

## Annual General Meeting of Investor AB on May 8, 2018

### Monitoring and evaluation of Investor AB's remuneration to the President and other Members of the Extended Management Group

*(Report according to The Swedish Corporate Governance Code)*

The Remuneration Committee annually monitors and evaluates on-going, and during the year completed, programs concerning variable salary. The Remuneration Committee also monitors and evaluates the current remuneration structure and levels of remuneration in the Company, the application of the guidelines approved at the Annual General Meeting concerning salary and other remuneration to the President and other Members of the Extended Management Group as well as programs for long-term variable remuneration.

#### Objectives

Investor shall strive to offer competitive total remuneration which will enable the Company to recruit and retain the right senior executives. The remuneration components give the Company appropriate control instruments and a common interest to run the business towards long-term competitive return on the shares is created between the Company's employees and owners.

#### Variable cash salary

The variable cash salary is connected to individual goals that are set annually. The goals are both quantitative and qualitative and aim at realising Investor's long-term strategy. In 2017, goals have for example been targets linked to projects and operations related to the portfolio companies and targets relating to specific projects or activities.

Monitoring and evaluation of variable cash salary are carried out in the end of each year.

Fulfillment of the goals set for the President is monitored and evaluated by the Remuneration Committee. The variable cash salary is proposed by the Remuneration Committee and thereafter established by the Board of Directors. Remuneration issues concerning other Members of the Extended Management Group are decided by the Remuneration Committee, after which the Board is informed.

#### Long-term variable remuneration

Investor's program for long-term variable remuneration has, from and including 2006, been composed of a Stock Matching Plan applicable to employees and in addition to that a Performance-Based Share Program applicable to senior Management. The possibility to acquire shares under the Stock Matching Plan is connected to the employee's holding of shares in Investor under a certain period of time. The possibility to acquire shares under the Performance-Based Share Program is, from 2009, tied to the total return of the Investor share under a period of three years. The number of shares that may be acquired is dependent on the outcome of the performance criteria, but shall not exceed the maximum amount as determined at the time of allotment. The program for 2015 is the most recent program where the vesting period has lapsed. The outcome of the performance criteria under the program for 2015 has resulted in that senior Management, with the right to acquire Performance Shares, is being entitled to acquire 60 percent of the maximum number of Performance Shares. The maximum amount of Performance Shares according to decision at the time of allotment was 163,585. The vesting periods for the programs 2016 and 2017 have not yet lapsed.

The development of the programs is evaluated on a continuous basis throughout the year. The Remuneration Committee also carries out a more thorough evaluation of the programs, usually every third year. Prior to the Annual General Meeting in 2006 the Board of Directors prepared, in consultation with representatives of a number of Investor's shareholders, a new program for long-term variable remuneration. Prior the Annual General Meeting in 2009 a project group, appointed by the Remuneration Committee, carried out a thorough evaluation of the long-term

variable remuneration program for the Management and other employees which was adopted at the Annual General Meeting in 2008. The evaluation resulted in that the program that was proposed to the Annual General Meeting in 2009 was simplified and that a clearer connection was created to the long-term development of the value of the Investor share. During 2011 the Remuneration Committee initiated a thorough evaluation of the long-term variable remuneration program for the Management and the employees which was adopted at the Annual General Meeting 2011. The evaluation was made from four perspectives; the employees' motivation and alignment of interest with shareholders, the control effects, the effects of the program on the shareholder value and simplification. As a result of the evaluation, the Board discussed and evaluated alternative changes to the long-term variable remuneration program. The long-term variable remuneration programs proposed by the Board and decided by the Annual General Meetings in 2012-2017 were substantially the same as the program from 2011, with the exception that the price for acquiring Performance Shares as well as the total number of Performance Shares under the Performance-Based Share Program were reduced. During 2016, a renewed evaluation of the long-term variable remuneration program was conducted, based on the same four perspectives described above. The Board has decided to propose to the Annual General Meeting 2018 a long-term variable remuneration program which is substantially the same as the programs from 2012-2017. However, employees within Patricia Industries shall not be included in the program since such employees instead are covered by a separate long-term variable remuneration program, designed specifically for employees within Patricia Industries. This program, that is built on the same structure as Investor's long-term variable remuneration program but which is related to the value growth of Patricia Industries, was launched for the first time in 2017. The Board of Directors has decided to propose to the Annual General Meeting 2018 a program for long-term variable remuneration for Patricia Industries which is substantially the same as the program from 2017.

#### Guidelines for salary and other remuneration

The guidelines for salary and other remuneration to the President and other Members of the Extended Management are evaluated continuously throughout the year. In order to carry out the valuation, the Remuneration Committee collects information from, among others, the President, the Head of Corporate Governance, the Head of Human Resources and external advisors. The internal and external information facilitates to ensure that the remunerations in Investor are in line with market conditions and competitive. Further, comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total level of remuneration in line with market conditions and in order to evaluate current remuneration levels. The result of such studies is an important variable when determining the total remuneration for Management and other employees.

#### The Remuneration Committee's conclusion

The Remuneration Committee's overall conclusion is that the currently applied structures and levels of remuneration in the Company are well suited to fulfil the objectives of the remuneration.

---

Stockholm, March 2018

Investor AB (publ)  
The Board of Directors