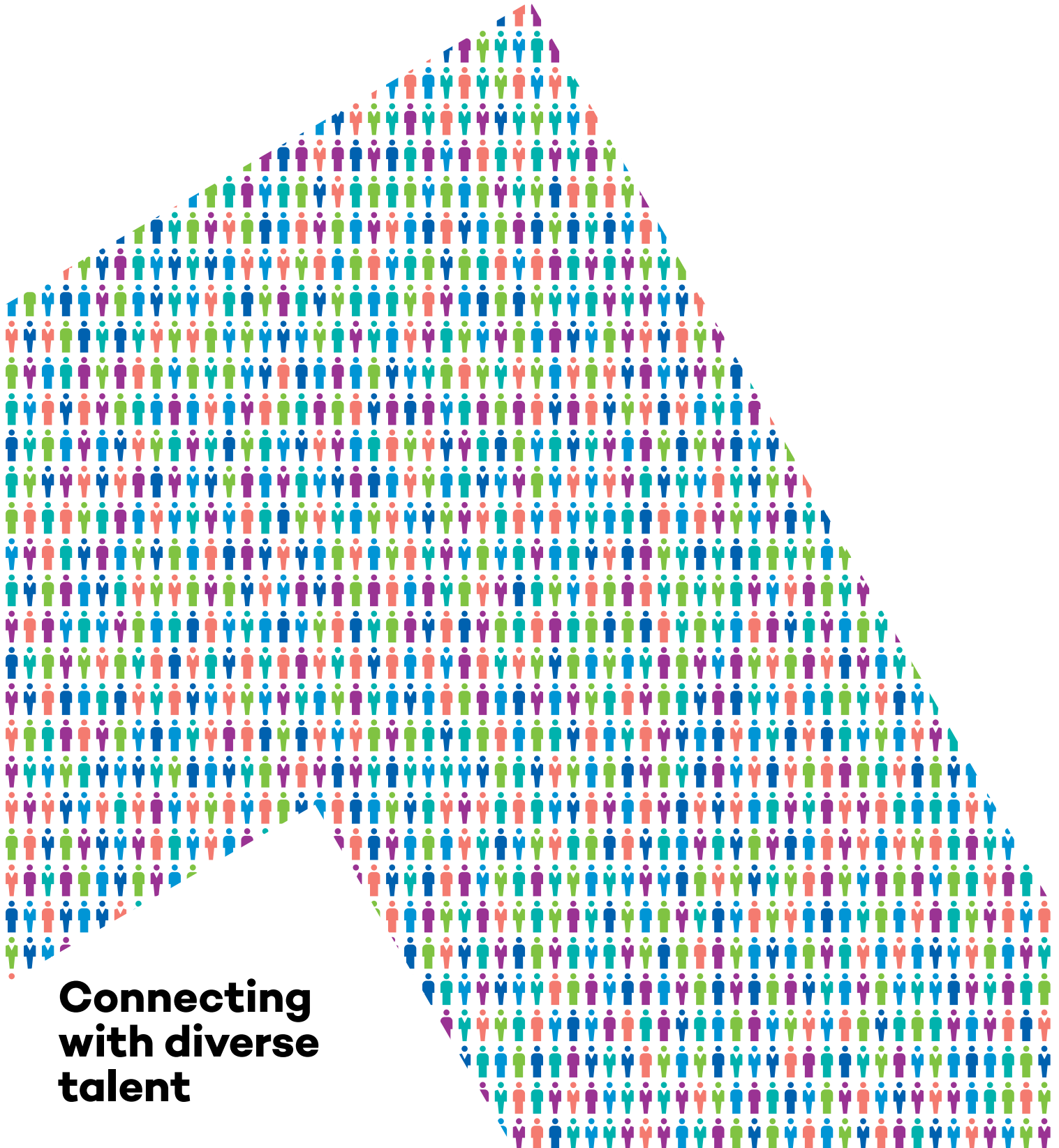


Sustainability report

according to the Global Reporting Initiative (GRI)

2015



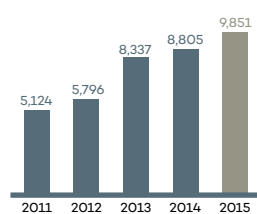
**Connecting
with diverse
talent**



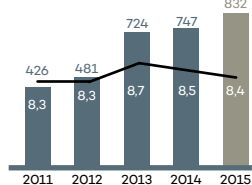
The year at a glance

	2015	2014
Net sales, SEK m	9,851	8,805
Operating profit excl. items affecting comparability, SEK m	832	747
Operating margin excl. items affecting comparability, %	8.4	8.5
Operating profit, SEK m	839	756
Operating margin, %	8.5	8.6
Profit after financial items, SEK m	799	720
Basic earnings per share, SEK	7.81	7.16
Net debt, SEK m	1,486	870
Net debt/EBITDA, rolling 12 months, times	1.6	1.0
Net debt-equity ratio, %	35	22
Total number of employees	7,852	7,117
Capacity utilisation rate, %	76.9	76.1

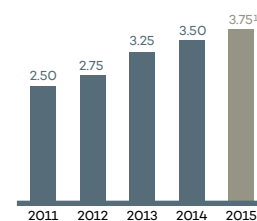
Group net sales, SEK m



Group operating profit and operating margin, excl. items affecting comparability, SEK m



Dividend per share, SEK



¹⁾ Proposed dividend.

This is ÅF



Zlatan Bahtijaragic Idnert

Section Manager, Sound and Vibration

ÅF – a brand built by people

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 makes 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 Ångpanneföreningen, 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 and diversity 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.



Want to know more about what it's like to work at ÅF? Meet some of ÅF's employees on our website: afconsult.com/en/join-us/

Olimpia Censurato
Development Engineer, Infotainment, Automotive



Daniel Ordéus
Section Manager, Product Development



Emelie Nymark
Mechanical Integration Engineer, Automotive

Sectors



ENERGY – ÅF is one of the world's leading engineering and consulting companies in the field of energy.

Industries

- Power and heating
- Hydropower
- Nuclear power
- Renewable energy
- Transmission and distribution
- Energy markets



19 %¹⁾



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

Industries

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



46 %¹⁾



INFRASTRUCTURE – ÅF is one of the market leaders in Scandinavia in sustainable technical solutions for buildings and infrastructure projects.

Industries

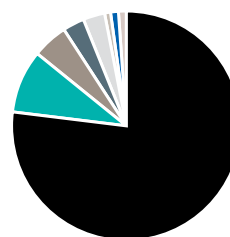
- Property
- Roads and railways



35 %¹⁾

¹⁾ Percentage of net sales.

Net sales per country



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

Our ten largest clients

AB Volvo
Astra Zeneca
E.ON
Ericsson
Oslo Lufthavn
Scania

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

A record year in which ÅF strengthened its positions

In an uncertain market, 2015 was a good year for ÅF from several perspectives. Profit for the full year and fourth quarter were ÅF's highest ever. Strategic acquisitions and reorganisation made ÅF even stronger for the future. We exceeded the growth target of EUR 1 billion in net sales that was set five years ago. And compared to the rest of Europe profitability was top class and cash flows remained strong.

Continued weak growth in Europe and the great uncertainty prevailing in the economies of the rest of the world, including developments in China, make it more difficult than ever to assess the future. This uncertainty has been reinforced by geopolitical tensions, especially regarding Russia and the Middle East.

In the sectors in which ÅF operates – energy, industry and infrastructure – low energy prices in Europe have meant a continued low level of investment in the energy sector. A number of planned nuclear power investments in Sweden have also been either shelved completely or pushed forward indefinitely. The manufacturing industry has seen large variations between different industries. For example, the automotive, pharmaceutical and pulp industries performed strongly, while the mining and steel industries have grappled with a market suffering from overcapacity. The market has been very weak in the oil and gas industry due to sharply falling prices.

Infrastructure investments remained at high levels in Scandinavia. The needs are still great and can be expected to persist going forward.

Improved profit in all divisions

All divisions improved their operating profit with better or largely unchanged operating margins and increased net sales during the year. The good outcome is a result of both organic growth and strategic acquisitions. It is also the result of our ability to divert resources and adapt operations to changing realities.

We implemented a reorganisation at mid-year that affected the Industry and Technology Divisions when the acquired

company LeanNova was moved to the Industry Division. The reorganisation had several purposes. One was to refine the Technology Division so it can fully focus on digital solutions, and another was to enable development of a knowledge base that is transferable to all industries. This has made the division's client offering clearer and more in-depth and specialised.

A third purpose was to take advantage of synergies in the Industry Division and create a very strong offering in automotive production and product development. The acquisition of LeanNova made ÅF the leading, most comprehensive supplier of development services to the automotive industry in the Nordics, and placed us in the international marketplace at the same time. We now have the expertise to do everything from joining systems together to developing a complete car.

In the energy area, we see good future opportunities for expansion in hydropower across divisional and country borders. That was the reason for a further reorganisation at year-end in which we pooled our hydropower expertise in the International Division.

For the Industry Division the year began with a weak market but ended on a stronger note. This was helped by our strong automotive offering, which met with success on the international automotive markets with new client agreements in Sweden, China and the UK.

With the acquisition of PRC Engineering we also took ÅF up the value chain in the growing pharmaceutical industry and improved the opportunities for internationalisation.

The market was strong for the

Infrastructure Division and it grew faster with better profitability than the industry in general. Operating profit for the division was the best ever and we further strengthened our market position. Over the last five years, the division has grown from number eight in size in the Swedish market to being one of two market leaders today.

We also strengthened our presence in the fast-growing Norwegian infrastructure market, partly through the acquisition of Erstad & Lekven and partly through the agreement with Reinertsen to form a jointly owned company there. The agreement took effect on 1 February 2016 and is expected to add about SEK 500 million in sales.

The International Division is one of ten leading energy consultants in the world and continued to improve its profit during the year despite a weak domestic market in Europe. Restructuring in the division helped improve profit, as did a strong focus on emerging markets, which resulted in a growing number of projects outside Europe.

There was a change in management in the Technology Division in conjunction with the reorganisation. The reorganisation has already led to improved profit and we have seen strong demand for defence systems and from the automotive industry, and stable demand from telecom.

Favourable long-term market trends

ÅF has a long and impressive history of helping to build a better society, with innovative solutions and trustworthy relationships that make for a more sustainable society. This in turn requires that we have a good understanding of

what is happening in our own and our clients' business environments. Today we see several major trends that are influencing our clients and thus also influence us. Globalisation means that clients face fierce competition and are looking for solutions that can help increase the efficiency of production, logistics and product development, but that can also help make products and solutions more attractive from a sustainability perspective.

There is much left to do in all parts of the industry and in society in general, especially when it comes to "Industry 4.0", the smart production method in which everything is connected, as well as in steering towards more efficient energy use. This digitalisation trend affects all industries and sectors. Intelligent solutions are becoming more common in everything from production and products to buildings and energy systems. Everyone is pulling in the same direction, namely towards the need for increased competitiveness in a globalised world and for a sustainable society.

The urbanisation that is occurring all over the world is also increasing the demand for a society that is organised in a sustainable manner, with well-functioning transport systems, safe and clean energy, clean air and water, energy efficient buildings and well-functioning public transport. Meeting these trends often involves large investments that require a long-term perspective. ÅF has ample evidence in its project operations that sustainability and profitable growth can go hand in hand. In the long term, we are convinced that they are not in the least incompatible. We consider it our primary task to develop solutions in partnership with our clients that will enable them to remain competitive and profitable in the future.

Another trend is the repositioning that is occurring among our industrial clients. They want to move up in the value chain by doing more for their clients and being less involved in the technological aspects of their businesses. These include car manufacturers and other client categories, such as the Swedish Transport Administration and power companies, who are increasingly procuring more of their technology needs externally. This is a development that benefits a company like ÅF that has the ability to offer end-to-end solutions in long term projects.



Q1

- ÅF acquires LeanNova with strategic expertise in vehicle development.
- ÅF strengthens its food and pharma offer by acquiring PRC Engineering.
- Two new orders from Swedish Transport Administration, including project planning for E14 Sundsvall-Stöde.

Q2

- ÅF is chosen for major power project in Kenya, Uganda and Rwanda.
- ÅF – new organisation with improved client focus
- ÅF acquires EQC Group, a fast-growing infrastructure planning company
- ÅF acquires LEB Consult, strengthening its offering to the property management market.

Q3

- ÅF wins hospital assignment in Malmö.
- ÅF wins extensive assignment from OKG.

Q4

- Lars-Eric Aaro new Executive Vice President Corporate Sales at ÅF.
- ÅF's framework agreement with FMV strengthens its position as a leading partner in defence technology.
- ÅF wins robotic automation order from Volvo Car Corporation.
- ÅF acquires construction management company Erstad & Lekven Oslo.
- ÅF wins framework agreement as supplier to Svenska kraftnät.
- ÅF strengthens its position in infrastructure together with Norwegian company Reinertsen.

We are enjoying a growing interest in such long-term partnerships. We are doing more and more for existing clients and our ten largest clients have increased their share of sales over the last five years. This enables us to build trusting relationships and become a real partner for the future.

An attractive employer

At ÅF, we strongly believe in the value of our outstanding employees. We want to recruit the best and also retain them. Ultimately, it's about being able to achieve our growth and profitability targets. We invest in long-term relationships with employees in different ways and offer several different specialist and career paths and opportunities for stimulating teamwork, which is one of our core values. Being an attractive employer also means promoting diversity and equality in our recruitment process.

Therefore I am very proud of receiving awards in 2015 for being the most attractive employer among those with a B.Sc. in engineering and in second place among recent graduates with an M.Sc. in engineering. This is something that will really help us further strengthen our brand.

ÅF continues to comply with the UN initiative Global Compact, which includes principles for human rights, labor, environment and anti - corruption, which guide us in our business decisions and in our overall sustainability work.

Outlook for 2016

We had a good year in 2015 despite an uncertain world. We made a number of strategically significant investments, strengthened our brand and our client relationships and have been able to continue recruiting the best employees. All this, together with strong cash flows and a sound capital structure, means that we are well positioned for future growth in a market that is favourable to ÅF in the long term.

ÅF is stronger than ever, and with 2015 as a jumping off point we are well on our way to achieving our 2020 targets.

Finally, I want to thank our clients for the confidence they place in us and all our employees for their great efforts during the year.

Stockholm, Sweden – March 2016
Jonas Wiström, President and CEO



Key events during the year

In 2015, ÅF continued with its strategic direction to strengthen sustainability work.



ÅF Green Day

The ÅF Green Day conference brought together 75 key individuals from Ericsson, IBM, Sida, TeliaSonera, Scania and other companies for discussions on the theme 'Driving Sustainable Development through Connectivity'.



Sustainability training

3,700 employees completed ÅF's online sustainability training, which provides a basic understanding of the company's sustainability aspects.



Anti-corruption training

65 employees completed advanced anti-corruption training as a result of risk analysis assessments relating to projects.



Proud employees

The 2015 employee survey revealed that 73 percent are proud to work for ÅF.



Sound understanding of ÅF's sustainability work

The 2015 employee survey revealed that 80 percent of employees have a sound understanding of ÅF's sustainability work.



Most attractive employer

ÅF came first and second in Universum's 2015 'most attractive employer' ranking. The 2015 list for professional engineers was divided into two categories; one for engineers with a B.Sc. and one for engineers with an M.Sc. ÅF won the coveted first place among engineers with a B.Sc. and second among engineers with an M.Sc.



The technology leap attracts more applicants

The Royal Swedish Academy of Engineering Sciences reported that the proportion of young women applying to ÅF through the Teknicsprånget programme is higher than average. In 2014, 295 persons, of whom 48 percent were women, applied for a job at ÅF. By autumn 2015, the number of candidates increased to 430, of whom 45 percent were women.



Trainee programme for immigrants

ÅF launched a trainee programme for immigrant engineers. The programme includes a six-month work placement, training, mentorship and networking.



67 recruited during Ladies' Month

67 new female employees were recruited at ÅF during October as a result of the 2015 Ladies' Month campaign, which is an increase of 22 percent compared with Ladies' Month 2014.



Vision, mission, objectives and strategies

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.



“Connecting future technologies”

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 (Net debt/EBITDA) over a business cycle.

Growth objective

Sales of EUR 2 billion 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 focus areas form the basis of the company's sustainability work.

- Sustainable solutions
- Responsible business transactions
- Attractive employer

The goals for these areas extend until 2020.

The focus areas and goals are described in more detail on pages 38–49.

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 will come from acquisitions, which must strengthen the company in the selected sectors – energy, industry and infrastructure – and fit well with ÅF in terms of corporate culture. Above all, ÅF's continued growth will occur in its domestic markets and the global energy market.

ÅF's strategy for sustainable development

ÅF's operations are pursued with a focus on doing sustainable business in tune with current market trends such as globalisation, urbanisation and digitalisation.

With technology at the heart, ÅF's core operations continually deliver innovative solutions as part of assignments to create sustainable value for its clients. ÅF's client offering is governed by demands for efficient use of resources, renewables and long-term solutions. Furthermore, ÅF applies the precaution-

ary principle by avoiding materials and methods involving environmental and health risks when suitable alternatives are available.

Long-term profitability is secured by ÅF being at the forefront in terms of developing a more sustainable business sector and society. In 2015, ÅF refined its strategy

by establishing objectives within three focus areas that highlight the company's key sustainability issues.

Focus areas

1. Sustainable solutions
2. Responsible business transactions
3. Attractive employer



Nyamko Sabuni
Vice President, Sustainability

What is your view on ÅF's sustainability work from a strategic perspective?

"Fundamentally it's about responding and being equipped to meet the global trends of urbanisation, sustainable community development, sustainable production as well as digitalisation. We understand what these trends demand and we have the right expertise to assist clients with intelligent and sustainable end-to-end solutions, which draw on a combination of technologies and skills.

It is in our projects and in cooperation with our clients that we contribute most to the benefit of society. Our clients want to be profitable and grow while also wanting to reduce their use of resources. We provide services that helps clients create sustainable processes and products while ensuring that they comply with applicable regulations. By that I mean even the requirements of investors and other stakeholders, as well as the specific requirements of the products throughout the value chain."

How do you achieve this?

"All of our engineers aim to contribute towards sustainable development. We offer sustainable solutions to meet the challenges faced by our clients. We listen carefully when a client presents their requirements, but we are also proactive and at the forefront of developments, so we are able to propose entirely new solutions."

What will be the next steps for your sustainability work in 2016 and going forward?

"We will continue to help our clients develop their businesses in a sustainable way, to make our contribution to the new sustainable development goals adopted by the UN member states. We will also continue to develop our own internal processes in accordance with our Code of Conduct and the UN Global Compact."

ÅF drives sustainable development through innovation and technology

ÅF has an important part to play in the transition to a sustainable energy and technical trend in the business sector and society. Technology development will be crucial to many of the global challenges faced by society, for example with regard to future energy production. ÅF's position as an innovative technology expert creates major opportunities for making a positive contribution to society's sustainable infrastructure. The assignments are carried out in accordance with high standards of business ethics.



ÅF is contributing to the development of sustainable cities, infrastructure and transport solutions.

Energy and technical solutions

Together with several of its clients, ÅF Vice President of Sustainability, Nyamko Sabuni, participated in the climate conference in Paris, the 21st session under the United Nations Framework Convention on Climate Change. It is clear that trade and industry must be involved in helping to reduce climate change, as is ÅF's contribution towards the transition to sustainable energy and technology development in the commercial sector. Less energy consumption helps cut carbon dioxide emissions. Energy efficiency is therefore highly significant in terms of the impact on climate. Together with its clients, the company continues to focus on developing innovative solutions that reduce carbon dioxide emissions and increase energy efficiency. ÅF is already working to address the sustainable energy supply of the future in several projects, such as the Electricity

Crossroads project, which brings together leading representatives of energy companies, technical consultancies, research institutes, industry, and environmental organisations to find solutions for Sweden's future energy supply.

Sustainable urban development and infrastructure

The trend of urbanisation has never been so strong in the world. ÅF is contributing to the development of sustainable cities, infrastructure and transport solutions. Through knowledge and innovative solutions, the company is making a positive impact on the development of the cities of tomorrow.

One example of a ground-breaking assignment is Oslo's Gardermoen Airport, in which ÅF is project managing all phases of the reconstruction, encompassing the world's largest passive house (minimises heat loss) with a total area of 87,000 square metres.

Circular business models and greater product efficiency

ÅF operates within a broad spectrum of industrial projects, spanning everything from product development and logistics solutions, to streamlining material flows. The world is moving towards increasing demands for circular business models with zero waste. ÅF helps clients realise their sustainability ambitions and achieve more sustainable solutions in all processes.

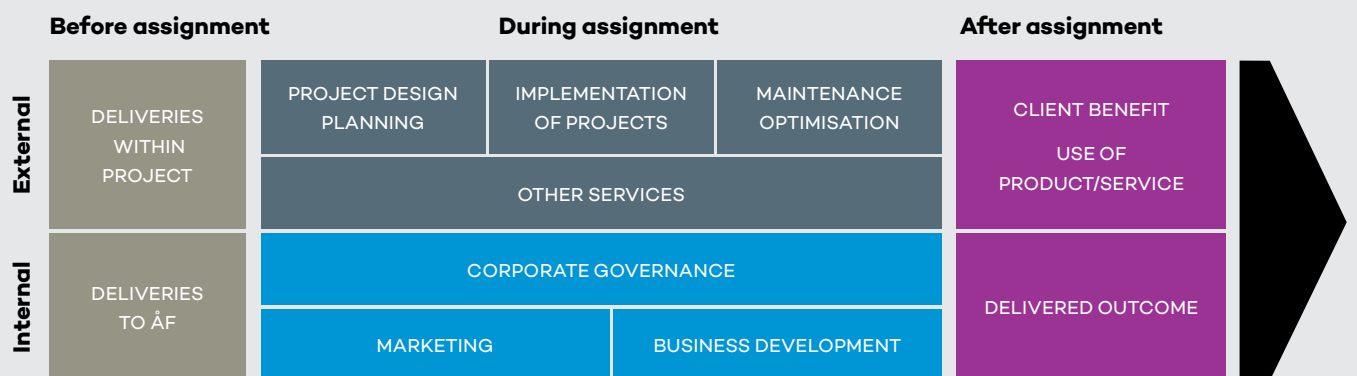
Partnerships and end-to-end solutions

Partnerships and innovative end-to-end solutions are the watchwords in taking the lead and creating solutions throughout the entire value chain. ÅF's expertise ensures that clients' operations contribute to sustainable value. The UN's new global development goals bring opportunities for cooperation and innovative business across the value chain, to tackle sustainability challenges jointly. Partnerships create innovative strength.

ÅF brought together its key stakeholders, clients, partners and teaching institutions at the annual conference, ÅF Green Day, in order to urge organisations to cooperate, create value and do sustainable business together. For example, there were discussions around solutions such as digitalisation, smart technology and safe transport systems.



ÅF's value chain



ÅF creates value in assignments

ÅF's value chain describes processes and spheres of influence. The value in assignments is developed by our employees and determined through their expertise and range of technical skills. The most significant sustainability impact is found in assignments namely through innovation, energy and technical development. When ÅF participates in the early phase of

projects it offers the greatest potential for influencing the design, implementation, choice of materials and choice of suppliers to create sustainable solutions. Many of the assignments are part of larger projects such as energy, infrastructure or industrial projects. ÅF often joins at an early stage and is able to influence areas that may affect the project's sustain-

ability performance.

The value chain also includes deliveries to ÅF offices, as well as travel and materials for project implementation. Within the framework of assignments, ÅF encourages purchasing sustainable materials and services. One example is the airport, Gardermoen, which - when completed - will have unique efficient energy solutions.

Governance and responsibility

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. The guiding principle is based on ÅF's core values of outstanding and motivated employees, teamwork and indisputable independence. The vision is to be the best partner for the best clients.

Prioritised and integrated sustainability work at management level

ÅF's Vice President of Sustainability, Nyamko Sabuni, is a member of Group management, which creates an environment for proactive and integrated work with sustainability. This means sustainability issues can be raised, assured and prioritised early on in the business process. Strategic responsibility lies with the Vice President of Sustainability. Sustainability work is integrated at Group management level and existing employee functions, such as Finance, HR and Legal, are responsible for implementation. The sustainability work is governed and followed up via ÅF's Group-wide management system and processes. Each division president is responsible for pursuing sustainability work as part of their client assignments. In addition there are four sustainability coordinators, one for each division. In 2015, the sustainability coordinators met with ÅF's Sustainability VP on six occasions to ensure that work is being implemented and developed. The ÅF Board also includes sustainability aspects in their overall decision making process.

International guidelines and governing framework

ÅF has undertaken to follow the principles of the UN Global Compact and submits annual reports to the UN regarding its work and progress. In 2015, 80 internal audits were carried out to improve efforts. The Group does not enter into business projects where there is a risk of the UN Global Compact's principles or ÅF's Code of Conduct being breached.

Sustainability work is governed by the company's sustainability policy, operations policy, travel policy, equality policy, health and safety policy, whistleblower policy and Code of Conduct. The Code of Conduct is a summary of the rules and guidelines that form the basis of the 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 already has a Group-wide management system that includes quality, environmental and working environment processes. In 2015, minor incidents and deviations were reported via the whistleblower function and were addressed within the areas of working environment and integrity.

A system of health and safety procedures and processes was implemented in 2015 to meet the requirements of OHSAS 18001. As a result of the 2015 external audit of internal processes, several governing documents were updated. New suppliers in the procurement process were informed about the updated purchasing policy. Furthermore, the business criteria for ÅF's business partners were updated and communicated to all new partners in the procurement process, for improved sustainability governance in projects.

More training initiatives

Sustainability work that is integrated and adds value requires an awareness of the issues, as well as the risks and opportunities faced by the entire business. For that reason, 3,700 employees completed the

compulsory sustainability programme in 2015; the ultimate aim is for all employees to undergo the training. New employees carry out the training within three months of starting their job. A number of communication and training initiatives were conducted at various levels for more in-depth implementation of the sustainability strategy. For example, sustainability is part of the induction and managerial course. Specific areas such as human rights, gender equality, diversity and anti-discrimination are also aspects of the EVEN ODDS talent programme.

Advanced anti-corruption work

Corruption is a reality in many countries in which ÅF operates. The compulsory sustainability training also covers anti-corruption and information about ÅF's policies for sustainability and whistleblowing. A section on anti-corruption has been drawn up as part of the sustainability policy. Anti-corruption training was developed in 2015 to further support consultants in their assessment of corruption risks. Some 60 consultants completed the programme, which featured anti-corruption scenarios. ÅF will continue to train its consultants working in high-risk projects and countries, in order to encourage responsible business practices. ÅF also ensures that operations are conducted responsibly through its Sustainability Risk Assessment process (SRA).

Focus on the essential

Focus areas for sustainable development

ÅF works systematically with its prioritised sustainability aspects. All are included in the focus areas.

1

SUSTAINABLE SOLUTIONS

ÅF contributes towards sustainable development by offering the most sustainable solutions. Every project creates value for ÅF, the client and society.

2

RESPONSIBLE BUSINESS

All projects and assignments fulfil the principles stated in ÅF's **code of conduct**, which includes the UN Global Compact principles. ÅF ensures that operations are conducted responsibly through its risk assessment process (SRA).

3

ATTRACTIVE EMPLOYER

ÅF's most significant success factor is human capital. ÅF attracts **outstanding, motivated employees**. Teamwork is important to enabling development of innovative, multi-sectoral solutions.

ÅF guarantees long-term profitability by working proactively to push developments towards a more sustainable society.

ÅF conducts stakeholder dialogues to ensure that its sustainability work focuses on the principal issues. Just over 2,000 employees selected clients, suppliers and students have listed their priorities under the following aspects:

environmental responsibility, employee responsibility, social responsibility and financial responsibility.

The results of the survey and ÅF's internal assessment form the basis of the aspects that ÅF will focus on the years ahead.

ENVIRONMENTAL RESPONSIBILITY

- 1 Business trips
- 2 Commuting
- 3 Energy saving in offices
- 4 Purchase of products
- 5 Environmental management system
- 6 Material selection in assignments
- 7 Environmental impact of goods transport

EMPLOYEE RESPONSIBILITY

- 8 Psychosocial work environment
- 9 Physical work environment
- 10 Gender equality
- 11 Diversity
- 12 Fair wage equality
- 13 Fair working conditions
- 14 Continuing professional development
- 15 Increased knowledge of sustainable development

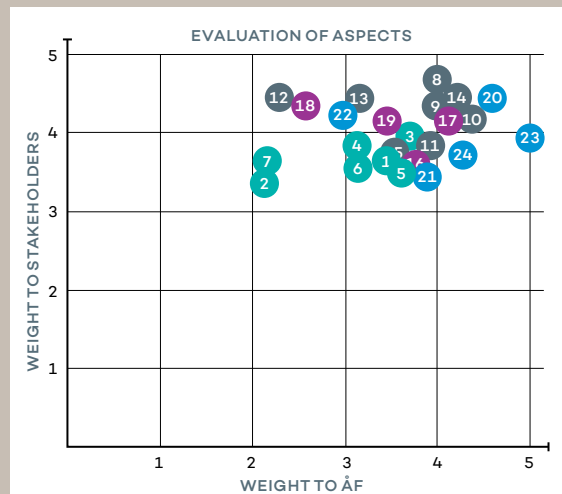
SOCIAL RESPONSIBILITY

- 16 Impact on local communities
- 17 Anti-corruption
- 18 Human rights
- 19 Evaluation of suppliers

FINANCIAL RESPONSIBILITY

- 20 Long-term profitability
- 21 Communication of ÅF's sustainability performance
- 22 Innovation and new approaches (business development)
- 23 Future skills supply
- 24 Develop ÅF's service offer in terms of sustainability

The number refer to the corresponding figure in the chart and do not indicate order of priority.



PRIORITISED SUSTAINABILITY ASPECTS

- Psychosocial working environment
- Physical work environment
- Gender equality
- Continuing professional development

- Anti-corruption
- Long-term profitability
- Develop ÅF's service offer in terms of sustainability

- Future skills supply
- Human rights
- CO₂ emissions
- Impact on local communities

Stakeholder engagement

ÅF has an ongoing dialogue with customers, employees and other key stakeholders to understand their needs, build trust and to develop the business in a more sustainable direction. The stakeholders have been selected from the ÅF value chain, those who affect ÅF or are affected by ÅF's operations.

During the year, regularly perform customer surveys, employee surveys, meetings and seminars. ÅF is also responsible in several studies from different screening organizations such as EcoVadis and GES.

Stakeholder dialogue set the agenda

During the year, several dialogues with the owners were done regarding ÅF's sustainability work. In this year's stakeholder dialogue was assessed issues such as work environment, gender equality, anti-corruption and supply of competence as most important by the stakeholders. These areas are prioritized and included in ÅF's sustainability work. ÅF clients and the world as a whole are putting increasingly higher demands on ÅF to act ethically and responsibly. This is also including the requirements that customers place on ÅF in the procurement of services. In 2015, surveys were sent to selected customers which includes quality issues and sustainability issues were raised.

It is in ÅF's projects and in cooperation with the clients where ÅF makes the most benefit to society. Some examples of these projects are depicted in ÅF Green Advisor Report, which is produced annually and distributed to customers and other stakeholders.



The figure illustrates the most important stakeholders.

Sustainable solutions

1

ÅF is influencing the development of a more sustainable society through its operations. The assignments span a broad spectrum within energy, infrastructure and industrial product and process development. ÅF's technical solutions contribute to efficient use of resources and reduced environmental impact or environmental improvements. By combining wide-ranging skills from a number of different disciplines, ÅF is able to offer sustainable end-to-end solutions.

Global challenges require global technical solutions

Climate change is the biggest global challenge facing the world. Rapid population growth, increased urbanisation and the continual flow of refugees are trends that are bringing increasingly high demands for sustainable urban planning, a reduction in carbon dioxide emissions and access to jobs for more people. Global energy consumption is expected to increase by 50 percent before 2035. Guaranteeing future energy supply and the transition to renewables present major challenges. Society is poised to embrace the positive opportunities created by digitalisation. By applying digitalisation and smart technology, ÅF can help link systems, societies and people, which will contribute to an interconnection of systems, communities and people, leading to more efficient energy and resource use. The UN's global sustainable development goals will facilitate more in-depth collaboration and innovative solutions to limit climate change.

Targets for sustainable solutions

The UN's global sustainable development goals, which were launched in 2015, form the basis of ÅF's goals. Many of the UN's 17 goals are relevant to ÅF's operations. Three have the most obvious link to business operations. These are:

- Objective 7. Ensure access to affordable, reliable, sustainable and modern energy for all.
- Objective 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- Objective 11. Make cities and human settlements inclusive, safe, resilient and sustainable.

These objectives have been reinterpreted to create the following target areas, in which ÅF can create the most value. ÅF contributes to:

- develop sustainable energy
- develop sustainable industries
- develop sustainable cities and infrastructure

ÅF's assignments add value: efficient and renewable energy, more efficient use of resources, safe workplaces, improved air and water quality. During 2016 ÅF will develop systems that monitor the missions effect on sustainable development.

ÅF steers its operations towards sustainable goals

In 2016 these goals will be established in the operations, and both action plans and follow-up will be implemented. Below is a description of the challenges we face and how ÅF can create value.

Sustainable energy

More than a billion people across the globe live without access to electricity. Meanwhile, according to the UN, the global population is expected to increase to 8.5 billion by 2030. As energy consumption rises, so too do requirements for reduced carbon footprint. These are some of the challenges that ÅF addresses through its energy projects.



SUSTAINABLE
ENERGY



SUSTAINABLE
INDUSTRIES



SUSTAINABLE CITIES
AND INFRASTRUCTURE

ÅF has chosen to use the UN sustainable development goals as a starting point for the Sustainable solutions focus area.



Green Advisor Report

Find out more about ÅF's sustainable solutions in the Green Advisor Report, which can be downloaded at afconsult.com/sustainability.

Sustainable industry

Product development today is subject to stringent requirements as regards sustainability. Sound resource management and renewable materials are often non-negotiable. Sustainability expertise is a competitive advantage. ÅF's consultants develop vast numbers of applications and products used on a daily basis through the assignments in which they are involved. Everything from dishwashers, packaging, smart and safe vehicles, to telecom solutions. ÅF works to optimise logistics and process flows in factories in order to boost productivity, avoid unnecessary energy loss and reduce water consumption. ÅF's environmental specialists also help companies and other clients with waste management, environmental management systems, environmental and health risk assessments and permit applications. Land contamination specialists help remove toxic substances from buildings and the natural environment. These assignments in turn contribute towards reducing emissions to air and water, ensuring safe working environments and increasing understanding of safety, health and the environment.

The world is moving ever closer to a circular economy¹⁾ based on a recycling society. ÅF's ambition is to contribute to the development of a circular approach to product development by adapting designs and using recycled materials as far as possible.

Sustainable cities and infrastructure

Half the world's population live in cities, and the figure is rising. ÅF is leading



ÅF is leading developments with regard to the cities of the future, with increasing demands for climate-adapted, safe environments.

developments with regard to the cities of the future, with increasing demands for climate-adapted, safe environments. The strong urbanisation trend and higher levels of air pollution are also fuelling interest in smart communications such as intelligent transportation solutions and driverless cars.

Through its expertise and innovative

solutions, ÅF is at the forefront and influencing the development of a large number of urban development projects in Sweden and abroad. It could involve anything from project design of roads and public transport, to creating the hospitals, housing, lighting and acoustics of the future. ÅF contributes expert knowledge of sustainability issues and social perspectives. Municipal waste management, the preservation of cultural heritage and development of safe and accessible green spaces are also examples of areas that come under ÅF's remit.

ÅF is participating in the expansion of the digital infrastructure of tomorrow – fibre. As more and more social functions become digitised, it is important that anyone, wherever they live, has the same opportunities to be a part of the digitalisation process. ÅF is a key player in national efforts to achieve Sweden's broadband target, which is for 90 per cent of the population to have access to high-speed broadband of 100 Mbit/s by the year 2020.

¹⁾ According to the Swedish Environmental Protection Agency: "A circular economy is based on recycling systems and means that the added value of products is preserved for as long as possible, eliminating waste. This means that a product that has reached the end of its life cycle is reused in new production, thereby adding more value."

Responsible business

2

One of ÅF's most important tasks is to ensure that assignments are carried out responsibly. ÅF conducts assignments in 100 countries all around the world and therefore has a systematic process and procedure for ensuring they are performed in accordance with the principles of the UN Global Compact.

Targets for responsible business transactions

ÅF's Code of Conduct includes requirements for sound business ethics that do not violate human rights or accept corruption, and that advocate good working conditions and minimal environmental impact. In order to monitor compliance with the code, the following targets have been developed.

- ÅF will deliver services that fulfil or exceed client expectations.
- ÅF's assignments will satisfy the UN Global Compact's ten principles for sustainable enterprise.
- ÅF will pursue operations in such a way as to reduce the company's internal environmental impact, as well as CO₂ emissions.

Monitoring of goals

In 2016 the goals will be an integral part of the organisation, while action plans, activities and monitoring processes will be implemented. For those areas and goals for which ÅF lacks measurable data, 2016 will be used as the base year for developing procedures and monitoring processes. The goals will be measured as follows:

Improve client satisfaction

Client satisfaction is measured via the client surveys carried out in ÅF's business system following completion of a project. 2016 will be the base year in which a procedure is set up to collect and evaluate the results. Following this the goal will be broken down into various intermediate goals.

Ensure compliance with UN Global Compact

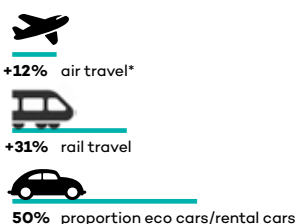
To ensure compliance with the UN Global Compact at the bidding stage, a risk assessment of the assignment is conducted based on a number of sustainability criteria linked to the ten principles. The purpose is to identify possible risks attached to the project at an early stage and, if necessary, carry out a more in-depth analysis, a so called SRA (Sustainability Risk Assessment). The analysis aims to identify potential risks and provide recommendations on how these can be addressed. In 2015, in-depth analyses were conducted on seven projects. In two cases an action plan was required in order to address the risks. One measure included ensuring the consultants linked to one of the projects completed advanced anti-corruption training.

Zero tolerance for corruption

The sustainability risks that may arise in ÅF's assignment differs considerably between various business areas, projects and markets. ÅF has therefore developed tools and methods to ensure that ÅF's sustainability policy and Code of Conduct is carried out throughout the entire business. The framework for anti-corruption is also integrated in the risk management process. ÅF has zero tolerance for all forms of corruption, extortion and bribery. Within the framework of the business management process internal audits are of processes, projects, and physical locations are carried out. During the year there were no reported cases of corruption.

Reduce CO₂ emissions

The majority of ÅF's emissions are related to business travel. To encourage sustainable travel, the company acquired additional electric cars in 2015 to function as company cars, and charging stations for electric hybrid cars were installed at a number of offices. ÅF also signed a contract that prioritises electric cars when ordering taxis, in order to promote the electric car market. Internal awareness has been generated among employees. One such example is that 50 percent of ÅF's hire cars are eco cars. Compared with the previous year, flights have risen by 12 percent, but rail journeys have seen an even larger increase: an impressive 31 percent. ÅF monitors its emissions by producing a climate report, which details carbon dioxide emissions per employee.



An example of plug-in hybrids working well in an urban environment is when there is access to charging stations. The record for this V60 D6 is 5,980 km on 42 litres of diesel.

* Air travel has increased due to ÅF's expansion and projects in more countries than in 2014

Attractive employer

Employees are crucial to maintaining the quality and competitiveness of ÅF's offer. As ÅF grows, new employees are recruited and incorporated into the company continuously. Considerable effort is made to attract the best talent and great importance is attached to increasing the proportion of women. Employees are offered plenty of opportunities in a strong, common corporate culture and given the chance to contribute to sustainable development through ÅF's assignments.

Targets for Attractive employer

- Increase the proportion of female employees.
- Improve employee satisfaction.
- Leadership is characterised by a high level of confidence in line managers.
- Zero tolerance regarding bullying and discrimination.

Monitoring of goals

In 2016 the goals will be an integral part of the organisation. Action plans, activities and monitoring processes will be established. The goals will be measured as follows:

Increase the proportion of women

By 2020, 30 percent of all employees will be women. This goal is monitored via monthly personnel statistics. HR processes help ÅF ensure a good gender balance when recruiting to managerial positions, and various activities are under way to increase the proportion of female applicants.

Improve employee satisfaction

Various factors influence the level of employee satisfaction. ÅF conducts different activities and initiatives aimed at improving employee satisfaction. The results will be measured via the employee survey.

Increased confidence in ÅF's managers

ÅF's managers will practice modern leadership skills based on the principles of gender equality, diversity and inclusion. Training and practical leadership



will help boost confidence in ÅF's managers among employees.

Zero tolerance towards discrimination

The company has a zero tolerance policy with regard to discrimination.

Through the employee survey and whistleblower function, the organisation receives information about and can take steps to counteract any tendencies towards discrimination.



Eugenia Seleskerova,
Senior Energy Consultant, International Division,
at ÅF since 2009, Madrid



What do you do at ÅF?

"I work in the policy and regulations department. My area of expertise is mainly the development of renewable energy and effective resource management. During my very first year at ÅF I had the opportunity to work with project management and commercial activities, and to identify new markets and clients, with the aim of encouraging them to consider the sustainable, cutting-edge solutions being developed at ÅF.

I was recently accepted onto ÅF's 2016 Talent Management Programme. I'm looking forward to continuing to develop my skills, expand my network within the company and make full use of my potential."

Tell us about the Madrid office.

"We are a mixed international team of employees from 15 different countries. We each bring our own particular skills, which is what makes the team innovative and unique.

Many colleagues have known one another for several years. This creates a special atmosphere that encourages discussion, and we have no problem asking for advice or feedback. It makes it easier for new employees to feel part of the team and settle into the job quickly."



Elliot Badal, Team Leader,
Planning and Project Management, Industry Division,
with ÅF since 2013, Gothenburg



What are you working on right now?

"I'm involved in establishing and developing a team with planning and project management skills for the industrial sector in western Sweden.

At the moment I'm working on the West Link project and I'm responsible for time management and for coordinating all the schedules of the subprojects. Primarily I set up the structure, analyse the amount of time and work spent on the project, monitor status, key milestones and any scope for flexibility within the timetable. I calculate the critical elements and the margins available to keep to time and budget restraints, all in relation to the various phases of the project."

How does ÅF help its clients become more sustainable?

"Project planning and project management are an art form as far as ÅF is concerned. We make sure that projects, which are often large and complex, are efficient in terms of both cost and time, retain a high level of quality and prevent risks and occupational risks. We plan down to the essential details using advanced tools and software, to make sure projects are delivered on time. We make efficient use of resources and ensure that we are prepared to meet unforeseen challenges and needs. My motto is customised solutions for the client and their sector. It's about keeping up and using the latest that technology has to offer. Being at the forefront and part of developments."

Diverse talents for growth and innovative strength

ÅF endeavours to achieve an inclusive corporate culture in which employees are able to grow together. The objective is to create a global skills-based organisation with a collaborative environment that makes the most of its diverse talents.

As a fast-growing company, ÅF is constantly on the lookout for the most talented individuals in the market. The diverse talents that exist within the organisation help to boost innovative strength among clients and in society as a whole, and highlight ÅF as an example to other employers.

One of the most important goals for the HR work is to create a cohesive organisation across country and division borders, with a shared corporate culture and view of leadership and career development. This is a continual process owing to ÅF's rapid growth.

ÅF has acquired 28 businesses over the past three years, and around 1,000 employees have been taken on via these acquisitions. Almost 1,300 employees were recruited to probationary and permanent positions in 2015. The rapid pace of growth underlines the need for a robust common corporate culture,

What have been the biggest successes and what have you prioritised during the year?

"I'm delighted to see how far we have progressed in Universum's Employer Ranking. We've devoted a huge amount of effort to further strengthening our employer brand, from both an internal and external perspective.

We've implemented a number of new initiatives, including our new student programme, ÅF Future Talent. Another initiative is our partnership with the Swedish Public Employment Service, where the aim is to broaden the base for our skills supply by creating internships for immigrant engineers.

We have also carried out a reorganisation within HR aimed at working in a more focused way with issues relating to skills supply, career and leadership development."

What areas are you planning to focus on in 2016?

"Firstly we are going to follow up the results of the 2015 employee survey throughout the organisation. On the whole, the survey produced good results, and now each unit needs to work on any areas that require improvement. We can see that issues relating to establishing the culture, leadership and internal communication need to be continually prioritised and strengthened.

One major challenge resulting from ÅF's growth strategy is the high pace of acquisitions and recruitment. Achieving growth targets requires a professional and efficient recruitment process that guarantees a first-class candidate experience. In 2016 we will be working on this and internal mobility."



Emma Claesson
Vice President, Human Resources & Communications



Zahra Kalantari Engineering PhD (KTH) and land and water treatment technology expert, Infrastructure Division, at ÅF since 2014, Stockholm



What are you working on and what is the most exciting aspect of your job?

"I'm a hydrologist and hydrogeologist, and I work as a consultant, mainly on big projects such as the Stockholm Bypass, the East Link and the West Link. I also work as a researcher, focusing on the impact of climate, land and water changes on road and rail infrastructure, as well as strategies and action that can be taken to mitigate and manage this impact. My expertise and considerable commitment, both as a researcher at Stockholm University and as a consultant at ÅF, have generated new opportunities for collaboration between various organisations in society, landowners, responsible authorities and companies.

One project we are working with is producing clear flood maps that highlight areas vulnerable to flooding when water flows reach a certain level. We need to be prepared for the fact that extreme weather conditions are going to be more common."

along with shared processes, procedures, regulations and systems.

A wealth of different career paths

ÅF is a company that offers plenty of opportunities and exciting challenges for its employees. The company's size and breadth, with 39,000 assignments spanning a vast number of technical fields and sectors, and 11,000 clients in over 100 countries, mean there are many opportunities for professional development.

ÅF has its own career development framework, called ÅF Career Model. This model highlights the various career paths at ÅF and supports development in different directions, depending on an individual's chosen career goals. ÅF Career Model extends beyond the traditional career paths such as manager, specialist and project manager. The model is an important aspect of the establishment of a strong, common corporate culture.

Training through ÅF Academy

ÅF Academy is the organisation's training platform, which supports ÅF's various career paths. The range of training offered includes a number of different courses – from basic courses for new consultants, to specialist further training that has been tailored to individual needs and client requirements. All courses reflect ÅF's values and fundamental approach to sound entrepreneurial skills. Lecturers and trainers come from both within ÅF and from external service providers. Besides further training and skills development, the ÅF Academy also helps employees to 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

In order for ÅF to be able to grow, the company needs talented managers who are good at developing ÅF's business and employees. In addition to being knowledgeable within their field, they also need to be professional salespeople and communicative and inspiring leaders, capable of building strong teams.

All new managers at ÅF attend a management training programme that includes various components, including leadership, finance and sales.

Talent Management Programme

The EVEN ODDS initiative includes a leadership programme aimed specifically at women. The purpose of the programme is to develop and strengthen a selection of talented women with leadership potential. The programme combines training with sharing experiences, and all participants are offered a senior mentor.

Specialist training

The ÅF Academy gives project managers the training needed to be certified under the European IPMA (International Project Management Association) standard at four different levels. ÅF has more 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 certifica-

tion are also open to clients and other stakeholders. Since 2009, 516 people have been certified.

Management training

ÅF's Business Executive Leadership Programme (BELP) is a joint venture with Stockholm School of Economics Executive Education (formerly IFL) aimed at selected managers. 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 training is arranged every other year and will be carried out again in 2016.

Better balance with EVEN ODDS

ÅF's overriding human resources objective is to achieve a better balance in the gender ratio among both consultants and managers. One target is for at least 30 percent of managers and at least 30 percent of all employees to be women by 2020. In 2015, women accounted for 23.2 percent of the overall workforce (probationary and permanent), 21.5 percent of consultants and 14.4 percent of managers, and 28.0 percent of new recruits.

The EVEN ODDS initiative – a framework for focused equality work – was launched in 2013 to help achieve the target of a higher proportion of women. ÅF pursues a number of different activities as part of this initiative. Approaches within Employer Branding and recruitment have been reviewed to ensure that ÅF attracts both women and men. There is a requirement that at least one female

candidate must be shortlisted for managerial appointments. For the past two years, the company has been running a focused recruitment campaign, Ladies' Month, involving the recruitment of women only for a period of one month.

In partnership with female students at KTH Royal Institute of Technology in Stockholm, ÅF has been pursuing a mentorship initiative that aims to support and encourage young women to choose engineering.

In addition to efforts to improve gender equality, ÅF is also focusing on increasing diversity. In the autumn, ÅF teamed up with the Swedish Public Employment Service and launched a pilot project to attract and recruit more engineers with a foreign background. The programme includes work place-ments, mentorship, networking and skills development.

Employee survey

ÅF conducts a regular employee survey measuring employees' wellbeing, pride in their work, confidence in their manager and sense of community with their colleagues. The survey is an important tool for ensuring that ÅF retains skilled employees.

In 2015 a full-scale employee survey was conducted, which revealed that ÅF's key ratios, the employee index and the leadership index, remain at the same high level as in the 2013 survey. Particularly positive outcomes for the year included high figures for cooperation within the team and confidence in line managers. ÅF's employees also believe they have meaningful jobs which make use of their skills and knowledge. Questions that received lower "grades" in the survey were clear career paths and the development of skills. ÅF's relatively new framework for career development will be further developed in 2016. A major initiative was launched in 2015 to further develop the ÅF Academy. The response rate for the 2015 survey was 83 percent.

Each manager is responsible for informing their unit of their own specific survey results and each unit has to define two or three focus areas to work on over the coming year.

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 levels 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.

A Group-wide salary survey was initiated just before year-end. The aim is to detect, address and prevent unwarranted differences in salaries between women and men in Sweden. The results will lead to an equal treatment plan, which will be incorporated into ÅF's overall equality plan. The project will be completed at the beginning of 2016.

Other benefits vary from country to country depending on local practice and tax rules. Examples include pensions, insurance and company cars. Other examples are a generous wellness allowance for employees in Sweden, and that all employees are entitled to rent one of the cottages or apartments that are owned and managed by ÅF's Employee Foundation.

ÅF has collective agreements with Sveriges Ingenjörer (the Swedish Association of Graduate Engineers) and Unionen, Sweden's largest private-sector trade union. The majority of ÅF employees covered by collective bargaining agreements

Procedures and processes for a safe working environment

A health and safety management system was implemented in 2015 with procedures and processes in order to comply with the requirements of the OHSAS 18001 standard. Implementation initiatives such as training and evaluation to minimise health and safety risks were carried out. An external audit based on the requirements of the OHSAS 18001 standard was conducted in 2015 and a few additional implementation initiatives will be completed at the beginning of 2016 to achieve OHSAS 18001 certification.

Training in safety

There are employees working at risk workplaces in mission with clients. All are trained in safety based on the requirements contained in the various workplaces where the employee works.

Examples of activities to improve the physical office environment during the year was the development of guidelines for what an office workplace should look like and function as. This was done in consultation with union representatives. Managers at the ÅF can ask for ergonomics rounds from occupational health services. In 2015, 19 injuries were reported from the operations in Sweden. Sick leave increased slightly in 2015, to 2.5 percent, compared with 2.2 percent in 2014. Statistics regarding sick leave are analyzed monthly at management level, when necessary action plans are developed that are carefully monitored.

Psychosocial work environment

The area psychosocial work has received increasing attention over the past year. Discrimination, harassment, victimization and high workload can lead to stress-related illnesses. Managers now have better access to statistics to be able to take greater responsibility for monitoring the working hours of their employees, to avoid overload. Managers are responsible for rehabilitating the long-term long-term sicklisted with the support of occupational health services. Emphasis is placed on educating leaders in order to be able to detect unhealthy work situations. This is in line with the new regulations for the work with poor health that come in March, 2016.

ÅF use of wellness grants to encourage employees to a healthy lifestyle. Wellness grant covers a range of activities from gym memberships to massage and nutrition counseling.

Another successful Ladies' Month

For the second year in a row, ÅF ran the Ladies' Month campaign in October 2015. During this month, new employment contracts were signed only with women. Any men who qualified for jobs in October signed their contracts the following month.

The campaign resulted in the recruitment of 67 new female employees to ÅF in October, which is an increase of 22 percent compared with Ladies' Month last year.

The total number of women expressing interest in working for ÅF also rose in October.

"We saw a 24 percent increase in female applicants in October, compared with Ladies' Month last year. We've also noticed that Ladies' Month attracts men to ÅF. Gender equality is an important aspect for both men and women when choosing an employer," says Emma Claesson, Vice President Human Resources and Communications at ÅF.

Nyamko Sabuni, Vice President, Sustainability, at ÅF:

"For ÅF, Ladies' Month is a strategic measure to attract more women to the company. We aim for 30 percent of the workforce to be women at all levels by the year 2020, and this is an essential condition for us to continue to be innovative and successful in the future."

ÅF took a new approach in 2015 to help raise awareness of the campaign. A music video was created to accompany the song Curious; a new way of encouraging more women to join the engineering profession. The music video is available on [youtube.com](https://www.youtube.com).



Johanna Sjöberg (JosJ) is a singer who is also an engineering student at Lund University studying mechanical engineering and specialising in technical design.



Gender distribution 2015*

*All permanent employees and employees on probationary periods.

■ Women ■ Men

Consultants



21.5%

Managers



14.4%

New recruits



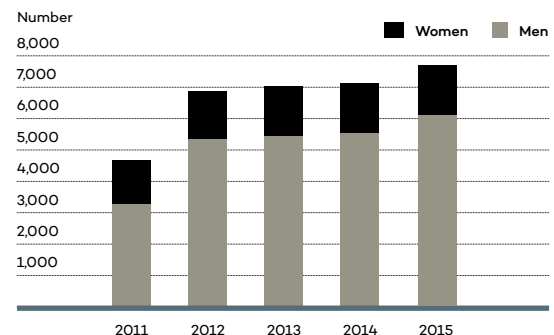
28.0%

Employees total



23.2%

Number of employees (all forms of employment)





What are you working on right now?

"I joined ÅF in 2001 and am now working as a technical specialist and project manager, and I'm also helping with sales and mentorship. It's important for me to have the opportunity to take on varied and challenging assignments.

At the moment I'm working on the next generation of mobile satellite communication systems. Developments within satellite communication are very much driven by IT entrepreneurs' investments in space for global internet access and commercial high-resolution Earth observation. We are developing entirely new ways of building, launching and running satellite systems. They can be made much smaller and more cheaply than traditional systems, while digitalisation, software control and new sensor and communication technologies enhance performance and flexibility. Green fuel is also being introduced. It's exciting stuff!"



Johan Tenstam

Graduate engineer, senior consultant with 26 years' experience of mobile communication and sensor systems, Technology Division, Uppsala

Average age ¹⁾

YEAR	2015	2014	2013	2012	2011
	41.3	41.1	41.3	41.1	42.8

Sickness absence ¹⁾

%	2015	2014	2013	2012	2011
	2.5	2.2	2.1	2.0	1.9

Length of employment ²⁾

%	0-2 years	2-5 years	5-10 years	10-20 years	>20
	34.2	30.8	19.7	10.8	4.6

Age distribution ¹⁾

%	2015 men	2015 women	2014 men	2014 women
-29	13.0	5.5	14.4	5.1
30-39	23.0	7.9	23.3	8.0
40-49	19.3	5.9	19.2	5.6
50-59	13.4	2.7	12.9	2.5
60-	8.4	0.9	8.0	1.0
Total	77.1	22.9	77.8	22.2

Education ²⁾

%	2015	2014	2013	2012	2011
Postgrad. licentiate or Ph.D. studies	3.1	3.8	3.5	3.7	3.7
University degree	60.8	59.7	59.5	57.4	54.1
Other post-secondary education	17.6	16.1	15.8	15.6	16.4
Secondary education	18.5	20.4	20.3	23.3	25.8

¹⁾ All forms of employment.

²⁾ Probationary and permanent employees.

Strategic partnerships and community involvement

The ÅF Group is active in a variety of initiatives and strategic partnerships for business intelligence and to influence and drive sustainable development in various business forums.

IVA - Royal Swedish Academy of Engineering Sciences

IVA creates value for society by promoting technical and economic science and business development. ÅF's CEO Jonas Wiström has an active role as a board member of IVA's The Business Executives Council.

Business Sweden

Business Sweden's purpose is to help Swedish companies in nearly 50 of the world's most interesting markets. ÅF's CEO Jonas Wiström is active as a board member and discusses sustainable business in export markets.

Sustainable Innovation

ÅF is active in a number of innovation projects in Sustainable Innovation. The association runs a number of projects focuses on mobility, buildings, and smart systems that support sustainable innovations and collaboration between companies, researchers, and entrepreneurs.

The International Council of Swedish Industry, NIR

NIR supports the industry's long-term interests and works with social and economic development in markets that are politically, economically or socially



ÅF carries out thousands of assignments every year and our ambition is to be the technical consultant who can best solve future challenges. To be able to do that in the long term, we must continue to hire people with skills in science, technology and sustainable development, explains Kajsa Fougner at ÅF.

complex. The work is done in the form of capacity development, training or reports. Sustainability Vice President Nyamko Sabuni is active as a board member. The membership extends until 2015.

ÅF is committed to the next generation engineers

In addition to strategic partnerships ÅF is

committed to social issues linked to ÅF's world. One example of this is ÅF and Fortum cooperation to increase expertise in engineering and sustainable development through a project where ÅF strengthens teachers' knowledge of how they can attract more young people into careers in science, technology and sustainable development.

Sustainability data

Current situation 2015

2015 has provided ÅF with basic data to enable the company to progress with the new focus areas: Sustainable solutions, Responsible business and Attractive employer. New measuring tools and performance indicators will be developed in 2016 to extend up to 2020.

Sustainable solutions targets

The following goals have been identified for the Sustainable solutions focus area.

- ÅF supplies renewable, modern energy solutions and creates continual energy efficiency enhancements.
- Through innovative solutions, ÅF contributes towards sustainable industrial processes that equip companies for the circular economy.
- ÅF proposes solutions that make cities and infrastructure inclusive, safe and sustainable.

Responsible business targets

The following goals have been identified for the Responsible business focus area.

- ÅF will deliver services that fulfil or exceed client expectations. Client satisfaction will continually increase by delivering persistently high quality.
- All ÅF's assignments will satisfy the UN Global Compact's ten principles for corporate sustainability. Internal audits will be conducted to ensure compliance with ÅF's Code of Conduct.
- ÅF's assignments will be carried out with the least possible environmental impact. ÅF monitors its carbon footprint with the aim of reducing emissions. See the table Climate impact 2009-2015 for this year's results.

Attractive employer targets

In 2015 the following goals were identified for the Attractive employer focus area.

- ÅF will increase the proportion of women at all levels to 30 percent. See results in the table, Equality and diversity.
- ÅF will improve employee satisfaction.
- All employees will have a high level of confidence in their line manager.
- ÅF has a zero tolerance policy regarding all forms of exclusion and discrimination.

The sale of ÅF's Russian operation Lonas in 2014 meant that the share of female probationary and permanent employees fell from 23.4 percent in June 2014 to 21.7 percent in July 2014. In 2015 this percentage rose again, partly thanks to activities like Ladies' Month, and at year-end the percentage of female employees in the Group was 23.2 percent.

Attractive employer – data 2015

Equality and diversity

Distribution 2015*, %	Men	Women	Age < 30	Age 30–50	Age >50
Board of Directors	70.0	30.0	0	25.0	75.0
Group management	63.6	36.4	0	36.4	63.6
Managers	85.6	14.4	0.4	66.2	33.4
Consultants	78.5	21.5	20.5	57.6	21.8
Admin staff	25.0	75.0	8.9	57.4	33.7
Total	76.8	23.2	17.8	58.6	23.6

*All permanent employees and employees on probationary periods.

Equality divisions

Women*, %	2015		2014	
	Managers	Employees	Managers	Employees
Industry Division	11.2	20.1	9.9	13.8
Infrastructure Division	14.8	25.5	13.5	25.9
International Division	9.0	19.2	8.7	19.8
Technology Division	20.4	17.4	23.0	21.0
ÅF AB	50.0	58.3	36.8	60.0

*All forms of employment.

Employee survey

	2015	2013
All employees will have a high level of confidence in their line manager. (Measured via leadership index in the Employee Survey), %	69	69
ÅF will improve employee satisfaction. (Measured via employee index in the Employee Survey), %	67	67
ÅF has a zero tolerance policy regarding all forms of exclusion and discrimination. (Measured via Employee Survey), no.	151	194

Skills development

Number of hours of training per average FTE, total	2015	2014	2013
Hours of training	212,754	219,745	232,084
Average number of FTEs	7,453	6,887	6,666
Hours of training/employee	29	32	35

Profitability

Direct economic value generated, SEK m	2015	2014	2013
Net sales	9,851	8,805	8,337
Operating costs, incl. depreciation/amortisation	-3,584	-3,253	-3,201
Employees' wages and benefits	-4,456	-3,932	-3,622
Income tax and employer's contributions	-1,201	-1,066	-988
Economic value retained	609	553	525

Climate impact 2009-2015

Climate

Total climate emissions, tonnes CO ₂ eqv.	2015	2014	2013	2012	2011	2010	2009
Energy	1,911	1,503	2,033	2,162	1,852	1,258	1,110
Travel	8,042	8,159	7,231	6,174	5,783	4,747	4,415
Total emissions	9,953	9,662	9,264	8,336	7,635	6,005	5,525

Climate emissions per employee, kg CO ₂ eqv. per employee	2015	2014	2013	2012	2011	2010	2009
Energy	257	221	305	408	415	313	283
Travel	1,083	1,201	1,087	1,165	1,297	1,182	1,125
Total emissions	1,340	1,423	1,393	1,573	1,712	1,495	1,408

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, rail and air.

About the report

The sustainability report covers the companies in the ÅF Group, in accordance with same principles applied to financial reporting.






The report refers to the 2015 financial year. The separate sustainability report has been prepared in accordance with GRI G4 'Core'. The report has not been reviewed by a third party. The reporting principles in accordance with GRI G4 have been used to define the contents of the report.

The ÅF Group is a growing company which means that sustainability reports are not fully comparable from year to year. The number of employees increased from 7117 years 2014-7852, 2015. There have been no major changes regarding the report boundaries or conversions occurred.

Direct inquiries about the sustainability report to:
Nyamko Sabuni, Vice President Sustainability,
tel: +46 10 505 00 00.



Board of Directors

				
Anders Narvinger	Marika Fredriksson	Staffan Jufors	Björn O. Nilsson	Maud Olofsson
Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee	Director and member of the Remuneration Committee	Director	Director	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				
Chairman of the Board of Alfa Laval AB, Capio Holding AB and Coor Service Management Holding AB.	CFO, Vestas Wind system A/S. Director of Ferronordic machines.	Director of Akelius Residential Property AB, Haldex AB and Nordens Ark.	Professor, CEO and member of the Royal Swedish Academy of Engineering Sciences (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 Swed-Nano Tech AB.	Chairman 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.	CEO of Volvo Trucks and Volvo Penta, Chairman of the Board 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 at 31 December 2015				
10,000 B shares	0	2,000 B shares	0	2,000 B shares

**Joakim Rubin**

Director and member of the Audit Committee

Kristina Schauman

Director and Chairman 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.

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

Graduate Engineer, Faculty of Engineering, Lund University.

Engineer.

Funding Partner at Zeres Capital Partners, director of Cramo Oyj.

Director and Chairman of the Audit Committee of Apoteket AB, BillerudKorsnäs AB, Orexo AB, Coor Service Management Holding AB and Ellos Group Holding AB, Director of Livförsäkringsbolaget Skandia, mutual.

Chairman of the Board of Wibax AB and executive member of the ÅForsk Foundation.

Employed in ÅF's Industry Division.

Employed in ÅF's Industry Division.

Senior Partner at the Finnish venture capital company CapMan. 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.

Senior Vice President BillerudKorsnäs, Senior Vice President AssiDomän, CEO Grycksbo, CEO Norrsundet Bruks AB, Chairman of the Board of the ÅForsk Foundation.

Automation engineer, Industry Division.

Inspection Engineer, Project Engineer at Industry Division.

0

2,500 B shares

0

763 B shares
2013 Staff Convertible Programme: nominal amount SEK 60,000

254 B shares

Deputies

Ida Yveborg Deputy for employee representative

Elected: 2014

Born: 1979

Education: Master of Engineering, Institute of Technology, Linköping University.

Other appointments: Employed in ÅF's Technology Division.

Holding: 0

Johan Lindborg Deputy for employee representative

Elected: 2015

Born: 1981

Education: Upper secondary engineering

Other appointments: Employed in ÅF's Industry Division.

Holding: 2012 Staff Convertible Programme: nominal amount SEK 60,000

Auditors

Ernst & Young AB

Auditor in charge
Hamish Mabon



Group management

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: 20,134 B shares.

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

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

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: 34,063 B shares.

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

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: 12,576 B shares

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

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

Viktor Svensson **President, Technology Division**

Employed: 2003

Born: 1975

Education: MBA, Blekinge Institute of Technology

Professional experience: Stock market journalist at Finanstidningen

Holding: 23,500 B shares

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

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

Lars-Eric Aaro **Executive Vice President, Corporate Sales**

Employed: 2015

Born: 1956

Education: Mining engineer, Luleå University of Technology

Professional experience: CEO LKAB, Divisional Manager Boliden, Sales Director Atlas Copco/Secoroc

Holding: 0



Jonas Wiström
President and CEO

Employed: 2002

Born: 1960

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

Other appointments: Deputy Chair Teknikföretagen (the Swedish Engineering Industry Employers' Association), Business Sweden. Member of the Royal Swedish Academy of Engineering Sciences (IVA) and Deputy Chairman of IVA's Business Council, Director of Sweden International Chamber of Commerce.

Professional experience: President/CEO Prevas AB, CEO Silicon Graphics northern Europe, head of Sun Microsystems Sweden.

Holding: 73,541 B shares.

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

2015 Staff Convertible Programme: nominal amount SEK 6,000,000

Lena Tollerz Törn
CIO

Employed: 2015

Born: 1972

Education: MBA, Stockholm School of Economics

Work experience: COO SPP, CIO

Swedish Tax Agency, Manager Accenture

Holding: 0

2015 Staff Convertible Programme: nominal amount SEK 900,000

Per Magnusson
President, Industry Division

Employed: 2006

Born: 1954

Education: Electrical power engineering Polhem Technical Upper Secondary School, 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: 9,911 B shares

2013 Staff Convertible Programme: nominal amount SEK 500,000

2015 Staff Convertible Programme: nominal amount SEK 2,000,000

Nyamko Sabuni
Vice President, Sustainability

Employed: 2013

Born: 1969

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

Professional experience: Minister in Swedish government, Member of Swedish Parliament and its Committee on Industry and Trade, Communications Advisor Geelmyuden Kiese, Project Manager Folksam Social Council

Holding: 668 B shares

Emma Claesson
Vice President, Human Resources & Communications

Employed: 2014

Born: 1974

Education: MSc Business and Economics, Uppsala University

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

Holding: 345 B shares

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

Mats Pålsson
President, Infrastructure Division

Employed: 2009

Born: 1954

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

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

Holding: 21,049 B shares

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

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

2015 Staff Convertible Programme: nominal amount SEK 3,000,000

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. In 2015, ÅF continuously assessed and monitored risk trends, which helped ÅF to cope with both changes in the market and changes resulting from the company's strong growth.

Strategic risks	Description	Risk management
Market	<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>
Sustainability	<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 Vice President of Sustainability 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. Anti-corruption training was developed in 2015 to further support consultants in their assessment of corruption risks.</p> <p>A whistleblowing channel enables every member of ÅF's staff to report deviations with complete confidentiality.</p> <p>A system of health and safety procedures and processes was implemented in 2015 to meet the requirements of OHSAS 18001.</p>
Acquisitions	<p>Consolidation of the technical consultancy industry continues, and ÅF is part of this trend through its acquisitions, to prevent any loss of competitiveness.</p>	<p>ÅF minimises 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. A person has been designated by the Group to lead acquisition and integration efforts.</p>
IT	<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 administration, and that these are handled in accordance with an adopted administration model. Allocations are made for development and training.</p>

Operating risks	Description	Risk management
Quality	<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.</p> <p>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>
Capacity utilisation and price per hour	<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 profit. Every percentage point change in the capacity utilisation rate affects ÅF's profit by about plus/minus SEK 90 million. An increase in the price per hour of one percent, with an unchanged capacity utilisation rate, improves ÅF's annual profit by around SEK 70 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.</p>
Project operations	<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 financially 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>
Partners, subcontractors and sub-consultants	<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 – particularly in the event that the service is actually provided by a partner.</p>

Human Resources	<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 allocates 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>
Disputes	<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.</p>

Financial risks	Description	Risk management
Financing and liquidity risks	<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>
Interest rate risk	<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. If necessary, ÅF can use interest rate swaps to achieve the desired average duration.</p> <p>A change of one percentage point in market rates would have an effect of SEK 18 million on the Group's interest expenses.</p>
Exchange rate risk	<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, USD/SEK and EUR/SEK. An unhedged exchange rate fluctuation of 10 percent in these currencies would affect ÅF's operating profit by SEK 2 million, SEK 1 million and SEK 1 million respectively on an annual basis.</p> <p>In line with Group policy, ÅF does not hedge translation exposure.</p>
Credit risk	<p>ÅF's commercial and financial transactions give rise to credit risks in respect of counterparties.</p> <p>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 32 percent of Group sales, are all large listed companies or publicly owned institutions. The remaining 68 percent of net sales are spread over a large number of clients.</p>

GRI Index

The report has not been reviewed by a third party.

Abbreviations:

Year ÅF Annual report 2015

HBR ÅF Substitutability report

GRI GRI Index 2015: www.afconsult.com/GRI2015index

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Content	Page
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STRATEGY AND ANALYSIS

G4-1	Statement from the CEO about the relevance of sustainability to the organization	p. 5
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ORGANISATIONAL PROFILE

G4-3	Name of the organization	Year p. 60
G4-4	Primary brands, products, and/or services	Year p. 1, 14–15
G4-5	Location of organization's headquarters	Year Back page
G4-6	Number of countries where the organization operates, and names of countries with either significant operations or that are specifically relevant to the sustainability issues covered in the report	Year p. 1, 82
G4-7	Nature of ownership and legal form	Year p. 51
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Year p. 1, 82
G4-9	Scale of the reporting organization	Year Frontpage
G4-10	Total number of employees	Year p. 83 & HBR p. 23, 26
G4-11	Percentage of employees covered by collective bargaining agreements	HBR p. 22
G4-12	Supply chain	HBR p. 11
G4-13	Significant changes regarding the organization's size, structure, ownership, or its supply chain	Year p. 82–83 & HBR p. 2
G4-14	The precautionary principle	HBR p. 9
G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	HBR p. 12
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	HBR p. 25

IDENTIFIED MATERIAL ASPECTS

G4-17	Entities included in the organization's consolidated financial statement. Report whether any entity is not covered in the report	Year p. 99–100
G4-18	Process for defining report content and aspect boundaries	HBR p. 13
G4-19	List all material aspects identified in the process for defining report content	HBR p. 13
G4-20	For each material Aspect, report the Aspect Boundary within the organization	HBR p. 13

G4-21	Limitations outside the organization for the respective materiality aspect All identified issues relevant to ÅF internal operations, the following aspects are also important outside the organization: • <i>Equality between the sexes</i> By working with the gender issue, for example, through campaigns Ladies' Month, attracted more women to apply for jobs at ÅF. It inspires other companies to raise the issue. • <i>Anti-Corruption</i> The anti-corruption work control ÅF's choice of assignments, clients, partners and suppliers. The impact can be made among corporate cultures in countries where corruption is widespread. • <i>Future skills</i> Through targeted projects and initiatives to enhance the engineering profession's status attracted secondary school students in general and girls in particular, to train as engineers. • <i>Development of ÅF's offer for sustainability</i> By developing and offering more sustainable services both ÅF customers and society at large are driven towards a more sustainable development.	Se hänvisning i index
G4-22	Effect of any restatements of information provided in previous reports, and the reason for such restatements	HBR p. 27
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	HBR p. 27

STAKEHOLDER ENGAGEMENT

G4-24	List of stakeholder groups engaged by the organization	HBR p. 14
G4-25	Basis for identification and selection of stakeholders with whom to engage	HBR p. 14
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	HBR p. 14
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	HBR p. 14

REPORT PROFILE

G4-28	Reporting period	HBR p. 27
G4-29	Date of most recent previous report	HBR p. 27
G4-30	Reporting cycle	HBR p. 27
G4-31	Contact point for questions regarding the report or its contents	HBR p. 27
G4-32	GRI Content Index	HBR p. 35
G4-33	Policy and current practice with regard to seeking external assurance for the report	HBR p. 27

GOVERNANCE

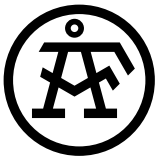
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	HBR p. 12
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ETHICS AND INTEGRITY

G4-56	Describe the organization's values, principles, standards and norms of behavior such as code of conducts and code of ethics.	HBR p. 12
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SPECIFIC STANDARD DISCLOSURES

Materiality aspects (state GRI number)	DMA and indicators (List Specific Standard Disclosures relating to, respectively, Materiality aspect with the page number or the link)	Disclosure (explain why the info cannot be given)
G4-EC1	Year	
G4-LA6	Human resources	
G4-LA9	Human resources	
G4-LA11	Human resources	
G4-LA12	Human resources	
G4-SO3	Responsible business	
G4-SO4	Corporate governance	
G4-SO5	Responsible business	
G4-HR9	Responsible business	
G4-EN16	Sustainability data	
G4-EN17	Sustainability data	
G4-EN18	Sustainability data	



**INNOVATION
BY EXPERIENCE**

ÅF is an engineering and consulting company with assignments in the energy, industrial and infrastructure sectors, 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.

