

# 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 Pöry AB

ÅF Pöry 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 Pöry 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 Pöry AB's internal audit is an important support function for the Audit Committee.

ÅF Pöry AB applies the Swedish Corporate Governance Code (available at [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)) and did not deviate from it in 2020. ÅF Pöry AB complies with Nasdaq Stockholm's Rules for Issuers (available at [nasdaq.com/solutions/rules-regulations-stockholm](http://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 Pöry 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.

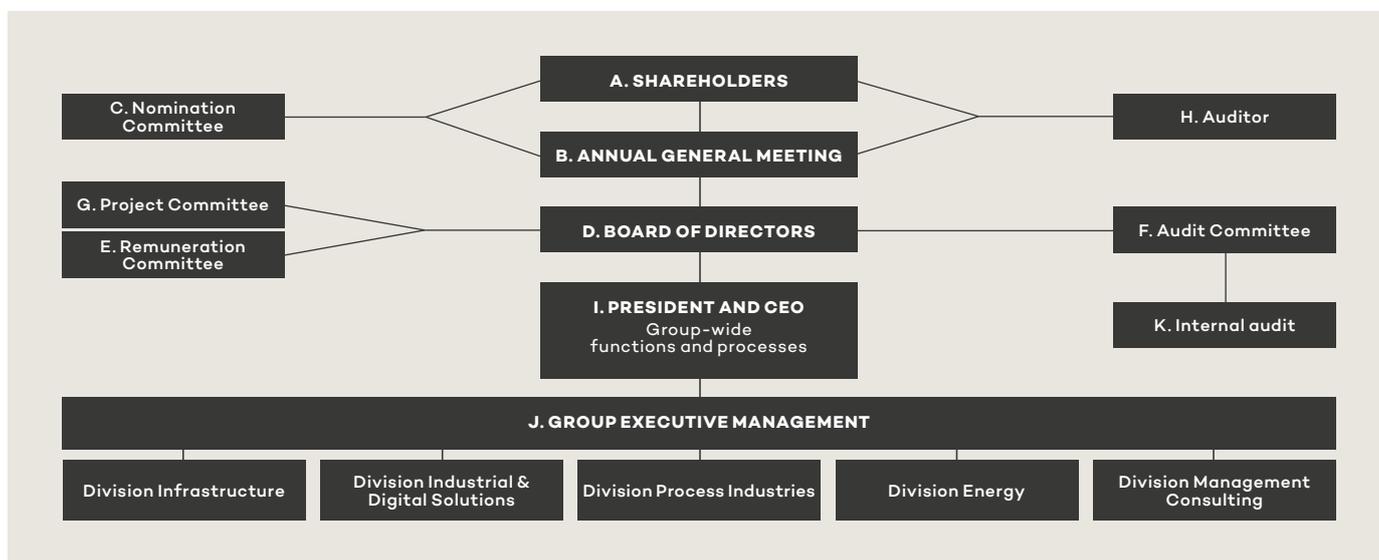
### Share distribution at 31 December 2020

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 Pöry 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; Liljan 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
<b>Employee representatives</b>					
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 Jookim 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