Sweco Annual and Sustainability Report 2022

Transforming society together

SWECO

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Interactive, clickable annual report
This is an interactive version of Sweco's Annual and Sustainability Report. You can easily navigate between the various sections using the menu in the left-hand column. Pleasant reading!

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Financial Calendar

12 May 2023	Interim report January–March 2023
18 July 2023	Interim report January–June 2023
27 October 2023	Interim report January–September 2023
9 February 2024	Year-end report 2023

Sustainability Report
Sweco's Sustainability Report is presented on pages 59–99 and comprises Sweco's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report has been prepared with inspiration from the guidelines of the Global Reporting Initiative.

Digital news
Visit 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
Sweco is advisor to the Danish Energy Agency in the pioneering project to construct an energy island in the North Sea. Sweco's project team comprises nearly 200 experts from 11 disciplines and six countries. The aim is for the energy island to have the capacity to produce the same amount of energy as that consumed by 10 million households.

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Sweco operates at the centre of the green transition. With the collective knowledge of our more than 20,000 architects, engineers and other experts, we co-create solutions with our clients that transform societies.

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. Sweco's ambition is to be our clients' most relevant and committed partner.

Sweco is where experts come together. From the big picture to the smallest details, we combine our skills and perspectives to learn from each other and grow as one team. Everyone is empowered to make a difference – because we believe that the future is created together.

Sweco – Transforming society together

Rendering of a future Nobel Centre. The new building for science, culture and dialogue will be built along Stadsgårdskajen at Slussen in Stockholm, Sweden.

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This is Sweco

Sweco is Europe's leading architecture and engineering consultancy, with more than 20,000 experts working on over 120,000 projects each year. Sweco offers services in three segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Within these segments Sweco's experts help clients analyse, simulate, calculate and design solutions for tomorrow's sustainable cities and communities.

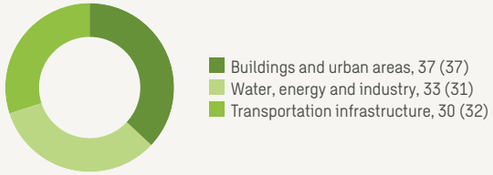
The business is operated in eight geographical business areas covering around 15 markets in Europe. Sweco also conducts project exports to many countries throughout the world.

Sweco's strategy is to grow through a combination of acquisitions and organic growth. Sweco has completed 160 acquisitions in the past 20 years.

Sweco's decentralised organisational structure is essential to the business. The organisation is comprised of around 1,700 local teams responsible for client relationships, projects and employees. This enables a client-focused, efficient working method that has been crucial to Sweco's success over the years.

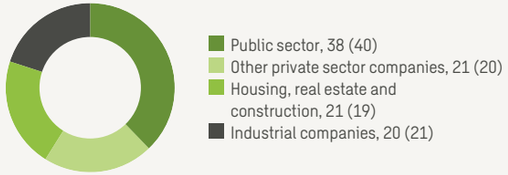
Operations in three segments

Net sales by segment in 2022, %



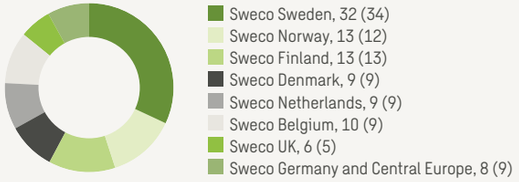
Well-balanced client portfolio

Net sales by client category in 2022, %



Eight geographical business areas

Net sales by business area in 2022, %



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The year in brief

Driven by the strong demand for services related to the transformation of Europe's cities, industries, and energy and transport systems Sweco continued to strengthen its market position during 2022.

Net sales and profit developed positively, driven by a combination of organic and acquisition-related growth. A total of 12 acquisitions were completed during the year, adding nearly 400 experts to Sweco.

Sustainability is an integral part of the company's business strategy. Sweco increased the share of women employees in the Group during the year, and reduced carbon emissions per employee compared to base year 2020.

Net sales 2022

24.3

SEK billion

EBITA 2022

2.2

SEK billion

EBITA margin 2022

9.2%

Number of acquisitions completed

12

CO_2 emissions per full-time equivalent

1.8 tonnes

Percentage of women in the Group

35%

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We are at the centre of the green transition

Sweco continues to develop its role as leading advisor for the green transition of business, industry and society. As this transition accelerates and intensifies, Sweco's business opportunities are expanding to include new clients and areas of expertise.

2022 was a year marked by the consequences of Russia's full-scale invasion of Ukraine and the aftermath of the pandemic. Alongside widespread human suffering, the global economy was challenged by inflationary pressure, supply chain disruptions and general uncertainty. Meanwhile, the pace of the green transition accelerated. We saw an increase in public and private investment in conversion efforts for Europe's industries, energy systems and transport infrastructure, and a focus on making Europe's cities and communities more resilient. For Sweco, this was reflected in a good demand for our services.

Focus on strategic segments and markets

Sweco is at the centre of the green transition. This applies equally to the expertise of our 20,000 employees and our position in strategic segments and markets.

Among the projects we won during the year, several are connected to the growing demand for sustainable mobility and public transport and consolidate Sweco's position as European leader in railway design. We are working, for example, on the roll-out of the new ERTMS signalling system in four European countries and the extension of metro systems in both Paris and Stockholm. Sweco is also well placed to expand and redesign Europe's entire energy system. Our cross-border expertise in the energy field includes emerging technologies such as hydrogen and energy storage. During the year we were commissioned to support the conversion of the Belgian gas grid to transport hydrogen, and we are working with battery manufacturer Northvolt to convert the Kvarnsveden paper mill in Sweden into a new gigafactory.

Although demand for services in parts of the construction and real estate segment remained weak, we won exciting projects during the year, including the new football stadium in Aarhus, Denmark, and the new Nobel Centre in Stockholm. Thanks to our diversified business model, we have also been able to transfer skills and expertise to areas of higher demand such as industrial and healthcare construction.

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Increased growth

Overall, 2022 was a good year for Sweco as we continued to deliver on our long-term strategy. Robust demand for services related to the conversion of the energy, industrial and infrastructure sectors strengthened our order book. Sweco's sales increased eleven per cent to SEK 24.3 billion, and organic growth doubled year-on-year to six per cent. EBITA increased eight per cent to just over SEK 2.2 billion, corresponding to a margin of 9.2 per cent.

In Denmark, the positive trend continued with good growth and further margin improvement. Norway, Belgium and the UK showed good growth and improved profitability. In Sweden and Finland, profit fell somewhat for the full year but increased towards year end, driven by measures taken after slightly weaker second and third quarters. The full-year result for the Netherlands was also slightly lower, though with an increase during the fourth quarter. In Germany and Central Europe, the continuation of efforts to stabilise the business resulted in increased profit despite limited growth.

Acquisitions strengthen and broaden Sweco's offering

Acquisitions and organic growth are essential to strengthening Sweco's market position. Thanks to our strong financial position, we continued to capitalise on opportunities in the market and completed twelve acquisitions during 2022, including the acquisition of Via Trafik Rådgivning, which strengthened our position as a leading player in traffic planning in Denmark. We also acquired Arcasa Arkitekter, strengthening our position in architecture in Norway. I am pleased to say that Sweco is now the world's fourth-largest architecture company.

We also kicked off 2023 by announcing the acquisition of Belgian company VK architects+engineers, with around 600 experts. The acquisition increases Sweco's market share in Belgium, with leading positions in the sectors of healthcare, buildings and infrastructure.

Growth in digital solutions and sustainable solutions

Demand for Sweco's digital services is growing, and during the year we accelerated our efforts to ensure that the solutions we develop quickly reach more clients. One example of this is our award-winning Carbon Cost Compass climate footprint calculator. Another example is Twinfinity, which helps clients create digital twins of buildings to make maintenance easier and more resource-efficient. Twinfinity was incorporated during the autumn to strengthen development and sales of the platform.

Demand for Sweco's sustainability services also increased in 2022. With our broad-based, integrated expertise and innovative solutions, we created added value both in terms of greater climate benefit and lower costs for clients' projects.

Looking at our own operations, the goal is for the entire Group to be climate neutral by 2040. Work and travel habits have been unusual over the past two years due to the pandemic. Now that operations have more or less returned to normal, we see that our greenhouse gas emissions are back at the same level as base year 2020. We are now fully focused on realigning our operations to achieve the target.

Talent and skills development

The ability to attract, develop and retain employees is essential to Sweco's business and our capacity to drive the green transition. It is therefore gratifying that we are one of the industry's most attractive employers in the Nordic region and that we welcomed more than 4,000 new employees to Sweco. But there is high demand for engineers, and skills shortages are a challenge across the entire industry. At COP27, I joined with our European professional association, FIDIC, to call on representatives of Europe's enterprises and countries to take action to ensure that the pace of society's sustainable transition is not jeopardised. More engineers need to be trained, today's workforce needs to be retrained, from the traditional to the green sector, and the skill pool needs to be broadened by simplifying pathways for immigration, employment and mobility.

At Sweco, we work proactively with experience exchange and skills development. We work in virtual teams across Europe, which not only creates value for clients, who have tailor-made teams based on their project needs, but also actively supports skills transfer throughout the organisation.

"At Sweco, we work continuously to address short-term challenges, but our primary focus is on long-term development."

Looking ahead

The past few years have been characterised by increasing uncertainty and instability in the world around us. It is therefore extremely gratifying that Sweco's expertise can provide tangible assistance in the reconstruction of Ukraine. There are currently more than six million internally displaced people in the country who desperately need to have their basic needs met. On behalf of Nefco, Sweco will lead the procurement process and support the construction of housing in several western Ukrainian cities to provide people in need with shelter, water and electricity.

At Sweco, we work continuously to address short-term challenges, but our primary focus is on long-term development. The solutions of the future are increasingly complex and cross-border, and we at Sweco stand ready to undertake these solutions. Our focus remains on working closely with our clients and being a preferred partner in the green transformation of society. In 1958 Sweco was founded on the idea of gathering engineers and architects under the same roof to create more holistic solutions. Today, that idea is more important than ever.

I would like to close by thanking all of our employees, clients and partners for the great work done and productive collaboration during the past year.

Stockholm, March 2023

Åsa Bergman
President and CEO

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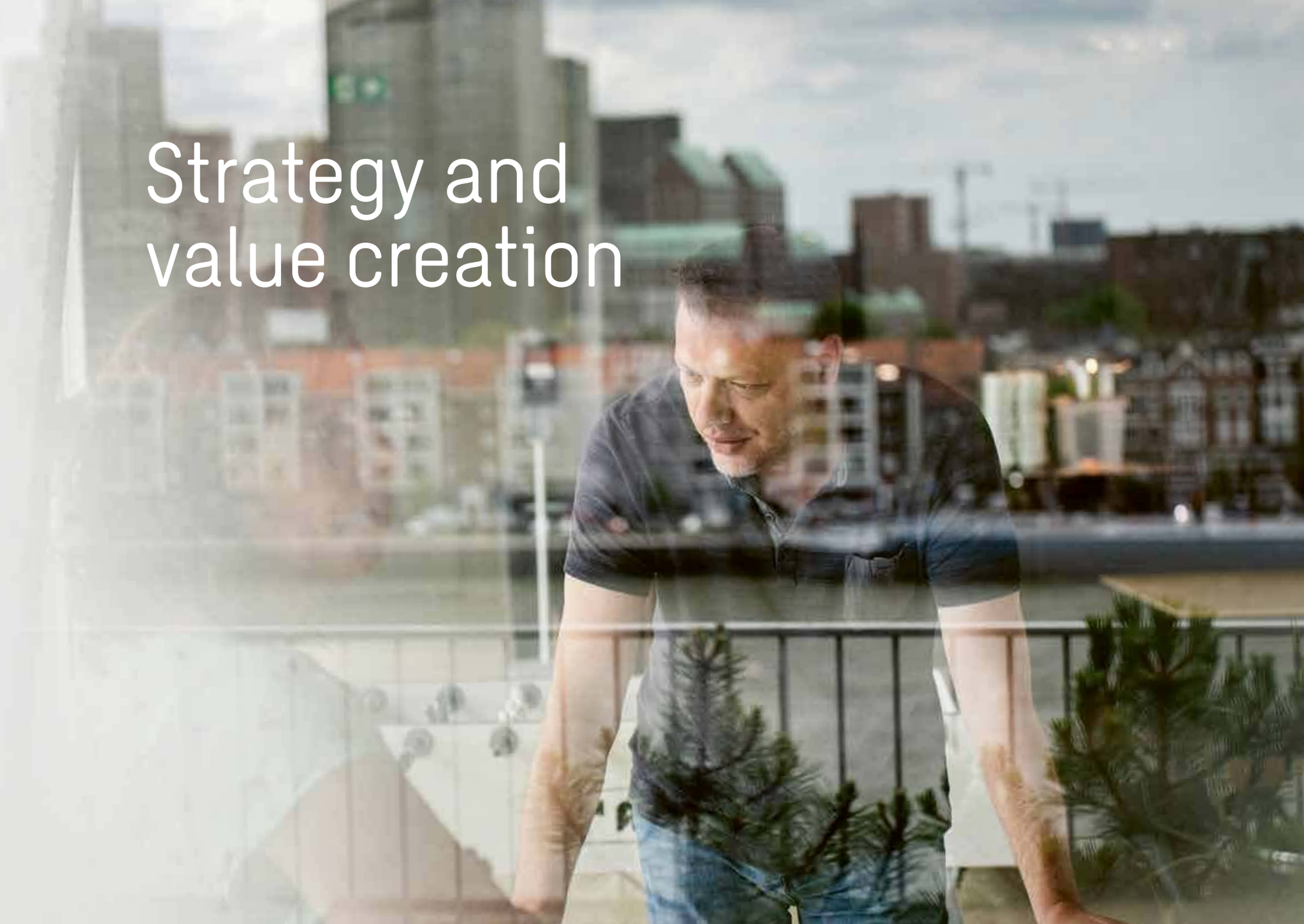
Strategy and value creation



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Trends that drive demand for Sweco's services

Urbanisation, sustainability and digitalisation are the trends that impact Sweco's clients to the greatest extent and hence drive Sweco's business. Short- and medium-term developments within these broad trends are driving demand for Sweco's expertise in areas such as construction of resource-efficient industrial solutions, modern transportation infrastructure, reliable energy solutions and climate-smart living environments.

On behalf of AF Gruppen, Sweco worked on the expansion of the Fredrikstad wastewater treatment plant in Norway – a project with highly ambitious environmental and climate objectives.

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Digital technology underpins Sweco's work methods and projects, from advanced simulations and visualisations to enabling our experts to work in virtual teams across multiple countries.

Urbanisation in transition

Population growth, demographic shifts and greater prosperity have for many years been driving an urbanisation wave on a global scale, often exemplified by the migration of people from rural to urban areas. Today, urbanisation interfaces with digital developments and with efforts to improve sustainability to create new development and movement patterns. The proliferation of digital tools has decoupled many types of work from a geographical location, reducing the need and tendency to gravitate workplaces towards city centres. The overall attractiveness of city centres has also declined due to the strong growth of e-commerce. In contrast, the expansion of urban-like areas close to, but outside, typical metropolitan regions is accelerating. This development, along with increasing demands for climate-adapted and sustainable solutions, is driving demand for a new type of urban planning, one in which smarter solutions from the micro to the infrastructure level are needed to connect expanding cities and areas.

Sustainability for increased resilience

Much of the world is currently facing increasingly serious crises and challenges. Geopolitically, in addition to human suffering, war and a deteriorating security situation have led to energy crises, economic crises, supply chain bottlenecks and shortages of goods and materials. With climate changes and loss of biodiversity, there is a risk of serious damage to societies and ecosystems. Together with the after-effects of the pandemic, the above events have created an economic downturn and great uncertainty.

Many European cities and societies are currently in need of action plans and concrete measures to ensure water, energy and material supply in the event of crisis or war. Climate changes, with increased rainfall, higher temperatures and rising sea levels, also places demands on urban planning for new and existing areas.

Focus on energy transition

Reducing climate impact while meeting society's growing energy needs is a major and highly relevant challenge, involving efficient energy consumption and a transition to renewable energy sources. Rising geopolitical tensions have also highlighted the vulnerability of energy dependence and the need to improve individual countries' self-sufficiency. Working with and achieving an energy transition will create new jobs and business opportunities as new energy sources, technologies and systems are developed and implemented.

Digitalisation – a facilitator

We are in the midst of an information revolution, with the digitalisation of society well underway. The development curve is exponential, and advanced IT solutions that link everything together are playing an increasingly important role in shaping tomorrow's sustainable cities and communities. There has never been greater opportunity to steer development towards a sustainable future through digital solutions, circularity and the green economy. This rapid evolution means that today's engineers need to have a helicopter perspective, mastering all the advanced technologies that are emerging and understanding how these can be applied to actively support sustainable development. Digital solutions can be used in urban development processes to streamline everything from design to resource utilisation in areas spanning construction, transport and energy solutions.

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What Where How

A straight path to the vision

Sweco's vision is to be Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture. Focus is therefore on strategic growth areas in Sweco's segment portfolio where the company will grow through organic growth and acquisitions.

A decentralised organisational structure, along with Sweco's operational model, is fundamental for the company's success. Sustainability and digitalisation are key, integrated elements of Sweco's strategy and offering.

Sustainability
Together with its clients, Sweco develops solutions with care for people, the environment and societies. Sweco's sustainability work is based on three perspectives that illustrate ways in which Sweco can directly and indirectly promote sustainable development:

1. Sweco carries out client projects that actively support sustainable development
Sweco promotes a sustainable transformation by, for example, ensuring access to clean water, designing resource-efficient and resilient buildings, reducing climate impact from cities and industries, developing renewable energy solutions and preserving biodiversity.

2. Sweco is committed to improving the sustainability performance of client projects
Apart from working with projects that by definition help improve sustainability, Sweco's ambition is to work with its clients to develop even more business and sustainable solutions in existing projects. Sustainability performance is optimised by ensuring that Sweco's consultants have the right skills and tools.

3. Sweco acts sustainably
As experts in sustainable transformation, Sweco also has a responsibility and great opportunity to act sustainably within its own business operations. Sweco's group-wide target is to be climate neutral by 2040 and to halve its emissions by 2030. Sweco also places great emphasis on being an ethical company and an attractive workplace for current and future employees.

Digitalisation
Digital solutions are in many cases essential to the sustainable transition, and Sweco's strategy is to work with clients to develop these solutions. During the year Sweco adopted a new digitalisation strategy that ensures digitalisation potential is maximised in client offerings and projects, as well as for internal efficiency purposes. Focus is on continued development of the client offering and client experience and creating, accelerating and expanding good initiatives throughout the Group.

Sweco's initiatives during the year include launch of the Carbon Cost Compass climate footprint calculator in several markets and formation of Twinfinity AB, a company supporting a cloud-based platform for digital twins. Sweco acquired Futureproofed in Belgium, a leading start-up company focused on digital solutions that scale up and accelerate the climate transition.

Housing with sustainability features in the new Rosendal district in Uppsala, Sweden.

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What **Where** How

Focus on Europe

Sweco has a legacy of stable and profitable growth and continues to see good opportunities to grow faster than the market. Sweco's strategy is to take market-leading positions in its core markets in Europe and to grow organically and through acquisitions.

The European architecture and consulting engineering sector is fragmented and characterised by strong consolidation. This has provided, and continues to provide, good growth opportunities for Sweco by broadening the company's presence and service offerings through acquisitions.

Sweco strives to hold a top-three position in its core markets. A leading position is essential for attracting the best employees and meeting clients' needs with the best solutions. In 2022 Sweco held top-three positions in five of its eight core markets.

An active acquisition strategy

Sweco has completed 160 acquisitions in the past 20 years. This is part of the company's ongoing business activities and a key element in the strategy for continued growth. Through acquisitions, Sweco strengthens its geographical presence, its service offering and its expertise across Europe. Acquisitions are made based on two main and overlapping objectives: to strengthen and establish market-leading positions, and to develop the company's offering with complementary, niche or specialised expertise.

Sweco's acquisition focus is on economically strong markets. A professional and cultural fit is of paramount importance in Sweco's evaluation of acquisition candidates, as acquired companies are integrated into Sweco's organisational and operational structure and under the Sweco brand, with priority placed on proximity – both geographical and cultural – to existing markets.

Selection of acquisitions completed during the year

Arcasa Group
Business area: Norway
Number of employees: 69
The acquisition of Arcasa Arkitekter makes Sweco one of the leading providers of architectural services, and the largest in residential architecture, in the Norwegian market.

Dayspring
Business area: Sweden
Number of employees: 40
With the acquisition of project management company Dayspring, Sweco strengthens its offering in qualified project management of so-called ROT[1] projects on behalf of property owners.

Futureproofed
Business area: Belgium
Number of employees: 18[2]
Futureproofed, a Belgian consultancy, has a technology platform that strengthens Sweco's specialised offering in digitalised climate calculation services for companies and cities.

RK-TEC SRL
Business area: Belgium
Number of employees: 60[2]
With RK-TEC, specialised in the pharmaceutical and industrial sectors, Sweco strengthens its offering in automation, digitalisation and electrification in Belgium.

Stema Group
Business area: Norway
Number of employees: 86
The acquisition of project and site supervision specialist Stema strengthens Sweco's position in the Norwegian construction market.

Swedish Net Engineering
Business area: Sweden
Number of employees: 28
The acquisition of engineering consultancy Swedish Net Engineering AB strengthens Sweco's leading position in protection and security.

Via Trafik
Business area: Denmark
Number of employees: 60
Via Trafik strengthens Sweco's position in traffic analysis, planning and road design in Denmark and enables a broader offering in mobility and infrastructure.

1) ROT is a Swedish acronym for Restoration, Renovation and Extension 2) Including self-employed

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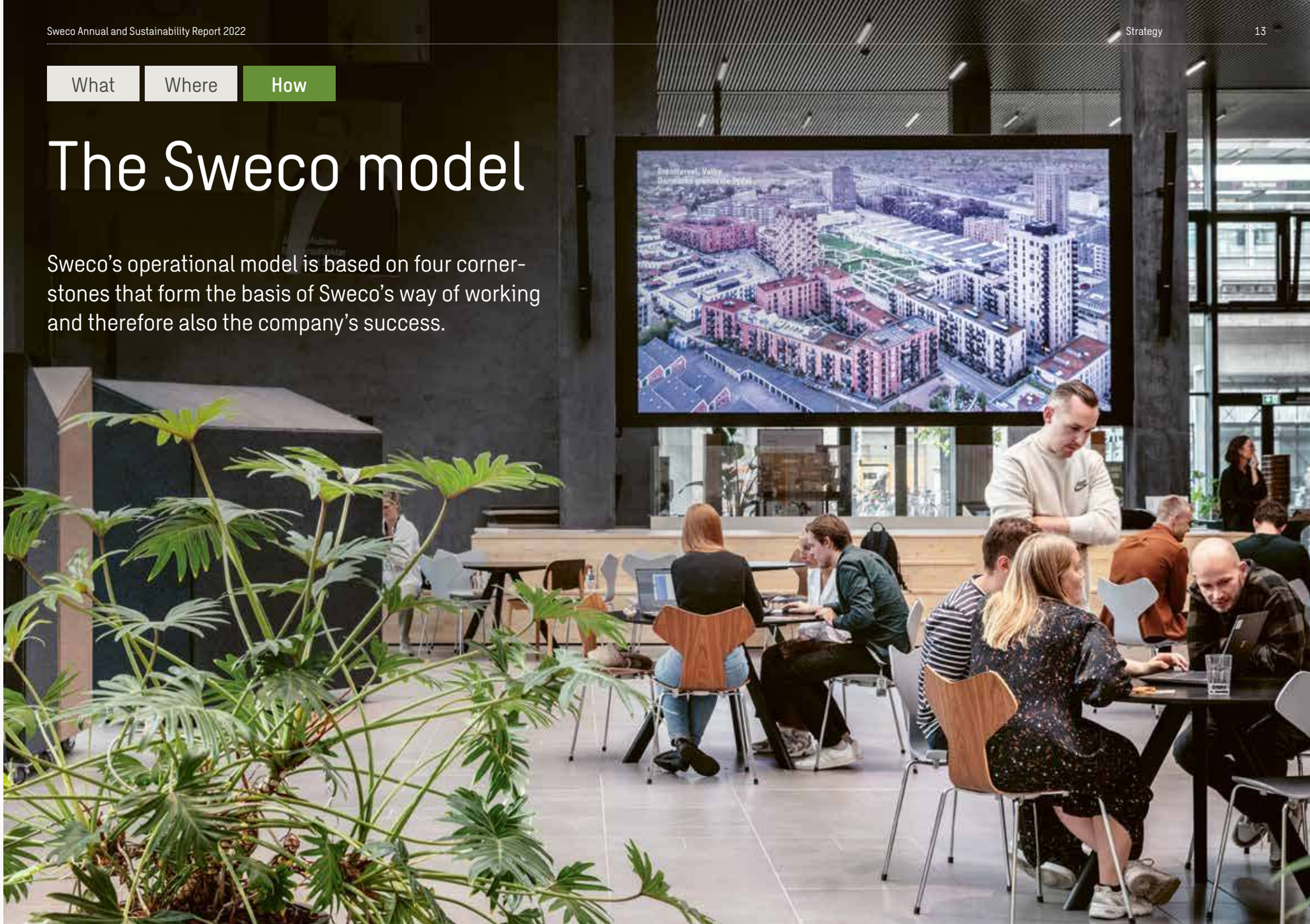
What Where How

The Sweco model

Sweco's operational model is based on four cornerstones that form the basis of Sweco's way of working and therefore also the company's success.



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What Where **How**

Client focus

Sweco's client promise is to be the most approachable and committed partner, with recognised expertise. Sweco's client base is evenly distributed between public and private clients. The client-focused approach is integrated throughout all of Sweco's processes – from recruitment through project implementation and evaluation. This enables Sweco to deliver more than just expertise and meet a clear client need, distinguishing the company from its competitors.

8.7/10 (8.7/10)
Average score from Sweco's 2022 client satisfaction surveys.

Best people

Employees are Sweco's most important asset, and our aim is to always recruit, develop and retain the industry's top talent. Sweco has a thorough process to ensure that the right employees are recruited and subsequently offered relevant development opportunities. A key success measure in this area is the percentage of employees who would recommend others to apply for a job at Sweco.

80% (81)
would recommend others to apply for a job at Sweco.

Internal efficiency

Efficient processes, working practices and systems ensure that as much of the consultants' time as possible is dedicated to client projects to deliver optimal project execution. Sweco values simplicity and has a flat organisational structure with a minimum of management layers. The billing ratio, a key efficiency measure, decreased marginally during the year due to the large number of new employees hired.

73.9% (74.1)
Sweco's billing ratio in 2022.

Decentralised organisation

The foundation of the Sweco model is the company's decentralised organisational structure. Sweco's operations are comprised of around 1,700 local teams, with a team manager personally responsible for client relationships, projects and employees. This model creates clarity, accountability and commitment throughout the organisation, enabling the business- and client-focused approach that Sweco strives for.

1,700 teams
Empowered teams working closely with clients.

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How Sweco creates value

The resources Sweco uses → This is Sweco → The value Sweco creates

Human capital
More than 20,000 architects, engineers and other specialists offer clients global expertise with local understanding

Intangible capital
- Strong employer brand
- Structural capital that includes knowledge banks, management tools and reference projects
- A broad portfolio of solutions and services developed with, and for, our clients

Financial capital
- Low net debt to EBITDA ratio
- SEK 9.9 billion in equity
- Strong cash flow

Fixed assets
- Office buildings
- Technical equipment
- Vehicle fleet

Sweco's vision is to be Europe's most respected knowledge company in the fields of consulting engineering, environmental technology and architecture. The strategy is to achieve leading positions in selected segments and geographies through effective implementation of our operational model.

Our services
- Buildings and urban areas: 37 per cent
- Water, energy and industry: 33 per cent
- Transportation infrastructure: 30 per cent

The Sweco model
Sweco's operational model is based on four cornerstones: client focus, the best people, internal efficiency and a decentralised organisation

Focus on Europe
Eight business areas:

Sweco Sweden	Sweco Netherlands
Sweco Norway	Sweco Belgium
Sweco Finland	Sweco UK
Sweco Denmark	Sweco Germany and Central Europe

Operating targets
- EBITA margin: 12 per cent
- Net debt <2.0x EBITDA
- At least 50 per cent of profit distributed to shareholders
- Climate neutral operations by 2040
- 40 per cent female employees in the Group by 2040

Balanced client base
- Public sector: 38 per cent
- Private sector: 62 per cent

Acquisitions
- Organic growth: 6 per cent
- Acquisitions: 12

For employees
- A culture distinguished by collaboration, personal development and equal opportunities
- 79 per cent of Sweco's employees are proud to work at Sweco
- One of the Nordic's most attractive employers for graduate engineers

For clients
- 120,000 ongoing projects
- Constantly striving to solve challenges – regardless of scale or location
- Sweco conducts project exports to many countries throughout the world

For society
- Together with its clients, Sweco shapes tomorrow's sustainable communities and cities
- Percentage of women in the Group: 35 per cent
- Percentage of renewable energy consumption: 52 per cent
- Tax revenues and jobs

For shareholders
- 2022 net sales: SEK 24.3 billion
- 2022 EBITA: SEK 2.2 billion
- 2022 EBITA margin: 9.2 per cent
- Total proposed dividend of SEK 981 million

Integrated sustainability work

Sweco and Agenda 2030

Sweco's three perspectives on sustainability
- Carry out client projects that actively support sustainable development
- Committed to improving the sustainability performance of client projects
- Act sustainably in our own operations

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Well positioned for continued profitable growth

With its expertise and consultancy offerings, Sweco competes in a market driven by trends and developments in urbanisation, sustainability and digitalisation. The market in Europe is fragmented, and profitability and competitive advantage are achieved through economies of scale, operational efficiency and the ability to attract and retain talent.

An investment in Sweco is an investment in Europe's leading architecture, engineering and environment consultancy, with excellent conditions for organic and acquisition-related growth, a well-diversified business and a unique operational model that drives profitability improvements over time.

Read more about Sweco as an investment at swecogroup.com

Five reasons to invest in Sweco

1. **Strong position in a growing market**
Sweco is the leading company in the European engineering consultancy market, in all areas of the urban development sector. Sweco is also now the world's fourth largest architecture business. Developments and growing demands in conjunction with the green transition provide an environment for excellent long-term market growth.

2. **Long-range growth strategy, organically and through acquisitions**
In addition to driving organic growth, Sweco is also an active participant in the consolidation of the market. Sweco completed 12 acquisitions in 2022, and 160 acquisitions over the past 20 years, which have strengthened, developed and revitalised the company's total offering and hence Sweco's market position. During the 2013–2022 period, Sweco achieved average sales growth of 14 per cent.

3. **Operational model drives profitability improvement over time**
Sweco's success is largely based on its operational model, which has been representing the company's core values since 1958. The model is based on a decentralised organisation with small autonomous, results-driven teams that work effectively and closely with clients. During the 2013–2022 period, Sweco's average EBITA growth was 14 per cent.

4. **Diversified operations that create flexibility**
Sweco carries out more than 120,000 projects annually for public and private clients. Projects are carried out in the company's segments: buildings and urban areas; water, energy and industry; and transport infrastructure. Sweco's balanced client base of both public and private clients and its breadth of operations provide flexibility in the face of market fluctuations.

5. **Strong financial position**
Sweco's strong financial position, with a stable cash flow and low debt/equity ratio, provides a foundation for continued value-creating acquisitions and stable dividend growth. Sweco has increased its dividend every year since 2014.

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Target and key ratios

Profitability target

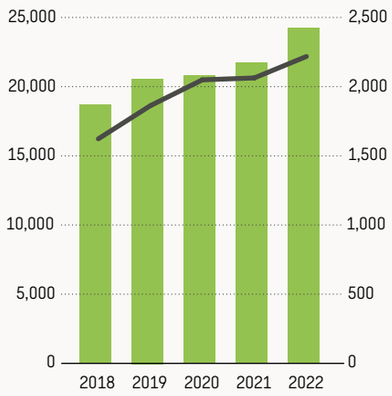
12%

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

Result 2022: 9.2%

The long-term profitability target is to achieve an EBITA margin on Group level of at least 12 per cent. All business areas have the potential to meet the margin target over time and, for those that do, the ambition is to further drive profitable growth. Acquisitions have a dilutive effect on the margin over a 1–2-year integration period.

Consolidated net sales and EBITA, SEK M



Consolidated net sales
EBITA, excl. items affecting comparability (IAC)

Climate neutral operations by 2040

Sweco's goal is to achieve climate neutrality in its own operations and halve the company's carbon emissions by 2030.

Result 2022: 32,866 tonnes CO_2e

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.

Result 2022: 0.4 times

With a low debt/equity ratio, Sweco is well positioned to act on acquisition opportunities and play an active part in market consolidation. Sweco has completed 160 acquisitions in the past 20 years ranging from small and mid-sized companies to platform acquisitions.

Dividend policy

At least half

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.

Result 2022: 59% of profit after tax

Sweco aims to generate stable dividend growth over time. The proposed dividend amounts to SEK 2.70 per share.

40%

female employees in the Group by 2040

Women and men must have equal conditions and opportunities to qualify and work as architects, engineers, technicians and specialists. Sweco has a target of having 40 per cent female employees group-wide by 2040.

Result 2022: 35%

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Sweco's operations

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Global expertise with local understanding

The combination of architectural and engineering services has long been the key to Sweco's success. Sweco's long history is based on the engineers and architects that chose new paths, created never-before-seen solutions and laid the foundation for sustainable urban development. In every era, preparing societies for future needs and challenges has always been at the heart of Sweco's business. Today, Sweco is Europe's market-leading engineering consultancy and the world's fourth largest architectural company.

Sweco's services, based on a combination of global expertise and local understanding, are offered through three business segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Digitalisation, architecture and sustainable urban development are connected with all parts of Sweco's offering.

Buildings and urban areas

Sweco develops innovative solutions to help cities grow and become resilient, attractive places to live.

Water, energy and industry

Sweco designs modern technological solutions that ensure access to clean water, reliable energy supply and resource-efficient industrial facilities.

Transportation infrastructure

Sweco's experts design sustainable transport solutions that enable tomorrow's cities and societies to manage a growing population and new mobility demands.

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Buildings and urban areas

The world's cities are growing, and growing fast. Today, half of the world's population lives in cities, many of which are transforming to become more sustainable, digitalised and resilient. Circularity, climate adaptation and energy efficiency are areas that are increasingly driving demand for Sweco's services.

Sweco develops what has already been built and what does not yet exist. Understanding the big picture is essential for long-term success, and Sweco offers a wide range of services in buildings and urban areas with sustainability as a key component. Architects, engineers and environmental experts work side by side in tightly knit teams to find solutions to the most challenging and stimulating questions.

Whatever the challenge, sustainability goal or project size, Sweco has all the expertise under one roof. Special attention is paid to climate adaptation as well as to emissions reduction, circular material flows and energy-efficient systems. Social sustainability is a key component in promoting a more equal, safe and inclusive society. Biodiversity is actively supported with work that includes planning cities' ecosystem services, working with blue-green infrastructure and conducting inventories of nature conservation value.

In housing and urban development, sustainability and digitalisation go hand in hand, with new technology often a means of analysing, simulating and shaping the best solutions. The more complex clients' challenges become, the more frequently Sweco's teams span multiple disciplines and geographies.

In buildings and urban areas, Sweco's main contribution is to UN global goals SDG 11: Sustainable Cities, and SDG 13: Climate Action.

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Sweco's services in Buildings and urban areas

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 buildings and facilities.

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

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

Examples of services:
- Structures in steel, timber and glass
- 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

Digitalisation
Sweco's IT experts manage and process data, 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

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Urban planning in transition

Climate change is placing increasing demands on city and urban planning to prevent and mitigate its effects. This involves everything from transitioning to fossil-free energy sources and improving energy efficiency to conserving resources and planning urban areas that are more resilient to phenomena such as floods and extreme weather.

Climate adaptation

During the year Sweco carried out projects in Verviers, Belgium, and Tromsø, Norway, to improve resilience to climate-related problems. In Verviers, which suffered major flooding in 2021, Sweco is helping not only to restore the city's streets, but also to integrate more green spaces to increase resilience to future flooding. For coastal cities like Tromsø, climate change can lead to rising sea levels and more frequent extreme rainfall events. Sweco worked with Tromsø Municipality in developing an urban analysis with a climate perspective to identify measures that can be taken in buildings to withstand the consequences of climate change.

Read more about climate adaptation at swecogroup.com

Circularity

Smart solutions for reuse and circular flows create major environmental benefits – and are a strong trend in many areas. Thanks to new technologies, it is possible to create closed, self-supporting systems or build new ones based on reused materials. A good example of the latter is Sweco's work on renovation of the One Exchange Square office building in London. Reuse of the foundation and 90 per cent of the construction material has saved 6,798 cubic metres of cement and enough iron to build half of the Eiffel Tower.

Read more about circularity at swecogroup.com

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Water, energy and industry

The key drivers for sustainable urban development are strong in Europe. This increases demand for technological solutions to ensure access to clean water, create a reliable and sustainable energy supply, and build resource-efficient industrial facilities.

Sweco actively supports the energy transition by bringing together expertise in a range of areas of strategic importance for energy supply. These range from renewable energy production, expansion of the electricity transmission and distribution grid, efficient energy consumption, and technological development in areas such as hydrogen energy storage, carbon capture and storage (CCS) and carbon capture and utilisation (CCU). With in-depth collaboration with energy and industrial clients across several European markets, Sweco can work interdisciplinarily and draw advantage from experiences from project to project, which benefits the pace of innovation as well as project economy.

With a high level of technological expertise and well-established processes in industrial conversion, energy- and resource-efficient solutions are applied in many parts of the manufacturing, process and pharmaceutical industries. Sweco's experts also support public and private clients in the growing field of water management. This ranges from providing access to clean water and managing process water, to providing flood protection.

In water, energy and industry, Sweco's main contribution is to UN global goals SDG 6: Clean Water and Sanitation, SDG 7: Sustainable Energy, and SDG 9: Sustainable Industry, Innovation and Infrastructure.

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Sweco's services in Water, energy and industry

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 benefit both humans and 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

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

Digitalisation
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
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- 3D visualisation and geographical analyses
- Strategy and operational support

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Industrial transition

The industrial transition in Europe is moving towards more sustainable practices in industrial ecosystems and value chains. Alongside increased geopolitical concerns and risks, many companies are reviewing their production and processes to move closer to end markets and create more closed-loop systems.

New industrialisation

As part of the transition to a fossil-free energy system, Sweco worked on several battery manufacturing projects during the year. Among other projects, Sweco assisted Belgium's largest copper producer in the construction of a state-of-the-art recycling plant for copper and nickel battery metals. In Sweden, Sweco is working with Northvolt, a battery company, to convert the Kvarnsveden paper mill in Borlänge into a gigafactory. In Herøya, Norway, Sweco is working with Vianode to convert buildings for the production of graphite – an important input in the production of electric car batteries.

Read more about new industrialisation at swecogroup.com

Energy transition

Hydrogen has great potential as an energy carrier, a fuel, and to enable electricity storage. In addition to expanding the actual production of hydrogen, an adapted distribution infrastructure is needed. In the port of Ghent, Belgium, Sweco is working on the first twenty kilometres of what may become a nationwide system of pipelines to transport hydrogen throughout the country. Outside Helsinki, Finland, Sweco is the implementation designer for Finland's largest air-to-water heat pump plant. The plant, which generates heat directly from outside air and waste heat from buildings, reduces CO_2 emissions equivalent to the climate footprint produced by thousands of private individuals.

Read more about energy transition at swecogroup.com

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Transportation infrastructure

Global demographic patterns are driving a rapid and radical change in transport systems. There is a great need for more sustainable transport systems that move people and goods safely and efficiently.

Digitalisation has profoundly changed transport needs and patterns. A sustainable, accessible transport system is essential for connecting communities efficiently and appealingly. Digitalisation, in the form of sensor technology and management of large amounts of complex data, can be used to optimise the design of railway and tramway systems from an emissions perspective. Digital technologies can also meet the demands of urbanisation for efficient, sustainable transport solutions by improving traffic flows and maintenance planning.

With more than 6,000 employees focused on transport issues, Sweco is one of the world's largest actors in the area. With expertise in technology, architecture and environmental services, Sweco plans and designs transport systems for pedestrian and cycle paths, roads, bridges, tunnels, ports and railways. In multidisciplinary teams, within and across national borders, Sweco develops existing systems and designs tomorrow's transport infrastructure.

In transportation infrastructure, Sweco's main contribution is to UN global goals SDG 9: Sustainable Industry, Innovation and Infrastructure, and SDG 13: Climate Action.

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Sweco's services in Transportation infrastructure

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:
- Tracks
- Electricity
- Signalling
- Telecoms
- Operation and maintenance

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

Examples of services:
- Capacity planning
- Accessibility planning
- Strategic planning
- Intelligent transportation systems (ITS)

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

Examples of services:
- Project and design management
- Property and development management
- Site supervision

Digitalisation
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

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Efficient transport

People's needs and the possibilities presented by digitalisation open the way for new infrastructure projects coupled with new technologies that improve the efficiency and sustainability of transport systems.

Public transport in growing cities

In Sweden, Sweco is working on several projects linked to the expansion of the Stockholm Metro. Sweco is using smart digital tools and innovation to make new stations and interchanges attractive, accessible and functional – with the traveller in focus. Sweco is also working on the expansion of the metro in Paris, including the design of three new stations.

Read more about Sweco's metro projects at swecogroup.com

Digitalisation of Europe's railway network

A new signalling system, the European Real-time Monitoring System (ERTMS) is being rolled out across Europe's railway network. A prerequisite for increasing the automation and integration of Europe's future high-speed trains, the system allows trains to be followed in real time rather than when passing specific measuring points, as has been the case. The system can also provide speed information, type of freight onboard, and how disruptions and delays may affect other trains. Sweco will be carrying out the ERTMS upgrade in Sweden, the Netherlands, Finland and Germany.

Read more about ERTMS projects at swecogroup.com

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Architecture with a local focus

With 1,500 architects in seven European countries, Sweco is the world's fourth largest architecture company. Two aspects in particular set Sweco apart from the other major architectural firms on the market. One is the local focus that characterises Sweco's projects. The other is the ability to offer combined architectural and engineering services.

Sweco designs everything from major projects such as undergrounds, hospitals, sports stadiums and urban areas to smaller local projects like schools, residential buildings and cycle paths.

Sweco's business is always based on local relationships. Regardless of size or type of project, all sustainability aspects are central in Sweco's architectural projects. These can involve fossil-free architecture, circular recycling of building materials, or public venues that counteract exclusion.

Since its foundation in 1958 Sweco has developed into an integrated architecture and engineering company, which has enabled the company to serve as a full-service partner to its clients. This is also Sweco's strength in the international architecture market, as most competitors are still purely architectural companies.

Sports stadium

In competition involving 42 teams, Sweco and two other architecture firms were commissioned to design a new stadium in Aarhus, Denmark.

Read more about the project at swecoarchitects.com

RoMed Clinic and kbo-Inn-Salzach Clinic

One of the largest new hospital projects in Bavaria, Germany. Sweco has designed new clinic buildings and surrounding grounds.

Read more about the project at swecoarchitects.com

Train station and city hall

Sweco has designed one of Sweden's largest wooden buildings in Växjö, Sweden. The design won an award for its use of certified wood.

Read more about the project at swecoarchitects.com

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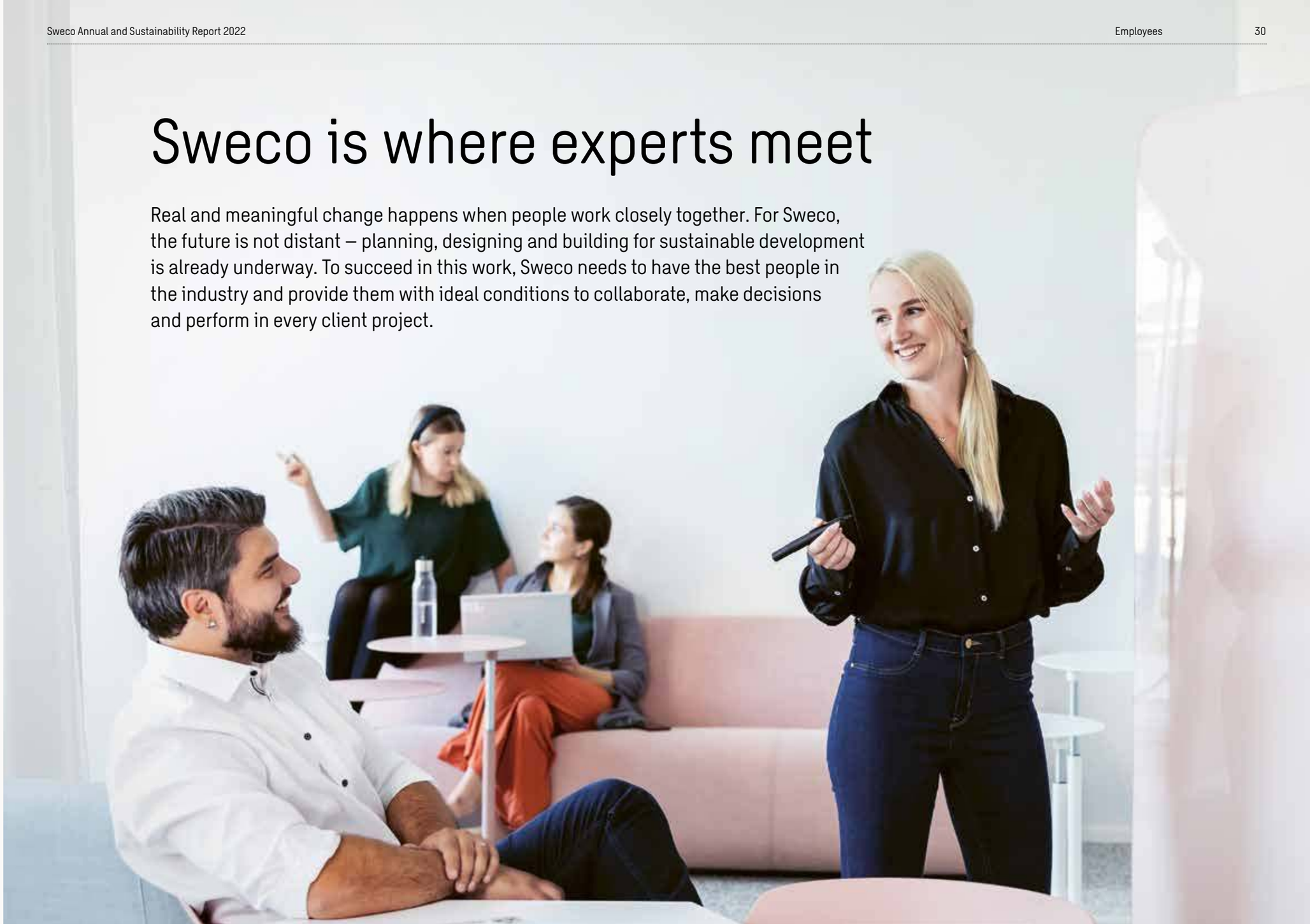
Sweco is where experts meet

Real and meaningful change happens when people work closely together. For Sweco, the future is not distant – planning, designing and building for sustainable development is already underway. To succeed in this work, Sweco needs to have the best people in the industry and provide them with ideal conditions to collaborate, make decisions and perform in every client project.



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Offering an attractive and challenging work environment is an essential requirement for recruiting current and future talent. Sweco's work in shaping sustainable communities and cities is instrumental in providing a stimulating work environment. High client expectations are coupled with experts' broad and deep expertise, and Sweco's consultants are given a great deal of personal responsibility for clients and in projects early on in their careers. Employee development, a focus on results, knowledge sharing, and leadership are crucial to employees' success.

Tomorrow's leaders

Sweco develops tomorrow's society – and tomorrow's leaders. Identifying leadership talent that is given the opportunity to develop and inspire others has always been a cornerstone of the company's culture. This is achieved through training and through an organisational structure, with small teams and client-focused projects, that enables consultants to quickly advance in their careers.

Openness and equality

People's individual thoughts and ideas create the foundation for development and innovation within technology, design, processes and relationship-building. For Sweco, working with gender equality and endeavouring to foster different approaches, ideas and methods is therefore an explicit focus area. In 2022 the percentage of female employees at Sweco increased to 35 per cent, up from 34 per cent the previous year, and Sweco maintains its place on the green list of gender-equal companies in Swedish foundation Allbright's annual survey of the gender distribution in the management teams of listed companies. In 2022 research company Universum also ranked Sweco as one of the most attractive employers in the Nordics for students and engineers.

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"I love the power of digitalisation"

Atle Sørensen, who joined Sweco Norway in 2017, is business developer for major digital projects. He thinks engineering is a creative profession – more creative than you might think.

Atle Sørensen,
Business development manager

Atle worked in media and IT before becoming an engineer. He enjoyed it, he learned a lot, and it brought value to the company and its clients. But he was missing a clear connection to what is one of Sweco's core values: value for society. That's why he decided to become an engineer – to be able to create solutions that directly add value to society.

"I love solving problems, and as an engineer you really get to do this in collaboration with others. Engineers need to follow strict rules and laws to complete a successful project, but you really need to be creative to develop good solutions within these limits."

Working with digitalisation also involves commitment to a more sustainable society.

"I love building systems and seeing the power that digitalisation can have. Improving efficiency through digitalisation is a tool that helps us provide better advice to our clients in their search for solutions that society really needs. Sustainability aspects such as biodiversity and social impact are important parameters for our projects."

Atle believes Sweco's size makes the company a key player in promoting society's transition and change. This is one reason that he chose Sweco. He also appreciates the decentralised organisation that allows him to speak directly with clients.

"You're close to clients and their problems, and you're given responsibility early on. You're thrown in the deep end, but there's always a lifeline if you need it. It's a good way to learn. We deal with a lot of risks, but the culture is such that we support each other. I think it's a very healthy culture, one that makes us search ourselves and find new solutions and ways of working."

Visit swecogroup.com to read more about what it's like to work at Sweco.

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"All you need to do is ask"

Séverine Hermand has been working at Sweco Belgium for two years. As an urban planner, she helps clients with sustainable innovation, something she's passionate about.

Séverine Hermand, Architect, Climate Resilience Planning

Séverine, with a background in architectural research, now works with Belgium-based and international projects, often with a sustainability focus.

A few years after earning her PhD, she wanted to work with something that makes a difference in practice. That's why she started as an urban planner at Sweco, eager to bridge theory and practice.

"I'm interested in how we can guide our clients through innovation. For example, demonstrating the potential climate effects if we exceed the Paris Agreement's 1.5°C temperature target."

She knows what she's talking about. Séverine is involved in a multidisciplinary EU project aimed at bringing experts in Europe together to analyse climate scenarios that may happen if we fail to achieve the Paris Agreement's temperature target. These effects would be particularly evident for vulnerable regions and systems.

Séverine works as project manager at Sweco, developing measures to maximise the results of urban development projects. But outside of work, her greatest passion is ultimate frisbee – a team sport that's like a mixture of American football and basketball, but with a frisbee.

"I've travelled a lot with my sport and participated in tournaments all over Europe. When my team was at its best, we were number three," she says proudly.

It's clear to see that she enjoys working with projects across Europe. In the future she'd like to work more on international projects at Sweco, something she's already done in collaborations with Sweden and the Netherlands.

"The great thing about Sweco is working on a project from start to finish. And we have so many experts that help in all aspects of a project – all you need to do is ask – I really love that. It's very interesting, and being able to do this in an international context is really enriching."

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"It's a great feeling to be in the driver's seat"

Lars Schumacher has been with Sweco in Germany since 2021 and heads the Building Services Unit. A sustainability expert, he is driven by his strong interest in protecting the environment.

Lars Schumacher,
Manager, Building Service Systems

Coming from a family of engineers, Lars realised early on that there are exciting fields to work in. He chose to become an engineer due mainly to his strong interest in sustainability, as well as his aptitude for physics and maths.

"As an engineer, I get to work to save the environment and find solutions to climate change. This is my personal motivation and the reason I became an engineer in the first place. It's a great feeling to be in the driver's seat and be part of the solution, rather than the problem. This inspires me every day when I wake up, and it's why I go to Sweco and work on my projects. And technology involves collaboration, and we have fantastic teams that work together."

Lars enjoys helping to design tomorrow's energy-neutral buildings and cities. And identifying solutions to stop climate change in a smart, collaborative way.

"One important area is identifying solutions for our clients so they can take active part in reducing society's carbon emissions, and another area is the circular economy. At Sweco, we have a strong interdisciplinary approach in both areas to provide solutions within the frameworks of our clients' projects."

"We're a key player in the building sector. We find solutions for energy-neutral and even energy-positive buildings – buildings that will produce more energy than they use over their lifetime. We can help society reduce its carbon emissions and find solutions for producing and consuming energy in a smarter way."

Lars was attracted to Sweco largely thanks to the company's international background, with the best expertise and reference projects.

"I like that Sweco can grasp new trends very quickly and scale them up internationally. When we talk about the UN goals, for example, we create new tools quickly and circulate them to different countries. I really believe that Sweco needs to act quickly, and our teams have a lot of expertise."

Visit swecogroup.com to read more about what it's like to work at Sweco.

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Support to Ukraine

Doctors Without Borders is one of the organisations Sweco has supported in various ways over the years. When war broke out in Ukraine on 24 February 2022, Sweco made a financial contribution to the organisation's humanitarian and relief work. Sweco's employees in Poland and other countries joined forces to help those affected by the war by co-ordinating transports, accommodation and donations. As from early 2023, Sweco is also contributing its expertise, via Nefco, to construct housing for Ukraine's many internally displaced people.

Mobile clinics at the Poland-Ukraine border.

Interview with Matthias Dierauer, Key Account Manager Corporate Collaborations, Doctors Without Borders

Doctors Without Borders was on the ground in Ukraine in spring 2022, looking at how emergency humanitarian aid could be adapted based on actual developments. What were the most important efforts made at that early stage?
Doctors Without Borders already had teams on the ground in Ukraine when the war escalated on February 24th. We took immediate measures for safety of the staff while assessing the new situation. One of our first actions was to start bringing in medicines and supplies and distributing them to hospitals across the country. We also provided training for local volunteers and medical staff on dealing with large influxes of injured people. Working with Ukrainian Railways, we equipped two trains with medical facilities for evacuating patients from conflict zones to safer places where they can receive the care they need.

Millions have fled the fighting using safe corridors and evacuation trains. How did Doctors Without Borders help during these evacuations?
Our mobile clinics have been constantly on the move to deliver the best possible care to people fleeing conflict in various areas of Ukraine. Our medical trains have helped evacuate more than 2,600 patients so far. The trains pick up patients as requested by the Ukrainian Ministry of Health and referring hospitals. Throughout the journey, our teams monitor the patients and make sure treatment continues as needed.

Russia annexed several regions in eastern Ukraine in late September 2022. How has this affected your work?
The areas annexed by Russia were previously under Russian military control, where we have not had access to provide humanitarian aid. Our work in neighbouring areas has not been significantly affected by the annexation.

What's the current situation in Ukraine?
Millions of people are in need of assistance across Ukraine. Apart from internally displaced persons, who are living in perilous conditions, many other vulnerable groups such as elderly and disabled people have remained in their homes near or in the midst of the fighting. Many are living in cellars in hazardous conditions, without electricity, fresh water, food, toilet facilities or medical care. Many health facilities have severe shortages of staff, equipment and medicines. Many buildings have been damaged or destroyed, which further limits people's access to medical care.

What support is needed going forward?
The humanitarian situation in Ukraine is extremely serious. Ukrainian authorities, organisations and volunteers are doing most of the work. Many international relief organisations are involved, but we are seeing that there's not enough aid in the areas most affected by the fighting. Medical needs are still enormous, especially when it comes to mental health, chronic disease and rehabilitation of war wounded. We continue to support the Ukrainian healthcare system with equipment and personnel. To ensure access to care, we operate mobile clinics in villages and communities where local healthcare services have been destroyed.

At the moment we have around 680 locally employed staff in Ukraine, working alongside around 130 people from our international workforce. We are continuously evaluating how we can adapt and expand our efforts on the ground in Ukraine.

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Board of Directors' Report and risk management

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Board of Directors' Report

The Board of Directors and the President and CEO of Sweco AB (publ), corporate identity number 556542-9841 and headquartered in Stockholm, Sweden, hereby submit the Annual Report and consolidated financial statements for financial year 2022.

BUSINESS

Sweco'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 18,500 full-time 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 80 countries worldwide.

ORGANISATION

Sweco AB is the Parent Company of the Sweco Group. Sweco has an efficient, client-focused organisation. With Sweco Group's decentralised, profitable, growth-driven business model, all effort is focused on operations and clients' projects. The Parent Company is responsible for Group-wide functions. The operations are 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 and Czech Republic

MARKET

Overall, the underlying market for Sweco's services was good during 2022. Apart from the effects of high sickness absence, the market impact from Covid-19 was limited. Russia's invasion of Ukraine on 24 February 2022 created significant uncertainty in the market, but had relatively limited real impact on total demand in the first half of the year. During the second half of 2022, the general economy and Sweco's markets have been impacted by materials shortages and general inflationary pressure, as well as by the energy supply and pricing. While some of Sweco's market segments have been negatively impacted, other segments concurrently experienced increased demand.

Still, all business areas experienced relatively good market conditions for Sweco's services in the infrastructure, water, environment, energy and industry segments. Demand for services in the building and real estate segment weakened throughout the year in all business areas.

PERFORMANCE

High sickness absence due to the Covid-19 pandemic in the first two quarters impacted performance in 2022. Society was opening up during 2022 across Europe, and Sweco employees were able to return to the office. Recruiting increased on the back of society opening up and the year saw a healthy growth in the number of employees. The hybrid model of working both in the office and at home continued.

Net sales in 2022 increased 11 per cent to SEK 24,296 million (21,792). Organic growth amounted to approximately 6 per cent after adjustment for calendar effects. Acquired growth amounted to 2 per cent and currency effects were 3 per cent. Excluding items affecting comparability (IAC), organic growth amounted to approximately 6 per cent after adjustment for calendar effects. Items affecting comparability encompassed the close-down of an underperforming part of the architecture business in Germany in 2021, decreasing net sales in 2021 by SEK 16 million and EBITA by SEK 56 million.

EBITA increased to SEK 2,225 million (2,014) and the EBITA margin was 9.2 per cent (9.2). EBITA excluding IAC increased to SEK 2,225 million (2,070) and the EBITA margin excluding IAC amounted to 9.2 per cent (9.5). EBITA excluding IAC improved approximately 8 per cent or SEK 161 million year-on-year after adjustment for calendar effects. Overall for the Group, higher average fees and a higher number of employees were the main improvement drivers, while higher operating expenses and higher absence impacted negatively. The year had two less working hours compared to the preceding year. The effect in SEK was a negative year-on-year impact of approximately SEK 6 million on net sales and EBITA.

Earnings per share increased to SEK 4.61 per share (4.18).

CASH FLOW AND FINANCIAL POSITION

Group cash flow from operating activities totalled SEK 2,515 million (2,199) for the full year. Net debt increased to SEK 1,075 million (913), with increased cash flow from operations not fully balancing increased

Net sales, EBITA, EBITA margin and number of full-time employees, January—December

	Net sales, SEK M		EBITA, SEK M		EBITA margin, %		Number of full-time employees	
Business area	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Sweco Sweden	7,785	7,398	915	920	11.8	12.4	5,978	5,796
Sweco Norway	3,245	2,622	263	201	8.1	7.7	1,918	1,749
Sweco Finland	3,210	2,947	297	320	9.2	10.9	2,851	2,746
Sweco Denmark	2,218	1,905	263	182	11.9	9.6	1,396	1,285
Sweco Netherlands	2,274	2,024	183	201	8.0	9.9	1,414	1,376
Sweco Belgium	2,310	1,907	272	230	11.8	12.1	1,534	1,276
Sweco UK	1,411	1,199	71	55	5.0	4.6	1,181	1,182
Sweco Germany & Central Europe	2,099	2,015	65	-29	3.1	-1.4	2,321	2,342
Group-wide, eliminations, etc.	-255	-227	-102	-67	–	–	59	50
TOTAL GROUP	**24,296**	**21,792**	**2,225**	**2,014**	**9.2**	**9.2**	**18,651**	**17,802**

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outflows for acquisitions and dividends. The Net debt/EBITDA ratio was 0.4x (0.4). Available cash and cash equivalents, including unutilised credit lines, totalled SEK 4,869 million (4,166) at the end of the year.

Purchase considerations paid to acquire companies and operations totalled SEK 739 million (392) and had an impact of SEK -675 million (-363) on the Group's cash and cash equivalents. Purchase considerations received on the divestments of companies and operations had an impact of SEK 65 million (17) on the Group's cash and cash equivalents.

No Sweco shares were repurchased during the period or the same period last year.

Dividends totalling SEK 876 million (782) were distributed to Sweco AB shareholders during the period.

Key ratios	2022	2021
Net sales, SEK M	24,296	21,792
Organic growth, %	*6*	*3*
Acquisition-related growth, %	*2*	*3*
Currency, %	*3*	*-1*
Total growth, %	11	4
Organic growth adjusted for calendar, %	6	3
Net sales excl. IAC, SEK M	24,296	21,808
Organic growth adjusted for calendar & IAC, %	6	2
EBITA excl. IAC, SEK M	2,225	2,070
Margin, %	*9.2*	*9.5*
EBITA, SEK M	2,225	2,014
Margin, %	*9.2*	*9.2*
Profit after tax, SEK M	1,652	1,492
Earnings per share, SEK	4.61	4.18
Number of full-time employees	18,651	17,802
Billing ratio, %	73.9	74.1
Normal working hours	1,971	1,973
Net debt/EBITDA, x	0.4	0.4

OUTLOOK

Russia's invasion of Ukraine has created significant uncertainty regarding future market developments. The general economy and Sweco's markets are being impacted by materials shortages and general inflationary pressure as well as by the energy supply and pricing. While some of Sweco's market segments have been negatively impacted, other segments concurrently experienced increased demand. Overall demand for Sweco's services normally follows the general macroeconomic trend, with some time lag.

Sweco does not provide forecasts.

ACQUISITIONS AND DIVESTMENTS

In 2022, Sweco acquired 12 companies and businesses generating annual net sales of approximately SEK 621 million. Through the acquisitions, close to 400 employees were added. The largest acquisitions were the acquisitions of Stema and Arcasa in Norway, Via Trafik Rådgivning in Denmark, Dayspring in Sweden and RK-TEC in Belgium.

In May 2022, Sweco divested a non-core operation in the Netherlands with 16 employees and on 27 October 2022, Sweco divested its subsidiary in Bulgaria with 49 employees. For more details regarding acquisitions and divestments see Note 12.

SIGNIFICANT EVENTS DURING THE YEAR

On 28 April, dividends totalling SEK 876 million (782) were distributed to Sweco AB shareholders.

EMPLOYEES

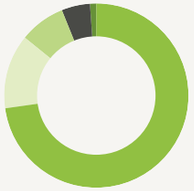
The number of full-time employees amounted to 18,651 (17,802) in the period. The number of employees at the end of the year was 20,297 (19,129), an increase of 1,168. During the year 4,068 employees (3,252) were recruited, 3,293 (3,000) ended their employment, 71 (–) were added due to changed definition of headcount, 65 (14) ended their employment in conjunction with the divestment of companies and 387 (339) were added via acquired companies. Personnel turnover increased to 17 per cent (16).

SUSTAINABILITY

In accordance with Chapter 6, Section 11 and Chapter 7 Sections 31 a-c of the Swedish Annual Accounts Act, Sweco has decided to prepare the Parent Company's and the Group's statutory sustainability report as a separate report that is not part of the statutory Annual report. The statutory Sustainability Report is found on the pages 59–99.

The operations of the Sweco Group do not require a permit under the Swedish Environmental Code.

Cost structure (EBITA), %



Personnel costs, 73 (74)
Subconsultants and expenses, 13 (13)
Overhead expenses, 8 (7)
Cost for premises, 5 (5)
Amortisation/depreciation, 1 (1)

Term of employment, %

<1 year, 17 (14)
1–3 years, 28 (29)
4–9 years, 29 (29)
>10 years, 26 (28)

Age structure, %

<30 year, 22 (21)
31–40 years, 34 (33)
41–50 years, 22 (23)
>50 years, 22 (23)

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BUSINESS AREA – SWECO SWEDEN

Net sales increased 5 per cent to SEK 7,785 million (7,398). Organic growth was 4 per cent adjusted for calendar effects. Acquired growth contributed 1 per cent and was attributable to the acquisition of Swedish Net Engineering and Dayspring during 2022. EBITA decreased SEK 5 million to SEK 915 million (920) and the EBITA margin decreased to 11.8 per cent (12.4). The EBITA decline was mainly attributable to higher operating expenses, a lower billing ratio and higher sickness absence, while higher average fees contributed positively.

The Swedish market remained relatively good but there were variations between the different segments. Demand for infrastructure services remained strong, backed by major public and industrial investments. The markets for energy investments, water and environmental services were good. The industry segment was good, but became cautious in the fourth quarter, with the exception of northern Sweden that continued to be a booming market driven by the green transition. In the real estate market, the demand was weak in the residential segment, and the commercial building segment also weakened towards the end of the year.

Net sales and profit	2022	2021
Net sales, SEK M	7,785	7,398
Organic growth, %	*4*	*-1*
Acquisition-related growth, %	*1*	*0*
Currency, %	*0*	*0*
Total growth, %	5	-1
Organic growth adjusted for calendar, %	4	-1
EBITA, SEK M	915	920
EBITA margin, %	*11.8*	*12.4*
Number of full-time employees	5,978	5,796

BUSINESS AREA – SWECO NORWAY

Net sales increased 24 per cent to SEK 3,245 million (2,622). Organic growth was 11 per cent, adjusted for calendar effects. Acquired growth contributed 7 per cent and pertained to the acquisition of Stema and Arcasa in 2022. EBITA increased SEK 62 million to SEK 263 million (201) and the EBITA margin increased to 8.1 per cent (7.7). The increase was mainly driven by higher average fees and a higher billing ratio, while higher operating expenses and higher sickness absence impacted negatively.

The overall market conditions were positive in the Norwegian market with good demand for Sweco's services in most sectors. Demand in the national infrastructure market was overall good, despite signs of cooling in the market. The energy market, both for renewables and for transmission, and the market for environmental services noted good demand. Demand for services within the building and real estate segments weakened generally during the year, due to market turmoil.

Net sales and profit	2022	2021
Net sales, SEK M	3,245	2,622
Organic growth, %	*11*	*2*
Acquisition-related growth, %	*7*	*5*
Currency, %	*5*	*2*
Total growth, %	24	9
Organic growth adjusted for calendar, %	11	2
EBITA, SEK M	263	201
EBITA margin, %	*8.1*	*7.7*
Number of full-time employees	1,918	1,749

BUSINESS AREA – SWECO FINLAND

Net sales increased 9 per cent to SEK 3,210 million (2,947). Organic growth was 3 per cent adjusted for calendar effects and currency effects amounted to 5 per cent. Acquired growth contributed 1 per cent and pertained to acquisitions in 2021. EBITA decreased SEK 24 million to SEK 297 million (320) and the EBITA margin decreased to 9.2 per cent (10.9). The decline was mainly attributable to a lower billing ratio, higher sickness absence and higher operating expenses, while higher average fees impacted positively.

Overall, the Finnish market was somewhat weaker with slight differences between segments. Demand within the building and real estate segments weakened generally, but there were variations between subsegments. The renovation, maintenance and improvement market was relatively stable. The market for industrial and energy services was good, as was the market for infrastructure-related services.

Net sales and profit	2022	2021
Net sales, SEK M	3,210	2,947
Organic growth, %	*3*	*0*
Acquisition-related growth, %	*1*	*10*
Currency, %	*5*	*-3*
Total growth, %	9	6
Organic growth adjusted for calendar, %	3	0
EBITA, SEK M	297	320
EBITA margin, %	*9.2*	*10.9*
Number of full-time employees	2,851	2,746

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BUSINESS AREA – SWECO DENMARK

Net sales increased 16 per cent to SEK 2,218 million (1,905). Organic growth was 11 per cent adjusted for calendar effects and currency effects totalled 5 per cent. EBITA increased SEK 81 million to SEK 263 million (182) and the EBITA margin improved to 11.9 per cent (9.6). The increase was mainly driven by higher average fees and FTE growth.

Overall, the Danish market was stable, with slight differences between segments. In the second half of the year, there was an increasing uncertainty and fewer tenders within several areas. Demand in the water and environmental sectors remained stable, driven by climate-related services in the larger cities. The infrastructure market increased, primarily driven by state-financed road and rail infrastructure projects as a result of the Danish state infrastructure investment plan. The residential market noted a significant decrease in demand towards the end of the year, while the rest of the markets within the private sector were relatively stable.

Net sales and profit	2022	2021
Net sales, SEK M	2,218	1,905
Organic growth, %	*11*	*5*
Acquisition-related growth, %	*1*	*1*
Currency, %	*5*	*-3*
Total growth, %	16	3
Organic growth adjusted for calendar, %	11	5
EBITA, SEK M	263	182
EBITA margin, %	*11.9*	*9.6*
Number of full-time employees	1,396	1,285

BUSINESS AREA – SWECO NETHERLANDS

Net sales increased 12 per cent to SEK 2,274 million (2,024) with organic growth of 6 per cent adjusted for calendar effects. Currency effects amounted to 5 per cent and acquired growth contributed 2 per cent. EBITA decreased SEK 18 million to SEK 183 million (201) and the EBITA margin decreased to 8.0 per cent (9.9). The decrease was mainly attributable to higher sickness absence and higher operating expenses, while higher average fees contributed positively.

Overall, the Dutch market was relatively good during the year, albeit with a weakening in the fourth quarter. Delays continued in infrastructure and building projects due to the so-called nitrogen issue, related to uncertainties around the impact from the EU regulation of nitrogen emissions in the Netherlands. Furthermore, the residential building segment weakened slightly in the fourth quarter. The water & environment markets were stable, while the energy market was good. The energy crisis has increased demand for new renewable green energy solutions.

Net sales and profit	2022	2021
Net sales, SEK M	2,274	2,024
Organic growth, %	*6*	*0*
Acquisition-related growth, %	*2*	*1*
Currency, %	*5*	*-3*
Total growth, %	12	-2
Organic growth adjusted for calendar, %	6	0
EBITA, SEK M	183	201
EBITA margin, %	*8.0*	*9.9*
Number of full-time employees	1,414	1,376

BUSINESS AREA – SWECO BELGIUM

Net sales increased 21 per cent to SEK 2,310 million (1,907). Organic growth was 9 per cent adjusted for calendar effects. Acquired growth was 7 per cent while currency effects totalled 5 per cent. EBITA increased SEK 41 million to SEK 272 million (230) and the EBITA margin decreased to 11.8 per cent (12.1). The EBITA increase was mainly driven by FTE growth, higher average fees and contributions from acquisitions, while higher operating expenses contributed negatively.

The market in Belgium was good within most segments. The industry market was stable with new investments planned in the healthcare and pharmaceutical industries. The public and private sector building markets were both stable. However, a slowdown was noted in residential and office investments during the second half of the year. The public sector continued to invest in infrastructure and sustainable mobility solutions.

Net sales and profit	2022	2021
Net sales, SEK M	2,310	1,907
Organic growth, %	*9*	*9*
Acquisition-related growth, %	*7*	*9*
Currency, %	*5*	*-3*
Total growth, %	21	15
Organic growth adjusted for calendar, %	9	9
EBITA, SEK M	272	230
EBITA margin, %	*11.8*	*12.1*
Number of full-time employees	1,534	1,276

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BUSINESS AREA – SWECO UK

Net sales increased 18 per cent to SEK 1,411 million (1,199). Organic growth was 13 per cent, adjusted for calendar effects and currency effects amounted to 6 per cent. EBITA increased SEK 16 million to SEK 71 million (55) and the EBITA margin increased to 5.0 per cent (4.6). The EBITA increase was mainly attributable to higher average fees, while higher operating expenses contributed negatively.

The UK market remained challenging due to increasing inflation and raised interest rates that suppressed demand. Public sector infrastructure projects were at particular risk of facing these challenges. By contrast, a positive demand trend was posted for new buildings as well as renovation work in the residential and commercial sector, particularly in the London area. However, the London commercial sector weakened slightly in the fourth quarter. The energy, environment and water markets remained stable.

Net sales and profit	2022	2021
Net sales, SEK M	1,411	1,199
Organic growth, %	*12*	*-4*
Acquisition-related growth, %	*0*	*0*
Currency, %	*6*	*0*
Total growth, %	18	-4
Organic growth adjusted for calendar, %	13	-4
EBITA, SEK M	71	55
EBITA margin, %	*5.0*	*4.6*
Number of full-time employees	1,181	1,182

BUSINESS AREA – SWECO GERMANY & CENTRAL EUROPE

Net sales increased 4 per cent to SEK 2,099 million (2,015) mainly due to a stronger euro. Organic growth was -1 per cent adjusted for calendar effects and items affecting comparability while currency effects totalled 5 per cent. EBITA increased to SEK 65 million (-29). Items affecting comparability (IAC) comprised the close-down of an underperforming part of the architecture business in Germany during 2021, resulting in a decrease in net sales of SEK 16 million and EBITA of SEK 56 million. EBITA excluding IAC improved to SEK 65 million (27) and was driven by higher average fees.

Overall, the German market weakened during the year. This effect was driven by the commercial property sector and the private sector in particular due to record high inflation and high interest rates. The demand for services in the energy sector was strong as a result of the accelerated energy transformation. The slowdown in the private sector was balanced by public spending, which remained at high levels.

Net sales and profit	2022	2021
Net sales, SEK M	2,099	2,015
Organic growth, %	*0*	*25*
Acquisition-related growth, %	*0*	*0*
Currency, %	*5*	*-4*
Total growth, %	4	22
Organic growth adjusted for calendar, %	0	25
Net sales excl. IAC, SEK M	2,099	2,031
Organic growth adjusted for calendar & IAC, %	-1	7
EBITA excl. IAC, SEK M	65	27
EBITA margin excl. IAC, %	*3.1*	*1.3*
EBITA, SEK M	65	-29
EBITA margin, %	*3.1*	*-1.4*
Number of full-time employees	2,321	2,342

OTHER INFORMATION

Investments

Investments in equipment totalled SEK 248 million (176) and were primarily attributable to IT investments. Depreciation of equipment amounted to SEK 211 million (215) and amortisation of intangible assets totalled SEK 133 million (154).

Parent Company

Parent Company net sales totalled SEK 1,061 million (946) and were attributable to intra-Group services. Profit after net financial items totalled SEK 1,051 million (817). Investments in equipment totalled SEK 19 million (42). Cash and cash equivalents at the end of the period totalled SEK 134 million (335). As of 31 December 2022, the Parent Company had no branch offices. In total, the Group had 17 branch offices.

As of 1 October 2022, Sweco operates the Twinfinity business comprising around 15 employees as a wholly owned subsidiary of Sweco AB. Previously, the Twinfinity operations were part of Sweco Sweden. The objective is to accelerate development and sales of the product Twinfinity, Sweco's BIM platform that connects a digital 3D model of a building together with business, operational and climate data. Twinfinity is reported under Group-wide.

The Sweco share

Sweco is listed on Nasdaq Stockholm. The share price of the Sweco Class B share was SEK 99.85 at the end of the year, representing a 41 per cent year-on-year decrease. Nasdaq Stockholm OMXSPI decreased 25 per cent over the same period.

The total number of shares at the end of the period was 363,251,457: 31,086,598 Class A shares and 332,164,859 Class B shares. The total number of shares outstanding was 358,619,404: 31,086,598 Class A shares and 327,532,806 Class B shares. As of 31 December 2022, Sweco held a total of 4,632,053 treasury shares, all of which are Class B shares, representing 1.3 per cent of the share capital. The quota value of these treasury shares is SEK 0.33 and the average acquisition value is SEK 65.65, which corresponds to a total of SEK 304 million. Sweco's treasury shares do not carry voting rights.

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Incentive schemes

In accordance with the terms and conditions of the company's incentive schemes, 1,134,334 treasury shares (representing approximately 0.3 per cent of the share capital) were transferred, without consideration, to Sweco employees in 2022. At the time of the transfer, the quota value of these shares was SEK 0.33 per share and the aggregate value of the shares was SEK 129 million.

Share Savings Schemes

The 2022 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 2022). Through the scheme, 54 senior executives and other key personnel have acquired some 57,000 Class B shares. Pursuant to IFRS provisions, the cost of the Share Savings Scheme 2022 is estimated at approximately SEK 9 million (including social fees) and will be expensed on a straight-line basis over the retention period. Sweco transferred 113,734 Class B treasury shares to participants in the Share Savings Scheme 2018 during the period.

Resolutions were passed by the 2019, 2020 and 2021 AGMs on corresponding schemes, under which approximately 48,000, 44,000 and 39,000 Class B shares were acquired, respectively, by the participants. Under the 2019–2022 Share Savings Schemes, a maximum totalling approximately 543,000 shares may be issued based on participants still employed as of the year end, if established targets are met.

Share Bonus Scheme

The 2022 AGM resolved to implement the Share Bonus Scheme 2022, under which bonuses are paid to employees in Sweden, who are covered by the scheme, in the form of Sweco Class B shares. The Share Bonus Scheme 2022 applies for the financial year 2022 and allotment of shares in Sweco will take place during the first half of 2023. Sweco transferred 1,020,600 Class B treasury shares to participants in Share Bonus Scheme 2021 during the period.

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

The current guidelines for salary and other remuneration to senior executives within the Sweco Group was adopted by the 2020 AGM. The guidelines are found in Note 6 on page 119.

BOARD PROPOSALS FOR AGM 2023

Proposed appropriation of profits

The Board of Directors and the President & CEO propose that profit carried forward and non-restricted reserves	3,573 SEK M
along with net profit for the year	748 SEK M
or, in aggregate,	4,320 SEK M
be appropriated for the distribution of a dividend	
to the shareholders of SEK 2.70 per share	981 SEK M[1]
and that the remaining amount be carried forward.	3,339 SEK M

1) The dividend will amount to a maximum of SEK 981 million, calculated by the number of shares outstanding at 23 March 2023 including shares held in treasury. The dividend amount will change in the event the Board exercises the authority granted by the 2022 AGM to buy back additional shares or to transfer treasury shares.

The estimated record date for dividend distribution is 24 April 2023.

The income statements and balance sheets of the Group and the Parent Company will be submitted to the Annual General Meeting for adoption on 20 April 2023.

Sweco's dividend policy specifies that at least half of profit after tax is to 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 may 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 from meeting 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, the Board deems that the proposed dividend distribution to the shareholders is 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.

Share Savings Scheme 2023

The Board of Directors proposes that the 2023 AGM resolves to implement a long-term share savings scheme for up to 100 senior executives and other key employees within the Sweco Group. The proposed terms and conditions essentially correspond to those applicable in last year's proposal.

Share Bonus Scheme 2023

The Board of Directors also proposes that the 2023 AGM resolves to implement a share-based incentive scheme for employees in Sweden. The proposal principally corresponds to the terms and conditions in last year's proposal.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting will be held at 3:00 PM on Thursday, 20 April 2023 in Stockholm.

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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's Articles of Association, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code, 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 Corporate Governance Code 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 the 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 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 always accessible to the consultants. Sweco works continuously with improvement measures to develop working methods, promote sustainability and support 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.

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 have provided timely notification of their participation 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 other things, 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, Chair 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.

2022 Annual General Meeting

The 2022 AGM was held on 21 April 2022 in Stockholm and was attended by 330 shareholders, representing 62.48 per cent of the votes and 48.51 per cent of the share capital. Johan Nordström was elected Chair of the AGM.

The submitted income statements and balance sheets were adopted, and the Board and CEO were discharged from liability for financial year 2021. The AGM approved an ordinary dividend of SEK 2.45 per share.

The AGM resolved, in accordance with the Nominating Committee's proposal, to elect the Board members, Chair of the Board and statutory auditors and on fees for Board members, members of the Audit Committee and the Remuneration Committee and the statutory auditors.

In accordance with the Board's proposal, the AGM resolved to implement Share Bonus Scheme 2022 on terms and conditions that essentially correspond to those of Share Bonus Scheme 2021, with some changes. Bonuses are to be paid in shares rather than cash. The changes include alteration of the operating results parameter to operating margin, with some changes to how operating margin is measured for different business areas/business units/regions/divisions. The turnover growth parameter was also added to the calculation model. The resolution included decisions to implement Share Bonus Scheme 2022 per se and to transfer Class B treasury shares to participants in the scheme.

The Share Bonus Scheme comprises a maximum of 3,300,0000 Sweco Class B shares, of which no more than 2,475,000 for delivery to participants and no more than 825,000 to cover social security contributions. The AGM resolved the free-of-charge transfer of no more than 2,475,000 Class B treasury shares to employees included in Share Bonus Scheme 2022 during the first half of 2023. The number of shares to be received by each employee corresponds to the employee's earned bonus for financial year 2022 divided by a base share price (corresponding to the average volume-weighted price paid for the Sweco Class B share during the period 14–25 March

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2022) less the amount corresponding to the dividend per share for financial year 2021. 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 participating business units' EBITA per employee. Shares will be allocated to employees free-of-charge during the first six months of 2023 premised upon continued employment.

The AGM approved a long-term share savings scheme (Share Savings Scheme 2022) for Sweco Group senior executives. The resolution included decisions to implement Share Savings Scheme 2022 per se and to transfer Class B treasury shares to participants in the scheme. The scheme comprises a maximum of 222,905 Sweco Class B shares, of which no more than 176,909 for delivery to participants and no more than 45,996 to cover social security contributions. The AGM approved the free-of-charge transfer of no more than 176,909 Class B treasury shares to participants in Share Savings Scheme 2022 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 to enable it to use the shares to (i) provide the Board with an instrument for adapting and improving Sweco's capital structure to create additional value for shareholders, (ii) execute time-efficient payment in connection with acquisitions of companies and operations, or implement any deferred payments related to such acquisitions, or finance such acquisitions or deferred payments, (iii) be transferred to participants in Sweco incentive schemes (share savings schemes and share bonus schemes) pursuant to separate resolutions by general meetings on such transfers, and (iv) secure the payment of costs, mainly social security contributions, for Sweco's incentive schemes (share savings schemes and share bonus schemes). The authorisations may be used on one or several occasions up until the next Annual General Meeting. The number of acquired Sweco Class B shares may not at any given time exceed ten (10) per cent of all issued shares in Sweco. Regarding acquisition of treasury shares in connection with Sweco's incentive schemes, no more than 3,300,000 Sweco Class B treasury shares may be acquired within the framework of Share Bonus Scheme 2022 and no more than 222,905 Sweco Class B shares may be acquired within the framework of Share Savings Scheme 2022 (for delivery to participants and to cover costs, primarily social security contributions). Regarding transfer of treasury shares in connection with Sweco's incentive schemes to cover costs, primarily social security contributions, no more than 775,000 Class B treasury shares may be transferred within the framework of Share Bonus Scheme 2021, no more than 825,000 Class B treasury shares may be transferred within the framework of Share Bonus Scheme 2022 and no more than 116,400[1] Class B treasury shares may be transferred within the framework of Share Savings Scheme 2019.

The Board resolved at the statutory Board meeting to exercise its authority as granted by the AGM (as regards the repurchase of shares: up to 30,600,000 Class B treasury shares).

NOMINATING COMMITTEE

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

During 2022 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 Chair 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 Chair of the Board if he/she is not a member in his/her capacity as shareholder representative. The names of the Committee members, together with the names of the shareholders they represent, were published on Sweco's website on 17 October 2022 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 2022.

The Nominating Committee held four meetings in 2022. Ahead of the 2023 AGM the Nominating Committee consists of Eric Douglas representing Investment AB Latour, Birgitta Resvik representing the J. Gust. Richert Memorial Foundation, and Chair of the Board Johan Nordström representing Skirner AB. The Nominating Committee is chaired by Johan Nordström, which is a deviation from the Swedish Corporate Governance Code as Johan Nordström also is Chair of the Board. 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 of the largest shareholder in terms of voting power.

The Nomination Committee has applied Section 4.1 of the Swedish Corporate Governance Code as a diversity policy for members of 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 regards competencies, experience and background, which is reflected in the current Board composition.

BOARD OF DIRECTORS

The Board is responsible for the company's organisation and management of the company's affairs, which includes both financial- and sustainability-related targets and strategies. The Board shall continuously monitor the financial situation of the company and the Group and shall ensure that the company is organised in such a way that its accounting, cash management and other financial circumstances can be adequately controlled. The Board shall also ensure that its performance is evaluated on an annual basis through a systematic and structured process.

The Board's rules of procedures, including instructions for the division of responsibilities between the Board and the President & CEO, are updated and adopted annually. The rules of procedure regu-

1) The number of shares has been recalculated following the share split (ratio 3:1) that was implemented in the company in autumn 2020.

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late 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.

Sweco's sustainability work is an integral part of its operations and is a regular item on the Board's agenda, inter alia, in the form of project reviews and results, business ethics and data protection. The Board reviews and approves the annual Sustainability Report, which is integrated into the Annual Report (see pages 59–99 for Sweco's Sustainability Report). The Board is also the owner of Sweco's Code of Conduct, which governs Sweco's responsibilities in society. The Code of Conduct is reviewed annually along with other policies.

The Chair 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 Chair of the Board continuously monitors the Group's development through ongoing contact with the President & CEO. The Chair 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 2022 AGM, the Board is comprised of seven ordinary members elected by the AGM and three employee representatives, with three union-appointed deputies. Until the conclusion of the 2022 AGM, the Board was comprised of seven ordinary members. The AGM-elected Board members serve for a one-year period through the conclusion of the following year's AGM. With the exception of the President & CEO (Åsa Bergman), none of the AGM-elected Board members have an operational role in the company. Six of the AGM-elected Board members are of Swedish nationality and one of German nationality. There are three female and four male AGM-elected Board members. With the exception of President & CEO Åsa Bergman, all AGM-elected Board members are independent in relation to Sweco. With the exception of Johan Hjertonsson, Johan Nordström and Johan Wall, the AGM-elected Board members are independent in relation to major shareholders.

The 2022 AGM re-elected Johan Nordström as Chair of the Board. The other ordinary Board members re-elected by the 2022 AGM are Åsa Bergman, Alf Göransson, Johan Hjertonsson and Christine Wolff. Gunnel Duveblad and Elaine Grunewald declined re-election. The AGM elected Susanne Pahlén Åklundh and Johan Wall as new ordinary Board members. The employee representatives are Görgen Edenhagen, Maria Ekh and Anna Leonsson with Peter Rothstein, Charlotte Berglund and Patrick Sandoval as deputies.

See pages 50–51 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 2022 the Board held eight meetings, four of which were held in conjunction with publication of interim reports. Board meetings were held both physically and digitally, with all documentation distributed in advance. In conjunction with the September meeting in Helsinki, Finland, the Board visited the Jokeri light rail project, a 25-kilometre light rail line which will serve the Finnish cities of Helsinki and Espoo and will replace the busiest bus service on the Helsinki Regional Transport Authority's public transport network.

In addition to reporting on the development of Sweco's operations and finances, Board meetings in 2022 devoted considerable attention to organic and acquisition-driven growth, the company's strategic focus, management and HR matters, sustainability, the Code of Conduct, risk management, internal control matters and other matters for which the Board is responsible pursuant to 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 2022 is presented in the following table.

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings	8	5	5
Johan Nordström	7	–	5
Åsa Bergman	8	–	3
Gunnel Duveblad[1]	2	1	–
Elaine Grunewald[1]	2	–	1
Alf Göransson	8	5	–
Johan Hjertonsson	8	–	4
Susanne Pahlén Åklundh[2]	6	–	2
Johan Wall[2]	5	4	–
Christine Wolff	8	5	–
Görgen Edenhagen	8	–	–
Maria Ekh	8	–	–
Anna Leonsson	8	–	–
Peter Rothstein	5	–	–
Charlotte Berglund	1	–	–
Patrick Sandoval	1	–	–

1) At own request, not re-elected as member of the Board by the 2022 AGM.
2) Elected as member of the Board by the 2022 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 2022. 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.

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Board composition and fees[1]

	Position	Year of birth	Nationality	Elected in	Independent of major shareholders	Board and committee fees, SEK[2]
Johan Nordström	Chair of the Board, Chair of the Remuneration Committee	1966	Swedish	2012	no	1,330,000
Åsa Bergman	Board member, President & CEO	1967	Swedish	2018	yes	–
Alf Göransson	Board member, member of Audit Committee	1957	Swedish	2018	yes	800,000
Johan Hjertonsson	Board member, member of Remuneration Committee	1968	Swedish	2015	no	690,000
Susanne Pahlén Åklundh	Board member, member of Remuneration Committee	1960	Swedish	2022	yes	690,000
Johan Wall	Board member, member of Audit Committee	1964	Swedish	2022	no	720,000
Christine Wolff	Board member, member of Audit Committee	1960	German	2016	yes	720,000
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	–	–
Patrick Sandoval	Deputy employee representative	1978	Swedish	2021	–	–

1) For the period from the 2022 AGM through the 2023 AGM.
2) Fees for work on the Board and the Audit and Remuneration Committees pursuant to the resolution of the 2022 AGM. Fees refer to remuneration paid during the period from the 2022 AGM through the 2023 AGM. For fees expensed during 2022, see Note 6 on page 120.

BOARD COMMITTEES

Remuneration Committee

The statutory meeting of the Board appoints the Remuneration Committee. The members of the Committee are Johan Nordström (chair), Johan Hjertonsson and Susanne Pahlén Åklundh. The duties 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 five meetings in 2022.

Audit Committee

The statutory meeting of the Board appoints the Audit Committee. Audit Committee members are Alf Göransson (chair), Johan Wall and Christine Wolff. The duties of the Audit Committee include supporting the work of the Board to ensure the quality of the company's financial reporting, conducting 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, conducting oversight of sustainability work and reviewing the annual Sustainability Report, establishing guidelines on 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 2022 the Audit Committee held five meetings. The statutory auditor attended four of the five meetings.

REMUNERATION FOR THE BOARD AND SENIOR EXECUTIVES

Remuneration for the Board

Board remuneration is determined by the AGM. Board fees for 2022/23 were set at SEK 4,200,000, of which SEK 1,200,000 is payable to the Chair of the Board and SEK 600,000 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 Chair of the Remuneration Committee is paid an additional fee of SEK 130,000 and other members of the Remuneration Committee each receive an additional fee of SEK 90,000. The Chair of the Audit Committee is paid an additional fee of SEK 200,000 and other members of the Audit Committee each receive an additional fee of SEK 120,000.

Remuneration for senior executives

The guidelines for salary and other remuneration to senior executives within the Sweco Group, adopted at the 2020 AGM, are shown in Note 6 on page 119.

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 2022 AGM to serve as the company's statutory auditor through the conclusion of the 2023 AGM. Authorised Public Accountant Aleksander Lyckow was appointed chief statutory auditor by the auditing firm for financial year 2022. For financial year 2022, fees for audit services totalled SEK 18 million (15) and fees for non-audit services totalled SEK 2 million (5). Non-audit services in 2022 relate primarily 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 118.

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

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annually. The President & CEO also holds ultimate responsibility for the Code of Conduct and other Sweco policies and their implementation.

The President & CEO has overall responsibility for ensuring that Sweco can deliver on its strategic direction for sustainability. All members of the Executive Team, comprised of Business Area Presidents and Group functions, are responsible for the implementation of sustainability goals and strategies. In 2022, Sweco's Executive Team decided on further measures to strengthen the company's strategic sustainability work. Among other things, the company's approach to sustainability impact was integrated from three perspectives into the business strategy. Sweco's model for decentralised sustainability management and implementation in the business areas was also clarified. For more information on Sweco's approach to sustainability, see pages 61–63.

During 2022, Sweco's Executive Team was comprised of the President & CEO, the CFO, the eight Business Area Presidents, the General Counsel, the Chief HR Officer, the Chief Communication Officer and, from 16 May 2022, the Chief Strategy Officer.

For more information on the Executive Team, see pages 52–53.

GROUP AND 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 Sweco Group rules for division of responsibilities between the business area's board of directors and its BA President. Each business area consists of one or more business divisions organised by area of expertise. Each division may be organised by region, department or group, depending on the number of employees.

Sustainability governance within the business areas is delegated to the respective BA President, who is responsible for implementing and monitoring sustainability strategy, sustainability targets and compliance with sustainability reporting within his or her business area. An example of this involves Sweco's group-wide target to achieve climate neutral operations by 2040. In accordance with the company's decentralised model, each individual Sweco market has also established its own targets, with the requirement to serve as a forerunner in its country. Responsibility for achieving progress towards the climate goals lies with the business divisions, which are supported and strengthened by processes and training programmes for employees. Sustainability goals and results are monitored and reported to the Executive Team and the Board.

Group functions for Finance and Audit, HR, Legal and Communication are responsible for co-ordinating and leading the overall sustainability agenda in close collaboration with the Executive Team and the business areas. Monitoring and evaluation of sustainability work is aligned with Sweco's procedures for internal control and audit and is conducted on business area level, along with monitoring of other business targets, and is aggregated at Group level. To accelerate Sweco's journey towards climate neutrality and to meet the growing reporting and transparency requirements for sustainability, Group organisation was enhanced in 2022 with the addition of a Head of Sustainability and Climate Reporting.

A Sustainability Council is in place at Group level, comprised of sustainability managers from Sweco's various geographic markets. With a focus on clients and markets, the Sustainability Council highlights problems and business opportunities across all parts of the business to accelerate development of Sweco's business in the sustainable transformation. The Council meets quarterly and is led by Sweco's Chief Sustainability Officer, who reports directly to the President & CEO. During 2022, the Council discussed matters including methodology development for measuring Sweco's sustainability footprint in client projects, cross-geographical business opportunities in climate adaptation, circular economy and energy transition, and several initiatives for employee skills development in sustainability.

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

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 the culture and values that the Board and management communicate and operate from. 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,

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instructions to the President & CEO, decision making procedure and authorisation policy, and 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 applicable to Sweco AB's Board. Sweco also has 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 Board of Sweco AB. 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. 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 its 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, are the 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 the Group is exposed to, the probability that these will occur and the potential impact on Sweco's goals. The effectiveness of existing controls and risk mitigation measures are assessed in the same manner. 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 policy compliance and financial reporting procedures. BA Finance Directors are also responsible for ensuring the accuracy and completeness of the financial information reported. An Internal Control Framework is in place and is validated to track the effectiveness of significant internal controls related to the company's financial reporting and other key areas.

The Group's business system includes a number of functions for financial management, control and monitoring. Project reporting systems are in place to enable project managers to 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 responsibilities and rules for communication with external parties.

Code of Conduct and regulations

Sweco's Code of Conduct specifies Sweco's and its employees' fundamental view on responsible business conduct for Sweco and Sweco's business partners. The Code of Conduct covers business ethics, employee development, human rights, equality and diversity, and occupational health and safety. Sweco also has a Business Partner Programme aimed at ensuring that existing and prospective partners meet Sweco's corporate responsibility requirements. Additionally, Sweco has group-wide policies providing more detailed descriptions for Sweco employees regarding business ethics, data protection, information security and communication. To combat corruption Sweco also has group-wide policies on gifts, business entertainment and sponsorship. Local regulations specify areas of responsibilities in more detail.

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 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). Sweco is a signatory of the UN's Global Compact and works proactively to uphold its principles.

Sweco reports on its sustainability work in accordance with the regulations specified in the Swedish Annual Accounts Act that are based on the EU Non-Financial Reporting Directive. Sweco is preparing to report on its sustainability work pursuant to the EU's Corporate Sustainability Reporting Directive (CSRD), which, after implementation into national law, is expected to come into effect in 2024. In 2022, Sweco undertook to comply with the FIDIC's Climate Change Charter, an international framework for sustainable practices in the engineering and technology consulting industry.

Compliance

Compliance is a matter for the Group's executive management, for managers at all levels in the Group and for each 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 content of policies and guidelines, to accept and follow them, and to take steps to ensure that external partners comply with applicable policies. Employees who suspect business ethics improprieties or a violation of human rights are obligated to report this either to their manager, manager's manager, HR department, Legal Counsel or other appointed contact person, and, in cases where anonymity is called for, via Sweco's external whistle-blower channel, Sweco Ethics Line. The President &

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CEO holds the ultimate responsibility for ensuring that the policies are monitored, e.g., through internal and external audits, surveys, internal statistics and line manager reviews.

Each business area is responsible for implementing and monitoring the Code of Conduct and other policies. Compliance is monitored monthly with the business areas and annually through performance reviews with employees, employee surveys, and internal and external audits. The policy framework is reviewed annually to manage sustainability in accordance with regulatory requirements and developments in the organisation and external environment.

Internal audit

Sweco has a dedicated internal audit function, the roles and responsibilities of which are defined in the audit charter. Group Internal Audit is comprised of the Head of Internal Audit, two Group internal auditors and a team of qualified business auditors. Business auditors are experienced financial professionals who otherwise work in a business area but who rotate into Group Internal Audit on short-term assignments as part of their management development.

Internal audit work is governed by the annual risk-based audit plan approved by the Audit Committee, with detailed audit assignments defined on a quarterly basis.

Audits were conducted in multiple business areas in 2022, focused mainly on:

- (Financial) project management
- Revenue recognition
- Project governance
- Compliance with business ethics and 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 54–58.

INFORMATION DISCLOSURE TO THE CAPITAL MARKET

Sweco strives to provide shareholders, financial analysts, investors, the media and other interested parties with timely, clear, consistent and simultaneous 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 held 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 2022 was SEK 36 billion. Share capital totalled SEK 121.1 million. The share capital is divided between 31,086,598 Class A shares and 332,164,859 Class B shares, representing 64,303,083.9 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. As of 31 December 2022, Sweco held a total of 4,632,053 treasury shares, all of which are Class B shares. Sweco's treasury shares do not carry voting rights.

Sweco AB had 25,389 shareholders at year-end 2022. The largest shareholders are Skirner AB (with 12.4 per cent of the share capital and 32.7 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 21.3 per cent of the share capital and 12.1 per cent of the votes. Together, the ten largest shareholders control the equivalent of 68.5 per cent of the share capital and 78.8 per cent of the votes. There are no statutory restrictions, and 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.

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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, Husa Skog 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 45,215,993 shares held through Skirner AB, which is owned by the Nordström family.

Christine Wolff
Born in 1960. German citizen. Member of the Board since 2016. Directorships include: Hochtief AG and Sievert SE. Education: M.Sc. Geology and MBA, HSBA Hamburg, Certified Sustainability Manager (TÜV). 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: SCA and Swegon AB. Education: Civil Engineering, KTH Stockholm. Experience: CEO of Sweco Management AB and Sweco Sverige AB. Holdings in Sweco: 193,735 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, Sandberg Development Group and Anticimex AB. 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 Hjertonsson
Born in 1968. Member of the Board since 2015. Chairman of: Alimak Group AB, Hultafors Group AB, Caljan AS, Tomra Systems ASA and Latour Industries AB. Directorships include: Investment AB Latour and ASSA ABLOY AB. 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.

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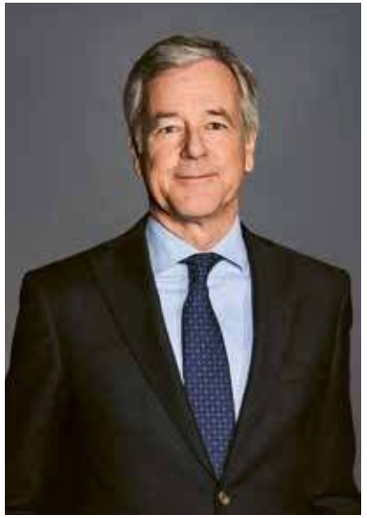
Susanne Pahlén Åklundh
Born in 1960. Member of the Board since 2022. Chairman of: Alfdex AB. Directorships include: ASSA ABLOY AB and Alleima AB. Education: M.Sc. Chemical Engineering, Lund University. Experience: Former President of the Energy division and member of the Group Management at Alfa Laval. Holdings in Sweco: 3,000 shares.



Johan Wall
Born in 1964. Member of the Board since 2022. Chairman of: Beijer Alma AB, Beijer Holding AB, Domarbo Skog AB and Svenskt Tenn AB. Directorships include: Skirner AB and the Beijer Foundation. Education: M.Sc. Electrical Engineering, KTH Stockholm, Visiting Scholar, Stanford University. Experience: Former CEO of Beijerinvest AB, Bisnode AB, Enea AB, Framfab AB and Netsolutions AB. Holdings in Sweco: 10,000 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: 1,929 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: 2,623 shares.

Maria Ekh
Born in 1974. Employee representative since 2015. Education/experience: Engineer. Employed by Sweco since: 1999. Holdings in Sweco: 7,070 shares.

DEPUTIES

Peter Rothstein
Born in 1959. Employee representative since 2017. Holdings in Sweco: 6,328 shares.

Charlotte Berglund
Born in 1973. Employee representative since 2019. Holdings in Sweco: 4,719 shares.

Patrick Sandoval
Born in 1978. Employee representative since 2021. Holdings in Sweco: 2,745 shares.

AUDITORS

PricewaterhouseCoopers AB
Aleksander Lyckow, Authorised Public Accountant. Other assignments: Betsson, Byggfakta, Vattenfall, Vitec Software Group.

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Executive Team

Åsa Bergman
Born in 1967.
President & CEO since 2018.
Year of employment: 1991.
Holdings in Sweco: 193,735 shares.

Julia Zantke
Born in 1970.
President of Sweco Germany & Central Europe since 2021.
Year of employment: 2021.
Holdings in Sweco: 3,655 shares.

Markku Varis
Born in 1958.
President of Sweco Finland since 2013.
Year of employment: 1993.
Holdings in Sweco: 71,366 shares.

Rasmus Nord
Born in 1978.
President of Sweco Norway since 2022.
Year of employment: 2007.
Holdings in Sweco: 5,326 shares.

Eugene Grüter
Born in 1959.
President of Sweco Netherlands since 2016.
Year of employment: 2016.
Holdings in Sweco: 33,867 shares.

Max Joy
Born in 1969.
President of Sweco UK since 2019.
Year of employment: 2016.
Holdings in Sweco: 9,855 shares.

Erwin Malcorps
Born in 1973.
President of Sweco Belgium since 2019.
Year of employment: 2015 (previously employed by Grontmij).
Holdings in Sweco: 11,574 shares.

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Ann-Louise Lökholm-Klasson
Born in 1971.
President of Sweco Sweden since 2018.
Year of employment: 2008.
Holdings in Sweco: 42,418 shares.

Olof Stålnacke
Born in 1965.
Chief Financial Officer at Sweco AB since 2019.
Year of employment: 2019.
Holdings in Sweco: 29,702 shares.

Dariush Rezai
Born in 1975.
President of Sweco Denmark since 2017.
Year of employment: 2017.
Holdings in Sweco: 8,768 shares.

Marcela Sylvander
Born in 1966.
Chief Communication Officer at Sweco AB since 2022.
Year of employment: 2022.
Holdings in Sweco: 903 shares.

Lisa Lagerwall
Born in 1972.
General Counsel at Sweco AB since 2011.
Year of employment: 2006.
Holdings in Sweco: 36,579 shares.

Helene Hasselskog
Born in 1968.
Chief HR Officer at Sweco AB since 2020.
Year of employment: 2020.
Holdings in Sweco: 2,728 shares.

Sam Saatchi
Born in 1985.
Chief Strategy Officer at Sweco AB since 2022.
Year of employment: 2022.
Holdings in Sweco: 891 shares.

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Risks and risk management

Sweco works continuously and in a structured manner to identify, monitor and manage risk.

Sweco provides consulting services to thousands of clients in around 120,000 projects each year. About 38 per cent of revenue is generated in the public sector and 62 per cent in the private sector. Our ten largest clients account for about 14 per cent of sales. The breadth of our project portfolio and a good balance between geographies, segments and clients creates 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. We differentiate between business risks and sustainability risks that we report separately on.

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 a 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. Risk management and the development of risk 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 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.

The Executive Team's annual risk assessment is based on the bottom-up risk assessments conducted by the business areas, along with the risk assessment conducted by heads of Group staff. These risks were compiled, and the Executive Team then made an assessment and identified and prioritised the eleven most business-critical risks for Sweco. The result is a risk map that reflects the company's risk exposure. The company's risk exposure is presented in an annual report on the Group's risk and internal controls, and 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. This annual report is reviewed by the Board, the Audit Committee and the Executive Team.

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 140–141. 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 immedi-

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

Risk analysis
Analysis of existing and new risks, including through workshops and discussions with representatives from different parts of the organisation.

Risk evaluation
Executive Management evaluates risk based on risk likelihood and impact. The Audit Committee and the Board are notified of substantive changes in the risk map.

Risk management
Responsibility, prioritisation and proposals for measures to address the most business-critical areas.

Review
Continuous review conducted by Executive Management. Annual reporting on risk management work submitted to the Audit Committee and the Board.

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ate exposure to risk associated with interest rates is low. In terms of currency risk, the Group typically has systematic risk coverage in that both sales and costs are posted 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, substantial overdraft facilities, and newly setup commercial paper 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 40,000 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 with 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 CEO and CFO hold monthly reviews with the management teams of each business area. For more information on internal controls, see pages 47–49.

Risk classification

Within Sweco we differentiate between strategic/operational risks and financial risks. Sweco is reporting climate risks pursuant to Task Force on Climate-related Financial Disclosures, TCFD, recommendations. This work is ongoing and has entailed during 2022 testing the resilience of Sweco's strategy in relation to various climate-related scenarios based on scientific reports from the IPCC, EIA and in accordance with TCFD recommendations. Climate-related risks are presented on pages 57–58. The table below details 11 risks at Group level identified in the 2022 risk report. The table describes the risks, their degree of impact and probability of occurrence how Sweco works to manage these risks.

Risk	Impact	Likelihood	Risk management
Increasing instability and tensions in Europe and globally / Further escalating war in Europe In a scenario where the security situation in a Sweco country becomes more uncertain, safeguarding our people is our first priority. When considering mitigating actions it is important to consider that a war situation can change the laws a country operates under. This can influence our ability to act or limit our options for taking mitigating actions.			The Group Crisis Management Team has explored a number of scenarios that could be the result of the further escalating war in Europe. The outcome of that scenario analysis was a list of actions that different departments at Sweco AB could already execute to prepare in case the escalation demands it. The Group CMT has also revisited and updated the Group CMT mandate as well as the local CMT mandates to ensure clear responsibilities.
Recession in Europe The ability to control our costs will be crucial in times of recession. Next to this, the current high inflation environment in Europe can lead to higher salary increases next year than seen in previous years. Therefore, focus needs to be on securing price increases as far as possible.			Management continues to closely monitor the development of order intake, backlog, billing ratio and Trade Working Capital across the BA's as part of the Business Area Management meetings on all levels. Best practices are shared throughout the group, for example by cost benchmarks in the Financial Directors Meetings. Group Treasury is responsible for continuously monitoring the development in the financial markets and report any risk deemed to exist and suggest precautionary measures to mitigate the identified risk to the CFO.
We are being disrupted A changing environment can demand different approaches to doing business. Sweco is able to challenge its way of working including the time and material approach. It is important to ensure that we enhance our capabilities to deal with a more disruptive, innovative and maybe revolutionary way of thinking.			The process to accelerate Sweco's digital journey is continuous. Several actions has been implemented in 2022 for example: lighthouse projects, implementation of digital council. Next to this, Sweco has established Twinfinity AB and has started a Sweco Digital Academy. These actions are coordinated by group Chief Digital Officer.
Increase of outside demands impacting our efficiency Sweco is required to deal with more and more outside demands on our business. Outside demands are increasing, for all. The risk here is mainly of not being able to maintain profitability due to increased costs. Outside demands can be legally driven or driven by our stakeholders. The challenge lies in identifying all the demands and ensuring that the right people are made aware of this and ensuring that Sweco complies.			The company will follow new regulations and ensure we comply to these regulations. In general we will always take a compliant and relevant approach, limiting the impact on the organisation as much as possible

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Risk	Impact	Likelihood	Risk management
Cyber-attack limiting access to our computer systems The risk of cyber attacks have gone up over the years, while the impact of a successful attack increases due to a more digital footprint.	Medium	High	Implementation of tools and measures to combat the risk of attacks is continuous and ongoing, clearing out roles and responsibilities in case of an attack as well as ensuring clear communication between all parties involved.
Talent shortage and increased competition in our market The talent shortage is a global issue that can have a significant impact on Sweco. Risk mitigation on this topic lies with our ability to improve digitalization and automation in order to decrease the cost for design.	Medium	Medium	Sweco will investigate different sourcing strategies as well as monitor productivity of existing employees.
Inability to deliver on outside expectations with regards to sustainable operations and the delivery of sustainable solutions Credibility and the ability to deliver on set up targets is crucial. As the focus on the sustainability increases, the risk of companies greenwashing also increases. This means that there is a bigger pressure on Sweco to demonstrate clearly what our measures are and how we ensure we track those measures.	Medium	Medium	A new Sweco Group Sustainability Strategy was adopted by the executive team in March 2022 and integrated into Sweco Strategy Fundamentals with implementation, monitoring and reporting delegated to the Business Areas and Group Functions. In September 2022, Sweco Group's Finance organisation was strengthened with a Group Sustainability Performance manager with the aim of accelerating Sweco's journey towards climate neutrality and meeting the increasing needs for reporting and transparency in the area of sustainability. During the year, Sweco has also filed its climate targets to Science Based Targets initiative (SBTi) for verification and approval.
Inability to acquire the right companies at the right valuation and realise the benefits of those acquisitions Along with organic growth, acquisitions are an important driver of shareholder value creation at Sweco. Increased competition for targets and subsequent valuations make it even more important to plan and realise the benefits from targeted M&As.	Medium	Medium	Sweco will continue to develop our M&A pipeline by tracking potential M&A candidates across our different markets and within key sectors. The Group M&A department supports the BAs during all M&A processes, providing support in target selection, business case preparation and valuation, and quality control of the due diligence process.
Failure to manage and execute our decentralised model to achieve its full potential The decentralised model, a cornerstone of the Sweco model, ensures full P&L responsibility at team level, making the teams very client-focused and up to date with local developments. But the decentralised model must be balanced to allow for both local focus and a common approach that benefits the Group as a whole.	Low	Low	The roll-out of the Sweco model continues and ensures compliance throughout the organisation. Development of a common management system will strengthen the use of best practices in our operations. Sweco works proactively to improve collaboration within and between BAs as part of our business priorities for 2023.
Inefficient quality within the project execution A solid project management framework supported by a structured approach to project governance allows line management to follow up on the project portfolio and identify project risk in time, enabling interventions where necessary.	Medium	Medium	Sweco has programmes in place throughout the organisation to improve our employees' project management skills. This is combined with activities to identify best practices and discuss insights drawn. Sweco develops and rolls out toolboxes and project management models.
Breach of compliance / Business ethics / GDPR regulations The risk of non-compliance increases as laws and regulations that influence Sweco's operations become more and more complex. Regulatory awareness and the organisation's ability to identify and manage risks with regard to business ethics and data privacy is absolutely crucial.	Medium	Low	For business ethics, focus will be on increasing awareness of the Code of Conduct and the importance of reporting suspected violations. Training targeting senior managers and key personnel will continue. For data privacy, Local Privacy Awareness Programmes and supported by the Group Privacy Toolkit will continue on an annual basis. Existing e-training will be supplemented with Group nano trainings.

High Medium Low

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Climate-related risks and opportunities

Sweco is reporting climate risks pursuant to Task Force on Climate-related Financial Disclosures, TCFD, recommendations. This work is ongoing and has entailed during 2022 testing the resilience of Sweco's strategy in relation to various climate-related scenarios based on scientific reports from the IPCC, EIA and in accordance with TCFD recommendations.

This is the first step towards TCFD alignment and integration of climate-related risks and opportunities into Sweco's strategies and operations. But also, a preparation for coming regulations concerning climate-related risks such as the Corporate Sustainability Reporting Directive (CSRD). The purpose of the scenario analysis is to identify possible pathways based on different climate-related scenarios contributing to an increased understanding of the physical and transitional risks and opportunities for Sweco's business.

Scenario analysis

The analysis is based on two different of scenarios. To identify physical risks, a scenario has been chosen from IPCC, in this case the Business-as-usual scenario. Whereas to identify transitional risks a scenario has been chosen from International Energy Agency (IEA), in this case the Sustainable Development Scenarios (SDS). IPCC scenarios are based on the potential physical impact from climate change on different aspects of the environment, while the scenarios from IEA are based on how different policy regulations and national commitments by governments are estimated to affect the future energy mix based on different types of assumptions.

The Business-as-usual was chosen as this scenario represents the upper boundary for what is considered a high-emission scenario with an average global temperature rising over 2 degrees in a long-term perspective and describing a situation where no climate mitigation measurements are taken to reducing the effects of climate change. To best identify transitional risks and opportunities the IEA scenario SDS was chosen, since this scenario includes not only mitigation measurements to tackle climate change but also the alignment with the Sustainable development goals, 2030 Agenda and the ability to meet the goals in a near-term perspective. This scenario is based on the assumption that all net-zero pledges are to be fulfilled and there are extensive measurements being taken in order to realize the near-term emission reductions.

Climate risks and the Sweco business

Climate change and the transition to a decarbonised economy involve risks as well as opportunities for Sweco. Sweco's operations are largely comprised of consultancy services. Sweco's direct exposure to climate-related risks is limited and mainly indirect, impacting future net sales and expenses related to our services. Sweco has an opportunity and a responsibility as an architecture and consulting engineering company to reduce climate risks and actively support climate mitigation and adaptation in our client projects. What is described as a risk may therefore also present an opportunity.

RCP8.5 – Business-as-usual	Sustainable Development Scenario (SDS)
This is a high-emissions scenario, consistent with a future where there are no policy changes to reduce emissions and characterised by increasing GHG emissions that lead to high atmospheric GHG concentrations. Aligned broadly with Current Policies or Business-As-Usual scenario.	This scenario represents a pathway that is aligned with the Paris Agreement, well below 2°C pathway. In this scenario, all current net-zero pledges are assumed to be achieved in full and there are extensive efforts to realise near-term emissions reductions. Without assuming any negative emissions, this scenario is consistent with limiting the global temperature increase to 1.65°C.

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Sustainable Development Scenario (Transitional risks)

	Changes in the business environment	Impact on Sweco	Opportunities for Sweco
Regulatory	Global challenges drive changes in policy and legislation and can result in new laws and regulations that may affect Sweco's business. Regulatory sustainability requirements for Sweco's operations are increasing.	Inability to deliver due to rapid and far-reaching changes in policy and legislation may result in Sweco losing tenders and contracts, incurring higher costs or suffering reputational damage. Furthermore, insufficient competence or inadequate knowledge-sharing can have a negative impact on Sweco's competitiveness and client deliveries.	Increased demand for consulting services regarding, e.g., environmental regulations, permit processes, emissions reporting, analysis of climate risks, taxonomy and climate effects.
Technological	Risks associated with the climate pertain to the transformation of carbon-intensive technologies, such as extraction of coal, oil and gas, traditional steel production, all forms of traffic and transport, vehicle manufacturing, buildings and properties.	Technological climate risks are deemed to be low for Sweco. However, the digital transformation is a key element in the company's strategy and business development, which is compatible with operational and financial risks if Sweco fails to implement digitalisation internally and in client projects.	Sustainable transformation drives the technological development and consulting demand within wind power, hydrogen and other renewables, smart grids, energy storage, mobility, transportation infrastructure, fossil-free steel production and circularity. This creates opportunities for new business and increases demand of technological consultancy.
Market-related	Sudden and unexpected changes in the market and economy affect Sweco's business and that of the clients.	The war in Ukraine, energy crisis, economic turmoil, increased emissions costs, and changes in the valuation of assets can, in combination with other macroeconomic factors, might have financial impact on the company with higher operational costs and decline in revenues as a consequence.	The sustainable transformation on the market is likely to drive a demand for Sweco's expertise within climate change mitigation and adaptation.
Reputational	In addition to its main goal of reducing our impact on climate change, Sweco's climate work is designed to strengthen Sweco's position as a forerunner in transforming society. This creates high expectations for Sweco's sustainability work and results.	Failure in meeting established climate targets for Sweco's operations is a reputational risk and may impair the company's ability to attract clients, employees and capital. Accelerated climate change, different degrees of sustainability maturity in the markets and the inability to quickly calibrate the business to meet the market requirements for sustainability expertise and services, can have a negative impact on Sweco's position as a forerunner in the sustainable transformation.	With a forward-looking approach, Sweco can be a forerunner in the sustainable transformation by taking responsibility for the way Sweco runs its business, securing needed expertise and strengthening the climate benefits of Sweco's consulting in client projects.

RCP8.5 – business-as-usual (Physical risks)

Acute risks	Unforeseen and extreme weather events	The direct physical climate risks are deemed to be low for Sweco. But there is still a risk of the change climate on the employee's ability to health and productivity due to the heat waves and unforeseen weather events.	Sweco helps improve understanding of the way climate change can affect clients' businesses and the concrete measures that should be prioritised in projects to strengthen resilience.
Chronic risks	Changes in precipitation patterns Rising average temperatures Rising water and sea levels	There is also a risk to Sweco's offices due to extreme weather, such as an increased risk of flooding, wind and rain. Indirect effects may be a stress on clients' businesses and tangible assets, which affects ongoing and planned client projects.	Sweco helps improve understanding of the way climate change can affect clients' businesses and the concrete measures that should be prioritised in projects to strengthen resilience.

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2022 in brief

Sweco's group-wide goal is to have climate neutral operations by 2040 and to halve emissions by 2030, compared with 2020.

Number of employees

20,000

(2021: 19,000)

Percentage of women in Sweco

35%

(2021: 34%)

Zero

confirmed cases of corruption during 2022 and 2021

Share of Sweco employees that completed internal training in business ethics

95.5%

(2021: 94.1%)

Share of electric and hybrid cars in Sweco's vehicle fleet

42%

(2021: 35%)

90%

of Sweco's leaders are considered excellent managers by the employees

(2021: 90%)

Share of renewable energy sources in Sweco's operations

52%

(2021: 29%)

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Sustainability at Sweco

In its client projects, Sweco identifies, shapes and applies the most innovative solutions with long-term consideration of people, the environment and society. Sweco also has a great responsibility to act as a forerunner in its own operations.

Sustainability approach based on UN Global Goals
As Europe's leading architecture and engineering consultancy, Sweco has the expertise, potential and responsibility to actively support a sustainable transition.

Sweco's approach to sustainability is based on the UN's 17 Global Sustainable Development Goals, which are to be achieved by 2030. Sweco works with the goals linked to the specific challenges that exist in client projects and in the transformation of its own operations.

Read more about Sweco's contribution to the UN's Global Goals on page 64.

Long-term value creation
The greatest growth potential for Sweco is created by integrating sustainability into its own strategy and operations as well as into client projects. The green transition is driving demand for Sweco's expertise and services, which can be instrumental in creating a more sustainable societal development.

Sweco's focus is on creating value for owners and clients, being an attractive and inspirational workplace for employees, reducing the environmental impact of its operations and following business ethics and social guidelines. In 2022, Sweco's Executive Team decided on additional measures to strengthen the company's strategic sustainability work. These include integrating the company's approach to sustainability impact based on three perspectives into the business strategy, as well as clarifying Sweco's model for decentralised sustainability governance and implementation in the business areas.

Sustainability Impact Programme launched in Belgium

During 2022, Sweco in Belgium launched the Sustainability Impact Programme, a new strategic initiative for sustainability training and governance. Sustainability work is pursued internally and in client projects, with consultants working as a network of 131 sustainability coaches from all divisions.

The coaches received training during the year in global and business-specific sustainability issues, goals and frameworks, and gained expertise in areas such as climate adaptation, biodiversity, recycling and reuse in construction and real estate, social sustainability, and the energy and industry transition. The sustainability coaches then serve as ambassadors to increase Sweco's ecological handprint and as catalysts for sustainability in their own teams and client collaborations.

The aim is to increase sustainability awareness, promote a culture based on knowledge sharing, and stimulate implementation of sustainable solutions in collaboration with colleagues and clients.

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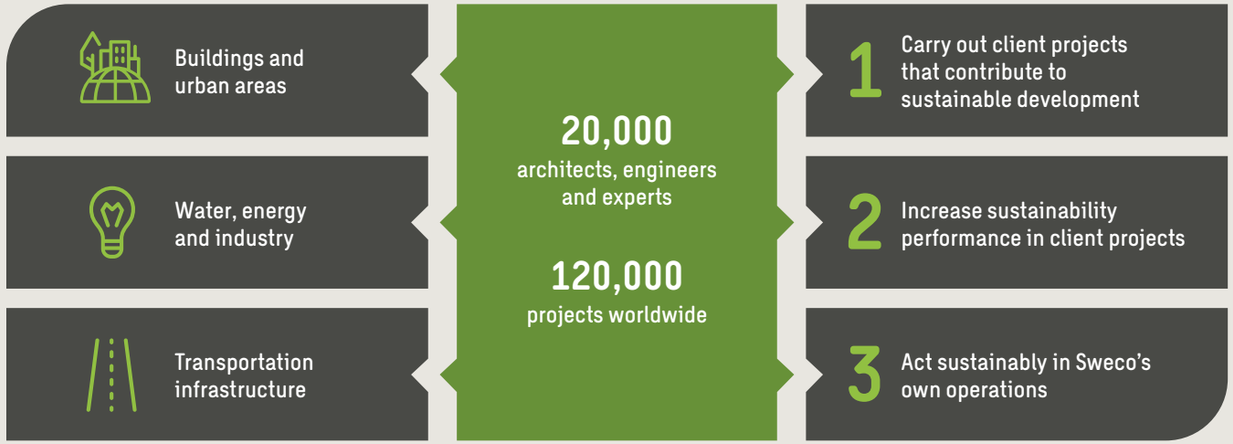
Impact from three perspectives

Sweco's sustainability work is focused on three strategic perspectives where the company can have a direct or indirect impact. Firstly, Sweco carries out client projects that actively support sustainable development through measures such as designing resource-efficient and resilient buildings, developing renewable energy, reducing the climate impact of cities and industries, and safeguarding biodiversity. Secondly, Sweco is committed to further improving the sustainability performance of its client projects through, for example, the optimisation of design, choice of material, and work methods. Thirdly, Sweco acts sustainably in its own operations, with the goal of achieving climate neutrality by 2040 and always having the industry's most skilled employees, with high standards for competency development and business ethics.



Governance and risks

Governance and follow-up of Sweco's sustainability work are adapted to the decentralised organisation and follow the same structure as the company's other operations. See the Corporate Governance Report on pages 43–49 for details on sustainability governance and compliance.

Sweco works continuously and methodically to identify, assess and manage climate- and environment-related risks as an integral part of Sweco's overall risk management. Sweco's 2022 risk report is presented on pages 54–56 and includes risk assessments with regard to sustainability. Sweco also reports climate risks pursuant to Task Force on Climate-related Financial Disclosures (TCFD) recommendations; see pages 57–58.

Greatest impact opportunity in client projects

Sweco has the greatest opportunity to influence and contribute to a more sustainable societal development through the tremendous number of projects it carries out each year. The energy and industry transition, electrification, circular resource management, emissions reduction and climate adaptation are impacting society at large, facilitated by the increasing amount of capital being directed in a sustainable direction. This drives demand for Sweco's expertise in all business segments.

Sweco's consultants use the collective experience from the company's extensive project operations to proactively integrate sustainability in client projects and support clients in their transition.

Sustainability measurement in client projects

The projects Sweco carries out each year have varying client requirements and conditions. One of the greatest challenges is measuring the sustainability impact of Sweco's consulting services. To develop ways in which Sweco can best quantify sustainability in client projects, the company collaborated during 2022 with the Federation of Swedish Innovation Companies, a trade association, to align Sweco's client projects with industry-specific fossil-free roadmaps.

Similar initiatives are underway in several countries, including in Belgium and Lithuania. Sweco is also running an internal development project aimed at implementing support tools for Sweco's project managers in applying climate measures in client projects.

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Sustainability in Sweco's operations

Sweco works proactively to reduce the climate impact of its own operations and to be a sustainable workplace with strict business ethics.

Sweco has set science-based climate targets in line with the Paris Agreement, which specifies that the global temperature increase should be kept well below 2°C and that the ambition should be a maximum increase of 1.5°C. Sweco is committed to creating positive social impact through continuous dialogue and collaboration with its stakeholders. Sustainability goals are related to the company's strategy to create long-term growth and to Sweco's responsibility for the climate and environment, its employees and society at large.

Climate and environment

Sweco supports the Paris Agreement and aims to achieve climate neutrality group-wide by 2040 and halve emissions by 2030 compared with 2020 levels. Sweco's climate targets cover direct, indirect and other indirect emissions in accordance with the Greenhouse Gas (GHG) Protocol. The 2040 group-wide goal for climate neutrality is complemented by country-specific targets and roadmaps based on the ambition to serve as a forerunner in all markets where Sweco operates. Sweco's markets have developed targets and action plans for emissions reduction.

Read more about Sweco's climate work on pages 71–79.

Employees

Sweco is an international workplace and strives to have an inclusive culture rooted in collaboration. Sweco's goal is to have the industry's most capable employees and be an attractive employer for current and prospective employees.

Read more about Sweco as a workplace and the employees on pages 80–86.

Business ethics

Sweco's credibility in society is invaluable to the company, so Sweco sets high standards in its business ethics framework to ensure that all employees and business partners deliver value according to the same principles. This is detailed in Sweco's Code of Conduct, which employees and business partners commit to comply with.

Read more about Sweco's business ethics and compliance on pages 87–90.

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Sweco and Agenda 2030

Agenda 2030, with 17 global goals for sustainable development, was adopted at the 2015 UN summit. It serves as a joint action plan for the world's countries, companies and organisations to work together globally to achieve a sustainable transformation by 2030. Sweco's ambition is clear. As Europe's leading architecture and engineering consultancy, through the expertise of its employees and initiatives taken in its own operations and client projects, Sweco actively supports the world's commitment to achieving the necessary transition in society as set forth in the Paris Agreement and Agenda 2030.

Sweco's contribution to the UN's Sustainable Development Goals
Sweco works actively with the 17 goals for sustainable development, and contributes to most of the agenda's 169 targets in client projects. This is confirmed by the results from Sweco's employee survey, expanded in 2022 to cover the entire organisation, where 15,500 employees responded that all of the 17 global goals are to varying extents relevant for their work at Sweco and in client projects.

Sweco has identified five goals as the most business-critical to the company's operations, and those that Sweco as expert advisor has the greatest opportunity to influence in creating a more sustainable future together with its clients: SDG 6 Clean water and sanitation; SDG 7 Affordable and clean energy; SDG 9 Industry, innovation and infrastructure; SDG 11 Sustainable cities and communities; and SDG 13 Climate action.

Buildings and urban areas

Sweco enables solutions to reduce cities' climate impact, adapt to climate change and mitigate the negative effects of increasingly extreme weather phenomena on the built environment.

Read more about Sweco's work within Buildings and urban areas on pages 20–22.

Water, energy and industry

Sweco's profound collaboration with energy and industry clients across several European markets enables the energy transition with its experts' collective expertise in renewable energy production, transmission and distribution grid expansion, efficient energy consumption, and technology development in areas including energy storage, hydrogen, and carbon capture and storage.

Read more about Sweco's work within Water, energy and industry on pages 23–25.

Transportation infrastructure

In this segment, Sweco works with solving cities' and regions' future transportation needs. Sweco's experts design transport systems that enable tomorrow's cities to deal with growing populations and increased demands for sustainable transportation solutions.

Read more about Sweco's work within Transportation infrastructure on pages 26–28.

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Areas of material impact

Sweco conducts materiality analyses regularly. These are used as the basis for the company's strategic sustainability work. The most recent materiality analysis, conducted in 2021, was based on continuous stakeholder dialogue, online surveys, observations from strategic analyses, and Sweco's strategy and business plans.

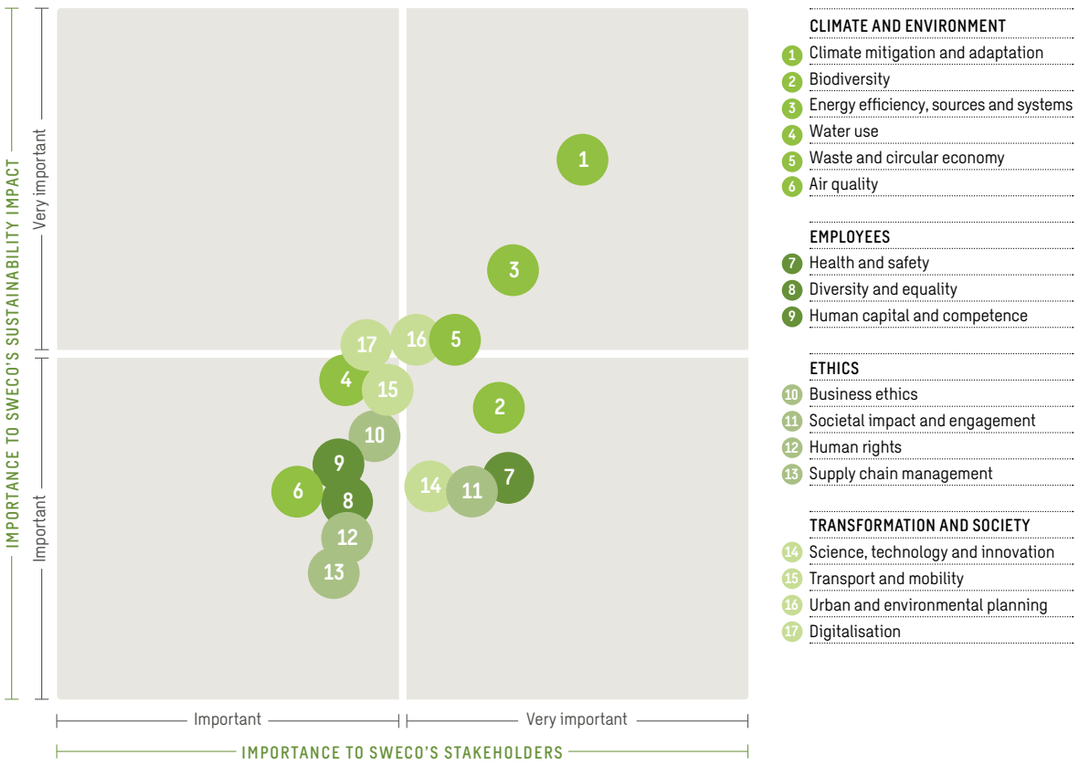
The scope and prioritisation of the sustainability issues included in the analysis have guided the understanding of areas where Sweco has the most impact. The following sustainability issues were given highest priority in the 2021 analysis and are considered still relevant for 2022: climate change mitigation and adaptation, energy efficiency, waste and circularity, and urban planning. All four are areas where Sweco has great opportunity to provide expertise in many client projects.

Sweco plans to implement a new materiality analysis methodology, which will include financial and impact materiality under the new "double materiality" concept. This will broaden the analysis and examine sustainability impact from two perspectives: how various sustainability aspects impact Sweco's own operations and position, and how Sweco's operations impact the environment, people and society. The new methodology is aligned with requirements imposed by the EU's new Corporate Sustainability Reporting Directive (CSRD).

The work to identify how external sustainability issues impact Sweco was initiated in 2022. Climate change, one of the most tangible sustainability issues, is evaluated within the Task Force on Climate Related Financial Disclosures (TCFD) framework, presented on pages 57–58. Results from the double materiality analysis will provide the basis for Sweco's overarching strategy and risk work.

Most relevant sustainability topics

Sweco's 2021 materiality analysis maps significant issues in environmental, social and economic sustainability and is considered still relevant for 2022.



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Stakeholder dialogue

The ability to plan and design tomorrow's sustainable communities together with Sweco's clients, employees and business partners is based on long-term, open dialogue.

To identify and prioritise the company's most material sustainability issues, Sweco's systematic work with sustainability is grounded in stakeholder dialogue. Stakeholders are selected based on Sweco's strategy framework, strategic analysis and the company's participation in various forums for dialogue and influence. Interactions with stakeholders take place on many different levels, from group level to project level.

Investors and owners

Reasons for stakeholder engagement	Forums for dialogue
Communicating strategy and results with investors and owners is essential to their ability to make well-founded investment decisions and to Sweco's capacity to understand these stakeholders' expectations for Sweco's operations.	Annual General Meeting Quarterly reports and annual report Investor and analyst meetings Capital markets days Stakeholder surveys Press releases Sweco's website Media channels

Key sustainability topics for stakeholders

- Growth and profitability
- Governance and risk management
- Ability to implement solutions for a sustainable transformation in society
- Ability to measure impact of consulting services on sustainability in client projects
- Identify and analyse sustainable investments (EU Green Deal and the EU taxonomy)
- Impact on climate and environment
- Diversity on all levels of the organisation
- Compliance with business ethics

Read more about Sweco as an investment on page 16.

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Clients

Reasons for stakeholder engagement	Forums for dialogue
Together with its clients, Sweco defines relevant areas where the company's experts can contribute sustainable solutions in projects, creating value for people, the environment and the economy. This provides a valuable basis for the continuous improvement of services and processes and encourages development of long-term relationships.	Tenders and audits Ongoing dialogue in client projects Seminars, client events, trade fairs Client and stakeholder surveys Media channels

Key sustainability topics for stakeholders

- Integration of sustainability into client's business model
- Climate change mitigation and adaptation
- Rapid, secure energy transition
- Electrification of transport
- Leverage potential for circular economy
- Digitalisation and technological progress are essential for delivering sustainable solutions
- Social sustainability in client projects

Read more about Sweco's contribution to sustainable solutions in various client segments on pages 18–29.

Employees

Reasons for stakeholder engagement	Forums for dialogue
Attracting, developing and retaining skilled and committed employees who carry Sweco's values is fundamental to achieving the company's goals and enabling the necessary transition towards sustainability. An open and active dialogue creates a workplace distinguished by inclusion and diversity.	Close dialogue with managers Performance review Internal training Skills development through client projects Employee surveys Communication via intranet Office meetings, seminars and conferences Media channels

Key sustainability topics for stakeholders

- Sweco as sustainability forerunner in its own operations and in client projects
- Sustainability as a key dimension in talent acquisition and retention
- Leadership programmes and development opportunities
- Diversity, equality and inclusion
- Health and safety

Read more about Sweco as a workplace on pages 30–34 and 80–86.

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Society

Reasons for stakeholder engagement	Forums for dialogue
Collaboration with citizens, politicians, government authorities, trade organisations and civil society is essential for meeting society's expectations and winning support for and positively impacting the sustainable transition.	■ Citizen dialogue in client projects ■ Membership and involvement in trade organisations ■ Participation in networks and working groups ■ Cross-sectoral initiatives and knowledge transfer to promote sustainability ■ Stakeholder surveys ■ Meetings with government authorities, researchers and politicians ■ Participation in working groups, seminars and lectures ■ Media channels

Key sustainability topics for stakeholders

- Sharpened EU and national legislation increase the pace of the sustainable transition
- Tangible effects of climate change increase the importance of having resilient communities
- Sustainability is considered industry-critical in the energy, industrial, transport, construction and property industries
- Permit processes are a key component of the transition in many sectors

See examples of Sweco's collaboration for sustainable development on pages 91–92.

Suppliers

Reasons for stakeholder engagement	Forums for dialogue
Dialogue with suppliers and others in the value chain is an important tool in promoting sustainability and business ethics aligned with Sweco's Code of Conduct and sustainability goals.	■ Sweco's Code of Conduct and policies on sustainability and business ethics ■ Tenders ■ Supplier evaluations ■ Stakeholder surveys and meetings

Key sustainability topics for stakeholders

- Adaptation of procurement processes to environmental, economic and ethical requirements
- Climate change mitigation and adaptation
- Sustainability requirements and regulatory compliance

Read more about Sweco's work with business ethics on pages 87–90.

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Stakeholder dialogue 2022

Maintaining continuous dialogue with the company's stakeholders is an essential part of Sweco's sustainability work. A selection of Sweco's stakeholder dialogue activities in 2022 is presented below.

Towards a circular economy – panel discussion at the UN's Stockholm+50 conference

Sweco was among the accredited companies at the Stockholm+50 conference organised by the UN in June 2022. In connection with the conference, Sweco arranged a live panel discussion on the topic "Towards circularity". Representatives from the UN Environment Programme (UNEP), the Portuguese Ministry of Environment, the Viable Cities innovation programme, Handelsbanken, Swedfund, Ragn-Sells, Fossil Free Sweden and Stockholm Exergi addressed global challenges such as climate change and resource scarcity, with the circular economy as a catalyst for change in societies and economies throughout the world.

Watch the panel discussion and read more about circularity on swecogroup.com

Sweco Transform Award recognises students

The Sweco Transform Award was launched in Denmark in 2022. Designed for students of architecture, technology or structural engineering, the award is granted to the most innovative thesis promoting the sustainable transformation of our cities and communities. 65 theses from over 100 students and 13 Danish universities were received.

Jacob Matthiesen Jørgensen, a recent landscape architecture graduate of the Aarhus School of Architecture, was named the winner of the DKK 50,000 prize. Jacob's thesis analyses multiple scenarios for the climate adaptation of Danish coastal areas in response to rising sea levels and proposes the application of dynamic coastal and fjord protection.

Read more about the prize and the winning entry on swecogroup.com

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Young women included in urban planning

"A city planned for girls works for everyone." The #UrbanGirlsMovement pilot project was launched in Botkyrka, Sweden in 2022 under this theme, inviting young women to take part in the planning of Fittja square. The project was part of a Sida- and Vinnova-financed initiative aimed at identifying ways to increase gender equality and inclusion in urban planning. In connection with the pilot project, Sweco's consultants worked on development of the Her City Toolbox, a digital toolbox to help municipalities and other urban actors include more young women in the urban planning process.

Discover tools to support the inclusion of young women on swecogroup.com

Climate negotiations and dialogue at COP27 in Egypt

This year's UN COP27 climate change conference was held in Sharm el-Sheikh in November 2022, in the wake of an ongoing war in Europe, a growing energy crisis, record-high emissions and extreme weather events. Sweco was on-site in Egypt to follow the negotiations, provide input for the process, offer expertise and experience on climate-related issues, and interact with other participants in round table discussions and other forums for dialogue. Sweco has participated in UN climate negotiations since 2009.

Read Sweco's analysis of the COP27 negotiations on swecogroup.com

Self-sufficient cities in focus at Dutch Design Week

Dutch Design Week, held in October each year in Eindhoven, Netherlands, is considered the leading design event in Northern Europe. In co-operation with the Dutch Design Foundation, Sweco organised the "What if Lab" co-creation forum during the 2022 Design Week. The initiative highlighted the scarcity of natural resources and created a dialogue on possibilities for cities to become self-sufficient. Together with Sweco, three designers outlined solutions for enabling cities to become self-sufficient within five years. The discussions produced valuable insights in the areas of energy, food and water for optimal health, biodiversity and citizen impact and engagement.

See the dialogue results at What if Lab on swecogroup.com

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Climate neutral operations by 2040

Sweco, which is committed to actively supporting the transition to a low-carbon society, aims to achieve carbon neutrality in its own operations by 2040. While, as a consultancy, Sweco's direct climate impact is relatively small, its target is to halve the company's carbon emissions by 2030, as a way to achieve this goal.

Targets aligned with the Paris Agreement

Sweco's group-wide goal is to have climate neutral operations by 2040. Sweco's base year for climate reporting is 2020, with all emissions reductions being measured against 2020 levels. Sweco is following the Carbon Law, developed by the Stockholm Resilience Centre, which includes halving emissions by 2030. During 2022, Sweco submitted climate targets for Scope 1 and 2 and additional Scope 3 target for business travel, for validation and approval by the Science Based Targets initiative (SBTi), a method for having the company's climate targets scientifically analysed and validated in line with the Paris Agreement.

Sweco's goal is to ensure that no more than 15 per cent of emissions reductions from its own operations are achieved through carbon sinks, emissions offsets, or climate compensation via established and third-party verified mechanisms.

Sweco's operations are largely comprised of consultancy services that play a key role in helping clients in various industries support the climate transition through energy optimisation, climate adaptation, circularity and other measures. These emissions reductions are not included in Sweco's climate goals or in emissions reporting pursuant to the Greenhouse Gas (GHG) Protocol's methodology.

Joining forces to reduce energy consumption

In the wake of the ongoing energy crisis in Europe, energy optimisation has been a particularly high-profile issue in 2022. Sweco has also been affected by the current situation, and measures were introduced in the offices aimed at raising employees' awareness of energy consumption and motivating them to reduce consumption in their daily lives.

In Sweden, Sweco launched an internal campaign involving 6,000 employees and applied in all offices in the country. The aim is to reduce energy consumption from electricity by 10 per cent over one year, which will lower offices' climate footprint and reduce costs.

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Towards climate neutrality by 2040 – key events during the year

Sweco has set a group-wide goal to have climate neutral operations by 2040. The path to achieving this is based on business area targets that enable the company to serve as a forerunner in all markets where Sweco operates. Each market has formulated a roadmap to achieve climate neutrality ahead of the specific country's official target. Key events and actions taken in Sweco's markets during 2022 are presented below.

Climate neutral 2030

Belgium
During 2022, Sweco Belgium focused on reducing the number of company cars, reducing car usage and electrifying its vehicle fleet. At year end, 32 per cent of the vehicle fleet was comprised of electric cars, in line with the target of having a fully electrified vehicle fleet by 2026.

The new office in Zelzate was opened in 2022. The conversion to a climate neutral office with a vehicle-to-grid V2G system was instrumental in reducing gas and energy consumption.

Finland
Sweco's Finnish operations took measures to reduce energy consumption in offices and gradually increase the number of electric cars in the vehicle fleet. The share of renewable energy increased to 68 per cent in 2022 and the share of fossil-fuel leased cars decreased 12 per cent, from 71 to 59 per cent, year on year.

New collaborations and recycling agreements were established with office furniture suppliers, focused on domestic production and sustainability.

Sweden
As part of its work to be climate positive by 2030, Sweco's Swedish operations have set the goal of increasing the share of fossil-free vehicle fleet during 2023, and to have fossil-free office operations by 2030. During 2022 the percentage of fossil-free passenger cars was 19 per cent.

New travel and workplace policies have been adopted, focused on sustainability in a broader perspective.

UK
A new ISO 14001-certified environmental management system and an action plan to reduce carbon emissions were introduced in 2022. The plan is complemented by a sustainable purchasing policy that targets employee behaviour and improving carbon performance.

Other initiatives taken during the year include office relocation or reduction of office space, evaluation of electric car benefit for employees, and participation in carbon offset projects.

Climate neutral 2035

Netherlands
In the Netherlands, 57 per cent of the vehicle fleet was electrified in 2022 and a policy was adopted requiring all leased cars to be electric. The air travel policy was updated during the year to improve employees' awareness of travel-related emissions. Sweco in the Netherlands has a goal to achieve energy class A for all new offices.

Four of nine offices produced their own energy from solar cells in 2022. Sustainability, climate impact and circularity were also integrated into the procurement of purchasing agreements.

Climate neutral 2036

Norway
In 2022, Sweco Norway decided to relocate its head office to central Oslo. The move, to be finalised in 2024, will allow employees to transition from car commuting to using bicycles and public transport.

Initiatives implemented in 2022 include reduction of the company's air travel. The half-yearly study trip for all employees was limited this year to regional trips by train or bus.

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Climate neutral 2040

Czech Republic
The roadmap for climate neutrality by 2040 includes electrifying the vehicle fleet 50 per cent by 2030 and switching to green energy contracts by 2025.
In 2022 Sweco in the Czech Republic implemented additional measures to reduce electricity consumption, including replacing equipment with more energy-efficient alternatives (LED).

Denmark
During 2022 Sweco's Danish operations focused on reducing emissions from transports. A new system was introduced, with differentiated compensation for private car mileage. Compensation reflects the carbon footprint of the car's energy class.

To meet capacity requirements of the company's vehicle fleet and employees' private cars, Sweco also increased the number of electric car charging stations near the offices.

Germany
A mobility report with detailed recommendations and measures for business travel and commuting was launched in Sweco Germany in 2022. From 2023, the transition to electric vehicles will be accompanied by investments in charging stations at Sweco's offices. The share of renewable energy used at the German offices was 98 per cent in 2022.

Several initiatives with targeted information for employees were implemented in 2022 to increase awareness about energy consumption and support energy efficiency measures in the offices.

Lithuania
Sweco in Lithuania has committed to gradually increase the share of renewable energy used in its operations. A new office concept was developed in 2022 aimed at supplying all offices with renewable energy by 2023 and reducing the offices' carbon footprint by 50 per cent.

In 2023, the first electric cars will be included in the vehicle fleet, which is expected to reduce mobility emissions by 8 per cent.

Poland
Sweco Poland launched the "Bike to Work" initiative in 2022 to promote sustainable employee commuting. The transition to an electrified vehicle fleet was accelerated in 2022, with the goal of replacing up to 10 per cent of fossil fuel cars with hybrid cars by 2023.

Introduction of a new management system for the vehicle fleet is expected to reduce the use of fossil fuels by 5 per cent by 2023. Three offices signed renewable energy agreements in 2022.

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Climate footprint 2022

Scope and method

Sweco's climate footprint is compiled and reported on an annual basis based on group guidelines and in accordance with the Greenhouse Gas (GHG) Protocol. The reporting includes carbon emissions in all Scopes 1, 2 and 3. On Group level, Sweco has identified two emission categories as being material for its operations: energy consumption at the company's offices, and mobility. These categories, which account for approximately 61 per cent of total carbon emissions, include Scopes 1 and 2 and material portions of Scope 3.

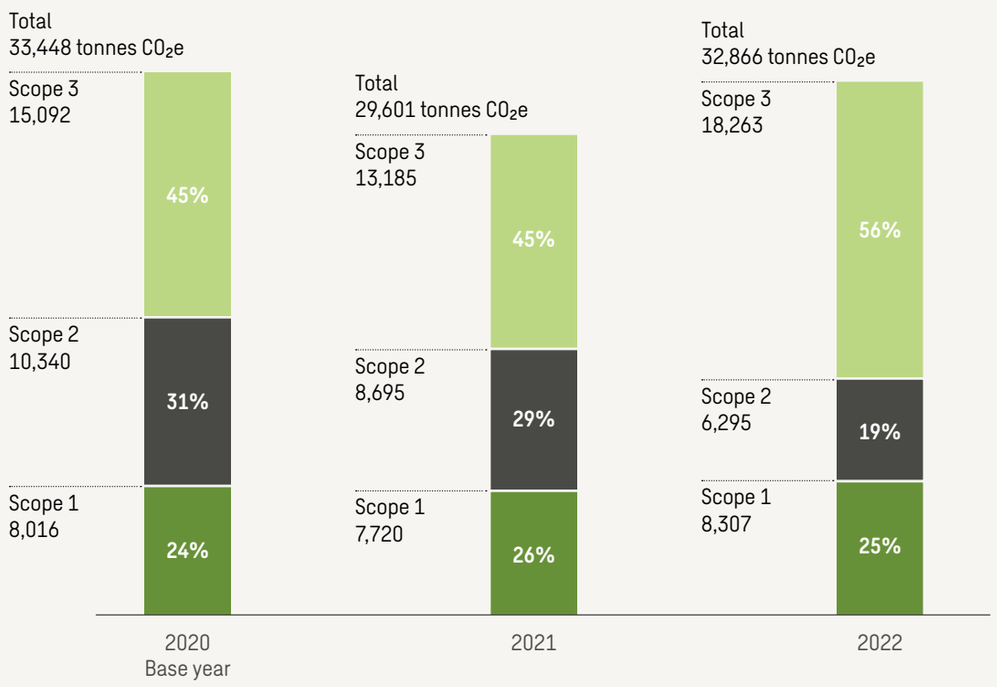
Each country also has the option to report additional Scope 3 emission categories linked to local climate targets and roadmaps. This means that not all Sweco countries report on all Scope 3 emissions categories, which leads to some uncertainty as regards Sweco's total emissions. Process and methodology improvements are planned for 2023 to improve coverage, transparency and adapt reporting to the forthcoming Corporate Sustainability Reporting Directive (CSRD).

Intensified post-pandemic activities affect emissions

Sweco's climate footprint in 2022 amounted to 32,866 tonnes CO_2e, an increase of 11 per cent compared with the previous year. Post pandemic, the gradual return to office work and increased physical presence in client projects resulted in more employee commuting and business travel in 2022. Sweco also made several acquisitions, which increased the total climate footprint. Base year recalculations are therefore planned for 2023 at Group and country levels. The increase in emissions was also partly attributable to improved calculation methodology and data quality, and partly to the UK adding additional Scope 3 categories to its reporting.

See pages 94–95 for detailed information on climate emissions.

Annual climate footprint by GHG scope, 2020–2022 (tonnes CO_2e)



Scope 1 – Direct emissions from own facilities and vehicles
Scope 2 – Indirect emissions from purchased electricity, heating and cooling consumed by Sweco
Scope 3 – Other indirect emissions from Sweco's operations

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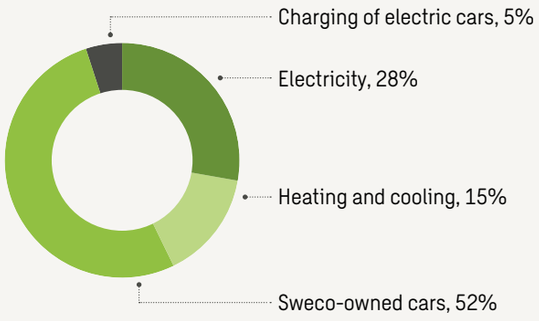
Scope 1 and 2 emissions

In 2022, Scope 1 and 2 emissions decreased by 3,753 tonnes, equivalent to 20 per cent, compared to the base year 2020. The primary driver behind this was the reduction by 42 per cent of carbon emissions from purchased energy in Scope 2 related to Electricity and Heating and cooling. This reduction was due to an increased share of renewable energy sources. The emissions from Sweco's vehicle fleet increased by 4 per cent compared to 2020, therefore increasing its share to 52 per cent of Scope 1 and 2 emissions.

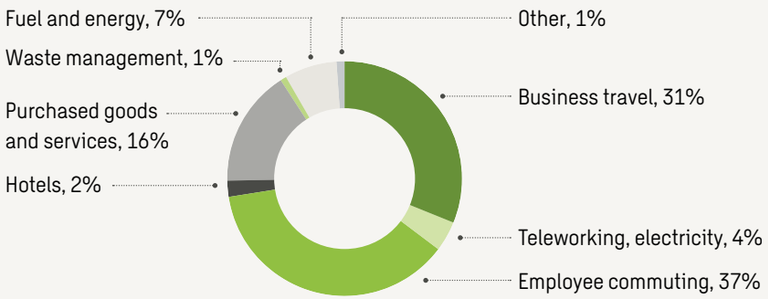
Distribution of Scope 1 and 2 carbon emissions per category during 2022



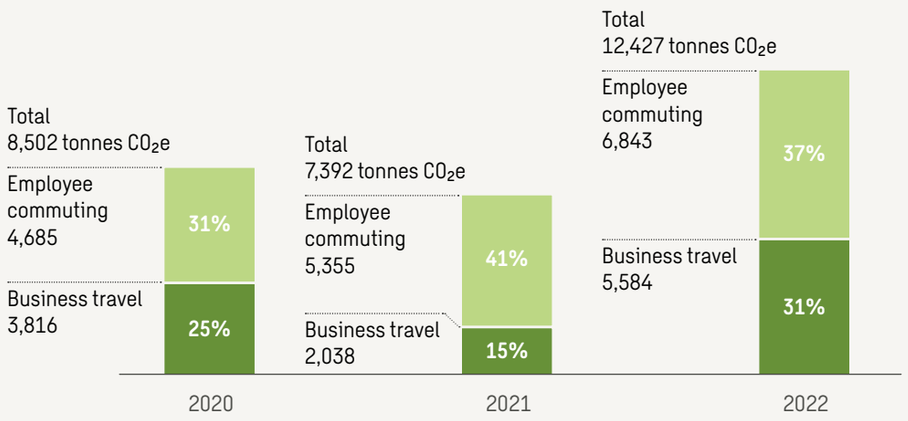
Indirect Scope 3 emissions

In Scope 3, business travel and employee commuting collectively accounted for 68 per cent of carbon emissions, followed by purchased goods and services at 16 per cent. With the return to office work, business travel and employee commuting increased in 2022 compared with 2021 levels, by 174 and 28 per cent respectively.

Distribution of Scope 3 carbon emissions per category during 2022



Carbon emissions for business travel and commuting, 2020–2022 (tonnes CO_2e)



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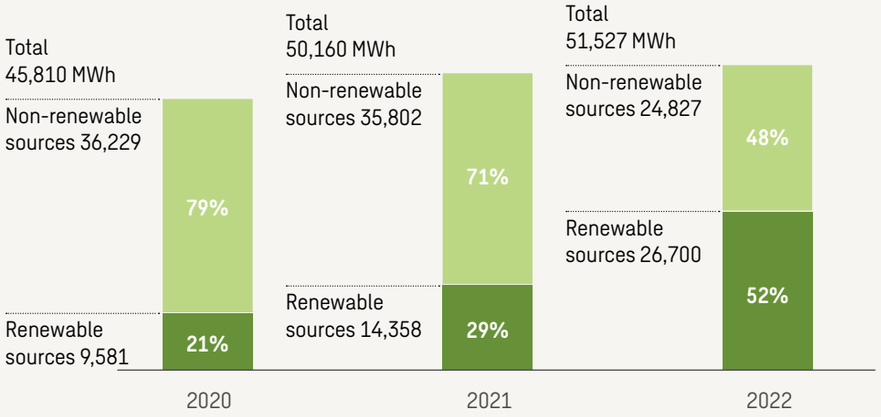
Increased share of renewable energy sources

The absolute energy consumption increased 3 per cent in 2022 as compared with 2021 levels, whereas the energy intensity measured as kWh/FTE decreased by 2 per cent. The share of renewable energy sources increased from 29 to 52 per cent. The increase in renewable energy sources was attributable to active efforts to increase the number of green energy contracts for its premises as well as improved data quality.

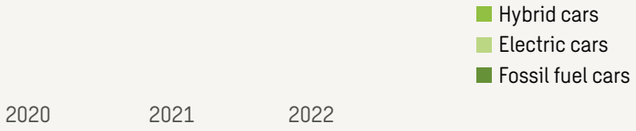
Total energy consumption and distribution by energy source, 2020–2022 (MWh)



Electrification of vehicle fleet

Sweco aims to electrify its vehicle fleet as part of the journey to climate neutrality. The share of electric and hybrid vehicles increased to 42 per cent in 2022 compared to 35 per cent in 2021.

Distribution of vehicle fleet, 2020–2022 (in per cent of total number of vehicles)



Outlook 2023

Sweco considers transparent climate reporting of the business's carbon emissions to be essential for identifying and implementing measures to achieve climate neutrality by 2040.

A group-wide network was launched in 2022 to expand Sweco's climate work, share good examples and improve transparency, efficiency and precision in the company's climate reporting.

This work will be broadened in 2023 to include a more detailed roadmap to climate neutrality and sub-targets with regard to energy, mobility and suppliers. CSRD regulations will also be implemented on the Group level during 2023–2024.

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Sweco and the EU taxonomy

The taxonomy regulation and supplementary delegated acts are part of the EU's green growth strategy. The taxonomy is aimed at redirecting capital flows towards a sustainable economy and has been designed as a common classification system for environmentally sustainable investments, products and services within the EU.

Increased reporting requirements in 2022

The taxonomy regulation came into force in 2021, the year Sweco first reported the proportion of the company's net sales, capital and operating expenses eligible under the regulation in relation to objectives for climate change mitigation and adaptation. For 2022, reporting pertains to the proportion of Sweco's net sales, capital expenses (CapEx) and operating expenses (OpEx) aligned with the taxonomy.

EU Taxonomy alignment

Make a substantial contribution to one or more of the six EU environmental objectives + Do no significant harm to the remaining environmental objectives + Meet minimum safeguards

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In-depth analysis of economic activities

In 2022, Sweco conducted an in-depth analysis of the regulations and the technical screening criteria for substantial contribution to taxonomy objectives, minimum safeguards and Do No Significant Harm (DNSH); i.e., an economic activity must make a substantial contribution to one environmental objective without significantly harming prospects for achieving any of the other objectives. The analysis improved the understanding of the regulations' implications for Sweco and formed the basis of a group-wide process for assessment and reporting in accordance with the criteria.

Based on this analysis, the economic activities covered by Sweco's reporting have been adjusted and are comprised of the following: projects within transportation infrastructure and energy performance of buildings, services related to climate risk analyses and climate adaptation, and data solutions aimed at reducing greenhouse gases and development of technical solutions for direct carbon capture . The analysis was also instrumental in the adjustment and improvement of data quality in the year's reporting.

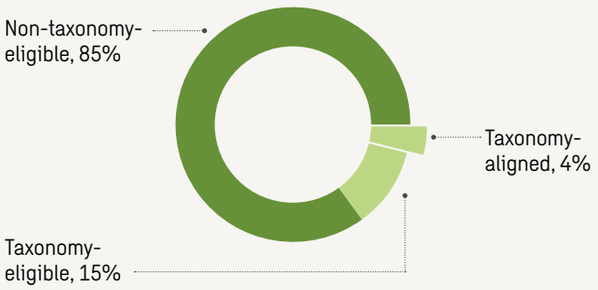
Detailed information on the taxonomy is presented on pages 96–97.

Proportion of taxonomy-aligned net sales

Approximately 15 per cent of Sweco's net sales was taxonomy-eligible, of which 4 per cent was taxonomy-aligned and could be classified as environmentally sustainable projects. This low alignment is explained by the fact that the technical screening criteria for Do No Significant Harm (DNSH) are very strict, particularly as regards environmental objectives for climate adaptation and circular economy. Since Sweco operates as a consultancy and does not have final decision-making power in its client projects, meeting these DNSH criteria is deemed to be difficult to achieve.

Approximately 85 per cent of Sweco's net sales was not taxonomy-eligible. Sweco's consultancy services within the energy sector, industry and manufacturing sector as well as within a large proportion of the construction sector and water and waste management were not taxonomy-eligible.

Proportion of taxonomy-eligible and taxonomy-aligned net sales, and proportion of non-taxonomy-eligible net sales 2022



The EU taxonomy includes the following environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Taxonomy-eligible capital and expenditures

In 2022, 58 per cent of Sweco's total capital expenditures (CapEx) was taxonomy-eligible, pertaining to the office premises and Sweco's vehicle fleet. In a materiality analysis based on last year's reporting, CapEx in relation to premises and vehicle fleet was identified as relevant for reporting. For 2022, there were no operating expenses identified as being relevant for the taxonomy reporting of OpEx.

For 2022, the assessment was that Sweco currently does not meet the technical screening criteria or the DNSH criteria for CapEx-related activities and, accordingly, only taxonomy-eligible capital expenditures were reported.

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Examples of projects with taxonomy-eligible economic activities

Sweco is assisting the Swedish Civil Contingencies Agency to develop national standards for mapping extreme rainfall

On behalf of the government, Sweco will assist the SCCA in developing a national and uniform method of mapping extreme rainfall in urban areas, to show the areas at risk of flooding during extreme rainfall. The mapping will calculate flood distribution, water depth, surface water flows and flow paths for specific rainfall incidents.

Results will be used to analyse the consequences of extreme rainfall, and the procedure will serve as a standard for Sweden's municipalities in identifying and preventing flood risks. The project also includes producing instructions for interpreting and using the data in urban planning.

Enabling transportation on environmentally friendly waterways

The Kiel Canal in Germany is the world's most frequented artificial waterway. The first Levensau High Bridge – a combined pedestrian, road and railway bridge – is the oldest bridge structure on the canal. It is also one of the biggest bottlenecks for shipping. Capacity will now be increased by replacing the Levensau High Bridge with a new bridge that will improve safety and significantly reduce canal passage times, especially for larger ships. Sweco will support Kiel Canal Construction Authority in parts of the construction and thus make an important contribution to shifting goods to environmentally friendly waterways.

Ensuring that dikes in the Netherlands withstand climate change

Noorderkwartier (Water Board) is a governmental organisation that works with dikes and clean surface water. Dike safety is assessed on a regular basis to ensure that the dikes can withstand the consequences of climate change.

Sweco has been commissioned to investigate the Zeedijk section of the dike around Monnickendam and carry out the exploration phase of dike improvement.

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Employees are Sweco

Sweco's 20,000 architects, engineers and specialists work with the company's clients to develop solutions to meet the greatest societal challenges of our time. Sweco's strength is based on the collective expertise of its employees. Being an attractive and stimulating employer for current and future talents is essential to Sweco's business and the sustainable transformation of society.

A purpose that inspires and makes a difference
Sweco holds a strong position as sought-after advisor in complex, transformative projects. Sweco's experts play a key role in many ground-breaking initiatives in renewable energy, circular resource management, electrification of transportation and industries, and the planning and design of urban areas and civil infrastructure. This has built a strong, purpose-driven culture with committed employees who are challenged to think outside the box and are inspired to create change in collaboration with colleagues, clients and society at large.

This is confirmed by Sweco's annual employee survey, which was expanded in 2022 with additional questions regarding opportunities to have an impact on sustainability work in Sweco's operations and in client projects. 72 per cent of employees feel that Sweco supports a sustainable transformation of society, and 79 per cent feel inspired in their daily work.

Personal responsibility in a decentralised organisation
Sweco is comprised of 1,700 small independent teams led by team managers responsible for client relationships, projects and employees. Experts with different specialties, experience and knowledge are authorised to make their own decisions, take responsibility and drive change together with Sweco's clients. This creates results in projects and a sense of pride and commitment among employees.

The successful model has been validated in this year's employee survey. Sweco received a score of 4.2 on a 5-point scale in employees' responses to the statement "I am proud to work at Sweco", and a score of 4.3 in response to the statement "I have the opportunity to influence my own work".

79% of Sweco's employees are proud to work at Sweco (2021: 80%)

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Focus on clients

Clients' needs and project requirements are constantly changing as society develops. Sweco attaches great importance to being the most approachable and committed partner, with recognised expertise.

During 2022, Sweco strengthened its consulting capacity in several areas where there is high demand for the company's services, including climate adaptation, energy transition, recycling and reuse within construction and real estate, and virtual simulation models using digital twins. The average score from Sweco's 2022 client satisfaction surveys was 8.7/10 (8.7/10), and the company's score improved to 4.4/5.0 in this year's employee survey in response to the statement "In our team we build long-term relationships with our clients" (4.3).

International arena for collaboration and expertise

Sweco's experts meet and collaborate in an international arena through cross-border client projects or internal activities to exchange expertise and lessons learned. As an example, 30 Sweco experts from Belgium, the Netherlands and Sweden collaborated in a European hydrogen group to establish the first large-scale green hydrogen plant in the Netherlands. Similar collaborations are underway in areas including the design of battery gigafactories, energy islands for large-scale production and storage of renewable energy, and electrification of the transportation sector.

Attract and retain talent

Sweco recruited more than 4,000 new employees in 2022, a year-on-year organic increase of 4.0 per cent in headcount. Sweco's attractive international employer brand, with good prospects for personal development in transformative projects, was a strong incentive for the new colleagues welcomed to Sweco during the year. Following the relaxation of pandemic restrictions in early 2022, there was a significant increase in employee turnover in several labour markets in countries where Sweco operates. This had a direct effect on voluntary employee turnover at Sweco, which was 13.9 per cent at year end (13.0).

Retaining current employees in a highly competitive market was a major focus area in 2022, with a range of targeted measures implemented in the areas of employee dialogue, individual development, enhanced leadership programmes and mobility. Sweco also works with qualitative exit interviews and has a structured process in place to follow up with new employees during their first three months. In a positive trend, an increasing number of employees who previously left the company chose to return to Sweco in 2022.

Sweco is the industry's most attractive employer in Sweden

According to Universum's 2022 survey, professional and graduate engineers choose Sweco as the industry's most attractive employer in Sweden, followed by Northvolt, Polestar and Volvo Cars. The highest ranked companies are all taking the lead in the energy transition, which indicates that today's energy issue affects choice of employer.

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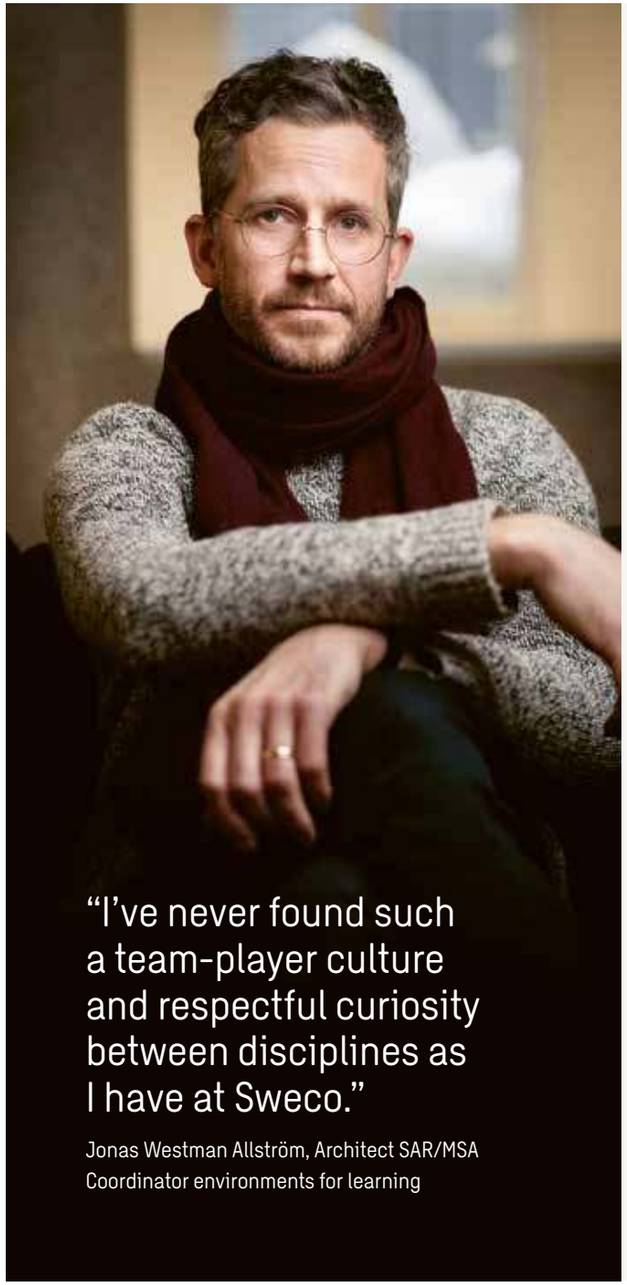

"I've never found such a team-player culture and respectful curiosity between disciplines as I have at Sweco."

Jonas Westman Allström, Architect SAR/MSA
Coordinator environments for learning

Back at Sweco

What's unique about working at Sweco? We asked Jonas Westman Allström, who left Sweco twice but chose to return. Jonas, an architect at Sweco in Umeå, first joined the company in 2000 and returned to Sweco in March 2022.

Tell us, what made you choose Sweco?
"For the opportunity to work across disciplines with knowledge-driven colleagues, in every imaginable field of sustainable urban development. I think that Sweco as an employer is unique in this regard. I've never found such a team-player culture and respectful curiosity between disciplines as I have at Sweco. I really missed this, so I came back – twice."

What made you want to come back?
"I'm passionate about finding innovative solutions to today's challenges, and I've found that Sweco's framework fully supports this ambition. As an employee, I feel that there's support for an exploratory, knowledge-driven approach. It's also nice to know that Sweco is flexible and can adapt employees' work to the various demands that arise in life."

What will you be working with?
"I'll be working mainly with mentoring and coaching existing and new employees, and will carry on with training and research exchange in the architecture field. I'm also looking forward to focusing on dialogue-driven development projects with a lot of highly skilled colleagues in various disciplines."

What experiences will you be bringing back to Sweco?
"To make the most of our knowledge and to take overall responsibility in our projects, from the first brushstroke to execution and completion. Seeing and hearing every employee, and understanding how to remove obstacles to enable each person to reach their full potential. I'll also be bringing with me my confidence in the strength of physical meetings and dialogue. When in-person meetings aren't an option, I want to push for digital alternatives for creative idea exchange to be implemented on a regular basis. This increases motivation and the quality of what we communicate."

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Sweco Digital Expertise Programme

Digitalisation plays a key role in sustainable urban development and is a strategically prioritised area for Sweco. The Digital Expertise Programme was developed in 2022, a group-wide effort to develop digital specialists. This international programme is a complement to the digitalisation skills development that takes place regularly in the business areas.

Sharing knowledge and experience between different markets and areas of expertise, the employees work with digital innovation and transformation that creates additional value for Sweco's clients, strengthens the company's competitiveness and improves internal efficiency. The first module with 24 participants will be launched in February 2023 and run for five months.

Continuous development

Sweco's ability to deliver innovative, sustainable solutions in client projects is based on the collective expertise of its employees. Continuous learning and professional development is essential for future-proofing the business. Sweco works with expertise and knowledge sharing to offer excellent development opportunities and an engaging work culture. Special focus is given to individual development, which is achieved in client projects and through internal skills development. In 2022, several business areas launched or updated their web-based training programmes in the areas of sustainability, diversity and business ethics as part of new employee onboarding or ongoing skills development.

During 2022, 91 per cent of Sweco's employees had an individual performance review (Sweco Talk) with their managers, a year-on-year improvement of 6 per cent points. In dialogue with their managers, each employee is given what they need to develop their skills in line with client needs and wishes, based on new technology or updated regulations and to address changes taking place in the external environment. In this year's employee survey, Sweco received scores of 4.2 on a 5-point scale in employees' responses to the statements "I develop my professional knowledge in my work" and "I can influence my own development".

Focus on leadership and succession planning

Leadership at Sweco involves understanding client needs and taking responsibility for projects, leading the team and developing skills together with colleagues, and being a good ambassador for the company in society. Sweco's work in developing future leaders is based on a common leadership framework. At Group level, Sweco runs the LEAD programme for managers who have the potential to take on more senior positions. According to the 2022 employee survey, 90 per cent of Sweco's leaders are considered excellent managers, maintaining the same high level of employee confidence as they earned last year.

Sweco had particular focus on succession planning in 2022, a proactive process to ensure relevant, long-term competence for leadership and business-critical roles in the organisation. Initiatives taken include the launch of digital modules to give HR and managers additional tools to plan for capacity, knowledge and experience requirements on multiple levels in the organisation, and to react more effectively to internal or market-driven changes.

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A workplace based on expertise and experience

To continue developing in its role as leading advisor in the transition of business, industry and society, Sweco needs to have the industry's most skilled employees. Sweco focuses on skills-based recruitment and employee development, and the company strives to reflect the diversity of the markets in which it operates.

Sweco's 1,700 teams are enriched by people with different expertise, perspectives and experiences. Equal rights and opportunities in the workplace are fundamental cornerstones of Sweco's culture and Code of Conduct.

Functional variations in the workplace – Sweco builds an inclusive organisation in the UK and Ireland

"Dyslexia isn't a disability, it's a different ability. It is scientifically proven that dyslexic people think in a different way, and we are great problem solvers."

Megha Nagendra Wells
Technical Director Energy, Water and Environment

It is estimated that 7.7 million people of working age in the UK have functional variations. For a company of Sweco's size, an estimated 10 to 15 per cent of employees will have a visible or invisible functional variation – a significant number of colleagues. By understanding each other's needs and raising awareness of different types of functional variation, Sweco endeavours to ensure that everyone can thrive in the workplace.

To support this objective, Sweco's Diversity and Inclusion Working Group in the UK and Ireland is responsible for enabling the organisation to embrace and capitalise on differences. A key priority in 2022 was the continued commitment to the Disability Confident Scheme and the ambition to become an accredited Disability Confident Leader by 2024.

Sweco worked with a range of initiatives during the year, including making the recruitment process more inclusive and informative, improving user accessibility on the website, and providing awareness training on dyslexia, epilepsy, autism, sign language and other functional variations for all employees in the UK and Ireland.

Dyslexic thinking skills

Managing functional variations in the workplace is not just about supporting people with functional variations – it also involves recognising that they bring different skills, thoughts and processes to the business. People with dyslexia are well suited to roles in engineering and consultancy as they often excel in areas such as complex problem solving, creativity, critical thinking, people management, and spatial visualisation.

Sweco strives to build an open and inclusive culture, enabling colleagues to focus on their strengths. As a Disability Confident Employer, Sweco encourages employees with functional variations such as dyslexia to make an assessment of reasonable adjustments that can be put in place during the recruitment and selection process.

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Gender equality

Women and men must have equal conditions and opportunities to qualify and work as architects, engineers, technicians and specialists. Sweco has a target of having 40 per cent female employees group-wide by 2040.

The percentage of female employees at Sweco increased to 35 per cent in 2022 (34) and the gender distribution in the Executive Team remains even. Sweco holds 7th place in Sweden in Equileap's 2022 global equality survey and maintains its place on Swedish foundation Allbright's annual green list of gender-equal listed company management teams.

Equal opportunities for all employees

Equal and competitive salaries are a key element in Sweco's work with gender equality and diversity. Sweco's employees are also given equal opportunities for professional development in their existing fields or in new areas. Sweco has policies focused on eliminating salary disparities for identical or equivalent work. This is continuously monitored, and appropriate measures are taken when salary disparities based on gender, age or ethnic background are identified. The 2022 employee survey validates Sweco's sustainability work in equality, diversity and inclusion. Sweco received a score of 4.5 on a 5-point scale in response to the statement "Everyone in our team has equal opportunities".

Unbiased recruitment

Inclusion and diversity are an integrated perspective in Sweco's recruitment processes and the company endeavours to increase awareness and knowledge of discrimination, stereotypes and unconscious bias. Focus in 2022 remained on systems support and training for several of Sweco's recruitment teams in the application of skill-based procedures in the selection and management of candidates.

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Hybrid work for increased flexibility

The pandemic fundamentally changed working life, and many of Sweco's employees appreciate a combination of working in the office and from home. Sweco supports a hybrid work model, which combines the advantages of remote working, such as greater flexibility in life, with collaboration and activities at the office and in client projects.

Hybrid work also generates new opportunities for personal development and mobility for employees at Sweco's international and diversified operations.

Health and work environment

Sweco works over the long term to ensure a healthy, inspiring workplace where employees thrive and develop. Sweco has a zero-incident vision, and the company's work environment management is based on a robust management system for health and safety, environment and quality certified under ISO 45001. Many Sweco employees work on projects at client sites, where Sweco does not have direct control of the client's work environment. Great importance is therefore placed on emphasising work environment aspects in the company's business agreements and ongoing client dialogue.

Thanks to Sweco's decentralised organisation, the company can adapt tools and activities to local conditions. At the business area level, Sweco works systematically to prevent incidents and accidents and to continuously improve the work environment. This includes improving risk awareness and promoting a work culture and behaviour that supports safety and well-being. Annual employee and general satisfaction surveys are complemented with individual discussions that encourage open dialogue between managers and employees, focused on maintaining employee and team well-being and commitment. In this year's employee survey Sweco received a score of 4.1/5.0 in response to the statement "Expectations for my work are reasonable" and a score of 4.4/5.0 in response to "My workplace has a good atmosphere".

The first six months of the year were marked by the dramatic spread of the Omicron variant, followed by a gradual easing of pandemic restrictions. As society reopened, influenza and other seasonal illnesses had greater impact on sickness absence at Sweco, which was 3.8 per cent at the close of 2022 (3.1). On average, 51 per cent (60) of Sweco employees worked from home during the year. Additional development initiatives for managers were conducted in 2022 to ensure that Sweco draws full advantage from the hybrid work model.

Outlook 2023

The shortage of qualified professionals in strategic areas such as energy and infrastructure is deemed to have a continued impact on Sweco's expertise sourcing in 2023. Sweco views it as a priority to ensure that the company continues to be an attractive employer for top talents and enables employees to reach their full potential.

During the November 2022 COP27 climate conference in Egypt, Sweco and FIDIC (an industry federation representing over 1 million engineers worldwide) drew attention to the potential deceleration of climate transition due to the shortage of engineers and other specialised expertise.

Additional initiatives include the effective onboarding of over 4,000 new employees welcomed to Sweco in 2022, prioritising employee retention over longer periods, and working systematically to ensure a gender-equal and inclusive work environment.

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Business ethics

At Sweco, business ethics means more than compliance with laws and regulations. Ethical behaviour in the company's own operations and in client projects reflects Sweco's values, prevents risks and has a positive impact on society.

Responsibility on all levels

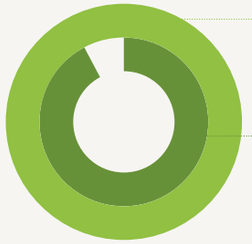
Establishing and maintaining integrity, transparency and trust in the company is essential for Sweco's long-term success, wherever in the world the company operates. Sweco's decentralised approach, with all employees responsible for their own business relationships, sets high standards for personal awareness of business ethics. Employees and business partners are responsible for complying with laws, regulations and Sweco's own business ethics policies.

Code of Conduct

With 20,000 employees working on 120,000 projects throughout the world, it is essential that Sweco and its business partners conduct business based on the same principles and with the utmost integrity. Sweco's Code of Conduct applies to all Sweco Group employees and covers environment, business ethics, employee development, human rights, labour law, data protection and personal data management.

The Code is based on international standards such as the UN's Guiding Principles on Business and Human Rights (UNGP), the ILO's core conventions, the OECD's guidelines for multinational companies, and the UN's Global Compact principles covering human rights, working conditions, environment and anti-corruption. All employees are required to complete annual digital training on the Code of Conduct and confirm compliance with their signature. As part of their onboarding, new employees also undergo training and sign the Code. In 2022, 92.3 per cent (95.3) of employees read and signed Sweco's Code of Conduct.

Share of employees that read and signed Sweco's Code of Conduct in 2022



Group management
100% (2021: 100%)

Employees
92.3% (2021: 95.3%)

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Sweco's business ethics framework

- **Code of Conduct**
  Sweco's Code of Conduct presents the company's overall requirements covering Sweco employees and business partners.
- **Policies**
  Sweco also has central policies in place regarding anti-bribery and corruption, gifts, hospitality and entertainment, privacy, crisis management, authorisation, finance, tax, sponsorship and information security. Local policies in the business areas cover e.g. procurement and travel.
- **Business Partner Programme**
  Sweco's Business Partner Programme ensures that current and prospective partners comply with the company's business ethics requirements.
- **Ethics Line**
  The Sweco Ethics Line is a whistleblowing function that enables anonymous reporting of suspected business ethics misconduct.
- **Risk management**
  Sweco also has risk management procedures in place to identify and manage financial, operational and sustainability-related risks.

Training and business ethics dilemmas
All employees and managers receive regular training in business ethics to increase awareness, generate internal dialogue and equip the organisation with an ethical compass. Sweco has a well-functioning system for digital training related to employees' roles and work duties. The training is updated annually and includes ethical dilemmas inspired by events that have occurred in Sweco's business activities or in client projects. During 2022, 95.5 per cent (94.1) of Sweco's employees completed internal training in business ethics.

Sweco Business Partner Programme
In addition to requiring business partners to comply with the Code of Conduct, Sweco also uses the Business Partner Programme to evaluate its partners. Training and policies on anti-corruption, gifts, etc. are included in the programme. Sweco's employees and partners participate together in the training sessions. For projects outside Sweco's home markets, the company applies a process for risk assessment of projects and business partners. The Transparency International Corruption Perceptions Index (CPI) is one parameter used in this assessment. The higher risk a project is deemed to have, the stricter the assessment.

Human rights
Sweco supports and respects human rights, as defined by international conventions and integrated into Sweco's Code of Conduct. Sweco has zero tolerance for human rights violations, child labour and inhumane working conditions. Sweco also does not permit discrimination or denial of employees' collective bargaining rights. The company actively promotes equal rights and opportunities in the workplace, within Sweco and in the contacts with clients and other stakeholders.

The risk of human rights violations within Sweco's own operations is deemed to be relatively minor. Human rights violations are mainly of concern in export projects conducted outside of Europe, with the risk of violation varying based on e.g. type of project, geographic location and the business partners Sweco works 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. No suspected violations of human rights were reported in 2022.

EU sanctions against Russia
Russia launched a full-scale invasion of Ukraine on 24 February 2022, with devastating consequences for millions of people. Russia's war against Ukraine is an unacceptable violation of international law and human rights. In accordance with EU sanctions against Russia, Sweco no longer has any ongoing projects in Russia or Belarus.

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Taxes and distributed value

Taxes play a key role financing public services in the areas of climate and environment, healthcare, social welfare, infrastructure, education and the legal system. In addition to the solutions and values Sweco experts create with clients in the projects, taxes and fees are considered an integral part of sustainable business operations.

Sweco pays taxes in accordance with local tax laws and regulations in the countries where the company operates. Sweco aspires to a high standard of tax management and provides transparent financial reports based on OECD principles, meaning that Group results are taxed where value is created. The tax policy is adopted by the Board of Directors and is reviewed annually. For 2022, Sweco paid SEK 389 million in income taxes. In addition to income taxes, Sweco contributes additional value related to salaries, pensions and employee benefits, dividends to shareholders, payments to suppliers, taxes and social fees. Sweco's reporting of tax can be found on pages 103 and 122–123.

Income taxes paid (SEK million)	**2022**	2021	2020
Total	389	432	337

Suppliers

Sweco's supply chain is limited, and the most significant impact lies in client projects and collaborations with other parties. Sweco expects all its suppliers to comply not only with laws and regulations in the countries where they operate, but also with group-wide principles in Sweco's Code of Conduct regarding health and safety, environmental management, business ethics, compliance, human rights and workers' rights. For example, Sweco requires its sub-consultants to comply with the Sweco Code of Conduct.

Furthermore, management and evaluation of supplier relations and procurement take place at business area level based on local policies and procedures. Sweco's goal is to use ongoing dialogue to continuously improve the management of its supply chain and establish processes and tools to further develop sustainability performance.

Information security

There has been a negative trend in the risk profile in the world in recent years, and regulatory requirements for cyber and information security are increasing. Preserving the confidentiality, integrity and availability of the data and information Sweco manages is essential to the business. Sweco works proactively to protect sensitive information from unauthorised activities. During 2022, Sweco also strengthened its preparedness to quickly detect and respond to risks and attacks.

Sweco's framework for information security pertains to the protection of data and IT infrastructure that the company manages to ensure availability and continuity in Sweco's own operations and in client projects. Training is provided regularly to all employees to increase awareness and user competence as regards security risks.

Cyber incidents can have a significant negative effect on the business. Sweco focuses not only on maintaining basic information security controls and measures, but also uses third-party resources to strengthen the company's cyber defences. The Board's Audit Committee receives regular updates on current risks and protective measures taken.

Data protection and integrity

Sweco respects people's privacy and attaches great importance to the personal information entrusted to the company by clients, employees and other parties. Sweco has therefore established a framework to protect the privacy rights of all individuals whose personal data is handled by the company.

- **Data Privacy team**
  Sweco's Data Privacy team is comprised of a Group Privacy Officer and local Privacy Officers from Sweco's business areas. The team issues privacy guidelines and supports the organisation in data protection-compliant business operations.
- **Policies and procedures**
  Sweco's Privacy Policy and associated standards and procedures define Sweco's data protection principles.
- **Training and awareness**
  All employees are required to complete Sweco's e-learning on data protection annually and are offered regular Nano training on privacy and information security. The completion rate for privacy e-training was 95 per cent in 2022 (2021: 92 per cent). Each business area also arranges tailored local privacy awareness activities on an annual basis.
- **Documentation and incidents**
  Sweco maintains a group-wide IT tool to document measures and manage and register inquiries from data subjects and potential privacy incidents.
- **Reporting and audit**
  Data protection and privacy compliance is reported quarterly to Sweco's Board of Directors and reviewed regularly through Sweco's internal audit function. Four business areas were audited by Sweco's internal audit function in 2022.

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Compliance and audit

Sweco's Group Compliance function is responsible for advising on, supervising and monitoring compliance issues. In line with Sweco's decentralised organisation, responsibility for compliance lies with the business areas. Business ethics is a standing item in monthly reviews with Sweco's business areas to ensure compliance with the company's Code of Conduct and other sustainability-related policies. Sustainability-related risks are reported to Sweco's Board of Directors on a quarterly basis.

Sweco has addressed the risks identified in the 2021 risk analysis regarding business ethics and human rights and, among other things, implemented an extended process for sanctions screening. To enable structured evaluation and implementation of Sweco's Code of Conduct and other policies, the business ethics work is regularly audited based on identified risks.

In November 2022, Compliance Week was arranged for the second consecutive year, under the topic "Business ethics in daily work". During the week extra focus was placed on business ethics dilemmas and providing information on compliance for employees in all Sweco countries.

Reports of misconduct

Sweco has a zero-tolerance policy with regard to violation of the law and business ethics. Sweco is enforcing this policy by proactively providing training and information, and by reactively picking up on and managing incidents. The Sweco Ethics Line, one of the company's whistleblowing channels, can be used by employees and external parties for anonymous reporting of suspected misconduct. Any illegal or unethical behaviour can be reported anonymously via the Sweco Ethics Line, which is operated by an external provider. Sweco also has internal reporting channels available to employees. All reported incidents are promptly investigated, regardless of the reporting channel used. Investigations are managed as locally as possible. The company's CEO and Audit Committee are regularly informed about relevant cases.

Incidents 2022

In 2022, 16 incidents were reported through Sweco's whistleblowing function (2021: 6). Incidents related to business ethics and employees were investigated and necessary actions have been taken as a result of the reports. Incident management of confirmed violations also includes evaluation and implementation of measures required to prevent similar incidents in future.

Outlook 2023

As the business grows and as Sweco operates in a world with political instability in several markets, it is increasingly important to remain vigilant to violations of business ethics. Sweco's programme for project and business partner risk assessment will be updated in 2023 to ensure that the company best responds to the risks presented by changes in the wider world.

Sweco will also continue to broaden its perspective and adapt its digital workplace for effective, secure hybrid work. Accordingly, some parts of the company's business ethics training, as well as mandatory training, will be done digitally.

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Collaboration promotes sustainable development

Collaboration is crucial for achieving positive impact in transforming society. Sweco's decentralised organisation is committed to delivering what is best for the clients in their local context. Consequently, most of Sweco's collaborations with various sustainability partners take place at the business area or national level.

During 2022, Sweco expanded its participation in several collaborative projects, based on the company's core values and responsibility as urban developer. A selection of these projects is presented on the following pages.

Collaborative partnership and innovation with city of Leuven, Belgium

The secret to Leuven's success is its radical embrace of the power of collaboration. In Leuven, people from government, academia, industry and civil society work together to form a thriving innovation ecosystem. Evidence of Leuven's culture of collaboration can be found in the way its city-wide climate network, Leuven 2030, drafted and is implementing its Roadmap 2025 – 2035 – 2050, a comprehensive document laying out what is needed to achieve climate neutrality. Sweco has built a long-lasting collaboration with Leuven over the past years and has worked with the city to develop the climate neutrality roadmap, engaging with stakeholders at all levels in society.

Find out more about the collaboration with Leuven in this Urban Insight report on swecogroup.com

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Arknat unites architecture with nature – an initiative of Sweco and FriluftsByn in Sweden

Sweco's architects initiated the Arknat architecture festival in collaboration with the Swedish FriluftsByn (Outdoor Village) organisation. The festival was held in the High Coast for three years and in Skåne at the Skåneleden Trail for the past two years. Architecture students from throughout the Nordics participate in Arknat, working together for two weeks to design and build wooden campsite wind shelters. Alongside lectures and instruction, the students gain practical experience in wood construction and knowledge about the material's properties. The result is the addition of many creative, beautiful wind shelters to the Swedish landscape. Arknat also creates new platforms to develop local, sustainability-based tourism.

Read more about the Arknat initiative on swecogroup.com

Sweco collaborates with several universities and colleges in Finland

Sweco has collaboration agreements and close cooperation in educational content with three technical universities (Aalto University, Tampere University and University of Oulu) and with several colleges and universities of applied sciences (e.g. Metropolia in the capital region and Oulu University of Applied Sciences). Sweco provides instruction and a range of educational and course content under the partnership agreements. Sweco and Novia University of Applied Sciences, as an example, have launched a joint postgraduate programme for exceptionally demanding wooden structures. The programme is supported by the Ministry of Education and Culture and gathers structural engineers and construction architects from Finland and Sweden.

Read more about Sweco's collaboration with Novia University on swecogroup.com

Antarctic Infrastructure Modernisation Programme (AIMP) – supporting UK's largest Antarctic research facility

The AIMP is a multi-year, multi-body partnership which is part of the UK government's long-term investment to modernise its research facilities in Antarctica. The partnership, which includes UKRI/NERC, British Antarctic Survey (BAS), Ramboll, BAM, Sweco, NORR Architects, Turner and Townsend and Hugh Broughton Architects, is delivering innovative design and sustainable solutions that will ensure the UK remains at the forefront of climate, biodiversity and ocean research in Antarctica. Working as BAM's designers, Sweco has been involved in the project since 2017 and will remain a key partner through to 2030. Currently, Sweco is supporting the construction of a new 4,500 m^2 operations building, the Discovery Building, at Rothera Research Station, as well as the restoration and extension of its runway.

Read more about Sweco's contribution to the Antarctic programme on swecogroup.com

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Towards Circularity – the year's theme for Sweco's Urban Insight knowledge platform

Cities consume over 75 per cent of all natural resources. Meanwhile, only 8.6 per cent of Earth's resources are part of today's circular economy. During 2022, Sweco's Urban Insight knowledge platform focused on the transition to a circular economy. By utilising their position as innovation hubs and financial centres, cities can drive forward the transition from a linear to a circular economy.

Planning and designing tomorrow's sustainable communities and cities requires data, facts and insights to identify the most innovative solutions. Urban Insight is a knowledge platform where Sweco invites experts to jointly develop innovative solutions within the scope of an annual theme. Since its launch in 2018, Sweco has published 27 reports in areas such as sustainable transport, energy transition, climate change and health and wellbeing.

In 2022, the overarching theme was circularity. Urban Insight reports provide insight into how cities can use data and technology to map and manage energy, flows and resources in a cycle for re-use. Calculations by Sweco's experts show that transition to a circular economy can reduce cities' energy needs by 75 per cent compared with current levels.

The theme for 2023 is Resilient Societies. The reports produced during the year will focus on the ways cities and communities can strengthen their adaptability and resilience by taking the best advantage of innovation, technology and new opportunities.

Towards Circularity – Insight reports

During 2022, Sweco launched several insight reports under the theme Towards Circularity. The reports highlight various aspects associated with the development of sustainable cities, communities and circular systems, with a focus on development of methods and tools to return resources to the system in lieu of new production or scrapping.

Download the Urban Insight reports on swecogroup.com

"The transition from a linear to a circular economy requires a joint effort from a wide range of societal stakeholders. At Sweco, we want to contribute with our expertise. Working with our clients, we can ensure that forthcoming projects have a positive impact on our future environment."

Alastair Carruth, Circular economy specialist and Expert Leader for Urban Insight

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Sustainability notes

About the Sustainability Report
Sweco's sustainability report follows the financial year and is published annually. The previous sustainability report covering financial year 2021 was published in March 2022. Sweco's sustainability report for 2022 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 carried out a materiality analysis in 2021 to determine the most relevant sustainability topics in the value chain. The analysis is considered relevant for 2022 and will be expanded to include both financial and impact materiality under the new "double materiality" concept.

Sweco reports sustainability with reference to the GRI Standards. The GRI index is presented on pages 154–155. Climate-related risks are assessed in accordance with TCFD recommendations and presented on pages 57–58. Sweco's ambition is to integrate sustainability into all operations and its sustainability reporting is therefore included in the structure of the annual report.

Statistics pertaining to climate and the environment were collected by experts in each business area and have been compiled by the Group Sustainability Performance function. Collected data pertains in general to 2022. Data was estimated in cases where data was not available at the time of the report's publication.

Statistics pertaining to employees were compiled by the HR function and refer to figures as of 31 December 2022 for all companies in the Group, unless otherwise stated.

Statistics pertaining to business ethics were compiled by the Head of Group Compliance and pertain to figures as of year-end 2022 for all companies in the Group, unless otherwise stated.

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Framework and international reporting principles

CDP
Sweco reports its greenhouse gas emissions through CDP, an independent, non-profit global organisation that coordinates collection of companies' self-reported climate data. CDP aspires to have companies use disclosed data to analyse their climate impact and proactively reduce direct and indirect emissions. In 2022 Sweco received grade B on an A to D scale, with A being the best possible grade.

Greenhouse Gas Protocol (GHGP)
GHG is the most recognised global standard for calculating and reporting 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 GHG Protocol.

GRI
GRI is an independent international standardisation body that has developed a common global taxonomy for sustainability accounting and reporting. Sweco reports sustainability with reference to the GRI Standards.

Science Based Targets initiative (SBTi)
SBTi is a collaboration between the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), the World Wildlife Fund (WWF) and the UN's 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 validates. Sweco adheres to the Science Based Targets initiative and has set targets aligned with the Paris Agreement and the goal to limit temperature increases to below 1.5°C.

Task Force on Climate-related Financial Disclosures (TCFD)
TCFD was initiated by the Financial Stability Board, a G20 entity, to improve and expand climate-related financial reporting with regard to the risks and opportunities of climate adaptation. The TCFD has developed recommendations for reporting structured around governance, strategy, risk management, metrics and targets. Sweco's climate-related risks are assessed in accordance with TCFD recommendations.

United Nations Global Compact (UNGC)
The UNGC is a principle-based framework for companies that includes ten universal principles based on established international conventions within four core areas: human rights, labour, environment and anti-corruption. Sweco became a Global Compact signatory company in 2021 and is part of a global network of over 9,500 companies that have committed to complying with the ten principles. For 2022, Sweco is reporting the results of its sustainability work pursuant to the new reporting requirements and digital reporting schedule introduced by UNGC during the year. Sweco has also signed Business Ambition for 1.5°C, an open letter from the UN Global Compact and its "Business Ambition for 1.5°C – Only Our Future" initiative.

International principles
Sweco adheres to international principles related to sustainability topics. The following principles are referred to in the Annual Report:

- The FIDIC Code of Ethics and FIDIC Climate Change Charter, 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

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Climate and environment

Group greenhouse gas (GHG) emissions and energy consumption

Emissions per GHG scope and category – tonnes CO_2e	2022	2021	Base year 2020	Number of reporting Business Areas
Scope 1 (direct emissions)	**8,307**	**7,720**	**8,016**	
Electricity	0	9	5	All
Heating and cooling	649	687	613	All
Own vehicles	7,658	7,025	7,398	All
Scope 2 (indirect emissions)	**6,295**	**8,695**	**10,340**	
Electricity	4,082	6,008	7,510	All
Heating and cooling	1,545	2,167	2,216	All
EV charging	668	520	614	All
Scope 3 (other indirect emissions)	**18,263**	**13,185**	**15,092**	
Business travel	5,584	2,038	3,816	All
Remote work electricity	801	901	955	All
Outsourced IT	5	5	5	All
Employee commuting	6,843	5,355	4,685	8 of 11 (8 of 12)
Hotels	359	182	214	6 of 11 (5 of 12)
Purchased goods and services	2,936	2,775	2,374	8 of 11 (7 of 12)
Upstream transportation and distribution	1	69	86	1 of 11 (3 of 12)
Waste generated in operations	226	233	308	5 of 11 (6 of 12)
Fuel- and energy related activities	1,305	1,349	1,426	9 of 11 (4 of 12)
Investments	0	76	69	0 of 11 (1 of 12)
Other	203	204	1,154	2 of 11 (2 of 12)
Total emissions – tonnes CO_2e	**32,866**	**29,601**	**33,448**	

	2022	2021	Base year 2020
Mobility			
Aviation	3,398	1,157	1,601
Train	175	97	71
Public transport	12	8	6
Cars and vehicles	8,326	7,544	9,900
Maritime	28	7	8
Short term vehicle services	1,972	769	242
Total emissions – tonnes CO_2e	**13,911**	**9,582**	**11,828**
Office			
Electricity	4,082	6,017	7,515
Heating and cooling	2,194	2,854	2,829
Total emissions – tonnes CO_2e	**6,276**	**8,871**	**10,344**
Key indicators			
Emission intensity			
kg CO_2e/ FTE	1,762	1,663	1,930
kg CO_2e/ SEK M	1,353	1,358	1,604
Energy intensity			
kWh/ FTE	2,763	2,818	2,644
kWh/ SEK M	2,121	2,302	2,196
Energy consumption (MWh)			
Renewable energy	26,700	14,358	9,581
Non-renewable energy	24,827	35,802	36,229
Total energy consumption	**51,527**	**50,160**	**45,810**

Greenhouse gas (GHG) emissions per Business Area

Business Area	2022	2021	2020	Target year climate neutrality
Sweden	8,903	8,498	11,637	2030
Norway	5,114	4,253	4,883	2036
Finland	2,811	2,499	3,259	2030
Denmark	2,293	2,013	2,144	2040
Netherlands	3,708	3,434	4,418	2035
Belgium	2,567	2,125	2,033	2030
UK	1,440	823	878	2030
Germany and Central Europe	**5,807**	**5,840**	**3,700**	
Germany	4,010	4,043	2,014	2040
Czech Republic	274	277	309	2040
Poland	1,280	1,174	971	2040
Lithuania	244	256	303	2040
Bulgaria[1]	–	89	104	2040
Group	222	115	496	2040
Total emissions – tonnes CO_2e	**32,866**	**29,601**	**33,448**	

1) Not included in the 2022 reporting year due to divestment in October 2022.

Methodology and data

Sweco follows to the Greenhouse Gas (GHG) Protocol in calculating the climate footprint of its own operations. Each Sweco country is responsible for producing country-specific calculations and reporting the results to Group for consolidation. All calculations are validated by experts in each country and at Group level.

All Sweco countries report carbon emissions for two mandatory categories – offices and mobility – which pertain to emissions from Scopes 1 and 2 as well as significant parts of Scope 3. Mobility emissions include all business travel with own cars, rental cars and by air, train, public transport and boat. Mobility emissions do not include employee commuting, as these are reported separately. Calculations are based on both actual data such as kWh, kilometres or litres as well as estimations in those cases where data is not available. Office emissions include energy consumption from self-generated energy such as solar panels, as well as purchased energy. Emissions calculations are based on the most valid and relevant emission factors for each country. Market-based methodology is applied for purchased energy and energy consumption. The residual mix is used in cases where data is not available.

Reporting on the remaining Scope 3 emissions is voluntary and each country includes the categories that are material for their own operations. This means that not all Sweco countries report on all Scope 3 emissions categories (see table above), which leads to some uncertainty as regards Sweco's total Scope 3 emissions. Bulgaria is excluded from this year's reporting due to divestment.

Results and analysis

Total carbon emissions for 2022 amounted to 32,866 tonnes CO_2e, an increase of 11 per cent compared to 2021. This increase was due mainly to more travelling as part of the post-pandemic recovery. Both Sweco's base year 2020 and the year 2021 were affected by lockdowns and work from home. An increase in CO_2 emissions was anticipated with the ease of pandemic-related restrictions in 2022.

The reduction of emissions in Scope 2 was due to a higher share of renewable energy sources compared to previous years.

The emission data for 2021 was updated, which led to a smaller decrease in the total emissions for 2021; this was mainly due to improved data quality.

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EU taxonomy

Reporting requirements 2022

Reporting requirements apply in full for financial year 2022. Sweco is accordingly required to report:

- the proportions of total net sales that are taxonomy-eligible, non-eligible and taxonomy-aligned, and
- the proportions of capital expenditures (CapEx) and/or operating expenses (OpEx) that are taxonomy-eligible and taxonomy-aligned.

Procedure

Sweco is a project-driven business and works with approximately 120,000 projects each year. A top-down reporting process has been developed to manage reporting in a validated, resource-efficient way. Reporting and assessment of compliance is done on a country level for various groups of projects. To achieve this, group-wide guidelines and tools have been developed and training for finance controllers and experts has been provided by Group. Each Sweco country has therefore been responsible for its own reporting, which has then been consolidated at Group level.

Methodology and data collection

Pursuant to Group guidelines, an overall assessment was made and recommendations issued for each economic activity based on analysis and advice from Sweco's own experts. According to the analysis, the criteria for substantial contribution were found relatively easy to meet through provision of the services Sweco provides. In contrast, it is somewhat more complex for Sweco's consulting services to meet the DNSH criteria, which impose heavier demands on analysis and measures being taken. This is normally the responsibility of Sweco's clients, other than when it relates to Sweco's own capital expenditures. In this year's reporting, compliance was based on whether or not the DNSH criteria are implemented in national laws, regulations and procedures on markets where Sweco is active. If this is the case, the criteria are deemed to have been met, otherwise not.

Economic activities 8.2 and 9.3 include mainly projects that are considered as pure desk-top work, and that substantially contribute to environmental sustainability while at the same time do no significant harm on any of the other environmental objectives. Based on the EU Commission's latest FAQ published on 19 December 2022, an activity can be considered to be taxonomy-aligned without fulfilling the DNSH criteria. Therefore, all net sales under these activities are considered to be fully aligned.

Read more about the methodology and assumptions in Sweco's EU taxonomy methodology report.

Sweco reports primarily in relation to the environmental objective Climate change mitigation, as Sweco's business activities are enabling a sustainable transition for its clients. Only one activity related to the environmental objective Climate change adaptation was found relevant, pertaining to consulting services associated with climate risk analyses and climate adaptation.

For the analysis of eligible Net sales, projects pertaining to the relevant economic activity were identified by reviewing project scope and project competence, client type and business unit, and were then analysed in accordance with group-wide guidelines.
Validation of both data and compliance was done on country level by experts and finance controllers as well as on Group level.

Minimum social safeguards

For a company to qualify as environmentally sustainable, the economic activities it reports on must be conducted in accordance with the minimum social safeguards based on the following international guidelines and principles:

- the OECD's Guidelines for Multinational Enterprises
- the UN's Guiding Principles on Business and Human Rights
- the International Labour Organisation's (ILO) eight fundamental Conventions and the UN's International Bill of Human Rights

Sweco's current assessment is that the company complies with the above-referenced international guidelines and principles through its Code of Conduct, policies and procedures at the group-wide level. The assessment of compliance is made on a company-wide level for the time being, as the EU Commission has not yet issued guidance and clarifications on how compliance should be assessed and disclosed.

Results and analysis

In 2022, 4 per cent of Sweco's total net sales was taxonomy-aligned with the EU taxonomy. This low level of alignment was due primarily to the difficulty in meeting the DNSH criteria for climate adaptation and circular economy. There were some variations between Sweco countries, for example both Norway, the Netherlands and UK had a higher level of taxonomy-alignment. This was due to higher level of requirements for climate adaptation and circular economy being more prevalent in major infrastructure projects in these countries.

85 per cent of Sweco's net sales was considered as non-eligible, as the regulation does not include the provision of architectural and engineering services in all economic activities in the Delegated Act for Climate Change.

Sweco incurred taxonomy-eligible capital expenditure (CapEx) of SEK 559 million in 2022. Taxonomy non-eligible CapEx amounted to SEK 400 million. The proportion of taxonomy-eligible CapEx therefore amounted to 58 per cent. The eligible CapEx consisted of SEK 467 million under the activity 7.7 Acquisition and ownership of buildings and related to office premises and SEK 92 million under the activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles which related to the vehicle fleet.

The CapEx reported under activities 6.5 and 7.7 comprised of additions to Right-of-Use Assets (IFRS 16 Leases). Total CapEx of the Group amounted to SEK 959 million and was comprised of SEK 288 million related to Property, Plant and Equipment, SEK 110 million related to Intangible Assets and SEK 561 million related to Right-of-Use Assets.

Of the CapEx of SEK 92 million related to 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, slightly more than 50 per cent referred to the lease of electric vehicles (EVs) and fulfilled the substantial contribution criteria. However, as it has not been possible to obtain complete data concerning the DNSH criteria, the CapEx relating to EVs was reported under eligible, non-aligned activities.

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EU taxonomy disclosures 2022

				Substantial contribution		Do no significant harm (DNSH)						
Net Sales	Code(s)	Net Sales, SEK M	Proportion of Net Sales, %	Climate change mitigation Y/N	Climate change adaptation Y/N	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N
A. Taxonomy-eligible activities												
A.1 Environmental sustainable activities (taxonomy-aligned)												
Infrastructure for personal mobility, cycle logistics	CCM 6.13	19	0.1	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Infrastructure for rail transport	CCM 6.14	211	0.9	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Infrastructure enabling road transport and public transport	CCM 6.15	107	0.4	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Infrastructure for water transport	CCM 6.16	4	0.0	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Data-driven solutions for GHG emissions reductions	CCM 8.2	2	0.0	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Engineering activities and related technical consultancy dedicated to adaptation to climate change	CCA 9.1	332	1.4	n/a	Yes	Yes	n/a	Yes	n/a	n/a	n/a	Yes
Professional services related to energy performance of buildings	CCM 9.3	296	1.2	Yes	n/a	n/a	Yes	Yes	Yes	Yes	Yes	Yes
Net Sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		**971**	**4**									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not aligned)												
Infrastructure for personal mobility, cycle logistics	CCM 6.13	103	0.4	Yes	n/a	n/a	No	Yes	No	Yes	Yes	Yes
Infrastructure for rail transport	CCM 6.14	1,889	7.8	Yes	n/a	n/a	No	Yes	No	Yes	Yes	Yes
Infrastructure enabling road transport and public transport	CCM 6.15	604	2.5	Yes	n/a	n/a	No	Yes	No	Yes	Yes	Yes
Infrastructure for water transport	CCM 6.16	52	0.2	Yes	n/a	n/a	No	Yes	No	Yes	Yes	Yes
Data-driven solutions for GHG emissions reductions	CCM 8.2	1	0.0	Yes	n/a	n/a	No	n/a	No	n/a	n/a	Yes
Engineering activities and related technical consultancy dedicated to adaptation to climate change	CCA 9.1	0	0.0	n/a	Yes	Yes	n/a	No	n/a	n/a	n/a	Yes
Research, development and innovation for direct air capture of CO_2	CCM 9.2	20	0.1	Yes	n/a	n/a	No	No	No	No	No	Yes
Net Sales of taxonomy eligible but not environmentally sustainable activities (not taxonomy aligned activities) (A.2)		**2,669**	**11**									
Total (A.1 + A.2)		**3,640**	**15**									
B. Taxonomy non-eligible activities												
Net Sales of Taxonomy non-eligible activities (B)		20,656	85									
Total (A + B)		**24,296**	**100**									

Capital expenditures (CapEx)	Code(s)	Absolute CapEx, SEK M	Proportion of CapEx, %
A. Taxonomy-eligible activities			
Acquisition and ownership of buildings	CCM 7.7	467	49
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	92	10
Total (taxonomy-eligible activities) (A)		**559**	**58**
B. Taxonomy non-eligible activities			
CapEx of Taxonomy non-eligible activities (B)		400	42
Total CapEx (A + B)		**959**	**100**

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Employees

Sweco Group employees

Result	2022	2021	2020	2019
Total number of employees	20,297	19,129	18,552	18,148
Total full-time equivalents	18,651	17,802	17,328	16,412
Employee turnover				
Number of new employees (organic)	4,068	3,252	2,420	3,053
Number of new employees (acquisition)	387	339	498	1,234
Organic growth, %	4.0	1.4	-0.5	3.3
Net acquisition growth, %	1.7	1.7	2.7	6.5
Total growth, %	5.7	3.1	2.2	10.5
Number of terminations on request	-2,744	-2,445	-1,854	-1,952
Voluntary employee turnover, %	13.9	13.0	10.1	11.3

Employees by Business Area

Result	Total number	Women, %	Average age
Sweco Sweden	6,573	37	41
Sweco Norway	2,109	35	41
Sweco Finland	2,943	28	41
Sweco Denmark	1,514	32	42
Sweco Netherlands	1,572	25	42
Sweco Belgium	1,755	31	38
Sweco UK	1,268	30	40
Sweco Germany and Central Europe	2,485	46	41
Group	78	47	44
Total Group	**20,297**	**35**	**41**

Employment length of employees

Result, %	2022	2021	2020	2019
<1 year	17	14	11	14
1–3 years	28	29	33	32
4–9 years	29	29	28	26
>10 years	26	27	28	28

Employee breakdown by age

Result, %	2022	2021	2020	2019
<30 years	22	21	22	24
31–40 years	33	33	33	31
41–50 years	22	23	22	22
>50 years	22	23	23	23

Health and safety

Result, %	2022	2021	2020	2019
Sickness absence	3.8	3.1	3.1	3.1

Diversity of governance bodies and employees

Result, %	2022	2021	2020	2019
Females on Board of Directors, %	43	57	57	63
Females on Executive Team, %	43	54	50	43
Female employees, group-wide, %	35	34	33	33
Average age, group-wide, years	41	41	41	41

Incidents of discrimination and corrective actions taken

Result employee survey	2022	2021	2020	2019
Number of employees responding Yes to the employee survey question, "Have you been harassed or bullied by a colleague/manager at work during the last 12 months?"	312 employees (2.1% of respondents)	246 employees (1.8% of respondents)	321 employees (2.2% of respondents)	295 employees (2.2% of respondents)

In Sweco's 2022 employee survey, 312 employees or 2.1 per cent of respondents reported that they had experienced harassment or discrimination, an increase of 0.3 per cent points compared with 2021. Systematic assessments are conducted to ensure that necessary actions are taken continuously to strive for our zero vision, while encouraging our employees to report incidents.

Performance evaluation and career development

Result, %	2022	2021	2020	2019
Percentage of employees receiving regular performance and career development reviews (Sweco Talk)	91.3	84.9	85.4	88.2

All employees are offered regular career development talks as part of Sweco Talk. Reported result refers to the percentage of employees who indicated in the employee survey that they had completed the 2022 performance review.

Equal opportunities

Result, scale 1 to 5	2022	2021	2020	2019
In our working group, employees have equal opportunities regardless of differences (gender, age, etc.)	4.6	4.5	4.5	4.5
Colleagues in my working group show mutual respect for one another regardless of their differences	4.6	4.6	4.6	4.6
I can influence my own development	4.2	4.2	4.2	4.2
My manager supports my personal development by providing opportunities, challenges and coaching	4.3	4.2	4.1	4.2

Result based on Sweco's employee survey for 2022 on a scale from 1 (strongly disagree) to 5 (strongly agree).

Ethics

Sweco Group employees

Result, %	2022	2021	2020	2019
Code of Conduct per cent of Sweco employees confirming they have read and understood Sweco's Code of Conduct	92.3	95.3	89.3	90.0
Internal Business Ethics training per cent of Sweco employees required to complete internal business ethics training who have done so	95.5	94.1	87.0	86.0
Ethics Line number of compliance incidents reported through Sweco's Ethics Line	16	6	7	5

In 2022, 16 incidents were reported through Sweco's whistleblowing function. Incidents related to business ethics and employees were investigated during 2022 and necessary actions have been taken as a result of the incidents. Incident management of confirmed violations also includes evaluation of measures required to prevent similar incidents in the future.

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Auditor's report on the statutory sustainability 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 2022 on pages 59–98 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 2023
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

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Consolidated income statement

SEK M	Note	2022	2021
Net sales	2, 3, 34	24,296	21,792
Other operating income		31	11
Other external expenses	4, 5, 34	-4,930	-4,234
Personnel costs	6, 28	-16,087	-14,477
Amortisation/depreciation and impairment losses, tangible and intangible fixed assets[1]	3, 7	-256	-280
Depreciation and impairments, right-of-use assets	7	-767	-733
Acquisition-related items[2]	7	-43	-104
Operating profit (EBIT)	3	**2,245**	**1,974**
Net financial items	8, 34	-51	-36
Interest cost of leasing	8, 34	-44	-46
Other financial items	8, 34	7	5
Total net financial items	8	**-89**	**-77**
Profit before tax		**2,156**	**1,897**
Income tax expense	10	-505	-405
PROFIT FOR THE YEAR		**1,652**	**1,492**
Profit for the year attributable to:			
Owners of the Parent Company		1,651	1,492
Non-controlling interests		1	0
Earnings per share attributable to owners of the Parent Company	11		
Basic earnings per share, SEK		4.61	4.18
Diluted earnings per share, SEK		4.60	4.17

1) Includes tangible assets and intangible assets that are not acquisition-related.
2) Acquisition-related items consist of amortisation and impairment of goodwill and acquisition-related intangible assets; revaluation of purchase price; profits and losses on the divestment of companies, operations, land and buildings; as well as expensed cost for future service.

Consolidated statement of comprehensive income

SEK M	Note	2022	2021
Profit for the year		**1,652**	**1,492**
Items that will not be reversed to profit or loss			
Revaluation of defined benefit pensions, net after tax	10	39	4
Total items that will not be reversed to profit or loss		**39**	**4**
Items that may subsequently be reversed to profit or loss			
Exchange difference on translation of foreign operations		542	198
Hedge of net investment in subsidiary, net after tax	10	-92	-18
Exchange difference transferred to profit for the year		-3	–
Total items that may subsequently be reversed to profit or loss		**447**	**180**
COMPREHENSIVE INCOME FOR THE YEAR		**2,138**	**1,676**
Comprehensive income attributable to:			
Owners of the Parent Company		2,136	1,676
Non-controlling interests		2	0

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Consolidated balance sheet

SEK M	Note	2022	2021
ASSETS	3, 33		
Non-current assets			
Goodwill	13	9,198	8,143
Other intangible assets	13	273	284
Property, plant and equipment	14	589	510
Right-of-use assets	15	2,438	2,508
Investments in associates	17	4	2
Investments in joint ventures	18	1	0
Financial investments	19	11	10
Deferred tax assets	10	207	228
Other non-current receivables	22	97	107
Total non-current assets		**12,817**	**11,792**
Current assets			
Trade receivables	34	4,056	3,306
Work in progress less progress billings	23	2,936	2,643
Inventories		6	2
Current tax assets		83	114
Other current receivables	24	485	448
Prepaid expenses and accrued income	24	683	456
Cash and cash equivalents	25	850	896
Total current assets		**9,099**	**7,865**
TOTAL ASSETS		**21,916**	**19,657**

SEK M	Note	2022	2021
EQUITY AND LIABILITIES			
Equity	26		
Share capital		121	121
Other contributed capital		3,088	3,088
Reserves		521	75
Retained earnings, including profit for the year		6,208	5,311
Equity attributable to owners of the Parent Company		**9,939**	**8,594**
Non-controlling interests		4	10
Total equity		**9,943**	**8,604**
Liabilities	3, 33		
Non-current liabilities			
Non-current lease liabilities	30	1,740	1,884
Non-current interest-bearing liabilities	27	1,410	1,805
Provisions for pensions	28	108	158
Other non-current provisions	29	82	81
Deferred tax liabilities	10	529	544
Other non-current liabilities		61	90
Total non-current liabilities		**3,929**	**4,562**
Current liabilities			
Current lease liabilities	30	773	727
Current interest-bearing liabilities	27	516	4
Provisions for pensions	28	5	5
Other current provisions	29	251	162
Progress billings in excess of work in progress	23	1,567	1,557
Trade payables	34	1,078	662
Current tax liabilities		234	139
Other current liabilities	31	1,271	1,122
Accrued expenses and prepaid income	31	2,349	2,112
Total current liabilities		**8,045**	**6,490**
Total liabilities		**11,974**	**11,053**
TOTAL EQUITY AND LIABILITIES		**21,916**	**19,657**

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

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Consolidated cash flow statement

SEK M	Note	2022	2021
Operating activities			
Profit before tax		2,156	1,897
Adjustments for non-cash items			
Amortisation/depreciation and impairment losses	3, 7	1,116	1,114
Capital gains/losses		-57	-21
Difference between pension premiums expensed and paid		-6	-5
Expensed interest		70	62
Revaluation of additional purchase price		-11	-16
Share bonus scheme and share savings scheme		84	153
Items affecting comparability[1]		–	16
Other items		31	65
Total non-cash items		**1,228**	**1,368**
Interest cost leasing		-44	-46
Interest paid		-33	-20
Interest received		8	4
Income taxes paid		-389	-432
Cash flow from operating activities before changes in working capital		**2,926**	**2,771**
Changes in working capital			
Change in current receivables		-817	-346
Change in current liabilities		405	-226
Cash flow from operating activities		**2,515**	**2,199**

SEK M	Note	2022	2021
Investing activities			
Purchase of intangible assets		-48	-44
Disposal of intangible assets		0	8
Purchase of property, plant and equipment		-274	-199
Disposal of property, plant and equipment		20	6
Acquisition of subsidiaries and operations, net cash effect	12	-675	-363
Divestiture of subsidiaries and operations, net cash effect	12	65	17
Acquisition of associated companies		-1	–
Divestiture of associated companies		0	1
Acquisition of financial investments		0	0
Divestiture of financial investments		0	–
Change in non-current receivables		6	-2
Cash flow from investing activities		**-907**	**-578**
Financing activities			
Capital distribution to owners of the Parent Company	26	-876	-782
Capital distribution to non-controlling interests		–	0
Borrowings		2,191	2,797
Repayment of borrowings		-2,214	-4,113
Principal elements of lease payments		-790	-743
Cash flow from financing activities	27	**-1,688**	**-2,841**
CASH FLOW FOR THE YEAR		**-80**	**-1,220**
Cash and cash equivalents at beginning of year	25	**896**	**2,088**
Foreign exchange differences in cash and cash equivalents		**35**	**28**
Cash and cash equivalents at year end	25	**850**	**896**

1) Items affecting comparability refer to write-downs of work in progress less progress billings in Sweco's German operation.

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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 2021	26	**121**	**3,088**	**-105**	**4,445**	**7,548**	**10**	**7,557**
Profit for the year		–	–	–	1,492	1,492	0	1,492
Other comprehensive income for the year		–	–	180	4	184	0	184
Comprehensive income for the year		–	–	180	1,496	1,676	0	1,676
Capital distribution to the shareholders – dividend	26	–	–	–	-782	-782	0	-782
Share bonus scheme – value of employee service		–	–	–	146	146	–	146
Share savings scheme – value of employee service		–	–	–	6	6	–	6
EQUITY AT 31 DECEMBER 2021	26	**121**	**3,088**	**75**	**5,311**	**8,594**	**10**	**8,604**
Profit for the year		–	–	–	1,651	1,651	1	1,652
Other comprehensive income for the year		–	–	446	39	485	1	486
Comprehensive income for the year		–	–	446	1,690	2,136	2	2,138
Capital distribution to the shareholders – dividend	26	–	–	–	-876	-876	-4	-880
Disposal of non-controlling interest		–	–	–	–	–	-3	-3
Share bonus scheme – value of employee service		–	–	–	78	78	–	78
Share savings scheme – value of employee service		–	–	–	6	6	–	6
EQUITY AT 31 DECEMBER 2022	26	**121**	**3,088**	**521**	**6,208**	**9,939**	**4**	**9,943**
Proposed capital distribution to the shareholders								
Dividend	26, 36				-981	-981		-981

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Parent Company income statement

SEK M	Note	2022	2021
Net sales	3, 34	1,061	946
Total operating income		**1,061**	**946**
Other external expenses	3, 4, 5, 34	-981	-867
Personnel costs	6	-129	-108
Amortisation/depreciation and impairment losses	3, 7	-34	-43
Total operating expenses		**-1,145**	**-1,018**
Operating profit/loss	3	**-84**	**-72**
Profit from investments in group companies	8	1,169	904
Financial income	8, 34	40	25
Financial expenses	8, 34	-74	-40
Net financial items	8	**1,135**	**889**
Profit after net financial items		**1,051**	**817**
Appropriations	9	-189	-110
Profit before tax		**862**	**707**
Income tax expense	10	-115	-68
PROFIT FOR THE YEAR		**748**	**639**

Parent Company statement of comprehensive income

SEK M	Note	2022	2021
Profit for the year		**748**	**639**
COMPREHENSIVE INCOME FOR THE YEAR		**748**	**639**

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Parent Company balance sheet

SEK M	Note	2022	2021
ASSETS	3, 33		
Intangible assets	13	**15**	**19**
Property, plant and equipment	14	**59**	**70**
Financial assets			
Investments in group companies	16	4,699	4,669
Receivables from group companies	21	1,836	1,833
Other non-current securities	20	1	1
Other non-current receivables		43	44
Total financial assets		**6,578**	**6,547**
Total non-current assets		**6,652**	**6,636**
Current assets			
Receivables from group companies	21	2,574	1,329
Current tax assets		13	54
Other receivables	24	20	23
Prepaid expenses and accrued income	24	496	257
Cash and bank	25	134	335
Total current assets		**3,236**	**1,998**
TOTAL ASSETS		**9,889**	**8,634**

SEK M	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity	26		
Share capital		121	121
Statutory reserve		188	188
Development expenditure fund		10	11
Total restricted equity		**319**	**320**
Non-restricted equity	26		
Share premium reserve		2,900	2,900
Retained earnings		673	824
Profit for the year		748	639
Total non-restricted equity		**4,320**	**4,363**
Total equity		**4,639**	**4,683**
Untaxed reserves	9	**954**	**764**
LIABILITIES	3, 33		
Non-current liabilities			
Liabilities to credit institutions	27	1,161	1,650
Other non-current liabilities	27	43	44
Total non-current liabilities		**1,204**	**1,694**
Current liabilities			
Current interest-bearing liabilities		495	–
Trade payables		416	83
Liabilities to group companies		2,129	1,368
Other current liabilities	31	3	2
Accrued expenses and prepaid income	31	49	40
Total current liabilities		**3,092**	**1,493**
Total liabilities		**4,296**	**3,187**
TOTAL EQUITY AND LIABILITIES		**9,889**	**8,634**

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

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Parent Company cash flow statement

SEK M	Note	2022	2021
Operating activities			
Profit after net financial items		1,051	817
Adjustments for non-cash items			
Amortisation/depreciation and impairment losses	7	34	43
Group contributions	8	-835	-552
Difference between interest recognised and received/paid	8	2	0
Other items		2	12
Total non-cash items		**254**	**320**
Income taxes paid		-73	-114
Cash flow from operating activities before changes in working capital		**181**	**206**
Changes in working capital			
Change in current receivables		1,782	1,566
Change in current liabilities		-1,797	-1,490
Cash flow from operating activities		**166**	**282**

SEK M	Note	2022	2021
Investing activities			
Purchase of intangible assets	13	-4	-6
Purchase of property, plant and equipment	14	-19	-42
Sales of property, plant and equipment	14	3	–
Acquisition of subsidiaries, net cash effect	16	0	–
Shareholder's contribution		-30	–
Group contributions		552	765
Cash flow from investing activities		**503**	**717**
Financing activities			
Capital distribution to owners of the Parent Company	26	-876	-782
Borrowings		2,170	2,796
Repayment of borrowings		-2,164	-4,064
Cash flow from financing activities		**-870**	**-2,050**
CASH FLOW FOR THE YEAR		**-201**	**-1,051**
Cash and cash equivalents at beginning of year	25	**335**	**1,387**
Cash and cash equivalents at year end	25	**134**	**335**

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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 2021	26	**121**	**188**	**13**	**322**	**2,900**	**1,451**	**4,351**	**4,673**
Profit for the year		–	–	–	–	–	639	639	639
Comprehensive income for the year		–	–	–	–	–	639	639	639
Capital distribution to the shareholders – dividend		–	–	–	–	–	-782	-782	-782
Development expenditure fund		–	–	-3	-3	–	3	3	–
Share bonus scheme – value of employee service		–	–	–	–	–	147	147	147
Share savings scheme – value of employee service		–	–	–	–	–	6	6	6
EQUITY AT 31 DECEMBER 2021	26	**121**	**188**	**11**	**320**	**2,900**	**1,463**	**4,363**	**4,683**
Profit for the year		–	–	–	–	–	748	748	748
Comprehensive income for the year		–	–	–	–	–	748	748	748
Capital distribution to the shareholders – dividend		–	–	–	–	–	-876	-876	-876
Development expenditure fund		–	–	-1	-1	–	1	1	–
Share bonus scheme – value of employee service		–	–	–	–	–	78	78	78
Share savings scheme – value of employee service		–	–	–	–	–	6	6	6
EQUITY AT 31 DECEMBER 2022	26	**121**	**188**	**10**	**319**	**2,900**	**1,421**	**4,320**	**4,639**
Proposed capital distribution to the shareholders									
Dividend	26, 36						-981	-981	-981

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Amounts in SEK M unless otherwise specified.

1 SIGNIFICANT ACCOUNTING POLICIES

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

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

The annual report and consolidated financial statements were approved for publication by the Board of Directors on 23 March 2023. The income statements and balance sheets of the Parent Company and the Group will be presented to the Annual General Meeting for adoption on 20 April 2023.

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, except for 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 judgments, 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 2022: amendments to IAS 16, IAS 37 and IFRS 3. 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 2023. 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 158.

- 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. The calendar effect constitutes an estimated difference in the number of normal working hours, based on a 12-month sales-weighted business mix between the years. 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 current 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, except for 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 is 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.

The 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 a 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

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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 of 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 the 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 from intra-group transactions are eliminated in full in the 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 from 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:

	2022		2021	
	Closing	Average	Closing	Average
EUR	11.14	10.62	10.28	10.14
NOK	1.06	1.05	1.03	1.00
DKK	1.50	1.43	1.38	1.36
GBP	12.59	12.46	12.23	11.80

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. Several 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 is 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 to Sweco's consulting services.

The assessment of whether an asset has an alternative use is made at contract inception and is not reassessed. Sweco considers the ability to redirect a product that is partially completed to another client, considering both formal and practical limitations.

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A substantive contractual restriction that limits management's ability to redirect the asset indicates that the asset has no alternative use. Practical limitations, such as significant costs required to rework the asset so it can be directed to another client, indicate that the asset has no alternative use. The "no alternative use" requirement is met in Sweco's client contracts, as large parts of Sweco's services are unique and are adapted to our clients' specific requirements.

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

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

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

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

Contract cost
In projects, cost may be incurred before services are transferred to the client. These may include the incremental cost of obtaining a contract and the cost to fulfil a contract. The external costs incurred before transferring services to the client include sales commissions payable in the event Sweco wins the contract and specific guarantee costs for longer projects. If a project is planned to last more than 12 months, external contract costs will be capitalised as an asset and amortised during the project if the cost is expected to be recovered. Sweco applies the practical expedient, which means that contract costs 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 current 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 the 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 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 is 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 current 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 current investments. The business model is holding 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 current investments with original maturities of less than three months. Highly liquid current 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 is 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 with the exception of contingent consideration, which is 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. When assessing the probability of default and clients' inability to pay Sweco's invoices in the future, consideration is taken of an anticipated change in the economic environment in each segment, given the loca-

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tion of Sweco's clients. Provisions for doubtful trade receivables stemming from previous major 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, with the exception of order backlog, for which the estimated useful life is not straight-lined; see below. Goodwill, which has an indefinite useful life, is not amortised but is rather impairment 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 purchase price 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 the 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 the 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 a subsequent expenditure should be added to historical cost is whether the expenditure refers to the 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 the historical cost. Any residual carrying amount 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, under which depreciation is based on the components' estimated useful life.

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 the 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. To be considered a right-of-use asset for Sweco, the contract must convey the right to control the use of an identified asset from which Sweco obtains substantially all economic benefit, and the right to direct the use of the identified asset (i.e., Sweco has the right to direct how and for what purpose the asset is used). Sweco does not have control of the asset if the sup-

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plier 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 to 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 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 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 considered 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 Annual General Meetings in 2019, 2020, 2021 and 2022 resolved to implement long-term share savings schemes for Sweco Group senior executives. Under the share savings schemes, participants use 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 2022 financial year for the 2019 share savings scheme, the 2023 financial year for the 2020 share savings scheme, the 2024 financial year for the 2021 share savings scheme and the 2025 financial year for the 2022 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 (the 2021 and 2022 share savings schemes require positive absolute TSR for the share as well as positive accumulated earnings per share ("EPS")) during the Retention Period 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

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personnel cost, with a corresponding increase in equity. The granting of Performance Shares for the 2021 and 2022 share savings schemes is dependent on achievement of certain targets set by the Board of Directors for Sweco's EPS and the Sweco B share's TSR (performance adjusted to take dividends into account) during the Retention Period. Up to 50 per cent of Performance Share allocation will depend on EPS performance, and up to 50 per cent on TSR performance. Evaluation of TSR performance is based on a combination of the Sweco B share's TSR in relation to the TSR of a group of benchmark companies stipulated by the Board of Directors (relative TSR) and the requirement that the Sweco B share's TSR must be positive during the Retention Period (absolute TSR). Evaluation of EPS performance is based on a combination of Sweco's accumulated EPS in relation to EPS growth targets set by the Board of Directors (ranged EPS growth) and the requirement that Sweco's accumulated EPS must be positive during the Retention Period (absolute EPS). 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 are recalculated in accordance with the schemes' respective terms.

Share bonus scheme
Sweco Group currently offers a share bonus scheme (the 2022 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.

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 way 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
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.

Net sales
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.

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 way 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.

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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 Fixed price	Invoice frequency Time & material	Payment terms Fixed price	Payment terms 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	Milestones achieved	On a monthly basis	28 days	30 days
Sweco Germany & Central Europe	Monthly, milestones achieved or predefined schedule in contract	On a monthly basis	30 days (Germany: 14–30 days) (Lithuania: 60 days)	30 days (Germany: 14–30 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 2022 amounts to approximately SEK 20,200 million (17,200). Management estimates that around 67 per cent (65) 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.

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REVENUE GROWTH

During the year, net sales increased 11 per cent to SEK 24,296 million (21,792). Organic growth was approximately 6 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, %
	2022	2021	2022 vs 2021
Reported net sales	24,296	21,792	11
Adjustment for currency effects		722	3
Net sales, currency-adjusted	**24,296**	**22,514**	**8**
Adjustment for acquisitions/divestments	-490	-39	2
Comparable net sales, currency-adjusted	**23,807**	**22,476**	**6**
Adjustment of calendar effects	6		0
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY AND CALENDAR EFFECTS	**23,812**	**22,476**	**6**
Adjustment of items affecting comparability		16	0
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY, CALENDAR EFFECTS AND ITEMS AFFECTING COMPARABILITY	**23,812**	**22,492**	**6**

			Growth, %
	2021	2020	2021 vs 2020
Reported net sales	21,792	20,858	4
Adjustment for currency effects		-276	-1
Net sales, currency-adjusted	**21,792**	**20,582**	**6**
Adjustment for acquisitions/divestments	-584	-7	3
Comparable net sales, currency-adjusted	**21,208**	**20,575**	**3**
Adjustment of calendar effects	-5		0
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY AND CALENDAR EFFECTS	**21,202**	**20,575**	**3**
Adjustment of items affecting comparability	16	290	1
COMPARABLE NET SALES, ADJUSTED FOR CURRENCY, CALENDAR EFFECTS AND ITEMS AFFECTING COMPARABILITY	**21,218**	**20,865**	**2**

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, Czech Republic and Poland.

In addition, group-wide staff functions, IT and other assets, like the Dutch real estate operations and Twinfinity AB are reported as group-wide and eliminations.

NET SALES PER OPERATING SEGMENT

	External sales		Internal sales		Total sales	
	2022	2021	**2022**	2021	**2022**	2021
Sweco Sweden	7,724	7,361	61	37	7,785	7,398
Sweco Norway	3,237	2,617	8	5	3,245	2,622
Sweco Finland	3,171	2,904	39	43	3,210	2,947
Sweco Denmark	2,204	1,888	14	17	2,218	1,905
Sweco Netherlands	2,230	1,980	44	44	2,274	2,024
Sweco Belgium	2,299	1,894	11	14	2,310	1,907
Sweco UK	1,407	1,190	4	9	1,411	1,199
Sweco Germany & Central Europe	2,022	1,958	77	57	2,099	2,015
Group-wide and eliminations	4	0	-259	-227	-255	-227
TOTAL GROUP	**24,296**	**21,792**	**–**	**–**	**24,296**	**21,792**

EBITA AND AMORTISATION PER OPERATING SEGMENT

	EBITA		Amortisation/depreciation and impairments[1]	
	2022	2021	**2022**	2021
Sweco Sweden	915	920	-54	-54
Sweco Norway	263	201	-27	-26
Sweco Finland	297	320	-18	-21
Sweco Denmark	263	182	-23	-23
Sweco Netherlands	183	201	-30	-35
Sweco Belgium	272	230	-17	-12
Sweco UK	71	55	-17	-18
Sweco Germany & Central Europe	65	-29	-34	-48
Group-wide and eliminations	-102	-66	-35	-43
TOTAL GROUP	**2,225**	**2,014**	**-256**	**-280**

1) Amortisation/depreciation and impairment included in EBITA.

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

	2022	2021
Operating profit (EBIT)	**2,245**	**1,974**
Acquisition-related items[1]	43	104
Lease expenses[2]	-829	-797
Depreciation and impairments, right-of-use assets	767	733
EBITA[3]	**2,225**	**2,014**
Amortisation/depreciation and impairment of tangible and intangible assets	256	280
EBITDA[4]	**2,481**	**2,294**

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.

RECONCILIATION OF THE APMS EBITA AND EBITA EXCL. IAC

	2022	2021
EBITA	**2,225**	**2,014**
Items affecting comparability (IAC)[1]	–	56
EBITA EXCL. IAC	**2,225**	**2,070**

1) Items affecting comparability pertain to provisions of SEK 56 million for the turn-around plan in Germany in 2021 and are reported in Business Area Sweco Germany & Central Europe.

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 1,061 million (946). One hundred per cent (100) of Parent Company net sales were comprised of sales to group companies. Thirty-three per cent (34) of the Parent Company's other external expenses were comprised of purchases from group companies.

BALANCE SHEET AND INVESTMENT INFORMATION PER OPERATING SEGMENT

	Assets		Investments Property, plant and equipment		Investments Intangible assets		Liabilities	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Sweco Sweden	5,796	5,600	78	38	54	32	3,962	3,803
Sweco Norway	1,889	1,412	35	19	286	0	1,207	851
Sweco Finland	3,129	2,900	12	14	2	170	1,531	1,386
Sweco Denmark	2,652	2,382	21	22	73	2	1,593	1,435
Sweco Netherlands	1,458	1,417	28	11	38	61	622	671
Sweco Belgium	2,480	2,008	69	45	222	153	1,216	963
Sweco UK	1,433	1,409	16	4	3	0	852	817
Sweco Germany & Central Europe	2,457	2,142	13	13	1	12	1,320	1,155
Group-wide	11,408	11,279	19	42	4	6	5,068	5,732
Eliminations	-13,379	-13,587					-8,434	-8,905
Unallocated	2,594	2,694					3,037	3,144
TOTAL GROUP	**21,916**	**19,657**	**291**	**209**	**682**	**437**	**11,974**	**11,053**

The breakdown of intangible assets is shown in Note 13. Group-wide items include cash and cash equivalents of SEK 134 million (335).

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

	2022	2021
Buildings and urban areas	9,090	8,138
Water, energy and industry	7,915	6,629
Transportation infrastructure	7,292	7,025
TOTAL	**24,296**	**21,792**

INFORMATION ABOUT MAJOR CLIENTS

Sweco's largest client in 2022 was the Swedish Transport Administration. Net sales to this client totalled SEK 1,363 million (1,520) and were reported in Business Area Sweco Sweden. See also the section on credit risk in Note 34.

SALES AND NON-CURRENT ASSETS PER GEOGRAPHIC AREA

	External sales		Non-current assets[1]	
	2022	2021	**2022**	2021
Sweden	7,711	7,273	2,826	2,872
Norway	3,292	2,665	1,324	1,017
Finland	2,981	2,687	2,381	2,281
Netherlands	2,336	1,965	649	586
Belgium	2,071	1,790	1,370	1,039
Denmark	2,031	1,731	2,007	1,730
Germany	1,525	1,524	912	888
UK	1,307	1,166	909	920
Poland	279	264	51	40
Rest of Europe	189	164	7	5
Asia	128	131	7	7
Czech Republic	117	100	57	55
Lithuania	99	95	25	23
Africa	60	79	–	–
Estonia	53	66	22	18
North America	29	6	–	–
Luxembourg	27	15	6	5
Vietnam	19	16	10	9
South and Central America	21	32	–	–
Bulgaria	12	17	–	10
Oceania	11	6	–	–
TOTAL	**24,296**	**21,792**	**12,563**	**11,505**

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.

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4 FEES TO AUDITORS

	Group		Parent Company	
	2022	2021	2022	2021
PricewaterhouseCoopers				
– audit services	18	15	2	2
– audit services other than statutory audit	1	1	0	0
– tax consulting	0	1	–	–
– non-audit services	1	3	0	0
Total	**20**	**20**	**2**	**2**
Other auditing firms				
– audit services	2	1	–	–
Total	**2**	**1**	**–**	**–**
TOTAL	**22**	**21**	**2**	**2**

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

Of the total fee for audit services, SEK 4 million (5) is invoiced by PricewaterhouseCoopers Sweden for the statutory audit. Of total other fees, SEK 0 million (0) is invoiced by PricewaterhouseCoopers Sweden (the statutory auditors of Sweco AB (publ.)) and is primarily attributable to compliance in relation to merger and tax.

5 LEASE EXPENSES

GROUP

Expensed lease charges	2022	2021
Depreciation and impairment of right-of-use assets	767	733
Interest expense	44	46
Expenses related to short-term leases	2	0
Expenses related to leases of low-value assets that are not shown above as short-term leases	17	16
Expenses related to variable lease payments not included in lease liabilities	39	34
TOTAL EXPENSED LEASE CHARGES	**869**	**829**

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 2022, and there is no knowledge of any such future transactions.

PARENT COMPANY

Charges under signed leases	2022	2021
TOTAL CHARGES PAID DURING THE YEAR	**6**	**5**
Future minimum lease payments		
– within one year	7	5
– between one and five years	4	7
TOTAL FUTURE LEASE PAYMENTS	**11**	**12**

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	
Personnel costs	2022	2021	2022	2021
Salaries and remuneration, other employees	11,941	10,774	41	31
Salaries and remuneration, senior/other executives	98	90	34	32
Total salaries and remuneration[1]	**12,039**	**10,864**	**75**	**63**
Social fees, excl. pension costs	2,165	2,028	28	25
Pension costs, senior executives[2, 3]	14	15	6	6
Pension costs, others[2]	1,155	1,085	9	8
Other personnel costs	715	485	11	6
TOTAL PERSONNEL COSTS	**16,087**	**14,477**	**129**	**108**

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 54 (49) individuals in the Group and 12 (12) individuals in the Parent Company.
2) See also Note 28, Provisions for Pensions.
3) A total of 48 (43) senior executives in the Group and 6 (6) in the Parent Company received pension contributions.

	2022		2021	
Number of full-time employees	Total	Of which, % men	Total	Of which, % men
Sweden				
Parent Company	40	28	36	31
Subsidiaries	5,844	64	5,686	65
Total Sweden	**5,884**	**64**	**5,722**	**65**
Outside Sweden				
Finland	2,781	73	2,663	73
Norway	1,925	65	1,759	68
Germany	1,460	58	1,489	60
Netherlands	1,453	77	1,389	78
Belgium	1,380	72	1,198	71
Denmark	1,361	69	1,251	71
UK	1,160	72	1,167	72
Poland	461	47	436	48
Lithuania	190	52	191	52
Czech Republic	158	60	160	64
Estonia	71	61	83	63
Bulgaria	49	50	52	50
Serbia	26	42	29	38
Ireland	20	55	15	53
Luxembourg	17	94	14	93
Rest of Europe	18	78	15	80
India	136	81	115	78
Vietnam	98	76	51	76
Africa	3	100	3	100
Total, outside Sweden	**12,767**	**69**	**12,081**	**69**
TOTAL GROUP	**18,651**	**67**	**17,802**	**68**

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Percentage of women	2022	2021
Group		
Board members in all companies	28	29
Other senior executives, 48 (39) individuals	31	26
Parent Company		
Board members	43	57
Other senior executives, 6 (6) individuals	67	67

	Group		Parent Company	
Sickness absence, %	**2022**	2021	**2022**	2021
Total sickness absence	3.8	3.1	2.0	2.3
– sickness absence for men	3.3	2.7		
– sickness absence for women	5.0	4.1		
– employees – 29 years	3.0	2.4		
– employees 30 – 49 years	4.0	3.2		
– employees 50 – years	4.0	3.4		

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 can 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, considering, 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 considered 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.

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Remuneration and other benefits expensed in 2022 (SEK 000s)

		Remuneration expensed					
	Board fees decided at the 2022 AGM[1]	Base salary/board fee	Variable salary	Share savings scheme[2]	Other benefits	Pension cost	Total remuneration expensed
Chair of the Board Johan Nordström	1,330	1,263	–	–	–	–	1,263
Board member Gunnel Duveblad[3]	–	230	–	–	–	–	230
Board member Elaine Grunewald[3]	–	197	–	–	–	–	197
Board member Alf Göransson	800	737	–	–	–	–	737
Board member Johan Hjertonsson	690	657	–	–	–	–	657
Board member Susanne Pahlén Aklundh[4]	690	460	–	–	–	–	460
Board member Johan Wall[4]	720	480	–	–	–	–	480
Board member Christine Wolff	720	683	–	–	–	–	683
President & CEO	–	9,209	3,597	1,371	173	2,970	17,320
Other senior executives (13 individuals)	–	36,068	8,811	2,348	1,792	7,204	56,223
TOTAL	**4,950**	**49,984**	**12,408**	**3,719**	**1,965**	**10,174**	**78,250**

1) Board fees and compensation for committee work in accordance with AGM resolution for the period from 2022 AGM through 2023 AGM.
2) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.
3) Until 2022 AGM.
4) From 2022 AGM.

Remuneration and other benefits expensed in 2021 (SEK 000s)

		Remuneration expensed					
	Board fees decided at the 2021 AGM[1]	Base salary/board fee	Variable salary	Share savings scheme[2]	Other benefits	Pension cost	Total remuneration expensed
Chair of the Board Johan Nordström	1,130	1,093	–	–	–	–	1,093
Board member Gunnel Duveblad	690	667	–	–	–	–	667
Board member Elaine Grunewald	590	570	–	–	–	–	570
Board member Alf Göransson	610	590	–	–	–	–	590
Board member Johan Hjertonsson	590	570	–	–	–	–	570
Board member Christine Wolff	610	590	–	–	–	–	590
President & CEO	–	8,303	3,541	1,098	174	2,673	15,789
Other senior executives (13 individuals)	–	31,687	6,888	2,473	1,619	6,934	49,601
TOTAL	**4,220**	**44,070**	**10,429**	**3,571**	**1,793**	**9,607**	**69,470**

1) Board fees and compensation for committee work in accordance with AGM resolution for the period from 2021 AGM through 2022 AGM.
2) The cost of share savings scheme corresponds to the cost reported in the Group pursuant to IFRS.

The Chair of the Board 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 refer to expensed remuneration in 2022 and 2021.

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Share savings schemes

The Annual General Meetings in 2019, 2020, 2021 and 2022 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 2022 financial year for the 2019 share savings scheme, the 2023 financial year for the 2020 share savings scheme, the 2024 financial year for the 2021 share savings scheme and the 2025 financial year for the 2022 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 (the 2021 and 2022 share savings scheme require positive absolute TSR for the share as well as positive accumulated earnings per share ["EPS"]) during the Retention Period and provided that certain performance criteria have been met during the Retention Period, 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 and is also dependent on the Sweco B share's TSR in relation to a group of benchmark companies. The granting of Performance Shares for the 2021 and 2022 share savings schemes is dependent on achievement of certain targets set by the Board of Directors for Sweco's EPS and the Sweco B share's TSR. Evaluation of TSR performance is based on a combination of the Sweco B share's TSR in relation to the TSR of a group of benchmark companies stipulated by the Board of Directors and the requirement that the Sweco B share's TSR must be positive. Evaluation of EPS performance is based on a combination of Sweco's accumulated EPS in relation to EPS growth targets set by the Board of Directors and the requirement that Sweco's accumulated EPS must be positive. The cost for the Group is accounted for according to IFRS and is expensed on a straight-line basis over the Retention Period.

	Group				Parent Company			
Share savings scheme	2022	2021	2020	2019	2022	2021	2020	2019
No. of employees/key personnel still participating	54	48	53	43	48	53	43	8
No. of shares acquired	56,811	33,256	33,269	35,898	33,256	33,269	35,898	11,097
No. of Matching Shares granted per Savings Share	1	1	1	1	1	1	1	1
Maximum no. of Matching Shares	56,811	33,256	33,269	35,898	33,256	33,269	35,898	11,097
No. of Performance Shares granted per Savings Share[1]	1–4	1–4	1–4	1–4	1–4	1–4	1–4	1–4
Maximum no. of Performance Shares	136,204	80,345	76,888	90,624	80,345	76,888	90,624	35,193
Provision for the year, SEK M[2, 3]	0.5	2.5	2.5	2.1	2.5	2.5	2.1	0.6
Accumulated provision, SEK M[2, 3]	0.5	2.9	5.5	6.5	2.9	5.5	6.5	1.4
Estimated total cost, SEK M[2, 3]	9.0	8.3	8.4	6.9	8.3	8.4	6.9	2.1
Retention period	Dec 2022–Feb 2026	Dec 2021–Feb 2025	Dec 2020–Feb 2024	Dec 2019–Feb 2023	Dec 2022–Feb 2026	Dec 2021–Feb 2025	Dec 2020–Feb 2024	Dec 2019–Feb 2023

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.

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7 AMORTISATION/DEPRECIATION, IMPAIRMENT AND ACQUISITION-RELATED ITEMS

	Group		Parent Company	
	2022	2021	**2022**	2021
Other intangible assets – depreciation and impairments	-43	-64	-7	-11
Buildings – depreciation and impairments	-1	-1	–	–
Equipment – depreciation and impairments	-211	-215	-27	-32
Total amortisation/ depreciation and impairments – tangible and intangible fixed assets	**-256**	**-280**	**-34**	**-43**
Right-of-use-assets, premises – depreciation and impairments	-642	-614	–	–
Right-of-use-assets, equipment – depreciation and impairments	-125	-118	–	–
Total depreciation and impairment – right-of-use-assets	**-767**	**-733**	**–**	**–**
Intangible assets capitalised on acquisition – amortisations	-94	-100	–	–
Cost for received future service	-17	-45	–	–
Revaluation of purchase price	11	16	–	–
Profit/loss on divestment of companies and operations	58	24	1	–
Total acquisition-related items	**-43**	**-104**	**1**	**–**
TOTAL	**-1,065**	**-1,117**	**-33**	**-43**

8 NET FINANCIAL ITEMS

GROUP

	2022	2021
Net financial items		
Interest income – bank	6	3
Interest expenses – bank	-34	-19
Other financial expenses	-23	-20
Total financial items	**-51**	**-36**
Interest cost of leasing	**-44**	**-46**
Other financial items		
Dividends on financial assets at fair value	0	0
Fair value losses on financial assets at fair value	0	0
Profit for the year from associated companies and joint ventures	1	1
Interest income – trade receivables	3	1
Interest expenses – trade payables	0	0
Interest expenses – other	–	1
Other financial income	2	0
Net exchange rate fluctuations	1	3
Total other financial items	**7**	**5**
TOTAL NET FINANCIAL ITEMS	**-89**	**-77**

PARENT COMPANY

	2022	2021
Profit from participation in group companies		
Dividends	334	352
Group contributions	835	552
Total profit from participation in group companies	**1,169**	**904**
Financial income		
Interest income from group companies	32	18
Other interest income	7	7
Total financial income	**40**	**25**
Financial expenses		
Interest expenses to group companies	-12	0
Other interest expenses	-32	-16
Foreign exchange losses	-15	-11
Other financial expenses	-16	-13
Total financial expenses	**-74**	**-40**
TOTAL NET FINANCIAL ITEMS	**1,135**	**889**
Interest income received during the year	40	25
Interest expenses paid during the year	-41	-16

9 APPROPRIATIONS AND UNTAXED RESERVES

PARENT COMPANY

Appropriations	**2022**	**2021**
Transfer to tax allocation reserve	-189	-110
TOTAL	**-189**	**-110**

Untaxed reserves	**2022**	2021
Tax allocation reserve	954	764
TOTAL	**954**	**764**

10 TAXES

	Group		Parent Company	
Current tax expense	**2022**	2021	**2022**	2021
Tax expense for the period	-488	-317	-112	-71
Adjustment of tax attributable to prior years	-13	15	-3	3
Total current tax expense	**-502**	**-302**	**-115**	**-68**
Deferred tax income/expense				
Deferred tax – temporary differences	-17	-112	–	–
Deferred tax – adjustment of tax attributable to prior years	12	5	–	–
Deferred tax – change in tax rate	2	4	–	–
Total deferred tax income/ expense	**-3**	**-103**	**–**	**–**
TOTAL REPORTED TAX EXPENSE	**-505**	**-405**	**-115**	**-68**

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

	Group				Parent Company			
Reconciliation of effective tax rate	**2022, %**	**2022**	2021, %	2021	**2022, %**	**2022**	2021, %	2021
Profit before tax		2,156		1,897		862		707
Income tax calculated pursuant to national profit tax rates in each country	22.1	476	21.3	405	20.6	178	20.1	142
Tax effects of:								
– Non-taxable dividends	–	0	0.0	0	-8.0	-69	-10.3	-73
– Other non-taxable income	-0.5	-10	-0.6	-12	–	–	–	–
– Non-deductible expenses	1.9	41	1.9	37	0.3	3	0.2	2
Utilisation of previously uncapitalised loss carry-forwards	-0.1	-1	-0.1	-2	–	–	–	–
Tax effect of uncapitalised loss carry-forwards	0.0	0	0.1	1	–	–	–	–
Effect on deferred tax – reduced tax rate	-0.1	-1	-0.2	-4	–	–	–	–
Adjustment of previous years' tax expense	0.0	1	-1.1	-20	0.3	3	-0.5	-3
TAX EXPENSE FOR THE YEAR	**23.4**	**505**	**21.4**	**405**	**13.3**	**115**	**9.6**	**68**

GROUP

	2022			2021		
Tax attributable to other comprehensive income	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
Translation differences – translation of foreign operations	539	–	539	198	–	198
Hedges of net investments in subsidiaries	-111	20	-92	-22	5	-18
Revaluation of defined benefit pensions	53	-14	39	5	-2	4
TOTAL	**480**	**6**	**486**	**180**	**3**	**184**

Deferred tax assets and liabilities

	Group	
Change in carrying amount for the year	**2022**	2021
Opening carrying amount – deferred tax assets	228	279
Increase through acquisitions	2	2
Decrease through divestitures	-0	0
Reclassification to deferred tax liability	-3	-1
Other deferred tax income/expense in the income statement	-32	-60
Deferred tax income/expense in other comprehensive income	-2	1
Foreign currency translation differences	14	6
CLOSING CARRYING AMOUNT – DEFERRED TAX ASSETS	**207**	**228**
Opening carrying amount – deferred tax liabilities	-544	-484
Increase through acquisitions	-14	-13
Measurement period adjustment	–	0
Reclassification from deferred tax asset	3	1
Change in component of untaxed reserves in the income statement	-48	-100
Other deferred tax income/expense in the income statement	76	56
Deferred tax income/expense in other comprehensive income	9	2
Foreign currency translation differences	-10	-6
CLOSING CARRYING AMOUNT – DEFERRED TAX LIABILITIES	**-529**	**-544**

	Group	
Deferred tax at year end	**2022**	2021
Deferred tax asset – loss carry-forwards	126	139
Deferred tax asset – consolidated pension deficits	-10	5
Deferred tax asset – temporary differences	90	84
Total deferred tax assets	**207**	**228**
Deferred tax component of companies' reported untaxed reserves	-379	-331
Deferred tax liability – temporary differences	-150	-213
Total deferred tax liabilities	**-529**	**-544**
TOTAL DEFERRED TAX, NET	**-322**	**-316**

Of total deferred tax assets, SEK 57 million is expected to be utilised within 12 months. Of total deferred tax liabilities, SEK 161 million is expected to be paid within 12 months. Unrecognised loss carry-forwards in the Group total SEK 32 million (33); these are not expected to be utilised against future profits, and most have a time limit for utilisation. Approximately SEK 3 million (3) of unrecognised loss carry-forwards have a duration of up to 5 years, approximately SEK 5 million (4) have a duration of 6–9 years, and the remainder of approximately SEK 24 million (26) have an indefinite duration.

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Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
Property, plant and equipment incl. right-of-use assets	33	39	7	10	40	49
Intangible assets	-2	-2	-164	-170	-166	-172
Financial assets	28	20	22	11	51	31
Current assets	20	19	-151	-203	-131	-183
Current liabilities	4	0	-2	–	1	0
Untaxed reserves	–	–	-379	-331	-379	-331
Pensions	-10	5	6	11	-3	15
Other provisions	7	8	11	10	18	18
Loss carry-forwards	126	139	121	118	247	257
TOTAL	**207**	**228**	**-529**	**-544**	**-322**	**-316**

Movements in net deferred taxes can be summarised as follows:

2022	Opening carrying amount 2022	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/ divestitures	Reclassifications	Foreign currency translation differences	Closing carrying amount 2022
Property, plant and equipment incl. right-of-use assets	49	-6	–	0	-5	2	40
Intangible assets	-172	25	–	-14	2	-8	-166
Financial assets	31	-0	20	–	0	–	51
Current assets	-183	63	–	0	1	-12	-131
Current liabilities	0	-3	–	–	4	–	2
Untaxed reserves	-331	-48	–	-0	0	–	-379
Pensions	15	-2	-14	-0	-2	-0	-3
Other provisions	18	-1	–	-0	0	1	18
Loss carry-forwards	257	-32	–	2	-0	20	246
TOTAL	**-316**	**-3**	**6**	**-13**	**–**	**4**	**-322**

2021	Opening carrying amount 2021	Recognised through profit or loss	Recognised in other comprehensive income	Acquisitions/ divestitures	Reclassifications	Foreign currency translation differences	Closing carrying amount 2021
Property, plant and equipment incl. right-of-use assets	50	-3	–	0	0	2	49
Intangible assets	-178	24	–	-13	0	-5	-172
Financial assets	22	4	5	0	0	0	31
Current assets	-201	21	–	1	0	-4	-183
Current liabilities	1	-2	–	0	0	0	0
Untaxed reserves	-236	-95	–	0	–	0	-331
Pensions	16	2	-2	0	–	0	15
Other provisions	22	-3	–	-2	–	1	18
Loss carry-forwards	299	-50	–	2	–	6	257
TOTAL	**-205**	**-103**	**3**	**-11**	**0**	**0**	**-316**

11 EARNINGS PER SHARE

GROUP

	2022	2021
Average number of shares before dilution	358,269,726	356,757,820
Dilution due to share bonus scheme and share savings schemes	990,481	1,394,990
Average number of shares after dilution	**359,260,207**	**358,152,810**
Earnings per share on profit attributable to owners of the Parent Company		
Basic earnings per share, SEK	4.61	4.18
Diluted earnings per share, SEK	4.60	4.17

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.

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12 ACQUISITION AND DIVESTITURE OF SUBSIDIARIES AND OPERATIONS

GROUP

	Country	Date	Acquired share, %[1]	Holding post-transaction, %[1]	Annual net sales, SEK M[2]	Number of employees (individuals)
Acquisitions 2022						
Swedish Net Engineering AB	Sweden	1 February 2022	100	100	31	28
Vitech	Belgium	26 April 2022	100	100	8	4
Stema Group	Norway	2 May 2022	100	100	186	86
AB Soil Remediation Experts BV	Belgium	10 May 2022	100	100	16	12
Arcasa Group	Norway	31 May 2022	100	100	130	69
RK-TEC SRL	Belgium	27 June 2022	100	100	68	39
Dayspring Group	Sweden	1 September 2022	100	100	44	40
Venac	Belgium	11 October 2022	100	100	9	4
Via Trafik Rådgivning A/S	Denmark	1 November 2022	100	100	75	60
V2S Stabilitieit bv	Belgium	16 November 2022	100	100	20	10
Futureproofed bv	Belgium	14 December 2022	100	100	9	14
JHK Architecten B.V.	Netherlands	21 December 2022	100	100	25	21
					621	**387**
Acquisitions 2021						
Bureau voor Urbanisme (BUUR) BV	Belgium	2 January 2021	100	100	47	65[3]
Gaia Consulting OY	Finland	1 April 2021	100	100	67	58
Linja Arkkitehdit Group	Finland	1 April 2021	100	100	54	59
Wendelbo Landskap AS, asset deal	Norway	9 April 2021	–	–	2	1
Mark & Pieler Ingenieure, asset deal	Germany	30 April 2021	–	–	5	6
Arcade Concept Engineering, asset deal	Belgium	17 May 2021	–	–	9	12
Boydens Engineering Group	Belgium	23 June 2021	100	100	103	140
AdviceU Group	Sweden	1 September 2021	100	100	35	30
Bureau Stedelijke Planning BV	Netherlands	23 September 2021	100	100	59	31
					380	**402**

1) Ownership share corresponds to equity interest.
2) Estimated annual sales at acquisition date.
3) Of which 63 self-employed.

In 2022, Sweco acquired 12 companies and businesses with close to 400 employees (individuals), generating annual net sales of approximately SEK 620 million.

On 1 February, Sweco acquired technical consultants Swedish Net Engineering, thereby strengthening Sweco's leading position in the Swedish market for technical and physical protection and security. Swedish Net Engineering was founded in 1998 and has 28 employees and annual net sales of SEK 31 million. The acquisition was consolidated into Sweco Sweden as of February.

On 2 May, Sweco acquired the Norwegian consultancy Stema Rådgivning. The acquisition strengthened Sweco's position in Norway, in project and construction management. Stema was founded in 2001 and consists of close to 90 employees, as well as a larger number of associated consultants. The acquisition also included the subsidiary Byggeråd. Combined, the companies had annual sales of SEK 186 million. The acquisition was consolidated into Sweco Norway as of May.

On 31 May, Sweco completed the acquisition of Arcasa Arkitekter in Norway. The acquisition made Sweco a leading player in architectural services and the largest in residential architecture in the Norwegian market. Arcasa has its primary operations within sustainable residential development, with 69 employees and annual sales of SEK 130 million. The acquisition was consolidated into Sweco Norway as of June.

On June 27, Sweco acquired the Belgian consultancy RK-TEC. RK-TEC was founded in 2010 and is primarily active within the pharmaceutical and industrial sectors. The company has over 60 specialists (incl. self-employed) with a turnover of approximately SEK 68 million in 2021. The acquisition strengthened Sweco's offering in automation, digitalisation, electricity and security in the Belgian market. The acquisition was consolidated into Sweco Belgium as of June.

On 1 September, Sweco completed the acquisition of Dayspring, a consultancy in Sweden primarily active in project management within construction. Dayspring has 40 employees and posted annual sales of SEK 44 million in 2021. The acquisition was consolidated into Sweco Sweden as of September.

On 1 November, Sweco completed the acquisition of Via Trafik Rådgivning A/S, Denmark's largest specialised consultancy firm within traffic and mobility. Via Trafik Rådgivning has some 60 employees and annual net sales of around SEK 75 million. The acquisition was consolidated into Sweco Denmark as of November.

On 14 December, Sweco completed the acquisition of Futureproofed, a Belgian climate-tech firm with 18 experts (incl. self-employed) and annual net sales of around SEK 9 million. Futureproofed guides companies and cities towards a low-carbon future through their SaaS (Software-as-a-Service) platform, which enables clients to measure, reduce and report CO_2 emissions. Futureproofed was consolidated into Sweco Belgium as of December.

On 21 December, Sweco acquired the Dutch architectural firm JHK Architecten with approximately 20 experts and annual net sales of SEK 25 million. JHK has a strong position within non-residential building projects in the private sector. The acquisition was consolidated into Sweco Netherlands as of December.

In addition, Sweco also completed four smaller acquisitions in Belgium during the year. On 26 April, Sweco acquired Vitech, a firm with 4 employees active within electrical installations. On 10 May, Sweco acquired AB Soil Remediation Experts, a firm with 12 employees focusing on environmental services. On 11 October, Sweco completed the acquisition of Belgian engineering firm VENAC, a leader in acoustic studies with 5 experts. On 16 November, Sweco completed the acquisition of V2S, a Belgian engineering firm with 13 experts focusing on structural engineering for buildings and special structures.

During the year, the acquired companies contributed SEK 293 million in net sales, SEK 20 million in EBITA and SEK 12 million in operating profit (EBIT). If the companies had been owned as of 1 January 2022, they would have contributed approximately SEK 599 million in net sales, about SEK 27 million in EBITA and about SEK 13 million in operating profit (EBIT).

Acquisition-related costs for the above acquisitions during the year and previous periods total SEK 12 million (8) and are chiefly comprised of financial advisory and consulting fees associated with due diligence and tax. These expenses, totalling SEK 12 million (8) during the year, were reported in other external expenses in the income statement.

Divestitures

In May, Sweco divested a non-core operation in the Netherlands with 16 employees and annual net sales of SEK 40 million. On 27 October 2022, Sweco divested its subsidiary in Bulgaria with 49 employees and annual net sales of SEK 21 million. The divestments contributed SEK 30 million in net sales and SEK 4 million in operating profit during the year. The divestments had a positive impact on profit of SEK 53 million, excluding reclassification of realised positive translation differences of SEK 3 million.

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Net assets of acquired and divested companies at the acquisition date

	2022		2021	
	Acquired value	Divested value	Acquired value	Divested value
Intangible assets	62	8	59	–
Property, plant and equipment	16	0	10	0
Right-of-use assets	22	2	40	–
Financial assets	3	0	2	0
Current assets[1]	142	18	88	2
Cash and cash equivalents	71	6	42	1
Non-current lease liabilities	-13	-2	-23	–
Other non-current liabilities	-7	-1	-8	–
Deferred tax	-14	–	-13	–
Current lease liabilities	-8	-1	-15	–
Other current liabilities	-144	-10	-134	-2
Non-controlling interest	–	-3	–	–
Consolidated goodwill recognised on acquisition	608	–	342	–
Capital gain/loss recognised on divestiture	–	53	–	17
Total purchase price	**739**	**72**	**392**	**17**
Purchase price outstanding	-2	–	-5	–
Payment of deferred purchase price	9	–	19	–
Cash and cash equivalents in acquired and divested companies	-71	-6	-42	-1
DECREASE/INCREASE IN GROUP CASH AND CASH EQUIVALENTS	**675**	**65**	**363**	**17**

1) Of acquired current assets, receivables total SEK 122 million (83).

Acquisitions completed in 2022 and 2021 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 all acquisitions made in 2022, the acquisition analyses are preliminary.

The acquisitions had a negative impact of SEK 675 million (363) on Group cash and cash equivalents. Divestitures impacted the Group's cash and cash equivalents by SEK 65 million (17). The net impact on Group cash and cash equivalents is SEK -610 million (-346).

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 2 million, SEK 0 million pertains to conditional purchase consideration entered as liability.

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

	2022		2021	
	Acquisition	Divestiture	Acquisition	Divestiture
Contribution to net sales in the year's accounts	293	30	238	9
Contribution to net sales if acquired company had been owned for the full year	599	–	392	–
Contribution to EBITA in the year's accounts	20	4	21	1
Contribution to EBITA if acquired company had been owned for the full year	27	–	26	–
Contribution to operating profit (EBIT) in the year's accounts	12	4	4	1
Contribution to operating profit (EBIT) if acquired company had been owned for the full year	13	–	1	–

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13 INTANGIBLE ASSETS

GROUP

	2022			2021		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Opening acquisition costs	8,214	1,308	9,523	7,664	1,217	8,882
Purchases	–	11	11	–	36	36
Developed internally	–	37	37	–	8	8
Increase through acquisitions	610	62	672	344	58	402
Measurement period adjustment	-2	–	-2	-2	1	-1
Decrease through divestiture	-7	-6	-13	–	–	–
Reclassification	–	2	2	–	2	2
Sales/disposals	–	-95	-95	–	-46	-46
Foreign currency translation differences	454	70	524	208	32	240
Closing accumulated acquisition costs	**9,269**	**1,389**	**10,659**	**8,214**	**1,308**	**9,523**
Opening accumulated amortisation/depreciation and impairments	-71	-1,024	-1,095	-71	-877	-948
Decrease through divestiture	–	5	5	–	–	–
Reclassification	–	0	0	–	3	3
Sales/disposals	–	95	95	–	38	38
Foreign currency translation differences	–	-54	-54	–	-24	-24
Impairment losses	–	-5	-5	–	-10	-10
Amortisation/depreciation for the year	–	-133	-133	–	-154	-154
Closing accumulated amortisation/depreciation and impairments	**-71**	**-1,116**	**-1,187**	**-71**	**-1,024**	**-1,095**
CLOSING CARRYING AMOUNT	**9,198**	**273**	**9,472**	**8,143**	**284**	**8,428**
By business area						
Sweco Sweden	2,112			2,067		
Sweco Norway	878			583		
Sweco Finland	1,724			1,589		
Sweco Denmark	1,532			1,353		
Sweco Netherlands	396			331		
Sweco Belgium	1,011			751		
Sweco UK	779			757		
Sweco Germany & Central Europe	766			712		
Capitalised development costs for software		90			105	
Assets capitalised on acquisition		183			179	
CLOSING CARRYING AMOUNT	**9,198**	**273**		**8,143**	**284**	

Internally developed software of SEK 37 million (8) was capitalised during the year, related to development of product Twinfinity as well as developments within Norway, Denmark and the Netherlands. Other intangible assets were acquired through acquisition or purchase. See also Note 12 regarding intangible assets arising from acquisitions. Impairment losses of SEK 5 million (10) have been made for software in Germany. In the above table, borrowing costs are not included in asset acquisition costs.

PARENT COMPANY

Other intangible assets	**2022**	2021
Opening acquisition costs	168	162
Purchases	4	6
Sales/disposals	-5	–
Closing accumulated acquisition costs	**167**	**168**
Opening accumulated amortisation	-149	-138
Sales/disposals	5	–
Amortisation for the year	-7	-11
Closing accumulated amortisation	**-151**	**-149**
CLOSING CARRYING AMOUNT	**15**	**19**

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 left 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's, but are used solely in the impairment testing of 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 premia.

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.

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

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

2022	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Denmark		Sweco Netherlands		Sweco Belgium		Sweco UK		Sweco Germany & Central Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.6	-23.5	5.4	-25.4	3.3	-13.7	2.5	-5.4	3.6	-31.9	7.0	-7.6	4.9	-1.2	5.2	-6.9
Average EBITA margin, %	8.3	3.2	8.1	2.0	8.5	3.9	8.6	6.2	7.6	1.9	8.5	5.2	6.6	5.2	5.0	3.6
Pre-tax discount rate, %	9.8	24.2	10.7	42.2	10.6	21.5	9.9	12.8	10.1	42.0	12.0	19.1	11.6	14.4	11.5	17.2

2021	Sweco Sweden		Sweco Norway		Sweco Finland		Sweco Denmark		Sweco Netherlands		Sweco Belgium		Sweco UK		Sweco Germany & Central Europe	
Variable	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value	Assumed value	Adjusted value
Average sales growth, %	2.9	-28.6	2.5	-33.0	3.1	-19.3	3.0	-8.1	3.1	-36.0	5.6	-18.9	3.7	-3.1	1.8	-9.8
Average EBITA margin, %	8.7	2.6	8.0	1.4	8.8	2.8	7.6	4.7	6.8	0.9	8.8	3.3	6.0	4.6	4.6	3.3
Pre-tax discount rate, %	7.8	24.4	8.6	45.2	8.0	21.7	7.8	11.2	7.8	56.1	9.2	22.3	9.0	11.2	9.2	13.7

14 PROPERTY, PLANT AND EQUIPMENT

GROUP

	2022			2021		
	Buildings and land	Equipment	Total	Buildings and land	Equipment	Total
Opening acquisition costs	54	1,668	1,722	27	1,620	1,647
Purchases	26	248	274	24	176	199
Increase through acquisitions	4	10	14	2	7	10
Measurement period adjustment	3	–	3	–	–	–
Decrease through divestiture	–	-4	-4	–	0	0
Reclassification	–	-5	-5	0	-30	-30
Sales/disposals	-8	-256	-264	0	-145	-146
Foreign currency translation differences	6	93	99	1	41	42
Closing accumulated acquisition costs	**85**	**1,755**	**1,840**	**54**	**1,668**	**1,722**
Opening accumulated depreciation and impairments	-15	-1,196	-1,211	-14	-1,114	-1,128
Decrease through divestiture	–	4	4			
Reclassification	–	3	3	–	25	25
Sales/disposals	4	237	241	–	137	137
Foreign currency translation differences	-2	-73	-75	0	-29	-29
Depreciations for the year	-1	-211	-212	-1	-215	-216
Closing accumulated depreciation	**-14**	**-1,236**	**-1,250**	**-15**	**-1,196**	**-1,211**
CLOSING CARRYING AMOUNT	**70**	**518**	**589**	**38**	**472**	**510**
Of which, land:						
Opening acquisition costs	2		2	2		2
Sales/disposals	-1		-1	–		–
Foreign currency translation differences	0		0	0		0
Increase through acquisitions	0		0	1		1
Closing carrying amount, land	**2**		**2**	**2**		**2**

PARENT COMPANY

Equipment	**2022**	2021
Opening acquisition costs	205	163
Purchases	19	42
Sales/disposals	-102	0
Closing accumulated acquisition costs	**122**	**205**
Opening accumulated depreciation	-135	-103
Sales/disposals	98	0
Depreciation for the year	-27	-32
Closing accumulated depreciation	**-64**	**-135**
CLOSING CARRYING AMOUNT	**59**	**70**

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15 RIGHT-OF-USE ASSETS

GROUP

	2022			2021		
Change in carrying amount for the year	Premises	Equipment	Total	Premises	Equipment	Total
Opening carrying amount	2,234	274	2,508	2,432	273	2,705
New leases	96	91	187	204	114	318
Increase through acquisitions	18	4	22	32	8	40
Decrease through divestiture	-2	–	-2	–	–	–
Changes in existing leases	372	2	374	130	-1	129
Sales/disposals	-18	-7	-25	-16	-9	-25
Impairment losses	–	–	–	-7	0	-7
Depreciations for the year	-642	-125	-767	-607	-118	-725
Foreign currency translation differences	122	18	141	66	7	73
CLOSING CARRYING AMOUNT	**2,180**	**257**	**2,438**	**2,234**	**274**	**2,508**

In 2021 impairment losses of SEK 7 million were made for unused office space in the Netherlands and Germany.

16 SHAREHOLDINGS AND PARTICIPATION IN GROUP COMPANIES

PARENT COMPANY

Change in carrying amount for the year	**2022**	2021
Opening carrying amount	4,669	4,669
Acquisition of subsidiaries	0	–
Shareholder's contribution	30	–
CLOSING CARRYING AMOUNT	**4,699**	**4,669**

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 Holding AB[1]	556032-2496	Stockholm	100	100,000	887
Vattenbyggnadsbyrån Export AB[2]	556079-1336	Stockholm	100	4,500	1
Twinfinity AB	559382-4815	Stockholm	100	100	30
Sweco Holdco B.V.[1]	30029428	Netherlands	100	76,114,143	2,506
Total shareholdings and participation in group companies					**4,699**

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
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 Polska Sp. z o.o.	0000140225	Poland	100	30,469
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
Arcasa Arkitekter AS	940199972	Norway	100	625
Design og Interiør AS	993804835	Norway	100	1,000
Blår AS	998450314	Norway	100	100
Through Sweco Finland Oy				
Kiinteistö Oy Sammonpiha[3]	0770284-4	Finland	75	166
Sweco PM Oy	2635438-4	Finland	100	10,000
Sweco Projektit Oy	2661738-3	Finland	100	100
Gaia Consulting Oy	2008574-2	Finland	100	11,099

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

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Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
Through Sweco Sverige Holding AB				
Sweco International AB	556862-9918	Stockholm	100	500
Sweco Business Information Consulting Co.	91310000MA1K349X1E	China	100	10
Sweco Sverige AB	556767-9849	Solna	100	129,200,000
Sweco-COWI Joint Venture AB[2]	556085-5867	Stockholm	100	1,000
Nordic Infrapro AB	559023-2780	Stockholm	100	15,000
Sweco India Private Ltd.	AABCF0979RST001	India	100	10,000
AdviceU AB	556763-4794	Stockholm	100	200,000
AdviceU Syd AB	559109-9774	Stockholm	100	100,000
Dayspring AB	556731-1336	Gothenburg	100	108,814
Dayspring Göteborg AB	556732-8447	Gothenburg	100	1,050
Dayspring Malmö AB	556963-7480	Gothenburg	100	1,000
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
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
JHK Architecten B.V.	30164248	Netherlands	100	400
Grontmij Assetmanagement Holding B.V.[1]	30136340	Netherlands	100	182
Grontmij Nederland Projecten B.V.[3]	30163316	Netherlands	100	200
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
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
Via Trafik Rådgivning A/S	25115708	Denmark	100	503,000
Sweco Belgium nv	BE0405647664	Belgium	100	218,248

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares
***Cont.* Through Sweco Holdco B.V.**				
GM Contracting nv	BE0419330703	Belgium	100	18,252
Studiebureau Boydens Raymond nv	0416968059	Belgium	100	264
Sustainable Engineering Vietnam Ltd.	0106224296	Vietnam	100	100
Bureau d'étude Boydens Luxemburg sprl	B141892	Luxembourg	100	1,250
AB Soil Remediation Experts BV	0467143387	Belgium	100	186
Vitech	0474707706	Belgium	100	750
RK-TEC SRL	822998280	Belgium	100	100
VENAC	0427211160	Belgium	100	250
V2S Stabiliteit bv	650738851	Belgium	100	386
Futureproofed bv	466180824	Belgium	100	13,006
Sweco UK Holding Limited[1]	2237772	UK	100	31,243,690
Sweco Engineering (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
Sweco Building Control Ltd	02891295	UK	100	2
Sweco Consulting Engineers Ltd	03057104	UK	100	1,000
Sweco Consulting Ltd	03383526	UK	100	2
Fluid Structures Engineers & Technical Designers Ltd	03865913	UK	100	1,187
Sweco Ireland Ltd	E554682	Ireland	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

1) Holding company
2) Dormant company
3) Real estate company
4) Insurance 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.

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17 SHAREHOLDINGS AND PARTICIPATION IN ASSOCIATED COMPANIES

During 2022 Sweco invested SEK 1 million in Arteum Architects in Belgium. There were no changes to associated companies during 2021. 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:	2022	2021
Profit for the year	1	1
TOTAL COMPREHENSIVE INCOME	**1**	**1**

Shareholdings at year end	Corp. ID number	Domicile	Share of equity, %	No. of shares	Carrying amount
2022					
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	1
Projektgruppen Akutcenter Viborg ApS	35046445	Denmark	26	20,500	0
Through Sweco Belgium NV					
Arteum Architects BVBA	BE0896004242	Belgium	40	840	1
Total shares and participation					**4**
2021					
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:	2022	2021
Profit for the year	0	-2
TOTAL COMPREHENSIVE INCOME	**0**	**-2**

Holdings in joint operations at year end	Corp. ID number	Domicile	Share of equity, %
2022			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Stockholm	50
2021			
Sweco ÅF Healthcare Systems AB (owned through Sweco Systems AB)	556881-5764	Stockholm	50

Group's shareholdings in joint operations	2022	2021
Operating income	1	1
Operating costs	-1	-1
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.

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19 FINANCIAL INVESTMENTS

GROUP

Change in carrying amount for the year	2022	2021
Opening carrying amount	10	10
Acquisition of other shares	0	0
Disposal of other shares	0	–
Increase through acquisition	0	0
Revaluation of holdings	0	0
Foreign currency translation difference	1	0
CLOSING CARRYING AMOUNT	**11**	**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
2022					
BRF Störtloppet	716414-8764	Åre			1
Kiinteistö Oy Paalupuisto	0575992-1	Finland	13	444	7
Dansk Konstruktions- og Betoninstitut A/S	15179589	Denmark	14	1,143	1
Other shares and participation					2
Total shares and participation					**11**
2021					
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	2022	2021
Opening carrying amount	1	1
CLOSING CARRYING AMOUNT	**1**	**1**

Shareholdings at year end	Corp. ID number	Domicile	Carrying amount
2022			
BRF Störtloppet	716414-8764	Åre	1
Total shares and participation			**1**
2021			
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	2022	2021
Non-current assets		
Opening carrying amount	1,833	1,832
Lending to group companies	1	1
Foreign currency translation difference	2	1
Closing carrying amount	**1,836**	**1,833**
Current assets		
Opening carrying amount	1,329	2,944
Change for the year	1,245	-1,615
Closing carrying amount	**2,574**	**1,329**
TOTAL RECEIVABLES FROM GROUP COMPANIES	**4,410**	**3,162**

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	2022	2021
Opening carrying amount	107	100
Increase through acquisition	1	–
Increase in receivables	4	12
Decrease in receivables	-20	-12
Reclassification	2	5
Foreign currency translation difference	4	1
CLOSING CARRYING AMOUNT	**97**	**107**
Non-current receivables at year end		
Insurance reimbursement	33	38
Lease receivables – employee cars	6	7
Other non-current receivables	57	61
CLOSING CARRYING AMOUNT	**97**	**107**

Other receivables comprise 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.

	2022		2021	
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	2,643	-1,557	1,891	-1,592
Increase through acquisitions	12	0	12	-30
Decrease through divestiture	-14	3	0	0
Progress billings	-17,558	-4,767	-15,328	-2,974
Value of work completed	17,657	4,886	15,901	3,014
Reclassification[1]	38	-38	121	67
Foreign currency translation difference	156	-93	47	-43
CLOSING CARRYING AMOUNT	**2,936**	**-1,567**	**2,643**	**-1,557**

1) For reclassification of 2021 work in progress less progress billings, SEK 188 million pertains to reclassification from accounts receivables.

A major part of the opening balance for progress billings in excess of work in progress was recognised as income in 2022. No significant revenue from performance obligations fulfilled during previous periods has been reported.

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24 PREPAID EXPENSES, ACCRUED INCOME AND OTHER CURRENT RECEIVABLES

	Group		Parent Company	
	2022	2021	**2022**	2021
Prepaid rent-related expenses	40	55	0	0
Prepaid insurance premiums	35	38	2	0
Prepaid IT expenses including licence expenses	492	252	470	242
Prepaid expenses for future service[1]	–	17	–	–
Other prepaid expenses	114	92	23	14
Accrued interest income	1	0	0	–
Other accrued income	1	2	1	1
TOTAL	**683**	**456**	**496**	**257**

1) Prepaid expenses for future services refer 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	**2022**	2021	**2022**	2021
VAT	29	24	8	12
Deposits	29	27	–	–
Insurance reimbursement	147	116	–	–
Lease receivables – employee cars	10	12	–	–
Derivatives	–	0	–	–
Other current receivables	270	268	12	11
TOTAL OTHER CURRENT RECEIVABLES	**485**	**448**	**20**	**23**

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 current 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 short-term highly 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	**2022**	2021	**2022**	2021
Cash/bank	850	896	134	335
TOTAL CASH AND CASH EQUIVALENTS	**850**	**896**	**134**	**335**

There was no commercial paper in Sweco Group on 31 December 2022 or 2021.

26 EQUITY

Change in number of outstanding shares[1]	A shares	B shares	Total
Number of shares at 1 January 2021	31,157,139	324,040,332	355,197,471
Issuance of treasury shares – share savings scheme	–	141,130	141,130
Issuance of treasury shares – share bonus scheme	–	2,146,469	2,146,469
Conversion of A shares to B shares	-70,541	70,541	–
NUMBER OF SHARES AT 31 DECEMBER 2021	**31,086,598**	**326,398,472**	**357,485,070**
Issuance of treasury shares – share savings scheme	–	113,734	113,734
Issuance of treasury shares – share bonus scheme	–	1,020,600	1,020,600
NUMBER OF SHARES AT 31 DECEMBER 2022	**31,086,598**	**327,532,806**	**358,619,404**

1) After deduction for treasury shares.

A statement of changes in equity is found on page 104 for the Group and on page 108 for the Parent Company. Additional information about the Sweco share is provided on pages 149–151.

The total number of shares, including treasury shares, at the end of the period was 363,251,457 (31,086,598 Class A shares and 332,164,859 Class B shares.) The total number of votes was 64,303,083.9, of which 31,086,598 are represented by Class A shares and 33,216,485.9 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. Regarding 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 2022 the Group's holding of treasury shares amounted to 4,632,053 (5,766,387) Class B shares. The treasury shares were purchased at an average price of SEK 65.65 each, for a total of SEK 304 million. The market value at 31 December 2022 was SEK 463 million. The repurchased shares correspond to 1.3 per cent of the total number of shares and 0.7 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 20 April 2023.

	2022	2021
Dividend of SEK 2.70 per common share (2.45 SEK)	981	876

Amounts for 2022 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 2022 AGM to acquire additional treasury shares, the amount distributed to the shareholders through the proposed dividend may be further reduced. More information is found in the Board of Directors' Report on page 42.

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.

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27 CURRENT AND NON-CURRENT INTEREST-BEARING DEBT

	Group		Parent Company	
	2022	2021	**2022**	2021
Non-current interest-bearing debt				
Liabilities to credit institutions	1,410	1,805	1,161	1,650
Total	**1,410**	**1,805**	**1,161**	**1,650**
Current interest-bearing debt				
Bank overdraft facilities	20	4	–	–
Commercial Paper Program	495	–	–	–
Total	**516**	**4**	**–**	**–**
TOTAL INTEREST-BEARING DEBT	**1,926**	**1,808**	**1,161**	**1,650**

All financial liabilities above are recognised at amortised cost. Liabilities to credit institutions were mainly raised to finance acquisitions. The main bank credit facility is a EUR 400 million Revolving Credit Facility established in July 2021 with a tenor of 3 years with two 1-year extension options. 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. Sweco borrows short-term under a Swedish Commercial Paper Program with a framework amount of SEK 2,000 million. The refinancing risk is mitigated through available committed bank credit facilities. The bank overdraft facilities are renewed yearly and are not associated with any special conditions or obligations.

	Group		Parent Company	
Loan maturity structure	**2022**	2021	**2022**	2021
0–1 year	516	4	–	–
1–5 years	1,408	1,802	1,161	1,650
>5 years	2	3	–	–
TOTAL	**1,926**	**1,808**	**1,161**	**1,650**

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

Bank credit facilities and debt program

	Group		Parent Company	
	2022	2021	**2022**	2021
Credits granted	5,449	5,079	5,222	4,864
Credits utilised on balance sheet date	-1,926	-1,808	-1,161	-1,650
– whereof Commercial Paper Program	-495	–	–	–
UNUTILISED CREDITS	**4,018**	**3,271**	**4,061**	**3,214**
Average interest rate, %[1]	2.13	1.34	1.32	0.48

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 debt[1]

	2022	2021
Non-current interest-bearing debt	1,410	1,805
Current interest-bearing debt	516	4
Cash and cash equivalents incl. current investments	-850	-896
NET DEBT	**1,075**	**913**

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 current 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 2021	**2,088**	**-2,996**	**-34**	**-943**	**-105**	**-1,048**
Non-cash items						
Increase through acquisitions	–	-7	-12	-19	–	-19
Impairment	–	–	–	–	3	3
Reclassification	–	0	0	–	14	14
Foreign currency translation differences	28	-74	-1	-46	-3	-49
Total non-cash items	**28**	**-81**	**-13**	**-65**	**14**	**-50**
Cash flow	-1,220	1,272	43	95	1	96
CARRYING AMOUNT AT 31 DECEMBER 2021	**896**	**-1,805**	**-4**	**-913**	**-90**	**-1,003**
Non-cash items						
Increase through acquisitions	–	-7	-1	-8	0	-8
Impairment	–	–	–	–	11	11
Reclassification	–	–	0	0	1	1
Foreign currency translation differences	35	-95	-1	-61	-2	-63
Total non-cash items	**35**	**-102**	**-2**	**-69**	**10**	**-59**
Cash flow	-80	497	-510	-93	19	-74
CARRYING AMOUNT AT 31 DECEMBER 2022	**850**	**-1,410**	**-516**	**-1,075**	**-61**	**-1,137**

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 2021	**1,387**	**-2,866**	**–**	**-1,479**	**-39**	**-1,518**
Non-cash items						
Reclassification	–	–	–	–	-5	-5
Foreign currency translation differences	–	-52	–	-52	–	-52
Total non-cash items	**–**	**-52**	**–**	**-52**	**-5**	**-57**
Cash flow	-1,051	1,268	–	217	–	217
CARRYING AMOUNT AT 31 DECEMBER 2021	**335**	**-1,650**	**–**	**-1,315**	**-44**	**-1,359**
Cash flow	-201	489	-495	-207	1	-206
CARRYING AMOUNT AT 31 DECEMBER 2022	**134**	**-1,161**	**-495**	**-1,522**	**-43**	**-1,565**

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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 2022 Alecta's surplus measured as a collective consolidation ratio was 172 per cent (172). 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 2022, Sweco Norway has two remaining defined benefit pension plans with similar demographic and financial assumptions. These remaining plans apply to 29 retired members. The plans' assets and liabilities are calculated using identical actuarial assumptions.

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 2022, Sweco Germany has two defined benefit pensions plans with similar demographic and financial assumptions. One plan applies to two retired members, while the other ("Direktzusagen") is due to expire and applies to 70 retired members, 27 active employees, and 47 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, the UK and the Netherlands 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 India as well as previously Bulgaria. The Bulgarian company was divested during 2022. The Netherlands, Germany and Denmark also have provisions for jubilee benefits.

	2022				
Breakdown of net asset/liability for defined benefit plans by country	Norway	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-52	-37	-343	-5	-437
Fair value of plan assets	40	–	299	3	343
Liability for jubilee benefits	–	-3	–	-16	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-11**	**-40**	**-44**	**-17**	**-113**

	2021				
Breakdown of net asset/liability for defined benefit plans by country	Norway	Germany	Belgium	Other	Total
Present value of defined benefit pension obligations	-54	-42	-318	-6	-421
Fair value of plan assets	38	–	238	3	278
Liability for jubilee benefits	–	-3	–	-17	-19
NET ASSET/LIABILITY FOR DEFINED BENEFIT PLANS	**-17**	**-45**	**-81**	**-20**	**-163**

Defined benefit pension plans in the balance sheet	**2022**	2021
Present value of defined benefit pension obligations	-437	-421
Fair value of plan assets	343	278
Liability for jubilee benefits	-19	-19
NET LIABILITY FOR DEFINED BENEFIT PLANS	**-113**	**-163**
Non-current pension provisions	-108	-158
Current pension provisions	-5	-5
NET BALANCE SHEET AMOUNT	**-113**	**-163**

Change in defined benefit pension obligations for the year	**2022**	2021
Defined benefit pension obligation at beginning of year	-421	-350
Current service costs	-30	-26
Past service costs	–	0
Interest expense	-5	-3
Revaluations:		
– Actuarial gains and losses on changed demographic assumptions	–	0
– Actuarial gains and losses on changed financial assumptions	52	0
– Experienced-based adjustments	-14	2
Settlement and changes in the pension plan	–	-55
Reclassification	–	0
Benefits paid	13	22
Decrease through divestiture	1	–
Foreign currency translation difference	-32	-11
Defined benefit pension obligation at year end	**-437**	**-421**

Change in fair value of plan assets for the year	**2022**	2021
Fair value of plan assets at beginning of year	278	201
Employer contributions	34	28
Contributions from plan participants	7	6
Interest income	3	2
Return on plan assets, excluding interest income	13	4
Actuarial gains and losses	2	0
Settlement and changes in the pension plan	–	54
Benefits paid	-17	-24
Administration cost	-1	-1
Foreign currency translation difference	23	7
Fair value of plan assets at year end	**343**	**278**

Plan assets are comprised of	**2022**	2021
Cash and cash equivalents and current investments	–	–
Shares	2	1
Credits	–	–
Government bonds	36	34
Real estate	1	1
Other[1]	304	242
TOTAL PLAN ASSETS	**343**	**278**

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	**2022**	2021
Net expense in the income statement		
Current service costs	-31	-26
Past service costs	–	0
Net interest income/interest expense	-1	-1
Settlement and changes in the pension plan	–	-1
TOTAL NET EXPENSE	**-32**	**-28**
Net expense is recognised in the income statement as		
Personnel costs	-32	-28
Net expense in profit for the year	**-32**	**-28**
Expense recognised in other comprehensive income		
Revaluations:		
Actuarial gains (-) and losses (+)	39	2
Difference between actual return and return on discount rate on plan assets	13	4
Effects of change in asset limit, excluding amounts reported in net interest income	1	–
Net expense recognised in other comprehensive income	**53**	**5**
NET EXPENSE RECOGNISED IN COMPREHENSIVE INCOME	**21**	**-23**

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

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	Norway		Germany		Belgium	
Actuarial assumptions, %	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate	3.0	1.9	3.1	1.0	3.6	1.1
Anticipated return on plan assets	3.0	1.9	–	–	3.6	1.1
Annual rate of salary increase	3.5	2.8	2.5	2.0	3.0	2.8
Annual rate of pension increase	2.6	2.5	2.0	1.5	0.0	0.0
Inflation	2.0	1.8	10.0	0.0	2.0	1.8
Discount rate, jubilee	–	–	3.1	1.0	–	–
Life expectancy assumption, years						
– pensioned at end of period:						
Men	20.0	21.0	12.0	12.0	21.6	21.6
Women	23.0	24.0	16.0	15.0	25.3	25.3
Life expectancy assumption, years						
– pensioned 20 years after end of period:						
Men	22.2	23.2	22.0	22.0	–	–
Women	25.0	26.5	25.0	25.0	–	–
Other information						
Weighted average maturity of obligation, years	10.2	10.0	13.0	16.5	2.5	13.0
Number of active members in relation to total number of individuals, %	0	0	19	21	62	61

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)	20	14
Annual rate of salary increase (+/- 1% change)	6	6
Annual rate of pension increase (+/- 1% change)	9	8
Life expectancy (+/-1 year)	2	2

The Group estimates that approximately SEK 38 million will be paid to defined benefit pension plans during 2023.

DEFINED CONTRIBUTION PENSION PLANS

	2022	2021
Allocation of expenses by pension plan		
Sweden	-370	-392
Finland	-310	-275
Norway	-149	-125
Netherlands	-147	-133
Denmark	-94	-82
UK	-62	-60
Belgium	-1	-1
Germany	-3	-3
Other countries	-1	-1
TOTAL	**-1,137**	**-1,072**

29 OTHER PROVISIONS

GROUP

	2022				2021			
Change in fair value for the year	Legal claims	Restructuring	Other provisions	Total	Legal claims	Restructuring	Other provisions	Total
Opening carrying amount	193	11	39	243	143	2	34	178
Increase through acquisitions	–	–	–	–	1	–	–	1
Measurement period adjustment	0	–	–	0	–	–	–	–
Provision for the year	90	1	10	101	83	14	12	108
Utilised provision	-41	-9	-14	-64	-40	-3	-9	-52
Reversal of unutilised provision	-11	-1	-2	-14	-1	–	–	-1
Interest	–	0	–	0	–	1	–	1
Foreign currency translation difference	16	1	3	20	4	–	2	6
Reclassification	28	–	19	47	3	–	–	3
Reclassification to accrued expenses	–	–	–	–	–	-2	–	-2
CLOSING CARRYING AMOUNT	**276**	**3**	**54**	**333**	**193**	**11**	**39**	**243**
OF WHICH, CURRENT OTHER PROVISIONS	**215**	**3**	**33**	**251**	**133**	**10**	**19**	**162**

Legal claims
The amount of the provision is the estimated future cost associated with disputes that have not been settled. Reported provision 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).

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.

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30 LEASE LIABILITIES

GROUP

	2022	2021
Cash outflow, premises	752	710
Cash outflow, equipment	160	141
CASH OUTFLOW, TOTAL LEASES	**913**	**851**

	2022		2021	
	Present value	Nominal value	Present value	Nominal value
Current lease liabilities				
Due within one year	773	810	727	765
Total current lease liabilities	**773**	**–**	**727**	**–**
Non-current lease liabilities				
Due within more than one but less than five years	1,295	1,364	1,471	1,535
Due within more than five years	445	459	413	426
Total non-current lease liabilities	**1,740**	**–**	**1,884**	**–**
TOTAL LEASE LIABILITIES	**2,513**	**–**	**2,611**	**–**
TOTAL FUTURE LEASE PAYMENTS	**–**	**2,633**	**–**	**2,726**

GROUP

Change in lease liabilities attributable to financing activities	Lease liabilities
Carrying amount at 1 January 2021	**2,841**
Cash flow 2021	
Amortisation of debt	-743
Non-cash items 2021	
New leases and revaluation	400
Increase through acquisition	38
Foreign currency translation differences	75
CARRYING AMOUNT AT 31 DECEMBER 2021	**2,611**
Cash flow 2022	
Amortisation of debt	-790
Non-cash items 2022	
New leases and revaluation	527
Increase through acquisition	21
Decrease through divestiture	-2
Foreign currency translation differences	146
CARRYING AMOUNT AT 31 DECEMBER 2022	**2,513**

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 2022 amount to approximately SEK 700 million, mainly related to two new and extended major office contracts.

Sweco's lease portfolio contains approximately 3,000 contracts and consists of leases of offices, vehicles and equipment. Office leases have the most significant impact on the financial statements.

Future payments for leasing of premises are 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	
	2022	2021	**2022**	2021
Accrued payroll costs	449	377	11	7
Accrued holiday and overtime pay	1,086	894	4	4
Accrued social and pension costs	517	509	24	22
Other personnel-related costs	39	90	–	–
Accrued IT expenses	9	2	–	–
Accrued audit and consulting costs	14	7	–	–
Accrued rent-related costs	38	37	–	–
Accrued interest	3	1	3	1
Prepaid income	1	0	–	–
Other accrued expenses	194	195	7	6
TOTAL ACCRUED EXPENSES AND PREPAID INCOME	**2,349**	**2,112**	**49**	**40**

Other current liabilities	Group		Parent Company	
	2022	2021	**2022**	2021
VAT	920	743	–	0
Employee withholding tax	310	321	2	2
Derivatives	3	0	1	–
Other current liabilities	38	57	1	0
TOTAL OTHER CURRENT LIABILITIES	**1,271**	**1,122**	**3**	**2**

32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	Group		Parent Company	
	2022	2021	**2022**	2021
Corporate guarantees	481	397	316	324
Total corporate guarantees	**481**	**397**	**316**	**324**
Bank guarantees				
Advance payment guarantees	57	58	30	26
Performance guarantees	315	156	72	33
Other guarantees	358	318	182	107
Total bank guarantees	**730**	**531**	**285**	**166**
TOTAL CONTINGENT LIABILITIES	**1,211**	**928**	**601**	**490**

There were no pledged assets in Sweco Group on 31 December 2022 or 2021. 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.

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33 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP

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

	Carrying amount					Fair value hierarchy			
2022	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value through comprehensive income									
Shares	–	11	–	–	11	–	–	11	11
TOTAL	**–**	**11**	**–**	**–**	**11**	**–**	**–**	**11**	**11**
Financial assets measured at fair value through profit and loss									
Currency forwards for hedging	–	–	0	–	0	–	0	–	0
TOTAL	**–**	**–**	**0**	**–**	**0**	**–**	**0**	**–**	**0**
Financial assets measured at amortised cost									
Non-current receivables	64	–	–	–	64	–	–	–	–
Trade receivables	4,056	–	–	–	4,056	–	–	–	–
Cash and cash equivalents	850	–	–	–	850	–	–	–	–
TOTAL	**4,970**	**–**	**–**	**–**	**4,970**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value through profit and loss									
Currency forwards for hedging	–	–	–	3	3	–	3	–	3
TOTAL	**–**	**–**	**–**	**3**	**3**	**–**	**3**	**0**	**3**
Financial liabilities measured at amortised cost									
Liabilities to credit institutions	–	–	–	1,926	1,926	–	–	–	–
Other non-current liabilities	–	–	–	61	61	–	–	–	–
Trade payables	–	–	–	1,078	1,078	–	–	–	–
TOTAL	**–**	**–**	**–**	**3,064**	**3,064**	**–**	**–**	**–**	**–**

	Carrying amount					Fair value hierarchy			
2021	Hold to collect	Hold to collect and sell	Other assets	Other liabilities	Total carrying amount	Level 1	Level 2	Level 3	**Total**
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	–	–	0	–	0	–	0	–	0
TOTAL	**–**	**–**	**0**	**–**	**0**	**–**	**0**	**–**	**0**
Financial assets measured at amortised cost									
Non-current receivables	69	–	–	–	69	–	–	–	–
Trade receivables	3,306	–	–	–	3,306	–	–	–	–
Cash and cash equivalents	896	–	–	–	896	–	–	–	–
TOTAL	**4,271**	**–**	**–**	**–**	**4,271**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value through profit and loss									
Contingent considerations	–	–	–	15	15	–	–	15	15
Currency forwards for hedging	–	–	–	0	0	–	0	–	0
TOTAL	**–**	**–**	**–**	**15**	**15**	**–**	**0**	**15**	**15**
Financial liabilities measured at amortised cost									
Liabilities to credit institutions	–	–	–	1,808	1,808	–	–	–	–
Other non-current liabilities	–	–	–	79	79	–	–	–	–
Trade payables	–	–	–	662	662	–	–	–	–
TOTAL	**–**	**–**	**–**	**2,549**	**2,549**	**–**	**–**	**–**	**–**

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PARENT COMPANY

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

	Carrying amount				Fair value hierarchy	
2022	Hold to collect	Hold to collect and sell	Other liabilities	Total carrying amount	Level 3	**Total**
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	43	–	–	43	–	–
Cash and cash equivalents	134	–	–	134	–	–
TOTAL	**176**	**1**	**–**	**177**	**1**	**1**
Non-current interest-bearing liabilities	–	–	1,161	1,161	–	–
Current interest-bearing liabilities	–	–	495	495	–	–
Trade payables	–	–	416	416	–	–
TOTAL	**–**	**–**	**2,073**	**2,073**	**–**	**–**

	Carrying amount				Fair value hierarchy	
2021	Hold to collect	Hold to collect and sell	Other liabilities	Total carrying amount	Level 3	**Total**
Other non-current securities	–	1	–	1	1	1
Other non-current receivables	44	–	–	44	–	–
Cash and cash equivalents	335	–	–	335	–	–
TOTAL	**379**	**1**	**–**	**380**	**1**	**1**
Non-current interest-bearing liabilities	–	–	1,650	1,650	–	–
Current interest-bearing liabilities	–	–	44	44	–	–
Trade payables	–	–	83	83	–	–
TOTAL	**–**	**–**	**1,777**	**1,777**	**–**	**–**

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 based on 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 2021	10
Total reported gains and losses	
– recognised in profit for the year	0
– recognised in other comprehensive income	–
Cost of acquisitions	0
Gained through acquisitions	0
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2021	**10**
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2021	0
Opening carrying amount at 1 January 2022	10
Total reported gains and losses	
– recognised in profit for the year	0
– recognised in other comprehensive income	1
Cost of acquisitions	0
Disposal of financial investments	0
Gained through acquisitions	0
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2022	**11**
Gains and losses recognised in profit for the year for assets included in the closing carrying amount at 31 December 2022	0

	Financial liabilities
Opening carrying amount at 1 January 2021	49
Payments	-19
Changes in value reported in the income statement	-18
Foreign currency translation differences	2
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2021	**15**
Payments	-4
Changes in value reported in the income statement	-11
Foreign currency translation differences	0
CLOSING CARRYING AMOUNT AT 31 DECEMBER 2022	**–**

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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 2022 can be broken down into the following significant currencies:

2022

SEK M	DKK	EUR	GBP	NOK	USD	CNH
Income	75	727	53	107	52	3
Expenses	-35	-901	-42	-68	-79	-3
NET	**41**	**-175**	**12**	**39**	**-27**	**-1**

2021

SEK M	DKK	EUR	GBP	NOK	USD	CNH
Income	78	661	51	98	25	13
Expenses	-26	-467	-19	-54	-33	-3
NET	**52**	**194**	**32**	**44**	**-8**	**10**

On the balance sheet date, the Group had the following open forward exchange contracts with a remaining time to maturity of between 0 and 45 months (0 and 57 months).

SEK M	Contract amount		Unrealised gains + / losses -		Average rate	
Currency	**2022**	2021	**2022**	2021	**2022**	2021
EUR buy	-336	-37	-1	0	11.13	10.25
EUR sell	36	12	-1	0	10.85	10.03
CNH	15	30	0	0	1.48	1.43
USD	20	36	-2	-1	9.39	8.65
Other	0	8	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 2022 was NOK 615 million (529), GBP 45 million (48), DKK 663 million (596) and EUR 487 million (440). 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	**2022**	2021
Carrying amount foreign currency loan, SEK M	-1,408	-1,402
Carrying amount foreign currency loan, EUR M	-126	-136
Hedge ratio for both loans	1:6	1:4
Change in carrying amount of the loans as a result of changed foreign currency rate	-95	-42
Change in value of hedged item used to determine hedge effectiveness	1,187	755
Of which, due to changed foreign currency rate	*559*	*122*

During 2022, an amount of EUR 10 million (15) was amortised on currency loans.

Balance sheet exposure

In the translation of assets and liabilities, 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	
	2022	2021	**2022**	2021
Other operating income	–		3	
Other operating expenses	-4	-12	-1	0
Total foreign exchange differences in operating profit	**-4**	**-12**	**2**	**0**
Other financial items	1	3	1	1
Total foreign exchange differences in total net financial items	**1**	**3**	**1**	**1**
TOTAL FOREIGN EXCHANGE DIFFERENCES IN PROFIT AFTER TAX	**-3**	**-9**	**3**	**1**

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 (risk of the Group incurring higher costs due to insufficient liquidity and being unable to fulfil its payment obligations), cash flow risk (risk for variations in the size of future cash flows generated by financial instruments) and refinancing risk (risk of the Group being 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 4,869 million (4,166). Sweco has a centralised funding strategy where funds are mainly raised by Sweco AB. The aim is to utilise different funding sources and distribute the maturities over time. In this way the refinancing risk is managed, while the possibility to use excess cash to repay outstanding debt is retained. Cash pools are in place to use surplus liquidity in the Group and minimise the borrowing requirement. The bank overdraft facilities are renewed every year and are not associated with any special conditions or obligations; see also Note 27 for more information.

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

2022	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		2,087	593	1,492	2
Forward exchange contracts, EUR	-27	-298	-304	6	–
Forward exchange contracts, USD	2	22	15	7	–
Forward exchange contracts, CNH	10	16	16	–	–
Forward exchange contracts, other		0	0	–	–
Lease liabilities		2,633	810	1,364	459
Trade payables		1,078	1,075	3	–
Other liabilities		1,332	1,271	61	–
TOTAL FINANCIAL LIABILITIES		**6,870**	**3,476**	**2,933**	**461**

2021	Nominal amount in original currency	Total	0–1 year	1–5 years	>5 years
Interest-bearing liabilities		1,888	43	1,843	3
Forward exchange contracts, EUR	-2	-24	-24	–	–
Forward exchange contracts, USD	4	37	20	17	–
Forward exchange contracts, CNH	21	30	30	–	–
Forward exchange contracts, other		9	4	4	–
Lease liabilities		2,726	765	1,535	426
Trade payables		662	662	0	–
Other liabilities		1,212	1,122	90	–
TOTAL FINANCIAL LIABILITIES		**6,540**	**2,622**	**3,489**	**429**

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 40,000 clients in both the private and public sectors. The public sector accounts for 38 per cent of total sales, property and construction companies for 21 per cent, industrial companies for 20 per cent and other private sector companies for 21 per cent.

The ten largest clients account for 14 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 expected credit losses for trade receivables and work in progress less progress billings, Sweco applies the simplified approach which uses a lifetime expected loss allowance.

To measure 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 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 0.17 per cent (0.09 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 receivables. On the balance sheet date, the expected credit loss rate has been included with an adjustment due to the uncertainty regarding future market development that might 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	2022			2021		
	Gross	Reserve	Net	Gross	Reserve	Net
Trade receivables not yet due	3,380	-5	3,375	2,732	0	2,732
Overdue trade receivables 0–30 days	358	-6	353	290	0	290
Overdue trade receivables 31–90 days	136	-21	115	83	-2	81
Overdue trade receivables 91–180 days	57	-5	52	63	-1	62
Overdue trade receivables > 180 days	241	-79	162	245	-104	141
TOTAL[1]	**4,172**	**-116**	**4,056**	**3,414**	**-108**	**3,306**

1) During fourth quarter 2021, SEK 188 million was reclassified from trade receivables to work in progress less progress billings.

Trade receivables by currency	2022	2021
SEK	1,160	1,200
EUR	1,735	1,188
DKK	366	287
NOK	491	356
GBP	190	180
CZK	48	31
PLN	40	33
USD	14	13
Other currencies	13	18
TOTAL	**4,056**	**3,306**

Changes in reserve for doubtful receivables	Trade receivables		Work in progress less progress billings	
	2022	2021	2022	2021
Opening reserve for doubtful trade receivables	-108	-112	-14	-10
Increase through acquisitions	-2	-3	–	–
Decrease through divestiture	1	0	–	–
Measurement period adjustment	0	–	–	–
Provisions to reserve for doubtful trade receivables	-89	-63	-16	-4
Write-offs of non-collectible receivables/non-invoiceable for the year	51	16	–	–
Reversal of unutilised amount	39	58	–	–
Translation difference	-7	-3	–	–
CLOSING RESERVE FOR DOUBTFUL RECEIVABLES	**-116**	**-108**	**-30**	**-14**

Other non-current receivables at amortised cost amounted to SEK 97 million (107), 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 an 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 +/-	2022 Impact on earnings +/-	2021 Impact on earnings +/-
Currency	%	SEK M	SEK M
EUR	10	51	66
NOK	10	25	21
DKK	10	22	17
GBP	10	5	3
USD	10	2	1
Interest rate on lending/borrowing	1 p.p.	13	12

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 23.5 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	2022	2021
Equity	9,939	8,594
Non-controlling interests	4	10
TOTAL	**9,943**	**8,604**

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 2023 Annual General Meeting approve a dividend of SEK 2.70 per share, equal to a dividend share of 59 per cent of profit after tax. Through the dividend, a maximum of SEK 981 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 58 per cent of profit after tax.

Sweco's 2022 Annual General Meeting granted authorisation for the Board to repurchase treasury shares to enable delivery of shares under the 2022 Share Savings Scheme and the 2022 Share Bonus Scheme, under which bonuses are paid in shares for operations in Sweden.

The Board proposes that the 2023 Annual General Meeting authorise the Board to decide on the repurchase and transfer of treasury shares and to enable delivery of shares for the 2023 Share Savings Scheme and the 2023 Share Bonus Scheme.

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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 1 million (0) were sold to companies owned by the Nordström family (a shareholder controlling approximately 33.8 per cent of the votes in Sweco). The related trade receivable at 31 December 2022 amounted to SEK 0 million (0). Consulting services totalling SEK 1 million (5) 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 2022 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 (1). Trade receivables against associated companies at 31 December 2022 amounted to SEK 0 million (0). There were no trade payables with associated companies on 31 December 2022 or 2021.

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

36 EVENTS AFTER THE BALANCE SHEET DATE

On 8 February 2023 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 981 million (see Note 26).

On 10 January, Sweco announced the acquisition of the Belgian group VK architects+engineers, specialised in architectural, technical and infrastructure design solutions within the infrastructure and building segments. VK is primarily active in the Belgian market but has also presence in the Netherlands, Luxembourg, the UK and Vietnam. The VK group has some 600 experts and annual net sales of around SEK 750 million. The acquisition was completed on 20 March after approval from the Belgian competition authority.

On 12 January, Sweco announced the acquisition of Dutch firm VAN AKEN Concepts, Architecture & Engineering B.V. with approximately 50 experts. VAN AKEN has extensive experience in the private sector as well as from urban studies. In 2021, the company had net sales of SEK 59 million.

On 1 February, Sweco announced the acquisition of Pro-Consult in Norway. Pro-Consult has 35 experts specialising in project management and constructional engineering.

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). Impairment tests for 2022 indicate no write-down requirement, nor does the sensitivity analysis indicate that reasonable changes in assumptions will result in impairment. However, it cannot be ruled out that future outcomes may deviate from projections to such an extent as to affect the valuation of goodwill, which, if so, could have a material impact on Sweco's results and position.

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. In such cases, an assessment is made of Sweco's obligations and the likelihood of a negative outcome for Sweco. The assessment is made based on information and knowledge Sweco currently has and, where applicable, is made in consultation with insurance companies and legal advisors. The assessments are, in several cases, difficult to make and deviations of final outcomes from expected outcomes cannot be ruled out.

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.

Uncertainties regarding effects of the Covid-19 pandemic and the war in Ukraine

Apart from the effects of higher sickness absence, the impact from Covid-19 on the market is at present limited.

The war in Ukraine and its potential impact on the global economy continues to create significant uncertainty regarding future development. During 2022, the general economy and Sweco's markets have been impacted by material shortages and general inflationary pressure, as well as energy supply and pricing. While there are negative impacts on some of Sweco's market segments, there is at the same time increased demand in other segments. As long as the war in Ukraine continues, the impact on the market is expected to continue and the general uncertainty to remain.

38 PARENT COMPANY INFORMATION

SWECO AB (publ), corporate identification number 556542-9841, is a Swedish-registered public limited company domiciled in Stockholm. The Parent Company's shares are listed on Nasdaq Stockholm. The headquarter address is: Sweco AB, Gjörwellsgatan 22, Box 34044, SE-100 26 Stockholm.

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Signatures of the Board of Directors

The Board of Directors and the President & CEO give their assurance that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting standards and give a true and fair view of the financial position and results of operations of the Parent Company.

The Board of Directors' Report, including the Sustainability Report, for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the group companies are exposed.

Stockholm, 23 March 2023

Johan Nordström
Board chairman

Alf Göransson
Board member

Johan Hjertonsson
Board member

Susanne Pahlén Åklundh
Board member

Johan Wall
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 2023
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorised Public Accountant

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Auditor's Report

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 2022 except for the corporate governance statement on pages 43–49. The annual accounts and consolidated accounts of the company are included on pages 37–53 and 100–143 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 2022 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 2022 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 43–49. 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 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.

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 judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition of fixed-price projects Sweco describes this area further in note 1, 2 and 37 in this annual report. Accounting of revenues relating to fixed price projects require, in particular when it comes to fixed price projects, that estimates must be made. Sweco applies percentage of completion accounting for fixed price projects. The revenue to be accounted for can be impacted by various circumstances. Example of such circumstances can be changes in contractual terms, actual costs exceeding planned cost and discussions and negotiations regarding achievement of milestones may exist. Factors such as these can impact the accounting and thereby lead to a higher level of inherent uncertainty in this area. Accounting of revenue from fixed price projects which span over a longer period of time lead to a higher risk for errors where revenue may be accounted for in the wrong period and/or at the wrong amount. Since project accounting requires estimates to be made errors may either occur due to conscious or unconscious errors and/or erroneous estimates.	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.

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KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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 9,198, 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.	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 analyzed 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 1–35, 54–98 and 147–159. 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/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss
Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sweco AB (publ) for the year 2022 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 Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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.

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The auditor's examination of the ESEF report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sweco AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sweco AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my (our) ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The audit procedures mainly include validation that the Esef report has been prepared in a valid XHTML format and a reconciliation that the Esef report is consistent with the audited annual report and consolidated accounts.

Furthermore, the audit procedures also include an assessment of whether the group's profit and loss, balance sheet and equity statements, cash flow analysis and notes in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43–49 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. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Sweco AB (publ) by the general meeting of the shareholders on 21 April 2022 and has been the company's auditor since 1995.

Stockholm 23 March 2023
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

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Sensitivity analysis

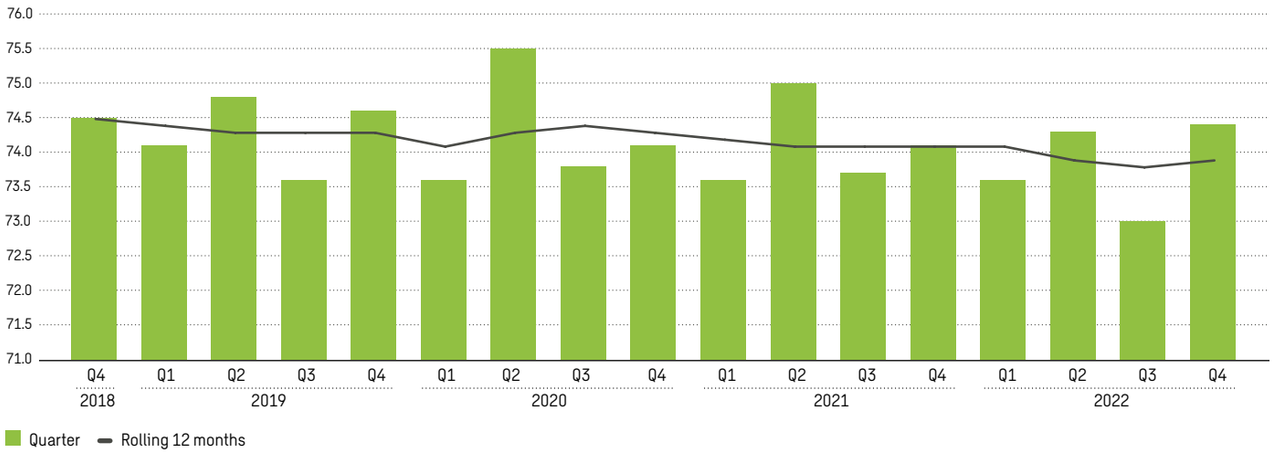
Sweco's earnings are influenced by a number of factors. The billing ratio is of vital importance for attaining high profitability in a consulting company, where small changes in capacity utilisation and prices have a significant impact on earnings, both upwards and downwards. For Sweco, an increase in 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 285 million. An increase of SEK 10 in the average hourly fee would lead to an increase in annual profit of around SEK 230 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 2022. For every assumed change, all other variables are assumed to be constant.

		Effect +/-	
Factor	**+/-**	**Cash flow/operating profit**	**Earnings per share[1]**
Net sales			
– average fee	1%	SEK 211 million	SEK 0.45
– average hourly fee	SEK 10	SEK 230 million	SEK 0.49
– billing ratio	1%-point	SEK 285 million	SEK 0.61
Personnel costs	1%	SEK 162 million	SEK 0.35
Overhead expenses	1%	SEK 30 million	SEK 0.06
Calendar effect	1 hour	SEK 11 million	SEK 0.02

1) After 22.1 per cent standard tax.

Billing ratio per quarter

%



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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 and C 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 total market capitalisation of Sweco shares at year end was SEK 36 billion.

Share price performance and trading

The closing price for the Sweco B share was SEK 99.85 at year end 2022, representing a contraction of 41 per cent during the year. Over the same period, Nasdaq Stockholm (OMXSPI) decreased by 25 per cent. The highest closing price for the Class B share in 2022 was SEK 169.00 and the lowest was SEK 83.00. The highest closing price for the Class A share was SEK 167.00 and the lowest was SEK 83.00.

A total of 73,771,048 (196,909 A and 73,574,139 B) Sweco shares were traded on Nasdaq Stockholm during the year. The average trading volume per business day was 290,807 Class B shares and 778 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 12.72 per cent over the past five years. The corresponding figure for Nasdaq Stockholm was a total of 9.84 per cent.

Sweco AB's share[1]

	Number		Holding, %	
	Shares	Votes	Shares	Votes
A	31,086,598	31,086,598.0	8.6	48.3
B	332,164,859	33,216,485.9	91.4	51.7
C	0	0.0	0.0	0.0
TOTAL	363,251,457	64,303,083.9	100.0	100.0

1) As at 31 December 2022, including a total of 4,632,053 treasury shares (all of which are Class B shares) and a total of 463,205.3 votes regarding repurchased shares.

Largest shareholders at 31 December 2022[1]

Shareholder	Number of A shares	Number of B shares	Total	Votes, %	Holding, %
Nordström family	18,575,612	31,788,381	50,363,993	33.8	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	243,496	6,217,276	9.3	1.7
SEB Funds		20,302,593	20,302,593	3.2	5.6
NN Group N.V.		19,075,000	19,075,000	3.0	5.3
Handelsbanken Funds		17,693,617	17,693,617	2.8	4.9
Swedbank Robur Funds		15,810,197	15,810,197	2.5	4.4
Första AP-fonden (First Swedish National Pension Fund)		8,297,706	8,297,706	1.3	2.3
Vanguard		7,262,953	7,262,953	1.1	2.0
ODIN Funds		6,373,849	6,373,849	1.0	1.8
Total, ten largest shareholders	28,676,207	220,588,417	249,264,624	79.0	68.8
Other[2]	2,410,391	111,576,442	113,986,833	21.0	31.2
TOTAL	31,086,598	332,164,859	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 4,632,053 treasury shares (all of which are Class B shares) and a total of 463,205.3 votes regarding repurchased shares.

Treasury shares

At 31 December 2022 Sweco held a total of 4,632,053 treasury shares (all of which are Class B shares) with an average purchase price of SEK 65.65 corresponding to SEK 304 million. The market value of the Class B treasury shares at the end of the year was SEK 463 million. The treasury shares correspond to 1.3 per cent of the total number of shares and 0.7 per cent of the votes.

Distribution of shareholdings at 31 December 2022[1]

Number of shares	Number of known shareholders	Number of shares	Holding, %	Votes, %
1–500	17,903	1,902,313	0.5	0.4
501–1,000	2,533	1,843,556	0.5	0.4
1,001–10,000	4,134	12,259,777	3.4	2.4
10,001–50,000	495	9,768,080	2.7	2.2
50,001–100,000	76	5,274,800	1.5	1.2
100,001–	138	325,262,383	89.5	92.3
Anonymous ownership		6,940,548	1.9	1.1
TOTAL	25,279	363,251,457	100.0	100.0

1) Including a total of 4,632,053 treasury shares (all of which are Class B shares) and a total of 463,205.3 votes regarding repurchased shares.

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Incentive schemes for senior executives

The 2022 Annual General Meeting (like the 2011–2021 AGMs) resolved to implement a long-term share savings scheme for senior executives in the Sweco Group: Share Savings Scheme 2022. The conditions of Share Savings Scheme 2022 principally correspond to those applicable to Share Savings Scheme 2021. Participation in Share Savings Scheme 2022 requires 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 participant's fixed annual salary for 2022 (base salary). If the Savings Shares are held until the fourth business day following the day of publication of the year-end report for financial year 2025 ("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 requirement that total shareholder return (TSR) for the Sweco B share and Sweco's earnings per share (EPS) must be positive during the Retention Period (i.e. absolute TSR and absolute EPS, respectively), and – provided that the established performance 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 dependent on achievement of certain targets set by the Board of Directors for Sweco's EPS and the Sweco B share's TSR (performance adjusted to take dividends into account) during the Retention Period. Up to 50 per cent of Performance Share allocation will depend on EPS performance, and up to 50 per cent on TSR performance. Evaluation of TSR performance is based on a combination of the Sweco B share's TSR in relation to the TSR of a group of benchmark companies stipulated by the Board of Directors (relative TSR) and the requirement that the Sweco B share's TSR must be positive during the Retention Period (absolute TSR). Evaluation of EPS performance is based on a combination of Sweco's cumulative EPS in relation to EPS growth targets set by the Board of Directors (ranged EPS growth) and the requirement that Sweco's cumulative EPS must be positive during the Retention Period (absolute EPS).

The participants and number of shares covered by each of the outstanding (as of 31 December 2022) share savings schemes are shown below. The data below is as of 31 December 2022, unless otherwise indicated.

	Share Savings Schemes				
	2019	2020	2021	2022	Total
Number of employees/key personnel still participating today	43	53	48	54	–
Number of Savings Shares acquired by participants through own funds at market rates	35,898	33,269	33,256	56,811	159,234
Maximum number of Matching and Performance Shares that can be allotted to the participants[1]	126,522[2]	110,157	113,601	193,015	543,295
The Retention Period runs until the fourth business day following the day of the publication of the year-end report for the financial year	2022	2023	2024	2025	–

1) Due to the share split (ratio 3:1) conducted during autumn 2020, the maximum numbers of shares for Share Savings Schemes 2019–2020 have been recalculated in accordance with the schemes' respective terms.
2) Following the end of the 2019 Share Savings Scheme, the Board decided to allocate a total of 35,037 Class B shares to the remaining participants.

If the Savings Shares under the Share Savings Schemes 2019–2021 are retained until the expiration of each respective Retention Period and the participant remains in the same, similar or higher position in the Sweco Group, then each Savings Share entitles the participant to, without consideration, 1) one Matching Share for Share Savings Schemes 2019–2020 subject to the requirement of absolute TSR for the Sweco B share during the Retention Period, and for Share Savings Scheme 2021 subject to the requirement of absolute TSR for the Sweco B share and absolute EPS for Sweco, and 2) an additional number of not more than one to four Performance Shares if the Sweco Class B share meets certain performance criteria. The granting of Performance Shares under all above-referenced Share Savings Schemes is conditional on a positive TSR for the Sweco B share during the Retention Period and on the Sweco Class B share's TSR in relation to the TSR of a group of benchmark companies determined by the Board. The granting of Performance Shares under Share Savings Scheme 2021 is also conditional on Sweco's positive cumulative EPS during the Retention Period as well as in relation to the lowest and highest EPS growth targets as determined by the Board of Directors. Under Share Savings Scheme 2021, up to 50 per cent of Performance Share allocation will depend on EPS performance, and up to 50 per cent on TSR performance.

The Board may change the composition of the comparison group as required due to the delisting of a comparison company during the Retention Period. The table below lists the group of benchmark companies used for each share saving scheme for the applicable period.

2019	2020	2021	2022
AFRY (ÅF Pöyry AB)	AFRY	AFRY	AFRY
Arcadis	Arcadis	Arcadis	Arcadis
Multiconsult	Multiconsult	Multiconsult	Multiconsult
Rejler Group	Rejler Group	Rejler Group	Rejler Group
RPS[1]	RPS[1]	RPS[1]	WSP
WSP	WSP	WSP	Sitowise

1) Due to the delisting of RPS from the London Stock Exchange in January 2023, this company will drop out of the comparison group.

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Share Bonus Scheme

In accordance with the Board's proposal, Sweco's 2022 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 Share Bonus Scheme 2022, 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 Share Bonus Scheme 2022 and authorisation for the Board of Directors to sell Class B treasury shares to secure payment of social security contributions. A maximum of 3,300,000 shares are comprised in the Share Bonus Scheme 2022.

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.

Dividend

The Board of Directors proposes a dividend for the 2022 financial year of SEK 2.70 per share (the total dividend for 2021 was 2.45), amounting to a maximum capital distribution of SEK 981 million (876).

Share capital development[1]

	Change in number of shares			Total number of shares				
Date	A shares	B shares	C shares	A shares	B shares	C shares	Quota value, SEK	Share capital, SEK M
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
2021, Mar: Conversion	-70,541	70,541	–	31,086,598	332,164,859	–	0.33	121.1

1) As at 31 December 2022, including a total of 4,632,053 treasury shares (all of which are Class B shares) and a total of 463,205.3 votes regarding repurchased shares.

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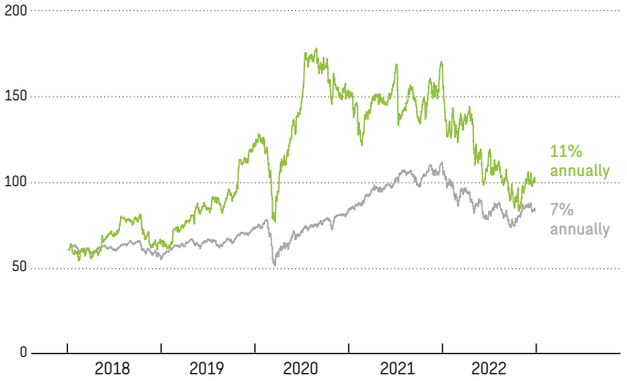
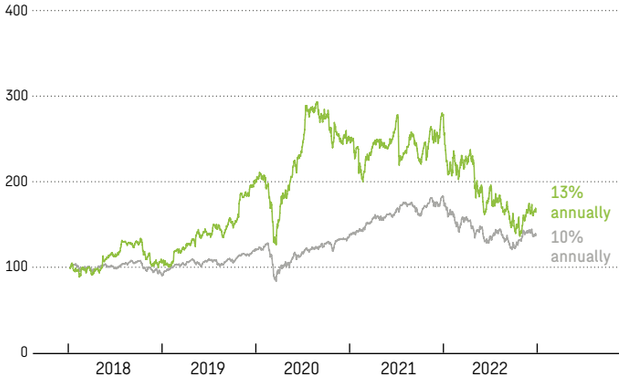
Share price performance 5-year
SEK



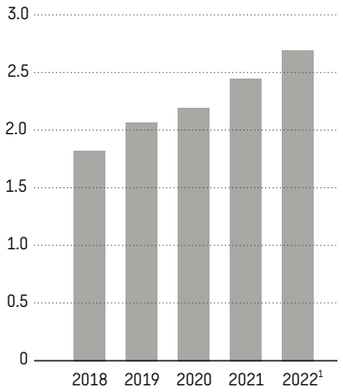
Sweco B
OMX Stockholm PI 29 December 2017 = share price for Sweco B
Due to the share split conducted during fourth quarter 2020, all historical share data have been restated according to IAS 33.

Total return 5-year
Index 100 = 29 December 2017



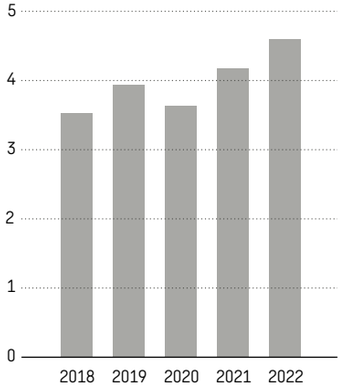
Sweco B
OMX Stockholm GI
Sweco's total return over the past five years has averaged at 13 per cent.

Dividend per share,
SEK



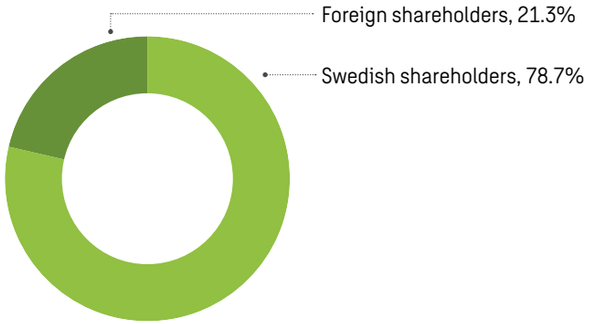
1) Proposed dividend of SEK 2.70 per share.

Earnings per share,
SEK

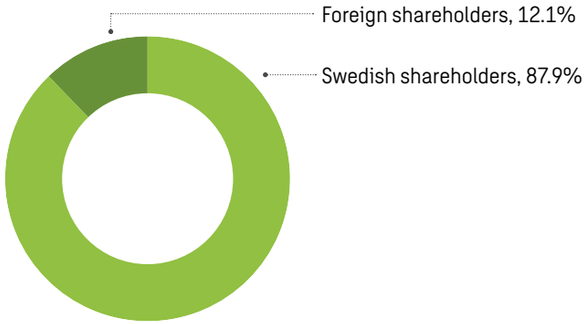


Due to the share split conducted during fourth quarter 2020, historical share data have been restated in accordance with IAS 33.

Shareholders per category at 31 December 2022
Holding as % of shares



Holding as % of votes



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Five-year overview

	2022	2021	2020	2019	2018[1]
Income statement, SEK M					
Net sales	24,296	21,792	20,858	20,629	18,735
EBITA excl. IAC	2,225	2,070	2,056	1,869	1,629
EBITA	2,225	2,014	1,766	1,869	1,629
Operating profit (EBIT)	2,245	1,974	1,706	1,892	1,618
Net financial items	-89	-77	-98	-115	-107
Profit before tax	2,156	1,897	1,608	1,777	1,511
Profit for the year	1,652	1,492	1,293	1,393	1,256
Balance sheet, SEK M					
Balance sheet total	21,916	19,657	19,948	19,303	17,397
Equity	9,943	8,604	7,557	7,164	6,168
Cash and cash equivalents and current interest-bearing receivables	850	896	2,088	660	775
Interest-bearing liabilities	1,926	1,808	3,031	2,774	2,624
Net interest-bearing receivable/liability	-1,075	-913	-943	-2,114	-1,849
Cash flow, SEK M					
Cash flow from operating activities	2,515	2,199	3,249	2,299	2,051
Cash flow from investing activities	-907	-578	-746	-985	-569
Cash flow from financing activities	-1,688	-2,841	-1,056	-1,404	-1,271
Cash flow for the year	**-80**	**-1,220**	**1,447**	**-90**	**211**

	2022	2021	2020	2019	2018[1]
Key ratios					
Operating profit (EBIT) per employee, SEK 000s	120	111	98	115	106
Value added per employee, SEK 000s	983	924	898	930	896
Billing ratio, %	73,9	74,1	74,3	74,3	74,5
EBITA margin excl. IAC, %	9.2	9.5	9.7	9.1	8.7
EBITA margin, %	9.2	9.2	8.5	9.1	8.7
Operating margin, %	9.2	9.1	8.2	9.2	8.6
Profit margin, %	8.9	8.7	7.7	8.6	8.1
Equity/assets ratio, %	45.4	43.8	37.9	37.1	35.5
Net debt/EBITDA, times	0.4	0.4	0.5	1.0	1.0
Net debt/equity, %	10.8	10.6	12.5	29.5	30.0
Debt/equity ratio, times	0.2	0.2	0.4	0.4	0.4
Interest coverage ratio, times	38	32	32	32	25
Return on equity, %	17.8	18.5	17.6	20.9	20.9
Return on capital employed, %	16.5	15.0	12.9	15.3	14.6
Return on total assets, %	9.2	10.0	8.7	10.4	9.6
Number of full-time employees	18,651	17,802	17,328	16,412	15,306
Share data[2]					
Earnings per share, SEK	4.61	4.18	3.64	3.95	3.53
Diluted earnings per share, SEK	4.60	4.17	3.58	3.84	3.45
Dividend return, %	2.7	1.4	1.5	1.7	2.8
Equity per share, SEK	27.71	24.04	21.25	20.24	17.53
Diluted equity per share, SEK	27.60	23.89	21.07	19.71	16.97
Cash flow per share, SEK	-0.22	-3.42	4.08	-0.25	0.60
Diluted cash flow per share, SEK	-0.22	-3.41	4.00	-0.25	0.58
Closing price SWECO B at 31 December, SEK	99.85	170.20	151.00	120.40	65.63
Market capitalisation, SEK M	36,275	61,819	54,882	43,723	23,769
Ordinary dividend per share, SEK (2022 – proposed)	2.70	2.45	2.20	2.07	1.83
Number of shares at 31 December	358,619,404	357,485,070	355,197,471	353,395,377	351,209,826
Number of shares after dilution at 31 December	360,148,389	359,749,485	358,263,690	362,899,062	362,899,062
Number of shares after full dilution at 31 December	360,148,389	359,749,485	325,263,690	362,899,062	362,899,062
Number of Class B and C treasury shares	4,632,053	5,766,387	8,053,986	9,856,080	12,041,631

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.

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Global Reporting Initiative Content Index

Statement of use	Sweco AB has reported the information cited in this GRI content index for the period 2022-01-01 – 2022-12-31 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure		Page	Comment
GRI 2: General Disclosures 2021	2-1	Organizational details	37	
	2-2	Entities included in the organization's sustainability reporting	37	
	2-3	Reporting period, frequency and contact point	94	
	2-4	Restatements of information	94	
	2-5	External assurance	99	This report has not been audited by an external party. In accordance with requirements of the Swedish Annual Accounts Act our auditors confirm that we have prepared a statutory sustainability report.
	2-6	Activities, value chain and other business relationships	4–99	
	2-7	Employees	30–34, 80–86	
	2-8	Workers who are not employees	–	Most of Sweco's employees are employed permanently and fulltime. Part-time employment is usually associated with parental leave. Regional differences may occur due to national legislation.
	2-9	Governance structure and composition	43–53	
	2-10	Nomination and selection of the highest governance body	43–53	
	2-11	Chair of the highest governance body	43–53	
	2-12	Role of the highest governance body in overseeing the management of impacts	43–53	
	2-13	Delegation of responsibility for managing impacts	43–53	
	2-14	Role of the highest governance body in sustainability reporting	43–53	
	2-15	Conflicts of interest	43–53	
	2-16	Communication of critical concerns	43–53	
	2-17	Collective knowledge of the highest governance body	43–53	
	2-18	Evaluation of the performance of the highest governance body	43–53	
	2-19	Remuneration policies	43–53, 119–121	
	2-20	Process to determine remuneration	43–53, 119–121	
	2-21	Annual total compensation ratio	43–53, 119–121	
	2-22	Statement on sustainable development strategy	6–7, 11	
	2-23	Policy commitments	87–90	
	2-24	Embedding policy commitments	87–90	
	2-25	Processes to remediate negative impacts	87–90	
	2-26	Mechanisms for seeking advice and raising concerns	87–90	
	2-27	Compliance with laws and regulations	87–90	
	2-28	Membership associations	94	
	2-29	Approach to stakeholder engagement	66–70	
	2-30	Collective bargaining agreements	87–90	Sweco has collective bargaining agreements.

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GRI Standard	Disclosure		Page	Comment
GRI 3: Material Topics 2021	3-1	Process to determine material topics	65	
	3-2	List of material topics	65	
	3-3	Management of material topics	65	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	100–142	
	201-2	Financial implications and other risks and opportunities due to climate change	54–58	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	87–90, 98	
	205-2	Communication and training about anti-corruption policies and procedures	87–90, 98	
	205-3	Confirmed incidents of corruption and actions taken	87–90, 98	No confirmed cases of corruption during 2022.
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	87–90, 98	No legal actions during 2022.
GRI 207: Tax 2019	207-1	Approach to tax	89, 114, 122–124	
	207-2	Tax governance, control, and risk management	89, 114, 122–124	
	207-3	Stakeholder engagement and management of concerns related to tax	89, 114, 122–124	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	75–76, 95	
	302-3	Energy intensity	75–76, 95	
	302-4	Reduction of energy consumption	75–76, 95	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	71–76, 95	
	305-2	Energy indirect (Scope 2) GHG emissions	71–76, 95	
	305-3	Other indirect (Scope 3) GHG emissions	71–76, 95	
	305-4	GHG emissions intensity	71–76, 95	
	305-5	Reduction of GHG emissions	71–76, 95	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	98	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	86	
	403-8	Workers covered by an occupational health and safety management system	86	
	403-9	Work-related injuries	86	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	80–86	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	Programs for upgrading employee skills and transition assistance programs	80–86	
	404-3	Percentage of employees receiving regular performance and career development reviews	80–86	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	85, 98	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	87–90, 98	

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Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures, TCFD, is a market-driven initiative aimed at developing recommendations for reporting climate-related risks and opportunities. Reporting according to TCFD is voluntary. For the third year, Sweco has prepared the company's reporting in accordance with the recommendations in the TCFD framework to describe how the company works strategically with climate-related risks and opportunities. The table below describes the scope of the reporting with regard to governance, strategy, risk management, metrics and targets based on TCFD's guidelines. Page references are made to each area in the sustainability report. In 2022, Sweco continued to assess climate-related risk and opportunities, which are presented on pages 57–58.

TCFD's Recommended and Supporting Recommended Disclosures	Page	Comment
Governance		
Describe the board's oversight of climate-related risks and opportunities.	54–58	
Describe management's role in assessing and managing climate-related risks and opportunities.	54–58	
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	57–58	
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	57–58	
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		The work with TCFD is ongoing and has entailed during 2022 testing the resilience of Sweco's strategy in relation to various climate-related scenarios based on scientific reports from the IPCC, EIA and in accordance with TCFD recommendations.
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.	54–58	
Describe the organisation's processes for managing climate-related risks.	54–58	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	54–58	
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.	17, 71–73	
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	74–76, 95	
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	17, 71–73	

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	Sweco Group's value creation chain				
Focus areas and material topics	**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	√	√			

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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).

CO_2e
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 2022) 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.

Emissions intensity
Carbon emissions intensity refers to the emissions attributed to a facet of the operations. It is calculated by dividing the total emissions by FTE or SEK million.

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.

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.

Value added per employee
Operating profit plus personnel costs divided by the full-time equivalents.

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Annual General Meeting

Annual General Meeting of SWECO AB (publ) will be held at 3:00 p.m. on Thursday, 20 April 2023 at Fotografiska, Stadsgårdshamnen 22, Stockholm, Sweden. Registration for the AGM will begin at 2:00 p.m.

The Notice of the AGM and agenda are available on Sweco's website: www.swecogroup.com.

Notification

Shareholders who wish to participate in the Annual General Meeting must (i) be recorded as a shareholder in the share register prepared by Euroclear Sweden AB as of Wednesday, 12 April 2023 (the record date) and (ii) give the company notice of their intention to participate no later than Friday, 14 April 2023 at the following address Sweco AB, "Sweco AGM", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. Notification can also be made by telephone on +46 (0) 8 402 90 73 during weekdays between 9.00 a.m. and 4.00 p.m. CET, by email to generalmeetingservice@euroclear.com or through Sweco's website www.swecogroup.com.

The notification should include name, personal identity number (corporate identity number for legal entities), address and telephone number, as well as the registered number of shares and counsel, if applicable.

Nominee shares

Shareholders whose shares are nominee-registered must, in order to be entitled to participate in the AGM, in addition to giving notice to participate as set out above, 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, 12 April 2023). Such registration may be temporary (so-called voting right registration) and is requested from the nominee in accordance with the nominee's routines in such time in advance as the nominee decides. Voting right registrations that have been completed by the nominee no later than Friday, 14 April 2023 will be taken into account in the preparation of the share register as of the record date.

Form of proxy

Shareholders who intend to be represented by proxies are asked to send original powers of attorney to the company prior to the AGM. A proxy representing a legal entity shall provide a copy of a registration certificate, or other evidence of authority, showing the authorised signatories of the legal entity. A pro forma power of attorney is available at the company's website: www.swecogroup.com.

Dividend

The Board of Directors proposes that a dividend of SEK 2.70 per share be paid to the shareholders and that Monday, 24 April 2023, shall be the record date for the distribution. If the AGM decides in favour of the proposal, it is estimated that Euroclear Sweden AB will make dividend payments on Thursday, 27 April 2023. The last day for trading in the company's shares including rights to receive dividends is Thursday, 20 April 2023.

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