

The Chairman's comments

A few years ago, when the Board of Directors was discussing the outlook for the 2011 financial year, we foresaw even greater uncertainty than usual on the horizon. Tension in the financial system and the acute debt crisis in several West European countries hung like a dark cloud over the global economy. Clearly, this wasn't going to be plain sailing, so we made sure we were well prepared for stormy weather ahead.

In retrospect, we can see that the situation wasn't as bad as we feared and that ÅF has developed in a way that has exceeded our expectations. Profits have improved and the slowdown that we must continue to expect has not yet had any serious impact on operations.

This means that ÅF's long-term growth goal established by the Board of Directors – to double the volume of business over the next five years – remains firmly in place. Organic growth is well in line with expectations. Acquisition activity has been more sluggish recently, but with our well-filled company coffers, the board and management will assign higher priority to these issues in the future.

It is also pleasing to note that ÅF's efforts to renew its brand and increase its appeal as an employer have produced clear results. According to employer branding expert Universum, ÅF is now Sweden's second most popular employer among professional engineers. This is a real strength in a labour market that is competing for the best consultants. We are equally delighted that ÅF also ranks as one of Europe's top 50 dream workplaces for young engineers. That is news that bodes well for the future.

I think the following corporate governance report presents a good picture of how the board works and of which issues are high on our agenda. The overall regulatory framework is well established and the basic features of our corporate structure are characterised by continuity. But the Board of Directors also has the important task of occasionally testing and reviewing the company's geographical and functional focus. The increasing internationalisation of ÅF, albeit with a sharper focus on markets close to our core regions, and the sale of ÅF Kontroll in 2010 are just two of the results of this work.

Sustainability issues play a prominent part in the work of the board. ÅF wants to set a good example in the industry, both in relation to clients and through its own actions. As part of these efforts, ÅF adopted a sustainability policy in 2011 and used this as a basis for revising the Group's risk management processes to meet more clearly the requirements of a world – and our workplace within it – that is constantly changing. Our ambition is also for ÅF to highlight more sustainable options for clients when producing quotes. While such options may initially appear more expensive, they are nevertheless fully justifiable both from an environmental perspective and as a more cost-effective, long-term alternative.



In my opinion, other key tasks include making sure that the company has suitable decision-making and control processes, that the organisation is flexible enough to respond rapidly to change and that the business is run as efficiently as possible. After all, our declared ambition is for ÅF to be a leader in its field.

Finally, a constructive relationship between the board and management is essential for effective corporate governance and productive board work. In that sense, the concept of governance by the board can be misleading. Initiative for change generally comes, of course, from management, which in turn – in a spirit of confidence and trust – benefits from the collective expertise of the Board of Directors. The board naturally bears ultimate responsibility, but I believe that when corporate governance works best, its function as a sounding board for executive management is even more significant.

That's how decisions evolve in a process of interaction between the Board of Directors, management and employees. By working together in this way we shape a strategy for ÅF that will make a good company even better.

Ulf Dinkelspiel
Chairman

Corporate Governance Report

This corporate governance report has been submitted in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The report covers the corporate governance of ÅF during financial year 2011.

In 2011, ÅF did not deviate from the Code. There have been no breaches of Nasdaq OMX Stockholm's Rules for issuers or of generally accepted stock exchange practice.

The corporate governance report has been reviewed by Ernst & Young.

Corporate governance at ÅF

ÅF AB is a Swedish public company with its registered office in Stockholm. The company's class B shares are listed on the Nasdaq OMX exchange in Stockholm. ÅF is governed in accordance with the company's articles of association, the Swedish Companies Act, the Swedish Annual Accounts Act, the listing rules for Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance, and other relevant documents. ÅF did not deviate from the Swedish Code of Corporate Governance in 2011.

Governance, management and control are divided between the shareholders at the AGM, the Board of Directors and the President/CEO.

The articles of association adopted by the AGM are the most important instrument for the company's internal governance, followed by the board's formal work plan and the board's instructions for the President/CEO. ÅF has regularly introduced and developed other processes and control systems to ensure effective and profitable growth.

For the purpose of streamlining and strengthening its work in certain areas, the board has appointed an Audit Committee and a Remuneration Committee. Important support functions for the committees are Internal Control, Risk Management and the Group's Sustainability Function.

The administration of the company by the Board of Directors and the President/CEO, as well as the company's financial reporting are reviewed by the external auditor appointed by the AGM.

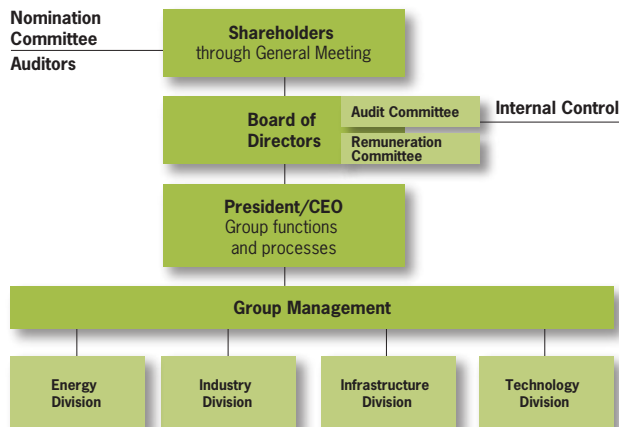
Internal policies and instructions constitute essential management documents for the whole company, clarifying responsibility and authority within specific areas, such as information security, regulatory compliance and risk management.

The foundation that underlies all of the actions of management and co-workers is the company's core values:

- Great people
- Teamwork
- Indisputable independence

These are crucial to the achievement of the company's vision and goals.

Group management works actively to ensure that all co-workers identify fully with the company's core values. The company's strategy for and handling of sustainability issues are also part of the company's governance.



ÅF's major shareholders

Ångpanneföreningen's Foundation for Research & Development holds shares that correspond to a total of 40.9 percent of the total number of votes for all shares in the company. For further information on shareholders and the ÅF share, please see pages 44–46 and the ÅF website.

ÅF's Annual General Meeting for 2011

The AGM for 2011 was held at the ÅF Group's head office in Solna, Sweden, on 2 May. It was attended by 139 shareholders, representing 50 percent of the share capital and 65 percent of the total number of votes. The minutes of the meeting together with all the documentation issued prior to the AGM are available on the ÅF website, under the section for Corporate Governance.

Nomination Committee

In accordance with a resolution passed at the AGM on 2 May 2011, the Nomination Committee shall, up until the time of the 2012 AGM, consist of the Chairman of the Board together with representatives for at least three and at most five of the shareholders with the largest number of votes in the company. The names of the members of the committee shall be announced no later than six months before the 2012 AGM.

The Nomination Committee comprises Staffan Westlin (Chair), representing Ångpanneföreningen's Foundation for Research & Development, Ulf Dinkelspiel, in his capacity as Chairman of the Board of ÅF, Conny Carlsson, appointed by CapMan Public Market Funds, Åsa Nisell appointed by Swedbank Robur, and Jan Särilvik appointed by Nordea Fonder.

The duties of the Nomination Committee

The Nomination Committee submits proposals, prior to the AGM, on the number of board members, the composition and remuneration of the board, and any fees payable for committee work. The committee shall also submit proposals on who is to chair the Board of Directors and the AGM and on auditors and their fees. In accordance with its remit, the committee shall also carry out those duties assigned to it under the Swedish Code of Corporate Governance.

The work of the Nomination Committee

In the period up to and including February 2012 the committee has held nine minuted meetings and maintained contact between meetings. To assess how well the present Board of Directors meets the demands that will be placed on the board in consequence of the company's position and future focus, the committee has discussed the size and composition of the board in relation to, for example, experience in the industry and specialist expertise. As a basis for the committee's work, the Chairman of the Board has informed the committee about the work of the board during the year and of the work undertaken by the Audit Committee and the Remuneration Committee. The Nomination Committee has also familiarised itself with the results of the evaluation of the board and its work, and interviewed individual members of the board.

No remuneration has been paid for work on the committee.

All shareholders are entitled to approach the committee with suggestions for board members. The committee's proposals, the report on the committee's work prior to the 2012 AGM, and supplementary information on the proposed members of the board will be published in connection with the notice convening the 2012 AGM, and will be presented at the meeting.

Board of Directors

The Board of Directors of ÅF shall consist of a minimum of six and a maximum of ten members, with a maximum of five deputies appointed by the AGM. The 2011 AGM appointed eight directors with no deputies. The President/CEO of ÅF is not a member of the board. The company's employees are, however, represented on the board.

Anders Narvinger was elected as a new director of the company by the 2011 AGM. Jon Risfelt stood down from re-election. Ulf Dinkelspiel, Patrik Enblad, Eva-Lotta Kraft, Björn O. Nilsson, Helena Skåntorp, Anders Snell and Lena Treschow Torell were re-elected. Ulf Dinkelspiel was elected by the AGM to serve as Chairman of the Board up until the next AGM. The board elected Lena Treschow Torell as its Deputy Chair. The President/CEO of ÅF, Jonas Wiström, is not a member, but participates in board meetings to present reports. The Group's CFO, Stefan Johansson (who replaced Jonas Ågrup in this position in November 2011), also participates to present reports. Viktor Svensson, Executive Vice President Corporate Information, serves as secretary to the board. For more information on the Board of Directors, please refer to pages 124–125.

Independence of members of the board

The composition of the board of ÅF meets the requirements for independent directors laid down by the rules of Nasdaq OMX Stockholm and the Swedish Code of Corporate Governance. Directors Björn O. Nilsson and Anders Snell hold positions of dependence with regard to the largest shareholder, Ångpanneföreningen's Foundation for Research & Development.

Work of the Board of Directors

Each year the board produces a written formal work plan which sets out the responsibilities of the board, and which governs the allocation of duties among board members, the rules for decision-making, dates and times of board meetings, notification, agenda and minutes for board meetings, and the board's work with accounting and auditing matters.

The ÅF board holds an inaugural meeting immediately after the AGM, after which it is required to meet at least four times per calendar year. Every ordinary board meeting follows the agenda set out in the board's formal work plan, which includes a report from the President/CEO, financial reports and various strategic matters.

The board has opted to appoint a Remuneration Committee and an Audit Committee.

Work during the year

During 2011 the board held eight meetings in addition to the inaugural meeting, including one telephone meeting for which the relevant documentation was sent out in advance. Four of the meetings were held in connection with the publication of the company's interim reports. In connection with the board meeting in September, a visit was made to ÅF's office in Copenhagen.

The work of the board revolves mostly around strategic issues, business plans, budgeting, accounts and acquisitions, in addition to other decisions which, under the company's rules for decision-making, are dealt with by the board. Reports on the progress of the company's operational activities and finances are a standing item on the agenda. A strategy seminar was held at the meeting in September, and included a thorough review of each division. At every ordinary board meeting, there is a more in-depth presentation of one of ÅF's business areas or departments.

On one occasion each year the board discusses issues related to succession planning for senior executives within the company.

Attendance at board/committee meetings in 2011

	Function	Board	Remuneration Cttee	Audit Cttee
Number of meetings		9	3	5
Ulf Dinkelspiel	C	9 (9)	3 (3)	4 (5)
Patrik Enblad	M	9 (9)		
Eva-Lotta Kraft	M	9 (9)		5 (5)
Anders Narvinger*	M	5 (5)	1 (1)	
Björn O. Nilsson	M	8 (9)		
Jon Risfelt **	M	3 (4)	2 (2)	
Helena Skåntorp	M	7 (9)		5 (5)
Anders Snell	M	9 (9)		
Lena Treschow Torell	VC	5 (9)	3 (3)	
<i>Employee representatives:</i>				
Fredrik Sundin	M	9 (9)		
Patrik Tillack	M	9 (9)		
Magnus Forslund*	D	0 (1)		
Patrik Kerttu**	D	1 (1)		
Anders Toll	D	0 (0)		

* Elected to the Board of Directors on 2 May 2011

** Resigned from the Board of Directors on 2 May 2011

Employee representatives' deputies normally attend only the inaugural meeting of the board.
C = Chair VC = Deputy Chair M = Board member D = Deputy

Evaluation of the Board of Directors and President/CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the board by issuing each director with a detailed questionnaire, which is answered anonymously. The questionnaire covers areas such as the climate of cooperation, the breadth of expertise available and the manner in which the work of the board has been carried out. The object of the evaluation is to obtain an understanding of the directors' opinions on how the work of the board has been carried out, and what measures may be taken to improve the efficiency of this work. The results of the questionnaire are discussed by the board and communicated to the Nomination Committee.

The Board of Directors evaluates the work of the President/CEO on an ongoing basis, by monitoring the progress of the business against the targets that have been set. A formal evaluation is carried out once a year, and the results are discussed with the President/CEO.

Remuneration Committee

The Remuneration Committee is tasked with considering and making recommendations on salaries, other terms of employment and incentive programmes for the President/CEO and other senior executives in the company. The committee also deals with matters relating to overall conditions of employment and remuneration packages for all of the company's employees. The committee reports to the board. Prior to the 2012 AGM the committee has met on three occasions. The committee consists of Ulf Dinkelspiel (Chair), Anders Narvinger (who replaced Jon Risfelt on 2 May 2011) and Lena Treschow Torell. The President/CEO attends as a co-opted member, as does the CFO and ÅF's Director Human Resources. Remuneration has been paid to the company's directors for their work on the committee.

Audit Committee

The Audit Committee is a vital communications link between the board and the company's auditors, supporting the work of the board by safeguarding the quality of financial reports and following up the results of the reviews and audits carried out by the external auditors. The company's internal audit staff support the committee in its work. Since the 2011 AGM the committee has consisted of Helena Skåntorp (Chair), Ulf Dinkelspiel and Eva-Lotta Kraft. All members are independent of the owners and the company's management. The committee held five minuted meetings in 2011. The company's auditor has attended four of the meetings of the committee. The President/CEO attends as a co-opted member, as does the CFO and the manager responsible for the ÅF Group's financial reporting. The company's internal auditor has attended two meetings during the year. Remuneration has been paid to the company's directors for their work on the committee.

Auditors

The Nomination Committee is tasked with proposing auditors to the AGM. The auditors work for and on behalf of the shareholders to audit the company's accounting records, the annual accounts and the administration of the Board of Directors and the President/CEO. The 2011 AGM appointed the accounting firm Ernst & Young AB, represented by Lars Träff as auditor in charge, as the company's auditors to serve to the end of the AGM in 2012.

Ernst & Young carries out the audit of ÅF AB and major units within the ÅF Group. A full audit of the annual accounts is carried out, and there is also an examination of the nine-month interim report for the period up to September each year. An examination is also carried out of the Group's corporate governance report and of the compliance with the guidelines approved by the AGM relating to remuneration to senior executives.

CEO and Group management

The Board of Directors has delegated operational responsibility for the administration of the company and the Group to the company's CEO. The CEO leads operations within the framework laid down by the board. The board has adopted instructions for the division of responsibility between the board and the CEO, which are updated and approved each year.

The CEO has appointed a Group management team with day-to-day responsibility for various aspects of the Group's operation. During 2011 ÅF's Group management team consisted of the CEO, the divisional Presidents, the CFO, the Director for Human Resources, the General Counsel, the Executive Vice President for Corporate Information, and the PA to the President, who serves as secretary to the Group management team. For further information about the members of the Group management team, please see pages 126–127.

ÅF's Group management team normally meets once a month, to discuss matters such as the Group's financial performance, acquisitions, group-wide development projects, succession planning and competence development, together with various other strategic issues. Eleven minuted meetings were held during 2011.

Once a month the CEO and the CFO discuss each of the divisions' results, balance sheets and key figures with the relevant divisional management team and conduct a status review of any major projects.

The board's description of internal controls

The board's responsibility for internal controls is regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance, which set out requirements for annual external disclosures on how internal controls over financial reporting are organised.

Board members must keep themselves informed about the state of affairs in the company and evaluate the internal control system on a regular basis.

Internal controls at ÅF are designed to ensure that the company's operations are efficient and fit for purpose, that financial reporting is reliable, and that applicable laws and regulations are complied with.

ÅF divides its internal controls over financial reporting into the following components: Control environment, Risk assessment, Control activities, Information & Communication, and Follow-up.

Control environment

The control environment constitutes the basis for internal controls over financial reporting. One important aspect of the control environment is that decision paths, authority and responsibility are clearly defined and communicated between different levels of the organisation, and that there are guidance documents in the form of policies, guidelines and manuals. The term "control environment" describes the organisation, decision paths, authority and responsibility for financial reporting.

A description of ÅF's internal control system is included in the company's process-orientated business management system (ONE) used for managing and supporting day-to-day business operations. This sets out the organisational structure, together with the authority and responsibility vested in the various roles in the business. The process orientation of the ONE management system guides users to the relevant routines and appropriate tools for the particular task in question, thus providing a sound basis for compliance with requirements and expectations. The management system is available to all employees via the ÅF intranet.

Risk assessment

ÅF's risk assessment in respect of financial reporting aims to identify and evaluate the key risks affecting financial reporting in the ÅF Group's companies, business areas, divisions and processes. Risk assessment results in control targets that help to ensure that the fundamental requirements of external financial reporting are met, and provides a basis for managing risk through a variety of control structures. The risks are considered, assessed and reported by ÅF centrally together with the divisions. Risks are also considered in specific constellations; for example, risks associated with fixed-price projects and acquisitions.

Control activities

In order to ensure that the business is run efficiently and that the scheduled financial reports consistently provide a true and fair view of the situation, each process has a number of built-in control activities. These involve all levels of the organisation.

Risks are accepted, reduced or eliminated. At ÅF these control activities comprise two elements: an organisation with clearly defined roles that facilitate an effective and, from an internal control perspective, appropriate division of responsibility; and specific activities that

aim to identify or prevent the risk of reporting errors. For all ÅF units, including those outside Sweden, result analysis and other control activities take place continuously through the finance functions of the various divisions and ÅF AB's Group Accounting and Reporting department. All accounting and reporting activities for ÅF's Swedish operations are centralised under ÅF Business Services (ÅBS) in Solna, where the processes have been standardised and are continuously being made more robust. Control activities at ÅBS 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 & Communication

Information about and the communication of policies, process descriptions, routines and tools applicable to financial reports are contained in the management system that is available to the relevant personnel via the ÅF intranet. Updates are carried out in the event of any changes in internal or external requirements or expectations with regard to financial reports. The ÅF Group uses a process where divisional management confirms compliance with group policies each year.

Communication with internal and external parties is governed by a communication and IR policy, which sets out guidelines for the form this should take. The policy aims to ensure that all disclosure obligations are met properly and in full. Internal communication aims to ensure that every employee understands ÅF's values and business activities. Information is actively communicated on an ongoing basis through the Group's intranet in order to keep employees informed.

Follow-up

Compliance and the efficacy of internal controls are followed up on an ongoing basis by both the board and management to guarantee the quality of the processes. The company's financial situation and strategy in respect of its financial position are considered at every board meeting. The board also receives detailed monthly reports on the company's financial position and the development of the business. The Audit Committee fulfils an important function by guaranteeing control activities for key risk areas in the financial reporting process. The Audit Committee, management and the internal audit function regularly follow up any reported non-conformances.

ÅF's system for financial management and control paves the way for effective financial follow-ups throughout ÅF. Monthly reports are submitted for each profit centre, and the reports on the financial performance of assignments reflect the highest standards of reliability and detail. Any errors that are identified and any measures that are taken are reported to the next level up in the line organisation.

ÅF's internal audit function carries out independent audits to monitor whether the internal control and management systems live up to ÅF's internal ambitions and external requirements and expectations. Priority areas for ÅF's internal audits are the ÅF brand, ÅF's values and ethics, processes and systems, as well as the assignments that ÅF has undertaken to perform. Reports are submitted to the President/CEO and the board's Audit Committee.

Sustainable business development

The ÅF Sustainability Strategy is the platform on which ÅF is building strategically and with a long-term perspective to become a more sustainable business. This sustainability work is to contribute to the company's growth and is therefore followed up by both the Board of Directors and by Group management. For further details about the work that ÅF is engaged in with regard to sustainability, please see pages 48–54.

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of ÅF AB, corporate identity number 556120-6474

It is the board of directors who is responsible for the corporate governance statement for the year 2011 on pages 119-123 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement 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.

In our opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, Sweden – 9 March 2012
Ernst & Young AB

Lars Träff
Authorised Public Accountant