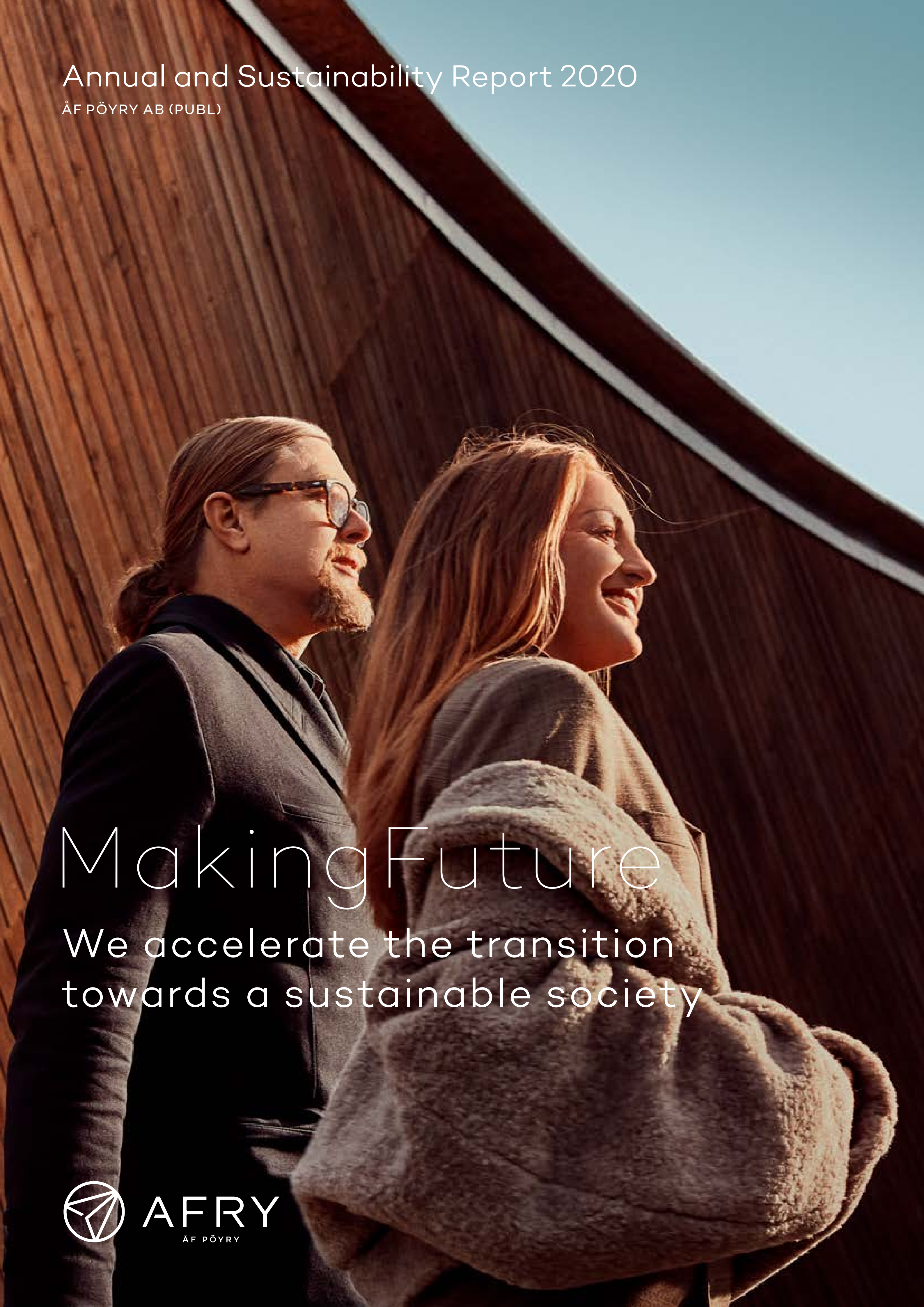


Annual and Sustainability Report 2020

ÅF PÖYRY AB (PUBL)

MakingFuture

We accelerate the transition towards a sustainable society

AFRY
ÅF PÖYRY

Contents

About the report

* Limited assured sustainability information
** Reviewed financial information

The scope of the sustainability report, which also includes ÅF Pöyry's statutory sustainability report as required by Chapter 6 of the Swedish Annual Accounts Act, can be found on page 100. It has been prepared in accordance with the GRI Standards, Core option, and has been subject to a limited assurance by a third party.

Cover photo:
Kai Piippo, Head of Lighting Design
Lisa Anger, Digital Expert

Introduction

We are facing many global challenges at the same time, in health, economics and the climate. There is a broad awareness that the recovery both during and after the Covid-19-pandemic must be socioeconomically sustainable and focus on ensuring that the rise in the global average temperature does not exceed 1.5°C. This is expected to increase demand for digital and sustainable solutions within all industries and sectors. Based on our Nordic heritage, global reach and broad exposure, we will help to accelerate the sustainable transition, leverage our digital excellence, and continue to create value for our owners, customers, employees and the society as a whole.

AFRY is turning to the next phase towards a more sustainable society and is implementing an updated strategy with a strong focus on sustainability, digitalisation and growth in transforming segments.

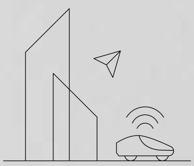
Mission:
We accelerate the transition towards a sustainable society

Vision:
Making Future

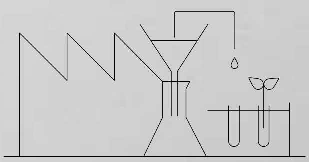
Values:
Brave Devoted Team players

Transforming segments:

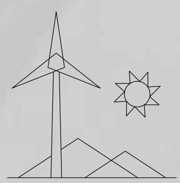
INFRASTRUCTURE



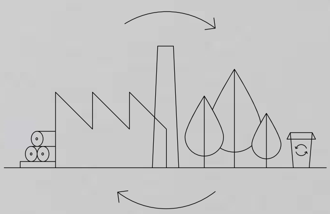
FOOD & LIFE SCIENCE



CLEAN ENERGY



BIOINDUSTRY



We are leaving 2020 behind us; a tough and challenging year marked by the Covid-19-pandemic and its effects on our operations. We can also see that demand for digital and sustainable solutions has increased, both areas where AFRY has a market-leading position and a broad exposure to a variety of industries.

Stable results in a challenging market
Despite the pandemic, 2020 was an eventful year in which we contributed with sustainable solutions to our client projects, established our new AFRY brand in the market, raised the ambitions of our sustainability and digitalisation efforts and launched a new and clear growth strategy.

Total net sales for 2020 fell sharply as a result of the pandemic, particularly during the second quarter. Net sales for the full year amounted to SEK 18,991 million, which corresponds to negative organic growth of -6.4 percent. Net sales were primarily affected by the automotive segment, as several key customers drastically reduced or periodically halted both production and operations. Net sales were also affected by weak development in the real estate segment and the repositioning of the Energy Division.

EBITA, excluding items affecting comparability, amounted to SEK 1,635 million (1,731) and the EBITA margin was 8.6 percent (8.7). We were able to deliver a stable margin despite sharply falling net sales because of our short- and long-term savings initiatives and strong development within the Energy and Management Consulting Divisions in particular. I can now assert that we succeeded in navigating through the effects of the pandemic, although the ongoing uncertainty continues to place high demands in terms of flexibility, measures and our capacity to exploit attractive opportunities for growth.

Robust measures to counter the effects
We introduced extensive measures to counter the effects of the pandemic back in the first quarter. We rapidly reorganised our operations to allow remote work and expanded our digital collaborations. We also implemented measures such as short-term work allowances, staff reductions, deferred investments and cost reductions to mitigate effects on the business. Accumulated long-term savings amounted to SEK 210 million during the year. Costs decreased by a total of SEK 860 million, a combination of short-term and permanent savings. Due to the pandemic, we also decided to accelerate our repositioning of our offer to the automotive segment, where the aim is to create a more resilient and stable business.

Stronger balance sheet
We strengthened our balance sheet during the year thanks to our clear focus on cash flow. The net debt/EBITDA ratio, excluding the effect of IFRS 16 and items affecting comparability amounted to 1.6x (2.3).

Based on our strong balance sheet, we will also accelerate our acquisition agenda with a focus on both add-on and platform acquisitions.

Many exciting agreements
We signed many exciting agreements during the year, and I would particularly like to highlight the engineering assignments from Metsä Fibre for the construction of the world's most modern sawmill in Rauma and their new planned bioproduct factory in Kemi, Finland. The key objectives of Metsä's investments are to increase environmental efficiency and fossil-free operations by using advanced technology and digitalisation, where AFRY will contribute with leading sustainable solutions and digital expertise. I would also like to mention the assignment for SunPine in Sweden as an engineering partner to their new production facility for renewable fuel, as well as the assignment for Oatly concerning an end-to-end solution for a production line in Singapore.

New strategy focused on growth
We presented the new Take-off strategy for growth at our Capital Markets Day in November, which strongly focuses on sustainability, digitalisation and growth in transforming segments. A new mission was launched simultaneously to accelerate the transition towards a more sustainable society. The new strategy based on five pillars outlines how we will get there. See pages 12–27 for more details.

Leading position in sustainability
In recent years, we have seen a clear shift in engagement and demand for sustainable development. The need for a green recovery following the pandemic has increased the need for digital and sustainable solutions, and the EU's Green Deal and taxonomy will drive investments and accelerate the transition. AFRY is well-positioned to take a leading role as an enabler of the sustainability transition in our client projects.

Since May 2020, we have been a supporting partner for the "1.5°C Business Playbook", which will support us in our efforts to further adapt our services and solutions in line with the 1.5°C target. We are also focusing on reducing our own footprint and have undertaken to set CO_2 targets for our own operations in line with the Science Based Targets initiative. We have also teamed up with the Gapminder foundation to counter ignorance of the world around us. We continue to comply with the UN Global Compact, which includes principles of human rights, labour law, environment and anti-corruption.

Develop AFRY Digital
We will be a driver of industrial digitalisation and be the best at applying digital in our core sectors. Within the next five years, our target is to triple our revenue from the digital area so that it accounts for >20 percent of group revenue. A digital unit "Digital X" was established in January 2021 to strengthen the digital transformation. The digital unit will have approximately 200 employees by mid 2021.

“AFRY is well-positioned to take a leading role as an enabler of the sustainability transition.”

One of the most attractive employers
It is very satisfying to see that AFRY has ended up amongst the top places in surveys conducted by Academic Work and Universum when young people choose the most attractive employers in Sweden. This is proof of a successful brand-building and our achievement in communicating sustainability as a pivotal part of our vision and business strategy. AFRY has also achieved a relatively even gender balance in our management team (40/60), earning a place on the Allbright Foundation’s green list.

Outlook
Although the fourth quarter was characterised by continued recovery and greater optimism, we remain in the midst of a pandemic and great uncertainty remains. We are therefore maintaining our focus on our employees’ health and safety, cost optimisation and flexibility. We are optimistic about coming through this stronger than before.

Our employees have made a fantastic contribution, and I would like to thank everyone for their considerable commitment, flexibility and strong client focus. I would also like to thank our clients and partners for a rewarding collaboration and look forward to an exciting year together.

Stockholm, March 2021

Jonas Gustavsson
President and CEO

Stable results in a challenging year

2020 was an eventful year in which we established our new AFRY brand in the market, raised the ambitions of our sustainability and digitalisation efforts, and launched a new and clear growth strategy. It was also a year marked by the Covid-19-pandemic and extensive measures aimed at reducing its impact on our operations. Despite a decline in net sales, we were able to report stable results and cash flow.

- Net sales amounted to SEK 18,991 million, adjusted EBITA to SEK 1,635 million[1] and EBITA margin to 8.6 percent.
- Extensive measures were initiated to mitigate the effects of the Covid-19-pandemic.
- Repositioning of the automotive segment and the Energy Division.
- New strategy launched focused on growth.
- Ranked as one of the most attractive employers in Sweden in several indexes.
- Proportion of female managers rose to 23.1 percent.
- Included in Bloomberg's Gender-Equality Index 2021.
- New assignments from clients such as Oatly, Vistin Pharma, SunPine, Metsä Fibre and the Swedish Transport Administration.

[1] Excluding items affecting comparability

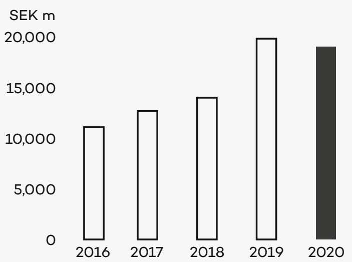
Key ratios

	2020	2019
Net sales, SEK million	18,991	19,792
EBITA excl. items affecting comparability, SEK m	1,635	1,731
EBITA margin excl. items affecting comparability, %	8.6	8.7
EBITA, SEK m	1,584	1,368
EBITA margin, %	8.3	6.9
Profit after net financial items, SEK m	1,270	1,039
Basic earnings per share, SEK	8.81	8.07
Net debt, SEK m[1]	2,756	4,424
Net debt/EBITDA, rolling 12 months, times[1]	1.6	3.0
Net debt-equity ratio, %[1]	27.3	47.2
Total number of employees	15,871	16,348
Capacity utilisation, %	75.6	75.8

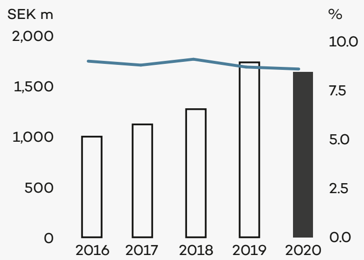
[1] Excluding effects of IFRS 16 Leases.

See page 35 for partnerships and initiatives in 2020.

Net sales

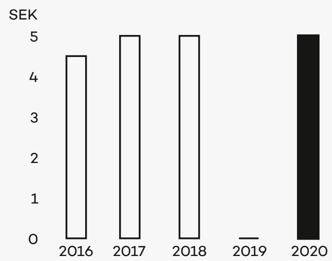


EBITA/EBITA margin[1]



[1] Excl. items affecting comparability.

Dividend per share



AFRY around the world

Countries with projects

Number of countries with projects

>100

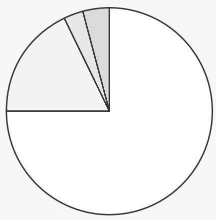
Number of employees 2020

15,871

Number of countries with offices

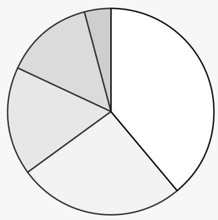
>40

Net sales by region



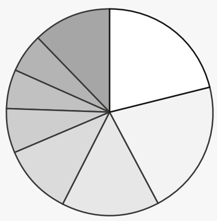
- Nordics 75%
- Rest of Europe 18%
- Asia 3%
- Other 4%

Net sales by division



- Infrastructure 39%
- Industrial & Digital Solutions 26%
- Process Industries 17%
- Energy 14%
- Management Consulting 4%

Net sales by industry segment



- Transport Infrastructure 21%
- Energy 21%
- Buildings 15%
- Bioindustry 11%
- Life Science, Food & Pharma 7%
- Process Industry 6%
- Automotive and Mobility 6%
- Other industry 12%

Share of projects

76%

Share of services

24%

Private sector

72%

Public sector

28%

Ten largest clients in 2020[1]

Astra Zeneca
Ericsson
Metsä Group
Oatly
Scania
Swedish Defence Materiel Administration (FMV)
Swedish Transport Administration
UPM
Vattenfall
Volvo Cars

[1] The largest clients who have permitted publication of their names.

A clear vision

Through our strategy, we will achieve our financial and sustainability targets. AFRY is focusing on profitable growth to generate long-term value for our shareholders and the society. During the autumn 2020, the Board decided to keep the financial targets unchanged, while the sustainability targets were revised to better suit the new strategy.

Financial targets

The financial targets are continuously evaluated based on market conditions and changes in the company. The financial targets apply over a business cycle.

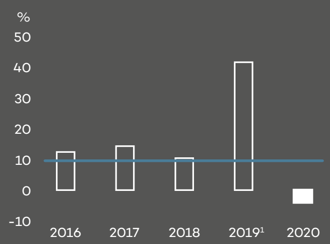
- Annual growth of 10 percent. The target includes add-on acquisitions. Larger platform acquisitions will also be made.
- An EBITA margin of 10 percent (excluding items affecting comparability) over a business cycle.
- Net debt in relation to EBITDA of 2.5.

Dividend policy

The Board of Directors has adopted a dividend policy according to which the dividend corresponds to approximately 50 percent of profit after tax excluding capital gains.

Growth

10 percent annual growth including add-on acquisitions.

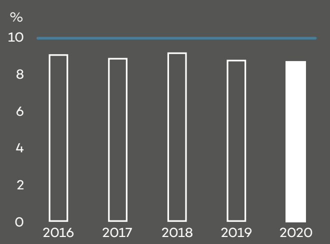


— Target 10%

[1] Growth including acquisition of Pöyry

EBITA margin[1]

10 percent over a business cycle.

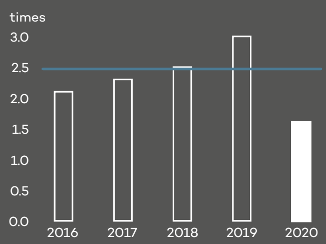


— Target 10%

[1] Excluding items affecting comparability

Net debt[1]

Net debt/EBITDA 2.5.

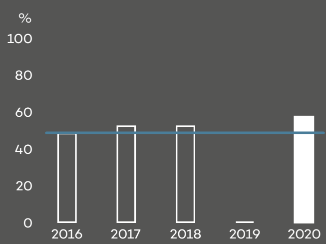


— Target 2.5 times

[1] Excluding IFRS 16 Leases

Dividend

50 percent of profit after tax.



— Policy 50%

Sustainability targets

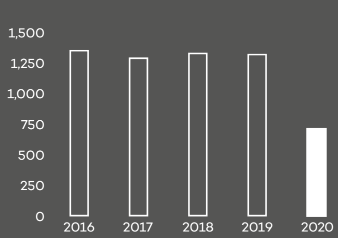
The sustainability targets are key elements of the company's strategy. Developing sustainable solutions, conducting business responsibly and being an attractive employer drive the business forward. The new sustainability targets adopted in 2020 are presented here.

- Increase the net positive impact through our assignments to accelerate the sustainability transition.
- Halve CO_2 emissions per employee by 2030 and achieve net zero emissions by 2040[1].
- Increase inclusion and diversity of background, culture and gender (40 percent female leaders by 2030[2]).
- Safeguard employee occupational health and work-life balance.
- Empower brave leadership.
- Increase employee engagement.
- Increase customer satisfaction.
- Ensure ethical business.

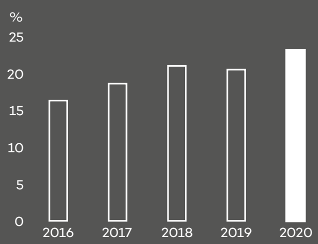
Read more about the outcome of the sustainability targets in 2020 and how AFRY is working towards them in the sustainability notes on page 100.

[1] Base year 2016. CO_2 emissions from our own operations (business travel and facility energy usage).
[2] Amongst permanent employees.

CO_2 emissions per employee[1]



Proportion of female managers[2]



Training in AFRY's Code of Conduct[2]

93%

[1] Scope 1–Scope 3, kg CO_2/employee
[2] Of all permanent employees

Megatrends are increasing demand for sustainable solutions

We have identified the global megatrends which are having the greatest impact on the business. These trends are shaping demand amongst clients and are expected to lead to an increasing need for scalable and sustainable solutions, while digitalisation remains a driving force in all industries and sectors.

Based on the strong position we have built up in sustainability and digitalisation, we are contributing to the ongoing transition to a sustainable society. This transition is clear in many transforming segments, including infrastructure, food & life science, clean energy och the bioindustry. Here, AFRY can adopt a clear position in the client's value chain, and the view is that the segment will create value and long-term growth going forward.

The EU's Green Deal and taxonomy, which is a tool for classifying which investments are environmentally sustainable, will motivate investments and accelerate the transition. All this is creating excellent opportunities for AFRY to take on a leading role as an enabler.

Urbanisation

Urbanisation continues to be a strong trend in the industrialised world. The same trend is also proceeding at a rapid pace in emerging countries, where populations are growing and industrialisation and prosperity are increasing. The demand for sustainable solutions is increasing as cities grow. There is demand for everything from improved transport solutions, reduced climate impact and resource management to better quality of life.

Digitalisation

Digitalisation is one of the most powerful and universal tools we have at our disposal for managing climate change and reducing global emissions. Digital solutions are becoming increasingly central to projects within all AFRY's segments. Digitalisation is for example crucial for industry, connected vehicles and intelligent, energy-efficient buildings, and also for large-scale energy and transport systems. Increased digitalisation leads to more efficient use of resources, which means a more sustainable society

Climate change

In recent decades, the focus has been on climate change and the measures which are needed to ensure that the rise in the global average temperature does not exceed 1.5°C. Climate change means that periods of extreme weather are becoming more common. In the future, challenges arising from more marked temperature changes, reduced groundwater levels and extreme weather will thus become increasingly crucial to deal with. These new conditions increase demand for sustainable solutions that reduce climate impact, use resources more efficiently and adapt society to a changing climate.

Our long-term value creation

We work to meet the current needs of society, but also the needs of future generations for sustainable solutions. We create value for our clients, employees, shareholders, suppliers and society, in both the short and long term. This is described in our value creation model.

What we need →

Human capital
- Nearly 16,000 employees in projects in over 100 countries
- Engineering and design knowledge with sustainability in focus
- Partner network of 30,000 engineers and specialists

Structural capital
- Knowledge bank and project references
- Strong brand and employer brand
- Working methods and knowledge transfer systems
- Offices in more than 40 countries
- System support for our processes

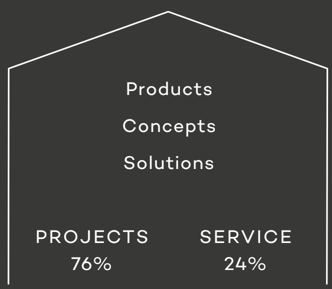
Social and relational capital
- Long-term, good relationships with clients, shareholders, researchers, universities and technical colleges

Financial capital
- Around SEK 14,500 million in equity and loans
- Strong cash flow and balance sheet

Energy and fuel
- 16 GWh of heating and cooling and 19 GWh of electricity for offices
- Fuel for around 50,000,000 km of business trips by car and air

What we do →

Business model



Our business model strengthens clients' long-term competitiveness. This is done partly through major projects and end-to-end solutions where AFRY leads and runs the entire project, and partly by providing services when the client needs human resources or specialist expertise. In recent years, we have developed the business model to offer projects to a greater extent. This allows us to enter the process early on and help the client choose solutions that create beneficial economic, environmental and social values. In this way, we can successfully address sustainability concerns in client assignments. Read more about our business model at afry.com.

Reinvestment of financial capital, growth, knowledge, experience and references

What we create

We accelerate the transition towards a sustainable society with a focus on the transforming segments
- Infrastructure
- Food & Life Science
- Clean Energy
- Bioindustry

Growth
- Net sales amounting to around SEK 19,000
- EBITA excl. items affecting comparability amounted to around SEK 1,600 million

Healthy, gender-equal and engaged employees
- 2.3% sickness absence
- 27.8% female employees

Environmental impact
- Emissions of 11,214 tonnes CO_2 and 707 kg CO_2 per employee from business travel and energy consumption, respectively

Sustainable development of suppliers
- Criteria for evaluation and selection of suppliers
- Increased knowledge and experience

Value for stakeholders

Clients
- Satisfied clients

Employees
- Around SEK 10,100 million in employee wages and benefits

Partner network
- Around 1,200 active sub-consultants

Shareholders
- Proposed dividend: SEK 5.00/share

Suppliers
- Around SEK 1,900 million in purchases from priority suppliers

Society
- Almost 16,000 jobs and vibrant local communities
- Around SEK 2,000 million in income tax and employer contributions

Humanity and the planet
- Contributions to the UN's 17 Sustainable Development Goals and limitation of climate change in line with the 1.5°C target

We accelerate the transition towards a sustainable society

Read more about our contributions to the UN's 17 Sustainable Development Goals on pages 24–25.

Take-off strategy for growth

AFRY takes the next step in the journey towards a more sustainable society and implements an updated strategy with a strong focus on sustainability, digitalisation and growth in transforming segments.

The strategy is the foundation of AFRY's mission to accelerate the transition towards a sustainable society and our ambition is to be a European leader in sustainable engineering, design and advisory with a global reach. The new strategy describes how we get there and is based on five pillars.

WHO WE ARE

OUR VISION

Making Future

OUR MISSION

We accelerate the transition towards a sustainable society

OUR VALUES

Brave

Devoted

Team players

OUR PEOPLE

Inclusive and diverse teams with deep sector knowledge

OUR AMBITION

A European leader in sustainable engineering, design and advisory with a global reach.

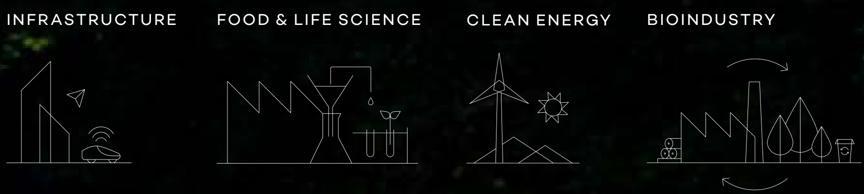
HOW WE GET THERE

1 Drive growth in targeted geographies – organic and acquired

Read more on page 14

2 Target transforming segments that show secular growth – where we have a strong position in customer value chains

Read more on page 15



3 Develop AFRY Digital – a strategic growth platform

Read more on page 20

4 Lead in sustainable solutions to drive impact and growth

Read more on page 22

5 Deliver best in class operations to drive growth and scalability

Read more on page 26

Drive growth in targeted geographies - organic and acquired

AFRY will re-accelerate organic growth in core markets by attracting and retain talent and through a ramped-up acquisition agenda.

AFRY is aiming for a position as a European leader in sustainable engineering, design and advisory with a global reach. Over the past few years and helped by the acquisition of Pöyry, AFRY has evolved from a Swedish company to a leading player in the Nordics with a strong position in international niches. Our core markets are Sweden, Norway, Denmark, Finland and Switzerland that account for approximately 80 percent of our net sales. We will accelerate organic growth in these markets by attracting and retain talent.

Based on our strengthened balance sheet we will also ramp up our acquisition agenda by targeting add-ons as well as stretegic platform acquisitions. The industry continues to consolidate and we have a need for and an opportunity to make acquisitions to strengthen ourselves geographically and to build on our position in certain sectors. Our goal is to grow 10 percent annually through organic growth and add-on acquisitions.

Core markets, approx. share of net sales

80%

Target transforming segments that show secular growth

INFRASTRUCTURE FOOD & LIFE SCIENCE CLEAN ENERGY BIOINDUSTRY

Our society is currently in the midst of several ongoing and major transitions, driven by digitalisation and a demand for more sustainable solutions. AFRY will focus on segments that show secular growth, e.g. Infrastructure, Food & Life Science, Clean Energy and Bioindustry, which accounts for more than 70 percent of AFRY's net sales. We aim to take leading positions in these segments and will focus on assignments where we have a strong position in the customer value chains.

Transforming segments, approx. share of net sales

70%

Karolina Pamp-Sandgren,
Strategist Combined Mobility

Infrastructure

The outlook for the infrastructure sector is bright over the coming years. Most of the markets where AFRY operates will be boosted by an expansion of public or private investments. The reason is partly due to government initiatives to restart the economy after the Covid-19-pandemic, partly political ambitions of transitioning to more sustainable means of travel and partly to correct for a long overdue maintenance debt. In transport infrastructure, the increased investments are largely driven by changed mobility needs and behaviour, electrification of vehicles, decarbonisation and increased demand for sustainable transportation solutions. The real estate market is driven by trends such as digitalisation, the green transition, modernisation, urbanisation and flexibility to allow for broader use of office space.

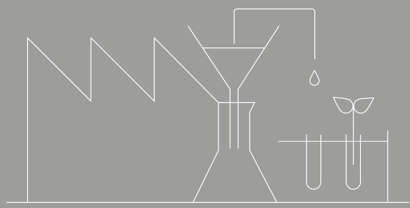
AFRY is a leading infrastructure player in the Nordics and we hold a strong position in international niches as well. We aim for a top three position in each of our core markets. AFRY will accelerate organic growth by expanding our service offering along our clients' entire asset lifecycle through digital and sustainable solutions. This may address areas like energy efficiency, operations, preventive maintenance and supply chains. Another strategic area is enhancing productivity by systematically increasing the use of centres of excellence to enable growth and efficiency. AFRY will also accelerate growth through acquisitions to add expertise, offering coverage and capacity within core markets.

See further on page 25 which of the UN's 17 Sustainable Development Goals are directly linked to the Infrastructure segment and examples of our direct impact.

CUSTOMER EXAMPLE: FUTURE BY LUND

AFRY has partnered with the Municipality of Lund, in the south of Sweden, in a new innovation project. Consequently, Lund will become one of the first cities in Sweden to implement an integration platform with the aim of promoting a sustainable environment with a high quality of life. By linking and refining data from different systems with common storage, intelligent connections between traffic, weather and space data will be able to facilitate everything from traffic flows to energy efficient buildings. This will make Lund one of Sweden's most digital cities and will enable a more sustainable and seamless society within everything from infrastructure to energy usage.

Food & Life Science



The Food and Life Science sectors have demonstrated stable growth for many years. This is expected to continue, driven by an increasing, ageing and wealthier population. There is also a transformation driven by personalised medicine, IoT-enabled medical devices and digitalisation, as well as the emergence of new and rapidly growing intersections, such as functional food, preventive health, eHealth and plant-based food. A common denominator for each of these segments is that they are governed by strict regulations. Understanding these regulations require deep sector knowledge and how to operate within their boundaries is required to participate in the markets.

AFRY currently has a leading position in all the mentioned segments, developed from strong organic growth the last few years. There is an opportunity to build more on organic growth by accelerating the recruitment of sales and project management expertise. In addition, continuing to build partnerships with equipment and software suppliers as well as global engineering companies will strengthen our offerings. AFRY will further accelerate growth through acquisitions within digitalisation, engineering and specialist companies with the aim of establishing a Nordic leadership position within Food & Life Science with a global reach.

See further on page 25 which of the UN's 17 Sustainable Development Goals are directly linked to the Food & Life Science segment and examples of our direct impact.

CUSTOMER EXAMPLE: TURN-KEY PROJECT FOR VISTIN PHARMA

AFRY has been entrusted to to carry out a turn key project for Vistin Pharma's facility in southern Norway with the aim of doubling the production capacity of the diabetes medicine Metformin. Diabetes type 2 is the most common diabetes disease and a growing endemic disease across the world. This demands for pharmaceutical companies such as Vistin Pharma to increase the production of diabetes medicine in order to meet the need. The capacity will be increased by expanding the production process with a parallel line and optimising some parts of the factory. AFRY's partnership with Vistin Pharma stretches back five years.

Clean Energy

The European Green Deal is the EU initiative for becoming the first climate-neutral continent by 2050 and highlights the need for decarbonisation, which will require a significant transition of the global energy sector. Fossil-fuelled power generation, and particularly coal, needs to be replaced by clean energy sources, which will drive significant investment and growth in the clean energy sector in the coming decades. Therefore, AFRY has decided not to take on any new projects on new coal fired power plants as of January 2021 while honouring ongoing assignments.

AFRY has leading expertise in the renewable and alternative clean energy sectors. This allows us to focus on supporting clients throughout their transition to a balanced energy portfolio and to use our expertise to lower the negative impact of already existing facilities, such as carbon offset investment programs. The transition will require careful balancing of unique environmental, economic and social drivers, while recognising the diverse energy needs globally.

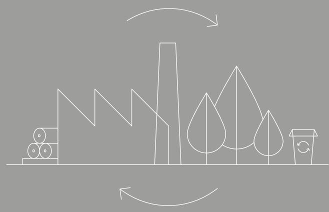
There are several technologies and market sectors driving this significant growth, such as offshore and onshore wind, solar, waste-to-energy, bioenergy, HVDC interconnectors, hydro, nuclear energy and natural gas. New technologies such as hydrogen and small nuclear reactors are also emerging as sources for the future. AFRY will focus on expanding its current services in these sectors and investing to rapidly expand our current capability in these existing and new technology areas.

See further on page 25 which of the UN's 17 Sustainable Development Goals are directly linked to the Clean Energy segment and examples of our direct impact.

CUSTOMER EXAMPLE: EPCM SERVICES FOR A NEW BIO-BASED COMBINED HEAT AND POWER PLANT

Tampereen Sähkölaitos Oy is building a new bio-based combined heat and power plant in Tampere, Finland, to replace the old plant which has reached its lifetime and has given AFRY a so-called EPCM contract with responsibility for project management, engineering services, procurement and construction management services. The project is part of the client's intention to reduce carbon emissions by 95 percent by 2030 compared to 2010 emissions. The new bio-based power plant enables the client to be closer to this goal and in addition to reducing carbon emissions it will reduce also emissions to water.

Bioindustry



The Bioindustry transition sets the frame for fossil-based materials replacement with bio-based materials. Also, traditional pulp and paper, chemicals and oil refining as well as energy companies are transforming towards biorefineries where sustainability, resource efficiency and new resource innovations will play a key role. Material transition will require new solutions in material use and new bio-based materials are continuously developed towards commercial solutions. The whole value chain, from forest to end user markets, will be digitalised and all levels of digitalisation needs to be integrated in one common platform including all data sources from engineering technical data to operational data and information technology data. The bioindustry transition offers endless opportunities but also requires increased investments and development from the industry sector.

AFRY has a strong global position in Bioindustry but in order to strengthen this position further we will further expand our service offering in industrial digitalisation, sustainability and operational efficiency, grow in fields such as wood products, packaging, hygiene, as well as increase technology competence in biofuels, biochemicals and advanced bioproducts supported by innovations and acquisitions. AFRY is committed to providing solutions to reduce pulp industry water use in existing facilities by more than 20 percent to meet our clients' sustainability targets. With this sustainability commitment AFRY, together with the whole process industry sector, takes one step closer to the targets laid out in the UN's 17 Sustainable Development Goals.

See further on page 25 which of the UN's 17 Sustainable Development Goals are directly linked to the Bioindustry segment and examples of our direct impact.

CUSTOMER EXAMPLE: METSÄ FIBRE INVESTS IN THE WORLD'S MOST MODERN SAWMILL AND BIOPRODUCT MILL

Metsä Fibre has given AFRY the engineering assignment for the construction of the world's most modern sawmill in Rauma as well as their new bioproduct mill in Kemi, Finland. The goal of the investments is increased environmental efficiency and fossil-free operations through to use advanced technology and a high level of digitalization. The new bioproduct factory will not use any fossil fuels and its self-sufficiency rate for electricity will be 250 percent.
The bioproduct mill is the largest investment ever made by the Finnish forest industry in Finland.

> ”Within the next five years, our target is to triple our digital revenue to make up more than 20 percent of group revenue.”

Develop AFRY Digital – a strategic growth platform

AFRY will be a driver of industrial digitalisation and be the best at applying digital in our core sectors where we are market leaders and have a deep expertise. At the same time, digitalisation is one of the most powerful and universal tools we have to tackle climate change and reduce global emissions.

Digital technologies are transforming all industries and are growing in importance in our transforming segments. AFRY has a unique combination of deep sector knowledge, business skills and digital skills, making AFRY well positioned to offer digital solutions to industrial players. Therefore, we aim to be the market leader in applying digital solutions in our core industries and significantly increase our revenues from digital solutions by 2025. Within the next five years, our target is to triple our digital revenue to make up more than 20 percent of group revenue.

Digital unit

A digital unit was set up in January 2021 to increase AFRY's digital initiative. The main focus of the new unit is on developing, owning and maintaining digital solutions for all AFRY's core client segments. The digital unit will rapidly scale our digital offerings, be the engine and facilitator of innovation, enable systematic investments in digital areas of our business and drive systematic acquisitions. The unit will have approximately 200 employees by mid-2021.

CUSTOMER EXAMPLE: ALFA LAVAL TAKES THE NEXT STEP TOWARDS INDUSTRY 4.0 WITH AFRY

Alfa Laval will use a digital twin technology to expand and automate production capacity at its plant in Eskilstuna, Sweden. The technology, supplied by AFRY, will result in reduced installation and ramp-up time as well as optimised production. Through the use of the advanced twin technology, Alfa Laval will accelerate their work towards a more digital and automated production, which is in line with their Industry 4.0 strategy.

Lead in sustainable solutions to drive impact and growth

We are facing many global challenges at the same time, in health, economics and the climate. There is broad awareness that the recovery both during and after the Covid-19-pandemic must be socioeconomically sustainable and focus on ensuring that the rise in the global average temperature does not exceed 1.5°C.

Global megatrends and challenges such as climate change, rising sea levels, the rise of extreme poverty for the first time in decades, lost biodiversity and increasing water stress are expected to lead to growing demand for scalable and sustainable solutions, while digitalisation is set to remain a driver in all industries and sectors. The EU's Green Deal and taxonomy is expected to direct major investments towards solutions which are classified as sustainable and in line with the Paris Agreement according to the taxonomy. AFRY holds a unique position and is ready to take a leading role as an enabler in the transition to a sustainable society based on our products and services, our presence and our ambitions.

Sustainability is an integral part of our business strategy, and we aim to be a leader in sustainable solutions to boost our positive impact and drive growth, and to help our clients achieve their sustainability goals.

AFRY's strong commitment to sustainability is reflected in our mission to accelerate the transition towards a sustainable society, and our framework for sustainability is built on three pillars: lead by example, transform the company and accelerate the sustainability transition. The three pillars are pivotal to AFRY's ambition to become a European leader in sustainable engineering, design and advisory with a global reach.

Lead by example: We are continuing to actively understand and meet our stakeholders' expectations, and operations will be managed according to stringent requirements based on recognised frameworks, science and the latest research. Since May 2020, we have been a supporting partner of the "1.5°C Business Playbook" and we have committed to align our CO_2 targets for our own operations in line with the Science Based Targets initiative to ensure that the climate strategy is compatible with the 1.5°C ambition. Our focus on the 2030 Agenda, UN Global Compact and other important frameworks remains firm. Ethics, compliance, diversity and inclusion are key areas which permeate the entire business, as manifested through our new sustainability targets.

→ Read more about our sustainability targets on page 7.

Transforming the company: AFRY will focus on how we can continue to fully integrate sustainability in our solutions to generate long-term value for customers, for the environment and for society. Sustainability training will continue to be vital in ensuring that all our employees gain more knowledge in line with our clients' expectations. In order to utilise sustainability as a driver to its fullest extent, system support will be vital to monitoring the impact of our solutions and enabling scalability of our sustainable solutions in all areas in which we have in-depth sector knowledge.

Accelerate the sustainability transition: AFRY will take a leading position in the four transforming segments. It is in these segments that we anticipate strong and long-term growth, and it is here that we expect to see an increase in demand for scalable, cross-functional and sustainable solutions which are made possible by digitalisation. A shift within the transforming segments will accelerate the transition to a sustainable society. The 1.5°C Business Playbook will also support us in our efforts to further adapt our services and solutions in line with the 1.5°C ambition. We have taken the strategic decision not to take on any new projects on new coal fired power plants from January 2021 onwards in order to further adapt our products and services in accordance with our ambitions. In the future, we will continue to focus on areas of our business where we have the highest impact and set clearer and more measurable targets which further accelerate the transition and increase our net positive impact.

→ Read more about the four transforming segments on pages 15–19.
→ Read more about our sustainability work in the sustainability notes on page 100.

LEAD BY EXAMPLE

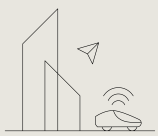
- Walk the talk
- Ambitious internal targets
- Measuring and follow-up

TRANSFORM THE COMPANY

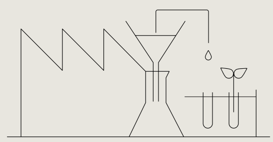
- Fully integrate sustainability in solutions to generate long-term value for our shareholders, our clients, the planet and society
- Sustainability training
- System support to enable scalability and monitoring of impact

ACCELERATE THE SUSTAINABILITY TRANSITION

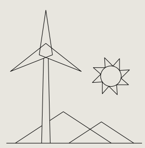
Infrastructure



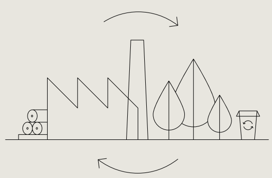
Food & Life Science



Clean Energy



Bioindustry



A European leader in sustainable engineering, design and advisory with a global reach.

AFRY's contribution to the Sustainable Development Goals

The positive impact of AFRY's assignments responds to global trends, utilise the opportunities presented by digitalisation and meets the climate challenges. Through our assignments, we have a positive impact on society through increased energy efficiency, increased use of renewable energy, resource efficiency, safe workplaces, improved health and safety, streamlined production processes, circular resource flows, improved accessibility, greater traffic safety, inclusive societies and improved air and water quality. These values are reflected in the 2030 Agenda and the UN's 17 Sustainable Development Goals. It is also clear that the 2030 Agenda has led to an increased demand for solutions which respond to the societal challenges.

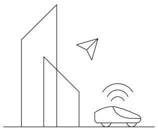
Understanding our impact on the Global Goals
AFRY either directly or indirectly contributes to all the 17 Global Goals through our responsible business conduct, our focus on gender equality, diversity and inclusion, our active work relating to collaboration and partnerships, and the impact of our assignments.

We have analysed the 17 Global Goals and their 169 targets based on the four transforming segments in our business strategy, and have identified a direct positive impact on 30 of the 169 targets. Common to all the transforming segments is that we contribute to climate change mitigation in line with the 1.5°C ambition as well as climate change adaptation of society. The next page presents the Global Goals that are linked to each transforming segment in our business strategy, along with examples of our impact based on these.

The Global Goals are interconnected and achieving the 2030 Agenda also entails numerous conflicting goals. The UN recommends an integrated approach as critical to taking on the difficult challenges we are facing. AFRY is working to maximise sustainable values in assignments to create, develop and implement solutions that build a more sustainable society. We aim to ensure a holistic perspective in our assignments that minimises negative impact and maximises positive values.

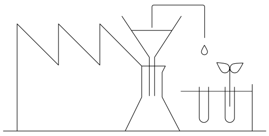
Read more about the transforming segments on pages 15–19.

Infrastructure



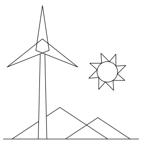
In **Infrastructure**, we are helping to make cities inclusive, safe, resilient and sustainable while mitigating climate change and adapting society to climate change. Through our assignments, we are contributing to adequate and safe housing, improved energy efficiency, reduced adverse per capita environmental impact of cities, and increased water-use efficiency and access to safe drinking water, sanitation and hygiene. We also have an impact on sustainable transport systems for all, improved road safety and universal access to inclusive and accessible green and public spaces. Through our assignments, we support the link between urban, peri-urban and rural areas.

Food & Life Science



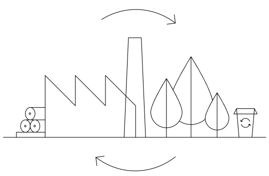
In **Food & Life Science**, we are contributing to sustainable food production systems and reduced food waste along production and supply chains and to combating disease. We also contribute to environmentally sound management of chemicals and waste with less release of these substances to air, water and soil, and through this reduce deaths and illnesses caused by such releases. Through our assignments, we are helping to modernise and adapt industry to increased sustainability and economic productivity through improved energy efficiency, effective and circular resource use, diversification, technological upgrading and innovation, environmentally friendly technologies and industrial processes, and improved health and safety.

Clean Energy



In **Clean Energy**, we are helping to secure access to reliable, sustainable, modern and affordable energy for all, and to mitigate climate change and adapt society to climate change. We are contributing by increasing the share of renewable energy in the global energy mix, by improving energy efficiency, expanding infrastructure and upgrading technology for supplying modern and sustainable energy services. Through our assignments, we can promote the sustainable use of ecosystem services and help minimise impacts on ecosystems on land and in inland freshwater, and to protect and restore water-related ecosystems.

Bioindustry



In **Bioindustry**, we are helping to modernise and adapt industry to increased sustainability and economic productivity through improved energy efficiency, effective and circular resource use, diversification, technological upgrading and innovation, environmentally friendly technologies and industrial processes, and improved health and safety. We are contributing to more efficient water use and to circular water flows in industry, as well as to environmentally sound management of chemicals and waste and reductions of their release to air, water and soil. Through our assignments, we can promote a sustainable management of forests.

Deliver best in class operations to drive growth and scalablity

“Best in class operations” aims to create an efficient and scalable platform that grows relatively slower than sales.

One major objective since the start of the integration with Pöyry has been to find an efficient operational structure where we also benefit from the cultures and lessons learned from both companies. The “best in class operations” is the framework to find such a structure, a way of working, and processes that drives efficiency across all countries and business units.

AFRY has established a scalable platform to enable efficient cross-sales, improved quality and better usage of information. The ongoing implementation of a new system landscape with modern IT-platforms is essential for our company. We are currently driving implementation of a new ERP-system, HR-system and CRM-system to enable savings and drive efficiency. With an improved CRM-system, we create new opportunities for measuring and analysing customer satisfaction, which is one of our sustainability targets. The focus of the project is also to benefit from efficient transaction service centers, exploit economies of scale in core markets and increase the use of excellence centres.

“Best in class operations” is targeting permanent cost savings both within the Group and divisions. In addition to pure cost savings, the goal is to create a platform that is scalable and that grows relatively slower than sales. During 2020, the permanent cost savings amounted to SEK 210 million, compared to SEK 120 million that was previously announced.

As part of our response to Covid-19-pandemic, several cost mitigation measures were initiated during the year. These measures included short term work allowances, spend freezes and natural cost evasions, such as travel. In total, by end of December we succeeded in reducing total costs by approximately SEK 860 million through a combination of short-term and permanent savings.


Tirham Shakila, Economist

Attractive employer

For AFRY to grow in line with our vision and strategy, our brave and devoted team players are instrumental. That is why we give our employees room to grow and develop, and also attract new talent by offering interesting and attractive career opportunities.

Digital and efficient employee processes
Throughout the year AFRY has invested in digital tools and systems to deliver efficient and value-adding processes and tools to managers and employees, with a high degree of self-service functionality. Continued digitalisation is an important part of the HR strategy and several projects aimed at improving the employee experience were in focus during the year. An example is the development of a common system for HR administration and personnel data.

Collaborative culture and brave leadership
AFRY believes that leadership is about creating long-term sustainable profits by developing both the business and our employees. Following the Covid-19-pandemic our managers had to lead their teams from a distance, there has been strong focus on employee's well-being, as well as inclusion and collaboration within and across the teams.

It will take brave leadership and the right corporate culture to execute the new Take-off strategy. A new leadership model philosophy has been devised, and to ensure that it permeates everything we do, several activities are being conducted. During 2020 AFRY launched several initiatives to reinforce our leadership model Brave Leadership. The model has been implemented in courses and onboarding, integrated in the Performance and Development tool and activated by providing a toolkit for managers to support them in implementing Brave Leadership and our values in daily business.

Thorough Brave leadership – firmly rooted in our corporate culture and strategy – is a foundation for strong client relationships and a committed workforce. We take a structured, long-term approach to identifying managerial talent and planning for advancement and succession in various leadership roles.

Gender equality, diversity and inclusion
As a fast-growing company, AFRY is constantly looking for a variety of talent who can contribute innovative thinking to our clients and society. We are convinced that a diversified workplace makes a company more Attractive employer. For AFRY to grow in line with our vision and strategy, we need brave and devoted team players. That is why we give our employees room to grow and attract new talent by offering interesting and attractive career opportunities. The company actively pursues the promotion of inclusion and diversity to develop our procedures to attract and recruit new managers and employees, to ensure fair and gender-neutral pay and to educate and train managers in inclusive leadership. This work involves preparing concrete action plans for greater diversity. There are two focus areas:

– More women. The company has an overall objective of creating a better gender balance among both consultants and managers. A sustainability target is that the proportion of female leaders should reach 40 percent by 2030. At the end of 2020, the figure was 23,1 percent. AFRY conducts several different projects to improve the gender balance.

– More foreign-born engineers. AFRY has been offering a trainee programme since 2016 aimed at foreign-born engineers as a way of bringing valuable skills to the company. Together with the Swedish Public Employment Service, our two diversity coaches work to find the right candidates and provide support to admitted trainees and their managers. By the end of the year, more than 300 foreign-born engineers have been employed by AFRY.

Diversity issues affect all aspects of AFRY and have an impact on the corporate culture through leadership and collaboration. This, in turn, affects both our clients and society at large as we can contribute smart solutions to major societal challenges.

Structures that create and reinforce bias are found everywhere, including within AFRY. Here we can make a difference through education, cultural exchanges and the way we lead.

Additional initiatives have been launched to promote inclusion and diversity at AFRY. Webinars for managers highlighting various topics within inclusion and diversity have been held during 2020, also a whole week dedicated to courses, lectures, movies and activities related to inclusion and diversity has been held in March 2020.

Diversity, equal opportunity and inclusion are governed by structured procedures, policies and tools in all employee-related areas. Communication is an important tool and we spotlight role models and teach by example. This leverages inclusion and diversity in all its forms and develops sense of belonging in our teams.

AFRY was included in the Bloomberg Gender Equality Index for 2020 and 2021, which represents a commitment to work with gender equality issues and to promote women in the workplace.

Working environment, health and safety
A healthy and safe work environment is a prerequisite for being an attractive employer and contributes to sustainable results and long-term relationships.

The Group requires that our operations comply with both local legal requirements and AFRY common standards to ensure a good working environment that promotes employee health and prevents illnesses and accidents.

Rodrigo Pencheff, Lighting Engineer

Growth

Recruitment and induction

AFRY continues to focus on growth that demands an effective and well-functioning recruitment process. Each manager is responsible for the people they recruit, with support provided by the HR organisation. AFRY'S internal team of recruiters is constantly looking for interesting candidates, processing them and ensuring the recruitment process is a positive experience.

To give candidates a clear picture of AFRY, we created a candidate portal and an onboarding app with useful and inspiring information. The company participates in various internal and external initiatives to stimulate interest in engineering education, regardless of background or gender. For example, the company participates in Tekniksprånget, a national initiative in Sweden that gives internships to young secondary school students, and Jobbsprånget, which mediates internships for newcomers in Sweden with a degree in engineering.

Retain and develop talent

AFRY needs engineers in virtually all fields. To be able to offer clients what they want, we not only need to recruit the right people, we must also be able to retain and develop them. Talent management is about finding the right individuals and making sure they end up in the right place with good conditions for doing their jobs. But it is also about how the leadership and procedures of the company generate engagement and a strong corporate culture. A culture that permeates the daily lives of individual managers, thus affecting all employees and, by extension, all the interests of the company.

Employee turnover is affected by business cycles and market trends. Both employees' and potential employees' expectations of the company as an employers are influenced by the prevailing trends. The lack of skills in society at large has a significant impact on the range of available talent.

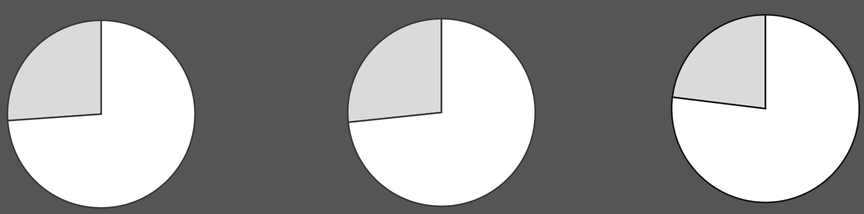
We guide talent management at the company through Group-wide processes, policies and system support. Managers have access to guidelines, tools and templates with support from HR. Guidance reduces the risk of arbitrariness, facilitates efficient work methods for managers and ensures a minimum level of talent management.

Development of our employees

Thanks to the size of the company, we can offer our employees many interesting career and development opportunities, ranging from managerial and specialist roles to project managers and business developers. A breadth that is becoming increasingly important to highlight. In the future, we will also facilitate job rotation so even more people can test new roles and functions. During the year, the service was also developed for those who want to work abroad.

Much of our employees' skills development occurs on the job. Since sustainability is at the heart of our client offering, we are working to increase understanding and knowledge of sustainability issues. In addition, all our employees have access to AFRY Academy, a proprietary education platform with many courses.

Gender distribution 2020[1]



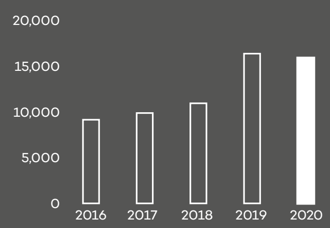
Consultants
- Women 26.3%
- Men 73.7%

Total workforce
- Women 27.8%
- Men 72.2%

Managers
- Women 23.1%
- Men 76.9%

[1] Gender distribution among permanent employees

Number of employees 2016–2020



To maintain enthusiasm and increase motivation, it is important for employees and managers to have ongoing conversations about performance and development. Managers are supported in this context by a simplified, interactive tool for performance reviews. All employees must have at least one performance review per year.

The company also conducts at least one employee survey every year. The 2020 survey focused on leadership, well-being and engagement. The results of the survey show that the work environment at AFRY is positive. Employees feel supported by their colleagues and they respect each other. AFRY's new Brave Leadership Index is high, and there is a good feeling of belonging and respect within the teams. AFRY's eNPS result was +25.

Employer brand
AFRY has long been working deliberately to build a strong employer brand, and this effort remains high on the agenda. To strengthen the brand, AFRY is marketed through digital campaigns, visits to universities and internal ambassadors and communication. In 2020, AFRY has ended up amongst the top places in surveys conducted by Academic Work and Universum when young people choose the most attractive employers in Sweden. AFRY was also ranked as the most popular workplace among young researchers by Framtidens Forskning. This is proof of successful brand-building and our achievement in communicating sustainability as a pivotal part of our vision and strategy.

As part of the integration of ÅF and Pöyry, we continued to internationalise AFRY Future Stars, our Group-wide programme for talented aspiring engineers. The aim is for students to get to know the company and get involved as ambassadors at their universities.

Our three core values

Brave
We think big and encourage entrepreneurship to increase value. Challenging each other and making bold decisions, always taking a stand for what we believe in.

Devoted
We have a unique mix of competences and we are all passionate within our field. Sharing our expertise and insights to make a difference, we are driven by our curiosity to grow and learn more.

Team players
We share ideas and collaborate across borders to seize new opportunities. Challenging, supporting and bringing out the best in each other, we believe in the power of differences.

A fact-based worldview

AFRY has teamed up with the Swedish foundation Gapminder to identify, highlight and counteract misconceptions about global developments and the UN's 17 Sustainable Development Goals. To raise awareness, a knowledge test has been launched and it shows an extensive need to update public knowledge.

The UN Sustainable Development Goals were adopted by the member countries in 2015 to resolve the climate crisis and to reduce inequality and injustice by 2030. If the goals are to be achieved within the timeframe, governments, the business sector and civil society must work together. The knowledge test, which consists of 18 questions, was developed to increase knowledge of the goals and global developments. The questions relate to sustainability in AFRY's areas of expertise, such as climate, energy and infrastructure. As a partner, our experts identified subject areas and reviewed facts and reports. The test is part of a long-term collaboration between AFRY and Gapminder whose purpose is to identify, highlight and counteract ignorance of the facts.

The global situation over the past year has clearly shown how important it is to have the correct knowledge when making decisions – and the need for a fact-based worldview is greater than ever. The test confirms that knowledge levels are very low. The initial results from Sweden, Norway, Denmark and England showed widespread misconceptions – on average, 15 of 18 answers were incorrect.

If we are to succeed in accelerating a sustainable transition of society, we need to work hard to raise the level of knowledge. That is why AFRY and Gapminder are highlighting the importance of a fact and science-based worldview. We believe that when you know better – you do better.

When you know better – you do better

Jonas Gustavsson, President and CEO of AFRY and Anna Rosling, co-founder of Gapminder

Kai Piippo, Head of Lighting Design
Lisa Anger, Digital Expert

New initiatives and partnerships

1.5°C Business Playbook

AFRY is a supporting partner of the 1.5°C Business Playbook – the world's first framework for an exponential climate transition – which aims to help organisations and companies set targets in line with the 1.5°C target.

Science Based Targets initiative

As part of the work to accelerate the transition to a more sustainable society, AFRY has joined the Science Based Targets initiative. The aim is to raise the level of ambition and adopt scientifically based targets for reducing emissions to achieve climate neutrality.

Gapminder

AFRY is working with the Gapminder foundation to counter ignorance of the world around us and develop sustainable solutions based on facts and science. Read more about our collaboration with Gapminder on page 32.

Action Against Corona

Together with other companies, AFRY collaborated with Action Against Corona, an initiative from the Norrsken Foundation and Dagens Industri to support start-ups, projects and initiatives which can help to reduce the negative impacts on society caused by the spread of the coronavirus.

RenewAfrica

AFRY is one of 27 organisations that are supporting the renewAfrica initiative, which aims to promote the transition to renewable energy in Africa.

Climate Leadership Coalition

AFRY is a member of the Climate Leadership Coalition – Europe's largest non-profit network for a more sustainable society. This network is supported by companies, universities, researchers, private individuals and others.

Diversity Charter Sweden

AFRY is a member of the Diversity Charter network, which is working to create a world in which different ideas, expertise, experiences and skills count and where diversity is seen as a resource.

Government collaboration programme

AFRY is participating in the Swedish government's collaborative programme to promote cooperation between the government, private sector and academia as part of efforts to achieve a better climate.

Norrsken Foundation

AFRY and the Norrsken Foundation have entered a partnership to jointly raise the level of knowledge on key societal issues and to interact in order to develop, digitalise and scale up solutions to accelerate the transition to a sustainable society.

AFRY as an investment

AFRY is a stable company with historically good returns and profitable growth. Global megatrends are expected to lead to growing demand for sustainable solutions, which will create major opportunities for AFRY where we can take a leading role as an enabler.

1. Strong underlying trends
Global megatrends such as climate change, urbanisation and digitalisation are shaping demand amongst clients and are expected to lead to an increasing need for scalable and sustainable solutions, while digitalisation remains a driving force within all industries and sectors. The EU' Green Deal and taxonomy will drive investments and accelerate the transition to a sustainable society. AFRY is well-positioned to take a leading role as an enabler.

2. Leader in sustainable and digital solutions
Based on the strong position that AFRY has built up within sustainability and digitalisation, we are contributing to the ongoing transition to a sustainable society. This transition is clear in many transforming segments, including Infrastructure, Food & Life Science, Clean Energy och Bioindustry. Within these, AFRY can take a clear position in the client's value chain and the assessment is that the segments will create strong and long-term growth going forward.

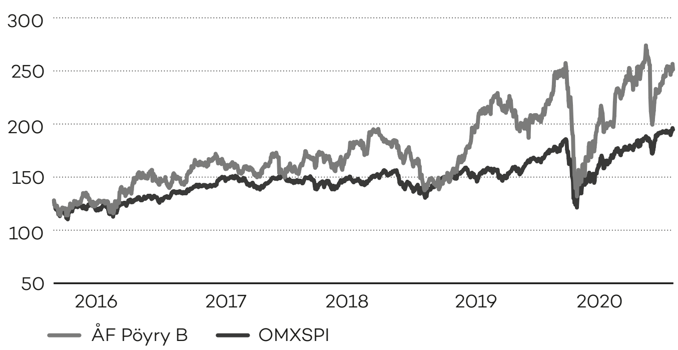
3. Diversification for low cyclicality
AFRY's broad portfolio and international presence enables us to take on larger and more complex assignments to meet our clients' needs for advanced and sustainable solutions. A broad portfolio also generates stability across fluctuations in the economy and better spreads risk. AFRY has a strong local position in the Nordic region and selected international segments.

4. Attractive employer
Over the long term, our ability to attract and develop the best employees is crucial. Being an attractive employer ensures that we can recruit talented employees who want to join us in creating leading solutions, which in turn strengthens our client offering and competitiveness. AFRY is ranked as one of the most popular employers amongst engineers and researchers in Sweden.

5. History of stable growth and profitability
AFRY's target is annual organic and acquired growth of 10 percent. Over the last 10 years, average sales growth amounted to 9 percent (17 percent including platform acquisitions). Based on a strong balance sheet, AFRY will also accelerate the acquisition agenda with a focus on add-on acquisitions as well as platform acquisitions. AFRY also aims to achieve an EBITA margin of at least 10 percent over a business cycle, and over the last 15 years, the average EBITA margin has been 8.5 percent.

6. Long-term value creation
Over the last five years, the share return was 96 percent, compared with 52 percent for OMX Stockholm PI. We represent long-term sustainable development that adds value for shareholders, clients, employees and society.

Price trend 2016–2020



The share

Over the last five-year period, 2016–2020, the ÅF Pöyry B share's return was 96 percent compared with 52 percent for the OMX Stockholm PI.

ÅF acquired Pöyry PLC in February 2019 and the shares are now traded under the name ÅF Pöyry B (AF B). ÅF Pöyry's B shares have been listed on Nasdaq Stockholm since January 1986. Since 2 January 2017, the shares have been trading on the Nasdaq Stockholm Large Cap, the exchange list for companies with a market capitalisation exceeding EUR 1 billion. At the year-end, the combined market value, including A shares, was SEK 28,392 million (24,521).

Price trend and share turnover
At the end of 2020, the ÅF Pöyry B share price was SEK 251.20 (218.60). The return on the share, that is, its price performance, was 13 percent during the year, while the OMX Stockholm PI index was 11 percent. Over the last five-year period, 2016–2020, the ÅF Pöyry B share's return was 96 percent compared with 52 percent for the OMX Stockholm PI. The diagram on the next page shows the price performance for ÅF Pöyry B compared to the index. In 2020, a total of 60 million shares (63) were traded on Nasdaq Stockholm for an aggregate value of SEK 12,805 million (12,117). The average turnover per trading day was 237,469 shares (255,160), corresponding to SEK 51 million (48). The share was traded on all trading days.

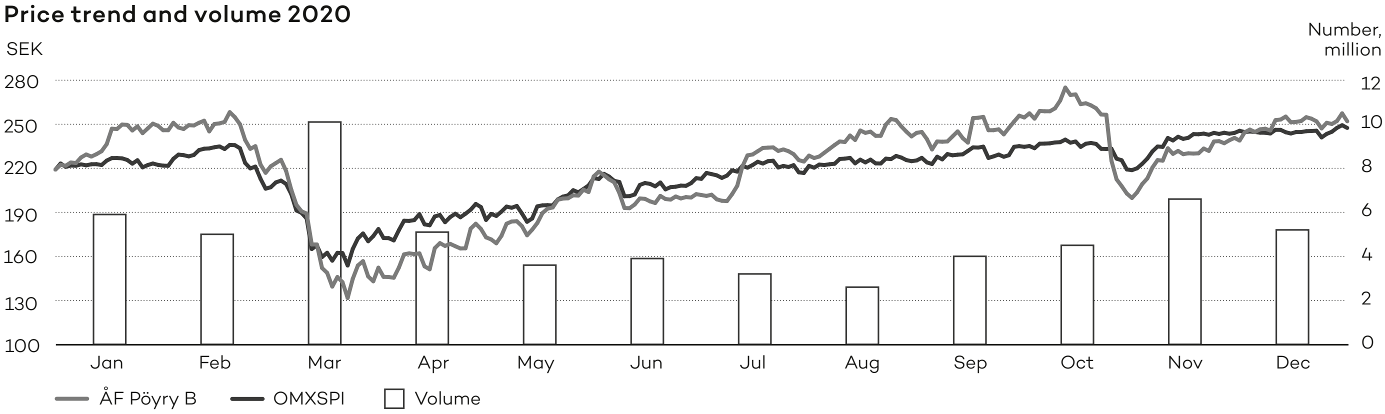
Dividend policy and dividend
The Board of Directors has adopted a dividend policy according to which the dividend corresponds to approximately 50 percent of consolidated profit after tax excluding capital gains. For the 2020 financial year, the Board proposes a dividend of SEK 5.00 (0.00) per share.

Changes in the number of shares
In 2020, conversion of shares as per the 2015 and 2016 staff convertible programmes increased the number of B shares by 849,916. The Group had no holdings in own shares at the end of the financial year.

Development of share capital

			Change in number of shares		Total number of shares		Total shares	Share capital
Year	Quota value	Change	Class A shares	Class B shares	Class A shares	Class B shares	Number	SEK thousand
2010	5	Split 2:1	804,438	16,225,063	1,608,876	32,450,126	34,059,002	170,295
2012	5	Non-cash issue		5,985,915	1,608,876	38,436,041	40,044,917	200,225
2013	5	Cancellation		-558,782	1,608,876	37,877,259	39,486,135	197,431
2014	5	Cancellation		-383,650	1,608,876	37,493,609	39,102,485	195,513
2014	2.5	Split 2.1	1,608,876	37,493,609	3,217,752	74,987,218	78,204,970	195,513
2015	2.5	Cancellation		-967,869	3,217,752	74,019,349	77,237,101	193,093
2015	2.5	Conversion of staff convertibles		828,192	3,217,752	74,847,541	78,065,293	195,163
2016	2.5	Conversion of staff convertibles		848,660	3,217,752	75,696,001	78,913,733	197,284
2017	2.5	Cancellation		-835,488	3,217,752	74,860,513	78,078,265	195,195
2017	2.5	Conversion of staff convertibles		183,600	3,217,752	75,044,113	78,261,865	195,654
2018	2.5	Cancellation		-1,650,213	3,217,752	73,393,900	76,611,652	191,529
2018	2.5	Conversion of staff convertibles		765,051	3,217,752	74,158,951	77,376,703	193,442
2019	2.5	Private placements	1,072,584	33,556,411	4,290,336	107,715,362	112,005,698	280,014
2019	2.5	Cancellation		-738,345	4,290,336	106,977,017	111,267,353	278,168
2019	2.5	Conversion of staff convertibles		906,775	4,290,336	107,883,792	112,174,128	280,435
2020	2.5	Conversion of staff convertibles		849,916	4,290,336	108,733,708	113,024,044	282,374

Price trend and volume 2020



Long-term communication with the stock market
The company has an ongoing long-term communication strategy towards the capital market, and interest in the share remained strong in 2020. The CEO and CFO have held many digital meetings with investors and analysts, and given presentations at digital investment seminars. In addition, there are regular online conferences with investors, analysts and the media when interim reports are published. In November 2020, a digital Capital Market Day was held at the company's head office.

Key ratios per share

SEK	2020	2019	2018	2017	2016
Share price 31 December	251.20	218.60	160.40	180.90	167.00
Basic earnings	8.81	8.07	10.98	9.58	9.32
Diluted earnings	8.81	7.99	10.76	9.39	9.14
Equity attributable to shareholders in the parent	89.7	83.51	70.42	64.30	60.19
Dividend yield, %[1]	2.0	0.0	3.1	2.8	2.7
Dividend[2]	5.0	0.00	5.00	5.00	4.50
Market capitalisation, SEK million	28,392	24,521	12,411	13,988	12,978

1) Based on proposed dividend.
2) Proposed dividend.

Analyst

Name	Company
Johan Sundén	Carnegie
Erik Elander	Handelsbanken
–	Kepler Cheuvreux
Erik Paulsson	Nordea
Johan Dahl	Danske Bank
Dan Johansson	SEB

Shareholders in Sweden and abroad

31 Dec 2020	Number of shareholders	Holding, %
Sweden	15,250	70.7
USA	44	9.1
Luxembourg	9	4.1
Norway	47	3.9
Finland	142	3.5
Other	407	6.3
Anonymous ownership		2.3

Ownership by holding

31 Dec 2020	Number of shareholders	Holding, %
1–500	12,134	0.9
501–5,000	3,262	4.3
5,001–	493	92.5
Anonymous ownership		2.3
Total	**15,889**	**100.0**

Ten largest shareholders, 31 December 2020

Owners	Holding, %	Votes, %	Class A shares	Class B shares
ÅForsk Foundation	10.8	33.4	4,274,336	7,942,837
SEB Fonder	10.6	7.9	0	11,957,394
Swedbank Robur Fonder	9.0	6.7	0	10,115,891
EQT	5.0	3.7	0	5,621,000
Handelsbanken Fonder	4.8	3.6	0	5,469,220
Fourth Swedish National Pension Fund (AP4)	3.2	2.4	0	3,666,057
Corbis S.A.	3.1	2.3	0	3,465,996
Norges Bank	2.6	2.0	0	2,994,339
Didner & Gerge Fonder	2.6	2.0	0	2,983,308
Vanguard	2.4	1.8	0	2,706,913
Total ten largest shareholders	**54.1**	**65.8**	**4,274,336**	**56,922,955**
Total other	45.9	34.2	16,000	50,960,837
Total shares	**100.00**	**100.00**	**4,290,336**	**107,883,792**

Source: Modular Finance

Administration report

The Board of Directors and the CEO of ÅF Pöyry AB (publ), corporate identity number 556120-6474, herewith submit their annual report and consolidated financial statements for the 2020 financial year. ÅF Pöyry AB is the parent of the Group. The registered office is in Stockholm.

Net sales and profit
Net sales for the year amounted to SEK 18,991 million (19,792), a decrease of -4.0 percent (41.6). Negative organic growth, excluding Pöyry, totalled -6.4 percent (1.7) and -7.1 percent (2.1), when adjusted for calendar effects.

During the year, the Group received state subsidies primarily as a result of the short-term work allowances that has been implemented. State subsidies is recognised as other income and amounts to SEK 188 million (0).

EBITA and EBITA margin were SEK 1,584 million (1,368) and 8.3 percent (6.9) respectively. The effects of IFRS 16 Leases were SEK 33 million (31) on EBITA, SEK 554 million (551) on EBITDA and SEK 55 million (60) in increased interest expenses. Adjusted for items affecting comparability, EBITA amounted to SEK 1,635 million (1,731). The corresponding EBITA margin was 8.6 percent (8.7). Items affecting comparability totalled SEK 52 million (364) and relate to restructuring costs for the Energy and Industrial & Digital Solutions Divisions. The comparative period related to transaction and re-positioning costs pertaining to the acquisition of Pöyry. Capacity utilisation was 75.6 percent (75.8) for the year.

If Pöyry had been consolidated as of 1 January 2019 (combined operations), net sales would have amounted to approximately SEK 18,991 million (20,827), a decline of 8.8 percent. The corresponding EBITA and EBITA margin adjusted for items affecting comparability would have amounted to approximately SEK 1,635 million (1,809) and 8.6 percent (8.7) respectively.

EBIT totalled SEK 1,456 million (1,276). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related non-current assets amounting to SEK 184 million (211), the change in estimates of future contingent considerations amounting to SEK 62 million (119) and capital losses from divestment of operations of SEK -6 million (1).

Profit after financial items was SEK 1,270 million (1,039), and profit after tax for the year was SEK 991 million (821). Net financial items totalled SEK -185 million (-237). In the previous year, net financial items were affected by non-recurring financing costs of SEK 32 million related to the acquisition of Pöyry. Net financial items were affected by discount rates related to leases in accordance with the IFRS 16 standard and revaluation of contingent considerations that do not affect cash flow, amounting to SEK 55 million (60) and SEK 9 million (16) respectively. The tax expense amounted to SEK 279 million (219), corresponding to a tax rate of 22.0 percent (21.0).

Acquisitions and divestments
In 2020, three businesses were acquired, which are expected to contribute net sales of approximately SEK 38 million over a full year. See Note 3.

Cash flow and financial position
Consolidated net debt including IFRS 16 Leases amounted to SEK 5,193 million (7,203). Consolidated net debt excluding IFRS 16 Leases amounted to SEK 2,756 million (4,424) at year-end, and SEK 4,424 million (3,455) at the start of the year. Cash flow from operating activities excluding IFRS 16 reduced net debt by SEK 1,586 million (1,473), while cash flow from operating activities including IFRS 16 amounted to SEK 2,085 million (1,993).

The Board withdrew the dividend proposal for 2019 with the aim of further consolidating the Group's financial position. In the first quarter of 2020, some of the Group's credit facilities were also renewed, extending them by three years and increasing them by SEK 500 million. A previous bond loan of SEK 700 million was repaid in May. This bond maturity was partly financed using a three-year bank loan of SEK 500 million. During the third quarter, a previous credit facility loan (RCF loan) of SEK 200 million was repaid. In the month of August, borrowing increased by SEK 149 million via the annual staff convertible programme. This loan had no effect on consolidated net debt but strengthened the Group's cash and cash equivalents, as the AGM resolved that no shares will be repurchased during the year for the 2020 convertible programme. Consolidated cash and cash equivalents totalled SEK 1,930 million (997) at the end of the year, and unused credit facilities amounted to SEK 3,050 million (2,297).

Covid-19 update
Health and safety for employees and clients
ÅF Pöyry's main priority during the pandemic has been, and remains, the health and safety of our employees and clients. The company quickly moved most activities over to remote working and expanded digital collaborations. ÅF Pöyry launched a centralised crisis management team to execute a global contingency and action plan for the global pandemic along with travel restrictions and guidelines in close cooperation with international experts to help our employees. The company has established a Covid-19 safety protocol to maintain safe operations. Since the pandemic is developing at different stages in different markets, we have adopted more market-specific safety measures, and we anticipate that measures will continue to be adapted to specific business areas and markets going forward.

Varied impact
ÅF Pöyry has broad exposure to a number of industries and currently operates in several markets. The effects of the pandemic have varied, with the greatest impact being on the automotive segment, which saw a notable decline in volume during the year. The manufacturing segment also noted a significant impact, as investments were postponed. On the other hand, segments such as the process industry, food & pharma, nuclear power and transport infrastructure experienced a neutral trend compared with previous trends.

Extensive measures to counteract negative financial impact
ÅF Pöyry quickly implemented several extensive measures across the organisation to mitigate the financial impact of the lower level of demand caused by the Covid-19-pandemic, including various short-term work allowances. As per end of November, all of the various short-term work allowances in Sweden was ended.. Accumulated long-term savings amounted to SEK 210 million during the year, compared with the SEK 120 million previously communicated. The investment programme connected to the systems platform is being adapted to the current situation. All in all, the measures ensure that the company will continue to be well-positioned going forward and in a strong position both operationally and financially once the situation has stabilised.

Valuation of the Group's assets and provisions
ÅF Pöyry tested the valuation of the Group's goodwill as of the third quarter; this test did not give rise to any impairment. As a result of the developments of the Covid-19-pandemic, a follow-up was carried out to examine whether there were any indications showing a need to conduct updated impairment tests as of 31 December 2020. No such indications were found. No significant provisions were made during the period as a direct consequence of the pandemic.

Parent company
Parent company operating income for the full year 2020 totalled SEK 1,289 million (972) and relates primarily to internal services within the Group. During the year, the parent company received state subsidies, primarily for the short-term work allowances that has been implemented. State subsidies is recognised as other income and amounts to SEK 4 million (0). Earnings after net financial items was SEK 376 million (300). Cash and cash equivalents amounted to SEK 889 million (133). Gross investments in intangible non-current assets and property, plant and equipment totalled SEK 98 million (92). During the year, one business was divested; the consideration paid was SEK 10 million on a debt-free basis and the capital loss was SEK -42 million.

Sustainability
In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, ÅF Pöyry has elected to prepare the statutory sustainability report separately. The scope of the statutory sustainability report, which also refers to ÅF Pöyry's Sustainability Report, is given on page 100. ÅF Pöyry has no licensable operations.

Employees
The average number of FTEs was 15,271 (14,680). The total number of employees at the year-end was 15,871 (16,348). For more information on employees, see Note 6.

The share
The ÅF Pöyry share is listed on Nasdaq Stockholm. The share price at the end of the reporting period was SEK 251.20 (218.60). Class A shares carry 10 votes per share and Class B shares carry 1 vote per share. The number of shares at 31 December was 113,024,044. There are no restrictions on the transferability of shares due to statutory provisions, articles of association or, as far as the company is aware, in shareholder agreements.

Guidelines for remuneration of senior executives
The Board of Directors proposes that the 2021 AGM resolves to adopt the following guidelines for remuneration of senior executives. The guidelines proposed are principally the same as the guidelines adopted at the 2020 AGM with the additions and adjustments described in the company's 2020 remuneration report (see www.afry.com).

The remuneration guidelines include the CEO and Group Executive Management (senior executives). The guidelines shall apply to contracted remuneration and changes made to previously contracted remuneration after the guidelines are adopted by the 2021 AGM. The guidelines do not cover remuneration decided on by the AGM. The purpose of these remuneration guidelines is to provide a structure for ensuring that remuneration of senior executives is aligned with the company's long-term strategy. For information on the company's business strategy, see afry.com/en/about-us/objectives. The remuneration guidelines are based on the following basic principles:
– Offering competitive remuneration to attract and retain senior executives with the right qualifications. The remuneration levels and the composition of the remuneration components are regularly compared with the levels of comparable companies operating in the same market areas as ÅF Pöyry to ensure competitive remuneration.
– Offering long-term incentive programmes focused on business strategy, long-term goals and sustainability aspects in finance, the environment and as regards employees.
– Annual evaluation of individual results and goal achievement as compared to the company's financial results.

The remuneration guidelines provide scope for applying financial and non-financial short-term incentive structures (STIs) containing social and environmental aspects to further promote sustainability and compliance with the company's core values: brave, devoted team players. The remuneration guidelines provide management with an incentive to create an innovative and performance-oriented culture, thereby helping to achieve the company's goal of creating sustainable technology and design solutions for future generations.

Decision-making processes for establishing, reviewing and implementing the guidelines
The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision on proposed guidelines for remuneration of senior executives. The Board of Directors shall prepare proposed new guidelines at least every four years and submit the proposal for resolution at the AGM. The guidelines shall apply until new guidelines are adopted by the AGM. The Remuneration Committee shall also follow and evaluate programmes for variable remuneration of Group Executive Management, the application of guidelines for remuneration of senior executives, and applicable remuneration structures and remuneration levels in the company.
– To avoid conflicts of interest, the Remuneration Committee consists only of members of the Board of Directors who are independent of the company and its management.
– ÅF Pöyry handles remuneration through well-defined procedures and ensures that the CEO or other senior executives are not in attendance when remuneration issues are discussed, insofar as they are affected by the issues.

Remuneration
Remuneration of senior executives consists of fixed salary, pension and other benefits, as well as short-term cash incentive programmes (STI) and long-term incentive programmes (LTIP).

Fixed salary
The fixed salary is set according to local market practice and in accordance with the levels of the country where the individual is employed. The fixed salary is reviewed annually in connection with the performance evaluation and considers the context of the labour market.

Short-term cash incentive programmes (STI)
The size of short-term cash incentive programs can vary from 0 percent to 60 percent of annual fixed cash salary. Target components, weighting and target levels are set annually by the Board of Directors to ensure that they support the business strategy. The target components, weighting and target levels may vary from year to year to reflect business priorities and usually balance the Group's financial targets (currently EBITA, EBITA margin, and organic growth in own and upper level unit) and non-financial targets. Details of the target components, weighting and target levels as well as how they support the business strategy are presented in the annual remuneration report.

After the end of the year, the Board of Directors reviews the results and determines to what extent each of the targets has been achieved to determine the final level of payment. As far as financial targets are concerned, the assessment shall be based on the latest financial information published by the company. The Board of Directors may adjust the STI outcome in special circumstances to adjust the remuneration in accordance with the value created for the shareholders and to ensure that the outcome reflects the company's results fairly.

Long-term incentive programmes (LTIP)
The Board of Directors considers it important to offer long-term incentive programmes to attract and retain key personnel and to give them the opportunity to share in the company's success. LTIP are also important to ensuring the connection to long-term value for the shareholders. In this way, the remuneration guidelines contribute to the company's long-term value creation and results.

The long-term incentive programmes that can be offered are share-related or share-price-related programmes and/or long-term cash-based programmes; all are three-year programmes and there is a ceiling for all cash-based programmes. Decisions on share-related and share-price-related programmes are made by the AGM either through separate decisions or by indicating the essential conditions of the programme in the remuneration guidelines.

For senior executives, there are three-year cash-based programmes ("LTI Cash"). The annual outcome of LTI Cash can vary from 0 percent to 50 percent of the annual fixed cash salary. Target components, weighting and target levels are determined annually by the Board of Directorsto ensure that they support the business strategy and can vary from year to year to reflect business priorities (at present, average EBITA margin and average growth).

There should be a long-term cash-based incentive programme for the CEO. The purpose of the incentive programme, which is produced by the Board's remuneration committee, is to link a larger portion of the CEO's remuneration to the company's share's long-term value growth, thus further linking the CEO's interests with the shareholders'. According to the terms and conditions of the programme, the company will pay a cash amount to the CEO based on the share price trend if the CEO is still employed by the company after the measurement period ends. The share price trend (adjusted for intervening consolidation or splitting of shares, preferential rights issues or similar events) shall be above 0 percent at a minimum and 30 percent at a maximum during the measurement period 1 April 2021 – 31 March 2024. Payment will be made on a linear basis if the share price increases between the minimum and maximum level. If the minimum is not reached, no payment will be made and if the maximum is reached, the CEO will receive SEK 7.5 million (gross before tax) corresponding to a total cost to the company of SEK 9,856,500 (including social security fees).

Details of each programme and how they support the business strategy are presented in the annual remuneration report. After the end of the programme, the Board of Directors reviews the results and determines to what extent each of the goals has been achieved to determine the final level of payment.

Variable remuneration in exceptional circumstances
Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are made only at the individual level either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance over and above the person's ordinary duties. Such remuneration may not exceed an amount equal to 50 percent of the executive's fixed annual cash salary. Decisions on such remuneration shall be made by the Board of Directors as proposed by the Remuneration Committee.

Pensions
The pension benefits provided reflect relevant market practice and may be adjusted from year to year. Senior executives are covered by pension benefits that reflect market practice in each country of employment, but defined contribution pension plans are preferred. No pension benefits shall be dependent on future employment and may amount to a maximum of 50 percent of the executive's fixed annual cash salary.

Other benefits
Benefits are provided in accordance with reasonable levels in the country where the individual is employed. The benefits can be adjusted from year to year. Other benefits may include company car, health insurance, private accident and life insurance, as well as business travel insurance and liability insurance. Such benefits may amount to a maximum of 10 percent of the executive's fixed annual cash salary. Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible. Additional benefits and remuneration may be offered in certain circumstances, such as relocation in accordance with the company's policy for international transfers. The CEO is entitled to participate in programmes that can be offered to other employees at any given time, such as anniversary gifts etc. Further information on the benefits provided during a given year is available in the annual remuneration report.

Termination and severance pay
The notice period for the CEO is 12 months when notice is given by the company and 6 months if notice is given by the CEO. If the company terminates the CEO, the CEO shall be offered severance pay corresponding to up to 12 months' salary. For other senior executives, the notice period is never longer than for the CEO. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible. The Board of Directors is entitled to decide whether payment should be tied to ongoing incentive programmes for individuals who depart the company and how payment should be handled in the event of leave. Any assessments will be presented in the annual remuneration report.

Salary and terms of employment for employees
In preparing the Board of Directors' proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been considered by the Remuneration Committee using information on employees' total remuneration, the components of the remuneration as well as the rate of increase and increase over time of remuneration and have been part of the Remuneration Committee's and the Board of Directors' supporting information for evaluating the reasonableness of the guidelines and their limitations. The development of the distance between remuneration of senior executives and remuneration of other employees will be presented in the remuneration report.

Right to recover remuneration and waive the guidelines
The Board of Directors is entitled to withhold or recover payments within the framework of short- and long-term incentive programmes due to exceptional circumstances or if false information is given regarding financial results. That type of decision is explained (how the circumstances are defined and how actions are taken) in the annual remuneration report.

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for this in an individual case and a departure is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, it is part of the Remuneration Committee's tasks to prepare the Board of Directors' decision on remuneration issues, which includes decisions on deviations from the guidelines.

Corporate governance
ÅF Pöyry prepares its Corporate Governance Report as a separate document from the statutory annual report. Please see page 117.

Expectations for 2021
Given the development of the Covid-19-pandemic in 2020, the market situation is difficult to assess. Although there were signs of recovery towards the end of the third quarter, which then continued into the fourth, there is still considerable uncertainty, as the pandemic is not yet over. For this reason, AFRY is maintaining its focus on our employees' health and safety, cost optimisation and flexibility. Although the challenges are far from over, the company is optimistic about coming through this crisis stronger than it was before. The need for a green recovery following the pandemic has increased demand for digital and sustainable solutions, where AFRY has a market-leading position and a diversified exposure to the majority of industries and markets.

Proposed appropriation of profits
Non-restricted profits of SEK 9,157,669,175 are at the disposal of the Annual General Meeting. The Board of Directors proposes that these profits be appropriated as follows:

A dividend of	
SEK 5.00 per share paid to the shareholders	565,120,220
To be carried forward	8,592,548,955
Total	**9,157,669,175**

Division Infrastructure

Key ratios

	2020	2019
Net sales, SEK million	7,650	7,670
Share of net sales, %	40	38
EBITA, SEK million	652	685
EBITA margin, %	8.5	8.9
Average number of full-time employees (FTEs)	5,915	5,729

Net sales
Net sales for 2020 amounted to SEK 7,650 million (7,670), a decrease by -0.3 percent. Adjusted for negative currency effects and structural changes the negative organic growth amounted to -1.9 percent. The decrease in sales were primarily the result of a weak development within the real estate segment, where major projects were delayed as a result of the Covid-19-pandemic. There was a strong trend within water and environment in most markets.

EBITA and EBITA margin
EBITA amounted to SEK 652 million (685) and the corresponding margin was 8.5 percent (8.9). The margin was negatively impacted by the development in the real estate segment and the operations in Central Europe, while the trend in transport infrastructure and water and environment was stable. Short-term work allowances and cost savings introduced due to the Covid-19-pandemic could only partially compensate for the reduction in net sales.

Market development
The Covid-19-pandemic had a particularly negative impact on the real estate market in the hospitality and retail sector, and Central Europe had a greater impact than the Nordic region. In transport infrastructure, investments were stable with indications of increases, as the segment is at the beginning of a digitalisation and sustainability transformation that has been accelerated by the pandemic. The water segment has not been impacted by the pandemic and the continued need to modernise and upgrade wastewater plants continues to drive demand for the division's services in this area.

Division Infrastructure, share of total net sales

39 %

Division Industrial & Digital Solutions

Key ratios

	2020	2019
Net sales, SEK million	5,097	5,805
Share of net sales, %	27	29
EBITA, SEK million	326	486
EBITA margin, %	6.4	8.4
Average number of full-time employees (FTEs)	3,592	3,800

Net sales
Net sales for 2020 amounted to SEK 5,097 million (5,805), a decrease by -12.2 percent. The lower net sales was primarily driven by the automotive segment, as many key customers drastically reduced or periodically halted operations in both production and development as a result of the Covid-19-pandemic. The manufacturing industry also reported negative growth, as many investments were delayed, while a very favourable development in food & life science had a positive impact on growth.

EBITA and EBITA margin
EBITA amounted to SEK 326 million (486) and the corresponding margin was 6.4 percent (8.4). The lower margin was mainly due to lower net sales in the automotive and manufacturing segments. Extensive measures were implemented during the year, including short-term work allowances, staff reductions and cost savings to counter the sharp decline in demand. The result was adjusted for non-recurring cost of SEK 35 million related to the repositioning in the automotive segment, as reported within Group Common.

Market development
The Covid-19-pandemic had a major impact on the division during the year, linked to both disruption to supply chains and a sharp decline in demand from the automotive industry. Certain other sectors were affected by greater caution as regards to investments. AFRY began the year by repositioning its offer to the automotive industry with the aim of delivering even more high value adding services. This is expected to provide more resilient business with a higher share of project deliveries and less of on-site professional services, and also reduce the weight of the automotive segment in the total AFRY portfolio.

Division Industrial & Digital Solutions, share of total net sales

26%

Division Process Industries

Key ratios

	2020	2019
Net sales, SEK million	3,441	3,047
Share of net sales, %	18	15
EBITA, SEK million	363	323
EBITA margin, %	10.6	10.6
Average number of full-time employees (FTEs)	3,243	2,680

Net sales
Net sales for 2020 amounted to SEK 3,441 million (3,047), an increase by 12.9 percent. Adjusted for negative currency effects (mainly Brazilian real) and structural changes, the organic growth was 5.2 percent. The growth is mainly supported by ongoing large pulp and paper engineering projects in Latin America and North America, and strong development in Finland and Sweden. The Covid-19-pandemic had a negative impact on professional services in the Nordics.

EBITA and EBITA margin
EBITA amounted to SEK 363 million (323) and the margin was 10.6 percent (10.6). The margin was negatively impacted by the Covid-19-pandemic and lower sales from professional services, but positively affected by cost savings and strong growth in Sweden, Finland and Latin America.

Market development
The division was affected by the Covid-19-pandemic to some extent during the year. A continued shift in client behaviour that entails longer decision-making processes, impacted growth in some markets. However, major projects already in the order stock were carried out as planned in several regions, which also brought new assignments. The most important drivers continue to be the ongoing transition in the bioindustry sectors, sustainability, digitalisation and overall efficiency.

Division Process Industries, share of total net sales

17%

Division Energy

Key ratios

	2020	2019
Net sales, SEK million	2,773	3,001
Share of net sales, %	15	15
EBITA, SEK million	257	215
EBITA margin, %	9.3	7.2
Average number of full-time employees (FTEs)	1,752	1,885

Net sales
Net sales for 2020 amounted to SEK 2,773 million (3,001), a decrease by -7.6 percent. Adjusted for negative currency effects and structural changes, negative organic growth amounted to -8.4 percent. The repositioning within the division and the completion of a large EPC+ project at the start of 2020 resulted in lower net sales compared with 2019. The Covid-19-pandemic also led to delays in project start-ups especially in the hydro, thermal and renewables business. Growth within the Nuclear business was strong during the year, particularly in the Nordics and Central Europe.

EBITA and EBITA margin
EBITA amounted to SEK 257 million (215) and the EBITA margin was 9.3 percent (7.2). The improved margin was the result of the repositioning of the division, cost savings and strong performance in Thermal & Renewables, Nuclear och Transmission & Distribution. The result was adjusted for a non-recurring cost of SEK 17 million, related to the repositioning of the division, as reported within Group Common.

Market development
The Covid-19-pandemic impacted the division through slower start-ups of new projects mainly in the hydro, thermal and renewable sectors, and travel restrictions impacted projects in especially the hydro sector. The general outlook for the energy sector improved gradually during the year in most operational areas, although the recovery in Asia and Latin America is expected to take longer.

Division Energy,
share of total net sales

14%

Division Management Consulting

Key ratios

	2020	2019
Net sales, SEK million	813	668
Share of net sales, %	4	3
EBITA, SEK million	104	92
EBITA margin, %	12.8	13.7
Average number of full-time employees (FTEs)	419	300

Net sales
Net sales for 2020 amounted to SEK 813 million (668), an increase by 21.8 percent. Adjusted for negative currency effects and structural changes, the organic growth was 6.6 percent. The positive growth was due to strong developments in the energy consulting business driven by demand related to the energy transition and increasing offering in AFRY's European core markets.

EBITA and EBITA margin
EBITA amounted to SEK 104 million (92) and the corresponding margin was 12.8 percent (13.7). The margin was positively impacted by a strong development within the energy consulting business and cost savings, but negatively impacted by lower level of success fees linked to the Covid-19-pandemic.

Market development
The Covid-19-pandemic and associated global travel restrictions had an impact on mainly the asset transaction related business, where the number of new assignments fell as many European countries shut down. The energy transition and developments within bioindustry continue to drive stable demand for consultancy services.

Division Management Consulting,
share of total net sales

4%

Risks and risk management

This section presents a description of the most significant risks to the Group's operations and future development. These risks could have a material impact on the Group's operations, financial position and/or profit.

The Group continually identifies, assesses and monitors the risks based on its mission, vision and strategy. Risk management is based on a cross-company risk analysis which is carried out annually by key persons in the Group's Governance, Risk, Ethics, Compliance, Sustainability Committee (GRECS), which consists of the President and CEO, CFO, Group General Counsel, Head of Communications, Head of HR, Chief Compliance & Ethics Officer, Head of Risk and Security and Head of Sustainability. The risk analysis and inventory of risks are prepared on the basis of data and information from the Group's Head of Risk and Security, as well as risk assessments which have been carried out by the divisions. The aim of this work is to identify the key risks to which the Group may be exposed, the probability of the risks being realised and their impact on the Group's goals and targets. An assessment is also carried out of the effectiveness of existing controls and measures aimed at reducing the risks. The results of the overarching risk analysis have been collated in a risk map, which reflects the Group's exposure to risk. The Group Executive Management develops and monitors the risk work at Group level. The Group General Counsel initiates the reporting of the risk work at corporate level and reports regularly to the Audit Committee. At each meeting of the Board of Directors and the Audit Committee, a report is also presented on the Group's material disputes. Once a year, an annual summary report on risk and internal control within the Group is also considered by the Board of Directors, the Audit Committee and the Group Executive Management.

Type of risk	Commercial risks	Risk management
Competition and market trends	Changes in the economic cycle, structural changes and changes in market trends and digitalisation are events which challenge the Group at regular intervals, necessitating watchfulness, initiative and preparedness for change on several levels and throughout the organisation. In addition, the Group faces challenges from several major international players as well as various small and medium-sized local competitors in each market.	The Group manages the risks linked to the economic cycle, structure and market trends by trading in multiple markets and in areas that have different business cycles, and which are affected in individual ways by structural changes and fluctuating market trends. The Group is agile and able to utilise its resources where the need is greatest. Within the context of the annual strategic work, the Group carries out an analysis and evaluation of economic changes, structural changes, altered market trends, and the prevailing competitive situation which form the basis for a concrete action plan.
Changes in capacity utilisation and price per hour	The Group has a relatively high proportion of engineers working within its clients' organisations, providing expertise and detailed knowledge. It is essential to monitor the operation's financial performance continuously, since every percentage point change in capacity utilisation and price per hour has an impact on consolidated profit. Every percentage point change in capacity utilisation affects consolidated profit by about plus/minus SEK 222 million. An increase in the price per hour of one percent, with unchanged capacity utilisation, improves the Group's annual profit by around SEK 188 million.	The Group has implemented tools and procedures for continually monitoring and following up on capacity utilisation, as well as effective systems for sales support and managing expertise to ensure sustainable business relationships and successful matching of expertise with notified needs. Regular follow-up and analysis are also carried out to identify trends at an early stage.
Delivery according to client requirements and expectations	The Group's continued growth, both in respect of supplying professional engineers and complete project organisations, is leading to an increasing need for subcontractors with specialist expertise as well as subcontractors that can supply specific project planning services. The Group is exposed to risk both when the Group arranges an assignment and when partners are working in the Group's name as subcontractors in a project assignment.	The sales and delivery processes support the operational business in meeting and ensuring compliance with client requirements and expectations. These processes are tailor-made for different engineering areas. The Group has implemented a management system for internal control, governance, follow-up and continual improvements to the operational business, which includes the management of risks linked to suppliers and subconsultants (see third party risks below). The Group also has comprehensive insurance cover for its operations and properties. It includes general liability insurance, product liability insurance and consultant liability insurance.
Human resources and expertise	As competition for qualified employees increases, so does the pressure on the Group to present itself as an attractive employer. For an engineering and 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 the Group to join competitors or clients or set up their own businesses. There is also a risk that we will not be able to recruit new qualified employees to fill existing and future needs.	There is a strong focus on recruitment and induction activities. With the aim of retaining and motivating employees of the right calibre, the Group invests in digital courses and continual professional development, skills development and management training. Individual development plans are formulated at each employee's annual performance review. Employee surveys are carried out to acertain how satisfied employees are with their work situation. To attract new employees, the Group has a solid organisation for outreach recruitment and works actively to strengthen the employer brand, for example through marketing activities in social media, information targeted to students and participation in job fairs.

Type of risk	Strategic risks	Risk management
Acquisitions	Acquisitions are a key part of the Group's growth strategy. Acquisitions can pose risks such as an acquisition being based on incomplete or inaccurate information, key persons leaving the Group, unsuccessful integration of the acquired company or the expected profit failing to materialise. Acquisitions in new markets entail risks linked to factors like understanding local market conditions, prices and the competitive landscape.	The Group has a well-developed acquisition and integration process, where decisions concerning new acquisitions are taken by the Board of Directors or Group Executive Management according to a specific decision-making process with fixed decision points. Acquisition decisions are made within Group Executive Management and by the Board of Directors. An annual review of recent acquisitions over a certain limit is carried out by the Group's Board of Directors.
Brand and reputation	The Group's brand and reputation are central to gaining the trust of the company's stakeholders, such as clients, employees, suppliers, partners and shareholders. Negative publicity about the Group's operations or an incident within the Group's operations may affect the brand and thus have a negative impact on the Group's reputation and financial results.	Through clear communication and an active branding, trust and relationship work process, the trust is strenghtened with the company's stakeholders. The Group has a well-established function for communication as well as policies for employees such as the Code of Conduct and an external communication policy. In addition, the Group works continuously with the prevention of business ethics risks through routines and training and the systematic management of incidents and whistleblowing.
Type of risk	**Environmental and climate-related risks**	**Risk management**
Environment and climate	Negative environmental impact due to the Group's operations is primarily found within the framework of carbon dioxide emissions caused by business travel, energy consumption in office premises and purchasing. There is also risk of negative environmental impact within the framework of client assignments, which is dependent on the assignment type. Extreme weather as a consequence of climate change could result in a greater risk to the safety of the Group's employees in connection with business travel within the context of field work in regions which are particularly exposed. The Group's own operations are not considered to be particularly exposed to the effects of climate change, as the Group does not own any properties or engage in manufacturing or distribution. Risks arising from the climate transition are changes in client preferences, along with structural changes and altered market trends, as well as failure to live up to stakeholders' expectations.	The Group's sustainability policy, health, safety, environment and quality policy, and Code of Conduct form the basis for ensuring that the business actively manages environmental and climate-related risks in its strategic work, business planning, client assignments and operations. Climate change and its effects are taken into account in the Group's sustainability work, and sustainability is one of the pillars of the Group's strategy which forms the basis for the Group's business planning. The Group pursues an active dialogue with stakeholders to understand and meet their expectations (read more about this in the sustainability notes on page 100). See also risk management of competition and market trends, and employees and expertise. The Group has an ISO 14001-certified environmental management system which ensures systematic environmental efforts. The sustainability policy means that the Group's climate target for its own CO_2 emissions must be in line with the 1.5°C target. Carbon dioxide emissions from business travel and energy consumption in offices are calculated annually, and initiatives to reduce these emissions are continually implemented. Framework agreement suppliers are assessed according to set criteria which include environmental and climate impacts. The Code of Conduct Assessment process (read more about this on page 101 in the sustainability notes) states that risks linked to the environment within the context of the Group's client assignments must be identified at the tender stage. The process includes the precautionary principle, and an assessment based on the 1.5°C target, as well as the 2030 Agenda. The parts of the business that carry out client assignments that are particularly exposed to environmental risks have established separate procedures for minimising environmental impact. During the year, the Group will consider reporting in accordance with TCFD's guidelines.
Type of risk	**Legal, regulatory and compliance risks**	**Risk management**
Regulatory risks	The Group's operations are regulated in several different jurisdictions. Changes in laws and regulations, breaches of applicable laws and regulations, including sanction legislation, could have a material adverse effect on the Group's reputation, operations, financial position and/or results.	Policies, governing documents, procedures and training have all been established to ensure that the Group follows and complies with applicable laws and regulations, and to ensure that legal risks in the Group's business operations are identified and decisions taken at the appropriate level within the organisation. The internal legal department, together with the Group's compliance department, support the operational business by identifying and managing these legal risks. The legal department comprises in-house lawyers in the Group's largest markets and retains external advisers as and when necessary. A whistleblowing system has been established, where both employees and external parties can anonymously report breaches of laws and the Group's policies without fear of retaliation.
Geopolitical risks	The Group could be adversely impacted by political situations, including changes to laws and regulations (including sanction legislation), national security measures, protectionism, disruption to international trade or the global economy, trade wars and the general geopolitical situation in a world which has become increasingly interconnected as a result of globalisation. Examples of relevant geopolitical risks include political and economic uncertainty surrounding the United Kingdom's exit from the European Union (Brexit) and the potential escalation of the trade war between the USA and China. It is very important to understand how these geopolitical risks could impact the Group's organisation, operating profit and strategies.	The Group is closely monitoring developments to identify and eliminate risks which could arise from the geopolitical situation. Together with external advisors, internal lawyers, the internal compliance, risk and security departments, the Group is monitoring the political situation and evaluating strategies to prepare for and manage possible scenarios which could impact the Group's organisation and its ability to do business in different parts of the world over the coming years.

Type of risk	Legal, regulatory and compliance risks	Risk management
Data protection and privacy	The Group's customers and stakeholders have high expectations as regards how the Group manages personal data, protects information and ensures data integrity. Breaches of the GDPR or other applicable data protection legislation could have a material adverse effect on the Group's business, financial position and reputation.	The Group manages data protection and integrity by protecting the Group's information system, ensuring that the handling of personal data meets the rules, requirements and expectations set, developing internal competence to evaluate data protection risks and working for a continuous high level of awareness among employees.
Bribery, corruption and human rights	The Group's presence in a global energy, industrial and infrastructure market, with operations in over 40 countries and projects in over 100 countries, entails risks within a wide range of areas such as human rights, working conditions, environment, business ethics and corruption. If the Group breaches laws concerning bribery and corruption or applicable competition rules, or fails to live up to expectations concerning business ethics, there may be consequences in the form of lost business opportunities, fines, sanctions and reputational damage. There may also be a risk of sanctions and a ban on participating in public procurement processes in certain markets.	In order to eliminate risks, the Group works actively on governance, risk and compliance (GRC). In addition to the Code of Conduct, the Group established a series of initiatives in 2020 to strengthen the Group's governance, internal control and risk management. The Group's Code of Conduct and Compliance & Ethics Policy apply to all employees. This policy sets out guidelines for preventing, identifying, reporting and investigating potential irregularities, corruption, conflicts of interest and other actions which are in breach of the Group's Code of Conduct. A whistleblowing system is available, where both employees and external parties can anonymously report breaches of laws and breaches of the Group's policies without fear of retaliation. Assignments that entail risks relating to corruption are identified within the context of the specific risk assessment process ("Code of Conduct Assessment"). When applicable, the results of the Environmental and Social Impact Assessment (ESIA) are used as the basis for project planning. The Group has also prepared Business Partner Criteria, based on the UN Global Compact, which during 2021 will be attached to all contracts with suppliers and business partners. To assess a country's risks, a special risk management tool is used which is adapted to the Group's needs. New employees also undergo mandatory training in anti-corruption, and Group Executive Management has also completed anti-corruption training.
Third party risks	The Group's continued growth, both in respect of supplying professional engineers and complete project organisations, is leading to an increasing need for subcontractors with specialist expertise as well as subcontractors that can supply specific project planning services. The Group is exposed to risk both when the company arranges an assignment and where partners are working in the Group's name as subcontractors in a project assignment.	The Group works actively on partner responsibility, which has a positive effect on the industries and contexts in which the Group operates. Partner responsibility is managed using the Group's Business Partner Criteria based on the UN Global Compact's ten principles. This ensures that the Group's requirements relating to business ethics, health and safety, environmental responsibility, human rights and information security are clear to all our business partners. In 2021, this will be attached to all agreements with suppliers and business partners. Assignments that entail risks relating to partners, subcontractors and subconsultants are identified within the context of the Code of Conduct Assessment process. The Group's insurance also covers the work of subcontractors.
Risks linked to legal disputes	The Group's business operations also entail a risk of costs which are incurred in pursuing legal processes, disputes, settlements and awarded damages.	To eliminate risks and ensure that the Group complies with applicable laws and regulations, there is an internal legal department which assists the business with legal advice, helps to prepare procedures and governing documents, and is involved in the follow-up of the business' compliance with these matters. The legal department also retains external legal advisers as and when necessary. Authorisation rules are defined such that certain tenders and contracts are always reviewed by a lawyer. Provisions are made for any potential downside risks.
Tax risks	The Group conducts its operations through subsidiaries and branches in many countries. Business is conducted in compliance with the company's understanding or interpretation of applicable tax laws, tax treaties, other tax regulations and the requirements of the relevant tax authorities. Amended laws, treaties and other regulations can affect the Group's tax position as would the tax authority's questioning of the Group's interpretation of applicable tax laws.	To prevent risks and ensure that the Group conducts its operations in compliance with the company's understanding or interpretation of applicable tax laws, tax treaties, other tax regulations and requirements from the relevant tax authorities, there is an internal tax department that develops procedures and monitors compliance with them.

Type of risk	Financial risks	Risk management
Financing and liquidity risks	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.	Responsibility for the Group's financial transactions and risks is held centrally by the parent's treasury unit, which works in accordance with a policy established by the Board of Directors. There is a procedure in place to ensure the availability of appropriate lines of credit whenever necessary. The Group's policy is that the company's net debt/EBITDA ratio must not exceed 2.5 over time. To reduce liquidity risk, the Group's target over time is to have cash and cash equivalents and unused credit facilities which collectively correspond to at least six percent of annual sales.

Type of risk	Financial risks	Risk management
Exchange rate and interest rate risks	Exchange rate risk is defined as the risk that changes in exchange rates have a negative impact on the consolidated income statement, balance sheet and cash flow. Exchange rate risk can be split into transaction exposure and translation exposure. Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies. Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency. 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.	Transaction exposure is relatively limited in the Group compared with net sales, as most sales and expenses are invoiced in local currencies. Under current policy, payment flows in foreign currencies are hedged when the future payment flow is anticipated to exceed EUR 100,000. The Group's largest operational transaction exposures involve the currency pairs USD/CHF and EUR/SEK. An unhedged currency fluctuation of 10 percent in these currencies would affect the Group's operating profit/loss by SEK 46 million on an annual basis. The Group generates income and expenses in foreign currencies and is therefore exposed to exchange rate fluctuations against the Group's presentation currency, SEK. In line with current policy, the Group does not hedge translation exposure. In connection with major acquisitions, the translation exposure of net assets in foreign currency may be hedged by raising loans in the same currency as corresponding net assets. A loan denominated in EUR was taken out in connection with the acquisition of Pöyry in 2019. The Group's exposure to interest rate risk relates chiefly to outstanding external loans. Under the current policy, the Group raises loans both at fixed and variable interest. If necessary, the Group can use interest rate swaps to achieve the desired average term. A change of one percentage point in market rates in the next twelve months would have an effect of SEK 16 million on the Group's interest expense.
Credit risk and concentration risk	The Group's commercial and financial transactions give rise to credit risks in respect of the Group's counterparties. Credit risk or counterparty risk is the risk of loss if the counterparty does not fulfil its obligations.	The credit risk consists of outstanding accounts receivable and rendered but unbilled consulting assignments. This risk is limited through the Group's credit policy. Procedures and tools for credit rating are used to reduce credit risk, and project services are invoiced on a pay-as-you-go basis to minimise the cumulative credit risk. In addition, prepayments are applied to certain major projects to reduce credit risk. The Group's ten largest clients, which account for a total of 17 percent of Group sales, are all large multinational companies or publicly owned institutions and enterprises. The remaining 83 percent of net sales is spread over many clients.
Financial risk exposure in project operations	Large assignments with great responsibility also increase risk exposure financially 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, which can lead to reduced margins.	The systems for sales support, managing expertise and internal training provide a basis for creating competent project organisations and achieving sustainable business relationships. Within the framework of the Group's Sales and Delivery Process and the Group-wide authorisation arrangement, procedures have been implemented which include calculation, inspection, tendering and contract reviews, risk analysis, identification of the project's most important sustainability aspects, project planning, verification and validation of deliveries. Steering committees are set up to monitor project progress, results, invoicing, cash handling and risks. The Group conducts internal audits annually to ensure that the process and procedures are complied with and function as intended.
Intangible assets	The Group's intangible assets arise primarily from acquired businesses. These acquired intangible assets consist of goodwill, as it is mainly human capital in the form of employee skills that constitutes the value of consulting companies. Goodwill testing is carried out annually or when there are indications that an impairment loss has arisen. If future tests regarding a sustained reduction in the goodwill value would lead to impairment, it could have a material adverse effect on consolidated profit and financial position.	At each reporting occasion, it is determined whether there are indications that the asset has decreased in value. If so, the asset's recoverable amount is calculated. An impairment test is based on key assumptions such as growth rate and margin, which are subject to thorough analysis. Each cash-generating unit within the Group is assessed separately. The cash-generating units comprise the Group's Divisions.

Type of risk	Operational risks	Risk management
IT-related risks	The Group's employees are dependent on access to effective IT systems and infrastructure. Unplanned disruption, deficiencies in cyber security, data intrusion and loss of data could have a very negative impact on the business and result in loss of revenue.	The Group ensures that it possesses appropriate IT resources by utilising internal expertise and by outsourcing. Procedures and agreements govern development, backup, deviation management and support. The Group ensures system ownership and administration and checks continuously to ensure that the available resources are adequate and are assigned the necessary expertise. The company has established information security guidelines, which focus on how employees and subconsultants should act to maintain the highest possible level of security with respect to all stakeholders at all times. The Group is also investing in training initiatives to raise the level of knowledge and awareness concerning information security risks.
Pandemic	A pandemic, such as the Covid-19-pandemic, can have a negative impact on the Group's operations, work environment and can lead to a loss of revenue. It also requires major changes in the corporate culture, work and IT environment.	The Group has prepared incident, crisis and continuity processes and guidelines, which were applied in connection with the Covid-19-pandemic. New security solutions have been introduced to ensure the confidentiality, integrity and availability of information and IT systems that enable business continuity and facilitate remote working.
Work environment	The Group's employees are its most important asset. Work environment is therefore an important issue for management, employees, clients, partners and other stakeholders, as a satisfactory working environment for the company's employees ensures both sustainable results and long-term relationships. Health and safety risks such as occupational illnesses and accidents can also result in a loss of revenue.	The Group's quality, environment and work environment policy forms the basis of our global work environment initiatives. There are also local procedures for reporting work-related risks, accidents and illnesses in each country in which the Group operates. These are monitored and reported according to national legal requirements. The Group also has procedures in place for communicating about and evaluating the physical and mental work environment. All our employees, regardless of their type of employment, can use our systems for dealing with work environment issues. The Group has many tools and an incident management system which aims to measure, follow up and report incidents relating to the work environment. The aim is for the Group to have a common global system in place in 2021.

Financial statements and notes

Financial statements

Notes

Consolidated income statement

1 January – 31 December (SEK million)	Note	2020	2019
Net sales	2	18,991	19,792
Purchases of services and materials		-3,811	-4,408
Other external costs	5, 16, 24	-1,245	-1,608
Personnel costs	6	-11,860	-11,782
Other operating income	4	198	27
Other operating expenses	7	-24	0
Profit attributable to participations in associates	17	5	4
EBITDA		**2,253**	**2,024**
Depreciation/amortisation and impairment of non-current assets[1]	14, 15, 16	-670	-657
EBITA		**1,584**	**1,368**
Acquisition-related items[2]	8	-128	-91
Operating profit (EBIT)	2, 9	**1,456**	**1,276**
Profit/loss from financial items			
Financial income	10	295	179
Financial expenses	10, 16	-480	-416
Net financial items		**-185**	**-237**
Profit after financial items		**1,270**	**1,039**
Tax	22	-279	-219
Profit for the period		**991**	**821**
Attributable to:			
Shareholders in the parent		992	821
Non-controlling interest		0	0
		991	**821**
Attributable to the parent's shareholders	12		
Basic earnings per share (SEK)		8.81	8.07
Diluted earnings per share (SEK)		8.81	7.99

[1] Depreciation/amortisation and impairment of non-current assets refers to property, plant and equipment and intangible assets excluding intangible assets related to acquisition.
[2] Acquisition-related items are defined as depreciation/amortisation and impairment of acquisition-related intangible assets including goodwill, revaluation of contingent considerations and gains/losses on divestment of companies and operations.

Statement of consolidated comprehensive income

1 January – 31 December (SEK million)	2020	2019
Profit for the period	**991**	**821**
Items which will be classified to profit or loss		
Translation differences for foreign operations for the period	-501	81
Changes in hedge reserve	72	14
Changes in fair value reserve	—	5
Tax	-6	-4
Items which will not be classified to profit or loss		
Revaluation of defined-benefit pension plans	32	-97
Tax	-10	18
Other comprehensive income	**-413**	**16**
Comprehensive income for the period	**578**	**837**
Attributable to:		
Shareholders in the parent	579	837
Non-controlling interest	0	0
	578	**837**

Consolidated balance sheet

As at 31 December (SEK million)	Note	2020	2019
Non-current assets			
Intangible assets	2, 14	12,912	13,355
Property, plant and equipment	2, 15	539	587
Right-of-use assets	2, 16	2,266	2,619
Participations in associates	17	21	22
Financial investments	13	57	13
Non-current receivables	13	33	23
Deferred tax assets	22	190	252
Total non-current assets		**16,017**	**16,872**
Current assets			
Accounts receivable	13	3,395	4,146
Revenue generated but not invoiced	13	1,493	1,602
Current tax assets	22	16	123
Other receivables		450	386
Prepaid expenses and accrued income	18	308	249
Cash and cash equivalents	29	1,930	997
Total current assets		**7,592**	**7,502**
Total assets		**23,610**	**24,375**

Balance sheet, cont.

As at 31 December (SEK million)	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	19		
Share capital		282	280
Other contributed capital		4,971	4,824
Reserves		-113	322
Profits brought forward including net profit for the period		4,954	3,941
Equity attributable to shareholders in the parent		**10,095**	**9,367**
Non-controlling interest		1	1
Total equity		**10,096**	**9,369**
Liabilities			
Loans and credit facilities	13	3,491	4,799
Lease liabilities	16	1,870	2,162
Provisions for pensions	20	341	387
Other provisions	21	91	107
Deferred tax liabilities	22	461	537
Other liabilities	13	60	246
Total non-current liabilities		**6,313**	**8,239**
Loans and credit facilities	13	872	235
Lease liabilities	16	567	617
Other provisions	21	74	101
Work invoiced but not yet carried out		1,636	1,711
Accounts payable		842	869
Current tax liability	22	162	111
Accrued expenses and prepaid income	23	2,026	2,134
Other liabilities	13	1,019	989
Total current liabilities		**7,199**	**6,767**
Total liabilities		**13,513**	**15,006**
Total equity and liabilities		**23,610**	**24,375**

For information about the Group's pledged assets and contingent liabilities, see Note 25.

Net debt	2020	2019
Loans and credit facilities	4,344	5,034
Net pension liability	341	387
Cash and cash equivalents	-1,930	-997
	2,756	**4,424**

Statement of change in consolidated equity

SEK million	Share capital	Other contributed capital	Reserves	Retained profit incl. profit for the period	Total	Non-controlling interest	Total equity
	Equity attributable to shareholders in the parent						
Equity brought forward 1 Jan 2019	193	953	227	4,076	5,449	16	5,465
Profit for the period				821	821	0	821
Other comprehensive income			95	-79	16	0	16
Comprehensive income for the period	**—**	**—**	**95**	**742**	**837**	**0**	**837**
Dividends				-560	-560	0	-560
Rights issue	87	3,880			3,967		3,967
Conversion of convertible bonds into shares	2	145			147		147
Value of conversion option (2019 programme)		11			11		11
Tax on value of conversion option (2019 programme)		-3			-3		-3
Share buy-backs/sales		-164			-164		-164
Cancellation of shares	-2	2			—		—
Repayment of hybrid bond				-331	-331		-331
Transactions related to non-controlling interest				14	14	-14	—
Equity carried forward 31 Dec 2019	**280**	**4,824**	**322**	**3,941**	**9,367**	**1**	**9,369**
Equity brought forward 1 Jan 2020	280	4,824	322	3,941	9,367	1	9,369
Profit for the period				992	992	0	991
Other comprehensive income			-435	22	-413	0	-413
Comprehensive income for the period	**—**	**—**	**-435**	**1,014**	**579**	**-1**	**578**
Dividends					—	0	0
Conversion of convertible bonds into shares	2	156			158		158
Value of conversion option (2020 programme)		9			9		9
Tax on value of conversion option (2020 programme)		-2			-2		-2
Changed conversion rate (2017 programme)		-16			-16		-16
Equity carried forward 31 Dec 2020	**282**	**4,971**	**-113**	**4,954**	**10,095**	**1**	**10,096**

For supplementary information, see Note 19.

Statement of consolidated cash flows

1 January – 31 December (SEK million)	Note	2020	2019
Operating activities	29		
Profit after financial items		1,270	1,039
Adjustment for items not included in cash flow		460	880
Of which IFRS 16 Leases		520	520
Income tax paid		-163	-284
Cash flow from operating activities before changes in working capital		**1,567**	**1,635**
Cash flow from changes in working capital			
Change in operating receivables		445	99
Change in operating liabilities		73	259
Cash flow from operating activities		**2,085**	**1,993**
Investing activities			
Acquisition of property, plant and equipment		-81	-136
Disposal of property, plant and equipment		8	7
Acquisition of intangible assets		-101	-67
Acquisition of operations	3	-41	-4,891
Divestment of operations		-5	1
Contingent considerations paid and step acquisitions		-108	-310
Acquisition of financial receivables		-18	—
Disposal of financial assets		1	106
Cash flow from investing activities		**-345**	**-5,290**
Financing activities			
Rights issue		—	3,967
Borrowings		849	3,035
Amortisation of loans		-1,836	-1,881
Dividend paid		—	-560
Share buy-backs/sales		—	-164
Repayment of hybrid bond		—	-331
Payout, convertible programme		0	0
Cash flow from financing activities		**-987**	**4,066**
Cash flow for the period		**753**	**769**
Opening cash and cash equivalents		997	239
Exchange difference in cash and cash equivalents		180	-11
Closing cash and cash equivalents		**1,930**	**997**

Change in consolidated net debt

1 January – 31 December (SEK million)	2020	2019
Opening balance	7,203	3,455
Changed accounting policy IFRS 16 Leases	—	3,299
Cash flow from operating activities	-2,085	-1,993
Investments	174	197
Acquisition/divestment of operations and contingent considerations	154	5,201
Dividend	—	560
Share buy-backs/sales, own shares	—	164
Rights issue	—	-3,967
Repayment of hybrid bond	—	331
Other	-253	-44
Closing balance	**5,193**	**7,203**

Parent income statement

1 January – 31 December (SEK million)	Note	2020	2019
Operating income			
Net sales		986	701
Other operating income	4	303	271
		1,289	**972**
Operating expenses			
Other external costs	5, 24	-1,020	-741
Personnel costs	6	-184	-225
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	14, 15	-41	-34
Other operating expenses	7	-112	-112
Operating profit/loss		**-68**	**-140**
Profit/loss from financial items			
Profit from participations in Group companies and associates	10	409	562
Interest income and similar profit/loss items	10	370	108
Interest expense and similar profit/loss items	10	-334	-231
		444	**440**
Profit after financial items		**376**	**300**
Appropriations	11	-38	248
Pre-tax profit		**338**	**547**
Tax	22	10	2
Profit for the period		**349**	**549**

Parent statement of comprehensive income

1 January – 31 December (SEK million)	2020	2019
Profit for the period	**349**	**549**
Items which will be classified to profit or loss		
Changes in hedge reserve	-11	4
Tax	3	-1
Items which will not be classified to profit or loss		
Changes in fair value of shares in Pöyry	—	6
Other comprehensive income	**-8**	**9**
Comprehensive income for the period	**340**	**558**

Parent balance sheet

As at 31 December (SEK million)	Note	2020	2019
Non-current assets			
Intangible assets	14	161	61
Property, plant and equipment	15	142	155
Financial assets			
Participations in Group companies	27	8,369	8,521
Receivables from Group companies	26	5,745	4,745
Non-current receivables		83	0
Total non-current assets		**14,500**	**13,483**
Current assets			
Current receivables			
Accounts receivable		1	1
Receivables from Group companies and associates	26	1,357	2,215
Other receivables		579	537
Prepaid expenses and accrued income	18	136	121
Total current receivables		**2,072**	**2,875**
Cash and bank balances	29	889	133
Total current assets		**2,961**	**3,007**
Total assets		**17,462**	**16,490**

Parent balance sheet, cont.

As at 31 December (SEK million)	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		282	280
Statutory reserve		47	47
Non-restricted equity			
Share premium reserve		4,888	4,741
Fair value reserve		11	19
Profit brought forward		3,910	3,361
Profit for the period		349	549
Total equity		**9,487**	**8,997**
Untaxed reserves	28	**120**	**82**
Provisions			
Provisions for pensions and similar obligations	20	15	16
Deferred tax liability	22	4	5
Other provisions	21	47	79
Total provisions		**66**	**100**
Non-current liabilities			
Bond loan	13	2,500	3,200
Staff convertible	13	489	342
Liabilities to credit institutions	13	500	1,255
Other liabilities	13	—	5
Total non-current liabilities		**3,489**	**4,803**
Current liabilities			
Staff convertible	13	59	197
Liabilities to credit institutions	13	856	37
Accounts payable		151	153
Liabilities to Group companies	26	2,416	1,952
Current tax liability	22	11	1
Other liabilities	13	699	63
Accrued expenses and prepaid income	23	107	104
Total current liabilities		**4,299**	**2,508**
Total equity and liabilities		**17,462**	**16,490**

Statement of change in parent equity

SEK million	Restricted equity		Non-restricted equity				
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Profit brought forward	Profit for the period	Total equity
Equity brought forward 1 Jan 2019	193	47	870	10	3,130	792	5,041
Profit for the period						549	549
Other comprehensive income				9			9
Comprehensive income for the period	**—**	**—**	**—**	**9**	**—**	**549**	**558**
Appropriation of profits					792	-792	—
Dividends					-560		-560
Rights issue	87		3,880				3,967
Conversion of convertible bonds into shares	2		145				147
Value of conversion option (2018 programme)			11				11
Tax on value of conversion option (2018 programme)			-3				-3
Share buy-backs/sales			-164				-164
Cancellation of shares	-2		2				—
Equity carried forward 31 Dec 2019	**280**	**47**	**4,741**	**19**	**3,361**	**549**	**8,997**
Equity brought forward 1 Jan 2020	280	47	4,741	19	3,361	549	8,997
Profit for the period						349	349
Other comprehensive income				-8			-8
Comprehensive income for the period	**—**	**—**	**—**	**-8**	**—**	**349**	**341**
Appropriation of profits					549	-549	—
Conversion of convertible bonds into shares	2		156				158
Value of conversion option (2020 programme)			9				9
Tax on value of conversion option (2020 programme)			-2				-2
Changed conversion rate (2017 programme)			-16				-16
Equity carried forward 31 Dec 2020	**282**	**47**	**4,888**	**11**	**3,910**	**349**	**9,487**

For supplementary information, see Note 19.

Statement of cash flows for parent

1 January – 31 December (SEK million)	Note	2020	2019
Operating activities	29		
Profit after financial items		376	300
Adjustment for items not included in cash flow		-409	-421
Income tax paid		-1	-3
Cash flow from operating activities before changes in working capital		**-34**	**-124**
Cash flow from changes in working capital			
Change in operating receivables		1,335	-186
Change in operating liabilities		1,127	1,367
Cash flow from operating activities		**2,428**	**1,057**
Investing activities			
Acquisition of property, plant and equipment		-19	-46
Disposal of property, plant and equipment		1	0
Acquisition of intangible assets		-110	-55
Acquisition of financial assets		-1,017	—
Acquisition of subsidiaries		-46	-5,763
Divestment of subsidiary		16	11
Shareholders' contribution paid		0	-26
Contingent considerations paid		-8	-79
Cash flow from investing activities		**-1,184**	**-5,957**
Financing activities			
Rights issue		—	3,967
Borrowings		849	3,027
Amortisation of loans		-1,336	-1,268
Dividend paid		—	-560
Share buy-backs		—	-164
Conversion proceeds		0	0
Cash flow from financing activities		**-488**	**5,001**
Cash flow for the period		757	101
Opening cash and cash equivalents		133	32
Closing cash and cash equivalents		**889**	**133**

Note 1

Material accounting policies

1.1 Compliance with standards and legal requirements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has been applied.

The parent applies the same accounting policies as the Group except in those cases specified below in the "Parent accounting policies" section. The differences between the accounting policies of the parent and the Group are due to limitations in the parent's scope to apply IFRS imposed by the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and in some cases to tax reasons.

1.2 Basis of preparation of the parent and consolidated financial statements

The parent's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent and the Group. This means that the financial statements are presented in SEK. Assets and liabilities are recognised at cost, except for various investments and liabilities which are carried at fair value. The financial assets and liabilities which are carried at fair value are derivative instruments, contingent considerations and financial investments. The preparation of financial statements in accordance with IFRS requires management to make judgements and estimates, and to make assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses.

These estimates and assumptions are based on historical experience and several other factors deemed reasonable under the circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities where these are not clear from other sources. The actual outcome may differ from these estimates and judgements. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change affects only that period, or in both the period in which the change is made and future periods if the change affects both the current and future periods. Judgements made by management in applying IFRS which have a significant effect on the financial statements, and estimates made which could result in material adjustments in subsequent years' financial statements, are described in more detail in Note 31.

The following accounting policies for the Group have been applied consistently to all periods presented in the Group's financial statements unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of the parent, subsidiaries and the inclusion of associates and joint ventures in the consolidated accounts. The annual report and consolidated financial statements were approved for release by the Board of Directors on 30 March 2021. The consolidated income statement and balance sheet and the parent income statement and balance sheet will be put forward for adoption at the AGM on 3 June 2021.

1.3 Amended accounting policies and disclosure requirements

1.3.1 Amended and new accounting policies for the year

During the year, the effects of Covid-19 have been taken into account, and state subsidies has been reported at fair value when there is reasonable assurance that any conditions attached to the aid are fulfilled and the grant will be received, in accordance with IAS 20.7. Receivables and income are reported once the assessment is made that it is reasonable that the conditions will be fulfilled, and it is reasonably certain that the grants will be received. The Group has not received any rent reductions that significantly affect the valuation of leases according to IFRS 16.

Amended and new accounting policies have had no significant effect on the Group.

None of the IFRS or IFRIC interpretations which have not yet become effective are estimated to have any significant impact on the Group.

1.4 Segment reporting

Segment reporting is based on operating segments, which consist of the Group's five divisions. This corresponds to the structure for the CEO's monitoring and management of operations.

1.5 Classification etc.

In the financial statements for both the parent and the Group, non-current assets and non-current liabilities consist essentially of amounts expected to be recovered or settled more than 12 months after the end of the reporting period. Current assets and liabilities for the parent and the Group consist essentially of amounts expected to be recovered or settled within 12 months of the end of the reporting period.

1.6 Basis of consolidation

1.6.1 Subsidiaries

Subsidiaries are companies over which ÅF Pöyry AB has a controlling influence. A controlling influence means, directly or indirectly, the power to govern a company's financial and operating policies with a view to deriving economic benefits.

Subsidiaries are accounted for using the acquisition method. This means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by means of an acquisition analysis undertaken in connection with a business combination. The analysis determines the cost of participations or businesses, the fair value of acquired identifiable assets and assumed liabilities, contingent liabilities and equity instruments issued as consideration for the net assets acquired.

Goodwill is the difference between the cost of the shares in a subsidiary and the fair value of the assets acquired and liabilities and contingent liabilities assumed. Subsidiaries' financial statements are consolidated from the date of acquisition until the controlling influence is relinquished.

1.6.2 Associates and joint arrangements

Associates

Associates are companies over whose operational and financial management the Group exercises a significant but not controlling influence, generally through a holding of 20–50 percent of the votes. As from and including the date on which the controlling influence is obtained, participations in associates are recognised in accordance with the equity method in the consolidated financial statements.

Joint arrangements

There are two types of joint arrangement: joint operation and joint venture. A joint operation arises when one party in a joint operation has direct rights to the assets and obligations for the liabilities in that joint arrangement. In such an arrangement, assets, liabilities, income and expenses are recognised in proportion to the operator's interest in these. A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangement. Holdings in such an arrangement are recognised using the equity method.

Note 1, cont.

The equity method
The equity method means that the carrying amount of the shares in the associate/joint venture recognised in the consolidated financial statements consists of the Group's share of the associate's/joint venture's equity plus goodwill and any other remaining fair value adjustments. The Group's share of the associate's/joint venture's net income after tax and non-controlling interests, adjusted for any depreciation/amortisation, impairment or reversal of fair value adjustments, is recognised in the consolidated income statement under profit/loss attributable to participation in associates. Any dividends received reduce the carrying amount of the investment. Any difference at the time of acquisition between the cost of the investment and the investor's interest in the net fair value of the associate's/joint venture's identifiable assets, liabilities and contingent liabilities is recognised in accordance with IFRS 3 Business Combinations. If the Group's interest in recognised losses exceeds the carrying amount of the shares in the consolidated balance sheet, the carrying amount of the shares is reduced to zero. Further losses are not recognised unless the Group has issued guarantees to cover losses arising. The equity method is applied until the significant influence is relinquished.

1.6.3 Transactions eliminated on consolidation
Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising on transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

Unrealised gains arising on transactions with associates and joint arrangements are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

1.7 Foreign currencies
1.7.1 Transactions in foreign currency
Transactions in foreign currency are translated into the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate in effect at the end of the reporting period. Exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities carried at cost are translated at the exchange rate in effect on the transaction date. Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the exchange rate in effect when their fair value was determined. Changes in exchange rates are then recognised in the same way as other changes in the value of the asset or liability.

The functional currency is the currency of the primary economic environments in which the companies in the Group operate. The parent's functional currency and presentation currency is the Swedish krona (SEK). The Group's presentation currency is also the Swedish krona (SEK).

1.7.2 Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated into SEK at the exchange rate in effect at the end of the reporting period. The income and expenses of foreign operations are translated into SEK at an average exchange rate which approximates the exchange rates on the various transaction dates.

Translation differences arising on the translation of net investments in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, the accumulated translation differences attributable to the operation are realised net of any currency hedging in the consolidated income statement.

1.8 Revenue
The Group's business model is divided into two client offerings: Project Business and Professional Services. Project Business is the Group's offering for major projects and end-to-end solutions. In such projects, the Group acts as a partner for the client, leading and running the entire project. Professional Services is our offering where the client leads and runs the project, while the Group provides suitable expertise at the right time. Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contractual milestones are reached. Invoicing ordinarily takes place after the income has been recorded, resulting in revenue generated but not invoiced (contract assets). However, the Group sometimes receives advance payments or deposits from our clients before the income is recognised, which then results in work invoiced but not yet carried out (contract liabilities). In Professional Services, hours spent on a project are ordinarily invoiced at the end of each month. Performance obligations in Project Business are fulfilled over time as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. In Professional Services, revenue is recognised by the amount that the unit is entitled to invoice, in accordance with IFRS 15 B16.

1.9 Operating expense and financial income and expense
1.9.1 Leases
IFRS 16 entails a uniform lease accounting model for lessees. A lessee recognises a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments. The Group applies exemptions for short-term leases and leasing of low-value assets. The interest rate that has been used is set per country and asset class, and taking into account the respective contract's lease term.

1.9.2 Financial income and expense
Financial income and expense consists of interest income on bank balances and receivables etc., interest expense on loans, borrowing costs, dividend income and exchange differences on borrowings and receivables. Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. The interest component of lease payments is recognised in profit or loss by applying the effective interest method. Interest income includes accrued transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity. Borrowing costs are charged against profit/loss for the period to which they refer. Costs arising when raising a loan are divided over the maturity of the loan based on the recognised liability. Dividend income is recognised when the right to receive payment has been determined.

1.10 Financial instruments
Financial instruments recognised among assets in the balance sheet include cash and cash equivalents, accounts receivable, shares, financial investments and other equity instruments and derivatives. Liabilities and equity include accounts payable, debt and equity instruments issued, borrowings, contingent considerations and derivatives. A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. Accounts payable are recognised when the invoice has been received. A financial asset is derecognised from the balance sheet when the rights in the contract are realised or mature or the company loses control of them. This also applies to parts of financial assets. A financial liability is derecognised from the balance sheet when the obligation in the contract is performed or otherwise extinguished. This also applies to parts of financial liabilities. Acquisition and disposal of financial assets are recognised on the trade date, which is the date on which the company makes a binding commitment to buy or sell the asset.

1.10.1 Classification and valuation
Financial instruments that are not derivatives are recognised initially at a cost equal to the fair value of the instrument plus transaction costs for all financial instruments except those in the financial assets at fair value through profit or loss category, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below. Derivative instruments are initially recognised at fair value, meaning that transaction costs are charged to profit or loss for the period. After initial recognition, derivative instruments are recognised in the manner described below. The parent applies the same valuation principles as the Group for financial instruments (see note 13 for more information).

1.10.2 Financial assets not recognised at fair value
Financial assets not recognised at fair value are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost. Amortised cost is determined based on the effective interest rate calculated on the date of acquisition. Assets with short maturities are not discounted. Accounts receivable are recognised at the amount which is expected to be received, i.e. after the deduction of bad debts, assessed individually. Impairment losses on accounts receivable are recognised in operating expenses. Other receivables are classified as non-current receivables if the holding period is longer than one year and if they are shorter than other receivables.

Cash and cash equivalents consists of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature less than three months after the time of acquisition and are subject to only an insignificant risk of fluctuation in value.

1.10.3 Financial assets and liabilities measured at fair value through profit or loss
Assets and liabilities in this category are measured continuously at fair value with changes for the period recognised in profit or loss for the period. Contingent considerations belong to this category.

1.10.4 Financial liabilities not recognised at fair value
Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable have a short expected term and are valued without discounting to their nominal amount. Non-current liabilities have an anticipated term exceeding one year, while current liabilities have a term of less than one year. Staff convertibles may be converted into shares by the counterparty exercising their option to convert the receivable into shares and are recognised as a combined financial instrument divided into a liability component and an equity component.

The fair value of the liability is calculated by discounting the future cash flows by the current market rate for a similar liability with no right to conversion. The value of an equity instrument is calculated as the difference between the issue proceeds when the convertible debt instrument was issued and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the liability at the time of issue is deducted from the carrying amount of the equity instrument. Transaction costs in connection with the issue of a combined financial instrument are divided into the liability component and the equity component in proportion to the division of the issue proceeds. The interest expense is recognised in profit or loss and calculated using the effective interest method.

1.10.5 Financial assets and liabilities measured at fair value in other comprehensive income
Financial investments measured at fair value in other comprehensive income are included in this category.

1.11 Derivatives and hedging
Derivative instruments used for hedging future cash flows are recognised in the balance sheet at fair value. The changes in value are recognised in other comprehensive income (cash flow hedging) or the balance sheet (fair value hedging) until the hedged flow affects profit or loss, at which point the accumulated changes in value of the hedging instrument are recycled into profit or loss simultaneously with the profit or loss effects of the hedged transaction. The flows hedged may be both contracted and forecast transactions. Gains and losses on hedges are recognised in the income statement concurrently with recognition of gains and losses for the items that are hedged. Even if hedge accounting is not applied, increases and decreases in the value of a derivative are recognised as income and expense, respectively, in operating profit or in net financial items, based on the intended use of the derivative instrument. In hedge accounting, the ineffective portion is recognised in the same way as changes in the value of derivatives not used for hedge accounting.

1.12 Property, plant and equipment
1.12.1 Owned assets
Property plant and equipment are recognised as assets in the balance sheet if it is likely that future economic benefits will accrue to the company, and the cost of the asset can be calculated reliably. Property plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairments. Cost is defined as the purchase price plus any additional expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Property, plant and equipment comprising parts that have different useful lives are treated as separate components of property, plant and equipment. The carrying amount of property, plant and equipment is derecognised from the balance sheet on retirement or disposal or when no future economic benefits are expected to flow from the use or retirement/disposal of the asset. Gains or losses realised on the disposal or retirement of an asset consist of the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Subsequent expenditure
Subsequent expenditure is added to the cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured reliably.

1.12.2 Leased assets
As from 1 January 2019, leased assets are reported in accordance with IFRS 16 Leases. Previously IAS 17 was applied (see also Note 24).

1.12.3 Depreciation
Depreciation is linear over the estimated useful life of the asset. Estimated useful lives are:

IT equipment	3 years
Cars	5 years
Office facilities	5 years
Office furniture	10 years
Buildings (owner-occupied properties)	40–100 years

Owner-occupied properties consist of several components with different useful lives. The main division is land and buildings. Land is not subject to depreciation as its useful life is deemed to be infinite. However, buildings consist of several components with different useful lives. The useful lives have been estimated to vary between 40 and 100 years for these components. An asset's residual value and useful life are assessed annually.

Note 1, cont.

1.13 Intangible assets

1.13.1 Goodwill

Goodwill is the difference between the cost of acquired businesses and the fair value of the assets acquired and liabilities and contingent liabilities assumed. Goodwill is apportioned between cash-generating units and groups of cash-generating units and is tested annually for impairment.

Thus, goodwill is carried at cost less accumulated impairment losses. Goodwill arising from the acquisition of associates is included in the carrying amount for participations in associates. Where the cost of acquired businesses is less than the net fair value of the assets acquired and liabilities and contingent liabilities assumed, the difference is recognised immediately in profit or loss.

1.13.2 Other intangible assets

Other intangible assets acquired by the Group are carried at cost less accumulated amortisation and impairment. Costs incurred for internally generated goodwill and brands are recognised in the income statement when the cost is incurred.

1.13.3 Subsequent expenditure

Subsequent expenditures for capitalised intangible assets are recognised as assets in the balance sheet only when they increase the future economic benefits of the specific asset to which they are attributed. All other expenditure is expensed as it is incurred.

1.13.4 Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such useful lives are unspecified. Amortisable intangible assets are amortised from the date on which they are available for use. Estimated useful lives are:

Capitalised development expenditure	1–3 years
Outstanding orders	1–5 years
Client relationships	10–20 years
Brands	2–5 years
ERP system	3–10 years

1.14 Impairment

The carrying amounts of the Group's assets — except for assets held for sale recognised in accordance with IFRS 5 and deferred tax assets — are tested at the end of each reporting period to assess whether there is any indication of impairment. If there is such an indication, the recoverable amount of the asset is calculated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or as soon as there are indications that the asset in question has declined in value. For exempt assets described above, the measurement is tested in compliance with the respective standard.

1.14.1 Impairment tests for property, plant and equipment and intangible assets, as well as participations in subsidiaries and associates

The recoverable amount is the higher of fair value less costs to sell and value in use. When estimating value in use, future cash flows are discounted by a factor that considers risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are materially independent of other assets, value in use is calculated for the cash-generating unit to which the asset belongs. Impairment reflects the excess of the asset's carrying amount over its recoverable amount. Impairment of assets attributable to a cash-generating unit is initially allocated to goodwill. This is followed by proportional impairment of other assets in the unit.

1.14.2 Impairment test for financial assets

When accounts are prepared for reporting, the company assesses whether there is objective evidence that any financial asset or group of assets is impaired. Objective evidence consists both of observable circumstances that have arisen which have a negative effect on the ability to recover the cost, and of significant or long-lasting reductions in the fair value of an investment in a financial investment classified as a financial asset measured at fair value via comprehensive income. The recoverable amount of assets in the financial assets not recognised at fair value category which are recognised at amortised cost is measured as the present value of future cash flow discounted at the effective interest rate of the date on which the asset was first recognised. Assets with short maturities are not discounted. Impairment is charged to profit or loss. IFRS 9 replaced the 'incurred loss model' from IAS 39 with an 'expected credit loss model'. The impairment model is applied to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value via comprehensive income, but not to any investments in equity instruments.

1.14.3 Reversal of an impairment loss

An impairment is reversed if there is an indication that there is no longer a need for the impairment and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, impairment of goodwill is never reversed. An impairment is reversed only to the extent to which the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less depreciation where relevant, if no impairment had been made.

Impairments of loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount is objectively attributable to an event that occurred after the impairment was made. Impairment losses on equity instruments designated as available-for-sale financial assets that have already been recognised in profit or loss may not subsequently be reversed through profit or loss. The impaired value is the value from which subsequent remeasurement takes place, which is recognised in other comprehensive income. Impairments of interest-bearing instruments classified as financial assets available for sale are reversed to profit or loss if the fair value increases and the increase may be objectively attributed to an event that occurred after the impairment was made.

1.15 Dividends

Dividends are recognised as a liability once they have been approved at the Annual General Meeting.

1.16 Employee benefits

1.16.1 Defined-contribution pension plans

Obligations concerning contributions to defined-contribution pension plans are recognised as expenses in the income statement when they are incurred.

1.16.2 Defined-benefit pension plans

The Group's obligations concerning defined-benefit pension plans are calculated separately for each plan by estimating the future payment which the employees earned through employment in both current and previous periods. This payment is discounted to present value. The discount rate is the interest rate at the end of the reporting period on a high-quality investment-grade corporate bond with the term equivalent to the Group's pension obligations. When there is no active market for this type of corporate bond, the market rate for government mortgage bonds with an equivalent term is used instead. The calculations are performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income for the period in which they arise. The Group's net debt, which is also recognised in the balance sheet for each defined-benefit plan, consists of the present value of the obligation less the fair value of plan assets. If the value of plan assets exceeds the value of the obligation, a surplus arises, and this is recognised as an asset under other receivables. Past service costs are recognised immediately in profit or loss. When there is a difference in how the cost of a pension is determined for a legal entity and the Group, a provision or claim for special employer's contribution is recognised based on this difference. The provision or claim is not calculated at present value.

Note 1, cont.

1.16.3 Share-based payment
Under the share plan adopted by the AGM, employees are eligible to receive performance-related matching shares for shares which they have themselves purchased under the plan. For these share plans, payroll expenses for matching shares are recognised during the vesting period (three years) based on the fair value of the shares on the date on which the employee purchased shares under the plan. Provisions are made for estimated social security contributions during the vesting period. The buy-back of shares to meet obligations under outstanding share plans is recognised in equity.

1.16.4 Convertible programme
The Group has issued convertible instruments to its employees. The convertible instruments are divided into an amount owed and a conversion option. The latter is recognised in equity. The programmes do not entail any personnel costs.

1.16.5 Termination benefits
A provision is made for termination benefits only when the company is demonstrably committed to terminating employment before the normal date, or when the benefits are based on an offer made to encourage voluntary redundancy. If the company is obliged to lay off members of staff, a detailed plan is drawn up specifying as a minimum the location, function and approximate number of employees involved, the benefits for each job classification or function, and the time at which the plan will be implemented.

1.17 Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation from a past event, and when it is probable that an outflow of economic resources will be required to meet this obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of when in time payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability. A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

1.18 Taxes
Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, in which case the associated tax effect is recognised in other comprehensive income. Current tax is the tax payable or recoverable in respect of the current year, based on the tax rates enacted or substantively enacted at the end of the reporting period, including adjustments of current tax in respect of prior periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amount and tax values of assets and liabilities. The following temporary differences are not taken into consideration: temporary differences that occurred when goodwill was first recognised and the first recognition of assets and liabilities that are not business combinations and, at the time of the transaction, do not affect either the recognised or taxable profit. Nor are temporary differences considered that are attributable to participations in subsidiaries and associates in which the parent, the investor or the co-owner may control the time of reversal of the temporary differences, and it is probable that they will not be reversed in the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realised or settled.

Deferred tax is calculated applying the tax rates and tax rules adopted or adopted in practice at the reporting date. Deferred tax assets for tax-deductible temporary differences and loss carry-forwards are recognised only to the extent it is likely that it will be possible to utilise these items. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised. Any additional income tax arising on the payment of dividends is recognised at the same time as the dividend is recognised as a liability.

1.19 Contingent liabilities
A contingent liability is recognised whenever there is a possible obligation arising from past events and the existence of which is confirmed only by one or more uncertain future events, or there is an obligation not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or the amount cannot be calculated with adequate reliability.

1.20 Earnings per share
Calculation of earnings per share is based on consolidated profit or loss for the year attributable to shareholders of the parent and on the weighted average number of outstanding shares during the year. In calculating earnings per share after dilution, the profit or loss and the average number of shares are adjusted to take account of the effects of potential diluting ordinary shares, which derive during the reporting periods from matching shares in the share plan and the staff convertible programme.

1.21 Parent accounting policies
The parent has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 requires that the parent's annual report apply all IFRS standards and interpretations approved by the EU as far as is possible within the constraints of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and while considering the relationship between reporting and taxation. The recommendation specifies which exceptions from and additions to IFRS must be made. The differences between Group and Parent accounting policies are stated below. The accounting policies outlined below have been applied consistently to all periods presented in the parent's financial statements.

Differences between the Group's and the parent's accounting policies
1.21.1 Subsidiaries and associates
Shares in subsidiaries and associates are recognised in the parent using the cost method. Acquisition costs are recognised as shares in subsidiaries instead of being expensed. Dividends received are recognised as income.

1.21.2 Property, plant and equipment
Leased assets
The parent recognises all leases based on RFR 2 as it did previously for operating leases.

1.21.3 Financial liabilities not recognised at fair value
Regarding hedge accounting, the parent applies the exception from IAS 21 in accordance with RFR2. The hedging instrument is recognised at its original rate and the currency effects are recognised at the time of execution.

1.21.4 Financial guarantees
The parent's financial guarantee contracts consist mainly of guarantees in favour of subsidiaries and associates. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses the latter incurs as a result of a specified debtor failing to make payment when due under the contract terms. The parent applies RFR 2 for the recognition of financial guarantee contracts. This represents a relaxation compared with the rules in IFRS 9 in respect of financial guarantee contracts issued for the benefit of subsidiaries and associates. The parent recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is probably necessary to settle the obligation.

Note 1, cont.

1.21.5 Employee benefits
Defined-benefit pension plans
In calculating defined-benefit pension plans, the bases for calculation applied by the parent differ from those specified in IAS 19. The parent complies with the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations as this is a precondition for tax deductibility. The most significant differences compared with IAS 19 are the method for determining the discount rate, the calculation of defined-benefit obligations based on current salary levels without assumptions on future salary increases and the recognition of all actuarial gains and losses in profit or loss when they arise.

1.21.6 Taxes
In the parent, untaxed reserves are recognised inclusive of deferred tax liability. In the consolidated accounts, however, untaxed reserves are split into deferred tax liability and equity.

1.21.7 Group contributions and shareholders' contributions for legal entities
Both Group contributions received and paid are recognised as appropriations. Shareholders' contributions are recognised directly in equity by the recipient and are capitalised as participations by the contributor, insofar as impairment is not required.

Note 2

Segment reporting

Income and expense

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting		Group-wide		Eliminations		Group	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sales to external clients	7,431	7,529	4,952	5,680	3,191	2,945	2,620	2,880	782	657	768	754	-752	-652	18,991	19,792
Sales between segments	220	142	145	124	251	103	153	121	31	11	547	530	-1,347	-1,030	—	—
Net sales	7,650	7,670	5,097	5,805	3,441	3,047	2,773	3,001	813	668	1,315	1,284	-2,099	-1,682	18,991	19,792
Operating expense	-6,961	-6,940	-4,740	-5,310	-3,069	-2,716	-2,527	-2,772	-703	-575	-837	-1,138	2,099	1,682	-16,738	-17,769
Amortisation and impairment of intangible assets	-4	-6	-1	-1	-3	-2	-1	-1	-3	0	-29	-22	—	—	-41	-32
Depreciation and impairment, property, plant and equipment	-32	-39	-8	-8	-6	-7	-11	-13	-3	-1	-568	-556	—	—	-629	-624
EBITA	652	685	326	486	363	323	257	215	104	92	-119	-432	—	—	1,584	1,368
Acquisition-related items	38	-5	0	—	13	—	0	—	0	—	-179	-87	—	—	-128	-91
EBIT	691	680	326	486	377	323	257	215	104	92	-298	-520	—	—	1,456	1,276
Net financial items											-185	-237	—	—	-185	-237
Pre-tax profit															1,270	1,039
EBITA margin, %	8.5	8.9	6.4	8.4	10.6	10.6	9.3	7.2	12.8	13.7	—	—	—	—	8.3	6.9
Total growth, %	-0.3	28.8	-12.2	0.4	12.9	275.5	-7.6	92.5	21.8	—	—	—	—	—	-4.0	41.6

Operating Segments
The Group's operating structure and internal reporting to the CEO are based on accounting by divisions. The aim is to classify the divisions based on their clients and their own expertise. Intra-group sales between segments are based on an internal market price, calculated on an arms-length basis, i.e. as between parties who are mutually independent, well-informed and with an interest in completing the transactions.

The Group-wide items concern traditional parent functions. The same accounting policies apply for operating segments as for the rest of the Group. No individual client's sales account for 10 percent or more of the Group's total sales.

	Net sales		Non-current assets	
By geographical area	**2020**	**2019**	**2020**	**2019**
Sweden	12,071	12,679	1,677	1,813
Finland	2,356	2,112	72	65
Norway	1,685	1,899	328	412
Switzerland	1,636	1,742	243	302
Denmark	899	790	137	159
Germany	658	558	7	6
Other countries	2,982	2,802	136	144
Group-wide/eliminations	-3,295	-2,790	13,118	13,659
Total	**18,991**	**19,792**	**15,717**	**16,561**

Income from external clients has been attributed to individual countries based on the country from which the sale was made.

Note 2, cont.

Income

Net sales according to the business model

SEK million	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	Management Consulting	Group-wide/ eliminations	Group
Project business	7,528	1,823	2,267	2,326	795	-486	14,253
Professional services	122	3,274	1,175	447	18	-298	4,738
Total	**7,650**	**5,097**	**3,441**	**2,773**	**813**	**-784**	**18,991**

ÅF Pöyry's business model is divided into two client offerings: Project Business and Professional Services. Project Business is ÅF Pöyry's offering for major projects and end-to-end solutions. In such projects, ÅF Pöyry acts as a partner for the client, leading and running the entire project. Professional Services is ÅF Pöyry's offering where the client leads and runs the project, while ÅF Pöyry provides suitable expertise at the right time.

Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contractual milestones are reached. Invoicing ordinarily takes place after the income has been recorded, resulting in contract assets. However, ÅF Pöyry sometimes receives advance payments or deposits from clients before the income is recognised, which then results in contract liabilities. In Professional Services, hours spent on a project are ordinarily invoiced at the end of each month. Performance obligations in Project Business are fulfilled over time as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. In Professional Services, revenue is recognised by the amount that the unit is entitled to invoice, in accordance with IFRS 15 B16.

Outstanding orders (unfulfilled obligations)

At the end of the reporting period, the Group had unfulfilled obligations of approximately SEK 14 billion. Most of these obligations will be realised as revenue in the coming years. The outstanding orders exclude obligations in which the company is entitled to payment for time worked, i.e. primarily professional services. Given the Group's operations, follow-up is focused on major project obligations that are relevant as regards outstanding orders.

Revenue generated but not invoiced

No significant reserves have been made in the balance sheet for revenue generated but not invoiced during the year.

Work invoiced but not yet carried out

The items that were in the opening balance have essentially been entered as income during the year.

Note 3

Acquisition of operations

Acquisitions 2020

In 2020, ÅF Pöyry took possession of all shares in the companies shown in the table below. The acquired companies resulted in an increase of approximately 21 employees. None of the acquisitions is substantial, and for that reason they are all recognised together in the table below.

2020	Company	Country	Division	Annual net sales	Average full-time equivalents (FTEs)
Jan–Mar	One World AS	Norway	Infrastructure	15	8
Apr–Jun	—	—	—	—	—
Jul–Sep	—	—	—	—	—
Oct–Dec	Ramentor Oy	Finland	Infrastructure	7	6
	Lexter Ljuddesign AB	Sweden	Energy	16	7
Total				**38**	**21**

Effects of acquisitions

The table below shows the effect of the 2020 acquisitions on consolidated assets and liabilities. The acquisition analyses are preliminary since fair value has not been determined for all items.

Note 3, cont.

Total net assets of acquired companies at date of acquisition, 2020

2020	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	1	3	4
Property, plant and equipment	0		0
Financial assets	0		0
Accounts receivable and other receivables	7		7
Cash and cash equivalents	9		9
Deferred tax	0	-1	-1
Accounts payable, loans and other liabilities	-7		-7
Net identifiable assets and liabilities	**11**	**2**	**13**
Goodwill	59		59
Purchase consideration including estimated contingent consideration	**69**	**2**	**72**
Transaction costs	1		1
Less:			
Cash (acquired)	9		9
Estimated discounted contingent consideration	28		28
Net cash outflow	**33**	**2**	**35**

Goodwill

Goodwill primarily concerns human capital in the form of employee skills and synergy effects. Goodwill from acquisitions is not expected to be tax-deductible. For asset acquisitions, goodwill is tax-deductible in some countries. Non-controlling interest arising from an acquisition is recognised at fair value, which means that non-controlling interest has a measure of goodwill.

Contingent consideration

Agreed contingent considerations in the acquired companies relate to the performance of each company for up to three years. Total undiscounted contingent consideration for the acquired companies during the year is a maximum of SEK 29 million (32). For further information on contingent consideration, see Note 13.

Acquisition-related expenditure

Transaction costs are recognised in Other external costs in profit or loss.

Acquired receivables

The fair value of the acquired receivables is expected to be settled in full. The agreed gross values essentially correspond to the fair values of the receivables.

Revenue from acquired companies

During the year, acquired companies/operations contributed SEK 21 million (5,219) to consolidated revenue and SEK 3 million (541) to operating profit.

If the above-mentioned acquisitions had been executed on 1 January 2020, they would have contributed net sales of approximately SEK 44 million (6,343) and operating profit of approximately SEK 9 million (636).

Fixed acquisition analyses in 2019

In 2019, ÅF Pöyry acquired all shares in Pöyry PLC, AF-Incepal S.A., CTT Systems AB, Sonny Svenson Konsult AB and Cervino Consulting AB. The acquired companies resulted in an increase of approximately 4,782 employees. In February 2019, it was announced that the acquisition of Pöyry PLC was completed. The acquisition is material and is therefore recognised separately under the item Total net assets of acquired companies at date of acquisition, 2019. Other acquisitions are not material based on net sales and number of employees, and for that reason they are all recognised together under Total net assets of acquired companies at date of acquisition, 2019.

Total net assets of acquired companies at date of acquisition, 2019

	Pöyry PLC		Other acquisitions		
2019	**Identifiable assets and liabilities**	**Fair value adjustment**	**Identifiable assets and liabilities**	**Fair value adjustment**	**Fair value recognised in the Group**
Intangible assets	57	1,304	—	5	1,366
Property, plant and equipment	66		1		67
Right-of-use assets	938		—		938
Financial assets	303		—		303
Accounts receivable and other receivables	1,753		41		1,794
Cash and cash equivalents	1,044		22		1,066
Deferred tax	—	-293	—	-1	-295
Accounts payable, loans and other liabilities	-3,592		-21		-3,612
Net identifiable assets and liabilities	**569**	**1,011**	**44**	**4**	**1,627**
Non-controlling interest	-2		—		-2
Goodwill	4,829		83		4,912
Consideration including estimated contingent consideration/option	**5,396**	**1,011**	**127**	**4**	**6,538**
Transaction costs	69		1		70
Less:					
Cash (acquired)	1,044		22		1,066
Estimated discounted contingent consideration	—		29		29
Estimated minority buyout	46				46
Net cash outflow	**4,375**	**1,011**	**76**	**4**	**5,467**

Note 4

Other operating income

Group	2020	2019
Exchange rate gains	1	0
Capital gain on disposal of non-current assets	3	—
Government grants	188	4
Other	6	23
	198	**27**

Other operating income of SEK 303 million (271) in the parent largely relates to the re-invoicing of rental charges, chiefly to subsidiaries.

Note 5

Fees and reimbursement of auditors' expenses

	Group		Parent	
	2020	2019	2020	2019
Auditing firm KPMG				
Audit engagements	13	11	1	1
Tax advice	0	1	0	—
Other services	1	1	0	0
	15	**13**	**2**	**1**
Other auditors				
Audit engagements	3	3	—	—
Tax advice	4	2	—	—
Other services	1	1	—	—
	7	**6**	**0**	**0**

'Audit engagements' refers to the auditing of the annual report, the accounting records and the administration by the Board of Directors and the CEO, other duties which it is incumbent upon the company's auditors to carry out, as well as advice and other assistance stemming from observations made during such audits or the execution of such other duties.

Note 6

Employees and personnel costs

Average number of full-time employees (FTEs) by gender

	2020			2019		
Parent	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	88	58	146	86	54	140
Subsidiaries						
Sweden	2,008	5,713	7,721	2,001	5,968	7,970
Finland	516	1,222	1,738	425	1,062	1,486
Norway	261	640	901	226	668	894
Switzerland	191	675	866	191	683	874
Brazil	179	564	744	106	304	410
Denmark	126	407	532	138	422	560
Germany	171	318	488	133	273	405
Czech Republic	56	196	252	42	142	184
Austria	22	223	245	33	171	205
UK	46	130	176	50	80	131
Thailand	40	125	165	39	121	160
India	7	156	163	5	162	167
Russia	56	93	150	62	83	145
USA	22	85	107	14	50	64
China	31	71	102	23	63	86
Philippines	22	69	91	24	62	86
Poland	25	64	89	22	57	79
Hungary	26	62	88	19	52	73
Canada	21	46	67	18	52	70
Other	61	381	442	125	369	491
Group total	**3,974**	**11,297**	**15,271**	**3,782**	**10,898**	**14,680**

Gender distribution on the Board of Directors and in Group management

	Women, %	
	2020	2019
Board of Directors[1]	27	27
Group management	40	40

[1)]Including employee representatives

Salaries, other remuneration and social security contributions

	2020		2019	
Group	**Salaries and remu-neration**	**Social security contribu-tions**	**Salaries and remu-neration**	**Social security contribu-tions**
Board of Directors and Group management	61	26	55	26
of which annual varia-ble remuneration	10	3	9	3
of which long-term variable remuneration	7	2	6	2
of which pension costs[1]	—	10	—	12
Other employees	8,932	2,688	8,624	2,725
of which annual varia-ble remuneration	228	57	248	62
of which long-term variable remuneration	4	1	1	0
of which pension costs[1]	—	944	—	983
	8,993	**2,715**	**8,679**	**2,752**

[1)]Including statutory charges.

Note 6, cont.

Parent	2020 Salaries and remuneration	2020 Social security contributions	2019 Salaries and remuneration	2019 Social security contributions
Board of Directors and CEO	21	11	19	9
of which annual variable remuneration	3	1	3	1
of which long-term variable remuneration	4	1	3	1
of which pension costs[1]	—	4	—	4
Other employees	98	53	114	64
of which annual variable remuneration	2	1	15	5
of which long-term variable remuneration	4	1	0	0
of which pension costs[1]	—	25	—	30
	119	**63**	**133**	**72**

[1)]Including statutory charges.

Annual variable remuneration
Within ÅF Pöyry's divisions, there are different systems of variable remuneration for employees. Remuneration may be based on the division's performance or be linked directly to individual performance.

Remuneration of the Board of Directors
The AGM held on 28 April 2020 approved remuneration for the work of the Board, including remuneration for committee work, totalling SEK 4,825,000 in 2020. The Chairman received SEK 1,000,000 and other members of the Board of Directors not employed by the Group received SEK 400,000 each.

Fees for committee work of SEK 75,000 were paid to each member of the Audit Committee not employed in the Group, SEK 50,000 to each member of the Remuneration Committee not employed in the Group, SEK 50,000 to each member of the Project Committee not employed in the Group, SEK 175,000 to the Chairman of the Audit Committee, SEK 50,000 to the Chairman of the Remuneration Committee and SEK 50,000 to the Chairman of the Project Committee.

The remuneration of the Board of Directors is determined annually at the AGM and relates to the period until the next AGM. This means that the remuneration to the Board of Directors was at the rate determined by the AGM in 2019 for the first two quarters and at the rate determined by the AGM in 2020 for the remaining two quarters of the year.

Total remuneration of SEK 60,000 (60,000) was paid to the employee representatives.

There are no agreements on future pension commitments/severance pay for either the Chairman of the Board or other directors.

Director	Fees in SEK 2020 Board of Directors	Committee	Total
Jonas Abrahamsson	400,000	—	400,000
Gunilla Berg	400,000	100,000	500,000
Henrik Ehrnrooth	400,000	75,000	475,000
Anders Narvinger	1,000,000	75,000	1,075,000
Salla Pöyry	400,000	—	400,000
Joakim Rubin	400,000	50,000	450,000
Kristina Schauman	400,000	175,000	575,000
Anders Snell	400,000	75,000	475,000
Ulf Södergren	400,000	—	400,000
Total	**4,200,000**	**550,000**	**4,750,000**

Director	Fees in SEK 2019 Board of Directors	Committee	Total
Jonas Abrahamsson	375,000	—	375,000
Gunilla Berg	375,000	67,500	442,500
Henrik Ehrnrooth	200,000	25,000	225,000
Anders Narvinger	905,000	62,500	967,500
Maud Olofsson	175,000	22,500	197,500
Salla Pöyry	200,000	—	200,000
Joakim Rubin	375,000	47,500	422,500
Kristina Schauman	375,000	162,500	537,500
Anders Snell	375,000	67,500	442,500
Ulf Södergren	375,000	—	375,000
Total	**3,730,000**	**455,000**	**4,185,000**

Guidelines for salary and other remuneration for the CEO and other senior executives
Adopted at the 2020 AGM.
The remuneration guidelines include the CEO and Group management (senior executives). The guidelines shall apply to contracted remuneration and changes made to previously contracted remuneration after the guidelines are adopted by the 2020 AGM. The guidelines do not cover remuneration decided on by the AGM.

The purpose of these remuneration guidelines is to provide a structure for ensuring that remuneration of senior executives is aligned with the company's long-term strategy. For information on the company's business strategy, see afry.com/objectives.

The remuneration guidelines are based on the following basic principles:
– Offering competitive remuneration to attract and retain senior executives with the right qualifications. The remuneration levels and the composition of the remuneration components are regularly compared with the levels of comparable companies operating in the same market areas as ÅF Pöyry to ensure competitive remuneration.
– Offering long-term incentive programmes focused on business strategy, long-term goals and sustainability aspects in finance, the environment and as regards employees.
– Annual evaluation of individual results and goal achievement as compared to the company's financial results.

The AGM may, regardless of these guidelines, decide on share-related and share-price-related remuneration. However, the remuneration guidelines establish certain guiding principles for selecting long-term incentive programmes (LTIs) to ensure the tie to long-term value for shareholders. In this way, the remuneration guidelines contribute to the company's long-term value creation and results.

The remuneration guidelines provide scope for applying financial and non-financial short-term incentive structures (STIs) containing social and environmental aspects to further promote sustainability and compliance with the company's core values: brave, devoted team players.

The remuneration guidelines provide management with an incentive to create an innovative and performance-oriented culture, thereby helping to achieve the company's goal of creating sustainable technology and design solutions for future generations.

Decision-making processes for establishing, reviewing and implementing the guidelines
The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision on proposed guidelines for remuneration of senior executives. The Board of Directors shall prepare proposed new guidelines at least every four years and submit the proposal for resolution at the AGM. The guidelines shall apply until new guidelines are adopted by the AGM. The Remuneration Committee shall also follow and evaluate programmes for variable remuneration to company management, the

application of guidelines for remuneration of senior executives, and applicable remuneration structures and remuneration levels in the company.

- To avoid conflicts of interest, the Remuneration Committee consists only of members of the Board of Directors who are independent of the company and its management.
- ÅF Pöyry handles remuneration through well-defined procedures and ensures that the CEO or other senior executives are not in attendance when remuneration issues are discussed, insofar as they are affected by the issues.

Remuneration

Remuneration of senior executives consists of fixed salary, pension and other benefits, as well as short- and long-term cash incentive programmes. In addition, the AGM can, regardless of these guidelines, make decisions about long-term incentive programmes.

Fixed salary

The fixed salary is set according to local market practice and in accordance with the levels of the country where the individual is employed. The fixed salary is reviewed annually in connection with the performance evaluation and takes into account the labour market context.

Short-term incentive programmes (STI)

The size of short-term cash incentive programs can vary from 0 percent to 60 percent of annual fixed cash salary. Target components, weighting and target levels are set annually by the Board of Directors to ensure that they support the business strategy. The target components, weighting and target levels may vary from year to year to reflect business priorities and usually balance the Group's financial targets and non-financial targets. Details of the target components, weighting and target levels as well as how they support the business strategy are presented in the annual remuneration report.

After the end of the year, the Board of Directors reviews the results and determines to what extent each of the targets has been achieved to determine the final level of payment. As far as financial targets are concerned, the assessment shall be based on the latest financial information published by the company. The Board of Directors may adjust the STI outcome in special circumstances to adjust the remuneration in accordance with the value created for the shareholders and to ensure that the outcome reflects the company's results fairly.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are made only at the individual level either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance over and above the person's ordinary duties. Such remuneration may not exceed an amount equal to 50 percent of the executive's fixed annual cash salary. Decisions on such remuneration shall be made by the Board of Directors as proposed by the Remuneration Committee.

Long-term incentive programmes (LTIP)

The Board of Directors considers it important to offer long-term incentive programmes to attract and retain key personnel and to give them the opportunity to share in the company's success.

The long-term incentive programmes that can be offered are share-related or share-price-related programmes and/or long-term cash-based programs; all are three-year programmes. Decisions about share-related and share-price-related programmes are made by the AGM, regardless of these guidelines.

Details of each programme and how they support the business strategy are presented in the annual remuneration report. After the end of the programme, the Board of Directors reviews the results and determines to what extent each of the goals has been achieved to determine the final level of payment.

Remuneration from a long-term cash-based incentive programme can vary from 0% to 50% of the annual fixed cash salary.

Pensions

The pension benefits provided reflect relevant market practice and may be adjusted from year to year. Senior executives are covered by pension benefits that reflect market practice in each country of employment, but defined contribution pension plans are preferred. No pension benefits shall be dependent on future employment and may amount to a maximum of 50 percent of the executive's fixed annual cash salary.

Other benefits

Benefits are provided in accordance with reasonable levels in the country where the individual is employed. The benefits can be adjusted from year to year. Other benefits may include company car, health insurance, private accident and life insurance, as well as business travel insurance and liability insurance. Such benefits may amount to a maximum of 10 percent of the executive's fixed annual cash salary.

Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible.

Additional benefits and remuneration may be offered in certain circumstances, such as relocation in accordance with the company's policy for international transfers.

The CEO is entitled to participate in programmes that can be offered to other employees at any given time, such as anniversary gifts etc. Further information on the benefits provided during a given year is available in the annual remuneration report.

Termination and severance pay

The notice period for the CEO is 12 months when notice is given by the company and 6 months if notice is given by the CEO. If the company terminates the CEO, the CEO shall be offered severance pay corresponding to up to 12 months' salary. For other senior executives, the notice period is never longer than for the CEO. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible.

The Board of Directors is entitled to decide whether payment should be tied to ongoing incentive programmes for individuals who depart the company and how payment should be handled in the event of leave. Any assessments will be presented in the annual remuneration report.

Salary and terms of employment for employees

In preparing the Board of Directors' proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been considered by the Remuneration Committee using information on employees' total remuneration, the components of the remuneration as well as the rate of increase and increase over time of remuneration and have been part of the Remuneration Committee's and the Board of Directors' supporting information for evaluating the reasonableness of the guidelines and their limitations. The development of the distance between remuneration of senior executives and remuneration of other employees will be presented in the remuneration report.

Right to recover remuneration and waive the guidelines

The Board of Directors is entitled to withhold or recover payments within the framework of short- and long-term incentive programmes due to exceptional circumstances or if false information is given regarding financial results. That type of decision is explained (how the circumstances are defined and how actions are taken) in the annual remuneration report.

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for this in an individual case and a departure is necessary to meet the company's long-term interests, including its sustainability, or to

Note 6, cont.

ensure the company's financial viability. As stated above, it is part of the Remuneration Committee's tasks to prepare the Board of Directors' decision on remuneration issues, which includes decisions on deviations from the guidelines.

Cost of remuneration for the CEO and other members of Group management

	2020		
Director	CEO	Other members of Group management	Total
Salary including daily allowance	10	30	39
Provisions for annual variable remuneration earned during the current year	3	7	10
Provisions for long-term variable remuneration	4	3	7
Pension costs[1]	4	7	11
Other social security contributions	5	9	15
Total	**25**	**56**	**82**

	2019		
Director	CEO	Other members of Group management	Total
Salary including daily allowance	9	27	36
Provisions for annual variable remuneration earned during the current year	3	8	10
Provisions for long-term variable remuneration	3	3	6
Pension costs[1]	4	8	12
Other social security contributions	5	8	13
Total	**24**	**53**	**77**

1) Including statutory charges.

President/CEO

The remuneration of the CEO is based on the 'Guidelines for the remuneration of senior executives' as set out above. The fixed basic salary of the CEO was SEK 9.5 million (9). There is also a company car benefit. Annual variable remuneration is based on the Group's results, as well as several pre-set targets, and may amount to a maximum of 60 percent of fixed basic salary. There is also a special incentive program for the CEO that is tied to the company's growth target up to 2020. The amount of remuneration depends on the share price development between the first quarter of 2017 and the first quarter of 2021.
The CEO also participates in ÅF Pöyry's long-term incentive programmes. For further information, see the remuneration report at www.afry.com

The CEO's retirement benefit plan is defined-contribution, and an annual provision equivalent to 40 percent of the year's basic salary is made for this.

Full salary continues to be payable during the period of notice. A duty to work during the period of notice may apply for no more than one year.

Group management, excluding the CEO

The Group management team consists of 9 (9) individuals excluding the CEO.

The remuneration of Group management is based on the 'Guidelines for the remuneration of senior executives' as set out above.

ÅF Pöyry has no outstanding pension obligations to present and former directors or CEOs. Full salary continues to be payable during the period of notice.

Ongoing and terminated long-term variable remuneration

Staff convertible

The 2016 convertible programme ended in 2020.

In 2016, ÅF Pöyry AB issued convertible instruments to key staff members totalling SEK 142 million. The loan runs with an annual interest of Stibor 180 and a margin of 1.50 with effect from 17 August 2016. Conversion may be called during the period from 14 June 2019 to 13 March 2020. The conversion price is SEK 170.20. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.68.

In 2017, ÅF Pöyry AB issued convertible instruments to key staff members totalling SEK 180 million. The loan runs with an annual interest of Stibor 180 and a margin of 1.19 with effect from 17 August 2017. Conversion may be called during the period from 15 June 2020 to 15 March 2021. The conversion price is SEK 221.90. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.65.

In 2018, ÅF Pöyry AB issued convertible instruments to key staff members totalling SEK 189 million. The loan runs with an annual interest of Stibor 180 and a margin of 0.92 with effect from 17 August 2018. Conversion may be called during the period from 15 June 2021 to 15 March 2022. The conversion price is SEK 224.60. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.27.

In 2019, ÅF Pöyry AB issued convertible instruments to key staff members totalling SEK 171 million. The loan runs with an annual interest of Stibor 180 and a margin of 1.60 with effect from 17 August 2019. Conversion may be called during the period from 15 June 2022 to 15 March 2023. The conversion price is SEK 232.10. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.64.

In 2020, ÅF Pöyry AB issued convertible instruments to key staff members totalling SEK 149 million. The loan runs with an annual interest of Stibor 180 and a margin of 2.90 with effect from 17 August 2020. Conversion may be called during the period from 15 July 2023 to 15 March 2024. The conversion price is SEK 212.20. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 5.0.

The convertible programmes are not conditional on continued employment during the terms of the convertible programmes.

Note 7

Other operating expenses

Group	2020	2019
Exchange rate losses	-24	0
Capital loss on disposal of non-current assets	0	—
Other	0	—
	-24	**0**

Other operating expenses of SEK 112 million (112) in the parent relate primarily to rental charges.

Note 8

Acquisition-related items

Group	2020	2019
Amortisation and impairment of intangible non-current assets	-184	-211
Revaluation of contingent considerations	62	119
Divestment of operations	-6	1
	-128	**-91**

To improve analysis between periods, acquisition-related items are reported separately here.

Note 9

Items affecting comparability

Group	2020	2019
Transaction costs, Pöyry	—	-44
Integration costs, Pöyry	—	-215
Restructuring costs, Energy Division	-17	-105
Restructuring costs, Industrial & Digital Solutions Division	-35	—
	-52	**-364**

To improve analysis between periods, items affecting comparability are reported separately here.

Note 10

Net financial items

Group	2020	2019
Interest income[1]	13	9
Other financial income	5	2
Exchange rate gains	277	168
Financial income	**295**	**179**
Interest expense[1]	-98	-99
Interest expense, discounting of contingent considerations	-9	-16
Interest expense, IFRS 16	-55	-60
Other financial expenses	-27	-73
Exchange rate losses	-292	-169
Financial expenses	**-480**	**-416**
Net financial items	**-185**	**-237**

Parent	2020	2019
Dividends from Group companies	517	562
Impairment of shares in Group companies	-77	—
Impairment of receivables/liabilities in Group companies	-4	—
Capital gain/loss on intra-group sales of subsidiaries	-31	—
Results from participations in Group companies	**404**	**562**
Interest income, Group companies	135	38
Interest income[1]	3	1
Exchange rate gains	231	69
Interest income and similar profit/loss items	**370**	**109**
Interest expense, Group companies	-30	-6
Interest expense, discounting of contingent considerations	-2	-6
Interest expense[1]	-107	-155
Exchange rate losses	-191	-64
Interest expense and similar profit/loss items	**-330**	**-231**
Net financial items	**444**	**440**

[1] Includes interest on pension provisions.

Note 11

Appropriations

Parent	2020	2019
Difference between recognised depreciation and depreciation according to plan	-38	-24
Group contribution received	—	273
Reversal, tax allocation reserve	—	0
Transfers to tax allocation reserve	—	-2
	-38	**248**

Note 12

Earnings per share and number of shares

	Basic earnings per share		Diluted earnings per share	
SEK	2020	2019	2020	2019
Earnings per share	8.81	8.07	8.81	7.99

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

Basic earnings per share
The calculation of earnings per share for 2020 is based on the profit for the year attributable to the parent's ordinary shareholders, amounting to SEK 992 million (821) and on a weighted average number of outstanding shares in 2020 amounting to 112,544,514 (101,712,840).

Diluted earnings per share
In calculating diluted earnings per share, the weighted number of outstanding ordinary shares was adjusted for the dilution effect of all outstanding potential ordinary shares. In calculating diluted earnings per share, outstanding ordinary shares have been adjusted for a potential dilution effect for shares in outstanding staff convertible programmes. Outstanding convertibles were not diluted in 2020 but may be in the future. See Note 6 for more information on the convertible programmes.

Profit attributable to the parent's diluted ordinary shares

Parent	2020	2019
Profit attributable to the parent's ordinary shares	992	821
Reversal of interest expense for staff convertibles	—	11
	992	**832**

Weighted average number of diluted ordinary shares outstanding

Parent	2020	2019
Weighted average number of basic ordinary shares during the year	112,544,514	101,712,840
Effect of outstanding PSPs	—	44,221
Effect of outstanding staff convertibles	—	2,286,833
Weighted average number of diluted ordinary shares during the year	**112,544,514**	**104,043,894**

Total number of shares

2019	Class A shares	Class B shares	Total number of shares	Of which own shares	Total number of outstanding shares
Opening balance 2019	3,217,752	74,158,951	77,376,703	—	77,376,703
Rights issue	1,072,584	33,556,411	34,628,995	—	34,628,995
Cancellation	—	-738,345	-738,345	-738,345	—
Conversion to shares (convertible programme)	—	906,775	906,775	—	906,775
Share buy-backs	—	—	—	738,345	-738,345
Closing balance 2019	**4,290,336**	**107,883,792**	**112,174,128**	**—**	**112,174,128**

2020	Class A shares	Class B shares	Total number of shares	Of which own shares	Total number of outstanding shares
Opening balance 2020	4,290,336	107,883,792	112,174,128	—	112,174,128
Conversion to shares (convertible programme)	—	849,916	849,916	—	849,916
Closing balance 2020	**4,290,336**	**108,733,708**	**113,024,044**	—	**113,024,044**

The total number of shares is divided into Class A shares (10 votes per share) and Class B shares (1 vote per share).
As per the articles of association, the maximum permitted number of shares is two hundred eighty million (280,000,000).

Note 13

Financial assets and liabilities

Responsibility for the Group's financial transactions and risks is held centrally by the parent's Treasury Department unit, which works in compliance with the policy established by the Board of Directors. The finance policy is intended to reduce financial risks at a cost that is reasonable for consolidated equity. The aim is to ensure cost-effective financing while minimising the negative effects of market fluctuations on consolidated profit/loss. The Treasury Department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to different kinds of financial risk through its operations, including exchange rate risk, interest rate risk, credit risk, financing risk and liquidity risk.

Exchange rate risk

Exchange rate risk is defined as the risk that changes in exchange rates have a negative impact on the consolidated income statement, balance sheet and cash flow. Exchange rate risk can be split into translation and transaction exposure. Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies. Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency.

Translation exposure

Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency. In line with current policy, the Group does not hedge translation exposure. In connection with major acquisitions, the translation exposure of net assets in foreign currency may be hedged by raising loans in the same currency as corresponding net assets. The Group borrowed SEK 1,856 million denominated in EUR, in connection with its acquisition of Pöyry in 2019.

Transaction exposure

Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies. Transaction exposure is relatively limited in the Group compared with net sales, as most sales and expenses are invoiced in local currencies. Under current policy, payment flows in foreign currencies are hedged using derivatives when the future payment flow is anticipated to exceed a value of EUR 100,000.

The Group's largest operational transaction exposures involve the currency pairs USD/CHF and EUR/SEK. An unhedged currency fluctuation of 10 percent in these currencies would affect the Group's operating profit/loss by approximately SEK 13 million and SEK 13 million respectively on an annual basis. An unhedged currency fluctuation of 10 percent in all currencies would affect the Group's operating profit/loss by SEK 46 million on an annual basis.

Interest rate risk

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.

The Group's exposure to interest rate risk relates mainly to outstanding external loans. Under the current policy, the Group raises loans both at fixed and variable interest. If necessary, the Group can use interest rate swaps to achieve the desired average duration. A change of one percentage point in market rates in the next twelve months would have an effect of SEK 16 million on the Group's interest expense. At the end of the year, loans and credit facilities consisted of bank loans, bonds and staff convertibles at both fixed and variable interest rates. Interest swaps are used to convert variable interest rates to fixed interest rates. The Group's cash and cash equivalents are kept in central cash pools, bank accounts with local banks and commercial paper. There are no other significant interest-bearing assets.

Credit risk

The Group's commercial and financial transactions give rise to credit risks in respect of the Group's counterparties. Credit risk or counterparty risk is the risk of loss if the counterparty does not fulfil its obligations. The credit risk consists of outstanding accounts receivable and rendered but unbilled consulting assignments.

This risk is limited through the Group's credit policy. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the cumulative credit risk. In addition, prepayments are applied to certain major projects to reduce credit risk.

The Group's ten largest clients, which account for 17 percent of Group sales, are all large multinational listed companies or state owned institutions and companies. The remaining 83 percent of net sales is spread over many clients. Counterparties to derivative contracts and cash transactions are limited to financial institutions with a high credit rating.

The situation has been monitored to ensure that possible consequences of the Covid-19-pandemic have been correctly identified. No significant provisions were made during the year as a direct consequence of the pandemic.

Financing and liquidity risks

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. The Group's policy is that the company's net debt in relation to EBITDA must not exceed 2.5 over time. For the Group, prudent management of financing risk also means having adequate cash and cash equivalents and committed credit lines. There is a procedure in place to ensure the availability of appropriate lines of credit whenever necessary. In accordance with the current policy, the Group is to have cash and cash equivalents and unused credit facilities that together correspond to at least six percent of annual sales.

Closing day exchange rate	2020	2019
CHF	9.25	9.57
DKK	1.35	1.40
EUR	10.04	10.43
NOK	0.95	1.06

Note 13, cont.

Group	2020										
	Carrying amount							Fair value			
	Fair value hedging instrument	Mandatorily measured at fair value through profit or loss	Fair value through other comprehensive income – debt instruments	Fair value through other comprehensive income – equity instruments	Financial assets measured at amortised cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Interest rate swaps for hedging	45						45		45		45
Forward exchange contracts for hedging	5	38					44		44		44
Shares		0					0	0			0
Total	**50**	**39**	**—**	**—**	**—**	**—**	**88**	**0**	**88**	**—**	**88**
Financial assets not recognised at fair value											
Accounts receivable					3,543		3,543				
Revenue generated but not invoiced					1,493		1,493				
Non-current receivables					19		19				
Cash and cash equivalents					1,930		1,930				
Total	**—**	**—**	**—**	**—**	**6,984**	**—**	**6,984**	**—**	**—**	**—**	**—**
Financial liabilities measured at fair value											
Interest rate swaps for hedging	8						8		8		8
Forward exchange contracts for hedging	6	60					66		66		66
Contingent considerations		269					269			269	269
Total	**14**	**329**	**—**	**—**	**—**	**—**	**342**	**—**	**73**	**269**	**342**
Financial liabilities not recognised at fair value											
Bank loans						1,314	1,314				
Bonds						2,500	2,500	2,482			2,482
Staff convertibles						549	549				
Lease liabilities						2,437	2,437				
Work invoiced but not yet carried out						1,636	1,636				
Accounts payable						842	842				
Accrued expenses, subcontractors						170	170				
Total	**—**	**—**	**—**	**—**	**—**	**9,449**	**9,449**	**2,482**	**—**	**—**	**2,482**

Note 13, cont.

Group	Fair value hedging instrument	Mandatorily measured at fair value through profit or loss	Fair value through other comprehensive income – debt instruments	Fair value through other comprehensive income – equity instruments	Financial assets measured at amortised cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
	2019										
	Carrying amount							Fair value			
Financial assets measured at fair value											
Forward exchange contracts for hedging	4	17					21		21		21
Total	**4**	**17**	**—**	**—**	**—**	**—**	**21**	**—**	**21**	**—**	**21**
Financial assets not recognised at fair value											
Financial investments					13		13				
Accounts receivable					4,146		4,146				
Revenue generated but not invoiced					1,602		1,602				
Non-current receivables					23		23				
Cash and cash equivalents					997		997				
Total	**—**	**—**	**—**	**—**	**6,781**	**—**	**6,781**	**—**	**—**	**—**	**—**
Financial liabilities measured at fair value											
Interest rate swaps for hedging	2						2		2		2
Forward exchange contracts for hedging	5	26					32		32		32
Contingent considerations		358					358			358	358
Total	**7**	**385**	**—**	**—**	**—**	**—**	**392**	**—**	**34**	**358**	**392**
Financial liabilities not recognised at fair value											
Bank loans						894	894				
Bonds						3,200	3,200	3,207			3,207
Commercial paper						400	400				
Staff convertibles						540	540				
Lease liabilities						2,779	2,779				
Work invoiced but not yet carried out						1,711	1,711				
Accounts payable						869	869				
Accrued expenses, subcontractors						187	187				
Total	**—**	**—**	**—**	**—**	**—**	**10,580**	**10,580**	**3,207**	**—**	**—**	**3,207**

Note 13, cont.

	2020										
	Carrying amount							Fair value			
Parent	Fair value hedging instrument	Mandatorily measured at fair value through profit or loss	Fair value through other comprehensive income – debt instruments	Fair value through other comprehensive income – equity instruments	Financial assets measured at amortised cost	Other liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Interest rate swaps for hedging	45						45		45		45
Forward exchange contracts for hedging	0	30					30		30		30
Shares		0					0		0		0
Total	**45**	**31**	**—**	**—**	**—**	**—**	**75**	**—**	**75**	**—**	**75**
Financial assets not recognised at fair value											
Non-current receivables					17		17				
Accounts receivable					267		267				
Cash and cash equivalents					889		889				
Total	**—**	**—**	**—**	**—**	**1,173**	**—**	**1,173**	**—**	**—**	**—**	**—**
Financial liabilities measured at fair value											
Interest rate swaps for hedging	8						8		8		8
Forward exchange contracts for hedging	5	48					53		53		53
Contingent consideration		47					47			47	47
Total	**13**	**94**	**—**	**—**	**—**	**—**	**107**	**—**	**61**	**47**	**107**
Financial liabilities not recognised at fair value											
Bank loans						1,356	1,356				
Bonds						2,500	2,500	2,482			2,482
Staff convertibles						549	549				
Accounts payable						213	213				
Other current liabilities						124	124				
Total	**—**	**—**	**—**	**—**	**—**	**4,741**	**4,741**	**2,482**	**—**	**—**	**2,482**

Note 13, cont.

Parent	2019 Carrying amount: Fair value hedging instrument	Mandatorily measured at fair value through profit or loss	Fair value through other comprehensive income – debt instruments	Fair value through other comprehensive income – equity instruments	Financial assets measured at amortised cost	Other liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Total	—	—	—	—	—	—	—	—	—	—	—
Financial assets not recognised at fair value											
Accounts receivable					244		244				
Cash and cash equivalents					133		133				
Total	—	—	—	—	**377**	—	**377**	—	—	—	—
Financial liabilities measured at fair value											
Interest rate swaps for hedging	2						2		2		2
Forward exchange contracts for hedging		16					16		16		16
Total	**2**	**16**	—	—	—	—	**18**	—	**18**	—	**18**
Financial liabilities not recognised at fair value											
Bank loans						892	892				
Bonds						3,200	3,200	3,207			3,207
Commercial paper						400	400				
Staff convertibles						540	540				
Accounts payable						169	169				
Other current liabilities						130	130				
Total	—	—	—	—	—	**5,331**	**5,331**	**3,207**	—	—	**3,207**

Measurement of fair value
Fair value corresponds with carrying amount, except for bonds. The following provides a summary of the main methods and assumptions used to determine the fair value of the Group's financial instruments.

Derivative instruments
Forward contracts and interest rate swaps are measured at market value in accordance with level 2, i.e. fair value determined using a measurement method based on directly observable market inputs, either direct (such as price) or indirect (derived from price), and which are not included in level 1 (fair value determined based on quoted prices for the same instruments on active markets).

Non-current and current liabilities to credit institutions
Non-current and current liabilities to credit institutions are carried at amortised cost in the Group and parent.

Commercial paper
Outstanding commercial papers are classified as long-term loans since the certificate programme is secured by underlying credit facilities with a maturity exceeding 12 months.

Investments in commercial paper
Investments in commercial paper with a maturity of less than three months are booked as Cash and cash equivalents at amortised cost.

Bonds
The bonds are listed on Nasdaq Stockholm. The market value is based on the market price at the end of the reporting period.

Contingent consideration
Contingent considerations are measured at fair value in accordance with level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are mainly linked to expected EBIT for the acquired companies over the next two to three years.

An increase in expected EBIT means a higher liability for the contingent consideration. Normally, there is a ceiling on each contingent consideration which limits how large the liability can become (see Note 3).

Maximum payout for the contingent considerations totalled SEK 336 million (547) at the end of the reporting period.

Shares
Holdings of listed shares are carried and valued at market value in accordance with level 1, i.e. fair value based on quoted prices for the same instruments on active markets.

Due date structure, financial liabilities

Group	2020 <1 year	1–2 years	3–5 years	>5 years
Bank loans, SEK	1	—	500	—
Bank loans, EUR	814	—	—	—
Bonds	—	1,000	1,500	—
Staff convertible	43	189	320	—
Lease liabilities	567	700	729	441
Contingent considerations	198	75	—	—
Accounts payable	842	—	—	—
Accrued expenses, subcontractors	170	—	—	—
Interest	60	45	49	—

Note 13, cont.

Group	2019 <1 year	1–2 years	3–5 years	>5 years
Bank loans, SEK	37	—	—	—
Bank loans, EUR	—	850	8	—
Bonds	700	—	2,500	—
Commercial paper	—	400	—	—
Staff convertible	37	180	360	—
Lease liabilities	617	663	656	843
Contingent considerations	138	225	7	—
Accounts payable	869	—	—	—
Accrued expenses, subcontractors	187	—	—	—
Interest	65	60	78	—

Accounts receivable

Age analysis of accounts receivable that are due but not impaired	Group 2020	Group 2019	Parent 2020	Parent 2019
<30 days	243	444	—	—
30–90 days	124	164	—	—
91–180 days	46	155	—	—
>180 days	534	283	—	—
Total	**947**	**1,046**	**—**	**—**

Provision for doubtful receivables	Group 2020	Group 2019	Parent 2020	Parent 2019
Provision at start of year	173	70	—	—
Provision for anticipated losses	53	97	—	—
Established losses	-19	-14	—	—
Recovered losses	-43	-29	—	—
Acquired operations	-4	47	—	—
Exchange differences	-9	4	—	—
Provision at end of year	**151**	**173**	**—**	**—**

Credit quality

Client credit risk is handled in each subsidiary in accordance with the centrally established credit policy. Outstanding accounts receivable are monitored and reported regularly within each company and within the Group. Provisions are made after individual assessment. The assessment of the amount which is expected to be received is based on careful analysis of the clients' ability to pay and the markets they operate in. The Group's ten largest clients, which account for approximately 17 percent of Group sales, are all large multinational companies or state owned institutions and enterprises.

Loans and credit facilities

	Group 2020	Group 2019	Parent 2020	Parent 2019
Non-current liabilities				
Bank loans	501	857	500	857
Staff convertible	489	342	489	342
Bonds	2,500	3,200	2,500	3,200
Commercial paper	—	400	—	400
Finance leasing liabilities	1,870	2,162	—	—
	5,361	**6,961**	**3,489**	**4,799**
Current liabilities				
Bank loans	813	37	813	37
Staff convertible	59	197	59	197
Finance leasing liabilities	567	617	239	248
	1,439	**852**	**1,112**	**481**

ÅF Pöyry has a Swedish commercial paper programme that was established in 2017. In 2019, the programme was expanded from SEK 1,000 million to SEK 2,000 million. The programme enables the issuance of commercial paper with maturities of up to 12 months. At 31 December 2020, ÅF Pöyry had issued commercial paper in the amount of SEK 0 million (400).

ÅF Pöyry has a Swedish medium term note (MTN) programme that was established in May 2018. In 2019, the programme was expanded from SEK 3,000 million to SEK 5,000 million. At 31 December 2020, ÅF Pöyry had outstanding bonds totalling SEK 2,500 million (3,200).

During the year, ÅF Pöyry repaid the standalone issued bond of SEK 700 million that was due in May 2020.

ÅF Pöyry holds two syndicated revolving credit agreements, Revolving Facility Agreement 2014 (RCF 2020) and Revolving Credit Facility Agreement 2018, amounting to SEK 1,000 million each at the beginning of 2020. In March 2020, the terms of both facility agreements were renewed and the amount of the back-up facilities (RCF 2020) was increased to SEK 1,500 million. In November 2020, the maturity of the credit facility (RCF 2018) for SEK 1,000 million was extended by two years from 2021 to 2023. The credit facilities are provided in equal parts by Svenska Handelsbanken and SEB. At 31 December 2020, ÅF Pöyry had utilised SEK 0 million (0).

ÅF Pöyry has four staff convertible loans totalling SEK 549 million.

ÅF Pöyry has two bank loans, of which EUR 81 million is due for payment in December 2021 and SEK 500 million is due in March 2023. Both loans are provided in equal parts by Handelsbanken and SEB.

The agreements governing the Group's bank loans contain certain financial obligations that must be fulfilled to retain the loans and avoid increased borrowing costs. The most important obligation is net debt/operating profit (EBITDA). During the year, all financial obligations were met with a good margin.

The Group's unused credit facilities amounted to SEK 3,050 million (2,297).

Conditions and amortisation periods

Group	2020 Nom. amount in original currency	Carrying amount	Year due	Fair value
Non-current liabilities				
Bonds, SEK	1,000	1,000	2022	996
Bonds, SEK	500	500	2023	493
Bonds, SEK	1,000	1,000	2024	993
SEK, variable interest rate	500	500	2023	500
		3,000		**2,982**
Current liabilities				
EUR, variable interest rate	81	814	2021	814
Other	1	1	2021	1
		815		**815**

Note 13, cont.

Group	2019 Nom. amount in original currency	Carrying amount	Year due	Fair value
Non-current liabilities				
Bonds, SEK	700	700	2020	703
Bonds, SEK	1,000	1,000	2022	1,003
Bonds, SEK	500	500	2023	495
Bonds, SEK	1,000	1,000	2024	1,006
EUR, variable interest rate[1]	81	850	2021	850
EUR, variable interest rate[1]	1	8	2024	8
Commercial paper	400	400	2020	400
Other		0		
		4,458		**4,465**
Current liabilities				
Sweden, SEK, variable interest rate	37	37	2020	37
Other		0		0
		37		**37**

[1] The comparison figure for 2019 has been adjusted because the nominal amount was stated in SEK instead of EUR.

Contingent considerations (level 3)

Change, contingent considerations	2020	2019
Opening balance	**358**	**731**
Estimated liabilities, acquisitions	28	29
Payments	-62	-290
Changes in value recognised in other operating income – other	-62	-119
Adjustment of preliminary acquisition analysis	-3	-14
Discounting	9	16
Exchange differences	1	5
Closing balance	**269**	**358**

Note 14

Intangible assets

Group	Goodwill 2020	Goodwill 2019	Intangible assets related to acquired businesses 2020	Intangible assets related to acquired businesses 2019	Other intangible assets 2020	Other intangible assets 2019	Total 2020	Total 2019
Cost	11,494	11,801	1,856	1,914	480	443	13,830	14,158
Accumulated depreciation	—	—	-609	-446	-275	-322	-884	-768
Accumulated impairment	-34	-34	—	—	—	-1	-34	-35
Carrying amount	**11,460**	**11,768**	**1,247**	**1,468**	**205**	**120**	**12,912**	**13,355**
Opening carrying amount	11,768	6,776	1,468	365	120	25	13,355	7,166
Purchases	—	—	—	—	101	75	101	75
Divestments and disposals	—	—	—	—	27	0	27	0
Acquired operations	65	4,913	3	1,309	1	60	68	6,282
Adjustment of acquisition analysis	-3	-14	—	—	—	—	-3	-14
Amortisation for the period	—	—	-184	-211	-41	-39	-224	-250
Exchange differences	-369	92	-41	5	-3	-1	-412	96
Closing carrying amount	**11,460**	**11,768**	**1,247**	**1,468**	**205**	**120**	**12,912**	**13,355**

Group

The Group's intangible assets arise primarily from acquired businesses. These acquired intangible assets consist largely of goodwill, as it is mainly human capital in the form of employee skills that constitutes the value of consulting companies. Other intangible assets identified in connection with acquisitions include client relationships. For information on amortisation, see the accounting policies in Note 1.

Impairment tests on goodwill are carried out annually in the fourth quarter, or when there are indications that an impairment loss has arisen, by the expected future cash flow being discounted with a weighted average cost of capital per cash-generating unit. The present value of cash flows, the value in use, is compared with the carrying amount including goodwill and other intangible assets.

Forecasts used in respect of future cash flows are based on the forecast approved by Group Executive Management for the next year supplemented by an individual assessment of a further four years. From that point on, the calculation is based on an annual growth rate of two percent.

The forecasts are based on previous experience, internal judgements and external sources of information. The most important variable is operating margin, which is affected by hourly rate, capacity utilisation, payroll expenses and number of employees. No reasonable changes in the assumptions for these variables would lead to impairment.

The weighted average cost of capital is based on assumptions about average interest rates on 10-year government bonds, as well as company-specific risk factors and beta values. The forecast cash flows have been discounted to present value.

Note 14, cont.

Cash-generating unit	Discount rate before tax, % 2020	2019
Infrastructure Division	9.0	9.5
Industrial & Digital Solutions Division	9.0	9.5
Process Industries Division	9.0	9.5
Energy Division	9.0	9.5
Management Consulting Division	9.0	9.5

Cash-generating unit	Goodwill 2020	2019
Infrastructure Division	3,335	3,608
Industrial & Digital Solutions Division	3,321	3,320
Process Industries Division	1,168	1,249
Energy Division	2,838	2,743
Management Consulting Division	798	846
Total	**11,460**	**11,768**

Parent	Intangible assets 2020	2019
Cost	173	131
Accumulated amortisation	-12	-70
Carrying amount	**161**	**61**
Opening carrying amount	61	12
Purchases	110	55
Divestments and disposals	-1	—
Amortisation for the period	-10	-6
Closing carrying amount	**161**	**61**

Note 15

Property, plant and equipment

Group	Equipment, tools, fixtures and fittings 2020	2019	Land and buildings 2020	2019	Total 2020	2019
Cost	1,211	1,164	282	295	1,493	1,459
Accumulated depreciation	-872	-791	-83	-80	-955	-871
Carrying amount	**340**	**373**	**199**	**215**	**539**	**587**
Opening carrying amount	373	369	215	203	587	571
Purchases	81	140	1	7	82	147
Divestments and disposals	-2	-83	-2	—	-4	-83
Acquired operations	-1	56	—	0	-1	56
Depreciation for the period	-103	-111	-6	-5	-109	-116
Exchange differences	-8	1	-8	10	-17	12
Closing carrying amount	**340**	**373**	**199**	**215**	**539**	**587**

Parent	Equipment, tools, fixtures and fittings 2020	2019
Cost	299	348
Accumulated depreciation	-157	-193
Carrying amount	**142**	**155**
Opening carrying amount	155	137
Purchases	19	46
Depreciation for the period	-31	-28
Closing carrying amount	**142**	**155**

Note 16

Leases

Right-of-use asset	Premises	Vehicle	Other	Total
Depreciation/amortisation during the year	-472	-45	-4	-520
Closing balance 31 December 2020	2,164	97	4	2,266

The cost for newly acquired rights of use during the year, as well as additional amounts when reconsidering lease liabilities due to changed payments resulting from the change in the lease term are included in this amount.

Lease liabilities	2020	2019[1]
Non-current	1,870	617
Current	567	2,162
	2,437	**2,779**

Amount recognised in profit or loss	2020	2019[1]
Depreciation of right-of-use assets	520	520
Interest on lease liabilities	55	60
Variable lease payments not included in the valuation of the lease liability	20	19
Income from onward leasing of right-of-use assets	5	5
Cost of short-term leases	25	99
Costs for low-value leases, not short-term leases with low value	44	35

[1])Adjusted comparative figures due to currency recalculation.

Amount recognised in the statement of cash flows	2020	2019
Total cash outflows attributable to leases	499	520

Note 17

Participations in associates and joint arrangements

Group	2020	2019
Carrying amount at start of year	22	0
Participations in associates/joint ventures, profit/loss after tax	4	5
Dividend	-4	0
Acquired associates and joint arrangements	—	17
Carrying amount at end of year	**21**	**22**

During the year, 21 joint arrangements expired.

Note 18

Prepaid expenses and accrued income

	Group		Parent	
	2020	**2019**	**2020**	**2019**
Rent	112	106	70	72
Support and maintenance agreements	82	62	61	35
Insurance	8	5	4	0
Other	106	75	1	14
	308	**249**	**136**	**121**

Note 19

Equity

Group
Holders of ordinary shares are entitled to dividends as approved annually by the Annual General Meeting. All shares have the same rights to the company's residual net assets. The quota value of the shares is SEK 2.50 (2.50).

The proposed dividend has not been recognised in these financial statements.

Dividends	2021[1]	2020	2019
Dividend per share, SEK	5.00	0.00	5.00
Number of shares outstanding	113,024,044	112,174,128	112,044,844
Dividend	**565**	**—**	**560**

[1]) Proposed dividend.

Reserves	Translation reserve	Hedge reserve	Fair value reserve	Total reserves
Opening balance, 2019	**217**	**-5**	**15**	**227**
Translation difference for the year	81	—	—	81
Cash flow hedges	—	12	—	12
Interest rate swap	—	2	—	2
Shareholdings in Pöyry PLC	—	—	5	5
Tax	—	-4	—	-4
Closing balance, 2019	**298**	**5**	**20**	**322**
Opening balance, 2020	**298**	**5**	**20**	**322**
Translation difference for the year	-501	—	—	-501
Cash flow hedges	—	-1	—	-1
Currency swap	—	34	—	34
Bank loans	—	46	—	46
Interest rate swap	—	-8	—	-8
Tax	—	-6	—	-6
Closing balance, 2020	**-203**	**71**	**20**	**-113**

Note 19, cont.

Capital management
Capital is defined as total equity, which corresponds to equity in the consolidated balance sheet. ÅF Pöyry's objective is for the Group to maintain a net debt position over time.

Net debt is measured in relation to EBITDA (net debt/EBITDA) and the financial target is 2.5, excluding IFRS 16 Leases.

At 31 December 2020, net debt/EBITDA excluding IFRS 16 Leases was 1.6 (3.0).

At 31 December 2020, net debt/EBITDA including IFRS 16 Leases was 2.3 (3.6).

There are external requirements in the agreements governing the bank loans. Additional information on these is given in Note 13.

There were no changes in capital requirements during the year.

Proposed appropriation of profits
Non-restricted profits of SEK 9,157,669,175 are at the disposal of the Annual General Meeting.

The Board of Directors proposes that these profits be appropriated as follows:

A dividend of SEK 5.00 per share paid to the shareholders	565,120,220
To be carried forward	8,592,548,955
Total	**9,157,669,175**

Note 20

Pension obligations

Of the Group's total number of employees at the end of the year, around 13 percent have pensions that are recognised as defined benefit. Other employees within ÅF Pöyry have pensions that are recognised as defined contribution.

Defined benefit plans exist in Sweden, Switzerland, Finland, Germany, Austria, Norway, the Philippines, Indonesia and Italy. The plans in Finland, Italy, the Philippines, Indonesia and Norway are not material.

The defined benefit plans in Sweden and Switzerland are governed by a broadly similar framework of rules. The plans are final salary retirement plans which give employees benefits in the form of a guaranteed level of pension payment during their lives. The plans are exposed, broadly speaking, to similar risks. The Swedish plan, however, covers only pensioners and paid-up policyholders, while the Swiss plan covers only active employees. The plan in Switzerland is secured by a fund. The Swedish plan is unfunded. The defined benefit plans in Germany are individual and partially funded. The company will meet the obligation to make payments for the unfunded plan when it runs out.

Alecta
For white-collar staff in Sweden, the ITP 2 occupational pension plan's defined-benefit pension obligation for retirement and survivor pensions is secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board this is a defined-benefit multiemployer plan. For the financial year, the company has not had access to the information required to recognise this plan as a defined-benefit plan. The ITP supplementary pension plan for salaried employees' retirement benefits that is secured through insurance with Alecta is, therefore, recognised as a defined-contribution plan.

Contributions during the year for retirement benefit insurance with Alecta amounted to SEK 395 million (410). The fees for next year are expected to be in line with this year, adjusted for growth. Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At year-end Alecta's surplus in the form of the collective funding ratio was 148 percent (148). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not in conformity with IAS 19.

If funding is low, one possible action is to raise the agreed price for new entrants and for the extension of existing benefits. If funding is high, one possible action is to reduce premiums.

Group
Defined-benefit plans

	2020	**2019**
Present value of funded obligations	-2,696	-2,902
Fair value of plan assets	2,487	2,658
	-208	**-244**
Present value of unfunded obligations	-133	-143
Liability recognised in balance sheet	**-341**	**-387**
Of which Sweden	-143	-62
Of which Germany	-60	-107
Of which Switzerland	-100	-175
Of which other countries	-38	-43

Note 20, cont.

Change in the defined-benefit net debt

Group	2020 Present value of plan assets	2020 Present value of obligations	2020 Total	2019 Present value of plan assets	2019 Present value of obligations	2019 Total
Opening balance	2,658	-3,045	-387	862	-1,003	-141
Current service costs	—	-71	-71	0	-55	-55
Past service costs	—	8	8	0	0	0
Change in special employers' contribution (Sweden)	—	0	0	—	0	0
Interest income/expense	6	-7	-2	17	-21	-4
Return on plan assets (excluding interest)	14	—	14	71	0	71
Actuarial gains/losses	—	28	28	0	-163	-163
Exchange rate difference	-85	95	10	54	-59	-5
Contributions by employer	68	—	68	70	0	70
Contributions by plan participants	48	-48	0	48	-48	0
Benefits paid	-220	212	-8	-136	139	3
Acquisitions	0	0	0	1,672	-1,835	-163
Closing balance	**2,487**	**-2,828**	**-341**	**2,658**	**-3,045**	**-387**

Actuarial gains and losses

	2020	2019
Financial assumptions	-38	-210
Demographic assumptions	38	22
Experience-based adjustments	17	3
Total	**16**	**-184**

Allocation of plan assets

	2020	2019
Cash and cash equivalents	22	37
Equity instruments	698	719
Debt instruments	1,241	1,393
Property	425	389
Other	101	118
Total	**2,487**	**2,658**

All assets have a quoted market price.

Assumptions for defined-benefit obligations

Sweden	2020	2019
Discount rate, %	0.75	1.2
Inflation, %	1.5	1.7

Switzerland	2020	2019
Discount rate, %	0.1	0.7
Inflation, %	0.0	1.0
Future increase in pensions, %	0.0	0.0
Future increase in salaries, %	0.5	1.0

Germany	2020	2019
Discount rate, %	0.7	0.7
Inflation, %	1.9	1.9
Future increase in pensions, %	1.7	1.7

The discount rate is equivalent to the market interest rate on mortgage bonds and corporate bonds, respectively, with the duration corresponding to the average remaining term of the obligation.

Note 20, cont.

Sensitivity analysis of pension obligations

	Sweden		Switzerland		Germany	
	Change in assumptions	Increase/ decrease	Change in assumptions	Increase/ decrease	Change in assumptions	Increase/ decrease
Discount rate	+/-0.50%	+/-4	+/-0.50%	+10/-9	+/-0.50%	+7/-6
Rate of salary increases	—	—	+/-0.50%	+/-1	—	—

The sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. It is unlikely that this will occur in practice, and changes in several of the assumptions may be correlated. Payments to plans are expected to total SEK 190 million (180) over the coming year. The average remaining term for the Swedish plan is 14 years (13), for the German plan, 13 years and for the Swiss plan, 13 years (16).

Defined-contribution plans

Group	2020	2019
Cost of defined-contribution plans (including Alecta)	896	1,009

Parent	2020	2019
Cost of defined-contribution plans (including Alecta)	28	34

Defined-benefit plans

Parent	2020	2019
Present value of unfunded obligations	17	18
Net amount recognised for defined-benefit plans	**17**	**18**
Of this, covered by credit insurance via FPG/PRI	17	18

Changes in obligations during the year

Parent	2020	2019
Net present value of pension obligations at start of year	18	19
Cost excluding interest expense charged to profit or loss	0	1
Interest expense	0	0
Payment of pensions	-2	-2
Net present value of pension obligations at end of year	**17**	**18**

All obligations are for pension provisions under the Pension Obligations Vesting Act.

Note 21

Other provisions

Change in non-current provisions

	Restructuring		Other		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Carrying amount at start of period	18	0	89	15	107	15
Provisions during the period	17	14	27	71	44	85
Amount utilised during the period	-15	-5	-21	-40	-37	-45
Releases during the period	-2	0	-8	-35	-10	-35
Transfer from non-current to current	0	0	0	-4	0	-4
Provisions from acquired operations	0	9	-3	83	-3	92
Adjustment regarding previously acquired operations	0	0	0	0	0	0
Translation differences	0	0	-10	0	-10	-1
Carrying amount at end of period	**17**	**18**	**74**	**89**	**91**	**107**

Change in current provisions

	Restructuring		Other		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Carrying amount at start of period	67	21	33	37	101	57
Provisions during the period	57	98	24	22	81	120
Amount utilised during the period	-89	-51	-17	-29	-106	-80
Releases during the period	-1	—	0	0	-1	—
Transfer from non-current to current	—	—	0	4	—	4
Translation differences	0	0	-1	0	-1	0
Carrying amount at end of period	**35**	**67**	**39**	**33**	**74**	**101**

Parent

Other provisions

	2020	**2019**
Carrying amount at start of period	79	230
Provisions during the period	0	—
Amount utilised during the period	-9	-76
Releases during the period	-21	-86
Discounting of contingent considerations	2	—
Translation differences	-4	11
Carrying amount at end of period	**47**	**79**

Of the recognised provisions, SEK 47 million (79) is for contingent considerations.

Note 22

Taxes

Recognised in profit or loss

Group	**2020**	**2019**
Current tax		
Tax expense for the period	-300	-210
Adjustment of tax attributable to previous years	-28	-3
Deferred tax		
Deferred tax expense/income	49	-6
Total recognised consolidated tax	**-279**	**-219**

Parent	**2020**	**2019**
Current tax		
Tax expense for the period	0	-1
Adjustment of tax attributable to previous years	-11	0
Deferred tax		
Deferred tax expense/income	22	3
Total recognised parent tax	**10**	**2**

Note 22, cont.

Reconciliation of effective tax

Group	2020 (%)	2020	2019 (%)	2019
Pre-tax profit		1,270		1,039
Tax per parent's applicable tax rate	21.4	272	21.4	222
Effect of other tax rates for foreign subsidiaries	0.7	9	-1.4	-15
Non-deductible costs	3.5	45	4.5	47
Non-taxable income	-4.3	-54	-5.8	-60
Tax for previous non-capitalised loss carry-forwards	-1.9	-24	-2.1	-22
Effects of loss carry-forward without corresponding capitalisation of deferred tax	-0.8	-10	1.8	19
Effect of changed tax rates	0.0	0	0.0	0
Tax attributable to previous years	2.2	28	-0.2	-3
Other	1.0	13	2.8	30
Recognised effective tax	**22.0**	**279**	**21.0**	**219**

Parent	2020 (%)	2020	2019 (%)	2019
Pre-tax profit		338		547
Tax per parent's applicable tax rate	21.4	72	21.4	117
Non-deductible costs	9.0	30	0.4	2
Non-taxable income	-36.2	-123	-21.9	-120
Tax attributable to previous years	3.3	11	0.0	0
Other	—	—	0.4	2
Recognised effective tax	**-2.6**	**-9**	**0.3**	**2**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax asset		Deferred tax liability		Net	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Non-current assets	47	37	-387	-393	-340	-355
Current receivables and liabilities	16	29	-77	-105	-60	-76
Provisions and non-current liabilities	58	73	-1	-17	56	55
Untaxed reserves	—	—	2	-11	2	-11
Loss carry-forward	71	124	—	—	71	124
Tax assets/liabilities	**192**	**263**	**-463**	**-526**	**-271**	**-263**
Set-off	-2	-11	2	-11	0	-22
Net tax assets/liabilities	**190**	**252**	**-461**	**-537**	**-271**	**-285**

Unrecognised deferred tax assets

Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax assets have not been recognised in profit or loss and balance sheets:

Group	2020	2019
Tax deficit	425	143
	425	**143**

Deferred tax assets were not recognised for these tax deficits, since it has not yet been deemed likely that the Group will be able to utilise them against future taxable profits. The deficits are attributable to ÅF Pöyry's subsidiaries in Germany, Switzerland, Poland, Brazil and Canada. The deficits do not fall due.

Change in deferred tax in temporary differences and loss carry-forwards

Group	Balance at 1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/ divestment of business	Reclassification, translation differences etc.	Balance at 31 December 2020
Non-current assets	-355	15	—	—	5	-5	-340
Current receivables and liabilities	-98	46	—	—	—	-8	-60
Provisions and non-current liabilities	55	27	-9	-6	—	-11	56
Untaxed reserves	-11	9	—	—	—	4	2
Loss carry-forward	124	-49	—	—	-5	—	71
	-285	**49**	**-9**	**-6**	**0**	**-21**	**-271**

Note 22, cont.

Group	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/ divestment of business	Reclassification, translation differences etc.	Balance at 31 December 2019
Non-current assets	-138	-56	-4	—	-157	—	-355
Current receivables and liabilities	-73	—	—	—	-3	-22	-98
Provisions and non-current liabilities	28	—	18	-3	12	—	55
Untaxed reserves	-73	62	—	—	—	—	-11
Loss carry-forward	39	—	—	—	85	—	124
	-217	**6**	**14**	**-3**	**-63**	**-22**	**-285**

Note 23

Accrued expenses and prepaid income

	Group		Parent	
	2020	**2019**	**2020**	**2019**
Personnel-related liabilities	1,423	1,509	43	45
Project-related liabilities	73	95	—	—
Accrued expenses, subcontractors	170	187	1	2
Other	360	342	63	57
	2,026	**2,134**	**107**	**104**

Note 24

Operating leases

Leases for which the company is the lessee
Operating leases cover rental agreements for properties, leases for vehicles under which employees assume all the financial risks and benefits associated with the vehicles, and the lease of certain items of office equipment. The cars are leased primarily over three years.

The Group applied IFRS 16 Leases as from 1 January 2019. For the parent, leases are reported according to RFR2.

Non-terminable minimum lease payments

	Premises		Other	
Parent	**2020**	**2019**	**2020**	**2019**
During the year	280	263	3	3
Within one year	341	237	3	3
Between one and five years	1,020	812	10	12
Longer than five years	524	490	—	—
Total	**2,165**	**1,802**	**15**	**18**

Note 25

Pledged assets, contingent liabilities and contingent assets

	Group		Parent	
	2020	**2019**	**2020**	**2019**
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Total pledged assets	**—**	**—**	**—**	**—**
Contingent liabilities				
Guarantee commitments, FPG/PRI	0	0	—	—
Guarantee commitments in favour of subsidiaries	—	—	26	37
Guarantee commitments	500	747	4	134
Total contingent liabilities	**500**	**747**	**30**	**171**

Guarantee commitments refer primarily to performance guarantees for tenders and the completion of projects.

Contingent assets
The Group has determined that no contingent assets exist.

Note 26

Related party transactions

The parent has a related party relationship with its subsidiaries (see Note 27).

Summary of transactions with related parties
This refers to the ÅForsk Foundation, which holds 33.4 percent of the votes in ÅF Pöyry AB, senior executives, associates and joint ventures. Transactions with these parties took place on commercial terms.

Group	Year	Sale of services to related parties	Purchase of services from related parties	Receivables from related parties at 31 Dec	Liabilities to related parties at 31 Dec
Joint venture	2020	0	—	—	—
Joint venture	2019	1	—	—	—
Senior executives	2020	—	—	—	49
Senior executives	2019	—	—	—	43
The ÅForsk Foundation	2020	1	—	—	—
The ÅForsk Foundation	2019	1	—	0	—

In 2020, in addition to the above, the Group received appropriations from the ÅForsk Foundation amounting to SEK 0 million (0).
For details of other remuneration to senior executives, please see Note 6.

Parent	Year	Sale of services to related parties	Purchase of services from related parties	Receivables from related parties at 31 Dec	Liabilities to related parties at 31 Dec
Subsidiaries	2020	1,293	330	7,102	2,416
Subsidiaries	2019	1,007	78	6,960	1,952
Senior executives	2020	—	—	—	24.3
Senior executives	2019	—	—	—	30
The ÅForsk Foundation	2020	—	—	—	—
The ÅForsk Foundation	2019	0	—	0	—

Note 27

Group companies

Comprehensive list of all Group subsidiaries

	Corp. ID number	Registered office	2020 Participating interest, %[1]	2020 Carrying amount in parent
AFRY Group Sweden AB	556158-1249	Sweden	100	374
ÅF Digital Solutions AB	556866-4444	Sweden	100	—
Cervino Consulting AB	556908-6183	Sweden	100	—
Cervino Consulting Kommanditbolag	969764-2420	Sweden	50	—
Cervino Consulting Kommanditbolag	969764-2420	Sweden	50	—
Konsultbolag1 Dalarna AB	556936-3897	Sweden	100	—
ÅF Digital Experience AB	556890-5375	Sweden	100	—
Alteco AB	556550-2209	Sweden	100	—
Ingenjörsprojekt i Sverige AB	556487-7164	Sweden	100	—
ÅF-Infrastructure AB	556185-2103	Sweden	100	—
ÅF Sandellsandberg arkitekter AB	556464-9308	Sweden	100	—
Koncept Arkitektur och Design ÅF AB	556496-2941	Sweden	100	—
Effekt i Varberg AB	556294-4438	Sweden	100	—
Sonny Svenson Konsult AB	556338-1267	Sweden	100	—
AB Sonny Svenson Konsult i Norrtälje	556705-9786	Sweden	100	—
ÅF Reinertsen Sverige Deal AB	559034-2266	Sweden	100	—
ÅF-Industry AB	556224-8012	Sweden	100	—

Note 27, cont.

			2020	
	Corp. ID number	Registered office	Participating interest, %[1]	Carrying amount in parent
Facilia AB	556766-3611	Sweden	100	–
ÅF Ukraine LLC	42703305	Ukraine	100	–
AF Engineering & Design Pty Ltd	2018/414610/07	South Africa	100	–
Lexter Ljuddesign AB	556738-2931	Sweden	100	–
Pöyry Sweden AB	556850-0515	Sweden	100	–
AF Engineering (Chengdu) Co. Ltd.	91510100MA6C7ARL8F	China	100	–
ÅF A/S	21 007 994	Denmark	100	–
ÅF Infrastructure Danmark Aps	20 24 66 93	Denmark	100	–
ÅF Buildings Denmark P/S	34 07 48 01	Denmark	100	–
Komplementaranpartsselskabet Midtconsult	33 58 46 36	Denmark	100	–
LK Consultants Ltd.	0191285	Gibraltar	100	–
Gottlieb Paludan Architects A/S	18 35 59 49	Denmark	100	–
P.A.P A/S	18064200	Denmark	100	–
ÅF Infrastructure Planning A/S	13 59 08 85	Denmark	100	–
Light Bureau Limited	05333484	UK	100	14
ÅF-Consult AB	556101-7384	Sweden	100	0
ÅF-Teknik & Miljö AB	556534-7423	Sweden	100	0
Epsilon Holding AB	556421-6884	Sweden	100	3
Epsilon Polen Sp.z o.o.	9521980649	Poland	100	–
LeanNova Engineering AB	556880-7233	Sweden	100	0
AF Engineering (Shanghai) Co. Ltd.	9131000007482378XN	China	100	–
LeanNova Engineering UK Ltd	9039993	UK	100	0
AFRY Group Norway AS	911 567 989	Norway	100	668
ÅF Industry AS	997 671 651	Norway	100	–
AFRY Norway AS	915 229 719	Norway	100	–
Gotlieb Paludan Architects AS	976 536 320	Norway	100	–
Advansia AS	883 889 762	Norway	100	–
ÅF Energy AS	984 615 051	Norway	100	–
ÅF Digital Solutions AS	974 415 852	Norway	100	–
AFRY Consult AS	934948262	Norway	100	–
ÅF-Consult Oy	1800189-6	Finland	100	85
ÅF-Consulting AS	10 449 422	Estonia	100	–
UAB AF-Consult	135 744 077	Lithuania	100	–
Enprima Engineering Oy	0477940-2	Finland	100	–
Profil-Bau Industrial Oy	2569789-5	Finland	100	3
ÅF-Automaatika OÜ	11 297 301	Estonia	100	8
AF Consult LLC	1 037 800 096 641	Russia	100	1
AFRY CZ s.r.o.	453 06 605	Czech Republic	100	106
ÅF Infrastructure Polska Sp. z o.o.	0000751808	Poland	100	1
AF Consult do Brazil Ltda	108.307.539/0001-08	Brazil	50	8
AFRY Solutions Spain, S.A.U.	A2004 9870	Spain	100	12
AFPOYRY Engineering India Private Limited	U74999DL2019FTC347883	India	99	0
AFRY Group Finland Oy	1009321-2	Finland	100	7,085
Poyry Management Consulting (Australia) Pty Ltd	ACN 008 503 517	Australia	100	–
AFRY Austria GmbH	FN95496k	Austria	100	–
Pöyry (Beijing) Engineering and Consulting Company Limited	91110105772553297R	China	100	–
AFRY Finland Oy	0625905-6	Finland	100	–
Pöyry Shandong Engineering and Consulting Company Limited	004356 Jinan Shandong	China	90	–
Salamanca Proyectos Llave en Mano S.L.	C.I.F. B86087558	Spain	100	–
Pilowin S.A.	5356865	Uruguay	100	–

Note 27, cont.

			2020	
	Corp. ID number	Registered office	Participating interest, %[1]	Carrying amount in parent
Pöyry Soluções em Projetos Ltda	12.051.324/0001-38	Brazil	100	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	33	–
Kiinteistö Oy Manuntori	0599822-8	Finland	34.2	–
Mifecor S.A.	6826148	Uruguay	100	–
Ramentor Oy	2008294-7	Finland	100	–
East Engineering Ltd Oy	0781039-9	Finland	100	–
JP-Sijoitus Oy	0687625-7	Finland	100	–
Pöyry Latin America S.L.U.	C.I.F. B85525699	Spain	100	–
Pöyry (Chile) Limitada	76.389.454-1	Chile	100	–
Pöyry (Peru) S.A.C.	20492556671	Peru	100	–
PT AFRY Indonesia	01.869.762.3-058.000	Indonesia	100	–
AFRY Management Consulting Oy	2302276-3	Finland	100	–
AFRY Management Consulting Austria GmbH	FN368887g	Austria	100	–
AFRY Management Consulting S.A.S.	429 750 300 R.C.S. Paris	France	100	–
Cordoba Management Consulting S.L.	C.I.F. B86011814	Spain	100	–
Pöyry Consultoria em Gestao e Negocios Ltda	81.679.268/0001-01	Brazil	100	–
AFRY Management Consulting S.r.l.	03357900962	Italy	100	–
AFRY Deutschland GmbH	HRB 704261	Germany	100	–
AFRY Management Consulting GmbH	HRB 50407	Germany	100	–
Pöyry Infra Traffic GmbH	HRB 45419	Germany	100	–
Poyry Infra Sp. z o.o.	68184	Poland	100	–
AF-Consult GmbH	HRB 64461	Germany	100	–
AFRY ERŐTERV ZRt.	Cg. 01-09-940929	Hungary	98.9	–
AFRY Italy S.r.l.	03684000106	Italy	100	–
AFRY Malaysia Sdn Bhd	551240-M	Malaysia	100	–
Poyry Management Consulting (NZ) Limited	358341	New Zealand	100	–
AFRY Poland sp. z o.o.	150659	Poland	100	–
Poyry Rus LLC	1147847070007	Russia	100	–
Poyry Management Consulting (Singapore) Pte. Ltd.	199200145K	Singapore	100	–
Valencia Engineering S.L.	C.I.F. B85756310	Spain	100	–
Pöyry Tecnologia Ltda.	50.648.468/0001-65	Brazil	100	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	34	–
Pöyry Consultoria e Projetos Ltda.	07.885.917/0001-60	Brazil	100	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	33	–
AFRY Vietnam Ltd	0109293058	Vietnam	100	–
AFRY Group Switzerland AG	CHE-340.373.992	Switzerland	100	–
AF-Consult Switzerland AG	CHE-105.949.521	Switzerland	100	–
AF-Consult Italy S.r.l.	MI-1808529	Italy	100	–
AFRY South-East Asia Ltd	3011879733	Thailand	100	–
AFRY India Private Limited	U74140DL2009FTC197507	India	100	–
AF Consult do Brazil Ltda	108.307.539/0001-08	Brazil	50	–
AF-Consult Energy doo Beograd	20 801 298	Serbia	100	–
AF-Iteco AG	CHE-108.035.698	Switzerland	100	–
ITECO Nepal (Pvt.) Ltd	2616/043-44	Nepal	66.6	–
PT AF-Consult Energy Indonesia	4018020131100230	Indonesia	95	–
Power Design International Ltd	224 309	Uganda	100	–
AFRY Management Consulting AG	CHE-108.336.384	Switzerland	100	–
AFRY Schweiz AG	CHE-108.100.605	Switzerland	100	–
Pöyry Energy Inc.	A199718934	Philippines	100	–
Pöyry Contracting, Inc	CS201417557	Philippines	100	–
Pöyry Infra Ltd.	0105534110367	Thailand	100	–
AFRY Group (Thailand) Ltd.	0105549127651	Thailand	100	–

Note 27, cont.

	Corp. ID number	Registered office	2020 Participating interest, %[1]	2020 Carrying amount in parent
Pöyry Infra de Venezuela, S.A.	(RIF) J-31047947-0	Venezuela	100	—
Poyry (B) Sdn Bhd	BN	Brunei Darussalam	90	—
AFRY (Thailand) Ltd	0105539109073	Thailand	100	—
Poyry (México) S.A, de C.V.	357161	Mexico	100	—
IFEC Ingegneria SA	CHE-436.940.173	Switzerland	100	—
Amata Power (Bien Hoa) Ltd	TBA	Vietnam	30	—
AFRY Solutions UK Limited	1192469	UK	100	—
Poyry PNG Limited	1-116142	Papua New Guinea	100	—
Poyry Energy Nigeria Limited	RC 1479096	Nigeria	100	—
AFRY Management Consulting (UK) Limited	2573801	UK	100	—
Pöyry Capital Limited	3639550	UK	100	—
AFRY Group USA Inc.	049137, FEIN 39-1925989	USA	100	—
AFRY USA LLC	FEIN 39-1909415	USA	100	—
AFRY Management Consulting Inc.	FEIN 98-0442806	USA	100	—
AFRY Canada Inc.	404505-0	Canada	100	—
Poyry South Africa (Proprietary) Limited	1997/011722/07	South Africa	100	—

[1]Participating interest refers to both voting share and proportion of total number of shares.

Specification of changes in carrying amounts for the year

Parent	2020	2019
Opening carrying amount	8,521	2,099
Acquisitions	—	6,506
Changed estimated contingent consideration	—	2
Internal share transfer	-427	0
Impairment	-100	-86
Shareholders' contribution	375	1
Closing carrying amount	**8,369**	**8,521**

Note 28

Untaxed reserves

Parent	2020	2019
Accumulated additional depreciation		
Opening balance 1 January	78	54
Depreciation for the year, equipment	38	24
Closing balance 31 December	**116**	**78**
Transfers to tax allocation reserve		
Opening balance 1 January	4	3
Reversal for the year	—	—
Provisions for the year	—	2
Closing balance 31 December	**4**	**4**
Total untaxed reserves	**120**	**82**

Note 29

Statement of cash flows

Interest paid and dividends received

	Group 2020	Group 2019	Parent 2020	Parent 2019
Dividends received	—	—	15	562
Group contribution received	—	—	—	273
Interest received	13	9	139	39
Interest paid	-97	-99	-120	-93
	-85	**-90**	**35**	**781**

Adjustment for items not included in cash flow

	Group 2020	Group 2019	Parent 2020	Parent 2019
Depreciation/amortisation	854	868	41	34
of which IFRS 16 Leases	520	520	—	—
Changed estimated contingent considerations	-62	-129	—	1
Restructuring reserve	-20	47	—	—
Anticipated dividend from subsidiaries	—	—	-502	-500
Impairment of shares in subsidiaries	—	—	82	—
Transaction costs	1	70	—	—
Unrealised exchange rate differences	-331	18	—	—
Other	18	64	-30	44
	460	**880**	**-409**	**-421**

Reconciliation of liabilities arising from financing activities

Group	Opening balance	Cash flows: Cash receipts	Cash flows: Cash disbursements	Changes that do not affect cash flow: Acquisition of subsidiaries	Conversion	Translation differences	Other	Closing balance
Long-term bank loans	857	500	—	-1	—	—	-855	501
Bond loan	3,200	—	-700	—	—	—	—	2,500
Short-term bank loans	37	200	-237	—	—	-45	855	811
Commercial paper	400	—	-400	—	—	—	—	—
Staff convertible	540	149	—	—	-142	—	2	549
Lease liabilities	2,779	—	-499	—	—	-55	208	2,437
Other	1	—	—	—	—	—	0	1
Total liabilities arising from financing activities	**7,815**	**849**	**-1,836**	**-1**	**-142**	**-96**	**210**	**6,800**

Parent	Opening balance	Cash flows: Cash receipts	Cash flows: Cash disbursements	Changes that do not affect cash flow: Acquisition of subsidiaries	Conversion	Translation differences	Other	Closing balance
Long-term bank loans	855	500	—	—	—	—	-855	500
Bond loan	3,200	—	-700	—	—	—	—	2,500
Short-term bank loans	37	200	-237	—	—	—	855	855
Commercial paper	400	—	-400	—	—	—	—	—
Staff convertible	540	149	—	—	-142	—	2	549
Total liabilities arising from financing activities	**5,031**	**849**	**-1,336**	**—**	**-142**	**—**	**2**	**4,404**

Cash and cash equivalents

	Group 2020	Group 2019	Parent 2020	Parent 2019
Cash and bank balances	811	711	100	0
Balance in Group account with the parent	774	133	594	133
Investments in securities etc., equivalent to cash and cash equivalents	345	154	195	—
Total according to balance sheet	**1,930**	**997**	**889**	**133**

Note 30

Events after end of reporting period

After the end of the reporting period, ÅF Pöyry acquired construction company Gärderup Sweden with annual sales of approximately SEK 8 million and six employees. ProTak Sweden with annual sales of SEK 13 million and nine employees. ITE Østerhus in Kristiansand, Norway with annual sales of around SEK 40 million and 22 employees. EKOM, Sweden with annual sales of SEK 5 million and three employees.

ÅF Pöyry appointed Jenny Lilja Lagercrantz as Head of Human Resources and a member of Group management. She took up her post in January 2021.

Note 31

Critical estimates and judgements

Noteworthy sources of uncertainty in estimates
The Group makes estimates and assumptions about the future. The resulting accounting estimates will rarely correspond to the actual outcome. Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including the expected outcomes of future events that are considered reasonable under the circumstances.

The main features of the estimates and assumptions which represent a significant risk of material adjustments to the carrying amounts of assets and liabilities during the coming financial year are presented below.

Impairment test of goodwill
When calculating the recoverable amount of cash-generating units, several assumptions about future circumstances and estimates of parameters have been made. Changes to these assumptions and estimates could affect the carrying amount of goodwill (see Note 14).

A declining growth rate and reduced operating margin would result in a lower recoverable amount. The reverse applies if the calculation of the recoverable amount is based on a higher growth rate or margin. Were future cash flows to be discounted at a higher rate of interest, the recoverable amount would be lower. Conversely, the recoverable amount would be higher with a lower discount rate. The impairment test for the period did not give rise to any impairment in respect of goodwill.

Contingent considerations
A contingent consideration linked to an acquisition is frequently dependent on the future economic development of the business acquired. The actual outcome may deviate from these assumptions and the effect of this will be to change the size of the previously recognised contingent consideration.

Pension assumptions
The Group's net obligations concerning defined-benefit plans are calculated separately for each plan by estimating the future payment which the employees earned through employment in previous periods. This payment is discounted to present value. The calculation of the size of the Group's total retirement benefit obligations is based on several assumptions (see Note 19). Were a lower discount rate to be used, the obligations would increase and have a negative effect on consolidated equity. The reverse applies if a higher discount rate is used.

Judgement on forecast and stage of completion of contracts
The Group recognises income based on fulfilment of performance obligations over time and as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. This means that the Group must perform multiple estimates of the percentage of total expenditures represented by accrued expenditures at the end of the reporting period. The forecasts for each assignment also represent an estimate of final income and expenditure.

Disputes
There is a risk that disputes may arise while doing business, such as in customer assignments and in conjunction with acquisitions. At year-end, the Group recognised provisions based on a best judgement. The most material disputes in 2020, both in progress and settled, are summarised below.

Disputes arising from the construction of the Brazilian nuclear power plant Angra 3
Legal proceedings are currently being held in Brazil concerning accusations of corruption relating to the awarding of contracts in connection with the procurement of the Brazilian nuclear power plant Angra 3. The previous Brazilian president Michel Temer is the focus of the proceedings, but accusations of corruption have also been lodged against several other people and companies, including some of ÅF Pöyry's foreign subsidiaries. In June 2019 the Brazilian prosecutor brought a civil suit against certain subsidiaries of the ÅF Pöyry Group as well as other parties, which included claims for damages. The Brazilian prosecutor's arguments include that ÅF Pöyry's subsidiaries ÅF Consult OY and AF Consult Brazil were awarded the Angra 3 contract as part of an arrangement to facilitate the transfer of benefits to the former president from one of ÅF Pöyry's clients. ÅF Pöyry has disputed the accusations and the prosecution. Most of the process has taken place via written correspondence between the judge, prosecutor and defendant in 2020 and is expected to continue in 2021. The Angra 3 contract is furthermore being examined by the Court of Auditors in Brazil, and arbitration proceedings have been initiated by AF Consult Brazil.

Disputes in connection with Sino-Forest Corporation
A conciliation agreement was entered with Sino-Forest Corporation Litigation Trust ("SFC Litigation Trust") in August 2020, which concluded all legal proceedings initiated by SFC Litigation Trust against several subsidiaries within ÅF Pöyry AB, including legal proceedings in Singapore and all other deferred legal proceedings and arbitration proceedings in several jurisdictions. The legal proceedings were related to consultancy services provided by certain direct or indirect subsidiaries of Pöyry PLC to Sino-Forest Corporation ("SFC") during the period 2006 to 2011. SFC Litigation Trust was created in December 2012 through SFC's insolvency proceedings in Canada, with the purpose of making claims that SFC and/or their creditors had at that time. The conciliation agreement had no material impact on ÅF Pöyry AB's financial position.

Note 31, cont.

Contraloria proceedings in Peru
The Office of the Comptroller General of the Republic of Peru (La Contraloria General De La Republica in Spanish, here referred to as “Contraloria”) has initiated several legal proceedings concerning the Metro Lima project in Peru against a consortium in which a ÅF Pöyry subsidiary participated. In 2013 Contraloria brought an action in court in Lima, Peru, with a claim of a total of USD 54 million, concerning alleged harm caused by the consortium, particularly concerning certain alleged failures to perform contracted undertakings. A decision in the first instance was originally expected in 2020 or the first half of 2021 but the negotiations have been delayed due to the Covid-19 pandemic.

Dispute in Latvia
The Latvian Prosecutor’s Office has brought charges in a Latvian court against AF-Consult Switzerland and two former ÅF employees. The action concerns suspected influence peddling in 2010 via AF-Consult Switzerland’s previous agent in Latvia in connection with a project to renovate a power plant in Riga. AF-Consult Switzerland has disputed the accusations and the prosecution. The main proceedings began in summer 2019 but have been severely delayed due to the Covid-19 pandemic.They are expected to continue in 2021.

Note 32

Information on parent

ÅF Pöyry AB is a Swedish public limited company domiciled in Stockholm. The parent’s shares are listed on the Nasdaq OMX stock exchange in Stockholm. The postal address to the company’s head office is ÅF Pöyry AB, SE-169 99 Stockholm, Sweden.

The consolidated financial statements for 2020 comprise the parent and its subsidiaries, which together form the Group. The Group also includes participations in associates.

Signatures

The undersigned declare that the consolidated accounts and annual report were prepared in accordance with IFRS, as approved by the EU, and with generally accepted accounting practices, and give a fair presentation of the position and performance of the Group and the company, and that the Group administration report and the administration report give a fair review of the progress of the Group's and the company's operations, position and performance, as well as describing the material risks and uncertainty factors to which the companies that are members of the Group are exposed.

Stockholm, 30 March 2021

Anders Narvinger Chairman of the Board	Jonas Abrahamsson Director	Gunilla Berg Director	Henrik Ehrnrooth Director
Salla Pöyry Director	Joakim Rubin Director	Kristina Schauman Director	Anders Snell Director
Ulf Södergren Director	Tomas Ekvall Director, employee representative	Stefan Löfqvist Director, employee representative	Jonas Gustavsson President and CEO

Our Audit Report was presented on 30 March 2021

KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of ÅF Pöyry AB, corp. id 556120-6474

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of ÅF Pöyry AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 39–95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for revenue and cost within fixed price projects

See disclosure 2, 31 and accounting principles on page 60 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Part of the Groups revenue are derived from projects where the Group has an obligation to perform the projects to a fixed price. Revenues and costs for fixed price contacts are recognized successively as the project progresses in accordance with the stage of completion, which is calculated on the basis of accumulated expenses in relation to estimated accumulated project expenses upon completion. Anticipated losses are immediately recognized as a cost.

The accounting for revenues and profit are based on an estimation of total costs and revenues within each project. Changes in estimations throughout the project can have a significant effect on the Groups result and financial position.During each project the Group performs a regular review of the project forecasts to ensure that necessary changes are made. Change- and additional orders as well as claims are included in the forecast when the Group consider it probable that the amount will be received from the customer and when the amount can be reliably measured.

Response in the audit

We have received information and assessed the Groups process for project review including the routines for identifying loss projects and/or projects with a higher risk as well as the process for assessing revenue and costs (including assessment of change- and additional orders).

We have for a random sample of projects assessed the most significant estimates. For these projects we have discussed and challenged managements estimations of total forecast, assessed if risks and possibilities in the projects has been reasonably reflected in the project valuations as well as assessed loss contracts and if provisions for losses reflects the risks in the projects.

We have also evaluated information from the Groups internal and external legal counsel regarding claims and assessed if and how these has been reflected in the forecasts.

Vaulation of goodwill and parent company shares in subsidaries

See disclosure 14, 27 and 31 and accounting principles on page 61 in the annual account and consolidated accounts for detailed information and description of the matter..

Description of key audit matter

The carrying value of intangible assets in the form of goodwill in the consolidated accounts at December 31, 2020 amounted to SEK 11,460 million, which is approximately 49% of total assets. Intangible assets with an indefinite useful life should annually, or when there are indication of impairment, be subject to impairment test. An impairment test comprise both complexity and are dependent on judgments.

The impairment test shall according to IFRS be performed in accordance with a certain method where management needs to make judgments of future, internal as well as external, conditions and plans. Examples of such judgments include forecasts of future cash flows and which discount rate to be used in order to reflect the risk in forecasted payments.

The carrying value of shares in subsidiaries in the parent company at December 31, 2018 amounted to SEK 8,369 million. In case of an impairment trigger, if for example the value of the shares is higher than group value, an impairment test, with the same technique and judgments, as above is performed.

Response in the audit

We have reviewed and assessed whether the impairment tests have been prepared in accordance with the method prescribed by IFRS.

Moreover, we have considered the reasonableness of the forecasted future cash flows as well as the discount rates used through evaluation of management's written documentation and forecasts. We have also met with management and evaluated the accuracy of previous years' cash flow forecasts in relation to actual outcome. An important part of our work has also been to examine the group's own sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation.

Furthermore, we have considered the completeness of the disclosures made relating to the impairment tests in the annual accounts and assessed if they are in accordance with the assumptions used by management and that they, in all material aspects, are in accordance with the disclosures required by IFRS.

Valuation of contingent considerations from business combinations

See disclosure 3, 13, 31 and accounting principles on page 61 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

In certain business combinations the Group can agree with the seller to include a contingent consideration which normally imply that parts of the purchase price is contingent on the future financial development of the acquired business.

The value is based on the terms in the agreement and include judgments about the discounted value of future revenue growth and profit margin. The calculation of the value is dependent of significant judgments. If actual outcome deviates from these assessments or if the assessments about the future financial development for an acquired business is changed this could result in a change in the value of the contingent considerations which is accounted for in the income statement as they occur.

Liabilities for contingent considerations are valued at fair value in the balance sheet and amounted to SEK 269 million as of December 31, 2020. Total maximal liability at the same date amounted to SEK 380 million.

Response in the audit

We have in our audit analyzed a sample of agreements from performed acquisitions and the terms that is the basis for the contingent considerations. We have also assessed management's estimations regarding future financial performance and, through this, the size of contingent considerations.

Furthermore, we have considered the completeness of the disclosures in the annual accounts and assessed if they are in accordance with the assumptions used by management and that they, in all material aspects, are in accordance with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–38, 100–113, 115–121 and 122–129. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ÅF Pöyry AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities

section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of ÅF Pöyry AB by the general meeting of the shareholders on the 28 April 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm, 30 March 2021

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Sustainability notes

About the sustainability report
Sustainability is an integral part of ÅF Pöyry's vision, mission and strategy. A crucial part of our sustainability efforts is to create sustainable solutions in client assignments. In addition to ÅF Pöyry's 2020 sustainability report, sustainability information is therefore largely an integrated part of the annual report.

The following pages provide additional sustainability information, such as background information for the report, information about stakeholder dialogues, materiality assessment, sustainability data, and the GRI index. ÅF Pöyry annually publishes a sustainability report. The previous report, concerning the 2019 financial year, was published in April 2020. ÅF Pöyry's sustainability report for the 2020 financial year is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The sustainability report covers the companies in the ÅF Pöyry Group, in accordance with the same principles applied to financial reporting. The reporting principles in the GRI Standards were used to define the contents of the report.

Statistics on employees were compiled by the HR function from the HR system and refer to figures at 31 December 2020 for all companies in the Group unless otherwise stated.

The sustainability report, which is also consistent with ÅF Pöyry's statutory sustainability report in accordance with Chapter 6 of the Swedish Annual Accounts Act, is covered on pages 6–7 (sustainability targets), 10–11 (value creation), 12–13 (business strategy), 22–23 (sustainable solutions), 24–25 (contribution to the Sustainable Development Goals), 28–31 (attractive employer), 44–47 (risks linked to the environment and climate, corruption, human rights and employees) and 100–113 (sustainability notes). Also see the table of contents. Our sustainability report according to GRI Standards has been reviewed by an external party. See the auditor's Limited Assurance Report on the sustainability report and statement on the Statutory Sustainability Report on page 114.

Changes compared to the previous year
ÅF Pöyry has launched a new business strategy in which sustainability remains an integral part. No significant changes were made to the company's size, organisation, ownership or supply chain during the year. The content of this year's report was established based on the results of the materiality assessment conducted in the autumn of 2020. Reported sustainability information and data applies to the entire Group and is valid at 31 December 2020 unless specified otherwise. Otherwise, no major changes have been made to the report's frameworks or recalculations.

Contact point
Inquiries about the sustainability report should be directed to: Marie Trogstam, Head of Sustainability, Tel.: +46 10 505 00 00.

Responsibility and governance
Within ÅF Pöyry there is a clearly stated responsibility for sustainability and governance is rooted at the highest managerial level. This gives us excellent opportunities to vigorously disseminate the business strategy's basic component – sustainability – in the entire organisation.

Integrated sustainability efforts
As President and CEO, Jonas Gustavsson has ultimate responsibility for ÅF Pöyry's sustainability efforts. Head of Sustainability Marie Trogstam is responsible for strategy and reports to Group General Counsel Susan Gustafsson who is a member of the Group Executive Management. The Head of Sustainability is supported by a team. Sustainability is an integral part of the Group Executive Management's work, and sustainability topics are discussed continuously. Sustainability topics are thereby prioritised early in the business process.

Sustainability is critical for ÅF Pöyry's business, which is reflected in the sustainability strategy being integrated into the business strategy. This makes it easy for the organisation to use sustainability-critical aspects such as value creation, ethical engagement and commitment, and to be an attractive employer to create value for ÅF Pöyry, our clients and society. Read more about ÅF Pöyry's strategic platform on pages 12-21 and our sustainability framework on pages 22–23.

ÅF Pöyry's Board of Directors incorporates sustainability topics into the overall decision process. Sustainability initiatives are also integrated into existing staff functions, ensuring their execution. Each division head is responsible for developing and driving the sustainability approach in their operations and in all their assignments through consultants. They also have contacts for sustainability-related issues depending on local needs.

Sustainability targets
ÅF Pöyry also has several Group-wide sustainability targets that form the basis of governing operations. The targets were revised in 2020 to adapt them more effectively to the new strategy and the results of the materiality assessment conducted during the year. Read more about the targets on page 7 and the materiality assessment on page 103. ÅF Pöyry's sustainability targets are presented in the table below.

ÅF Pöyry's sustainability targets	Page with additional information
Increase the net positive impact through our assignments to accelerate the sustainability transition	103
Halve CO_2 emissions per employee by 2030 and achieve net zero by 2040[1]	105
Increase inclusion and diversity of background, culture and gender (40% female leaders by 2030[2])	110
Safeguard employee occupational health and work-life balance	107
Empower brave leadership	28
Increase employee engagement	30
Increase customer satisfaction	26
Ensure ethical business	104

1) Base year 2016. Refers to CO_2 emissions from our own operations (business travel and facility energy usage).
2) Among permanent employees.

Global Compact and the 2030 Agenda are the foundation
ÅF Pöyry's sustainability approach is based on the 10 principles of the UN's Global Compact on human rights, labour, the environment and anti-corruption, and we report our efforts and progress annually to the UN. The 2030 Agenda and the UN's 17 Sustainable Development Goals have led to greater demand for solutions and services that respond to societal challenges and have thus impacted ÅF Pöyry's business development. Frameworks and guidelines that ÅF Pöyry follows and is inspired by are:
- UN Global Compact
- The UN's 17 Sustainable Development Goals (The 2030 Agenda)
- OECD guidelines for multinational companies

- ILO's eight fundamental conventions
- UN Guiding Principles on Business and Human Rights (UNGP)
- Transparency International's Corruption Perceptions Index
- Equator Principles (EP)
- International Finance Corporation (IFC) Performance Standards
- Principles for Responsible Investment (PRI)
- 1.5°C Business Playbook

Sustainability policy

As part of efforts to update the former ÅF and Pöyry's policies respectively, a new sustainability policy was adopted in December 2020 that applies throughout the Group. The policy aims to reflect the new business strategy and our raised ambitions in the area of sustainability, and to strengthen the way in which operations are managed in line with the 1.5°C ambition and the 2030 Agenda. The policy specifies that operations are to have a holistic approach in client assignments, business and strategy development, partnerships and collaboration with civil society; that sustainability-related risks and opportunities are to be identified and managed at the tender stage; that we are to work to increase awareness and skills among all employees about how they can help improve sustainability performance through their assignments; and that sustainability aspects are to be identified and integrated into assignments.

As the area of sustainability is so broad, however, all Group-wide policies play an important role in terms of ÅF Pöyry's sustainability performance. The new sustainability policy applies to all employees in every country.

Code of Conduct

ÅF Pöyry's Code of Conduct is based on the ten principles of the UN Global Compact. It is a compilation of the commitments, rules and guidelines that form the basis of our operations and defines the norms and values that form the basis of how we conduct business relationships with clients, business partners, employees and other stakeholders. Our Code of Conduct applies to all employees in every country as well as the Group's Board of Directors. A mandatory e-learning course on ÅF Pöyry's Code of Conduct was launched for all employees in 2020; read more on page 102.

ÅF Pöyry expects all its business partners – including suppliers, subcontractors, joint venture partners and representatives – to adhere to principles that are consistent with ÅF Pöyry's Code of Conduct. Our Code of Conduct for business partners – Business Partner Criteria – was updated in 2020.

Governance, Risk and Compliance

In autumn 2019, ÅF Pöyry's Governance, Risk och Compliance (GRC) organisation was launched. Work was done throughout 2020 and involved a range of initiatives to strengthen the Group's governance, internal control and risk management to better manage the conditions that follow from a greater international presence. Examples of these initiatives include: the appointment of the new roles of Chief Compliance & Ethics Officer and Head of Risk and Security at Group-level, both of whom report to the Group General Counsel; the appointment of the new Head of Internal Audit role, which reports to the Audit Committee; monitoring and harmonising our systematic risk management processes; an update to the risk assessment process at the tender stage; new Group-wide delegation of authorities; updates to policies and internal governance documents; and an e-learning course on ÅF Pöyry's Code of Conduct for all employees in the Group. GRC efforts will remain in the spotlight in 2021.

In May 2020, a steering committee was established at Group level to coordinate GRC efforts: GRECS (Governance, Risks, Ethics, Compliance and Sustainability). ÅF Pöyry's Group General Counsel is chair of the committee, while the Chief Compliance & Ethics Officer is the secretary. Other permanent members include the President and CEO, the CFO, the EVP and Head of Human Resources, the EVP and Head of Communications and Brand, the Head of Risk and Security and the Head of Sustainability, while other stakeholders and division heads are invited when appropriate. GRECS held two meetings in 2020 after it was formed.

Leadership and culture

The President and CEO and the Group Executive Management bear ultimate responsibility for GRC at ÅF Pöyry, while the work is managed by Group General Counsel Susan Gustafsson, who is a member of the Group Executive Management. All managers in the Group take particular responsibility to live up to the values and principles described in our Code of Conduct and to ensure employees have understood it and are complying with it in their areas of responsibilities. Serving as a good role model is part of ÅF Pöyry's "brave leadership" criteria.

Risk management

Continuous efforts are made to identify and manage operational risks. In 2020, ÅF Pöyry focused on enhancing risk management in assignments by way of a new process for assessing risks at the tender stage: the Code of Conduct Assessment process. The new process was launched on 1 July 2020 and replaces the previous Sustainability Risk Assessment process. A clearer and common process for mapping risks in connection with assignments will strengthen the organisation's ability to manage uncertainty and its potential consequences. The Code of Conduct Assessment process is based on criteria that reflect ÅF Pöyry's Code of Conduct and thus also the 10 principles of the Global Compact. All tenders that are to be approved by a Head of Business Area or higher in accordance with the delegation of authorities (high-risk assignments) must conduct a Code of Conduct Assessment before the tender. The risk assessment conducted at this stage highlights security risks as well as social and environmental risks linked to the specific client, country, sector, business partner and type of assignment. If it is not possible to guarantee that the risks can be managed, ÅF Pöyry does not take on the assignment.

Continuous evaluations are conducted of how ÅF Pöyry is adhering to the Code of Conduct Assessment process within the framework of the Group-wide internal quality audit programme. Any deviations are reported to the risk manager, the person responsible for the bid and the division's quality control function for follow-up. The quality audits conducted in 2020 showed that in 56 percent of the assignments reviewed, it was possible to confirm that they were preceded by risk assessments using criteria that reflected the 10 principles of the Global Compact in line with the risk management process in place when the assignment was launched. System support has been established in the new Group-wide CRM system that will be rolled out in early 2021 in order to obtain a more precise data set for follow-up of risk assessments for high-risk assignments. Since the launch of the Code of Conduct Assessment process, the Chief Compliance & Ethics Officer has been consulted regarding compliance issues relating to tenders on 28 occasions.

The Group's Enterprise Risk Management process was enhanced in 2020 and risks, including the risk of corruption, were assessed in the divisions' business areas and by the Group-wide functions in line with ISO 31000. The aim was to give an overview of the new company's exposure to different types of risks and threats, which will increase the accuracy of forecasts and objectives and lead to fewer adverse incidents. The introduction of an updated database of country-based risks that continuously updates political, regulatory, security and operational risks, means we are able to increase our employees' risk awareness, prevent subjective assessments and increase the accuracy of risk assessments. The Group's incident, crisis and continuity plans were updated in early 2020 and distributed to ÅF Pöyry's country and section managers in connection with the handling of the pandemic. Also see the risk section on pages 44–47.

Internal governance and control

The control environment at ÅF Pöyry is based on guidelines set by the Board of Directors and the Group Executive Management, and is governed and followed up via a general management system containing policies, directives and processes that apply to all operations. In 2020, the Group established a new, joint Group-wide delegation of authorities. The policies governing health, safety, environment and quality, information and IT security, compliance and ethics and sustainability have all been updated. Our Code of Conduct and policies are available online at afry.com. The control environment will remain in the spotlight in 2021; all Group-wide governance documents will be updated and the governance and rules of procedure for local companies will be harmonised.

The management system is certified in line with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety). The upgrade from OHSAS 18001 to the new ISO 45001 was carried out in early 2020. In July, ÅF Pöyry AB's certificate was extended to include the units that were previously covered by the certificate for the former Pöyry PLC. 84 percent of ÅF Pöyry's operations are covered by the ISO 9001 certificate and 80 percent by the ISO 14001 and ISO 45001 certificates. The legal entities that are covered are listed in the appendices of the certificates. The certificates are available online at afry.com.

The implementation and efficiency of the management system is followed up in the Group-wide internal quality audit programme in which there is a general three-year plan and for which a more detailed plan is drawn up each year. In 2020, 30 project audits and 21 management and support-process audits were carried out in this programme. The audit programme also includes the environment and work environment and is in line with ISO 9001, 14001 and 45001. A summary of the results is reported to the Group Executive Management and the Audit Committee.

Whistleblowing function, investigations and measures

ÅF Pöyry urges all of its employees to report unethical behaviour, suspected violations of laws, rules or regulations and violations of our Code of Conduct. In 2020, a new Group-wide whistleblowing function, "Listen Up", was made available to the entire Group and to external parties. All reports through this channel are received by the Chief Compliance & Ethics Officer who also decides how to handle the report and the follow-up. The table below presents the number of internal matters that have been reported.

Reported internal matters

Type of matter	No. of cases
Security incident	30
HR matter	18
Conflict of interest	10
Compliance violation	9
Third-party misconduct	3
Total	**70**

Training

ÅF Pöyry's sustainability efforts are based on all employees understanding how the integration of sustainability aspects are relevant to them in their daily work and how they should manage situations that arise. For this reason, a new mandatory e-learning course was launched in January 2020 on ÅF Pöyry's Code of Conduct, with a coordinated campaign to reach out to all employees. The aim of the campaign was for 95 percent of all active permanent employees to have completed the training within three months of its roll-out, which was achieved on 31 March 2020. Work is continuing to ensure that all employees have taken the course, which forms a mandatory part of the onboarding of new employees. Targeted training initiatives are held on a continuous basis to improve skills across control functions and understanding of compliance risks in particular operational areas. In 2020, for example, 16 workshops were held regarding the new delegation of authorities and Code of Conduct Assessment process for all management groups at the divisions and two workshops on red flags for divisional controllers and personnel in ÅF Pöyry Business Services. A new Group-wide e-learning course on sustainability will be launched in 2021.

Sustainability topics are also part of the "Welcome to AFRY" introductory training course and the "Leadership 1" management programme, which offers an introduction to ÅF Pöyry's sustainability initiatives and Code of Conduct. Due to Covid-19, these training courses have been offered virtually in shortened versions.

Training in ÅF Pöyry's Code of Conduct

	Managers		Consultants		Administrative staff		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Sweden	924	95.3	5,547	93.6	204	92.3	6,675	93.8
Finland	183	98.9	1,345	95.8	90	98.9	1,618	96.3
Switzerland	113	97.4	686	96.1	49	83.1	848	95.4
Norway	121	91.7	630	87.0	22	95.7	773	87.9
Denmark	71	91.0	393	88.7	24	96.0	488	89.4
Other	345	97.5	1,702	86.4	128	82.6	2,175	87.8
Total	**1,757**	**95.7**	**10,303**	**92.1**	**517**	**90.1**	**12,577**	**92.5**

Permanent employees who have completed the new, mandatory e-learning course on ÅF Pöyry's Code of Conduct.

Stakeholders	How we engage in dialogue	Important topics
Clients	Client meetings, project meetings, follow-up interviews after the end of the project, website, participation in client events	Business ethics, satisfaction, perceived quality, prices, contracts, procurement, deliveries, sustainability where environmental impact including climate impact is of major importance, consultants' sustainability expertise, quantification of climate impact in the tender stage
Employees	Performance reviews, intranet, workplace meetings, conferences, internal training, leadership programmes, newsletters	Well-being, salary, business ethics, work environment and professional development, type of assignment, management of assignments in industries with a high climate impact
Partners	Planning meetings, project meetings, website	Prices, agreements, business ethics
Owners	Investment events, such as in connection with quarterly reports, capital market days, annual general meeting, interviews, website, newsletters	Growth, profitability, business ethics, risk and control, sustainability and macrotrends as drivers of profitability and new business opportunities, how strategic sustainability efforts develop
Suppliers	Supplier meetings, follow-up meetings, requests for quotes and procurement, interviews and surveys	Contract negotiations, compliance with our Code of Conduct
Media, students, authorities and organisations, universities and colleges	Website, mail, attendance at conferences, counselling on specific issues	Topics on how sustainability efforts are developing, the offering and business associated with industries that have a climate impact

Focus on the material

A close dialogue with our stakeholders is central to ÅF Pöyry's sustainability work. The dialogue is ongoing in all projects, meetings and other contacts that we have with the most important stakeholders. Sustainability topics are often part of the discussion, not least in connection with customer assignments. This integrated annual and sustainability report provides an ongoing description of how ÅF Pöyry meets the demands and expectations of stakeholders. The table on the previous page lists our most important stakeholders, how we conduct an ongoing dialogue and what topics the various stakeholders regard as most important. These stakeholders are significant to ÅF Pöyry because they have a major impact on the company and/or are affected by the company's operations.

In 2020, ÅF Pöyry conducted a materiality assessment, which included a stakeholder dialogue, as a complement to the ongoing dialogue. This provided the foundation for identifying our material sustainability topics and further developing our sustainability initiatives. The stakeholder dialogue consisted of a survey sent to both external stakeholder groups and all employees, as well as in-depth interviews with members of the Board of Directors and the Group Executive Management to understand how stakeholders prioritise different topics of relevance to ÅF Pöyry's sustainability efforts. The survey was answered by 5,887 people, of whom 5,601 were employees. The survey was also answered by clients, suppliers, students, shareholders, investors and trade associations. The sustainability topics included in the survey were:

- Sustainable and profitable growth
- Accelerate the sustainability transition
- Sustainable solutions
- Good business ethics
- Client responsibility
- Partner responsibility
- Own climate impact
- Information security and data privacy
- Physical and mental well-being
- Talent attraction and retention
- Diversity, inclusion and equal opportunity

The results of the stakeholder dialogue, including the analysis of the in-depth interviews with members of the Board of Directors and the Group Executive Management and dialogues with the entire Group Executive Management team, form the basis of the sustainability topics that ÅF Pöyry has defined as material within the framework of the materiality assessment. The materiality principle was applied using a weighted assessment of the results of the stakeholder dialogue, along with an analysis of the impact that ÅF Pöyry has on society within each sustainability topic. The most material sustainability topics according to the materiality assessment are:

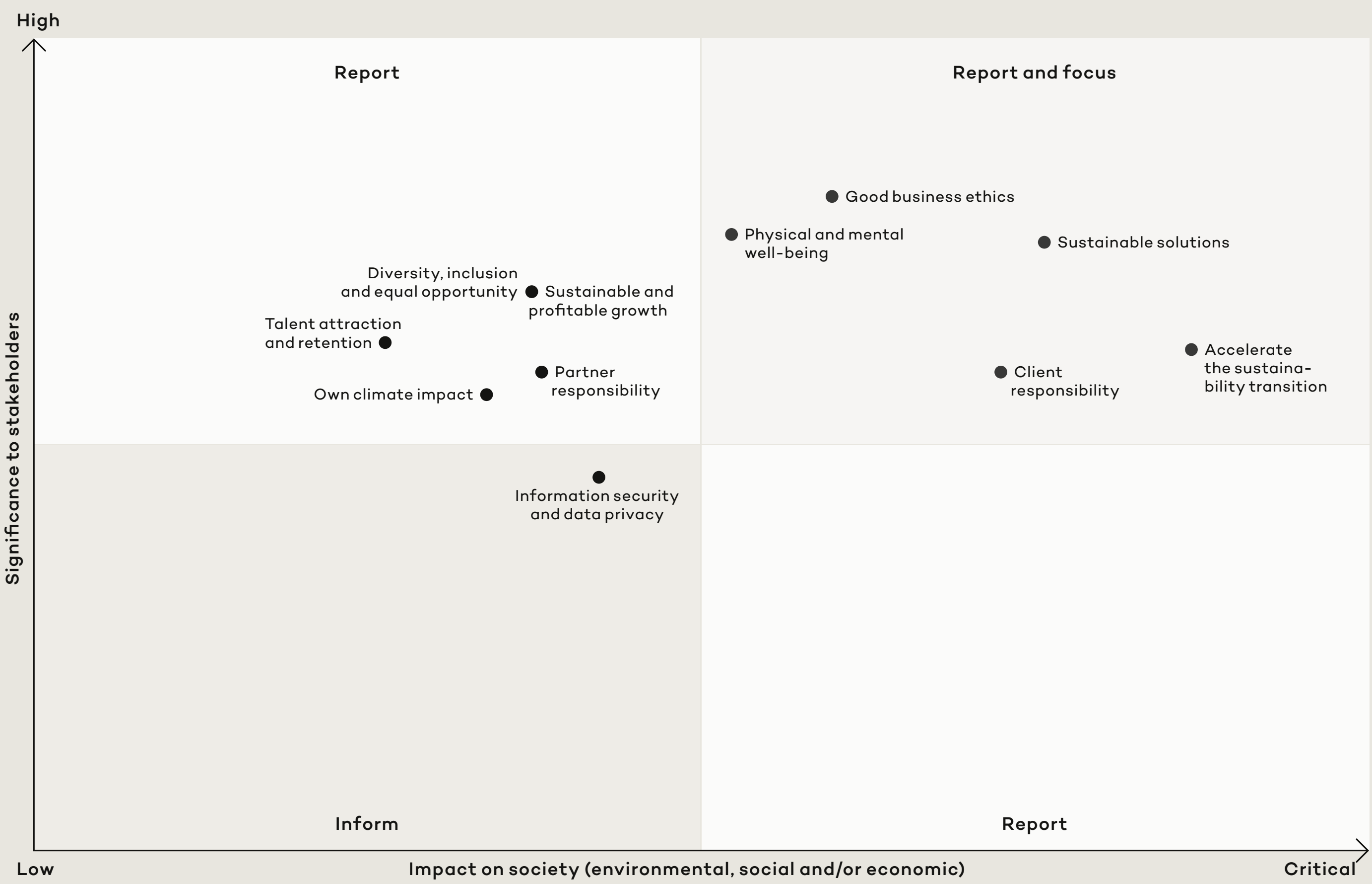
- Good business ethics
- Physical and mental well-being
- Sustainable solutions
- Accelerate the sustainability transition
- Client responsibility

The result of the materiality assessment is presented in the illustration below. Delimitations for each sustainability topic are described in the report in the following sections.

Our solutions

ÅF Pöyry's sustainable solutions respond to global megatrends and societal challenges such as climate change, rising sea levels, rising levels of extreme poverty, loss of biodiversity and increasing water stress. This is achieved through our client assignments, that is, via deliveries of projects, services and cross-functional package solutions, concepts and selected products that exploit the opportunities offered by digitalisation. ÅF Pöyry's solutions generate values such

Materiality matrix



as greater energy efficiency, increased use of renewable energy, resource efficiency, safe workplaces, improved health and safety, streamlined production processes, circular resource flows, increased accessibility, greater traffic safety, secure and inclusive societies and improved air and water quality. It is through our assignments that we have the greatest opportunity to have a positive impact and through this contribute to the transition to a sustainable society in line with the 1.5°C ambition.

Our business also has major potential for growth in segments critical to this transition. The 2030 Agenda has led to greater demand for solutions that respond to social challenges, and the values created through our assignments are reflected in the UN's 17 Sustainable Development Goals. The EU's Green Deal and taxonomy are expected to direct extensive capital flows to – and increase demand for – solutions that are classified as sustainable in line with the taxonomy, and, initially, solutions that have a significant contribution to the first two objectives of climate change mitigation and climate change adaptation. We operate in the macro-sectors covered by the EU's taxonomy, and we are positioned to be an enabler in the transition thanks to our deep sector knowledge and a service offering in line with several of the economic activities covered by the taxonomy.

The material sustainability topics of delivering sustainable solutions and accelerating the sustainability transition affect the impact of our assignments in two dimensions: partially by ensuring that sustainability aspects are identified and managed in client assignments to maximise the net-positive impact from our solutions, and partially by actively seeking out business opportunities and strengthening our offering through innovation, emerging technologies and solutions in transforming segments. These material sustainability topics are governed via ÅF Pöyry's new business strategy. Read more about this on pages 12-14 along with the four defined transforming segments on pages 15-19 and our sustainability framework on pages 22-23. See also pages 24-25 about the Sustainable Development Goals relevant to each transforming segment. Our sustainability policy is another governance tool (see page 101), as is the Code of Conduct Assessment process whereby potential assignments are to be assessed based on the Sustainable Development Goals and the 1.5°C ambition. Read more about the Code of Conduct Assessment on page 101.

The sustainability performance of our assignments is strongly linked to what the client defines and orders, and the opportunity to influence decisions early in the development process, already in the design phase, are crucial if ÅF Pöyry is to be able to maximise positive values and minimise negative impact. Thanks to acquisitions of some of the Nordic region's most profiled design and architecture companies and a strong offering in strategic advisory services, we can enter our clients' strategy and development processes at an early stage, deliver more value and maximise the sustainability performance of our solutions. Digitalisation is an important enabler of greater resource efficiency and circular business models, and by strengthening our digitalisation offering (see pages 20-21) we can drive the transition even more effectively via sustainable digital solutions in segments that are facing major digitalisation.

One of ÅF Pöyry's sustainability targets is to increase the net positive impact through our assignments to accelerate the sustainability transition. Our employees' awareness of how they contribute to ÅF Pöyry's sustainability performance through their assignments is crucial for delivering sustainable solutions, and this is monitored via the annual employee survey. The employee survey for 2020 showed that 60 percent responded positively to the question as to whether they are aware of their contribution to ÅF Pöyry's sustainability performance through their assignments or daily work, with 77 percent feeling that ÅF Pöyry is working on and promoting sustainability topics. Following the roll-out of the new Group-wide sustainability training course in 2021, we will also monitor the number of employees who have taken the course. We will develop processes during 2021 to monitor and report in line with the EU's taxonomy.

Economic value creation

Economic value generated (SEK million)	**2020**	**2019**	**2018**
Net sales	18,991	19,792	13,975
Distributed economic value (SEK million)			
Operating costs, incl. depreciation/ amortisation	-5,857	-6,971	-4,875
Employee wages and benefits	-10,113	-10,018	-6,593
Income tax and employer's contributions	-2,026	-1,983	-1,656
Dividend	0	-560	-387
Interest on loans	-97	-97	-56
Interest on pensions	-1	-1.5	-1.4
Value of societal investment[1]	-2	-7.7	-9.9
Economic value retained	895	154	397

[1] Only Group-wide sponsorship and contributions.

Our operations

Our operations are to be managed in line with strict principles concerning business ethics, client and partner responsibility, information security and data privacy, climate impact of business travel, energy consumption in offices and tax practices.

Good business ethics

The material sustainability topic of good business ethics encompasses our ethical positions in areas such as anti-corruption and human rights, as well as our business conduct in relation to our customers, business partners, employees and other stakeholders. Support for this is found principally in ÅF Pöyry's Code of Conduct, but also in supplementary policies, guidelines and training courses. Read more about our Code of Conduct on page 101.

One of ÅF Pöyry's sustainability targets is to ensure ethical business. We follow up on this target by monitoring the number of employees who have taken the mandatory e-learning course on ÅF Pöyry's Code of Conduct (see page 102) and via compliance with the Code of Conduct Assessment process (see page 101). The employee survey included a question about whether employees feel their team is ensuring compliance with our Code of Conduct, and 84 percent responded positively to this question. Targeted questions are also posed in line with ÅF Pöyry's performance review tool, Career Model, in which employees evaluate how well they are personally ensuring ethical conduct.

Anti-corruption

At ÅF Pöyry there is zero tolerance for corruption and other forms of anti-competitive activities such as fraud. This is governed by our ethics and compliance policy, Code of Conduct and guidelines for preventive measures. Assignments that entail risks related to corruption are identified within the context of the Code of Conduct Assessment process (see page 101). To assess the corruption risk in specific countries we use the risk management tool adapted for ÅF Pöyry (see page 101). New employees are trained in anti-corruption through mandatory training and all members of the Group Executive Management have taken the e-learning course on ÅF Pöyry's Code of Conduct that includes anti-corruption training (see page 102).

Corruption can refer to many different phenomena. In 2020 no reports of bribery were reported via the whistleblowing function, but there were 10 reports of conflicts of interest and fraud and 2 reports of unfair competition. Read more about corruption risks in the risk section on page 46 and in the dispute section on page 92.

Human rights

ÅF Pöyry shall safeguard human rights, and we apply the UN Guiding Principles on Business and Human Rights as governed by our ethical and compliance policy, our Code of Conduct and our Human Rights & Modern Slavery Statement. The risk of violations against human rights within our own operations is assessed to be relatively low, as

ÅF Pöyry is a services company without any production operations. The issue is primarily relevant in terms of our employees' rights and for certain types of assignment, and especially for hydropower and mining projects, which often entail the resettlement of people and affect access to land and water. For ÅF Pöyry it is important that international guidelines are followed. To the extent that we can influence, we propose the Equator Principles and the IFC Performance Standards. When applicable, the results of the Environmental and Social Impact Assessment (ESIA) are used as the basis for project planning. Assignments that entail risks related to human rights are identified within the context of the Code of Conduct Assessment process (see page 101). See the risk section on page 46 to read more about risks related to human rights.

Client responsibility

ÅF Pöyry also takes active responsibility for the selection of clients and wants to serve as a role model, influencing clients to take a sustainable direction as much possible. We also expect them to adhere to the same ethical principles, including human rights, labour, the environment and anti-corruption. By influencing clients in a sustainable direction or not taking on assignments involving clients who do not adhere to our values, ÅF Pöyry can have a major positive influence on society. When we opt to reject assignments or collaborations with clients, this could for example be because they contribute to an undue impact on the environment, society or individual, either through their own operations or through their products or services. Governance and monitoring of the material sustainability topic of client responsibility is ensured by the Code of Conduct Assessment process, which is based on the 10 principles of the Global Compact and our sustainability policy (see page 101).

Partner responsibility

ÅF Pöyry works actively with partner responsibility, which has a positive effect on the industries and contexts in which we operate. Partner responsibility is managed using ÅF Pöyry's Business Partner Criteria that was updated in 2020 and that is based on the Global Compact's 10 principles. The Business Partner Criteria ensure that ÅF Pöyry's requirements relating to business ethics, health and safety, environmental responsibility, human rights and information security are clear to all of our business partners. Efforts are continuing to ensure that the Business Partner Criteria is attached to all of ÅF Pöyry's agreements with suppliers and business partners. This helps us ensure that our partners understand, respect and adhere to our criteria. ÅF Pöyry does not hesitate to terminate a partnership if a breach of the criteria is detected. ÅF Pöyry applies a risk-based partner analysis in order to evaluate partners linked to high-risk projects and transactions. This is integrated into the Code of Conduct Assessment process. We monitor the number of business partners defined as high risk who have undergone appropriate due diligence in line with our follow-up of the sustainability target of ensuring ethical business.

Subconsultants from ÅF Pöyry's partner networks are to be engaged through written agreements that include the Business Partner Criteria, and through this the subconsultants undertake to comply with the criteria. ÅF Pöyry's salespeople are encouraged to use partner agreement templates or equivalent when engaging subconsultants via the partner network. Around 1,200 partners are currently contracted via the partner network.

Evaluation and selection of suppliers is to be based on a weighted assessment of environmental and climate impact, quality, costs and social aspects, in which the Business Partner Criteria are a basic requirement. As a service provider of engineering and design solutions, most of our purchases are for office equipment, facility management services, IT equipment, licences, travel and services. We receive deliveries from some 30 prioritised suppliers of products and services relating to office management, travel, IT and communications, occupational healthcare and workwear, with whom we have framework agreements. In 2020, purchases amounted to around SEK 1,850 million. ÅF Pöyry's largest suppliers are in Sweden and include Microsoft, Tieto and Telia. ÅF Pöyry has framework agreements with the largest suppliers and these account for more than 70 percent of the total purchase sum.

Information security and data privacy

ÅF Pöyry has a responsibility towards clients, individuals and our operating environment in the digital information community, which means we place strict requirements on our ability to manage cyber threats, continuity and security risks. In 2020, a new information and IT security policy was launched which forms the basis of ÅF Pöyry's new common approach to information security and data privacy. Information security also forms part of our Code of Conduct. ÅF Pöyry's information security programme has been designed in line with ISO 27001 and is an integrated part of ÅF Pöyry's management system.

Due to Covid-19, new demands arose in terms of providing large-scale, functional and secure remote working conditions for our employees – something which required rapid transitions in ÅF Pöyry's IT environment. In connection with this, new security solutions were introduced to ensure confidentiality, data privacy, personal data protection and accessibility of information and IT systems, regardless of where our employees work. In late 2020, two major Group-wide initiatives were launched to increase awareness about information security and to strengthen the protection of personal data. Efforts to integrate and improve our approach will continue throughout 2021.

Own climate impact

The sustainability topic of our own climate impact concerns the reduction of our operations' climate impact, which is mainly from carbon dioxide emissions due to business travel and energy use in offices. ÅF Pöyry shall lead by example through high energy efficiency and low environmental impact. ÅF Pöyry has an environmental management system certified in line with ISO 14001 which ensures systematic environmental efforts, and management is ensured via the sustainability policy and the health, safety, environment and quality policy. In May 2020, ÅF Pöyry became a supporting partner of the 1.5ºC Business Playbook – the world's first framework for exponential climate action – which aims to help organisations and companies set targets in line with the 1.5ºC ambition. ÅF Pöyry's carbon dioxide emissions are calculated annually, and one of ÅF Pöyry's sustainability targets is to halve the carbon dioxide emissions per employee by 2030, using 2016 as a base year (1,347 kg CO_2/employee). Our ambition has been raised in line with the revision of our sustainability targets that includes the target of net zero emissions by 2040 at the latest (Scope 1 and Scope 3 emissions from business travel and Scope 2 emissions from the energy consumption of office premises). The results of the climate calculations and the Group's climate efforts are also reported to the Carbon Disclosure Project (CDP), in which we were given a score of B in the Climate Change category for the third year in a row (2018-2020 reports to CDP).

In 2020, ÅF Pöyry's total calculated emissions amounted to 11,214 tonnes CO_2, compared to 21,491 tonnes in the previous year. Emissions per employee amounted to 707 kg CO_2, which is a reduction of 46 percent compared with the previous year and a reduction of 48 percent compared with the base year 2016. The reduction in total emissions during the year can almost exclusively be explained by the ongoing pandemic that has led to a considerable reduction in travel. Emissions per employee from business travel (Scope 1 and Scope 3) more than halved compared with the previous year, while emissions per employee for business travel by air (Scope 3) fell by over 70 percent. Emissions per employee from energy consumption in offices (Scope 2) were unchanged compared with the previous year.

In November 2020, the Group committed to set science-based emission-reduction targets in line with the 1.5ºC ambition by signing a commitment to the Science Based Targets initiative (SBTi) and their most ambitious level of "Business Ambition for 1.5°C". This means that Group-wide CO_2 targets are to be revised to then be reviewed and validated by the monitoring body behind the initiative within two years. We will review ÅF Pöyry's climate efforts in 2021 to better adapt to becoming more international, the revised CO_2 targets and to make our emission reduction activities more effective. Particular focus will be placed on adapting governance, objectives and guidelines linked to travel and the operation and planning of offices in line with the new conditions expected after the pandemic, where a new pattern is predicted in terms of working from home and meeting clients.

Emission of carbon dioxide from business travel

Emissions of carbon dioxide from business travel account for a large part of ÅF Pöyry's total emissions as the Group is a large organisation with employees who have assignments all over the world. One challenge for ÅF Pöyry is that the more the business expands, the more travel increases. There is a new global travel directive that aims to reduce emissions from business travel, while the Swedish part of the business has had a vehicle policy in place for a while – read more about these below. We are also working to expand the use of technical communication solutions wherever possible, instead of physically traveling to meetings. In addition, local initiatives relating to sustainable mobility solutions are being implemented based on local conditions and needs. Some examples are bike share and electric car share schemes, as well as public transit cards that can be borrowed for business trips.

The climate calculations show that in 2020 emissions from business travel per employee decreased by just over 20 percent for the Swedish part of the business compared to the previous year. For the entire Group, emissions per employee from business travel decreased by over 56 percent. Emissions per employee from business travel by car decreased by about 37 percent, while emissions from business travel by air fell by around 72 percent. This can be explained by the fact that travel fell significantly as Covid-19 spread and restrictions were introduced by both nations and operators in the private business sector to combat transmission of the virus. This has led to less business travel within the Group and in turn to changing working methods and a transition to digital meetings. The fact that emissions per employee from business travel by car did not fall to the same extent as business travel by air shows that there was a greater reduction in the amount of air travel – and particularly international air travel – which fell sharply early on in the pandemic due to the restrictions introduced in countries that were affected earlier than Sweden.

Travel directive

In late 2020, a new travel directive was adopted that replaces previous travel policies concerning business travel within the Group. The travel directive conveys clear global guidelines for planning, booking and undertaking business travel. The aim of the directive is to ensure that the company's business travel is conducted in an efficient way and that the environmental impact and travel-related risks linked to employees' well-being are minimised. The basic principle is that all business travel must be justified, in the sense that it must have a clear business purpose. The potential for a virtual collaboration must always be evaluated with the aim of reducing climate impact, travel-related risks and costs. The new directive also covers group arrangements, which must be planned and implemented in a sustainable way that balances environmental, social and financial dimensions.

Vehicle policy

ÅF Pöyry's vehicle policy regulates the choice of on-demand, personnel and company cars for the Swedish part of the business, with the aim of transitioning to a fossil-free and injury-free fleet of vehicles by 2030. The emissions limit for 2020 was 120 g CO_2/km. The average level of vehicle emissions covered by the vehicle policy was 45 g CO_2/km (WLTP) in the first half of 2020. The emissions and safety requirements are being tightened in 2021 to a maximum of 95 g CO_2/km in line with our long-term target, meaning we will be below the EU's 2021 target, and only models rated with 5 stars by EuroNCAP from 2016 onwards will be approved.

Greenhouse gas emissions

Scope (tonnes CO_2)	2020	2019	2018
Scope 1 (business trips, own car travel)	4,772	7,842	5,503
Scope 2 (energy consumption, offices)	3,750	3,835	1,987
Scope 3 (business trips, other)	2,692	9,814	6,065
Total	**11,214**	**21,491**	**13,556**

Greenhouse gas emissions per employee

Greenhouse gas emissions (Scope 1–Scope 3) per employee for ÅF Pöyry's home markets (kg CO_2/employee)[1, 2]	2020	2019	2018
Sweden	560	791	990
Finland	875	1,982	3,145
Switzerland	1,003	1,839	3,387
Norway	296	1,831	1,465
Denmark	571	1,391	1,309
ÅF Pöyry total	**707**	**1,315**	**1,324**

ÅF Pöyry's target is to cut carbon dioxide emissions per employee in half by 2030 compared to the 2016 base year (1,347 kg CO_2/employee) and achieve net zero emissions by 2040.

[1] Based on all types of employment.

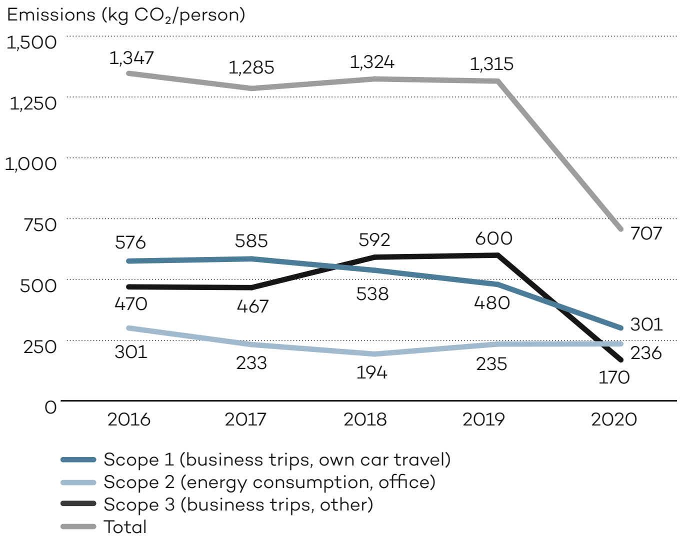
[2] Figures for countries other than Sweden and Finland and for Finland in 2018 should be read with caution due to uncertain data quality. Comparability between years is limited due to organisational changes and development of the methodology.

Greenhouse gas emissions per employee and division for car and air travel, 2020

Scope 1 (business trips, own car) and Scope 3 (business trips, other) per employee[1] (kg CO_2/employee)	Scope 1	Scope 3
Infrastructure	311	108
Industrial & Digital Solutions	369	147
Process Industries	224	257
Energy	357	207
Management Consulting	53	365
Group common	212	181
ÅF Pöyry total	**301**	**170**

[1] Based on all types of employment.

Greenhouse gas emissions per employee



Energy use in offices
Energy use in ÅF Pöyry's offices also causes carbon dioxide emissions. Where ÅF Pöyry controls the choice of electricity supplier, centrally procured electricity contracts with entirely renewable energy sources (as defined in EU Directive 2009/28/EC) have been in use for the last six years for the offices in Sweden that were used by the former ÅF. The agreements now cover an estimated 44 percent of ÅF Pöyry's total office space in Sweden. In line with the annual climate calculations, we monitor and measure energy use in seven additional countries, that is, the data covers the eight countries where the majority of ÅF Pöyry's employees are stationed. Actual energy use for office space in other countries is not measured. Energy use for offices in these countries is instead calculated using standard amounts based on data for countries other than Sweden and Finland.

The climate calculations show that total emissions from energy consumption at offices decreased by around two percent in 2020 across the entire Group. Emissions per employee fell for the Swedish part of the business by around seven percent, while the figure for the Group as a whole is at the same level. This reduction in emissions per employee is around 22 percent compared with the base year 2016.

Calculation methods for greenhouse gas emissions
The calculations of ÅF Pöyry's greenhouse gas emissions follow the guidelines of the GHG Protocol. ÅF Pöyry's emissions under Scope 1 refer to direct emissions of greenhouse gases generated from our business travel with cars operated by employees: privately-owned cars, personnel cars, on-demand cars, service vehicles, rental cars and pool cars. Data is collected from the seven countries with the most employees: Sweden, Finland, Switzerland, Norway, Brazil, Germany, the UK and Denmark. The Swedish operation's personnel, on-demand and service vehicles are based on calculated, detailed emission data per vehicle from ÅF Pöyry's supplier of vehicle administrative services. For rental and pool cars, emissions data is supplied from travel providers, supplemented with data from ÅF Pöyry's accounting system for rental and pool car outlays. For privately owned cars, the Swedish Environmental Protection Agency's emission factors are used (0.112-0.172 kg CO_2/km depending on vehicle type). For the Finnish operations, data is used for kilometres travelled from the accounting system and from the car hire supplier together with the Environmental Protection Agency's emission factor for general passenger cars in Finland (0.17 kg CO_2/km). Data from other operations that were measured are obtained as driven kilometres through questionnaires from the administrative function in each country, where the Swedish Environmental Protection Agency's standard values for calculating greenhouse gas emissions are used. The aggregated data are used as a basis for estimating ÅF Pöyry's total emissions, including those offices and countries from which data have not been collected.

ÅF Pöyry's emissions under Scope 2 refer to indirect emissions of greenhouse gases generated from our energy consumption, including electricity purchased for our businesses and properties as well as heating and cooling. Energy data is collected from the seven largest countries, based on the number of employees. The aggregated data are used as a basis for estimating the total emissions from ÅF Pöyry, including those offices and countries from which data have not been collected. The market-based method was used to calculate energy-related emissions, which means that the calculations consider whether the purchased electricity was origin-labelled. For electricity use in Sweden and Finland, the emission factor for origin guarantees is used where such is purchased (0 g CO_2/kWh), otherwise residual mix is used (250.76 g CO_2/kWh for 2019). For other Nordic countries, Nordic electricity mix is used (50 g CO_2/kWh). For countries outside the Nordic region, European electricity mix is used (432 g CO_2/kWh). In cases where district heating is used in Sweden, emissions are calculated from the local production mix. For offices in Finland, Norway and Denmark using district heating, the same emission is assumed as from average Swedish district heating production. Offices outside the Nordic region are assumed to be heated with electricity.

ÅF Pöyry's estimated emissions under Scope 3 mean other indirect emissions of greenhouse gases and include our business travel by air. There is also some impact from consumables, but because they account for a marginal part of our overall impact and data collection requires considerable resources, we prioritise the most significant source of Scope 3 emissions: business travel by air. Emissions data relating to air transportation for Sweden and Finland are obtained from the travel agency, supplemented with data from ÅF Pöyry's accounting system for airline ticket outlays. For offices outside Sweden and Finland, emissions from air travel are calculated based on kilometres travelled where data are available. Emissions per kilometre flown are assumed to be the same as the average for trips booked via the travel agency in each country. Air travel data is collected from the seven largest countries, based on the number of employees. The aggregated data are used as a basis for estimating the total emissions from ÅF Pöyry, including those offices and countries from which data have not been collected. The structure of existing systems makes the quality of information from countries other than Sweden and Finland unreliable. Air travel emission factors used are based on standard values from the Network for Transport and Environment (NTM). Air travel emissions are not adjusted for high altitude effects using the RFI factor.

Tax policy
ÅF Pöyry is a global tax payer that complies with the OECD guidelines for multinational companies and applicable local tax legislation and regulations in the countries in which we operate. ÅF Pöyry seeks to pay the correct tax to the correct jurisdiction at the correct time to ensure transparent tax activity. Any mistakes caused by human error and/or regulation interpretations are communicated openly and discussed with the relevant authorities. ÅF Pöyry operates as a good corporate citizen and does not engage in, nor abet others to engage in, any form of money laundering or tax evasion. All documents are stored to accurately reflect business transactions and facilitate audits. ÅF Pöyry's principles for responsible tax practices are governed by our compliance and ethics policy and ÅF Pöyry's tax manual.

Our employees
ÅF Pöyry's employees are our greatest asset. Attracting and retaining talent, working proactively on diversity, equality and inclusion and prioritising employees' health at work and their work-life balance are crucial aspects of our ability to develop in line with our vision and strategy. Read more on pages 28-31.

Physical and mental well-being
At ÅF Pöyry, our employees are our greatest asset. This is why we work proactively to ensure that all those who work at ÅF Pöyry, whether they are a manager, employee or subconsultant, have a positive, safe and healthy work environment and that our employees feel they have a good work-life balance. The issue of work environment is important to management, employees, partners and other stakeholders, as a good work environment for ÅF Pöyry's employees ensures both sustainable results and long-term relationships.

ÅF Pöyry's health, safety, environment and quality policy forms the basis of our global work environment initiatives. The policy covers all parts of the work environment and is updated as changes arise in our operating environment. ÅF Pöyry has procedures for communicating about and evaluating the physical and mental work environment. It is mandatory to report injuries and accidents, and there are local procedures for reporting work-related risks, accidents and injuries in each country in which ÅF Pöyry operates that are monitored and reported according to national legal requirements. When entering each new agreement or business opportunity, ÅF Pöyry places requirements both on its own and its clients' work environments. A fundamental part of our work is that the clients' work environments and values also reflect ÅF Pöyry's values, and this is something on which we place strict requirements. Both managers and employees are encouraged to continuously report on their work environment to reduce the risk of accidents or work environment issues. If something does occur, it is important for it to be reported to both the client and ÅF Pöyry.

Work environment initiatives are vital for ÅF Pöyry and it is crucial that everyone feels secure when reporting shortcomings in their work environment. There are guidelines based on our health, safety, environment and quality policy and internal procedures that govern how we, as an employer, are to act in different situations. These guidelines address the internal work environment at ÅF Pöyry and those among our external clients. If our employees experience a work environment that is not in line with our strict requirements, the employee in question should immediately notify their manager and any health and safety representative about the situation. If an employee feels exposed and cannot report this to their line manager, the whistleblowing function can be used. Reprimands for reporting shortcomings in the work environment are not allowed at ÅF Pöyry.

Global follow-ups are conducted each quarter of the number of reported events presented to the Group Executive Management and the Board of Directors. These follow-ups, along with information from our clients and input from continuous internal and external audits, form the basis of how our policy on occupational health and safety is updated. In Sweden, both managers and employees are involved through their participation in safety committees alongside the employer and health and safety representatives, and these carry out regular safety inspections to identify any shortcomings or areas for improvement. There are also employees present in each country who are specialised in work environment issues and who continuously develop, inform and manage issues linked to this area. All of our employees, regardless of their type of employment, can use our systems for reporting and following up on work environment issues. Efforts to identify and implement a global support system to manage and measure work environment-related issues (incidents, risk analyses, ongoing work environment efforts) are underway and expected to be implemented in 2021.

It is important for anyone who works at ÅF Pöyry to have thorough knowledge of work environment issues. To ensure that employees and business partners have access to and skills within this area, information is available via ÅF Pöyry's "Quick guide to occupational health and safety" and trainings in occupational health and safety. There are also procedures governing how matters relating to alcohol and drug problems are to be managed and clear procedures for how rehabilitation and preventive health measures are to be carried out. Efforts are continuing to place greater focus on work environment issues at the organisation so that all employees and managers can absorb the information and work more actively on such issues.

In the countries in which ÅF Pöyry operates, we make various efforts to incorporate the work environment guidelines named in our health, safety, environment and quality policy. This also applies to the arrangement surrounding occupational health services, which entails health checks and wellness contributions, etc. It is important that people make use of systems and services in place to prevent and manage work environment-related incidents and injuries, and this is something we encourage. Depending on the country and local regulations, union participation and union collective agreements may vary. In Sweden, where legal requirements governing the work environment are very thorough and there is a strong union tradition, we have formal agreements concerning wellness contributions, physicals and other things such as computer screen glasses.

One of ÅF Pöyry's sustainability targets is to safeguard employee occupational health and work-life balance, and we continuously follow up on this by way of regular health checks via our occupational healthcare service (in Sweden), regular discussions between managers and employees, follow-up of work environment-related statistics and the annual employee survey. The employee survey includes questions concerning the work environment and an index for psychosocial work environment – Organisational and Social Work Environment Index (OSI).

We noted an increase in reported occupational health and safety related issues in our incident management system during the year, such as risk observations, incidents and accidents. This is believed to be a result of more people having access to these tools and the fact that employees and managers have been encouraged to work actively to ensure a good workplace and to use the system support in place. The statistics show that there were no fatalities or serious injuries linked to our operations. Our measurements are based on TRIs and related sub-categories, for example Restricted Work Case (RWC), Medical Treatment Injury (MTI), Minor Injury, Lost Time Injury (LTI) and Fatalities (F). These are measured and reported at Group level and locally in the organisation for follow-up and improvement initiatives. The most commonly reported cases concern sprained feet, superficial wounds and injuries caused by low-hanging fixtures, heavy lifting in the wrong position or undue strain during work duties.

The pandemic has affected ÅF Pöyry and our employees in various ways. During the year we closely followed the guidelines in the countries in which we operate and adapted our actions accordingly. Different countries have handled the pandemic in different ways, but one aspect common to many of our employees is that office work has been replaced by working from home. This has created new challenges and conditions for ÅF Pöyry's work environment initiatives. The increase in remote work among our employees has meant that communication between managers and employees has taken on even greater importance – partly to ensure that all employees have a sufficiently good work environment in their home office and partly to ensure they are well physically and mentally, are able to exercise and know who to turn to when in need of support or advice. Guidelines have been drawn up based on these new conditions to help our employees and managers. For example, ÅF Pöyry has enabled employees to take home work equipment such as chairs, screens and keyboards and has looked more closely at different ways of creating solidarity and commitment remotely. It is not currently possible to assess the full consequences of this change in employees' work environments, but experience tells us that home-working can lead to sedentariness, fewer breaks and stiffness in the neck, back and shoulders. There is also a risk of higher alcohol consumption and impaired mental well-being as a consequence of not being able to meet colleagues in the same way as before. This is something that ÅF Pöyry and our managers are working hard to prevent. It is expected that there will be a long-term change in the pattern of remote working, and this will place greater demands on ÅF Pöyry and our way of continuing to ensure our employees' work environments remain satisfactory regardless of where they choose to work.

Health, safety and sickness absence

	2020	2019
LTIF[1]	**0.62**	**0.90**
Accidents with fatal outcome (F)	0	0
High consequence LTI[3]	0	0
LTI[2] total	17	24
TRIF[3]	1.05	1.57
Hours worked (million)	27.51	26.70
Sickness absence[5] (%)	**2.29**	**2.68**

All forms of employment.
[1] LTIF (Lost Time Injury Frequency) defined as (F+LTI)/million hours worked.
[2] LTI (Lost Time Injury), number of work-related accidents entailing absence longer than one day from the day following the accident.
[3] High consequence LTI is defined as the number of work-related accidents that result in fatality or with an actual or expected absence of longer than six months.
[4] TRIF (Total Recordable Injury Frequency), defined as (F+LTI+RWC+MTI)/million hours worked.
[5] Based on the total number of reported hours (30.78 million in 2020 and 29.36 million in 2019).

Gender and age distribution

Distribution in %	2020[1] Women	Men	Age <30	30-50	>50	2019[1] Women	Men	Age <30	30-50	>50
Board of Directors[2]	33.3	66.7	0.0	11.1	88.9	33.3	66.7	0.0	11.1	88.9
Group management[3]	40.0	60.0	0.0	50.0	50.0	40.0	60.0	0.0	50.0	50.0
Managers	23.1	76.9	0.9	67.1	32.0	20.5	79.5	0.9	67.7	31.4
Consultants	26.3	73.7	17.3	59.0	23.7	25.0	75.0	18.5	58.6	22.9
Administrative staff	70.3	29.7	11.8	53.1	35.1	72.1	27.9	10.5	55.6	33.9
Total	**27.8**	**72.2**	**14.9**	**59.8**	**25.3**	**27.3**	**72.7**	**16.0**	**59.4**	**24.6**

Permanent employees.
1) Excluding employee records without data on gender (160 employees in 2020, 127 employees in 2019) or age (214 employees in 2020, 211 employees in 2019) due to local regulation.
2) Excluding employee representatives. The proportion of women on the Board of Directors, including ordinary employee representatives, is 33.3 percent for 2020 and 27.3 percent for 2019.
3) By 1 January 2021.

Number of employees by type of employment, gender and our largest markets

ÅF Pöyry's largest markets	Permanent employment Women	Men	Total	Other temporary Women	Men	Total	All forms of employment Women	Men	Total
Sweden	1,980	5,288	7,268	147	417	564	2,127	5,705	7,832
Finland	513	1,180	1,693	49	150	199	562	1,330	1,892
Switzerland	203	685	888	31	69	100	234	754	988
Norway	262	615	877	7	11	18	269	626	895
Denmark	125	421	546	10	11	21	135	432	567
Other	703	1,650	2,353	222	936	1,158	925	2,586	3,511
Total	**3,786**	**9,839**	**13,625**	**466**	**1,594**	**2,060**	**4252**	**11,433**	**15,685**

Excluding employee records without data on gender (186 employees) due to local regulation. The total number of employees is 15,871.

Percentage of women per division

%	Consultants	Managers	Administrative staff	Total
Infrastructure	31.7	23.0	72.7	31.4
Industrial & Digital Solutions	21.8	20.9	88.1	23.6
Process Industries	21.1	19.9	80.0	22.2
Energy	18.2	18.1	51.4	20.1
Management Consulting	34.5	17.8	60.0	31.2
ÅF Pöyry AB	46.0	53.2	66.8	60.9
Total	**25.6**	**22.7**	**70.0**	**27.1**

All forms of employment.
Excluding employee records without data on gender (186 employees) due to local regulation.

Employees by capacity utilisation rate and gender

	Women	Men	Total
Part-time employees	554	627	1,181
Full-time employees	3,232	9,212	12,444
Total	**3,786**	**9,839**	**13,625**

Permanent employees.
Excluding employee records without data on gender (160 employees) due to local regulation.

Age distribution

Age distribution in %	2020[1] Women	Men	2019[1] Women	Men	2018 Women	Men
-29	5.7	10.5	6.1	11.8	6.6	13.0
30-39	9.4	22.3	9.0	22.6	9.0	22.6
40-49	6.3	17.2	6.2	16.7	6.3	17.1
50-59	4.3	14.4	4.0	13.8	3.4	13.7
60–	1.4	8.5	1.3	8.5	0.9	7.4
Total	**27.1**	**72.9**	**26.6**	**73.4**	**26.1**	**73.9**

All forms of employment.
1) Excluding employee records without data on gender (186 employees in 2020, 141 employees in 2019) or age (236 employees in 2020, 238 employees in 2019) due to local regulation.

Diversity, inclusion and equal opportunity

ÅF Pöyry strives to increase diversity and gender balance to get the best people, secure long-term growth and profitability, and to create a good work environment and high-performance teams. Read more about our diversity, inclusion and equal opportunity initiatives on page 29. One of ÅF Pöyry's sustainability targets is to increase inclusion and diversity of background, culture and gender. The previous diversity target of achieving 30 percent female employees among permanent employees at every level by 2020 was achieved in the employee categories of the Board of Directors (33.3 percent), the Group Executive Management (40.0 percent on 1 January 2021) and administrative staff (70.3 percent). Among managers and consultants, the number of women amounted to 23.1 percent and 26.3 percent respectively, and in total the Group had 27.8 percent female permanent employees at the end of the year (see "Gender and age distribution" table on page 109). In line with the revision of our sustainability targets, we raised our ambition and now aim to have 40 percent female leaders by 2030. Efforts will be intensified by way of training sessions in diversity, inclusion and equal opportunity for managers and recruiters. Going forward, focus will be placed on equal opportunities in relation to professional and leadership development regardless of background and gender, and on active efforts to strengthen our employer brand and highlight ÅF Pöyry as an inclusive employer.

Harassment is totally unacceptable at ÅF Pöyry and there is zero tolerance for discrimination as there is for other human rights violations. All employees should know this and anyone affected should know where they can turn for help and to initiate an investigation. ÅF Pöyry's equal treatment and diversity policy, Code of Conduct, procedures and guidelines all address forms of harassment such as bullying or discrimination. It is essential that ÅF Pöyry's equal treatment and diversity policy is followed, and for harassment and discrimination not to be tolerated in any form. Inappropriate behaviour, including harassment and discrimination within ÅF Pöyry, is handled by the local units' HR managers and managers in charge according to national law, and necessary measures are taken in accordance with the law and ÅF Pöyry policies. Matters reported via the whistleblowing function are managed locally and followed up by the Chief Compliance & Ethics Officer. In 2020, 18 cases relating to inappropriate behaviour were reported via the whistleblowing function (see page 102).

The annual employee survey includes questions about areas such as discrimination, equal opportunities and how employees perceive their line manager's efforts to ensure inclusion and diversity. The 2020 employee survey showed that 90 percent of respondents perceived that there are equal opportunities for all at ÅF Pöyry, while 86 percent felt that their line manager actively promotes diversity and inclusion. Two percent of respondents to the survey responded that they had experienced bullying, discrimination or sexual harassment at work during the past 12 months, out of which 89 employees stated that they had felt discriminated against. Responsibility for monitoring the results of the employee survey lies with each division's HR manager, who is provided with the results for their division. The results indicate those parts of the business where special focus needs to be directed. However, the possibility of dealing with the issue of discrimination is limited to the information provided by employees in the survey.

Talent attraction and retention

The equal treatment and diversity policy states that ÅF Pöyry will promote equal treatment at work by applying the terms of employment equally to all employees. ÅF Pöyry strives to be a good employer and to be perceived as such, with attractive employment conditions to attract the best talent and retain committed employees (see page 30).

A total of 9,620 employees (of which 7,722 were in Sweden) were covered by collective agreements at year-end. This corresponds to 61 percent of all employees. In the entire business, employment conditions are competitive in the local market and comply with local regulations. At least one performance review involving individual development plans for employees is held annually. In the employee survey, 76 percent responded that they have had performance reviews with individual development plans during the past 12 months.

Regular performance reviews

Employees who received regular evaluation and follow-up of their performance and career development (%)	Women	Men
Managers	57.1	56.3
Consultants	59.0	60.1
Administrative staff	59.8	51.7
Total	**58.8**	**59.4**

Permanent employees who completed performance reviews in Career Model. Excluding employee records without data on gender (160 employees) due to local regulation.

Professional development

Hours of training/employee	2020	2019	2018
Hours of training	452,874	544,835	302,921
Average full-time equivalents (FTEs)	15,271	15,527[1]	10,037
Total hours of training/employee	**29.7**	**35.1**	**30.2**

Permanent employees.
[1] Includes employees for all of 2019 for the former Pöyry.

New hires

	Women		Men	
	Number	Percent	Number	Percent
Sweden	178	27.7	465	72.3
Finland	47	31.1	104	68.9
Switzerland	25	22.9	84	77.1
Norway	37	29.6	88	70.4
Denmark	17	17.2	82	82.8
Other	117	26.1	332	73.9
Total	**421**	**26,7**	**1,155**	**73.3**

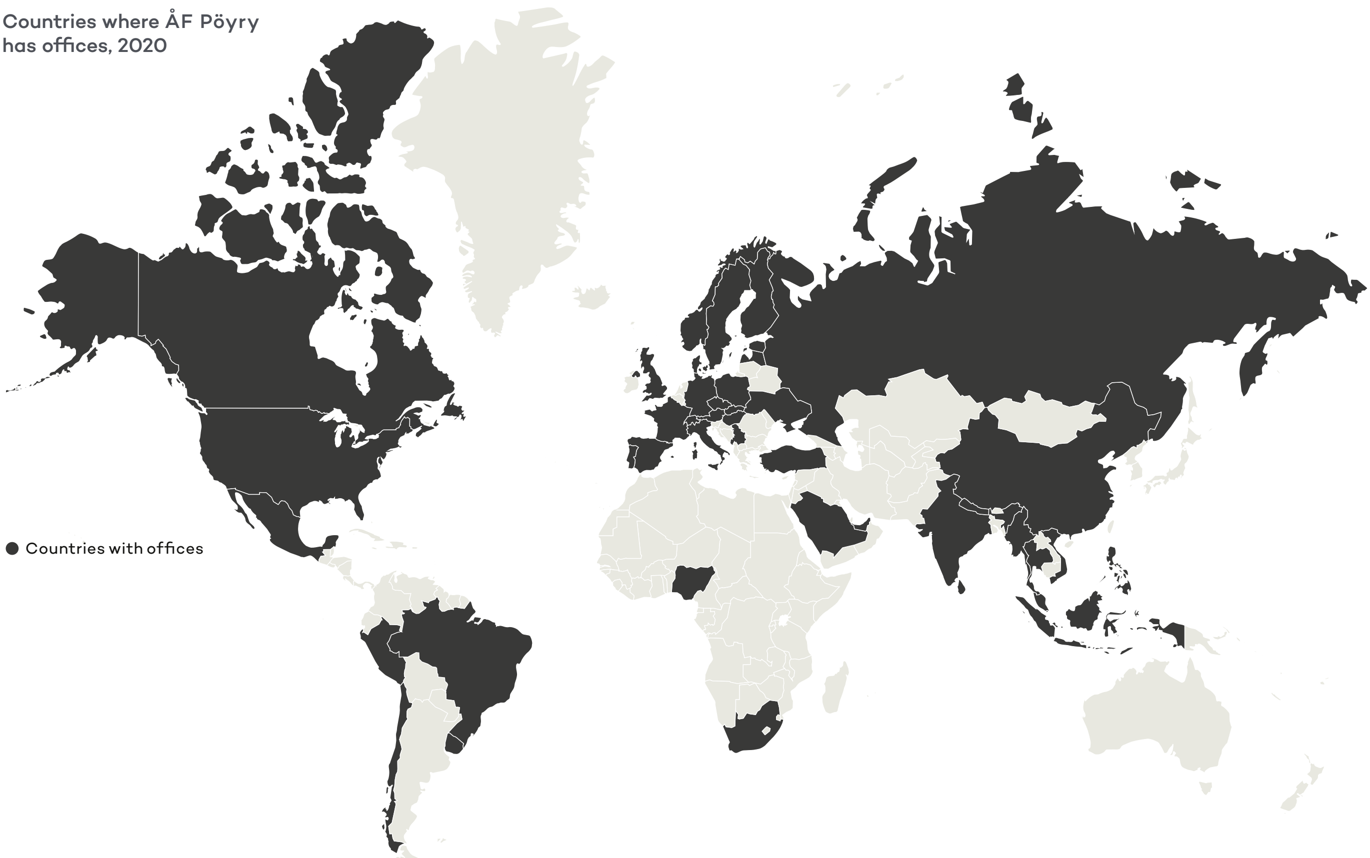
Permanent employees.
Excluding employee records without data on gender (66 employees) due to local regulation.

Employee turnover

	Women		Men		Total	
	Number	Percent	Number	Percent	Number	Percent
Sweden	278	14.0	800	15.1	1,078	14.8
Finland	38	7.4	92	7.8	130	7.7
Switzerland	32	15.8	70	10.2	102	11.5
Norway	34	13.0	96	15.6	130	14.8
Denmark	14	11.2	50	11.9	64	11.7
Other	62	8.8	141	8.5	203	8.6
Total	**458**	**12.1**	**1,249**	**12.7**	**1,707**	**12.5**

Permanent employees.
Excluding employee records without data on gender (11 employees) due to local regulation.

Countries where ÅF Pöyry has offices, 2020



Strategic partnerships and community engagement
ÅF Pöyry is active in and is a member of several initiatives and strategic partnerships to empower, influence and drive sustainable development. Our sustainability policy states that we are to work to share knowledge and expertise by investing in collaborations and partnerships. Some of the commitments and partnerships in which ÅF Pöyry participated in 2020 are named below. Read more about partnerships and community engagement on page 35.

- **HLPF:** Head of Sustainability Marie Trogstam participated in the UN's annual "High Level Political Forum on Sustainable Development" conference as a representative of the Swedish e-delegation with a focus on emphasising the importance of a sustainable and inclusive transition in the field of energy, among others.
- **CLC:** Membership in CLC, Climate Leadership Coalition – Europe's largest non-profit network for a more sustainable society. CLC is supported by companies, universities, researchers and private individuals, among others.
- **Gapminder:** This collaboration focuses on identifying knowledge gaps in society to share new knowledge and accelerate change. In 2020, Gapminder created a new knowledge test based on the UN's 17 Sustainable Development Goals with help from ÅF Pöyry. Read more on page 32.
- **The 1.5ºC Business Playbook:** In 2020 ÅF Pöyry became a supporting partner of the 1.5ºC Business Playbook for exponential climate action, which aims to encourage companies and organisations to adapt their climate strategies to the 1.5ºC ambition.
- **UNICEF:** ÅF Pöyry donates to UNICEF to support their work to strengthen children's rights and opportunities for a happy childhood.
- **Royal Swedish Academy of Engineering Sciences (IVA):** ÅF Pöyry takes part in the Royal Swedish Academy of Engineering Sciences' Tekniksprånget internship programme, which contributes to the long-term supply of skills in Sweden. Its aim is to inspire young adults to undertake engineering studies in higher education via internships. We also participate in the national academic programme Jobbsprånget, in which we at ÅF Pöyry open our operations to newly arrived academics and offer them support from mentors and their first professional experience in Sweden. In 2020 President and CEO Jonas Gustafsson was elected as a member of IVA's Mechanical Engineering Division.
- **Government collaboration programmes:** EVP and Head of Infrastructure Division Malin Frenning is participating in the Swedish government's collaboration programme to promote collaboration between the government, private sector and academia as part of efforts to achieve a better climate. Head of Sustainability Marie Trogstam is participating in the work group for measurability and definitions, which held discussions on issues such as a joint approach to measuring climate neutrality, positive and negative impacts, impact targets and avoided emissions.
- **Immigrated Competence:** The company has been offering a trainee programme since 2016 aimed at engineers who have recently immigrated to Sweden as a way of bringing valuable skills to the company.
- **Norrsken:** Partnership to increase knowledge of important social issues and interaction around the development, digitalisation and scaling up of solutions vital for the transition. Also a collaboration with Action Against Corona, an initiative from the Norrsken Foundation and Dagens Industri to support start-ups, projects and initiatives which could reduce the negative impacts on society caused by the pandemic.
- **Diversity Charter:** Member of Diversity Charter, which works to create a world in which different ideas, expertise, experiences and skills are counted and where difference is seen as a resource.
- **RenewAfrica:** ÅF Pöyry is one of 27 organisations supporting RenewAfrica, which aims to promote investments in renewable energy in Africa.
- **LFM30:** ÅF Pöyry is an active and driving member of the financial association LFM30 (local roadmap for a climate-neutral construction sector in Malmö by 2030).

GRI Index

This report has been prepared in accordance with the GRI Standards: Core option. The GRI index below lists the GRI Standards used, all with publication year and latest updates in 2016 and 2018, and reported general and specific disclosures.

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	COMMENTS
GRI 102: General Disclosures 2016	**ORGANISATIONAL PROFILE**			
	102-1	Name of the organisation	39	
	102-2	Important brands, products and services	5, 10–11, 15–19	
	102-3	Location of headquarters	117, 129	
	102-4	Location of operations	5, 88–91, 111	
	102-5	Ownership and legal form	37–38, 117	
	102-6	Markets served	5	
	102-7	Scale of the organisation	4, 5, 40, 51, 64, 109	
	102-8	Information on employees and other workers	109	
	102-9	Supply chain	105	
	102-10	Significant changes to the organisation and its supply chain	100	
	102-11	Precautionary principle or approach	45	
	102-12	Statutes, principles and initiatives that the organisation follows	35, 100-101	
	102-13	Membership in associations	35, 111	
	STRATEGY			
	102-14	Comments from the CEO	2–3	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards and norms of behaviour	31, 100-101	
	GOVERNANCE			
	102-18	Governance structure	100–101, 117–121	
	STAKEHOLDER DIALOGUE			
	102-40	List of stakeholder groups	102	
	102-41	Number of employees covered by collective agreement	110	
	102-42	Identifying and selecting stakeholders	103	
	102-43	Approach to stakeholder engagement	102–103	
	102-44	Key topics and concerns raised	102–103	
	REPORTING PRACTICE			
	102-45	Entities covered by the report	88–91, 100	
	102-46	Defining report content and topic boundaries	103	
	102-47	List of material topics	103	
	102-48	Restatements of information	100	
	102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	103	
	102-50	Reporting period for the information provided	100	
	102-51	Date of most recent report	100	
	102-52	Reporting cycle	100	
	102-53	Contact point for questions regarding the report	100	
	102-54	Claims of reporting in accordance with the GRI Standards	100	
	102-55	GRI Index	112–113	
	102-56	External assurance	114	

TOPIC-SPECIFIC DISCLOSURES

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	COMMENTS AND OMISSIONS
ACCELERATE THE SUSTAINABILITY TRANSITION, SUSTAINABLE SOLUTIONS				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	7, 22–25, 100–104, 121	
	Company-specific disclosure	Positive contribution to the UN's global goals through transforming segments	15–19, 25	
GOOD BUSINESS ETHICS, CLIENT RESPONSIBILITY				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	7, 22–25, 46, 100–102, 104–105, 121	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	101	Not reported by region.
	205-2	Communication and training about anti-corruption policies and procedures	102, 105	
	205-3	Confirmed incidents of corruption and actions taken	93, 104	
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	101	Not reported by region.
PHYSICAL AND MENTAL WELL-BEING				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	7, 22–24, 28–31, 47, 100–102, 107–108, 121	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	47, 102, 107–108	
	403-2	Hazard identification, risk assessment, and incident investigation	47, 107–108	
	403-3	Occupational health services	107–108	
	403-4	Worker participation, consultation, and communication on occupational health and safety	107–108	
	403-5	Worker training on occupational health and safety	107–108	
	403-6	Promotion of worker health	107–108	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107–108	
	403-9	Hazard identification, risk assessment and incident investigation	47, 108	
OWN CLIMATE IMPACT				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	7, 45, 100–102, 105–107, 121	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	105–107	
	305-2	Energy indirect (Scope 2) GHG emissions	105–107	
	305-3	Other indirect (Scope 3) GHG emissions	105–107	
	305-4	GHG emissions intensity	105–107	
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY, TALENT ATTRACTION AND RETENTION				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	7, 22–24, 28–31, 44, 100–102, 107–108, 110, 121	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	110	Not reporting by age due to limitations on data collection.
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	110	Not reported by gender or job classification due to limitations on data collection.
	404-3	Percentage of employees receiving regular performance and career development reviews	110	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	109	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	110	
ECONOMIC VALUE CREATION				
GRI 103: Management approach 2016	103-1, 103-2, 103-3	Boundary, management and evaluation	117–121	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	104	

Audit statement

Auditor's Limited Assurance Report on ÅF Pöyry AB's Sustainability Report and statement regarding the Statutory Sustainability Report.

To ÅF Pöyry AB, Corp. Id. 556120-6474

Introduction
We have been engaged by the Board of Directors and the Managing Director of ÅF Pöyry AB to undertake a limited assurance engagement of ÅF Pöyry ABs Sustainability Report for the year 2020. ÅF Pöyry AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on page 100.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 100 in the Sustainability Report and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of ÅF Pöyry AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions
Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 30 March 2021

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Karin Sivertsson
Expert Member of FAR

New strategy for growth

2020 was a challenging year marked by the Covid-19-pandemic and its impact, both globally and on our business. ÅF Pöyry's Group Executive Management, with the support of the Board of Directors, took several extensive measures to mitigate the effects of lower demand, including short-term work allowances, deferred investments and cost reductions. The Board also recommended withdrawal of the proposed dividend due to the uncertain situation, which was accepted by the AGM.

The Board is now looking to the future and focuses on the situation in our external environment and on positioning ÅF Pöyry in a longer term perspective. As a result of the Covid-19-pandemic, the need for a green transition has accelerated and further increased demand for digital and sustainable solutions and we see opportunities for long-term sustainable growth and profitability.

The Board has an important role to play in our long term strategy efforts with the purpose of creating good returns for our shareholders. In the autumn we decided on a new strategy with focus on growth in transforming segments, where the key concepts are sustainability and digitalisation, as well as an effective platform. We kept our financial goals unchanged while the sustainability goals were revised to better suit the new strategy.

The Board of Directors is deeply committed to and follows developments in the sustainability field. We pay particular attention to the business ethics aspects of sustainability. As part of our corporate governance, we follow and monitor regulatory compliance, primarily the UN Global Compact regarding ethics, anti-corruption and human rights, as well as our decision-making processes and risk management relating to these areas. Our ability to attract the best employees is a key factor for the business, making it particularly important to nurture and develop our brand.

In 2020, thanks to the strong underlying cash flow, we also continued to reduce our debt and the company's cash and cash equivalents have more than doubled since 2019. This creates excellent opportunities for us to invest in growth without increasing our debt above the target ceiling.

In light of our stronger financial position and considering the improved market situation, the Board is proposing to the AGM to reinstate the dividend in accordance with our policy.

On behalf of the Board I would like to thank our CEO Jonas Gustavsson and all our employees for their excellent work during an very challenging year.

After ten years on the Board and seven years as Chairman, I have announced that I am not running for re-election. These have been incredibly interesting years with major growth and long-term value creation in the company. I would like to thank the shareholders for the trust and I will be following the company's future progress with confidence. I would also like to wish the new Board every success.

Stockholm, March 2021

Anders Narvinger
Chairman of the Board

"The Board is now looking to the future and has major focus on the external environment and on positioning ÅF Pöyry in a longer term perspective."

Corporate governance report

This corporate governance report, prepared by the company's Board of Directors, covers corporate governance during the 2020 financial year. The corporate governance report is submitted in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code. The corporate governance report has been reviewed by KPMG, whose opinion follows immediately after the report.

Corporate governance within ÅF Pöyry AB
ÅF Pöyry AB is a Swedish public limited company domiciled in Stockholm. The company's Class B shares are listed on Nasdaq Stockholm. Governance, management and control are divided between the shareholders, the Board of Directors, the President and CEO and senior management in accordance with applicable laws, rules and recommendations and with ÅF Pöyry AB's Articles of Association and internal regulations. The General Meeting of Shareholders is the company's highest decision-making body, where the shareholders exercise their voting rights. The Board of Directors and Chairman of the Board are elected by the General Meeting after proposals by the Nomination Committee. The Board of Directors appoints the President and CEO. The administration by the Board of Directors and President and CEO, as well as the financial statements are examined by the external auditing firm elected by the Annual General Meeting. To streamline and intensify the work on some matters the Board of Directors has set up an Audit Committee and a Remuneration Committee. ÅF Pöyry AB's internal audit is an important support function for the Audit Committee.

ÅF Pöyry AB applies the Swedish Corporate Governance Code (available at www.corporategovernanceboard.se) and did not deviate from it in 2020. ÅF Pöyry AB complies with Nasdaq Stockholm's Rules for Issuers (available at nasdaq.com/solutions/rules-regulations-stockholm) and generally accepted stock exchange practice. The highest internal instrument of governance is the Articles of Association adopted by the shareholders' meeting. The Board Of Directors has adopted rules of procedure and instructions for the work of the Board, its committees and the President and CEO.
In addition, the company has adopted internal governing documents that clarify procedures and the allocation of responsibility and powers within important relevant areas, such as the Code of Conduct, governance, risk management, quality, the working environment, information security, data protection, sustainability, anti-corruption, whistle-blowing and regulatory compliance.

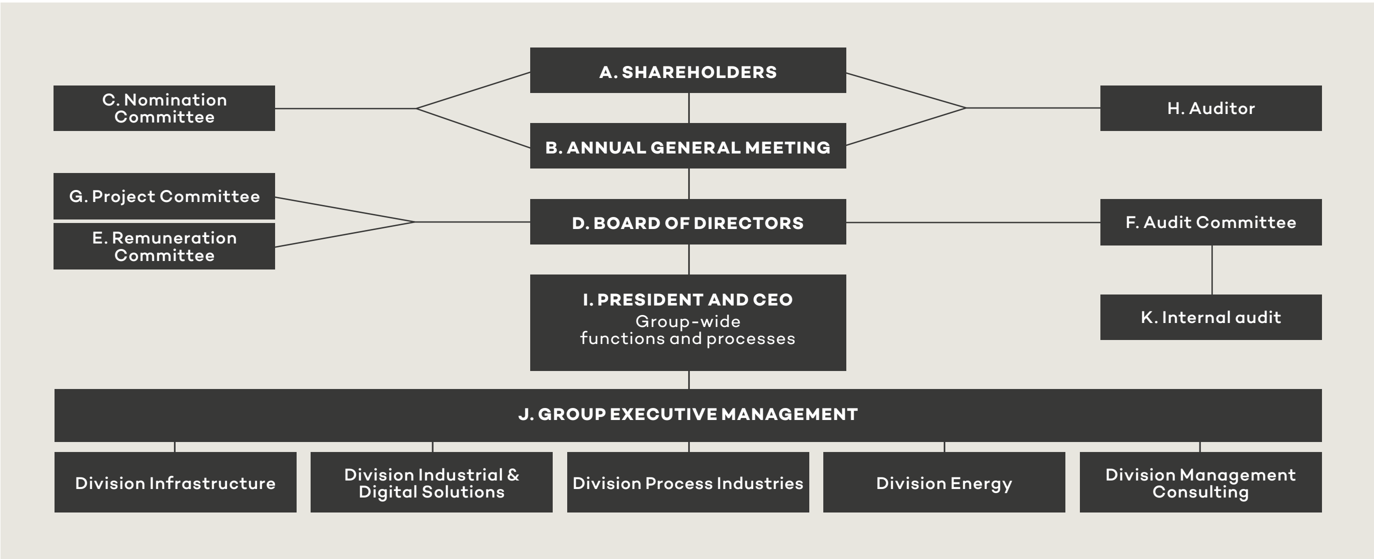
A. Shareholders
ÅF Pöyry AB has issued two classes of shares: Class A shares and Class B shares. Each Class A share is entitled to 10 votes, and each Class B share to 1 vote.

Share distribution at 31 December 2020

Number of shareholders	15,889
A shares	4,290,336
B shares	108,733,708
Total number of shares	113,024,044
of which own Class B shares	–
Votes	151,637,068

The largest shareholder at the end of 2020 was the ÅForsk Foundation, with 33.4 percent of the votes. SEB Investment Management had 7.9 percent and Handelsbanken Fonder had 6.7 percent of the votes.

B. Annual General Meeting
The General Meeting of Shareholders held within six months of the close of the financial year that adopts the income statement and balance sheet is called the Annual General Meeting (AGM). Shareholders registered in the share register on the record date and who have provided advance notice of their participation have the right to participate in the Meeting. Notice to attend is published on the company's website and advertised in the Swedish Official Gazette (Post- och Inrikes Tidningar). The fact that notice to attend has been given is published in Dagens Industri. The 2020 AGM was held at ÅF Pöyry AB's head office in Solna, Sweden, on 28 April 2020. In total, 183 shareholders were represented, comprising 60.2 percent of the share capital and 70.3 percent of the votes in the company. In



addition to the election of the Board of Directors, the AGM resolved to introduce the 2020 Staff Convertible Programme and authorised the Board of Directors to resolve to issue new class B shares and to change the articles of association. The minutes of the AGM and all documentation can be found on ÅF Pöyry AB's website.

C. Nomination Committee
In accordance with the principles for the Nomination Committee passed at ÅF Pöyry AB's 2018 AGM, the members of the Nomination Committee are appointed by at least three and at most five of the shareholders with the most votes, together with the Chairman of the Board. The names of the members were published more than six months before the AGM. The Nomination Committee for the 2021 AGM comprises: Magnus Olofsson (Chair), appointed by the ÅForsk Foundation; Elisabet Jamal Bergström, appointed by SEB Investment Management; Lilian Fossum Biner, appointed by Handelsbanken Fonder; Monica Åsmyr, appointed by Swedbank Robur Funds; Niklas Ringby, appointed by EQT Public Value and Anders Narvinger, Chairman of the Board.

Duties of the Nomination Committee
The duties of the Nomination Committee are to present proposals ahead of the AGM on the number of directors, the composition and remuneration of the Board of Directors, as well as any separate remuneration for Committee work. Moreover, the Nomination Committee shall present a proposal for the chairs of the Board of Directors and AGM, as well as for the auditors and their remuneration. As part of its duties, the Nomination Committee is to fulfil in other respects the tasks incumbent on the Nomination Committee under the Swedish Corporate Governance Code.

Work of the Nomination Committee
In the period up to and including 22 February 2021, the Nomination Committee for the 2021 AGM held eight minuted meetings and maintained contact between meetings. To assess the extent to which the current Board of Directors fulfils the requirements to be made of the Board based on the company's situation and future focus, the Nomination Committee has discussed the size of the Board and its composition as regards experience of the industry, skills and diversity, for example. The company applies the Swedish Corporate Governance Code item 4.1 as its diversity policy for the Board of Directors. This means that the Board's composition is to be appropriate with respect to the company's business, stage of development and conditions in general, with diversity and breadth in terms of the skills, experience and background of the members elected by the AGM. Even gender distribution is desirable. The Board of Directors is made up of three women and six men.

The work of the Nomination Committee ahead of the 2021 AGM has focused on finding a new Chairman of the Board and of boosting the Board's expertise within certain areas in conjunction with the present Chairman stepping down. The Nomination Committee has engaged external advisors for this work and has also interviewed individual board members and the President and CEO. The Nomination Committee has also evaluated the levels of fees for the Board of Directors. No remuneration has been paid for the work of the Nomination Committee. All shareholders are entitled to contact the Nomination Committee and propose board members. The Committee's proposals, the report on the Committee's work ahead of the 2021 AGM, and supplementary information on proposed members of the Board of Directors will be published in connection with the meeting notice and will be presented at the 2021 AGM.

D. Board of Directors
The Board of Directors of ÅF Pöyry AB is to consist of a minimum of six and a maximum of ten members with a maximum of five deputies to be appointed by the General Meeting. Nine board members were elected at the 2020 AGM. Apart from this the employees have two ordinary representatives on the Board of Directors, with two deputies. The President and CEO is not a member of the Board of Directors. The following board members were re-elected at the 2020 AGM as proposed by the Nomination Committee: Jonas Abrahamsson, Gunilla Berg, Henrik Ehrnrooth, Anders Narvinger, Salla Pöyry, Joakim Rubin, Kristina Schauman, Anders Snell and Ulf Södergren. Anders Narvinger was re-elected by the AGM to serve as Chairman of the Board up until the close of the next AGM. For more information on the Board of Directors, please refer to pages 122-123 of the annual report. The Nomination Committee's proposed fees to be paid to the Board of Directors were approved by the AGM.

Responsibilities and obligations of the Board of Directors
The Board of Directors of ÅF Pöyry AB is responsible for overall administration of the Group, and for organising it in accordance with the Swedish Companies Act. The work of the Board of Directors revolves mostly around strategic direction, business plans, budgeting, annual accounts and acquisitions, and other decisions which must be dealt with by the Board of Directors under the resolutions procedures. On one occasion per year, the Board of Directors meets with the company's auditors without the presence of management. On one occasion each year, the Board of Directors discusses issues related to succession planning for senior executives in the company. As in previous years, a Remuneration Committee and Audit Committee have been appointed within the Board of Directors. The Board of Directors also has a special Project Committee tasked with reviewing and approving very large and important projects and assignments that the company is considering, from a financial perspective. For the Board of Directors, these committees are preparatory bodies and do not limit the Board of Directors' overall responsibility for the management of the company or the decisions made by the Board.

Diversity policy for the Board of Directors
Rule 4.1 of the Swedish Corporate Governance Code is applied as a diversity policy for the Board of Directors. The aim is for the Board of Directors to have an appropriate and versatile composition regarding experience and background, and that there should be a balanced gender distribution on the Board.

Independence of the Board of Directors
The composition of the Board of Directors of ÅF Pöyry AB meets the requirements of the Swedish Corporate Governance Code concerning independent members. Director Anders Snell is dependent in relation to ÅF Pöyry AB's shareholder with the most voting rights but is independent of the company and Group Executive Management. None of the other Board members are dependent in relation to the company's largest shareholders, the company or Group Executive Management.

Work of the Board of Directors
In addition to the general division of responsibility applying in accordance with the Swedish Companies Act and the Corporate Governance Code, ÅF Pöyry AB's Board of Directors annually adopts written rules of procedure that clarify the directors' internal rules of procedure and responsibilities, resolutions procedure within the Board, the Board's schedule of meetings, notice to attend, agenda and minutes of Board meetings and the work of the Board on accounting and audit matters. The Board of Directors also monitors the strategic direction, the financial results and the methods for maintaining sustainable profitability within the Group. The Board also regularly monitors that effective control systems are in place. The Board also monitors compliance with the Group's Code of Conduct and ensures that a whistle-blower system is in place for employees and external parties.

The Board of Directors holds an inaugural meeting in connection with the AGM. In addition, the Board of Directors is required to meet at least six times per calendar year. Each ordinary meeting of the Board of Directors follows an agenda as established in the rules of procedure for the Board of Directors, which includes a report by the President and CEO, financial reports and strategic matters. In 2020, the Board of Directors held 12 meetings including one inaugural meeting. Four of the meetings were held in connection with the publication of the company's interim reports.

The President and CEO presents reports at the meetings, and the company's CFO and other members of Group Executive Management also participate to present reports on particular issues. The Group's senior legal adviser acts as Secretary to the Board of Directors.

Evaluation of the Board of Directors and the President and CEO

An evaluation of the Board of Directors' work in 2020 was performed by interviewing individual members of the Board and the President and CEO. The evaluation includes climate of cooperation, breadth of knowledge and board work performance. The intention of the evaluation is to gain an understanding of the effectiveness of the board work and the opinions of the Board members on this matter. The Board of Directors also regularly evaluates the work of the President and CEO by following business performance against targets set. Once a year a formal evaluation is made that is discussed with the President and CEO.

Remuneration of the Board of Directors

Remuneration of members of the Board of Directors for board and committee work is proposed by the Nomination Committee and approved by the AGM. The Nomination Committee's proposals are based on comparisons with remuneration at other companies of similar size in the same industry. Information on remuneration to members of the Board of Directors can be found in Note 6. Members of the Board of Directors do not participate in the Group's incentive programmes.

E. Remuneration Committee

The task of the Remuneration Committee is to prepare the guidelines for the remuneration of senior executives which is then decided by the AGM, and to submit proposals to the Board of Directors for the salary and terms and conditions for the President and CEO. On behalf of the Board, the committee is also to deal with matters regarding salary and other terms of employment for senior executives who report directly to the President and CEO, and deal with general terms of employment and remuneration matters affecting all employees of the company.

The Remuneration Committee held two minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2020, the Committee has consisted of Anders Narvinger (Chair), Joakim Rubin and Henrik Ehrnrooth.

F. Audit Committee

The Board's Audit Committee must ensure that there is compliance with the principles for financial reporting and internal control. It follows up the effectiveness of the internal control systems and reviews the financial processes to ensure that the information can be derived from the underlying financial systems, that it complies with legal requirements and is in line with relevant standards. It examines the procedures for accounting and financial control and processes the company's financial reports. It also monitors, evaluates and discusses material questions in the field of accounting and reporting.

The Committee evaluates and also manages information about disputes and possible irregularities and assists management in identifying and evaluating mainly financial and equivalent risks that may have a bearing on the operations to ensure that the work focuses on managing these risks. It also examines the company's information security systems and the contingency plans that are in place to ensure delivery of financial information. The Audit Committee has decision-making powers regarding internal audits and must ensure the effectiveness of this function by evaluating its activities, resources and structure. It must also review the results and recommendations of internal audits to ensure that they are appropriately managed.

The Audit Committee has regular meetings with the external auditors and examines their work, qualifications and independence. The results of this are annually communicated to the company's Nomination Committee. The Committee supports the Nomination Committee in their work with nominating auditors and also carries out an annual review of the proposed scope of the audit. Internal meetings, meetings with internal auditors, the external auditors and various specialists in executive management and its support functions are reported back to the Board of Directors.

The Committee examines significant results from the external audit and also the resulting recommendations issued by the external auditors. It must also establish guidelines to ensure the independence of the external auditors.

The Audit Committee held seven minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2020, the Committee has consisted of Kristina Schauman (Chair), Gunilla Berg and Anders Snell. KPMG, the company's audit firm, has been represented by chief accountant Joakim Thilstedt.

G. Project Committee

The Project Committee is tasked with reviewing and approving very large and important projects and assignments that the company

Board composition and attendance at Board and Committee meetings, 2020

Directors	Board of Directors meetings	Audit Committee	Remuneration Committee	Independent of major shareholders	Independent of the company and its management
Anders Narvinger	12/12		2/2	Yes	Yes
Jonas Abrahamsson	10/12			Yes	Yes
Gunilla Berg	12/12	7/7		Yes	Yes
Henrik Ehrnrooth	12/12		2/2	Yes	Yes
Salla Pöyry	12/12			Yes	Yes
Joakim Rubin	12/12		2/2	Yes	Yes
Kristina Schauman	12/12	7/7		Yes	Yes
Anders Snell	12/12	7/7		No	Yes
Ulf Södergren	12/12			Yes	Yes
Employee representatives					
Tomas Ekvall	11/12			Yes	No
Stefan Löfqvist	10/12			Yes	No
Jessica Åkerdahl (deputy)	3/12			Yes	No
Guojing Chen (deputy)	0/12			Yes	No

is considering, from a financial perspective. The Committee did not hold any minuted meetings in 2020 and since the inaugural meeting of the Board of Directors in 2020, the Committee has consisted of Anders Narvinger (Chair), Gunilla Berg and Henrik Ehrnrooth.

H. Auditors
The task of the auditors is to examine on behalf of the shareholders the company's bookkeeping and annual accounts and the administration by the Board of Directors and President and CEO. The annual accounts and consolidated accounts are audited. The auditors also review the nine-month interim report for the period up to September each year and attend some Audit Committee meetings. In addition, a general review of the sustainability report is carried out, a review of the Group's corporate governance report and of compliance with the guidelines approved by the AGM relating to remuneration of senior executives. The 2020 AGM re-elected the auditing firm KPMG, represented by Joakim Thilstedt as the auditor in charge, to serve as the company's auditor until the end of the 2021 AGM. The Audit Committee has resolved to recommend that the Nomination Committee propose the appointment of KPMG as auditor to the 2021 AGM for the period extending up until the 2022 AGM. See Note 5 for more detailed information on audit fees.

I. President and CEO
The President and CEO is responsible for ensuring that ongoing administration of the company is managed according to the Board of Directors' guidelines and directions. In consultation with the Chairman of the Board, the President and CEO produces the information and documentation needed as supporting information for the Board's work, to enable the Board to make well-informed decisions. The President and CEO is supported by the executive management. The President and CEO and executive management, with the support of various staff functions, are responsible for the Group's fulfilment of its overall strategy and its financial and business controls, as well as the Group's financing, capital structure, risk management and acquisitions.

J. Group Executive Management
At the end of 2020 Group Executive Management consisted of the President and CEO Jonas Gustavsson, CFO Juuso Pajunen, and eight others. Group Executive Management normally meets once a month to discuss matters such as the Group's financial performance, acquisitions, Group-wide development projects, succession planning and professional development, together with other strategic issues. In addition to regular weekly reviews due to the prevailing Covid-19 situation, Group Executive Management held 12 full-day meetings in 2020 and also a two-day meeting attended by other managers from the Group. Monthly and quarterly, the President and CEO and CFO review the income statement and balance sheet, key ratios and major projects with the respective divisional heads and controllers, together with other invited members of Group Executive Management. Three times a year a review is held with each division to examine more long-term issues, including HR, strategy and budget. For more information about the members of Group Executive Management, please see pages 124-125 of the annual report.

Remuneration of senior executives
Every year the AGM adopts guidelines for the remuneration of senior executives. The guidelines adopted at the 2020 AGM and information on remuneration of senior executives paid in 2020 can be found in Note 6 for the Group.

The Remuneration Committee's evaluation led to the conclusion that the guidelines for remuneration of senior executives adopted by the 2020 AGM have been followed.

Current guidelines for remuneration of the President and CEO and senior executives are available in Note 6. The new proposed guidelines can be found on the page 40.

K. Internal audit
The Group has an internal audit function that is responsible for performing independent, objective evaluations of the Group's risk management and internal control activities. This work includes auditing the application of established policies, guidelines and processes. The work is planned on an annual basis with the Audit Committee and is reported regularly throughout the year to the Committee. Reporting to the Board of Directors is carried out via the Committee.

The audit plan is produced using a risk-based approach. The results of the performed audits are also regularly reported to Group/Division management. There is an established process for following up agreed measures where schedules and responsibilities are specified.

The function comprises an internal auditor, internal specialists and when necessary external specialists.

Board of Directors' description of internal control
The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act and the Swedish Corporate Governance Code that contain requirements for annual external provision of information on how internal control is organised as regards financial reporting. Board members must keep themselves informed and evaluate the internal control system regularly. Internal control in ÅF Pöyry AB has been designed with the aim of efficient and appropriate business operations, reliable financial reporting and compliance with applicable laws and ordinances. The company divides its internal controls over financial reporting into the following components: control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment
The control environment includes the internal governance instruments adopted by the Board for the day-to-day operations. The governance instruments comprise policy documents which are regularly tested, restructured and updated. These documents include the Board's rules of procedure, the CEO's instructions, the company's financial policy, the Code of Conduct and a number of other Group-wide policies. The control environment is the foundation of internal governance to ensure that decision lines, powers and responsibility are clearly defined and communicated between different levels of the organisation and that governing documents in the form of policies, guidelines and manuals are available. A description of internal control in ÅF Pöyry AB can be found in the process-oriented management system used for business control and support. A description is given here of the organisational structure and the powers and responsibility that are associated with the various business roles. The process-orientation of the management system provides control procedures and tools for the operation in question, thus creating a sound basis for meeting set requirements and expectations of a good control environment. The management system is available for all employees via ÅF Pöyry AB's intranet.

Risk assessment
ÅF Pöyry AB's risk assessment regarding financial reporting aims to identify and evaluate the most significant risks in the Group's companies, business areas, divisions, processes and operations, which in turn may impact the financial results. The risk assessment results in a reference as to how the risks should be managed and controlled, and in control activities that support the basic requirements of the external financial reporting. Risks are assessed, reported and dealt with by ÅF Pöyry AB centrally, together with the divisions. Further, risks are assessed and dealt with in other contexts, such as risks linked to fixed price projects and acquisitions.

Control activities
To ensure that the business is run efficiently and that the scheduled financial reports consistently provide a fair presentation of the situation, each process has several built-in control activities. These control activities involve all levels of the Group. Responsibil-

ity for implementing control activities is distributed in the Group, where clear roles ensure efficiency and reliability. Specific control activities are in place, aimed at discovering or preventing risks of misstatements in the financial reporting in a timely manner. Performance analysis is carried out on a continuous basis for all of the Group's entities, including the foreign entities. Other control activities are carried out in the divisions' central accounting functions and through ÅF Pöyry AB's Group Accounting and Reporting Department. All accounting and reporting activities for the Group's Swedish operations are centralised under an accounting unit based at the Group's head office, using standardised control processes. Control activities include profit analyses and other controls in respect of revenue and receivables, payments, non-current assets, work in progress, wages and salaries, VAT/tax, book-keeping, consolidation and reporting as well as the maintenance of databases.

Information and communication

Information and communication of policies, process descriptions, procedures and tools applicable to financial reporting can be found in the management system that is available to all those concerned via the Group's intranet. Updates are carried out in the event of any changes in internal or external requirements or expectations regarding financial reports. For communication with external parties there is a communication policy that sets out guidelines for how this communication should take place. The purpose of the policy is to ensure correct and complete compliance with all information obligations. The purpose of the internal communication guidelines is that all employees understand the company's values and business. To achieve the objective of informed employees, there is active internal work, in which information is regularly communicated via the Group's intranet and in other ways.

Follow-up

Compliance and efficiency of internal controls are followed up on a continuous basis both by the Board of Directors and management to ensure the quality of the processes. The company's financial situation and strategy in respect of its financial position are considered at every Board meeting. In addition, the Board of Directors receives monthly reports on the financial position and development of the business. The Audit Committee fulfils an important function by ensuring control activities for material risk areas in the processes for the financial reporting. The Committee establishes the principles applicable to accounting and financial reporting and monitors these regulations. The Committee meets with the external auditors to obtain information about the focus and scope of the audit, and to discuss outcomes and co-ordination of the external and internal audit. It also establishes the focus, scope and schedules of the internal auditors, whose work is reported to the Audit Committee and also regularly to management for possible action.

ÅF Pöyry AB's system for financial management and control paves the way for effective financial follow-ups throughout ÅF. Reports are generated monthly for each profit centre and reports on project finances are typically reliable and detailed. Identified errors and measures taken are reported in the line organisation to the immediate superior. ÅF Pöyry AB conducts audits in the operations to monitor application of internal control and the management system to live up to the Group's internal ambitions, external requirements and expectations. Priority areas for this audit are quality, core values and ethics, processes and systems as well as the projects that the Group has undertaken to carry out. Reports are made to the President and CEO and Group Executive Management.

Sustainability

ÅF Pöyry AB focuses on long-term strategic work aimed at ensuring the company becomes a more sustainable company. The ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Global Goals for Sustainable Development are the foundation for the work. The company's new sustainability goals govern the priorities that are set for the area. This sustainability work is intended to contribute to the company's growth and is followed up by the Board of Directors and by Group Executive Management. The statutory sustainability report, whose content is stated on page 100 of the annual report, has been approved for issue by the Board of Directors.

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders of ÅF Pöyry AB, corp. id 556120-6474

Engagement and responsibility

The Board of Directors is responsible for the corporate governance report for 2020 on pages 117-121 and for preparing it in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our examination has been conducted in accordance with FAR's statement RevU 16 *Auditor's review of the corporate governance report*. This means that our examination of the corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2-6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 30 March 2021
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Board of Directors

① **Anders Narvinger**
Chairman of the Board and Chairman of the Remuneration Committee
Elected: 2011, Chairman of the Board 2014
Born: 1948
Education: M.Sc. in Engineering, Faculty of Engineering, Lund University, and graduate in economics, Uppsala University
Professional experience: CEO of the Association of Swedish Engineering Industries (Teknikföretagen), former President and CEO of ABB Sverige.
Shareholding: 30,000 Class B shares

② **Jonas Abrahamsson**
Director
Elected: 2018
Born: 1967
Education: MBA, Lund University
Current position and other significant duties: President and Chief Executive Officer of Swedavia. Member of the Royal Swedish Academy of Engineering Sciences (IVA), director of ACI Europe, director of Confederation of Swedish Enterprise, director of Almega Service Associations.
Professional experience: Active at E.ON, most recently as CEO of E.ON Sverige 2010-2016.
Shareholding: –

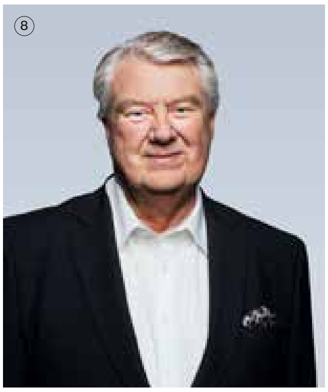
③ **Gunilla Berg**
Director and member of the Audit Committee
Elected: 2017
Born: 1960
Education: MBA, Stockholm School of Economics, Stockholm
Current position and other significant duties: Director of Atrium Ljungberg AB.
Professional experience: CFO, PostNord, Vice President and CFO of the SAS Group, Vice President and CFO of the KF Group.
Shareholding: 1,000 Class B shares

④ **Henrik Ehrnrooth**
Director
Elected: 2019
Born: 1954
Education: M.Sc. in Forest Economics, University of Helsinki and B.B.A., Hanken School of Economics in Helsinki
Current position and other significant duties: Chairman of the Board of Otava Group and Climate Leadership Coalition Advisory Board, director of the Marcus Wallenberg Foundation.
Professional experience: CEO of Pöyry, Chairman of the Board of YIT Corporation and Caverion Corporation.
Shareholding: 3,465,996 Class B shares through Corbis S.A.

⑤ **Salla Pöyry**
Director
Elected: 2019
Born: 1984
Education: Engineering degree and economics doctorate from Hanken Swedish School of Business in Helsinki
Current position and other significant duties: CEO of Procurator-Holding Oy. Director of Aspo Plc, Procurator-Holding Oy, Jaakko Pöyry Holding Oy, Finnish Foundation for Technology Promotion and Combined Asset Management of Technological Foundations of Funds.
Professional experience: Financial analyst at Vicus Capital Advisors.
Shareholding: 1,253,200 B shares indirectly through Procurator-Holding Oy.

⑥ **Joakim Rubin**
Director and member of the Remuneration Committee
Elected: 2012
Born: 1960
Education: Engineering degree, Institute of Technology, Linkoping University
Current position and other significant duties: Partner EQT Public Value. Director of Adapteo plc.
Professional experience: Partner Zeres Capital, Senior Partner CapMan. Head of Corporate Finance and Debt, Handelsbanken Capital Markets.
Shareholding: –

Shareholding on 31 December 2020, including related party holdings.



⑦ **Kristina Schauman**
Director and Chair of the Audit Committee
Elected: 2012
Born: 1965
Education: MBA, Stockholm School of Economics
Current position and other significant duties: BillerudKorsnäs AB, BEWi ASA, Coor Service Management Holding AB, Diaverum AB and Nordic Entertainment Group AB.
Professional experience: CFO of OMX, Carnegie and Apoteket AB, CEO of Apoteket AB and CFO of Investor AB.
Shareholding: 3,333 Class B shares

⑧ **Anders Snell**
Director and member of the Audit Committee
Elected: 2009
Born: 1950
Education: M.Sc. Engineering, Royal Institute of Technology (KTH), Stockholm
Current position and other significant duties: Chairman of the Board of Wibax AB and executive member of the ÅForsk Foundation.
Professional experience: Senior Vice President BillerudKorsnäs, Senior Vice President AssiDomän, CEO Grycksbo, CEO Norrsundet Bruks AB, Chairman of the Board of the ÅForsk Foundation.
Shareholding: 4,000 Class B shares

⑨ **Ulf Södergren**
Director
Elected: 2018
Born: 1953
Education: M.Sc. Engineering, Royal Institute of Technology and MBA, Stockholm University
Current position and other significant duties: Chairman of the Board of IV Produkt AB. Director of HMS Networks AB and Lagercrantz Group AB.
Professional experience: Various positions in the ASSA ABLOY Group 2000–2018, including Executive Vice President and Chief Technology Officer (CTO), Regional Manager Scandinavia and COO and Senior Vice President of Assa Abloy. Various senior management positions at Electrolux 1984–2000.
Shareholding: 20,000 Class B shares

⑩ **Tomas Ekvall**
Director, employee representative
Elected: 2017
Born: 1981
Education: Engineer, IT & Automation
Current position: Project manager, Senior Engineer, IT & Automation.
Shareholding: 344 Class B shares

⑪ **Stefan Löfqvist**
Director, employee representative
Elected: 2018 (deputy 2018, ordinary 2019)
Born: 1980
Education: Graduate engineer, mechanical engineering
Current position: Active in Industrial & Digital Solutions Division.
Shareholding: –

Jessica Åkerdahl
Deputy employee representative
Elected: 2019
Born: 1974
Education: M.Sc. Engineering
Current position: Active in Industrial & Digital Solutions Division
Shareholding: –

Auditors
KPMG AB
Auditor in charge
Joakim Thilstedt

Group Executive Management

① **Jonas Gustavsson**
President and CEO
Employed: 2017
Born: 1967
Education: M.Sc. Engineering, Luleå University of Technology
Professional experience: Business Area Manager Sandvik Machining Solutions 2013–2017 and Sandvik Materials Technology 2011–2013. Prior to that, several leading positions at Sandvik and Vice President of Operations at BRP-Rotax (Austria). Leading positions at Bombardier and ABB.
Shareholding: 10,000 Class B shares
2017 Staff Convertible Programme: nominal amount SEK 6,000,000.
2018 Staff Convertible Programme: nominal amount SEK 3,000,000.
2019 Staff Convertible Programme: nominal amount SEK 6,000,000.

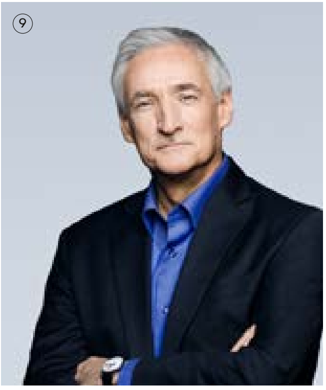
② **Juuso Pajunen**
CFO
Employed: 2019
Born: 1981
Education: M.Sc. (Econ.) from Helsinki School of Economics
Professional experience: CFO Pöyry 2016-2019, various finance positions at Pöyry 2004–2016
Shareholding: 7,616 Class B shares
2019 Staff Convertible Programme: nominal amount SEK 900,000.

③ **Jenny Lilja Lagercrantz**
Head of Human Resources
Employed: 2021
Born: 1972
Education: Bachelor's degree in personal development and labour market relations, Stockholm University/+ B.A. Stockholm University
Professional experience: Leading HR roles in several international companies such as Nasdaq, Skandia, NCC and Bonava/+ Managerial positions in Human Resources, including Nasdaq, Skandia, NCC and Bonava
Shareholding: 0 shares

④ **Cathrine Sandegren**
EVP and Head of Communications and Brand
Employed: 2016
Born: 1977
Education: Graduate Diploma in Business Administration, Copenhagen Business School
Professional experience: Head of Corporate IR and Internal Communication ÅF, Corporate Communication Manager, SAS
Shareholding: 50 Class B shares,
2018 Staff Convertible Programme: nominal amount SEK 300,000.
2019 Staff Convertible Programme: nominal amount SEK 3,000,000.
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

⑤ **Susan Gustafsson**
Group General Counsel
Employed: 2019
Born: 1973
Education: Law degree (L.L.M) from Lund and Maastricht University, INSEAD Leading Innovation Programme
Professional experience: Group General Counsel (2015-2019), MTG Modern Times Group and Nordic Entertainment Group, Stockholm. EVP General Counsel Martell Mumm Perriet-Jouët (2008-2015), M&A and Corporate Counsel (2003-2008), Pernod Ricard, Paris. M&A and corporate lawyer (1999-2003), law firm Vinge and Landwell & Partners, Paris.
Shareholding: 2019 Staff Convertible Programme: nominal amount SEK 3,000,000.

Shareholding on 31 December 2020, including related party holdings.



6 **Malin Frenning**
EVP and Head of Infrastructure Division
Employed: 2019
Born: 1967
Education: Mechanical engineering programme at Luleå University of Technology
Professional experience: County council director at Stockholm County Council. Executive positions at Telia, including CEO of Telia Sverige and President Business Area Broadband for Nordics and Baltics.
Shareholding: 1,250 Class B shares, 2019 Staff Convertible Programme: nominal amount SEK 3 000 000
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

7 **Robert Larsson**
EVP and Head of Industrial & Digital Solutions Division
Employed: 2018
Born: 1967
Education: M.Sc. Engineering
Professional experience: Several leading executive positions at ABB, most recently Lead Division Manager, Robotics & Motion Scandinavia
Shareholding: 4,000 Class B shares, 2019 Staff Convertible Programme: nominal amount SEK 2,000,000.

8 **Nicholas Oksanen**
EVP and Head of Process Industries Division
Employed: 1993 (Pöyry)
Born: 1967
Education: M.Sc. Paper Technology and Economics, Helsinki University of Technology, Finland 1993
Professional experience: 2014–2019 EVP, President, Industry Business Group, Pöyry. 2009–2016 President, Business Unit Pulp and Paper, Pöyry. 2003–2009 various executive positions in Pulp and Paper, Pöyry. 1990–2002 various management and specialist positions in Pulp & Paper
Shareholding: 0 shares
2019 Staff Convertible Programme: nominal amount SEK 3,000,000.
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

9 **Richard Pinnock**
EVP and Head of Energy Division
Employed: 1997 (Pöyry)
Born: 1962
Education: B.Comm. (Hons), University of South Africa, South Africa, 1991, B.Sc. Mechanical Engineering, University of Witwatersrand, South Africa, 1983, LPSF Executive Programme, Harvard Business School, USA, 2002
Professional experience: President, Energy Business Group and Executive Vice President at Pöyry since 2003. Prior to that, various managerial positions at Eskom in South Africa and UCI International, Germany
Shareholding: 2019 Staff Convertible Programme: nominal amount SEK 3,000,000
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

10 **Roland Lorenz**
EVP and Head of Management Consulting Division
Employed: 1999 (Pöyry)
Born: 1970
Education: Computer Science and Electrical Engineering, University of Applied Science Dortmund and University Bochum, Germany
Professional experience: VP and Head of Energy Management Consulting Nordics, Central and Southern Europe at Pöyry 2010–2019, MD and Head of Energy Management Consulting at Pöyry 2007–2010 and prior to that, various managerial positions in management consulting.
Shareholding: 3,000 Class B shares, 2019 Staff Convertible Programme: nominal amount SEK 900,000
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

Five-year financial summary, SEK

SEK million, unless otherwise stated	2020	2019	2018	2017	2016
Net sales and profit					
Net sales	18,991	19,792	13,975	12,658	11,070
EBITA excluding items affecting comparability	1,635	1,731	1,268	1,117	996
EBITA	1,584	1,368	1,243	1,027	992
Operating profit, EBIT	1,456	1,276	1,203	1,033	965
Profit after financial items	1,270	1,039	1,103	957	923
Profit for the period	991	821	850	742	711
Capital structure					
Non-current assets	16,017	16,872	8,432	7,070	6,462
Current assets	7,592	7,502	4,776	4,308	3,945
Equity including non-controlling interest	10,095	9,369	5,465	4,989	4,697
Non-current liabilities	6,313	8,240	3,718	2,323	2,880
Current liabilities	7,199	6,767	4,026	4,067	2,830
Balance sheet total	23,610	24,375	13,208	11,378	10,407
Equity (average)	9,825	7, 740	5,279	4,813	4,473
Total capital (average)	24,007	21,833	12,063	10,835	9,166
Capital employed (average)	17,577	15, 507	8,388	7,642	6,581
Net debt	2,756	4,424	3,455	2,631	2,298
Key ratios					
EBITA margin excluding items affecting comparability	8.6	8.7	9.1	8.8	9.0
EBITA margin, %	8.3	6.9	8.9	8.1	9.0
Operating margin, %	7.7	6.4	8.6	8.1	8.7
Profit margin, %	6.7	5.2	7.9	7.6	8.3
Equity ratio, %	42.8	38.4	41.4	43.8	45.1
Net debt/EBITDA, times	1.6	3.0	2.5	2.3	2.1
Net debt/equity ratio, %	27.3	47.2	63.2	52.7	48.9
Current ratio, times	1.1	1.1	1.2	1.1	1.4
Return on equity, %	10.1	10.6	16.1	15.4	15.9
Return on total capital, %	5.7	5.5	9.9	9.4	10.5
Return on capital employed, %	8.1	8.3	14.4	13.6	14.7
Interest cover, times	9.1	12.3	19.8	20.0	22.6
The share					
Basic earnings per share, SEK	8.81	8.07	10.98	9.58	9.32
Diluted earnings per share, SEK	8.81	7.99	10.76	9.39	9.14
Dividend yield, %	2.0	0.0	3.1	2.8	2.7
Equity per share, SEK	89.70	83.51	70.42	64.30	60.19
Diluted equity per share, SEK	89.70	90.03	68.06	62.01	58.50
Cash flow from operating activities per basic share, SEK	18.53	19.59	11.30	8.03	7.98
Cash flow from operating activities per diluted share, SEK	18.53	19.16	10.92	7.78	7.75
Market price on 31 December, SEK	251.20	218.60	160.40	180.90	167.00
Market capitalisation	28,392	24,521	12,411	13,988	12,978
Ordinary dividend per share, SEK	5.00[1]	0.00	5.00	5.00	4.50
Other					
Cash flow from operating activities	2,085	1,993	874	624	622
Cash flow from investing activities	-345	-5,290	-1,153	-525	-963
Cash flow from financing activities	-987	4,066	306	-209	411
Capacity utilisation, percent	75.6	75.8	77.2	77.6	77.6
Average number of FTEs excluding associates	15,271	14,680	10,037	9,292	8,115

1) Proposed dividend

Alternative performance measures

Organic growth	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting[1]		Group-wide and eliminations		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
%														
Total growth	-0.3	28.8	-12.2	0.4	12.9	275.5	-7.6	92.5	21.8	—	—	—	-4.0	41.6
Acquired	3.1	22.2	0.7	1.2	13.3	262.1	2.0	93.1	18.3	—	—	—	4.2	39.0
Currency	-1.5	1.0	-0.4	0.2	-5.5	0.5	-1.3	2.8	-3.0	—	—	—	-1.9	1.7
Organic	-1.9	5.5	-12.5	-1.0	5.2	13.0	-8.4	-3.4	6.6	—	—	—	-6.4	0.9
Adjusted/underlying organic growth due to calendar effect	-2.8	5.7	-13.3	-0.6	4.6	14.0	-9.3	-2.4	9.0	—	—	—	-7.1	2.1

[1]There are no comparative figures for growth in 2019 as the division was formed entirely by Pöyry.

EBITA/Adjusted EBITA	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting		Group-wide and eliminations		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
SEK million														
EBIT	691	680	326	486	377	323	257	215	104	92	-298	-519	1,456	1,276
Acquisition-related items														
Depreciation and impairment of property, plant and equipment	-33	5	—	—	-1	—	0	—	—	—	218	206	184	211
Revaluation of contingent considerations/option	—	—	—	—	—	—	—	—	—	—	-62	-119	-62	-119
Divestment of operations	-5	—	—	—	-12	—	—	—	—	—	23	-1	6	-1
Profit/loss (EBITA)	**652**	**685**	**326**	**486**	**363**	**323**	**257**	**215**	**104**	**92**	**-119**	**-432**	**1,584**	**1,368**
Items affecting comparability														
Transaction costs	—	—	—	—	—	—	—	—	—	—	—	44	—	44
Integration costs	—	—	—	—	—	—	—	—	—	—	—	215	—	215
Restructuring costs, Energy Division	—	—	—	—	—	—	—	—	—	—	17	105	17	105
Restructuring costs, Industrial & Digital Solutions Division	—	—	—	—	—	—	—	—	—	—	35	—	35	—
Adjusted EBITA	**652**	**685**	**326**	**486**	**363**	**323**	**257**	**215**	**104**	**92**	**-67**	**-68**	**1,635**	**1,731**

EBITA margin/ Adjusted EBITA margin	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting		Group-wide and eliminations		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
%														
EBIT margin	9.0	8.9	6.4	8.4	10.9	10.6	9.3	7.2	12.8	13.7	-22.7	-40.4	7.7	6.4
Acquisition-related items														
Depreciation and impairment of property, plant and equipment	-0.4	0.0	—	—	0.0	—	—	—	—	—	16.6	16.2	16.2	16.2
Revaluation of contingent considerations/option	—	—	—	—	—	—	—	—	—	—	-4.7	-9.3	-4.7	-9.3
Divestment of operations	-0.1	—	—	—	-0.3	—	—	—	—	—	1.7	0.0	1.3	0.0
Profit/loss (EBITA)	**8.5**	**8.9**	**6.4**	**8.4**	**10.6**	**10.6**	**9.3**	**7.2**	**12.8**	**13.7**	**-9.1**	**-33.7**	**8.3**	**6.9**
Items affecting comparability	—	—	—	—	—	—	—	—	—	—	3.9	28.4	0.3	28.4
Adjusted EBITA	**8.5**	**8.9**	**6.4**	**8.4**	**10.6**	**10.6**	**9.3**	**7.2**	**12.8**	**13.7**	**-5.2**	**-5.3**	**8.6**	**8.7**

This annual report contains financial ratios defined according to IFRS. It also includes measurements not defined according to IFRS, known as alternative performance measures. Organic growth, EBITA, Adjusted EBITA, EBITA margin and Adjusted EBITA margin are alternative performance measures for which detailed calculations are set out above. The purpose is to provide additional information for comparing performance between years while providing an indicator of the Group's performance and financial position. The alternative performance measures are used by management to monitor the business in the Group's financial targets.. These alternative performance measures are important for understanding the underlying business.

Definitions

Acquired growth – Growth in net sales from an acquired operation, counted as an acquired turnover 12 months from the takeover date.

Acquisition-related items – Depreciation/amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains/losses on disposal of companies and operations.

Average number of FTEs – Average number of employees during the year converted to the equivalent number of year-long, full-time positions. The actual number of employees is higher, owing to part-time employment and the fact that some employees work for only part of the year.

Capacity utilisation – Time invoiced to clients in relation to total time all employees are present at work.

Cash flow per share – Cash flow from operating activities in relation to average number of outstanding shares.

Current ratio – Current assets in relation to current liabilities.

Dividend yield – Dividend per share in relation to share price at end of reporting period.

Earnings per share – Earnings attributable to the parent's shareholders in relation to average number of outstanding shares. ÅF own shares are not regarded as outstanding shares.

EBITA – Earnings before interest, taxes and amortisation. Operating profit/loss with restoration of acquisition-related items.

EBITA margin – EBITA in relation to net sales.

EBITDA– Earnings before interest, taxes, depreciation and amortisation. Operating profit/loss before interest, taxes, impairment and depreciation/amortisation.

Equity per share – Equity attributable to the parent's shareholders relative to total number of outstanding shares.

Equity ratio – Equity including non-controlling interests in relation to balance sheet total.

Interest cover – Profit/loss after financial items with restoration of financial expenses in relation to financial expenses.

Items affecting comparability – Refers mainly to costs of restructuring and costs for major acquisitions. Other one-off items may also be reported as items affecting comparability in the cases where this gives a fairer picture of the underlying operating profit.

Net debt – Interest-bearing liabilities (excluding contingent considerations) and pension provisions less cash, cash equivalents and interest-bearing receivables.

Net debt/equity ratio – Net debt in relation to equity including non-controlling interests.

Number of employees – Total number of employees at end of reporting period.

Operating margin – Operating profit in relation to net sales.

Operating profit (EBIT) – Profit/loss before net financial items and tax (earnings before interest and tax).

Operating profit excl. items affecting comparability – Operating profit/loss adjusted for items affecting comparability.

Operating margin excl. items affecting comparability – Operating margin adjusted for items affecting comparability.

Organic growth – Total growth in relation to net sales less acquired growth and growth attributable to currency effects.

Profit margin – Profit/loss after financial items, in relation to net sales.

Return on capital employed – Profit/loss after financial items and restoration of financial expenses in relation to average balance sheet total, less non-interest-bearing liabilities and net deferred tax.

Return on equity – Profit/loss after tax in relation to average shareholders' equity including non-controlling interests.

Return on total capital – Profit/loss after financial items and restoration of financial expenses, in relation to average balance sheet total.

Rolling twelve-month sales and operating profit – Net sales and operating profit for the most recent twelve-month period.

Total shareholder return – Share price development including re-invested dividend.

Calendar 2021

Q1 2021
29 April 2021

Annual General Meeting
3 June 2021

Q2 2021
14 July 2021

Q3 2021
26 October 2021

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