



INNOVATION  
BY EXPERIENCE

# Sustainability Report 2014

An extract from ÅF's Annual Report 2014



# This is ÅF

## Progress since 1895

Many believe ÅF is all about technology. But we think our story is mainly about people – bold engineers, business experts, visionary leaders and other professionals working together so new insights and ideas can grow into smart solutions that move society forward.

Every day we strive to improve people's lives, by developing energy-efficient solutions, investments in infrastructure, assignments within various types of energy, projects for industry and much more. We connect cities, countries and cultures with bridges, competence networks and mobile solutions. We generate jobs through technology that make companies grow and prosper.

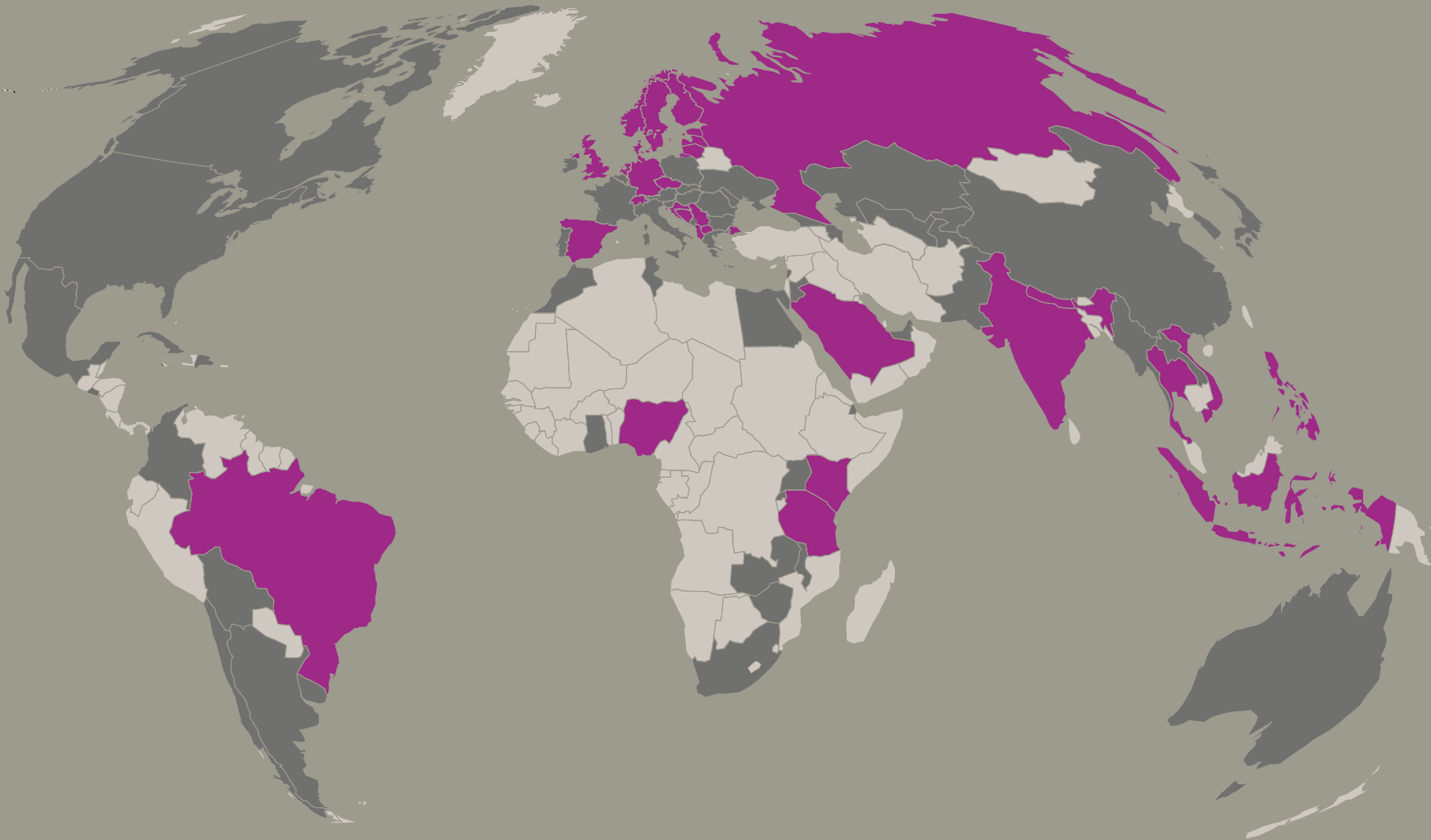
As an engineering and consulting company operating across the globe, we connect technologies to create progress for our clients. This is something we have done successfully for more than one hundred years. We started in 1895 as Ångpanne-föreningen, an association focusing on

steam power, from which we have derived our name and trademark, ÅF.

Our driving force is powered by the curiosity and knowledge of our forward-thinking employees. This places high demands on our ability to lead and empower people in exploring new opportunities beyond conventional solutions, and support them in continuing to build on established knowledge and experience in a creative way.

At the heart of our culture, we're a company where people are allowed to grow as individuals and as a team. A company that believes equality will make us stronger, more productive and successful. A company that works hard to make a difference – because tomorrow will always be a result of what we achieve today.

ÅF –  
Innovation by experience



## Sectors



### ENERGY

ÅF is one of the world's leading engineering and consulting companies within energy.

#### Industries

- Hydropower
- Nuclear power
- Renewable energy
- Thermal power
- Transmission and distribution



22%



### INDUSTRY

ÅF offers engineering services in all technologies and in all sectors of industry.

#### Industries

- Automotive
- Defence and security
- Engineering
- Food processing and pharmaceuticals
- Forestry
- Mining
- Oil and gas
- Telecommunications



44%



### INFRASTRUCTURE

ÅF is one of the leading names in Scandinavia in sustainable technical solutions for buildings and infrastructure.

#### Industries

- Property
- Roads and railways



34%

## Our 10 largest clients

AB Volvo  
EON  
Ericsson  
Helse SørØst  
Oslo Lufthavn  
Scania

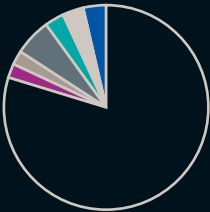
Swedish Defence Materiel  
Administration (FMV)  
Swedish Transport  
Administration  
Vattenfall  
Volvo Cars

## History

ÅF has been part of four major technological revolutions: steam power, electricity, nuclear power and digitalisation.

- 1895** Ångpanneföreningen – the Southern Swedish Steam Generator Association – is founded by the owners of steam generators and other pressure vessels to prevent accidents through regular inspections.
- 1976** Inspection activities are nationalised. ÅF continues to provide related consulting services.

## Proportion of employees per country



- Sweden
- Denmark
- Finland
- Norway
- Switzerland
- Czech Republic
- Other

- 1986** The company is listed on the Stockholm Stock Exchange.
- 2003** New strategy and consolidation.
- 2008** Ångpanneföreningen changes name to ÅF.
- 2010** Inspection business is sold to DEKRA Industrial.
- 2012** ÅF acquires Epsilon and Advansia, taking it from 5,000 to 7,000 employees in 20 countries.

# The year at a glance

## Net sales

# 8,805

SEK m (8,337)

## Operating profit

# 756

SEK m (722)

## Operating margin

# 8.6

PERCENT (8.7)

## Earnings per share

# 7.16<sup>1)</sup>

SEK (6.70)

## Proposed dividend

# 3.50

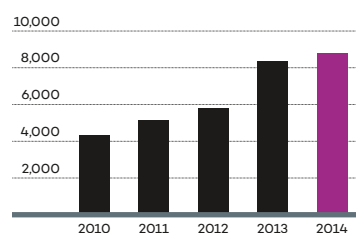
SEK (3.25)

## Number of employees

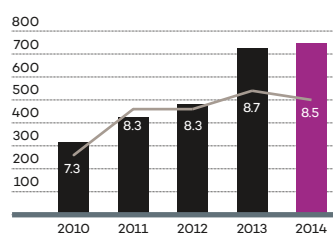
# 7,117

(7,043)

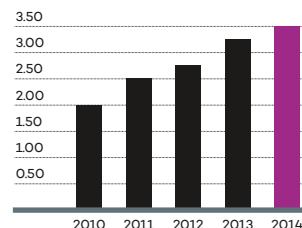
## Group net sales, SEK m



## Group operating profit and operating margin, excl. non-recurring items, SEK m



## Dividend per share, SEK



## Financial summary

Financial summary	2014	2013
Net sales, SEK m	8,805.0	8,337.0
Operating profit, SEK m	756.3	722.5
Operating margin, %	8.6	8.7
Capacity utilisation, %	76.1	75.1
Profit after net financial items, SEK m	720.1	677.3
Number of employees	7,117	7,043
Equity per share, SEK	51.17	47.33
Equity ratio, %	54.1	51.9
Return on equity, %	14.5	15.0
Basic earnings per share, SEK	7.16	6.70
Dividend per share, SEK	3.50 <sup>2)</sup>	3.25

<sup>1)</sup> Basic.<sup>2)</sup> Proposed dividend.

Comparative figures adjusted for share split in 2014.

## Group net sales by division

### Industry Division



29%

### Infrastructure Division



30%

### International Division



12%

### Technology Division



29%

# Our unique breadth of expertise gains relevance

With primarily organic growth and the best annual profit to date, the outcome for 2014 was satisfactory, despite uncertain economic conditions in most markets. The major long-term trends, globalisation and urbanisation, as well as sustainability, mean we are well-positioned with our technical expertise to be able to meet clients' future needs for profitable, innovative and sustainable solutions.



2014 was something of a year of consolidation for ÅF, with growth of just under six percent. A slowdown was noted in several of our markets, mainly in the second half of the year. We did not make any large acquisitions during the year, which means that growth was generated almost exclusively organically and through a large number of new appointments. This growth also compensated for the sale of the Russian business Lonas, with 350 employees.

Annual profit was ÅF's best to date and we displayed the highest level of profitability in 2014 among comparable companies, which is consistent with our financial objectives. Our strong cash flows were also encouraging, as it means we have a firm basis from which to continue to grow.

Our divisions achieved a satisfactory level of growth and profitability, despite increasing price competition and a noticeable weakening in some market segments. The Industry Division signed a number of significant agreements during the year, including within the forestry, mining and automotive industries, which further consolidated the division's position as the leading project supplier within the Nordic region's process and manufacturing industry.

The Infrastructure Division displayed healthy growth, especially within the area of roads and railways. One particularly satisfying new assignment was the East Link, the first stage of the high-speed East Link railway that is to be constructed in Sweden, and which ÅF, together with Tyréns, won on expertise and quality, despite a higher price compared to that of our competitors.

The International Division has seen positive development in our core countries Switzerland and the Czech Republic, while restructuring initiatives have been carried out in Spain. Work on developing new markets outside Europe has proved successful, as has our ambition of being an international bridgehead for other divisions, which resulted for example in an assignment for the Technology Division in Brazil.

In the Technology Division, the business area IT Solutions accounted for the highest growth, however Embedded Systems also displayed healthy growth and profitability. Several significant contracts were signed during the year with the defence industry, along with a number of framework agreements with public sector clients.

## Factors for sustainable growth

Two major trends are fundamental to our clients, and therefore also to ÅF's ability to retain a competitive edge and grow. The first is globalisation, and the second is urbanisation. Both trends are expected to persist for the foreseeable future and have a global impact on both social and industrial development, with sustainability as the common denominator.

In the three sectors in which ÅF chiefly operates, energy, industry and infrastructure, the need for solutions that are more sustainable is a consistent theme throughout essentially all client assignments and projects. More eco-friendly electricity production and a lower proportion of fossil energy sources is a strong trend in the energy sector. The need for electricity supply in new industrial economies and growing cities,

as well as for new forms of energy such as wind power, also places high demands for more efficient transmission and distribution.

For industry, globalisation brings requirements for new, innovative solutions, shorter product life cycles, and more efficient production and use of materials. For example, as a sector the automotive industry is experiencing considerable advances when it comes to cutting fuel consumption, development of hybrid technology and electric cars and increased automation in vehicles. The drivers for infrastructure are closely linked to more sustainable urbanisation, with major investments in railways, underground roads, sustainable construction and rail-bound public transport, which also help improve people's quality of life.

The sustainability trend is something that favours us as a company, as it gives us the opportunity to create value for our owners, clients, society and the environment. Among our 7,500 employees and in our network of 25,000 engineers we have both the breadth of experience and the expert knowledge needed for us to make a substantial contribution to a more sustainable world. Our ability to combine different skills as part of project assignments and our industrial approach to working efficiently mean we can help our clients identify innovative and more sustainable solutions, for example new traffic solutions that draw on our expertise within the field of vehicle automation.

Sustainability is therefore not something that is dealt with as a separate issue; it is an integral aspect of everything we do. In all our projects, our employees carry out an obligatory analysis based on a sustainability perspective.

I am convinced that sustainability does not clash with profitability, particularly not when taking a slightly more long-term view of the client's investments.

### The best engineers

The megatrends that I have outlined above mean that engineering is without doubt a profession in which we will be seeing fierce competition for qualified employees in the future. This is why our employer brand is so very important. The strength of our brand has resulted in young professional engineers placing us among the top employers within

the engineering industry for two years in a row. Ultimately it is a matter of ensuring we have the conditions in place for achieving our growth and profitability objectives via solutions that exceed our clients' expectations.

Our good reputation makes it easier for us to recruit the best people, but we also need to make sure they have opportunities to grow and develop professionally at ÅF. I believe we really do have a great deal to offer, with a raft of specialist roles and career paths, opportunities for international work and our approach of working with full-service solutions that combine technologies in increasingly stimulating and important projects.

Offering an attractive workplace is also about a more equal gender distribution. This is the thinking behind the EVEN ODDS process, which was initiated last year. It is a collective term for various processes and projects that we will pursue until we have achieved the goal of at least 30 percent of employees being women by the year 2020. One initiative under this process was the women-only recruitment drive for the month of September. The initiative led to the recruitment of more than twice the number of women compared to the same period the previous year.

In this context I would also like to mention our partnership with the Olympic Committees in Finland, Norway, Switzerland and Sweden, which we extended in 2014. The purpose of this is for us to continue to develop as an attractive employer, by learning from the top sportsmen and women to set and achieve goals and maintain a focus on performance. The experience of various elite athletes is always a feature of our lead-

ership conferences, as well as during recruitment and client initiatives. Cross-country skiing medallist Charlotte Kalla became personally associated with ÅF in 2014, and hurdles champion Susanna Kallur has been with us for many years. They both bring a great deal to ÅF and genuinely reflect the company's values.

### Outlook for 2015

ÅF's future prospects are essentially extremely healthy. Our position on the market is strong and we are in the right locations and in tune with the times. We have a solid financial position, which means we are well prepared to act when we see future opportunities for growth.

In terms of the economic situation and demand levels, I am cautiously optimistic about 2015. The economic trend for infrastructure projects remains very positive in Scandinavia. The industry sector is unpredictable, but we still believe it will experience some growth. On the energy side, investments in Sweden are falling and activity in the rest of Europe will also be low. Larger investments are increasingly taking place in emerging economies in other parts of the world.

However, the most important element when facing the future is ÅF's unique breadth, which is becoming more relevant for our clients, whatever the sector, with the rapidly growing need to combine different technologies.

Stockholm, Sweden – March 2015  
Jonas Wiström, President and CEO

#### Q1

- ÅF acquires ES-Konsult
- ÅF acquires Xact
- ÅF signs long-term agreement with AB Volvo
- ÅF obtains significant order from Volvo Cars
- ÅF launches vision for 2020

#### Q2

- ÅF recruits Emma Claesson as VP Human Resources
- ÅF wins East Link Phase 1 from Swedish Transport Administration

#### Q3

- ÅF sells Lonas Technologia
- ÅF wins new assignment in Stockholm Bypass project
- ÅF awarded Swedish Lighting Prize
- EVEN ODDS attracts more women to ÅF

#### Q4

- ÅF signs agreement in Finland within "waste-to-energy"
- Charlotte Kalla chooses ÅF
- ÅF wins prestigious West Link, rail project in Gothenburg, Sweden
- ÅF wins major project from brewery Åbro Bryggerier
- ÅF wins framework agreement as A-supplier to Vattenfall





# Vision, mission, objectives, strategy

## Vision

**The best partner for the best clients.**

## Mission

**ÅF is an engineering and consulting company for the energy, industrial and infrastructure markets.**

**Our pool of experience, with a unique range of technologies, creates solutions that are profitable, innovative and sustainable.**

## Core values

### **Great people with drive**

ÅF's employees are competent and forward-thinking team players, who take the initiative and are prepared to learn from others. They exceed client expectations with solutions that combine technical expertise and business acumen. They are good communicators who listen, have a positive attitude and who always keep promises.

### **Teamwork**

ÅF's employees create good results through teamwork with clients and colleagues. For us, teamwork is about collaboration and partnerships – between people and businesses, across all boundaries. We make use of each other's experience and we share our own. This makes each individual consultant as strong as ÅF in its entirety and makes the company an indispensable strategic partner.

### **Indisputable independence**

It goes without saying that we will be impartial when choosing suppliers and solutions. Client needs will always be our guide. We welcome strategic partnerships, but will always choose what is best for the client.



*“Innovation by experience”*  
– ÅF’s motto

## Objectives

### Financial objectives

ÅF shall be the most profitable company among its closest comparable competitors in the industry and achieve an operating margin of at least 10 percent over a business cycle.

Net debt shall be between 1.5 and 2.0 times EBITDA over a business cycle.

### Growth objective

Sales of 2 billion euros by 2020.

### Human resources objective

Better balance in the gender ratio. An intermediate target is for at least 30 percent of managers and at least 30 percent of employees to be women by 2020.

### Sustainability objectives

ÅF works resolutely to become a more sustainable company. Three overarching sustainability objectives constitute the basis for the company’s sustainability work. By the year 2015, ÅF aims to:

- have halved its CO<sub>2</sub> emissions per co-worker (compared with the base year, 2009).
- always offer clients a “green” alternative in the form of a more sustainable solution to every assignment.
- be the technical consultant that clients consider can best solve the challenges of the future.

## Strategy

ÅF’s four divisions work together to create the best solutions and strongest teams for each and every client. The key elements of the ONE ÅF strategy are:

ÅF’s business activities are conducted as decentralised operations under one and the same brand and with common processes and systems. A strong corporate culture with shared values ensures that we work together and exploit all of the experience that is represented within ÅF.

ÅF has access to more than 100 million hours of engineering experience – know-how and solutions that are documented in “ONE”, our unique knowledge database that is available to every ÅF employee. This means that:

- Every ÅF employee can make use of the full, combined strength of ÅF.
- ÅF is ready to tackle every technical challenge, now and in the future.

### Number one or two in every market

ÅF aims to be the number one or two as measured by sales in the segments in which we operate.

### Both organic growth and growth through acquisitions

Our rate of growth will remain high. ÅF will grow both organically and through acquisitions. Half of this growth is to come from acquisitions, which must strengthen the company in our main areas – energy, industry and infrastructure – and fit well with ÅF in terms of corporate culture. Above all, ÅF’s continued growth is to occur in its domestic markets and the global energy market.

# Passion for technology and teamwork

ÅF's employees are competent and forward-looking team players, who take the initiative and are prepared to learn from others. They exceed client expectations with solutions that combine technical expertise and business acumen. There is fierce competition for the best engineers. ÅF offers a raft of different career opportunities in a strong, common corporate culture.

Almost 1,200 employees were recruited in 2014. This rapid growth underlines the need for a common corporate culture and for coordinated and quality-assured systems and processes.

One important part of our strategy is to act as one company – regardless of country, city, division or sector. Our corporate culture is strong and promotes a team spirit. Common processes, procedures, rules, values and systems are important elements in maintaining a single, strong corporate culture.

## New career development model

ÅF carries out many large and prestigious projects that are both challenging and rewarding to work on. The company's size and breadth across different technologies, industries and countries create numerous opportunities for professional and personal development, regardless of career path.

2014 saw the launch of ÅF's new career development initiative, ÅF Career Model. The aim of the model is to develop ÅF's employees and give them greater opportunities to take responsibility for their own professional development. The career model shows that there are many more development opportunities than the three previously defined career paths of manager, specialist and project manager. ÅF Career Model started being used in personal development reviews in selected countries at the end of the year, to analyse employees' existing competence and development needs.

## The ÅF Academy

ÅF's internal training organisation, ÅF Academy, offers everything from induction

courses to executive management training. All courses reflect ÅF's values and approach to sound entrepreneurial skills. Lecturers and facilitators come both from within ÅF and from external service providers. Besides relevant training, ÅF Academy helps employees build a wider network within the company, which is useful in their day-to-day work and creates openings for new business.

## Compulsory management training

We ask a great deal of our managers at ÅF. Besides being skilled engineers, they must also be skilled sales people, business people and communicators. Our managers are also responsible for the development and motivation of staff in their units.

To ensure good management standards at ÅF, all newly appointed managers undergo training at ÅF Academy. The programme covers leadership, finance, project management, sales and communication.

## Talent Management Programme

A management programme for women was trialled in 2014 via the EVEN ODDS gender equality process. The aim is to identify potential female managers at ÅF. The programme combines training with transfer of experience. All participants have been offered a senior mentor.

## Specialist training

ÅF Academy trains project managers to achieve certification provided by such organisations as the International Project Management Association, which offers the European certification standard IPMA at four levels. ÅF has more

employees who are certified project managers than any other company in Sweden.

The ÅF Nuclear Academy is a competence development initiative designed to meet the increasingly stringent requirements of the nuclear power industry and its regulatory bodies. The training leads to certification at four levels. The training and certification are also open to clients and other stakeholders. A total of 508 people have been certified since 2009, including 31 in 2014.

## Management training

ÅF's Business Executive Leadership Programme (BELP) is a joint venture with IFL Executive Education that is aimed at selected managers in the Group. Training is spread over 12 months, during which participants acquire a deeper understanding of ÅF as a company and develop better strategic planning, international leadership and communication skills. It also results in valuable networks within the organisation. The programme is usually arranged every second year. The training programme was carried out in 2014 and included 25 individuals.

## Better balance in the gender ratio

ÅF's overall human resources objective is to achieve a better balance in the gender ratio among both consultants and managers. An intermediate target is for at least 30 percent of managers and at least 30 percent of employees to be women by 2020. Women accounted for 22.3 percent of the overall workforce in 2014, 20.2 percent of consultants, 14.5 percent of managers and 24.2 percent of new recruits.





## What was your most interesting project in 2014?

"We have an exciting large-scale project in Finland. Our client is planning to build a new nuclear power plant on a greenfield site. In September we signed a contract for the Owner's Engineering services, in which ÅF supports the client in project management, nuclear safety, licensing, design review and auditing of the subcontracting chains. In my position I get to work together with ÅF colleagues from different countries, which is very rewarding and inspiring."

**Maria Palo,**  
Manager, Nuclear Energy, International Division

## What are you working on right now?

"At the moment I'm involved in an exciting project in which the superstructure of a flyover, which is made of wood and steel, is being replaced with concrete. It means it will be treated as a completely new bridge. Usually you do the casting on site, but this time the superstructure will consist of prefabricated sections, which complicates the force distribution in the bridge. I help the client with reinforcement dimensions and solutions regarding how to distribute the forces in these sections. It's challenging, but it's also an example of the most enjoyable aspect of my job, the fact that I am constantly given opportunities to develop professionally."

**Siamak Rouhani,**  
Bridge Engineer, Infrastructure Division



To achieve the target of a higher percentage of women, at least one female candidate must be shortlisted each time a managerial post is filled. To define the measures needed to achieve the human resources objective, the EVEN ODDS process has been in progress since the end of 2013. Several activities were carried out in 2014 within the framework of this process. One such activity was ÅF's women-only recruitment campaign for the month of September (see also page 40).

### Annual employee survey

ÅF regularly conducts an employee survey measuring employees' wellbeing, pride, confidence in supervisor and sense of community with colleagues. The

survey is an important tool for ensuring that ÅF retains skilled employees.

A snapshot was carried out in 2014 and once again gave positive results. A full employee survey will be conducted in 2015.

### Clear salary model

For some years now, ÅF and the trade unions in Sweden have been using their own system to set salaries at a local level. The basic principle builds on the assumption that local managers have the clearest understanding of the scope for salary increases in the context of their own operation's profitability, market situation, demand, performance and development. Managers have considerable responsibility for setting salaries at lev-

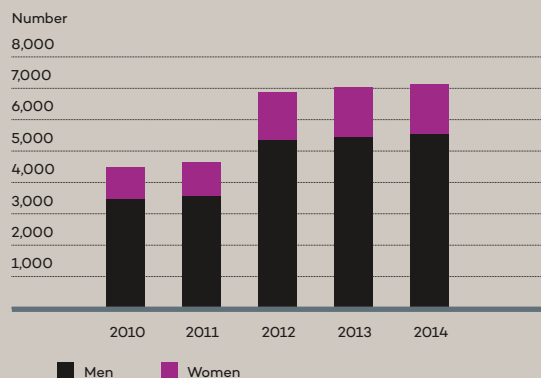
els that can be clearly motivated.

Variable remuneration packages as a supplement to fixed salaries are common at ÅF; some are based on the relevant unit's performance, while others are directly linked to individual performance.

Other benefits vary from country to country depending on local practice and tax rules. Examples include pensions, insurance and employee cars. All employees are entitled to rent one of the cottages or apartments that are owned, managed or leased by the ÅF Staff Foundation.

# Our people in figures

## Number of employees (all forms of employment)



## Length of employment

%	0–2 years	3–5 years	6–10 years	11–20 years	21 years or more
	32.0	31.2	18.3	12.1	6.4

## Age distribution

%	2014 men	2014 women	2013 men	2013 women
–29	14.4	5.1	14.2	5.3
30–39	23.3	8.0	23.2	7.9
40–49	19.2	5.6	18.7	5.6
50–59	12.9	5.6	12.4	2.6
60–	8.0	1.0	8.7	1.4
Total	77.8	22.2	77.1	22.9

## Average age

YEAR	2014	2013	2012	2011	2010
	41.1	41.3	41.1	42.8	43.3

## Education

%	2014	2013	2012	2011	2010
Postgrad. licentiate or Ph.D. studies	3.8	3.5	3.7	3.7	3.8
University degree	59.7	59.5	57.4	54.1	52.6
Other post-secondary education	16.1	15.8	15.6	16.4	15.5
Secondary education	20.4	20.3	23.3	25.8	28.0

## Sickness absence

%	2014	2013	2012	2011	2010
Total	2.2	2.1	2.0	1.9	2.1

## Gender distribution in 2014\*

### Consultants



20.2%

### Managers



14.5%

### Recruited in 2014



24.2%

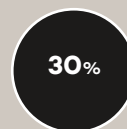
### Total employees



22.3%

## Target 2020

### ÅF



30%

ÅF's human resources objective is that by 2020 at least 30 per cent of the company's employees and managers will be women.

■ Women ■ Men

\* All permanent employees and employees on probationary periods.



The helipad on New Karolinska hospital in Solna, Sweden, where ÅF experts are involved in creating a solution using renewable energy via an energy centre for heating and cooling. The energy centre is one of the solutions that will contribute towards achieving the goal of cutting energy consumption by half in the new hospital building, compared with current hospital energy consumption. Find out more about the project in the Green Advisor Report at [afconsult.com/sustainability](https://afconsult.com/sustainability)

Illustration: White Tengbom Team



# Sustainability as a business strategy

**It is entirely possible for countries to work together to reduce climate risks and achieve high-quality and sustainable economic growth. This is the conclusion of the Global Commission on the Economy and Climate in its final report: The New Climate Economy – Better Growth Better Climate.<sup>1)</sup>**

The Commission's conclusion is consistent with ÅF's ambition of strengthening clients' sustainability performance in every project. One example in 2014 was ÅF's initiative to ensure a sustainable electricity supply on the island of Mauritius. The island has long been heavily dependent on imported fuel and wanted to expand its own supply of electricity from wind and solar energy. Another example is New Karolinska hospital in Solna, Sweden, where ÅF has designed a solution for energy, heating and cooling that is at the forefront in terms of efficiency, innovation and creativity.

ÅF reports its sustainability work partly in accordance with the international standard Global Reporting Initiative (GRI) G4. This year's report covers all operations in 2014, with 7,000 employees and assignments in some 90 different countries.

New target areas for ÅF's sustainability work were drawn up during the year, and efforts have continued to improve integration of our sustainability work into operations.

## Sustainability objectives 2015

Sustainability is part of ÅF's business

strategy and an essential element of ÅF's overall operations. ÅF ensures that the company's profitability is based on maintaining a balance between economic, environmental and social interests.

Long-term profitability is secured by ÅF being more proactive about pushing developments towards a more sustainable society.

The following target areas follow on from previous sustainability objectives and will result in more detailed objectives for 2015, replacing the previous ones:

### 1. Develop sustainable solutions

ÅF contributes to sustainable development by offering the best sustainable solutions. Each project adds value for ÅF, the client and society.

### 2. Ensure responsible business agreements

All projects and assignments will satisfy the principles in ÅF's Code of Conduct, which is based on the principles of the UN Global Compact. ÅF ensures responsible business agreements through the risk assessment process.

### 3. Guarantee an attractive workplace

ÅF's employees are the most important factor in the company's success. We attract outstanding, motivated employees. Teamwork is absolutely essential to enable us to develop innovative and sustainable cross-sector solutions.

## ÅF's value chain

ÅF's value chain is described based on the value that is created in assignments. The value is generated by employees and determined by their expertise. ÅF

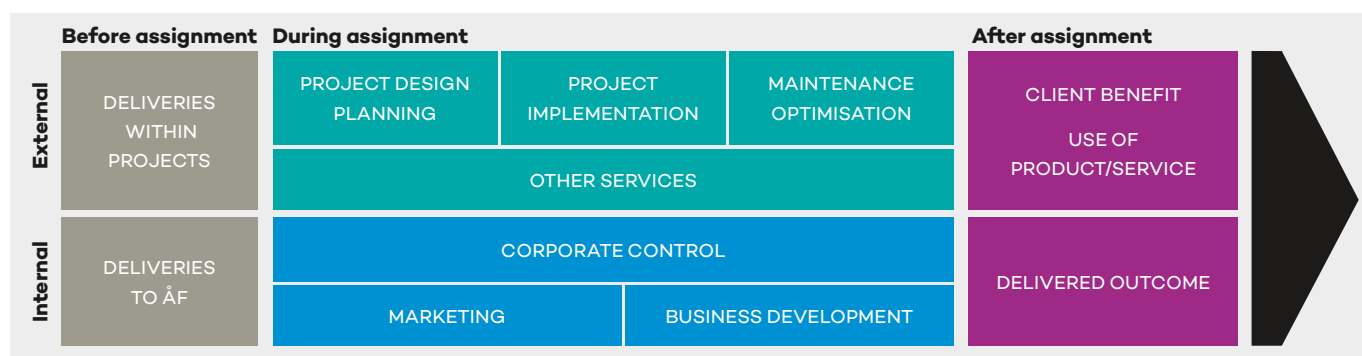
has the greatest sustainability impact in assignments. When ÅF participates in the early phase of projects, it allows the company the greatest potential for exerting its influence in relation to design, implementation, choice of materials and choice of suppliers.

Many of ÅF's assignments comprise, or are a part of larger projects, such as energy, infrastructure or industry projects. ÅF is often on board at an early stage and is able to influence areas that can affect the project's sustainability performance. There are also projects where the aim is to contribute to sustainable development by making improvements in energy efficiency, developing technology for renewables or investigating and proposing emission reductions. Other services include investigations and analyses that are not linked to projects, and Professional Services, which involves ÅF's staff being temporarily placed within the client's organisation.

The value chain also includes deliveries to ÅF's offices, as well as travel and materials for project implementation. Within the framework of assignments, ÅF has a varying degree of influence over which material and which services are procured for the assignment.

The most important stakeholders are ÅF's employees, clients, investors and partners. But potential employees, clients and other stakeholders such as politicians, voluntary organisations, subcontractors and end consumers also affect, and are affected, by ÅF.

## ÅF's value chain



<sup>1)</sup> The Global Commission on the Economy and Climate, advised by some of the world's leading economists, sets out a global ten-point action plan for governments and businesses to secure better growth in a low-carbon economy. The report was launched in September 2014.



# Governance and responsibility

**ÅF's work generates sustainable value and is part of ÅF's business model. With a constant focus on sustainability work, ÅF endeavours to create value for employees, clients and society. ÅF's sustainability work is based on the ten principles enshrined in the UN Global Compact regarding human rights, working conditions, the environment and anti-corruption. ÅF's core values are based on great people with drive, teamwork and indisputable independence, with the vision of being the best partner for the best clients.**

## VP Sustainability on Group management

ÅF's Vice President, Sustainability, Nyamko Sabuni, is a member of Group management and has overall strategic responsibility for sustainability issues. The Sustainability VP reports continually to ÅF's Board, all the members of which have relevant knowledge of sustainability issues. A project manager was recruited in 2014 to further strengthen sustainability work at ÅF. The goal is for sustainability work to be a core element throughout the organisation, which is why in 2014 each division elected its own sustainability officer.

Existing employee functions (HR, Finance and Legal) also have operative responsibility for various areas of sustainability, such as anti-corruption, human rights and diversity. These areas are governed and followed up via ÅF's Group-wide management system and processes.

## Global Compact

ÅF has undertaken to follow the UN Global Compact and its principles. ÅF does not enter into business projects where there is a risk of these principles or ÅF's Code of Conduct being breached. Sustainability work is governed by ÅF's sustainability policy, operations policy, travel policy, equality policy, whistle-blower policy and Code of Conduct.



ÅF has enabled Mauritius to increase the proportion of renewable energy in its electricity supply. Find out more in the Green Advisor Report, [afconsult.com/sustainability](http://afconsult.com/sustainability)

The Code of Conduct is a summary of the rules and guidelines that form the basis of our operations. It defines how ÅF conducts its business relations with clients, business partners, employees and other stakeholders. The code extends to all employees and the Group's Board of Directors. ÅF has a Group-wide management system that includes quality, environmental and working environment processes, and the company monitors employees' compliance with the Code of Conduct. A new Health & Safety policy was also drawn up during the year, with the aim of certifying the system globally in accordance with OHSAS 18001 in 2015. ÅF has established an anti-corruption framework, in which anti-corruption work is included as part of the sustainability policy. Employees have access to a whistle-blower function. The e-mail address [whistleblowing@afconsult.com](mailto:whistleblowing@afconsult.com) is used to report suspected incidents that constitute a danger to life, health and the environment, as well as corruption. No cases were reported in 2014.

In 2015, improved risk tools will be developed to further ensure that ÅF does not enter into business projects that breach guidelines. In addition to the general run-through of ÅF's anti-corruption framework that all employ-

ees receive, ÅF consultants who work on assignments where there is a clear risk of corruption will undergo specific anti-corruption training before the project begins.

## Implementation through communication

ÅF's strategy and ambition for its sustainability work requires understanding and awareness of sustainability issues across the whole organisation. The Code of Conduct is therefore communicated to all new employees. Sustainability training was updated during the year and all employees will have undergone the training by the end of Q1 2015. Implementation of sustainability work involves several communication and training initiatives at various levels. Sustainability training and dialogue with the Sustainability VP is part of the compulsory induction day for new employees, as well as compulsory leadership training. Issues relating to human rights, diversity and equality are also part of EVEN ODDS's Talent Management Programme. In 2014, 28 managers completed anti-corruption training.

## Focus areas for long-term profitability

By creating profitable, innovative and sustainable solutions for our clients, ÅF is contributing to a sustainable society.

ÅF's business concept is based on the ability of its employees to develop smart, sustainable solutions across a range of technologies. Solutions that involve efficient use of energy and resources, where the needs of society are in harmony with what nature and the planet are able to regenerate. This work is based on the precautionary principle, which guarantees effective environmental and health protection. ÅF ensures long-term profitability by working responsibly and proactively in three areas:

- Sustainable solutions
- Responsible assignments
- Attractive workplace

# Focus areas for long-term profitability

## 1

### SUSTAINABLE SOLUTIONS

**ÅF's operations affect the development of a more sustainable society. Assignments span over a broad area, with a focus on energy, infrastructure investments and product and process development. ÅF proposes new technology that contributes to the efficient use of resources and reduced environmental impact, or environmental improvements.**

#### Energy projects show the way forward

The European energy market is currently experiencing major structural changes. Making more efficient use of energy can bring about huge gains. Increasing requirements for a reduced carbon foot-

print led to new solutions within renewables. ÅF is involved in projects that cover all forms of energy. In 2014, this type of project made up a significant share of ÅF's business. In this way ÅF has contributed to reducing climate impact by lowering carbon dioxide emissions.

#### Smart communications

The strong trend of urbanisation today is resulting in demand for smart communications, such as intelligent traffic solutions and driverless vehicles. ÅF is leading developments towards a sustainable society via expert knowledge and innovative solutions. ÅF provides society with intelligent solutions, covering everything from road and rail planning and smart buildings, to sound and acoustics.

#### Product development for daily life

Product development is currently driven by stringent demands in terms of sus-

tainability. Efficient use of resources and renewable materials are obvious requirements. Expertise within sustainability is a competitive advantage. During the course of the assignments in which they are involved, ÅF's consultants develop a host of applications and products that are used daily. Everything from dishwashers, packaging and smart vehicles, to telecom solutions. ÅF aims to contribute to the advancement of a circular approach to product development.

#### Collaboration produces sustainable results

When ÅF combines its broad knowledge from various fields, it can offer sustainable, comprehensive solutions. You can read more about this in the Green Advisor Report, which can be downloaded at [afconsult.com/sustainability](http://afconsult.com/sustainability).

## 2

### RESPONSIBLE ASSIGNMENTS

**ÅF mainly carries out assignments in the Nordic region, but also in 90 other countries across the globe. To manage any potential risks, a systematic risk assessment is conducted in conjunction with the tendering process and agreement. ÅF works systematically to ensure that assignments satisfy the requirements stipulated in the UN Global Compact guidelines.**

Sustainability risks in ÅF's assignments vary considerably between different business areas, projects and markets. ÅF has developed tools and methods to ensure compliance with ÅF's sustainability policy and Code of Conduct throughout the company. The frame-

work for anti-corruption is integrated into the risk management process. ÅF operates a zero tolerance policy regarding all forms of corruption, extortion and bribery. Internal audits of processes, projects and physical locations are also conducted within the remit of the business management system.

ÅF places considerable emphasis on fulfilling the sustainability aspects in all assignments. One essential condition for this is transparency. Lack of transparency and difficulties in ensuring the sustainability aspects was one of the reasons behind the decision to divest parts of business operations in Russia in 2014.

#### Assignments risk assessed

A risk assessment is carried out at the tendering stage of the assignment, based on sustainability criteria. The assessment includes a checklist of questions relating to the principles of the UN Global Compact. The purpose is to identify high-risk assignments at an early

stage and, if necessary, carry out a more in-depth analysis.

In the event of a more in-depth risk analysis, ÅF compiles data and information on the project from various sources, including government agencies, media, working documents and websites. The analysis aims to identify possible risks and offer recommendations on how to avoid them. ÅF's Sustainability VP then decides, in consultation with divisional and project managers, whether or not ÅF should proceed with the tendering process, and whether action needs to be taken to reduce the risks. At all times, ÅF aims to be able to influence and contribute to responsible and sustainable development via its assignments.

Risk assessments conducted in 2014 resulted in seven in-depth risk analyses. Over the next year ÅF will further systemise procedures and risk tools. There will also be a greater focus on communication and training within anti-corruption.



## 3

ATTRACTIVE  
WORKPLACE

**It is crucial for ÅF to be able to attract new, talented employees while helping existing employees to develop professionally. Satisfied, committed employees are ÅF's recipe for success.**

In 2014, ÅF was named second most attractive employer by young professional engineers in the engineering category, and achieved tenth place in an equivalent survey among students. ÅF fulfils its ambition of contributing towards a more sustainable society through its employees. Employees' skills, both now and in the future, determine whether ÅF will succeed in establishing long-term profitability, in which economic, environmental and social issues are in harmony and

contribute to sustainable social development. To appeal to the most talented prospective employees, ÅF needs to offer an attractive workplace.

#### Investments in future skills

Statistics Sweden is warning that Sweden will suffer from a shortage of roughly 50,000 engineers by the year 2030. To encourage interest among young people in the engineering profession, ÅF took part in Tekniskprången in 2014, which involves companies offering young people qualified to enrol in an engineering programme the opportunity to take on a four-month internship. The purpose of the internship is to give an insight into the profession and inspire people to study engineering at university. ÅF will continue to participate in the project in 2015. The programme is run by the Royal Swedish Academy of Engineering Sciences, IVA, on behalf of the Swedish National Agency for Education, and will continue until 2016.

In 2014, a number of female ÅF employees acted as mentors to female students at KTH Royal Institute of Technology in Stockholm, who in turn became mentors to female upper secondary school students. The initiative, PEPP, was launched by a KTH student and is run jointly with companies, including ÅF. The aim is to support and inspire young women to take the step of pursuing a career in engineering. The mentor programme is part of ÅF's gender equality process, EVEN ODDS.

Continual efforts are under way to build on the skills of existing employees via ÅF Academy, and there is a greater focus on leadership in combination with specialist training. ÅF Career Model was also implemented during the year. The aim of the model is to develop and retain ÅF's skilled employees and give them greater opportunities to take responsibility for their own professional development. More information about ÅF Career Model can be found on page 8.

#### EVEN ODDS attracts more women

EVEN ODDS is ÅF's gender equality process, which aims to increase the proportion of women working at the company. The target is for at least 30 percent of all positions at the company to be held by women by 2020.

Of ÅF's total number of employees in 2014, 22.3 percent were women. The proportion of female employees has risen in many parts of ÅF, but the percentage declined in the International Division with the sale of the Russian business. This resulted in a fall in the total percentage of female employees at ÅF in 2014.

Several activities were pursued in 2014 to help achieve the target of 30 percent. One example was the women-only recruitment campaign in September. A total of 55 women were recruited, compared with 17 in September 2013. A management programme for women

was trialled via the EVEN ODDS gender equality process. The aim of the programme is to identify potential female managers at ÅF.

The purpose of EVEN ODDS is to provide conditions for improved gender equality at the company, to encourage more women to make ÅF their first choice. It was therefore pleasing to see that the percentage of female candidates applying to ÅF increased by 23 percent during the year.

#### Travel survey leads to pilot project in Solna, Sweden

A travel habits survey was conducted in spring 2014 at ÅF's Group Head Office in Solna. The aim was to find out about employees' business travel and commuting habits. An estimate of the climate impact of this travel revealed that business travel accounted for 73 percent and commuting for 27 percent for

employees in Solna. National business travel accounted for the largest portion of emissions.

ÅF's ambition is to cut carbon dioxide emissions produced by business travel. A number of measures will be launched at the Solna office in 2015 following the survey, as a pilot project for the whole company. Improved communication, featuring tips on changing behaviour, will be a key element. It is already possible to hold video conferences, use loan bicycles and access Sunfleet's car pool. In 2015, it will also be possible to loan travel cards for shorter business trips. And a screen will be set up in reception providing details of public transport departures. The project will be evaluated to learn from the experience before rolling it out to other ÅF offices, where appropriate.

### Sustainability audit

Oekom Research has awarded ÅF a C+ for its sustainability work, which is a very high rating that only 10 percent of the 56 ranked companies in the industry have managed to achieve. ÅF's sustainability work has also been audited and approved by Ecovadis and Akilles.

### Materiality analysis

A materiality analysis was carried out before the sustainability report was produced. The stakeholder groups that were considered the most important and therefore included in the analysis were employees, clients, investors and partners. Stakeholders were chosen via an internal stakeholder analysis based on who affects ÅF or is affected by ÅF's operations.

Every year, selected clients carry out client surveys, which examine matters such as quality and sustainability issues. Environmental responsibility, professional development and working environment were areas that appeared high on the agenda with clients. These areas also emerged among the requirements

placed by clients on ÅF when procuring services.

ÅF's employees have been involved in the analysis via both workshops and questionnaires. People in the network of partners have also responded to questionnaires. These questionnaires reveal that long-term profitability, anti-corruption, working conditions and skills development are issues that employees feel are important for ÅF. Succession planning and development of ÅF's services were also given high priority.

In the dialogue with some of ÅF's largest shareholders, risk assessments, anti-corruption and project impact were rated highly, along with professional development for employees.

The results of the materiality analysis led to a selection of issues that have been put together in the focus areas also described on the previous pages. The aspects are: skills development, equality and diversity, working conditions, anti-corruption, human rights, strategic sustainable development and impact on society. All aspects are relevant for the whole of ÅF's operations.



Find out more about our sustainability projects in the 2014 Green Advisor Report.  
[www.afconsult.com/sustainability](http://www.afconsult.com/sustainability)

### About the report

The report relates to the 2014 financial year. It is published annually; the most recent report was produced for 2013 and published in spring 2014. The report is set out partly in accordance with GRI G4; the GRI index can be found at [www.afconsult.com/GRI2014index](http://www.afconsult.com/GRI2014index). The report is not reviewed by a third party.

The reporting principles in accordance with GRI G4 have been used to define the content of the report. No changes have been made to the principles for calculations and measurements, and there have been no major changes to limitations.

Questions regarding the sustainability report should be directed to: Nyamko Sabuni, Vice President, Sustainability, tel: +46 10 505 00 00.

# Sustainability data

## Follow-up of sustainability objectives

In 2009, ÅF established a number of sustainability objectives up until 2015. The objectives were to cut CO<sub>2</sub> emissions per employee by half, to offer clients alternatives for a more sustainable solution and to be the technical consultant that clients consider can best solve the challenges of the future.

Total CO<sub>2</sub> emissions per employee have fallen by 10 per cent over the past two years. Emissions from energy consumption have declined the most, owing to several offices moving to more energy-efficient premises. In 2014, ÅF combined its Swedish electricity supply under a single agreement. The move cut Swedish CO<sub>2</sub> emissions linked to electricity consumption by half. However, emissions per employee from travel have seen a slight increase as a result of ÅF's expansion into new countries during the period. Total CO<sub>2</sub> emissions per employee have risen by 1 percent since 2009.

Offering clients sustainable solutions is an area that has strengthened in 2014 and will gain significance in 2015. This has been defined under the new target area "Develop sustainable solutions", find out more on page 39. Most client surveys have clearly highlighted ÅF's solid reputation in the field of sustainability.

## Skills development

Number of hours of training per average FTE, total	2014	2013	2012
Hours of training	219,745	232,084	161,317
Average number of FTEs	6,887	6,666	4,808
Number of hours of training/employee	32	35	34

## Equality and diversity

Distribution 2014*, %	Men	Women	Age <30	Age 30-50	Age >50
Board of Directors	66.7	33.3	0	25.0	75.0
Group management	69.2	30.8	0	61.5	38.5
Managers	85.5	14.5	0.7	68.1	31.2
Consultants	79.8	20.2	21.6	57.2	21.2
Admin staff	18.5	81.5	8.4	56.6	35
<b>Total</b>	<b>77.7</b>	<b>22.3</b>	<b>18.8</b>	<b>58.3</b>	<b>22.9</b>

\* All permanent employees and employees on probationary periods.

ÅF employs just over 50 nationalities, speaking 36 different languages.

## Equality by division

Percentage women, %	2014		2013	
	Managers	Consultants	Managers	Consultants
Industry Division	9.9	13.8	6.7	12.9
Infrastructure Division	13.5	25.9	12.3	25.5
International Division	8.7	19.8	25.5	30.6
Technology Division	23.0	21.0	21.3	19.0

## Profitability

Direct economic value generated, SEK m	2014	2013	2012
Net sales	8,805	8,337	5,796
Operating costs, incl. depreciation/amortisation	-3,253	-3,201	-2,070
Employees' salaries and benefits	-3,932	-3,622	-2,682
Income tax and employer's contributions	-1,066	-988	-691
<b>Economic value retained</b>	<b>553</b>	<b>525</b>	<b>353</b>

## Climate

Emissions per employee, kg CO <sub>2</sub> eqv per employee	2014	2013	2012	2011	2010	2009
Energy	221	305	408	415	313	283
Travel	1,201	1,087	1,165	1,297	1,182	1,125
<b>Total emissions</b>	<b>1,423</b>	<b>1,393</b>	<b>1,573</b>	<b>1,712</b>	<b>1,495</b>	<b>1,408</b>

The calculations relate to the climate impact of business travel and energy consumption for all ÅF employees. Energy emissions include purchased electricity, heating and cooling for offices. Business travel includes journeys by car and air.





*Sustainability is embedded in our brand and in almost everything we do. It is in the very nature of an engineering company to create innovative, improved and more sustainable solutions to meet the needs of clients and society.*

*ÅF respects and supports the ten principles of the UN Global Compact with respect to human rights, labour, environment and anti-corruption.*

*With this Communication On Progress we confirm our continued commitment and support for the ten principles of the UN Global Compact.*

**Nyamko Sabuni**  
Vice President, Sustainability

**In 2014, ÅF carried out an analysis of the company's most important stakeholders and their priority issues. What conclusions have you drawn from it?**

"It means we now have a basis for taking our sustainability work to the next level. Sustainability is embedded in our brand and in almost everything we do. It is in the very nature of an engineering company to create innovative, improved and more sustainable solutions to meet the needs of clients and society. It isn't always easy to see and understand the bigger picture of what it is we as a company actually create and contribute. That's why we need to be better at communicating our achievements and raising awareness of what sustainability actually entails.

"When the concept of sustainability was first coined, it mainly covered issues relating to the environment and charity. But sustainability is so much more than that, and complex, which is often also the case with the projects we carry out for our clients. We bring all manner of technical skills to the projects, which result in safer roads, improved public

transport, more eco-friendly lighting, energy-efficient processes and economic use of resources and materials.

"Clients rely on us being able to make efficiency improvements and cut costs, but also our ability to provide expertise, innovation and development. And for our part, we learn a great deal from clients' own sustainability targets. We constantly strive to communicate the overall picture of sustainability as a goal that generates value, both for them and for us."

**Are there other areas you want to work with more in the future, based on the stakeholder analysis?**

"Yes, with an area that affects our investors. There are risks associated with the fact that we have consulting operations in 90 countries, many of which are emerging economies. We are continually working to calculate and minimise these risks. We must therefore have stable systems and tools in place, so we can be satisfied that regulations are being followed and that everyone involved knows how to meet international standards and conventions. Many investors have ÅF in their sustainability portfolios and we

must do our utmost to continue to live up to their expectations."

**Tell us more about ÅF's external activities during the year within the area of sustainability.**

"We have a high level of ambition with regard to equality and diversity. The women-only recruitment campaign in September was a huge success.

"And in November we also organised the space seminar "Space for Sustainability", with contributions from NASA and ESA. The lesson we took from this is that collaboration in space can serve as a model for Earth, for example with research that promotes a minimalist lifestyle.

"The seminar ÅF Green Day was also a big success and the dialogue on opportunities to be found in crises was extremely stimulating. Instead of being paralysed by the fear of doing something wrong, we want to improve our focus and our skills, to be even better at handling the difficult situations we encounter when making business decisions. We need to make mistakes sometimes in our attempts to get it right."



In September, ÅF was visited by Sweden's then Minister for Gender Equality, Maria Arnholm, who gave an inspirational talk. September was ÅF's women-only recruitment month.

## Campaign attracted more women to ÅF

In September 2014, ÅF in Sweden signed new employment contracts exclusively with women. The campaign took place under the remit of ÅF's equality process, EVEN ODDS, which aims to increase the percentage of women working at ÅF.

It was a huge success and the number of women who signed employment contracts with ÅF tripled in September 2014, compared with September 2013. The campaign also clearly helped raise ÅF's profile among women. Compared with 2013, 23 percent more women applied for jobs at ÅF in 2014. In September 2014 alone, ÅF received 46 percent more applications from women than in the same period the previous year.

The campaign to only recruit women in September was inspired by ÅF's ambition to raise awareness of gender equality, thereby demonstrating ÅF's serious approach to the issue. Since one of ÅF's objectives is to double sales and earnings by 2020, the company must continue to attract the best people, both men and women. ÅF also has a human resources objective of at least 30 percent of the company's employees and managers being women by 2020.

## ÅF Green Day discussed crisis as a force for change

ÅF Green Day has become an important forum for discussion and networking for anyone interested in sustainable business development. The event was organised for the third year in a row in 2014, on the theme "Crisis as a force for change". The theme for the day was chosen to demonstrate the link between risks and opportunities, and to examine how companies that have experienced major crises or high-risk situations could have acted to produce a positive outcome that would have also helped strengthen their business. The link is particularly relevant as a driving force for the rapid developments happening in the field of sustainability. ÅF Green Day aims to encourage discussion and transparency to improve overall expertise within sustainability.

Several well-known personalities participated in the programme, including Anita Steen, Chairwoman of Svenska Spel, Johan Kuylensstierna, CEO of the Stockholm Environment Institute, Maria Wetterstrand, debater, Maud Olofsson, ÅF Board member, Nadine Viel Lamare, Senior ESG Analyst First AP Fund, Peter Wågström, President and CEO of NCC, and Sarah McPhee, CEO of SPP.



# Risks and risk management

ÅF's risk management model has been implemented to meet the strategic, operational and financial risks linked to ÅF's operations. During 2014, ÅF continuously assessed and monitored risk trends, which helped ÅF to cope with both changes in the market and the changes resulting from the company's strong growth.

Strategic risks	Description	Risk management
<b>Market</b>	<p>Changes in the economic cycle, structural changes and changes in market trends are events which challenge ÅF at regular intervals, demanding watchfulness and initiative at several levels and throughout the organisation.</p> <p>In addition, ÅF faces challenges from a number of major international players as well as various small and medium-sized local competitors in each market.</p>	<p>ÅF manages the risks linked to the economic cycle, structure and market trends by trading in multiple markets and in areas which have different business cycles and which are affected in individual ways by structural changes and fluctuating market trends. ÅF also aims to be flexible internally and to utilise its resources to best meet the needs of the moment. The company also carries out regular evaluations of the current competitive situation in each local market and at appropriate levels within the operation. ÅF's broad collective expertise, in combination with accurate assessments in each situation, increases competitiveness.</p>
<b>Sustainability</b>	<p>ÅF's presence in a global energy, industry and infrastructure market gives rise to sustainability risks in areas such as human rights, working conditions, the environment and corruption.</p>	<p>ÅF reduces its exposure to risks related to sustainability through its Code of Conduct, a clear and regulating sustainability policy and an obligatory sustainability risk analysis at an early stage of the business process. Responsibility for upholding and developing ÅF's sustainability efforts is clearly allocated within the organisation, and ÅF's Sustainability Manager is a member of Group management. With respect to the environment, ÅF has a follow-up system to ensure that all units within the Group comply with environmental law.</p> <p>The Group's anti-corruption framework clearly sets out the ethical rules governing ÅF's conduct in relation to clients as well as in its operations. A whistleblowing channel enables every member of ÅF's staff to report deviations with complete confidentiality. ÅF's obligatory sustainability training was updated during 2014.</p>
<b>Acquisitions</b>	<p>Consolidation of the technical consultancy sector continues, and ÅF is part of this trend through acquisitions, to prevent any loss of competitiveness.</p>	<p>ÅF minimizes acquisition risks through a systematic approach and a carefully considered acquisition and integration process.</p> <p>To ensure that ÅF adopts a forward-looking and systematic approach to acquisitions and start-ups in new geographical markets, decisions on acquisitions are taken by Group management and the Board of Directors. An annual review of recent acquisitions over a certain limit is carried out by the Board of Directors. Responsibility for the acquisition process itself and for the integration of acquired companies is allocated among the parts of the organisation involved in each acquisition. ÅF's VP Mergers &amp; Acquisitions is a member of Group management.</p>
<b>IT</b>	<p>It is crucial that the IT infrastructure at ÅF is operationally reliable since unplanned outages inevitably mean loss of income.</p>	<p>ÅF ensures that the Group has the appropriate IT resources by utilising both internal expertise and outsourcing to suppliers.</p> <p>Both internal and external resources have signed agreements setting out how rapidly faults are to be rectified. An incentive structure to prevent problems is in place. ÅF checks continuously to ensure that the available resources are adequate and have the necessary expertise.</p> <p>ÅF ensures that sufficient resources are allocated to system ownership and management, and that these are handled in accordance with an adopted management model. Provisions are made for development and training.</p>



Operating risks	Description	Risk management
<b>Quality</b>	<p>The engineering and consulting services that ÅF supplies form the basis for the development of products, systems, buildings, infrastructure and industry. ÅF has a major responsibility to supply services and/or functions which meet clients' requirements and expectations as to quality and performance. It is essential to monitor and manage risks related to this responsibility on a continuous basis.</p>	<p>ÅF has its own business support system for the internal control, management and follow-up of operations and operational projects. This system has been certified under ISO 9001:2008 (quality) and ISO 14001:2004 (environment), and is accessible to all members of staff via the intranet.</p> <p>This system's process descriptions for operations are tailored to suit each technical area, and contain detailed support for the planning, follow-up, control and delivery of the assignments ÅF is tasked with. Experts in the operating organisation have been given responsibility for the respective operating processes to ensure the reliability and performance of the processes, and for their implementation within the organisation.</p> <p>Operational compliance with the business support system is monitored continuously by the internal audit team and by externally conducted annual audits of the quality and environmental management systems.</p> <p>ÅF has comprehensive insurance cover including public liability insurance, product liability insurance and consultant liability insurance.</p>
<b>Capacity utilisation and price per hour</b>	<p>ÅF has a relatively high proportion of consultants working within its clients' organisations, providing expertise and detailed knowledge. A feature of this consulting operation is that the services are provided at the client's premises in the client's system, which reduces ÅF's risk exposure associated with responsibility for the final result. Competition is, however, fierce and it is essential to monitor the operation's financial performance continuously, since every percentage point change in the capacity utilisation rate and the price per hour has an appreciable impact on ÅF's annual earnings. Every percentage point change in the capacity utilisation rate affects ÅF's profit or loss by plus/minus approximately SEK 80 million. An increase in the price per hour of 1 percent, with an unchanged capacity utilisation rate, improves ÅF's annual earnings by around SEK 60 million.</p>	<p>ÅF has effective systems for sales support and managing expertise to ensure sustainable business relationships and successful matching of expertise with the notified needs.</p> <p>ÅF's sensitivity analysis is designed to emphasise the importance of a high capacity utilisation rate and appropriate price per hour.</p> <p>The risk is also reduced through the use of sub-consultants and an increased proportion of variable salary.</p>
<b>Project operations</b>	<p>As a result of a number of substantial assignments carried out successfully in recent years in the infrastructure and industry sectors, ÅF is seen as a confidence-inspiring partner for setting up competent and effective project organisations.</p> <p>Large assignments with great responsibility also increase risk exposure – both financial and in relation to quality and performance in the project result. A fixed-price contract may involve an increased risk if the time required to complete the assignment is not correctly estimated. In ÅF's case this can lead to reduced margins.</p>	<p>The systems for sales support and managing expertise provide a basis for creating competent project organisations and achieving sustainable business relationships also within project operations.</p> <p>A fixed-price arrangement may be advantageous for projects with a clearly defined scope. This allows the consultant to take advantage of previous experience which will benefit the client and enable the consultant to assess time and resource requirements more accurately in his or her project estimates.</p> <p>Once the projects are underway, there is a system for project management directly linked to the process descriptions and tools that ÅF has developed for its project operation.</p> <p>ÅF has training programmes designed to develop the expertise required for project management and project work. Considerable importance is attached to the formulation of appropriate terms and conditions to reduce the risks associated with fixed-price projects.</p> <p>ÅF's methods for continuously monitoring and evaluating the amount of work remaining in projects also reduce this risk.</p>
<b>Partners, subcontractors and sub-consultants</b>	<p>ÅF's continued growth, both in respect of supplying professional consultants and complete project organisations, is leading to an increasing need for subcontractors with specialist expertise as well as subcontractors who can supply specific project planning services.</p> <p>ÅF is exposed to risk both when the company arranges an assignment and where partners are working in ÅF's name as subcontractors in a project assignment.</p>	<p>ÅF needs to ensure that all projects involving sub-consultants match the quality of projects carried out by ÅF itself, and that sub-consultants are given the same opportunities to do an excellent job as the company's own consultants. Tools are available to assess and evaluate sub-consultants project by project, so reducing risk exposure.</p> <p>ÅF's system for managing partners includes separate functions for evaluating and following up to ensure that quality and performance reached the expected levels – also in cases where the service is provided by a partner.</p>

<b>Human resources</b>	<p>As competition for qualified employees increases, so too does the pressure on ÅF to present itself as an attractive employer.</p> <p>For a consulting company to achieve its objectives, it is essential that employees are motivated and have appropriate skills and knowledge. There is always a risk that highly competent employees may leave ÅF to join competitors or clients, or set up their own businesses. The risk is exacerbated if these people are able to use their inside knowledge of the company to cherry-pick the best of their skilled colleagues.</p>	<p>ÅF devotes substantial resources each year to recruitment and induction activities.</p> <p>ÅF achieved a high rating in a number of polls measuring attractiveness as an employer.</p> <p>In order to retain and motivate employees of the right calibre, ÅF invests in continual professional development, skills development and management training (via the ÅF Academy, for example). It is also the company's ambition to conduct a personal development review with each employee once a year in order to discuss and draw up an individual development plan.</p> <p>Annual employee surveys are carried out to ascertain how satisfied members of staff are with their work situation.</p>
<b>Disputes</b>	<p>There is a risk that disputes may arise in the course of ÅF's business operations.</p> <p>Disputes may arise if ÅF disagrees with a client about the conditions that pertain to a certain assignment.</p> <p>Disputes may also arise, for example, in conjunction with the acquisition of operations.</p>	<p>Drawing up contracts for all assignments with terms appropriate to the project in hand reduces the risk of disputes. Legal advice is always sought in more complex transactions.</p> <p>Ultimate responsibility for legal questions lies with the Group's General Counsel, who is a member of Group management.</p>

<b>Financial risks</b>	<b>Description</b>	<b>Risk management</b>
<b>Financing and liquidity risks</b>	<p>The financing risk faced by the Group is the risk of not being able to raise new loans or refinance existing ones on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk that it will not be able to meet its immediate payment obligations.</p>	<p>Responsibility for the Group's financial transactions and risks is handled centrally by the parent's Treasury Department, which implements the policy set by the Board of Directors. There is a routine in place to ensure the availability of appropriate lines of credit at all times. ÅF's policy is that the company shall have a net debt over time, and that net debt shall be between 1.5 and 2.0 times EBITDA over a business cycle.</p> <p>In accordance with the current policy, the company is to have cash and cash equivalents and unutilised credit facilities that together correspond to at least 6 percent of annual sales.</p>
<b>Interest rate risk</b>	<p>Interest rate risk is the risk that changes in interest rates may have a negative impact on the Group's net interest income/expense and cash flow.</p>	<p>ÅF's exposure to interest rate risk relates chiefly to outstanding external loans. Under the current policy, ÅF raises loans both at fixed and variable interest, but the average fixed-interest period must not exceed 12 months.</p> <p>A change of one percentage point in market rates would have an effect of SEK 10 million on the Group's interest expenses.</p>
<b>Exchange rate risk</b>	<p>Exchange rate risk refers to changes in exchange rates which have a negative impact on the consolidated income statement, balance sheet and cash flow.</p> <p>Exchange rate risk can be split into transaction exposure and translation exposure.</p> <p>Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies.</p> <p>Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency.</p>	<p>ÅF's transaction exposure is relatively limited, as the majority of sales and expenses are invoiced in local currencies. In accordance with current policy, payment flows in foreign currencies are hedged when it is possible to determine the amount and time of the transaction with a great degree of certainty, and in cases where the future payment flow is anticipated to exceed a value of EUR 100,000.</p> <p>ÅF's largest operational transaction exposures involve the currency pairs USD/EUR, EUR/CHF and NOK/SEK. An unhedged currency fluctuation of 10 percent in these currencies would affect ÅF's operating profit by SEK 7 million, SEK 2 million and SEK 2 million respectively on an annual basis.</p> <p>In line with Group policy, ÅF does not hedge translation exposure.</p>
<b>Credit risk</b>	<p>ÅF's commercial and financial transactions give rise to credit risks in respect of counterparties. Credit risk or counterparty risk is the risk of loss in the event that the counterparty does not fulfil its obligations.</p>	<p>The credit risk consists of outstanding accounts receivable and uninvoiced consulting assignments.</p> <p>This risk is limited through ÅF's highly effective credit policy. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the risk of bad debts.</p> <p>ÅF's ten largest clients, who account for a total of 36 percent of consolidated sales, are all large listed companies or publicly owned institutions. The remaining 64 percent of sales are spread over a large number of clients.</p>

# Board of Directors



**Anders Narvinger**

Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee



**Marika Fredriksson**

Director and member of the Remuneration Committee



**Staffan Jufors**

Director



**Björn O. Nilsson**

Director



**Maud Olofsson**

Director

## Elected

2011

2013

2014

2010

2013

## Born

1948

1963

1951

1956

1955

## Education

Master of Engineering, Faculty of Engineering, Lund University, and graduate in economics, Uppsala University.

Master of Business Administration, Hanken School of Economics, Helsinki.

Graduate business administrator, Gothenburg School of Business, Economics and Law.

Doctor of Technology, M.Sc., Royal Institute of Technology (KTH), Stockholm.

Upper Secondary School diploma.

## Current position and other significant duties outside ÅF

Chair of the Board of Alfa Laval AB, Capio Holding AB and Coor Service Management Group AB. Director of JM AB and Pernod-Ricard SA.

CFO, Vestas Wind system A/S. Director of Ferronordic machines.

Director of Akelius Residential Property AB, Haldex AB (publ) and Nordens Ark.

Professor, CEO and member of the Royal Swedish Academy of Engineering Science (IVA), Senior lecturer at the Royal Institute of Technology, Stockholm. Chairman of the Board of BioInvent International AB and of the ÅForsk Foundation. Director of SwedNano Tech AB.

Chair of the Board of Visita. Director of Arise AB, Diös Fastigheter AB and Envac AB.

## Professional experience

CEO of Teknikföretagen, former President and CEO of ABB Sverige.

Member of the Senior Management team of Volvo Construction Equipment, Autoliv and Gambro.

President of Volvo Trucks and Volvo Penta, and Chair of Volvo Buses.

Deputy President, Biovitrum AB; President KaroBio AB, Director of Research, Amersham Pharmacia Biotech AB.

Party Chair of the Centre Party, Sweden's Minister of Enterprise, Energy and Communications, 2006–2011 and Sweden's Deputy Prime Minister, 2006–2010.

## Shareholding as at 31 December 2014

10,000 B shares

0

2,000 B shares

0

1,000 B shares





**Joakim Rubin**

Director and member of the Audit Committee



**Kristina Schauman**

Director and Chair of the Audit Committee



**Anders Snell**

Director and member of the Remuneration Committee



**Anders Forslund**

Director, employee representative



**Anders Toll**

Director, employee representative

2012

2012

2009

2012

2009

1960

1965

1950

1974

1955

Master of Engineering, Institute of Technology, Linköping University.

MBA, Stockholm School of Economics.

Master of Chemical Engineering, Royal Institute of Technology (KTH), Stockholm.

Graduate Engineer, Faculty of Engineering, Lund University.

Engineer.

Founding Partner of Zeres Capital Partners and Senior Partner at CapMan, a Finnish venture capital company. Director of B&B TOOLS AB, Intrum Justitia AB and Sanitec Abps.

Director and Chair of the Audit Committee of Apoteket AB, BillerudKorsnäs AB and Orexo AB. Director of Livförsäkringsbolaget Skandia, ömsesidigt. Director of Save the Children's Advisory Board in Sweden.

Chair of the ÅForsk Foundation and Wibax AB.

Employed in ÅF's Industry Division.

Employed in ÅF's Industry Division.

Head of Corporate Finance and Dept Handelsbanken Capital Markets.

CFO of OMX, Carnegie and Apoteket AB, CEO of Apoteket AB and CFO of Investor AB.

Formerly with Billerud-Korsnäs AB.

Automation engineer, Industry Division.

Inspection Engineer, Project Engineer at Industry Division.

0

0

0

2012 convertible programme: nominal amount SEK 60,000. 2013 convertible programme: nominal amount SEK 60,000

2012 convertible programme: nominal amount SEK 20,000

## Deputies

**Ida Yveborg**  
Deputy for Employee representative.

**Elected:** 2014

**Born:** 1979

**Education:** M.Sc., Institute of Technology, Linköping University.

**Other appointments:**

Employed in ÅF's Technology Division.

**Holding, 31 December 2014:** 0.

**Bengt Lerkén**  
Deputy for Employee representative.

**Elected:** 2013

**Born:** 1950

**Education:** Engineer

**Other appointments:**

Employed in ÅF's Technology Division.

**Holding, 31 December 2014:** 2013 convertible programme: nominal amount SEK 20,000.

## Auditors

### Ernst & Young AB

Auditor in charge

**Hamish Mabon**

# Group management



**Fredrik Nylén**  
**President, Technology Division**

**Employed:** 2008

**Born:** 1971

**Education:** MSc, Business and Economics, Uppsala University and BSc, Constructional Engineering, Royal Institute of Technology, Stockholm

**Professional experience:** Consultant, Group Manager, Regional Manager SWECO, Business Area Manager ÅF, Deputy Divisional Manager, ÅF

**Holding:** 9,492 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 100,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Marie Edman**  
**PA to the President**

**Employed:** 2010

**Born:** 1953

**Education:** Managerial Secretary studies; PR & Business Communication, IHM Business School

**Professional experience:** PA to the President at Proffice, Electrolux Cleaning Appliances and Skandex

**Holding:** 1,274 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Per Magnusson**  
**President, Industry Division**

**Employed:** 2006

**Born:** 1954

**Education:** Electrical power engineering, Polhem Technical Upper Secondary School, and advanced supplementary courses in economics, marketing, and business development. KTH Executive School

**Professional experience:** Plant Engineer ASEA AB, consultant Rejlers Ingenjörer AB, Consulting Manager J&W AB, Sigma AB, CEO Benima SydVäst

**Holding:** 13,418 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 500,000

**Stefan Johansson**  
**CFO**

**Employed:** 2011

**Born:** 1958

**Education:** MBA, Linköping University

**Professional experience:** CFO Haldex and Duni, and various positions in the ABB Group

**Holding:** 15,004 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Viktor Svensson**  
**Executive VP, Group Sales & Marketing**

**Employed:** 2003

**Born:** 1975

**Education:** MBA, Blekinge Institute of Technology

**Professional experience:** Stock market journalist at Finanstidningen

**Holding:** 16,250 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Jonas Wiström**  
**President and CEO**

**Employed:** 2002

**Born:** 1960

**Education:** M.Sc., Royal Institute of Technology (KTH)

**Other appointments:** Director of Teknikföretagen (the Swedish Engineering Industry Employers' Association), Business Sweden. Member of the Royal Swedish Academy of Engineering Sciences (IVA) and Director of IVA's Business Executives Council

**Professional experience:** President/CEO Prevas AB, Managing Director Silicon Graphics, northern Europe, Manager Sun Microsystems Sweden

**Holding:** 64,262 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 3,060,000

2013 Staff Convertible Programme: nominal amount SEK 3,060,000



**Ulrika Lundgren**  
**Vice President M&A and**  
**Corporate Development**

**Employed:** 2012

**Born:** 1970

**Education:** MBA, Stockholm School of Economics

**Professional experience:** M&A and strategic business development at Saab AB, Gambro, Investor and Handelsbanken Capital Markets

**Holding:** 1,484 Class B shares

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Christer Carmevik**  
**ÅF Network**

**Employed:** 2012

**Born:** 1964

**Education:** M.Sc., Institute of Technology, Linköping University

**Professional experience:** Designer, Project Manager and Product Manager at Stiga; Engineering Manager, Combitech Traffic Systems; Chief Designer, Swedrive; and consultant, Consulting Manager, MD of subsidiary and business developer, Epsilon

**Holding:** 152 Class B shares

**Mats Pålsson**  
**President, Infrastructure Division**

**Employed:** 2009

**Born:** 1954

**Education:** M. Sc. Civil Engineering, Luleå University of Technology

**Professional experience:** Site Engineer, Skanska, CEO of SWECO VBB Viak and SWECO VBB, Business Area Manager ÅF Infrastructure Planning

**Holding:** 14,480 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Roberto Gerosa**  
**President, International Division**

**Employed:** 2007

**Born:** 1965

**Education:** M.Sc., Swiss Federal Institute of Technology, Zürich

**Professional experience:** CEO AF-Colenco Ltd, Switzerland, CEO Colenco Power Engineering Ltd, Switzerland

**Holding:** 31,011 Class B shares

**Emma Claesson**  
**Vice President,**  
**Human Resources & Communications**

**Employed:** 2014

**Born:** 1974

**Education:** MBA, Uppsala University

**Professional experience:** VP HR SSAB EMEA, Director Leadership & Competence Development SSAB, Management Consultant Accenture

**Holding:** 0

**Jacob Landén**  
**General Counsel**

**Employed:** 2008

**Born:** 1965

**Education:** LL.B., Uppsala University

**Professional experience:** Legal profession

**Holding:** 10,236 Class B shares

2012 Staff Convertible Programme: nominal amount SEK 1,500,000

2013 Staff Convertible Programme: nominal amount SEK 1,500,000

**Nyamko Sabuni**  
**Vice President, Sustainability**

**Employed:** 2013

**Born:** 1969

**Education:** Law, Uppsala; Information and Communication, Berghs School of Communication; Migration Policy, Mälardalens University

**Professional experience:** Project Manager, Folksam sociala råd, Communications Advisor Geelmyuden, Kiese, Member of the Swedish Parliament, Committee on Industry and Trade, Minister of State.

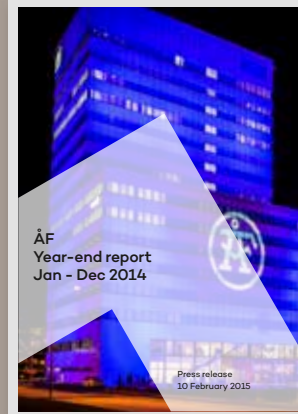
**Holding:** 177 Class B shares



# Events and reports



Green Advisor Report 2014



Year-end report 2014



Scan the QR code into your phone or tablet to connect to ÅF's Green Advisor Report or Year-end report 2014.

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## Calendar of events – 2015

**10 Feb** Year-end report 2014

**13 Jul** Interim Report January–June 2015

**29 Apr** Interim Report January–March 2015

**6 Oct** ÅF Green Day

**29 Apr** Annual General Meeting

**23 Oct** Interim Report January–September 2015



Eskilstuna railway bridge in Sweden is bathed in a stunning blue-green shimmer that really accentuates the bridge for the passing train. The lighting project was carried out by ÅF's award-winning lighting designers. Photo: Sten Jansin



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Photo: Olof Holdar, Lars Bahl (p. 18), Olof Thiel (p. 46), Sten Jansin (p. 18), and others.  
This is a translation of the Swedish original. The Swedish text is the binding version and shall prevail in the event of any discrepancies.

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Tel: +46 10 505 00 00

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For further information on addresses, please see  
[www.afconsult.com](http://www.afconsult.com)





INNOVATION  
BY EXPERIENCE

ÅF is an engineering and consulting company for the energy, industrial and infrastructure markets, creating progress for our clients since 1895.

By connecting technologies we provide profitable, innovative and sustainable solutions to shape the future and improve people's lives.

Building on our strong base in Europe, our business and clients are found all over the world.

ÅF – Innovation by experience.