



The Board also discussed the overall strategy for Investor thoroughly at the yearly strategy review.

relation to the established objectives. A formal performance review is carried out once a year.

**Work of the Board in 2018**

During the year, the Board held 13 meetings (of which three per capsulam). The Board members’ attendance is shown in the adjacent table. The secretary of the Board meetings was, with a few exceptions, General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with written information on the issues that were to be discussed. Each Board meeting has included an item on the agenda during which Board members had the opportunity to discuss without representatives of the company’s Management being present.

The Board has discussed, among other things, the acquisition of shares in, inter alia, Ericsson and Electrolux, the spin-off of Epiroc from Atlas Copco, the rights issue of Saab, investments in EQT funds and other strategic matters.

The Board has devoted time to both internal and external presentations of the financial markets. The Board has discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor’s holdings and the long-term strategies of such holdings. The CEOs of Ericsson, Mölnlycke, SEB and Wärtsilä have made presentations about their respective company to the Board. The Board has also visited Mölnlycke’s and Wärtsilä’s plants in Mikkeli and Vaasa. Furthermore, the Management for Patricia Industries has held a presentation on the development of this business area and its portfolio companies, including the new subsidiaries Piab and Sarnova, as well as the key points in Patricia Industries’ value creation plans.

An important part of the Board’s work is the financial reports presented, including those prior to the interim report, the interim management statements and the year-end report. At regular Board meetings reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding holdings. Succession planning is also evaluated yearly by the Board.

Committee work is an important task performed by the Board. For a description of the work conducted by the Committees during 2018, see the adjacent table.

During the year, the company’s Management presented value creation plans for Listed Core Investments, including analyses of the holdings’ operations and development potential in the business areas where they are active. These analyses were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions. The Board also discussed the overall strategy for Investor

Board Committees’ work 2018		
	Audit and Risk Committee	Remuneration Committee
Members	Grace Reksten Skaugen (Chair) Gunnar Brock Magdalena Gerger Jacob Wallenberg	Jacob Wallenberg (Chair) Tom Johnstone, CBE Lena Treschow Torell
Number of meetings	6	10 (of which 6 per capsulam)
Focus areas in 2018	<ul style="list-style-type: none"> <li>Analyzed each interim report, interim management statement the year-end report and the Annual report for completeness and accuracy.</li> <li>Evaluated accounting and valuation principles, incl. impairments and estimated market values for Patricia Industries.</li> <li>Followed up Audit reports.</li> <li>Followed up on the internal control in the financial reporting process.</li> <li>Evaluated risk for errors in the financial reporting and followed up recommendations on improvements.</li> <li>Evaluated the auditor performance and presented to the Nomination Committee.</li> <li>Followed up on management costs, limits, mandates and risk exposure.</li> <li>Approved updates of Group policies.</li> <li>Followed up on implementation of the new EU General data Protection Regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated and approved remuneration structures for employees and salary reviews for Extended Management Group.</li> <li>Evaluated and assessed the CEO’s goals and terms and conditions for remuneration, which were then approved by the Board.</li> <li>Discussed strategic employee and compensation related issues.</li> <li>Monitored and evaluated guidelines for salary and other remuneration including the long-term variable remuneration programs, both ongoing and those that have ended during the year.</li> <li>Monitored and evaluated the application of guidelines for salary and other remuneration that were approved by the AGM.</li> <li>Prepared a proposal to the Board to submit to the AGM 2019 long-term variable remuneration programs, both for Investor and Patricia Industries.</li> </ul>

thoroughly at the yearly strategy review. The Board regularly received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor's involvement in EQT.

In addition to participating in meetings of the Audit and Risk Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's Management being present.

#### **Board Committees**

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed Committees. The Board Committees are the Audit and Risk Committee and the Remuneration Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting. The Committee's duties and decision making authorities are regulated in the annually approved Committee instructions.

The primary objective of the Committees is to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from the company's specialist functions always participate in Committee meetings.

The Audit and Risk Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit and Risk Committee also evaluates financial strategies, risk exposure and that the company's compliance efforts are effective.

The responsibilities of the Remuneration Committee are, among other things, to monitor, evaluate and prepare guidelines for salary and other remuneration and to decide remuneration to the mem-

bers of the Extended Management Group, except for the CEO for whom the Board as a whole sets the remuneration.

#### **The CEO and Management**

The Board appoints the CEO and approves the Instruction for the CEO. The CEO is responsible for the day to day business of the company. The responsibilities include, among other things, ongoing investments and divestments, employees, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market. The CEO ensures that the Board is provided with the requisite material for making well-informed decisions.

For his support the CEO has appointed a Management Group. The Management Group regularly works with specific business transactions, follow-up on value creation plans, sustainability issues and the company's financial flexibility. Frequently risk assessment and company strategy are evaluated. When the Extended Management Group meets, organization and employee matters are also discussed. For members of the Extended Management Group, see page 48.

#### **Control functions**

The Risk Control function is responsible for coordinating the internal reporting of Investor's significant risks at the aggregate level. The Risk Control function reports to the Audit and Risk Committee.

The Compliance function supports Investor's compliance with laws and regulations, and maintains internal regulatory systems and education to this end. The Compliance function reports to the Audit and Risk Committee.

The review function, Internal Control, provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas.

The Internal Control function regularly provides reports on its work to the Audit and Risk Committee during the year.

#### **Remuneration**

##### ***Remuneration to the Board***

The total remuneration to the Board approved by the 2018 AGM was SEK 10,835 t. Since the 2008 AGM, it is possible for Board members to receive a portion of their remuneration in the form of synthetic shares. Information on specific remuneration is provided in the table on page 40 and in note 10, Employees and personnel costs.

At the statutory Board meeting in May 2018, the Board adopted, as in 2011-2017, a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year's Board remuneration, before taxes, excluding remuneration for Committee work.

##### ***Remuneration to Management***

The total remuneration for the CEO is determined by the Board. Remuneration issues concerning other members of the Extended Management Group are decided by the Remuneration Committee, after which the Board is informed.

Investor's policy is for the Extended Management Group to own shares in Investor corresponding to a market value of at least one year's gross salary for the CEO and at least half of one year's gross salary for the other members of the Extended Management Group.

See note 10, Employees and personnel costs, and on the website, for the most recently approved guidelines on remuneration and for a description on the long-term variable remuneration programs. See also the website for the information and