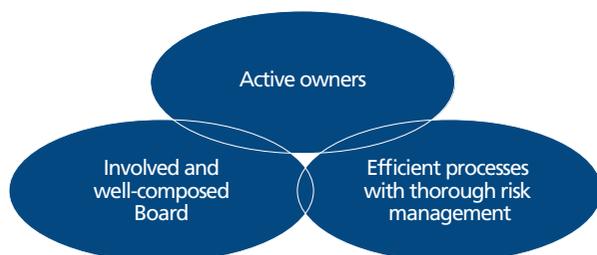


## Cornerstones for good corporate governance



### Work of the Board in 2015

During the year, the Board held 12 meetings, of which eight were regular meetings, three were extra meetings, and one was statutory. The Board members' attendance is shown in the table on page 33. 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.

In the beginning of the year, the Board decided on the succession of the President which was announced on January 28. Thereafter, the Board devoted considerable time to the implementation of Investor's new structure with investments managed within Listed Core Investments, EQT and Patricia Industries, acquisition of shares in, inter alia, ABB and Wärtsilä, investments in EQT-funds, divesture of remaining ownership interests in Lindorff, value creation plans of the companies, and other strategic matters. Prior to each transaction, extensive analysis were presented to the Board.

During the year the Board also worked with developing Investor's role as an active owner within Listed Core Investments and strengthening the processes relating thereto.

The Board devoted time to both internal and external presentations of the financial markets. The Board 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 CEO of Atlas Copco has presented a company presentation.

An important part of the Board's work is the financial reports presented at every regular Board meeting, including those prior to the year-end, the interim report, and the interim management statements. The Board also receives regular reports on the company's financial position. At regular Board meetings, reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding one or more of the company's holdings.

Committee work is an important task performed by the Board. For a description of the work conducted by the Committees during 2015, see page 32.

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 and their implications 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 reviewed and approved these value creation plans for all listed core investments. The Board also discussed the overall strategy thoroughly at the yearly strategy review.

The Board received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor's involvement in EQT. For a description of the work within Patricia Industries and EQT, see page 32.

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. During the year the two committees, the Audit Committee and the Finance and Risk Committee, have merged into one committee, the Audit and Risk Committee. The Board Committees are, after the merger, 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 instruction presented to each Committee annually.

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 ensures also that the company's compliance efforts are effective and monitor risk exposure and financial strategies. The Audit and Risk Committee is the primary way in which the Board and the company's auditor communicate with each other.

The responsibilities of the Remuneration Committee are, among other things, to evaluate and prepare guidelines for salary and other remuneration and to decide remuneration to the members of the Management Group, except for the President for whom the Board as a whole sets the remuneration.

**Board Committees' work 2015**

	Audit and Risk Committee	Remuneration Committee
<b>Members</b>	Grace Reksten Skaugen (Chairman) Gunnar Brock Magdalena Gerger Jacob Wallenberg	Jacob Wallenberg (Chairman) Tom Johnstone, CBE Lena Treschow Torell
<b>Number of meetings</b>	8 (of which 2 in the previous Finance- and Risk Committee)	8
<b>Focus areas in 2015</b>	<ul style="list-style-type: none"> <li>Analyzed each interim report, interim management statement and the year-end report for completeness and accuracy.</li> <li>Evaluated accounting and valuation principles of each business area.</li> <li>Assessed structural and specific tax related issues.</li> <li>Followed-up Audit reports.</li> <li>Followed-up on the internal control in connection with process changes.</li> <li>Evaluated the auditor performance and presented to the Nomination Committee.</li> <li>Followed-up on limits, mandates and risk exposure for each business area.</li> <li>Approved updates of Group policies.</li> <li>Assessed the effect on Investor regarding new and coming regulations.</li> <li>Assessed the reported work accomplished by the Security function regarding information security.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated and approved remuneration structures for personnel and salary reviews for Management.</li> <li>Evaluated and assessed the President's goals and terms and conditions for remuneration, which were then approved by the Board.</li> <li>Discussed strategic personnel 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>Proposed to the Board to submit to the AGM 2016 a long-term variable remuneration program which is substantially the same as the approved program for 2015.</li> </ul>

**The President, the Management Group and the organization**

The President's responsibilities include among other things ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company's stakeholders, such as public authorities and the financial market. The President ensures that the Board is provided with the requisite material for making well-informed decisions.

On May 12, 2015 Johan Forssell was appointed as new President and CEO. The new Management group consisting of Helena Saxon, CFO, Daniel Nodhäll, Head of Listed Core Investments, Petra Hedengran, General Counsel and Head of Corporate Governance and Compliance, and Stefan Stern, Head of Corporate Relations, Sustainability and Communications, was effective as of the same date. For more information about the President and Management Group, see page 37.

The Management Group holds meetings focused on the company's strategy four to five times a year, including risk assessment.

The Management Group regularly works with specific business transactions. During the year the Management Group focused among other things on the formation of the new business area Patricia Industries and the acquisition of additional shares in ABB and in Wårtsilå. Other topics that have been addressed include sustainability issues and the potential impact from technology shifts on Investor's holdings. The Management Group also worked proactively to ensure the company's financial flexibility. The Management Group regularly monitors the organization to ensure that it has the right competences given the company's strategy, goals and challenges.

The Management Group works actively with engaging all employees to develop the corporate culture and act accordingly. For information on Investor's role as employer and owner regarding sustainable business, see page 23 and 24.

Investor's analysts within Listed Core Investments work in business teams with focus on analyzing the holdings, the sector, the market development and competitors to identify value creating initiatives, risks and the companies' return potential. In the Listed Core Investments, see page 12, Investor exercises its active ownership through Board representation.

The Board of Investor decides on capital commitments in the EQT funds, see page 17. Investor invests as a limited partner in each EQT fund and has no influence on the activities within the EQT funds. As also being a sponsor of EQT, Investor receives carried interest and fee surplus on top of the returns from the limited partnership. Johan Forssell is a board member in the holding company of EQT, EQT AB.

Investor's new business area, Patricia Industries, is governed by a mandate given by the Board of Investor. Within this mandate the Board of Patricia Industries independently makes investment and management decisions regarding the companies within Patricia Industries. Patricia Industries' business is divided in a Nordic organization and a North America organization, see page 18. Börje Ekholm is the CEO of Patricia Industries. The partner owned company, 3 Scandinavia, and the wholly-owned operating subsidiaries are governed through Patricia Industries' representation on the Boards of those companies. The board representatives are responsible for ensuring that the Board of Patricia Industries and Investor's Board of Directors are provided