

investor

Sustainability Policy

Approved by Investor AB's Board of Directors
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C1 - Public

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1 Introduction

Investor AB (“Investor”) believes that companies that integrate sustainability in their operations and business decisions will be more successful and create more long-term value. Investor has a long tradition of acting as an engaged and responsible company and owner and defines sustainability as the delivery of long-term value in economic, social and environmental terms. It is in its role as an owner, Investor can contribute the most to a sustainable development of society – through the capital it provides, the engaged ownership role it takes and the employment, innovations, products and services that Investor’s portfolio companies provide.

The purpose of this policy is to define Investor’s framework for sustainability. It describes the roles and responsibilities for fulfilling Investor’s objectives as a responsible owner and company and is supplemented by Investor’s Code of Conduct, Tax Policy and Governance, Risk and Compliance Policy.

2 Scope

The Policy applies to Investor AB including its directly and indirectly consolidated subsidiaries, however, excluding its operating subsidiaries (“Investor”). The operating subsidiaries should form their own policy frameworks that set the principles in line with Investor’s principles and meet their risks, material areas and business specific requirements.

3 Roles and Responsibilities

The Investor Board of Directors is responsible for Investor’s sustainability approach, focus areas and policy. The policy is reviewed by the Audit and Risk Committee and approved by the Board of Directors on an annual basis. The Board decides on overall objectives and key performance indicators.

The Investor Management Group decides on the execution of the sustainability approach and policy. Within the Management Group the Head of Corporate Communication & Sustainability is responsible for coordinating and driving the overall sustainability work. Each business area is responsible for implementing the policy.

4 Policy statements and Focus areas

Investor integrates sustainability in its role as an owner and a company by taking a broad business approach and targets three focus areas:

- Business Ethics & Governance
- Climate & Resource Efficiency
- Diversity & Inclusion

As an owner, Investor impacts through board representation and sustainability is integrated in the value creation plans developed for each portfolio company. Investor expects the Board of Directors in the portfolio companies to decide on relevant targets for each company.

4.1 Business Ethics & Governance

Business ethics and governance constitute the foundation for Investor's ownership model with clear roles and responsibilities. Investor supports universally recognized human rights and assumes long-term accountability for ethical standards. Investor strives to comply fully with the laws, rules and ethical principles that govern Investor's business. As a company, Investor focuses on providing an open and inclusive working environment where ethical behavior is key. Investor's Sustainability Guidelines define the expectations applicable to Investor and all Investor's portfolio companies to conduct their operations in a responsible and ethical manner. For our portfolio companies the respective Board of Directors are ultimately responsible.

Investor's Sustainability Guidelines

- 1) Ensure that sustainability is integrated into the business
- 2) Act ethically and in compliance with local and national legislation in each country of operation
- 3) Regularly assess material sustainability topics and have an active dialog with stakeholders
- 4) Sign and adhere to the UN Global Compact, commit to UN Sustainable Development Goals, support the ILO conventions, Universal Declaration of Human Rights, as well as the OECD Guidelines for Multinational Enterprises
- 5) Implement policies and Code of Conduct that address relevant sustainability areas including business ethics
- 6) Analyze risks and opportunities and formulate relevant measurable targets
- 7) Continuously improve social, environmental and economic impact with a special focus on innovation, climate, diversity & inclusion
- 8) Have adequate processes and resources to manage and monitor sustainability performance
- 9) Have a secure reporting channel for whistleblowing in place
- 10) Transparently report on the sustainability development

4.2 Climate & Resource Efficiency

As an industrial holding company, Investor acknowledges its role to accelerate the transition to a sustainable low-carbon economy. Investor believes that increasing resource efficiency and investing in new technologies are key to futureproof its portfolio companies to stay best-in-class. Investor is committed to climate targets aligned with the Paris Agreement's 1.5 degrees ambition. Investor integrates climate and resource efficiency considerations in its investment process and commits to reduce its indirect negative environmental impact and increase the positive impact. Investor takes a precautionary approach to environmental challenges and is committed to comply with environmental regulation and to use natural resources and energy more efficiently to reduce waste and emissions.

The overall objectives are:

- Reach net zero CO_{2e} emissions as a company by 2030 (scope 1 and scope 2).
- Reduce the aggregated portfolio of companies scope 1 and 2 CO_{2e} emissions by 70 percent by 2030 compared to 2016.
- The ambition to reach net zero emissions across the value chain by 2050 at the latest.
- All portfolio companies have relevant reduction targets related to their products, services and/or value chains (scope 3 emissions).
- Encourage all portfolio companies to align with the Paris Agreement and when relevant, to commit to Science Based Targets.

- Encourage all portfolio companies to report climate related risks and opportunities in accordance with the Task Force on Climate Related Financial Disclosure (TCFD) framework.

4.3 Diversity & Inclusion

Investor believes that building long-term successful companies requires people with different competences, perspectives and experiences. Diverse teams characterized by inclusion stimulate innovation and drive better decision-making, which is key for companies to outperform.

Investor aims to provide a best-in-class working environment for its employees. It is our ambition as a company to recruit from a broad talent base and contribute to a meritocratic business community free from unconscious bias. We aim for our employees to feel a sense of belonging and feel valued as individuals. We strive to create a workplace and a culture that is inclusive and free from discrimination. Investor respects the rights of all employees to form and join trade unions and to bargain collectively. Investor is committed to offering a safe and healthy working environment for its employees.

The overall objectives are:

- To actively promote diversity and encourage the portfolio companies to do so.
- Investor and all portfolio companies shall measure the perceived level of inclusion among employees on a regular basis.
- To reach a gender balance of 40/60 in the portfolio companies' board of directors and executive management teams from an overall portfolio perspective as of 2030.
- To maintain a gender balance of 40/60 in Investor's group management.

4.4 New Investments

Investor has clear criteria when investing in new portfolio companies. Investments in new portfolio companies can be made in companies in the following sectors: health care (products and services), industrials, technology, business services, infrastructure and real estate. If other sectors are to be invested in, a Board decision needs to be taken.

Material sustainability aspects are considered as part of the investment analysis. Prior to investing in a new portfolio company, Investor conducts a due diligence that also includes relevant sustainability related areas, such as human rights, business ethics and environmental issues. The assessment focuses on the material areas for the specific investment.

5 Stakeholder Engagement

Investor strives to address sustainability issues that are relevant for Investor as an engaged owner and where Investor can make the most impact. Investor's most significant sustainability topics are identified and prioritized via ongoing engagements and dialogues with different stakeholders. Investor shall act responsibly and in a transparent way in its contacts with stakeholders.

6 Reporting

Through Investor's Whistleblower system, employees and external parties can report suspected violations of law or other breaches of internal policies and guidelines.

Investor shall be transparent in its efforts to support long-term sustainable development. Follow-up on Investor's objectives and key performance indicators should be presented to Investor's Board and Management Group on a regular basis. Investor shall report publicly on the sustainability development in the Annual Report.