when they are to be climate neutral. Established targets are set for climate neutrality 2030, 2035, 2036 or 2040.

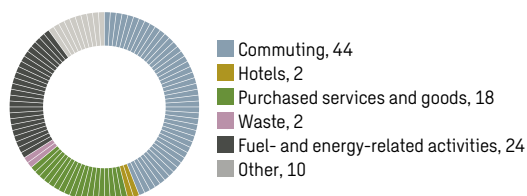


All Sweco markets developed a roadmap to climate neutrality to ensure that the climate neutral 2040 target and the individual target will be met. The roadmaps consider national circumstances, such as carbon intensity in grid and available infrastructure. The main themes in the roadmaps are shifting to fossil-free energy and electrification. Other aspects focus on employee engagement, sustainability criteria for procurement, travel policies, conditions for flexible working and divestment from pension funds' investments in fossil fuel companies.

Country	Specified targets
Sweden	<ul style="list-style-type: none"> Fossil-free office operations by 2030 Fossil-free car fleet by 2023
Norway	<ul style="list-style-type: none"> A minimum of 55 per cent emissions reduction by 2030
Finland	<ul style="list-style-type: none"> Electrified car fleet by 2030 Energy-neutral offices by 2030
Denmark	<ul style="list-style-type: none"> Fossil-free car fleet by 2028 (EV, hydrogen or similar) Office's indirect emissions climate-neutral by 2030 Emissions from commuting to be reduced 60 per cent between 2020–2030
Netherlands	<ul style="list-style-type: none"> Electrified car fleet by 2030 with the interim target of over 50 per cent electric vehicles by 2025 All buildings to be at least energy-neutral by 2030 No waste by 2035 with interim target of 50 per cent reduction by 2025
Belgium	<ul style="list-style-type: none"> Electrified car fleet by 2028 No fossil fuel heating systems by 2030 Green electricity contracts in all offices by 2022 Rewrite procurement procedures with sustainability criteria External contracts adhere to sustainability goals by 2025
UK	<ul style="list-style-type: none"> No domestic flights by 2022 Renewable electricity in all offices by 2023 Electrified car fleet by 2025 (50 per cent by 2022 and 30 per cent by 2021)
Germany	<ul style="list-style-type: none"> 50 per cent emissions reduction from traveling by 2030 100 per cent green electricity by 2022 Fossil-free energy consumption by 2040
Czech Republic	<ul style="list-style-type: none"> Green electricity contracts in all offices by 2025 No offices heated using fossil fuels from 2037 Fully electrified car fleet or alternative available in the future by 2040 with an interim target of 50 per cent by 2030 Standard purchasing and procurement updated with sustainability criteria by 2022
Poland	<ul style="list-style-type: none"> 50 per cent of car fleet electrified by 2030 Offices that can have green energy contracts should have them by 2022 Single-use plastic ban from 2021
Lithuania	<ul style="list-style-type: none"> Fully electrified car fleet by 2040 with interim targets of 80 per cent electric cars in 2035, 30 per cent in 2030 and 8 per cent in 2025 All consumed electricity from renewables by 2035 with interim targets such as 80 per cent by 2030
Bulgaria	<ul style="list-style-type: none"> Electric car fleet by 2030

For targets, each market defines the scope 3 emissions to report on based on significant emission sources and requirements for achieving frontrunner status in their market. A minimum threshold of 5 per cent is applied as a standard guideline. The main scope 3 categories are commuting and purchased goods and services.

ADDITIONAL SCOPE 3 EMISSIONS IN TARGETS, %



Other scope 3 emissions in targets	Emissions, tonnes CO ₂ e	Sweco markets reporting ¹
Purchased goods and services	2,320	7 of 12 markets
<i>Food and beverage</i>	605	3 of 12 markets
Business travel (limited to hotel stays)	193	5 of 12 markets
Upstream transportation and distribution	75	3 of 12 markets
Waste generated in operations	221	5 of 12 markets
Employee commuting	5,639	6 of 12 markets
Fuel- and energy-related activities (not included in scope 1 or 2) (limited to well-to-tank)	3,121	1 of 12 markets
Investments	60	2 of 12 markets
Other	1,154	2 of 12 markets
TOTAL	12,782	

1) In total 10 markets have added other scope 3 areas to their target.

Conclusions, 2020

Throughout the year, multiple discussions have been held to further define the scope of the climate neutrality targets, the risks and opportunities associated with the targets, as well as governance and follow-up routines regarding the climate reporting. Discussions have included different roles within the organisation from all home markets. This work provided a forum for knowledge sharing regarding climate calculations and reporting and will form the basis for our activities going forward.

2020 is our base year when it comes to climate reporting. We realise that 2020 as a baseline year is not ideal due to the influence of the Covid-19 pandemic, which has impacted our operations and the way we do business. Due to the pandemic, most of Sweco's employees have worked remotely, reducing the use of Sweco's offices, and lockdowns have reduced business travel and commuting. Sweco markets with climate data going back several years can note reduced emissions as a result of the pandemic. It is estimated that energy consumption has gone up in employees' households as a result of working from home; however, this is not included in our emissions data. Sweco has considered the option of estimating emissions that were presumably absent due to the pandemic, or transferred to employees' homes, but has chosen not to follow through on this option, due to a lack of general praxis in adjusting emissions. Sweco stands by its decision to use 2020 as a base year despite the challenges this means for us.

Sweco's climate neutrality target is absolute and will not be impacted by the base year data. However, Sweco acknowledges that it will be a challenge to reduce emissions quickly enough to meet the interim target of a 50 per cent reduction by 2030 over base year 2020, as well as relying on no more than 15 per cent emissions offsetting to achieve climate neutrality. Sweco is prepared to face this challenge.

Developments for 2021

In 2021, Sweco will continue to work on measuring our suppliers' climate impact, including setting reduction targets. The aim is to further develop our climate reporting to include key figures on suppliers.

As the company to a large extent is comprised of consultants, Sweco

recognises its role in helping clients to reduce carbon emissions from their projects. However, such project emissions are not included in Sweco's internal climate neutrality targets, nor are they part of the GHG Protocol's established scope/methodology or have any other established mechanism for their calculation and verification. We have thus taken the initiative to look into how we measure project impact.

Employees

Sweco strives to be the most attractive employer, recruit the best people in the industry, and be the preferred choice for the most talented people. By working with sustainable solutions in the most interesting and exciting projects, Sweco becomes an attractive employer – locally and globally.

Sweco works systematically with employee development, equality and diversity, and occupational health and safety. 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 matters, such as development opportunities, organisational changes and new working methods.

Development of employees

Sweco works with performance, expertise, knowledge sharing and leadership in order to offer development opportunities and an engaging corporate culture to all employees, which is crucial to our continued success and client satisfaction.

From day one, all employees are offered training courses through Sweco Academy, with several courses within sustainability being compulsory. In addition to this, experts and managers are there to share knowledge and show leadership, supporting the development of our employees.

Systematic evaluations are conducted in order to ensure that resources are invested in the right issues regarding employees. This is done through, among other things, a regular employee survey and regular performance reviews, the Sweco Talk.

Employee satisfaction is measured regularly through the group-wide employee survey. 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 local HR department. Together they analyse the results and set up action plans for improvement.

By developing employees, Sweco aims to:

- possess the best expertise demanded by clients
- create motivation, loyalty and commitment to win and deliver projects

Performance 2020

The 2020 employee survey had an all-time high response rate of 92 per cent. The four most important drivers of employee happiness were leadership, work environment, trust and competence, and were all at an excellent level. The average score for the vast majority of questions has increased, which should be understood as a continuation of the positive development in 2019. Results for leadership were also good, with approximately 88 per cent of employees stating that their manager is doing an excellent job. Employee development conversations, Sweco Talk, have received a satisfaction score of 4.2 on a five-point scale, which is a slight increase from the previous year.

Health and safety

The health and safety of all Sweco employees is a top priority. Sweco has a zero-incident vision. This is a responsibility shared by Sweco as an employer and by Sweco's managers and employees. Each Business Area is obligated to continuously take action to strive to achieve our zero-incident vision, while still encouraging our employees to report incidents.

At Business Area level Sweco works systematically to investigate, conduct and monitor operations in order to prevent illness, incidents and 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. There is also a function in place to systematically follow up on incidents and accidents, including risk assessments. 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 preventative measures and plans for returning to work.

Well-being of our employees is very much about having good leaders that inspire and motivate. It is also about being empowered by collaborating in interesting projects and contributing to transforming society. Leadership and colleagues are essential in a people-centric business like Sweco's. It was reported in the employee survey that 88 per cent of the managers were characterised as excellent leaders and 81 per cent of the employees reported that they felt motivated working at Sweco.

Sweco strives to maintain a work environment where:

- employees can develop and thrive
- we have no on-the-job accidents
- we have zero tolerance for harassment

Our management systems enable the operations to manage work environment risks and improve work environment performance.

Result	2020	2019	2018	2017
Sickness absence, %	3.1	3.1	3.1	3.5

Our sickness absence remains stable although it was a challenging year with the Covid-19 pandemic. We are continuously working on reducing sickness absence by staying close to our employees and taking action where needed.

Diversity and inclusion

Sweco views diversity and inclusion 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. All employees are given equal opportunities for professional development in their existing fields and in new areas. Sweco has policies covering unjustifiable salary disparities for identical or equivalent work.

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.

Sweco strives to have:

- no pay gap for identical or equal work if not objectively justified
- equal rights to professional development within current or new work areas

Several Business Areas also include in their business plans goals linked to workplace diversity and inclusion. One example of this is Sweco UK, which has set diversity and inclusion targets as part of its people plan 2020–2023, measured by share of women, BAME (Black Asian, Minority Ethnic) and disability (including disability and long-term conditions as covered in the Equality Act 2010).

Performance 2020

Sweco has taken several steps to promote diversity and inclusion in society. In 2020, Sweco ranked fifth out of 668 companies in the European Women on Boards (EWOB) Gender Diversity Index 2020. In addition to this, Sweco was once again included on the green list of equal companies presented in the annual report of the Swedish AllBright foundation, which maps gender distribution among listed companies' management teams each year. In 2018, Sweco signed the Equal by 2030 initiative, which promotes increased female representation in the energy industry. The share of women at Sweco remains at an equal level.

Result	2020	2019	2018	2017
Female employees, %	33	33	32	31
Females on Board of Directors, %	57	63	63	50
Females on Executive team, %	50	43	42	50

To have the best people, Sweco supports and participates in initiatives that strive to broaden the recruitment base. In 2020, Sweco participated in the internship programme "Jobbsprånget" run by the Royal Swedish Academy of Engineering Sciences, IVA, and which aims to speed up the introduction of newcomers into the Swedish labour market.

Employee basic data

Sweco Group employees	2020	2019	2018	2017
Total number of employees	18,552	18,148	16,422	15,557
Total number of full-time employees	17,328	16,412	15,306	14,530
Employee turnover (termination on own request), %	10.1	11.3	12.3	12.5
Average age	41	41	41	41

Employees

per Business Area, 2020	Total number	Women, %	Average age
Sweco Sweden	6,219	36	40
Sweco Norway	1,820	34	41
Sweco Finland	2,711	26	41
Sweco Denmark	1,314	30	44
Sweco Netherlands	1,466	22	43
Sweco Belgium	1,206	30	39
Sweco UK	1,248	29	39
Sweco Germany and Central Europe	2,521	44	41
Group-wide	47	53	46
Total Group	18,552	33	41

Conclusions, 2020

The Covid-19 pandemic in 2020 has impacted our employees, requiring a quick conversion to a remote working environment. At the peak, 80 per cent of employees worked from home. This transition showed that we have a well-functioning digital way of working that enables us to work efficiently at a distance and collaborate throughout Sweco. Despite the pandemic, Sweco hired 2,420 employees during 2020.

Leadership has been important during the pandemic. We have intensified our work with competence development through digital training to ensure that we maintain and develop our high level of competence, and we have further developed our leadership work with training in how to lead remotely. The transition to working remotely has worked well for both employees and managers.

Questions added to the annual employee survey show that 63 per cent of employees feel no change in motivation, 31 per cent feel a bit less motivated and 6 per cent a lot less motivated as a result of the Covid-19 pandemic. The most commonly experienced challenges while working from home, experienced by 31 per cent, were managing distractions at home and isolation/loneliness. Only 2 per cent have experienced challenges with managers being unavailable and less than 1 in 10 (9 per cent) express they have lacked information.

Developments for 2021

In 2020, we reviewed the behaviours that we know are appreciated by our clients and create success with them. We call them Sweco Core Behaviours and they form the basis of how we want to interact internally and externally in order to stay successful. The behaviours are part of our Performance Management Process, Sweco Talk, where all employees are

continuously evaluated in terms of performance and behaviour. Our updated Sweco Talk will be rolled out in stages in 2021. This is instrumental in ensuring that all employees maintain a strong client focus, and we work continuously to reinforce these behaviours in all employees.

Business ethics

Sweco's engineers, architects and experts work on projects that impact society and people's everyday lives. The result is just as important as the business practices used to get there. 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.

Business ethics awareness underpins the entire operations. Business ethics is a standing item on monthly reviews with Sweco's Business Areas.

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 training principles, to increase awareness, generate internal dialogue and equip employees with an ethical compass. Sweco employees receiving training in business ethics and procedures for reporting suspected or confirmed cases of corruption.

Sweco aims to have:

- zero cases of bribery and corruption, fraud and other types of non-compliance with our Code of Conduct

Performance 2020

During 2020 the classroom training for senior managers and key employees which required physical presence was cancelled due to the Covid-19 restrictions.

E-learning for all employees and the Code of Conduct sign off procedure continued. A digital alternative to classroom training will be introduced 2021.

Result, %	2020	2019	2018	2017
CSR policy¹				
per cent of Sweco employees confirming they have read and understood Sweco's CSR policy	–	90.0	95.0	75.1
Code of Conduct				
per cent of Sweco employees confirming they have read and understood Sweco's Code of Conduct	89.3	90.0	94.1	77.5
Internal Business Ethics training				
per cent of Sweco employees required to complete internal business ethics training who have done so	87.0	86.0	92.6	85.2
Ethics Line				
number of compliance incidents reported through Sweco's Ethics Line	7	5	2	4

1) The CSR policy merged with the Code of Conduct as of 2020.

Incidents 2020

During 2020 business ethics- and people-related incidents have been investigated. Necessary actions related to employment have been taken as a result of the incidents.

Development for 2021

As Sweco grows as a company in a world with political instability in multiple locations and legal criteria are toughened, it becomes increasingly important to remain vigilant to business ethics violations. With our Code of Conduct we will continue to strive towards zero cases of bribery and corruption, fraud and other types of non-compliance.

As an adaptation to Covid-19 requirements, digital training for key employees and managers replaces classroom training in addition to the e-learning all employees participate in regarding business ethics.

Human rights

Sweco supports and respects human rights, as defined by the UN in the Universal Declaration of Human Rights. Our position on supporting human rights is explicitly stated in our Code of Conduct.

Human rights violations are strictly prohibited. Sweco does not tolerate child labour in any part of its own operations or in the operations of any business partner. Neither does Sweco tolerate forced labour or 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.

The risk of human rights violations within Sweco's own operations is deemed to be relatively minor. Human rights issues are mainly of concern in our export projects and do then vary by e.g. type of project, geographic location, and the business partners Sweco engages with.

Human rights criteria are included in the tender review process for screening major Sweco projects, in the assessment of potential business partners and in the merger and acquisition process.

During 2020, no suspected human rights violations was reported via the whistle-blower function.

INITIATIVES

Sweco is committed to several sustainability initiatives throughout the organisation. As a decentralised organisation committed to delivering what is best for our clients in their local context, the bulk of cooperation with different sustainability initiatives is done at the Business Area or national level. At Group level, Sweco chooses to participate in initiatives where our commitment to sustainability leadership is reflected, where we can share and develop best practices with other leading businesses and where the synergies between different dimensions of sustainability are developed, as well as where we can ensure being represented in international negotiations on sustainability. The most significant initiatives for the Sweco Group are described below.

Memberships

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

The World Business Council for Sustainable Development is a global business organisation working to accelerate the transition to a sustainable world by making sustainable businesses more successful. Sweco is a long-time member of the WBCSD.

UNITED NATIONS GLOBAL COMPACT (UNGC)

The United Nations Global Compact is a corporate sustainability initiative that advocates ten universal principles based on international conventions within human rights, labour, environment and anti-corruption. Sweco has joined the Global Compact which means we adhere to the ten principles in the four areas (human rights, labour, environment, anti-corruption). Sweco has signed the Business Ambition for 1.5°C pledge of the UN Global Compact and its campaign "Business Ambition for 1.5°C – Our Only Future". Details on Sweco's progress report will be published for the first time in the 2021 annual report.

Frameworks and initiatives

Sweco strives to align its operations and business with recognised frameworks and initiatives covering sustainability topics throughout the organisation.

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is an independent international organisation that manages a global common language to communicate impacts of companies and organisations. Sweco's Annual Report is aligned with the GRI standards.

GREENHOUSE GAS PROTOCOL (GHGP)

The Greenhouse Gas Protocol (GHGP) is a comprehensive global standardised framework to measure and manage greenhouse gas emissions. The GHGP is a partnership between the World Resources Institute (WRI)

and the World Business Council for Sustainable Development (WBCSD). Sweco reports its greenhouse gas emissions in accordance with the GHGP.

SCIENCE BASED TARGETS INITIATIVE (SBTi)

The Science Based Target initiative is a collaboration between CDP, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC). The initiative invites companies to demonstrate climate leadership through publicly committing to science-based greenhouse gas reduction targets which the initiative independently assesses and approves. We have committed to the Science Based Targets initiative and set emissions reduction targets in line with SBT's Business ambition for 1.5°C.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board to improve and increase climate-related financial reporting. The TCFD has developed recommendations on climate-related financial disclosures structured around governance, strategy, risk management, metrics and targets. Climate-related risks are assessed in accordance with the TCFD recommendations.

EQUAL BY 2030 INITIATIVE

The Equal by 2030 initiative is a campaign that promotes equal pay, equal leadership and equal opportunities in the energy industry by 2030. The campaign urges companies to endorse its principles and take concrete action to accelerate gender equality in the energy sector.

CDP

The CDP is a not-for-profit organisation running the global disclosure system for managing environmental impacts. The CDP strives to have a truly sustainable economy by measuring and understanding environmental impact.

Principles

Sweco adheres to international principles related to sustainability topics. The following principles have been mentioned in the Annual Report:

- The FIDIC Code of Ethics, International Federation of Consulting Engineers
- The ILO Declaration on Fundamental Principles and Rights at Work, International Labour Organisation

- The Universal Declaration on Human Rights, United Nations
- The Paris Agreement under the United Nations Framework Convention on Climate Change
- Sustainable Development Goals, United Nations
- United Nations Global Compact

ABOUT THE SUSTAINABILITY REPORT

Sweco's 2020 Sustainability Report, together with the information on pages 10–27, 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 calendar year 2020. The 2019 Sustainability Report was published in April 2020.

This report has been prepared in accordance with the GRI Standards: Core option. The GRI index is presented on pages 108–111 in the Annual Report. Climate-related risks are assessed in accordance with the TCFD recommendations.

The previous report was inspired by GRI standards, although not prepared in accordance with those standards. Accordingly, this year's Sustainability Report provides more sustainability-related details, especially with regard to CO₂ emissions. Climate-related risks are also described in more detail and are for the first time cross-referenced to TCFD recommendations.

The statistics pertaining to climate and the external environment were collected by experts in each home market and compiled by the Sustainability Project Team at Sweco Group. Collected data pertains in general to 2020. Data was estimated in cases where data was not available at the time of the report's publication.

The statistics pertaining to employees were compiled by the HR function from the HR system and refer to figures as of 31 December 2020 for all companies in the Group, unless otherwise stated.

The statistics pertaining to business ethics were compiled by Group Legal Affairs and pertain to figures as of year-end 2020 for all companies in the Group, unless otherwise stated.

For information about sustainability at Sweco, contact Chief Sustainability Officer Mattias Goldmann at mattias.goldmann@sweco.se. For information regarding our sustainability reporting, contact Chief Communications Officer Katarina Grönwall at katarina.gronwall@sweco.se.

GLOBAL REPORTING INITIATIVE CONTENT INDEX

Focus areas and material topics	Sweco Group's value creation chain				
	Supplier	Sweco	Business partners	Clients	Society
CLIMATE AND EXTERNAL ENVIRONMENT					
Climate mitigation and adaption	✓	✓		✓	✓
Biodiversity	✓			✓	✓
Energy efficiency, sources and systems	✓	✓		✓	✓
Water				✓	✓
Waste and circularity	✓	✓		✓	✓
Air quality				✓	✓
EMPLOYEES					
Diversity and equality		✓			
Health and safety		✓			
BUSINESS ETHICS					
Human rights	✓	✓	✓	✓	
Business ethics	✓	✓	✓	✓	
Supply chain management	✓	✓			

GLOBAL REPORTING INITIATIVE CONTENT INDEX

GRI Standard	Disclosure	Page	Comment
GRI 102: GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016			
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	33	
102-2	Activities, brands, products, and services	Inside cover, 1	
102-3	Location of headquarters	85	
102-4	Location of operations	85	
102-5	Ownership and legal form	39, 52–53	
102-6	Markets served	Inside cover, 33	
102-7	Scale of the organisation, including total number of employees, operations, net sales, and capitalisation	33	
102-8	Information on employees and other workers	27, 105–106	Most of Sweco's employees are employed permanently and full-time. Part-time employment is usually associated with parental leave. Regional differences may occur due to national legislation.
102-9	Supply chain	100, 102, 108	Sweco 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	7, 98	No significant changes to the organisation's size, structure, ownership, or supply chain has occurred during the year.
102-11	Precautionary Principle or approach	100	
102-12	External initiatives	107–108	
102-13	Membership of associations	107	
STRATEGY AND ANALYSIS			
102-14	Statement from senior decision-maker	2–3	
102-15	Key impacts, risks, and opportunities	96–97, 100–102	
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	8–9, 39, 100, 102–103	
102-17	Mechanisms for advice and concerns about ethics	39, 103	
GOVERNANCE			
102-18	Governance structure	102–103	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	99, 108	
102-41	Collective bargaining agreements		Sweco has collective bargaining agreements.
102-42	Identifying and selecting stakeholders	98–99	
102-43	Approach to stakeholder engagement	98–99	
102-44	Key topics and concerns raised	97, 99	
REPORTING METHODOLOGY			
102-45	Entities included in the consolidated financial statement	33–34	
102-46	Defining report content and topic boundaries	108	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	99, 108	
102-48	Restatements of information		No data from the 2019 report has been restated in the 2020 report.
102-49	Changes in reporting	99, 108	No significant changes from previous reporting periods in the list of material topics and topic boundaries. Our reporting is also more comprehensive than previous years; for example, in relation to our GHG reporting.
102-50	Reporting period	108	
102-51	Date of most recent report	108	
102-52	Reporting cycle	108	
102-53	Contact point for questions regarding the report	108	
102-54	Claims of reporting in accordance with the GRI Standards	108	
102-55	GRI content index	108–110	
102-56	External assurance	111	This report has not been audited by an external party. In accordance with requirements in the Annual Accounts Act our auditors confirm that we have prepared a statutory sustainability report.

GLOBAL REPORTING INITIATIVE CONTENT INDEX

GRI Standard	Disclosure	Page	Comment
GRI 103: MANAGEMENT APPROACH			
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its boundary	99, 108	
103-2	The management approach and its components	100–107	
103-3	Evaluation of the management approach	103, 105, 107	
SPECIFIC DISCLOSURE GRI 200: ECONOMIC TOPICS			
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption	107	
205-2	Communication and training about anti-corruption policies and procedures	107	
205-3	Confirmed incidents of corruption and actions taken	107	We have no known cases in 2020
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	107	We have no known cases in 2020
SPECIFIC DISCLOSURE GRI 300: ENVIRONMENTAL TOPICS			
GRI 302: ENERGY 2016			
302-1	Energy consumption within the organisation	104	
302-3	Energy intensity	104	
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	104	
305-2	Indirect (Scope 2) GHG emissions	104	
305-3	Other indirect (Scope 3) GHG emissions	104	
305-4	GHG emission intensity	104	
SPECIFIC DISCLOSURE GRI 400: SOCIAL TOPICS			
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover	106	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-9	Work-related injuries	106	For Sweco the most important topic is sickness, which is measured in sickness absence.
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee	105	Sweco is not reporting on average number of training hours, but reports that training is offered to all our people from day one.
404-2	Programmes for upgrading employee skills and transition assistance programs	105	
404-3	Percentage of employees receiving regular performance and career development reviews	106	As part of Sweco Talk all employees are offered continuous employee performance reviews.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees	106	
GRI 406: INCIDENTS AND DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN 2016			
406-1	Incidents of discrimination and corrective actions taken	106–107	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	107	
412-2	Employee training on human rights policies or procedures	107	Training in human rights is included as part of Sweco's training in business ethics issues.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD's Recommended and Supporting Recommended Disclosures	Page	Comment
GOVERNANCE		
Describe the board's oversight of climate-related risks and opportunities.	102	
Describe management's role in assessing and managing climate-related risks and opportunities.	102	
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	101	
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	101	
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		Sweco has not yet tested the resilience of our strategy in relation to different climate-related scenarios based on science-based reports from IPCC and others.
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	100–101	
Describe the organisation's processes for managing climate-related risks.	100–101	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	96, 100	
METRICS AND TARGETS		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	103, 105	
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	103, 105	
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	103, 105	

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 2020 on pages 98–111 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, 23 March 2021
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: 1,815,000 directly held shares and 45,125,993 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 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: 12,000 shares.



CHRISTINE WOLFF

Born in 1960. German citizen. Member of the Board since 2016. Directorships include: Hochtief AG 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: 3,000 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: 155,076 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: 3,000 shares.



ALF GÖRANSSON

Born in 1957. Member of the Board since 2018. Chairman of: Loomis AB, NCC AB, Hexpol AB and Axfast AB. Directorships include: Attendo AB, Melker Schörling 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: 3,000 shares.



JOHAN HJERTANSSON

Born in 1968. Member of the Board since 2015. Chairman of: Alimak Group AB, 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: 90,000 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: 1,803 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: 1,651 shares



MARIA EKH

Born in 1974. Employee representative since 2015. Education/experience: Engineer. Employed by Sweco since: 1999. Holdings in Sweco: 6,288 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: 5,292 shares.

Charlotte Berglund

Born in 1973. Employee representative since 2019.

Holdings in Sweco: 4,593 shares.

Nicole Corrodi

Born in 1985. Employee representative since 2019.

Holdings in Sweco: 2,746 shares.

EXECUTIVE TEAM



ÅSA BERGMAN

Born in 1967.
President & CEO since 2018.
Year of employment: 1991.
Holdings in Sweco: 155,076 shares.



KARSTEN GRUBER

Born 1964.
Acting President of Sweco Germany & Central Europe since 2020.
Year of employment: 2012 (previously employed by Grontmij).
Holdings in Sweco: 8,944 shares.



MARKKU VARIS

Born in 1958.
President of Sweco Finland since 2013.
Year of employment: 1993.
Holdings in Sweco: 65,618 shares.



GRETE ASPELUND

Born in 1971.
President of Sweco Norway since 2016.
Year of employment: 2016.
Holdings in Sweco: 35,054 shares.



EUGENE GRÜTER

Born in 1959.
President of Sweco Netherlands since 2016.
Year of employment: 2016.
Holdings in Sweco: 22,586 shares.



MAX JOY

Born in 1969.
President of Sweco UK since 2019.
Year of employment: 2016.
Holdings in Sweco: 14,032 shares.



ERWIN MALCORPS

Born in 1973.
President of Sweco Belgium since 2019.
Year of employment: 2015 (previously employed by Grontmij).
Holdings in Sweco: 5,923 shares.



ANN-LOUISE LÖKHÖLM-KLASSON

Born in 1971.
President of Sweco Sweden since 2018.
Year of employment: 2008.
Holdings in Sweco: 21,168 shares.



OLOF STÅLNACKE

Born in 1965.
Chief Financial Officer at Sweco AB since 2019.
Year of employment: 2019.
Holdings in Sweco: 19,182 shares.



DARIUSH REZAI

Born in 1975.
President of Sweco Denmark since 2017.
Year of employment: 2017.
Holdings in Sweco: 26,185 shares.



KATARINA GRÖNWALL

Born in 1968.
Chief Communication Officer at Sweco AB since 2019.
Year of employment: 2019.
Holdings in Sweco: 3,294 shares.



LISA LAGERWALL

Born in 1972.
General Counsel at Sweco AB since 2011.
Year of employment: 2006.
Holdings in Sweco: 25,235 shares.



HELENE HASSELSKOG

Born in 1968.
Chief HR Officer at Sweco AB since 2020.
Year of employment: 2020.
Holdings in Sweco: 1,048 shares.



MARTIN ARONSSON

Born in 1980.
Chief Strategy and Mergers & Acquisitions Officer at Sweco AB since 2019.
Year of employment: 2014.
Holdings in Sweco: 18,675 shares.

ANNUAL GENERAL MEETING

The SWECO AB (publ) Annual General Meeting will be held on Thursday, 22 April 2021.

Due to the Covid-19 pandemic, the Board of Directors has decided that the Annual General Meeting (AGM) will be held without the physical presence of shareholders, representatives or third parties and that shareholders only will be able to exercise their voting rights through so called postal voting before the general meeting. Information on the resolutions passed at the general meeting will be disclosed on Thursday, 22 April 2021, as soon as the outcome of the postal voting has been finally confirmed. A speech by the President & CEO will be published on the company's website, www.swecogroup.com, on Thursday, 22 April 2021.

The notice of the AGM is available on the company's website, www.swecogroup.com.

Notification and postal voting, etc.

Shareholders who wish to participate in the AGM must (i) be recorded as a shareholder in the share register prepared by Euroclear Sweden AB as of Wednesday, 14 April 2021 (the record date), and (ii) give notice of their intention to participate by casting their postal vote in accordance with the instructions below so that the postal voting form is received by the company, through Euroclear Sweden AB, no later Wednesday, 21 April 2021.

A special form shall be used for postal voting. The postal voting form is available on the company's website, www.swecogroup.com. The postal voting form constitutes the notification of participation in the AGM. Additional instructions for postal voting are included in the notice for the AGM and the postal voting form.

Nominee-registered shares

Shareholders whose shares are nominee-registered must in order to be entitled to participate in the general meeting, in addition to giving notice by submitting a postal vote, also re-register their shares in their own name so that the shareholder is registered in the share register as of the record date, Wednesday, 14 April 2021. Such registration may be temporary (so-called voting rights registration) and is requested with the nominee in accordance with the nominee's routines in such time in advance that the nominee decides. Voting rights registrations that has been completed by the nominee no later than Friday, 16 April 2021 will be taken into account in the preparation of the share register as of the record date.

Proxies etc.

If the shareholder submits its postal vote by proxy, a power of attorney shall be enclosed with the postal voting form, signed by the shareholder or its authorised representative. Power of attorney form is available on the company's website, www.swecogroup.com. If the shareholder is a legal entity, a certificate of registration or a corresponding document evidencing authority to sign on behalf of the shareholder shall be enclosed with the postal voting form.

Dividend

The Board of Directors proposes a distribution of dividend to the shareholders of SEK 2.20 per share. The proposed record date is Monday, 26 April 2021. If the AGM resolves in favour of the proposal, dividends are expected to be disbursed by Euroclear Sweden AB on Thursday, 29 April 2021.

DEFINITIONS

Acquisition-driven growth

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

Cash flow for the period divided by the average number of shares outstanding (excluding treasury shares).

Climate neutral

No net impact on the climate, including all greenhouse gas emissions as defined by the Intergovernmental Panel on Climate Change (IPCC).

CO₂e

Carbon dioxide equivalents; the unit used to measure greenhouse gas emissions impact on climate.

Debt/equity ratio

Interest-bearing liabilities excluding leasing liabilities in relation to shareholders' equity.

Dividend yield

The year's dividend per share (proposed for 2020) in relation to the closing price for the Sweco class B share.

Earnings per share

Profit for the period 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.

GHG

Greenhouse Gas Protocol; a global standardised framework for greenhouse gas accounting.

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.

Items affecting comparability

Items affecting comparability pertain to significant amounts related to restructuring and integration costs, acquisition and divestment costs, project write-downs and other one-off items. All measures and ratios have been disclosed, initially including items affecting comparability and subsequently, as a second measure when deemed appropriate, excluding items affecting comparability.

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 per employee

Operating profit (EBIT) divided by the number of full-time employees.

Organic growth

Growth of net sales in local currencies, excluding the impact of acquisitions and divestments.

Organic growth adjusted for calendar

Growth of net sales in local currencies, excluding the impact of acquisitions and divestments and excluding estimated calendar effect.

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 period 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.

SBT

Science Based Targets; greenhouse gas emission reduction targets. Organised by the Science Based Targets initiative (SBTi).

SDG

Sustainable Development Goals; 17 interlinked global goals that are part of the United Nations resolution Agenda 2030 which provides a blueprint to achieve a better and more sustainable future for all by 2030.

Total shareholder return

Share price performance including reinvested dividends.

UNGC

United Nations Global Compact; a principle based framework for businesses.

Value added per employee

Operating profit plus personnel costs divided by the full-time equivalents.

WBCSD

World Business Council for Sustainable Development; a global CEO-led organisation working together to accelerate the transition to a sustainable world.

