

Corporate Governance report

This Corporate Governance report, prepared by the Company’s Board of Directors, covers corporate governance during the 2022 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 AFRY AB

AFRY 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 Group management in accordance with applicable laws, rules and recommendations and with AFRY 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 and intensify the work on some matters, the Board of Directors has set up an Audit Committee, a Remuneration Committee and a Project Committee. AFRY AB’s internal audit is an important support function for the Audit Committee.

AFRY AB applies the Swedish Corporate Governance Code (available at www.corporategovernanceboard.se) and did not deviate from it in 2022. AFRY 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 Group’s Code of Conduct, governance, risk management, quality, the working environment, information security, data protection, sustainability, anti-corruption, whistle-blowing and regulatory compliance. For more information on the Company’s internal control measures, see page 43.

A. Shareholders

AFRY 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.

The largest shareholder at the end of 2022 was the ÅForsk Foundation, with 33.4 percent of the votes. SEB Funds had 7.9 percent and Swedbank Robur Funds had 5.6 percent of the votes.

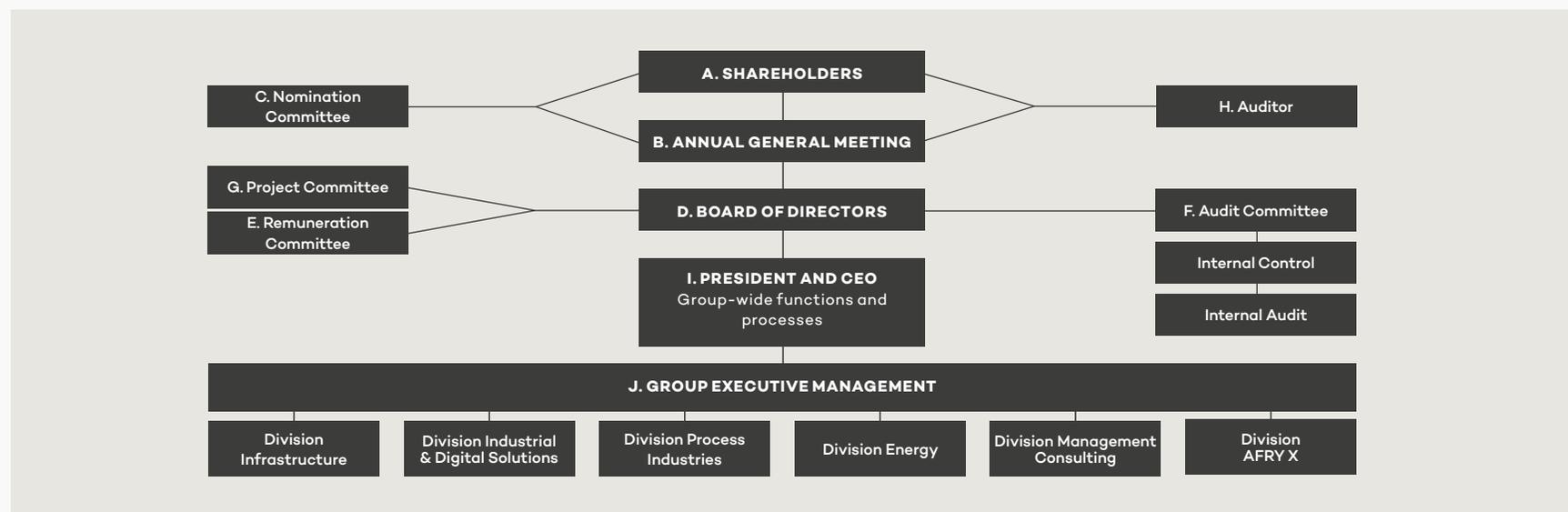
Share distribution at 31 December 2022

Number of shareholders	20,188
A shares	4,290,336
B shares	108,961,405
Total number of shares	113,251,741
<i>of which own Class B shares</i>	-
Votes	151,864,765

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 timely 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 2022 AGM was held on 28 April 2022 at the Company headquarter in Solna. The Board of Directors decided that the shareholders also could exercise their voting rights at the AGM by postal voting in advance.

In total, 216 shareholders were represented, comprising 64.8 percent of the share capital and 73.7 percent of the votes in the Company. In addition to electing a new Board member, Tuula Teeri, the AGM resolved to



re-elect Board members Tom Erixon, Gunilla Berg, Henrik Ehrnrooth, Carina Håkansson, Neil McArthur, Joakim Rubin and Kristina Schauman. The AGM also resolved to adopt the 2022 annual report and to authorise the Board of Directors to make decisions on issuance of new class B shares. The minutes of the AGM and all documentation can be found on AFRY's website.

C. Nomination Committee

In accordance with the principles for the Nomination Committee passed at AFRY 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 2023 AGM comprises: Anders Snell (Chair), appointed by the ÅForsk Foundation; Elisabet Jamal Bergström, appointed by SEB Investment Management; Monica Åsmyr, appointed by Swedbank Robur Funds; Henrik Didner, appointed by Didner & Gerge Fonder; Lilian Fossum Biner, appointed by Handelsbanken Funds; and Tom Erixon, 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 chair of the Board of Directors and the AGM, respectively, as well as for the auditors and their remuneration. As part of its duties, the Nomination Committee shall fulfil all other tasks incumbent on the Nomination Committee under the Swedish Corporate Governance Code.

Work of the Nomination Committee

In the period up to and including 31 March 2023, the Nomination Committee held three 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. As a basis for its work in preparing for the 2023 AGM, the Chairman of the Board of Directors has informed the members of the Nomination Committee of the work of the Board of Directors during 2022, as well as of the work of the Audit Committee and the Remuneration Committee. On behalf of the Nomination Committee, an external evaluation of the work of the Board of Directors during 2022 was carried out through interviews with individual Board members, the Company's President and CEO as well as the Company's General Counsel who is the secretary to the Board of Directors. The Board of Directors has reviewed the results of the aforementioned evaluation. 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 2023 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 2023 AGM.

D. Board of Directors

Work and responsibilities of the Board of Directors

The Board of Directors manages the Company on behalf of the owners and is thus ultimately responsible for the Company's organisation and administration. The work and responsibilities of the Board of Directors are regulated by the Swedish Companies Act, Board Representation (Private Sector Employees) Act, AFRY's Articles of Association, the Board's own Rules of Procedure, Nasdaq's Rulebook for Issuers of Shares and the Swedish Corporate Governance Code. The Board of Directors determines and evaluates the Company's long-term goals and strategies. This includes establishing business plans and financial plans, reviewing and approving the annual accounts, adopting guidelines, taking decisions on issues concerning acquisitions and divestments, and deciding on larger investments in or significant changes to AFRY's organisation and operations. The Board of Directors is responsible for the Corporate Governance report. It should ensure that there are processes in place that monitor compliance with relevant laws and regulations. The Board also regularly monitors that effective control systems are in place and is responsible for evaluating the Company's risk management. The Board also monitors compliance with the Company's Code of Conduct and ensures that a whistle-blower system is in place for employees and external parties. The Board of Directors also appoints, evaluates and dismisses the Company's President and CEO, establishes instructions for the President and CEO regarding daily operations and approves any President and CEO appointments outside of the Company. Through the Audit Committee, the Board of Directors contracts auditing services, keeps in regular contact with the

Company's auditors and ensures good internal control, along with formal procedures that enable monitoring and assessment of the Company's financial situation. Through the Remuneration Committee, the Board of Directors also handles salaries and remuneration of senior executives. The Board of Directors also has a special Project Committee tasked with reviewing and approving very large and important projects and assignments from a financial perspective that the Company is considering. As part of the decision-making process, a risk assessment according to the Code of Conduct assessment process is carried out, which includes any risks of negative impact on the economy, environment and people. For the Board of Directors, these committees are preparatory bodies and do not limit the Board's overall responsibility for the management of the Company or the decisions it makes.

Composition of the Board of Directors

The Board of Directors of AFRY AB is to consist of a minimum of six and a maximum of ten members in addition to the members that are by law appointed outside of the General Meeting. Eight board members were elected at the 2021 AGM. The members are elected annually for the period up to the next AGM and must devote the time and care, and have the knowledge required to best meet the interests of the Company and its owners. The trade unions or professional associations also appoint two employee representatives and two deputies. The President and CEO is not a member of the Board of Directors. For more information on the Board of Directors, please refer to pages 45–46 of the Annual Report. The President and CEO is rapporteur at Board meetings. The Company's CFO participates in all meetings, as does the Group General Counsel, who acts as secretary to the Board of Directors. Other Company employees are invited to present reports or provide expertise when necessary.

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. Since the 2022 AGM, the Board of Directors consists of four women and four men, meaning an even gender distribution exceeding the goal set by the Swedish Corporate Governance Board of at least 40 percent representation of the underrepresented gender.

Independence of the Board of Directors

The composition of the Board of Directors of AFRY AB meets the requirements of the Swedish Corporate Governance Code concerning independent members. Member of the Board of Directors Tuula Teeri is dependent in relation to AFRY AB's shareholder with the most voting rights but is independent of the Company and Group management. Member of the Board of Directors Carina Håkansson was during 2022 dependent in relation to AFRY AB's shareholder with the most voting rights. Carina Håkansson resigned from her position as chair of the Board of the ÅForsk Foundation effective as of 1 January 2023, meaning that Carina Håkansson no longer is dependent in relation to AFRY AB's shareholder with the most voting rights, the ÅForsk Foundation. None of the other Board members are dependent in relation to the Company's largest shareholders, the Company or Group management. This means that at the time when the Board of Directors prepared this Corporate Governance Report 88 percent of the members of the Board of Directors of AFRY AB are independent of AFRY AB's largest shareholders and that 100 percent of the members of the Board of Directors of AFRY AB are independent of the Company and Group management.

Rules of Procedure for the Board of Directors

Besides the general responsibilities set out by the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Director's work is regulated by its Rules of Procedure, which are reviewed annually and then confirmed at the inaugural meeting. The Rules of Procedure describe the duties of the Board of Directors, the division of responsibility between the Board, its committees and the President and CEO, the Board's schedule of meetings, notice to attend, agenda and meeting minutes, and the Board's work on accounting and audit matters. The Rules of Procedure also describe how members of the Board of Directors shall act in relation to conflict-of-interest matters. Members of the Board of Directors shall inform the Board of Directors of matters that may cause a conflict of interest to arise. The Rules of Procedure also define the role of the Chairman of the Board and include special instructions for the Company's President and CEO concerning what financial information should be reported to the Board so that it can regularly assess the Company's financial situation. 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.

Work of the Board of Directors in 2022

Prior to each board meeting, the Company's President and CEO prepares an agenda in consultation with the Chairman of the Board. In 2022, the

Board of Directors held eight meetings including one inaugural meeting. Four of the meetings were held in connection with the publication of the Company's interim reports. Regular items include financial results and position, investments, acquisitions and governance, risk and compliance (GRC). In addition, much time was spent on the effects of the war in Ukraine, AFRY's exit from Russia, strategy matters, changes in market conditions and the profitability in the Infrastructure Division. Various personnel issues were also reviewed.

Evaluation of the Board of Directors and the President and CEO

The evaluation of the Board of Directors and President and CEO 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. On behalf of the Nomination Committee, an evaluation of the Board of Directors' and its work during 2022 was performed.

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 of 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. In preparing the guidelines for the Company's remuneration of senior executives, the Remuneration Committee typically collects comments

Board composition and attendance at Board and Committee meetings during 2022

Directors	Board of Directors meetings	Audit Committee	Remuneration Committee	Project Committee	Independent of major shareholders	Independent of the company and its management
Tom Erixon	8/8		3/3	1/1	Yes	Yes
Gunilla Berg	8/8	6/6		1/1	Yes	Yes
Henrik Ehrnrooth	8/8		3/3	1/1	Yes	Yes
Carina Håkansson	8/8	6/6			No ¹	Yes
Neil McArthur	7/8				Yes	Yes
Joakim Rubin	8/8		3/3		Yes	Yes
Kristina Schauman	8/8	6/6			Yes	Yes
Tuula Teeri ²	4/5				No	Yes
Anders Snell ³	3/3				No	Yes
Employee representatives						
Fredrik Sundin	7/8				Yes	No
Jessica Åkerdahl	4/8				Yes	No
Tomas Ekvall (suppleant)	0/8				Yes	No
Bodil Werkström (suppleant)	5/8				Yes	No

¹ As of 1 January 2023, Carina Håkansson is no longer dependent in relation to major shareholders as she resigned from her position as chair of ÅForsk Foundation.

² Appointed board member at the Annual General Meeting 28 April 2022.

³ Resigned as board member at the Annual General Meeting 28 April 2022.

from relevant stakeholders, including, amongst others, the Board of Directors. In connection with the presentation of the guidelines for the remuneration of senior executives and the remuneration report at the Annual General Meeting, participating shareholders have the possibility to ask questions and provide comments in relation to the aforementioned guidelines and report. Typically, the Remuneration Committee does not retain any external consultants to assist in the preparation of general terms of employment or remuneration matters. To the extent such external consultants are retained, they are independent in relation to larger shareholders, the Company and Group management. Currently, the Company's guidelines for remuneration of senior executives do not contain any explicit targets or performance indicators relating to impact on the economy, environment and people.

The Remuneration Committee held three minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Tom Erixon (Chair), Joakim Rubin and Henrik Ehrnrooth.

F. Audit Committee

The Board's Audit Committee must ensure that there is compliance with the financial reporting and internal control policies. It follows up the effectiveness of the internal control systems and reviews the financial processes to ensure that they comply with legal requirements and is in line with relevant standards. The Committee 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 also evaluates and manages information about GRC (Governance, Risk and Compliance), disputes, possible irregularities, matters reported through the whistle-blower system, 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. The Committee also examines the Company's day-to-day routines for financial reporting 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 also reviews 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. The work of the Audit Committee is continuously reported to the Board of Directors at Board meetings, and the Board of Directors has access to the minutes kept in connection with Audit Committee meetings.

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 six minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Kristina Schauman (Chair), Gunilla Berg and Carina Håkansson. KPMG, the Company's audit firm, has been represented by chief auditor Joakim Thilstedt and Henrik Lind.

G. Project Committee

The Project Committee is tasked with reviewing and approving very large and important projects and assignments from a financial perspective that the Company is considering. The Committee held one minuted meeting in 2022 and since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Tom Erixon (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 Audit Committee meetings. In addition, a general review of the sustainability report and a review of the Group's Corporate Governance report are carried out by the auditors. The auditors also review compliance with the guidelines approved by the AGM relating to remuneration of senior executives. The 2022 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 2023 AGM. The Audit Committee has resolved to recommend that the Nomination Committee propose the appointment of KPMG as auditor to the 2023 AGM for the period extending up until the 2024 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 Group management. The President and CEO and Group 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 management

At the end of 2022 Group management consisted of President and CEO Jonas Gustavsson, CFO Bo Sandström, and ten others. Group management normally meets once a month to discuss matters such as the Group's financial performance, budget, acquisitions, Group-wide development projects, succession planning and professional development, GRC, sustainability and other strategic issues. In 2022, special attention has been paid to the effects of the war in Ukraine, AFRY's exit from Russia, changing market conditions, cost-efficiency improvements, as well as the profitability of the Infrastructure Division. Group management held 15 full-day meetings in 2022. 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 management. Three times a year a whole-day review is held with each division to examine more long-term issues, including HR, strategy and budget. The sustainability targets are followed up on a quarterly basis, focusing on target achievement as well as executed and planned activities. In 2022, Sara Klingenberg was appointed Executive Vice President and Head of Human Resources effective as of 18 May 2022, Linda Pålsson was appointed Executive Vice President and Head of Division Energy effective as of 1 August 2022 and Bo Sandström was appointed Executive Vice President and CFO effective as of 7 November 2022. For more information about the members of Group management, please see pages 47–48 of the Annual Report.

Remuneration of senior executives

The guidelines for the Group adopted at the 2022 AGM and information on remuneration of senior executives paid in 2022 can be found in Note 6.

The Remuneration Committee's evaluation led to the conclusion that the guidelines for remuneration of senior executives adopted by the 2022 AGM have been followed.

K. Sustainability

Sustainability is an integral part of AFRY's business and the Board of Directors monitors the Company's efforts and achievements within this area. The Board of Directors approves all documents governing AFRY's sustainability efforts and is thus ultimately responsible for incorporating sustainability into the overall decision-making process at AFRY.

The Board of Directors monitors the management of AFRY's sustainability efforts, including material sustainability topics and related sustainability targets, as well as AFRY's impact on the environment, people and the economy through the approval of the annual and sustainability report. The Head of Sustainability retains the same auditors' that carries out the financial audit to review the sustainability report.

The Board of Directors has delegated the overall responsibility for AFRY's sustainability efforts to the President and CEO. Henrik Tegnér, Head of Strategy and Sustainability, has operational responsibility for AFRY's sustainability efforts and became part of Group management on 1 January 2022. The Head of Strategy and Sustainability is supported by a team. Sustainability is an integral part of Group management's work, and sustainability topics are continually discussed.

Some members of Group management are members of a special committee, GRECS (Governance, Risk, Ethics, Compliance and Sustainability), which follows-up on the roll-out of the implementation of relevant programs for risk management, preventive measures and control activities, including risks regarding negative impact on the economy, environment and people. GRECS consists of the President and CEO, the CFO, General Counsel, Head of Communication, Head of HR, Head of Strategy and Sustainability and other key people such as the Chief Compliance and Ethics Officer and the Head of Security. Due to the Head of Strategy and Sustainability becoming a member of Group management as well as a permanent member of GRECS, the previous steering committee for sustainability topics, known as the Sustainability Committee, was dissolved.

AFRY's sustainability efforts are also integrated into existing staff functions, who are responsible for the execution of such efforts within their respective functions. Each division head is responsible for devel-

oping and driving the sustainability approach in their operations and in all their assignments through consultants. The division heads also have contacts for sustainability related issues depending on local needs. These efforts are supported by a management system.

In 2022, a new forum, the Sustainability Forum, was established on Group level for the purpose of supporting and coordinating the sustainability efforts within AFRY. The Director of Sustainability is the Chairman of the Sustainability Forum, and other permanent members include the Head of Strategy and Sustainability, as well as the sustainability team's and the divisions contact persons for sustainability topics. Other stakeholders are invited when needed. The Sustainability Forum has held 4 meetings during 2022.

Code of Conduct

AFRY's Code of Conduct is based on ten principles of the UN Global Compact. The Code of Conduct is a compilation of the commitments, rules and guidelines that form the basis of the Company's operations. The Code of Conduct defines the norms and values that form the basis on which AFRY conducts business with clients, partners, employees and other stakeholders. The Code of Conduct covers all employees in every country as well as the Group's Board of Directors. In 2020, a mandatory e-learning on AFRY's Code of Conduct was launched for all employees. The general purpose of the e-learning is to support the organisation in its efforts to fulfill its commitments to conducting business in a responsible manner. See page 102 for further information.

AFRY expects all its business partners – including suppliers, subcontractors, joint venture partners and representatives – to adhere to principles that are consistent with AFRY's Code of Conduct. In 2020, AFRY's WE Business Partner Criteria was updated, and in 2021 an e-learning was launched to make the requirements of the Business Partner Criteria accessible.

Sustainability policy

AFRY's sustainability policy was adopted in December 2020 and applies Group-wide. The policy reflects AFRY's business strategy and ambitions in the area of sustainability and strengthens the way in which operations should be managed in line with the 1.5-degree ambition and the 2030 Agenda. The policy prescribes, inter alia, that AFRY's operations shall have a holistic approach towards client assignments, business and strategy development, partnerships and collaboration with civil society; that sustainability-related risks and opportunities shall be identified and addressed at the tender stage; that the Company shall work for an

increase in the awareness among, and skills of, all employees about how they can contribute to improving sustainability performance through their assignments; that the precautionary principle should be applied; and that AFRY shall actively seek transformative and innovative assignments that accelerate the transition to a sustainable society. In 2022, a mandatory e-learning was launched covering all employees, including the Board of Directors of AFRY AB, regarding AFRY's sustainability efforts aiming to support the organisation in the fulfillment of AFRY's sustainability commitments.

Governance based on international frameworks and guidelines

AFRY's sustainability efforts are governed by international frameworks and guidelines aiming to ensure sustainable development. Policies for responsible business conduct include the 10 principles of the UN's Global Compact on human rights, labour, the environment and anti-corruption, the UN's 17 Sustainable Development Goals (Agenda 2030), the Paris Agreement as well as the 1.5-degree ambition. In addition, to ensure that AFRY's sustainability efforts take into account recognised principles, science and standards, further inspiration and guidance is sought from other relevant initiatives and framework.

Management system

AFRY has a comprehensive management system with policies, directives and processes that apply to all operations and which are approved annually by the Board of Directors. AFRY's Code of Conduct and key policies are available online at afry.com. The management system is certified in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety). Approximately 83 percent of AFRY's operations are covered by the ISO 9001 certificate, with 79 percent covered by the ISO 14001 certificate and 79 percent by the ISO 45001 certificate. The legal entities that are covered are listed in the appendices to 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 program in which there is a general three-year plan and for which a more detailed plan is drawn up each year. In 2022, 32 project audits and 31 management and support-process audits were carried out in this program. The audit program 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 Group management.

The Board of Directors' Report on Internal Controls

The Board of Directors' responsibility for internal controls is based on the Swedish Companies Act and the Swedish Code of Corporate Governance, which set out requirements for annual external disclosure of information on how internal controls regarding financial reporting are organised.

The objectives of internal controls are to ensure that the Company's operations are efficient and effective, that financial reports are trustworthy, and that relevant laws and regulations are observed. The systematic approach is described below in accordance with the COSO framework for internal controls, which is based on the elements of Control Environment, Risk Assessment, Control Activities, Information and Communication and Follow-up. The internal controls and risk management processes are not static. Nor are they separate from the operations, but AFRY refines its approach continuously to ensure that the processes are incorporated into AFRY's operations.

Control Environment

The Control Environment forms the basis for internal controls and reflects the Company's ethical values, corporate culture, financial targets, and sustainability targets. The guiding principles are to ensure that decision-making paths, responsibilities and the delegation of authorities are clearly defined and communicated between the various levels in the organisation, and that the objectives of internal controls are achieved. The Rules of Procedure for the Board of Directors and the instructions for the President and CEO ensure clear roles and division of responsibility aimed at effective management and oversight of the operational risks. The Group Management is also responsible for the oversight of the internal controls required to handle significant risks in operating activities and financial reporting. Operational decisions are taken by the Company, while decisions on strategy, overall financial matters, and major acquisitions and investments are taken by AFRY's Board of Directors with support from Group Management. See the Corporate Governance Report for more information on the work of the Board of Directors and the Group Management on pages 40–41. AFRY's internal delegation of authorities clarifies levels and procedures for delegating operational decisions. A special committee known as GRECS (Governance, Risk, Ethics, Compliance and Sustainability), which includes members of Group Management namely the President

and CEO, CFO, Group General Counsel, Head of Communication, Head of HR, Head of Strategy and Sustainability and other key people such as the Chief Compliance and Ethics Officer, Director of Sustainability and the Head of Security, has been established. GRECS meets regularly and follows up on the rollout and implementation of relevant programs for risk management, preventive measures and control activities, including processes to assess and prevent negative impact on the environment and human rights.

Risk Assessment

The Board of Directors has the ultimate responsibility for limiting and monitoring AFRY's risk exposure. It assesses the risk profile on a regular basis and annually approves the Group's risk heatmap. The Audit Committee regularly reviews the progress of GRC activities (Governance, Risk and Compliance) and material disputes from the General Counsel. The Audit Committee also has continuous and regular contact with the Group's internal and external auditors to evaluate risks in financial reporting. Group Management is responsible for reviewing the management of significant risks in the ongoing operations and the steering is implemented via the GRECS committee.

AFRY'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, might impact the financial results and the Group's ability to achieve its goals as a whole. AFRY has implemented evaluation and management processes that assess risks related to the Company's financial reporting, operating activities, and project-specific risks. Structured procedures provide the basis for the assessment, management, and control of risks so that risks are managed as an integral part of the business operations. A central evaluation process in the tendering procedure is the Code of Conduct Assessment process. This was launched in 2020 and reflects AFRY's Code of Conduct, the ten principles of the UN Global Compact, 1.5°C Business Playbook and Agenda 2030 and the Universal declaration on Human Rights. The Code of Conduct Assessment process and its outcome are described further in the Risk report on page 53 and in the sustainability notes on page 111.

Control Activities

To ensure that the business is run efficiently and that the scheduled financial reports consistently provide a true and fair view, control activities are built into key processes. These control activities involve all levels of the Group. Responsibility for carrying out the control activities is distributed across the Group where clear roles ensure efficiency and reliability. Specific control activities are aimed at detecting or preventing the risk of misstatements in financial reporting in a timely manner. Financial controls are operated by AFRY's central Finance Department with support from the divisions' financial staff through harmonised control processes. A continuous profit analysis is performed for all the Group's units, including the foreign units. All accounting and reporting relating to the Group's Swedish units is centralised in the Finance Department at the Head Office, with harmonised control processes. Examples of control activities are performance analyses, control elements within the processes – income and receivables, payments, fixed assets, work in progress, salary, VAT / tax, current accounting, consolidation and reporting and register maintenance. AFRY is implementing a Group-wide business system (ERP) to strengthen the controls.

AFRY has implemented a Group-wide management system which is used for operational management and support. The management system consists of policies, directives, processes, procedures and tools which provide the conditions for ensuring that the adopted requirements and expectations are met in a sound control environment. The sales and delivery processes support operational activities in meeting and ensuring compliance with customer requirements, legal requirements and AFRY's obligations under the UN Global Compact and similar commitments. These processes are adapted in the operations to suit different technical areas, sectors, and markets. Additional control activities include data access controls and authorisation controls. The development of control activities is managed centrally within the GRC (Governance, Risk and Compliance) framework, while divisional management teams are responsible for implementing the relevant control activities within their own organisations.

Information and Communication

Information regarding the Company's internal controls and financial reporting can be found in the management system that is available to all employees via the Group's intranet. The intranet also contains guidelines and tools provided by appropriate support functions. Updates are published in the event of any changes in internal or external requirements and expectations regarding internal controls, sustainability reporting and financial reporting. A communication policy sets out guidelines for how communication with external parties should be managed. The purpose of the policy is to ensure correct and complete compliance with all information obligations. The purpose of internal communication is to ensure that all employees understand the Company's values, focus and business operations. To achieve the objective that employees stay informed, the Company has adopted a proactive approach in which information is regularly communicated via the Group's intranet through updates for managers and distribution through the divisions' quality co-ordinators and finance units, as well as targeted training initiatives.

Follow-up

Compliance with and the efficiency of internal controls are monitored on a continuous basis both by the Board of Directors and management to ensure high quality processes. The Company's financial situation and strategy is 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 sets out the principles applicable to accounting and financial reporting and ensures that control activities are in place to manage material risk areas in the processes for the financial reporting. The Audit 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 audits. The Committee also establishes the focus, scope and schedules of the internal auditors whose work is reported to the Audit Committee. Reports are regularly shared with management for possible action. The committee thereby ensures that control activities are in place to manage significant risk areas in the processes for financial reporting. The Audit Committee also receives regular updates on GRC from the General Counsel. At least one Board meeting per year evaluates the internal controls over financial reporting. At the same meeting, the Board also evaluates the Group's risk management.

AFRY's system for financial management and control secures effective financial monitoring throughout the operations. Reports are generated monthly for each profit centre and reports on project finances are reviewed continuously. Identified errors and measures taken are reported in the line organisation to an immediate superior. The implementation of the management system is continuously monitored through quality audit. AFRY conducts regular audits and quality reviews of the operations to monitor the application of internal controls and the management system and to ensure that they live up to the Group's internal ambitions, external requirements, and expectations. The prioritised areas for the audits are quality, environment and working environment, processes and systems, observance of the risk management process in the tendering procedure and quality review of the projects which the Group has undertaken to carry out. Reports are produced for the President and CEO and to Group management.

Internal Audit

The Internal Audit function provides independent assurance and evaluation on risk management and internal control and monitors the effectiveness of the implementation of the management system. The Internal Audit team plans their work with input from the Audit Committee, Group Management, Divisional Management and Group Functions. Internal audits are carried out for individual divisions and support functions, as well as for Company-wide processes and in thematic areas. The outcome of the audits are regularly reported to the Audit committee and Group Management. An action plan is prepared jointly with the appropriate business owner to handle observations made. The internal audit follow up on the audits, in conjunction with the business owner, to ensure that every highlighted observation is addressed within a defined time period.

The statutory sustainability report, whose content is given on page 118 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 AFRY AB, corp. id 556120-6474

Engagement and responsibility

The Board of Directors is responsible for the corporate governance report for 2022 on pages 38–44 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, 31 March 2023
KPMG AB

Joakim Thilstedt
Authorised Public Accountant