

Corporate Governance Report

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company. For Investor, which is an industrial holding company, the business model of active ownership is to create value in companies. For this, good corporate governance is fundamental. This applies to Investor's own organization, as well as to the companies in which Investor is an owner.

Investor is a Swedish limited liability corporation that is publicly traded on the NASDAQ OMX Stockholm exchange and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.bolagsstyrning.se. This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2012 financial year. The Corporate Governance Report has been reviewed by Investor's auditor, see page 103.

Investor complied with the Code during 2012. Investor did neither deviate from the NASDAQ OMX Stockholm Rule Book for Issuers nor from good stock market practice.

Corporate Governance at Investor

Applicable external legislation, regulations and recommendations, as well as internal policies, instructions and the Articles of Association all form the basis of Investor's corporate governance – from shareholders, the Board and President to company Management.

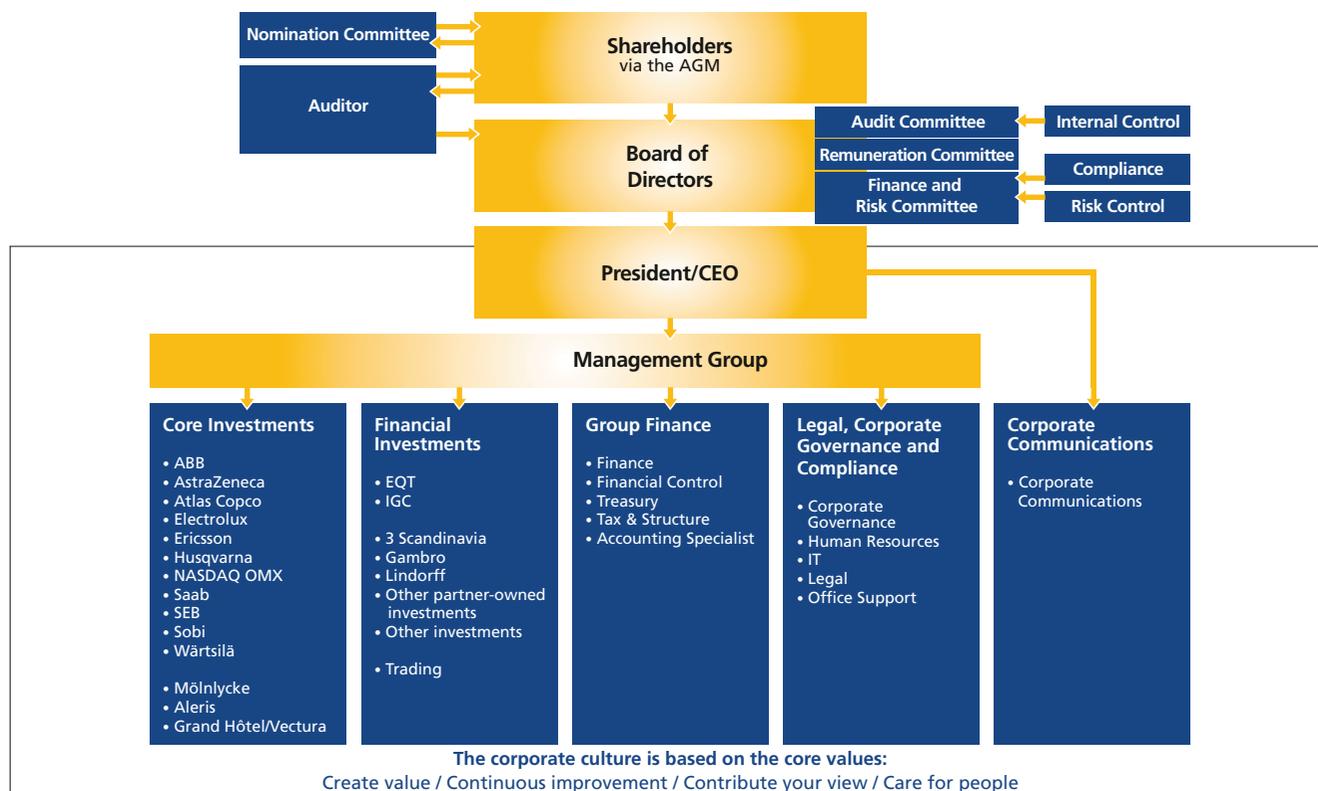
The Annual General Meeting (AGM) is the company's highest decision-making authority and serves as the forum through which Investor's shareholders exercise their influence over the business.

The Nomination Committee is to promote the interests of all shareholders and is responsible for proposing decisions to the AGM on electoral and remuneration issues, such as a proposal for the composition of the Board.

The external auditor appointed by the AGM audits the Board and the President's administration of the company.

On behalf of Investor's owners, the Board oversees the Management of the company's affairs. The Board is headed by the Chairman Jacob Wallenberg. The Board appoints the President, who is charged with carrying out the day-to-day management of the company in accordance with the Board's instructions. The division of responsibilities between the Board and President is

Corporate Governance at Investor



specified in Instructions and Rules of Procedures that are approved by the Board each year.

To increase the efficiency and depth of the Board's work on certain issues, it has established three Committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee.

Internal policies and instructions constitute important control documents in all parts of the company and clarify responsibilities and powers within areas such as information security, compliance and risk. The Management Group actively works to engage all employees in developing the corporate culture and living by the values expressed through it. For more information about Investor's work with sustainable business, see page 25.

AGM and the AGM's decision-making authorities

Investor's AGM is held in the Stockholm area during the first half of the year. No later than at the publication of the third-quarter report, shareholders are informed of the time and place of the AGM and are provided information on their right to have business discussed at the AGM. The notice of the AGM is published at the earliest six weeks, but no later than four weeks, before the date of the AGM.

The AGM is informed about the company's development over the past fiscal year and decides on a number of central issues, such as changes to the company's Articles of Association, the election of auditor, discharging the Board from liability for the fiscal year, remuneration for the Board and fees to the auditor, decisions on the number of Board members, election of the Board for the period up to the close of the next AGM and dividends. Investor always strives to ensure that the Board, Management Group, Nomination Committee and the auditor are present at the AGM.

Shareholders are entitled to participate in and vote at the AGM if they are recorded in the register of shareholders and have reported their intention to attend by the specified deadline. Shareholders who cannot attend the AGM in person may appoint a proxy. To enable non-Swedish-speaking shareholders to participate, the AGM's proceedings are simultaneously interpreted into English. All printed information is available in both Swedish and English.

Decisions at the AGM usually require a simple majority vote. However, for certain items to be resolved at the AGM, the Swedish Companies Act requires that a proposal is approved by a higher percentage of the shares and votes represented at the AGM.

Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes. A-shares are entitled to one vote and B-shares are entitled to 1/10 vote.

2012 and 2013 AGM

Investor's 2012 AGM was held at City Conference Centre on April 17. Approximately 1,000 shareholders, including shareholders represented by proxies, were represented at the meeting, representing 73.6 percent of the votes and 56.6 percent of the capital.

The 2013 AGM will take place on April 15 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should submit such request to the Nomination Committee before February 18 and to the company before February 25, 2013. Contact information is available on the company website.

The President's presentation at the AGM is published on Investor's website the day after the AGM. The documents from the AGM and the minutes recorded at the AGM are also published on the website.

Shares, ownerships and distribution policy

At year-end 2012, Investor had 129,559 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. Investor's share capital totaled SEK 4,795 m., consisting of a total of 767 million shares, of which 312 million are class A-shares and 455 million are class B-shares.

Investor's distribution policy is to distribute a large percentage of the dividends received from listed Core investments, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. Investor AB's goal is to generate a steadily rising annual dividend.

The 2012 AGM decided on a dividend payment of SEK 6.00 per share to shareholders. The Board and President recommend to the 2013 AGM a distribution of dividend to shareholders of SEK 7.00 per share.

Investor's 10 largest shareholders listed by voting rights on December 31, 2012¹⁾

	% of votes	% of capital
Knut and Alice Wallenberg Foundation ²⁾	40.2	18.7
AMF	5.0	3.9
Marianne and Marcus Wallenberg Foundation ²⁾	4.9	2.3
SEB Foundation	4.7	2.3
Marcus and Amalia Wallenbergs Memorial Fund ²⁾	3.1	1.4
First Eagle Investment Management LLC	2.8	1.9
Alecta	2.8	5.3
Skandia Liv	2.8	1.3
Third Avenue Fund	2.5	1.2
Swedbank Robur Funds	1.0	2.5
Total	69.8	40.8

1) Directly registered, or registered in the name of nominees, with Euroclear Sweden.

2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.

Repurchases of own shares

Since 2000, the Board has requested and been granted a mandate by the AGM to buy back the company's shares. The company's holding of its own shares should not exceed 1/10 of all shares outstanding in the company. In 2012, no further shares were repurchased, however, 421,104 of the repurchased shares were transferred during 2012. Also, for the 2013 Annual General Meeting, there is a proposal to give authorization to the Board to buy back Investor shares in order to hedge the long-term share-based remuneration programs.

2012	Number of shares	Share of total number of outstanding shares, %	Nominal value, SEK m.	Transaction price, SEK m.
Opening balance	6,669,158	0.9	41.7	
Acquired	–			
Transferred	–421,104	0.1	–2.6	25.0
Closing balance	6,248,054	0.8	39.1	

Nomination Committee

The AGM decides the procedures of how to appoint the members of the Nomination Committee.

According to the current instruction for the Nomination Committee, the Committee shall consist of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a representative and the Chairman of the Board. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members. For further instructions for the Nomination Committee, see the company website.

Nomination Committee's preparations for 2013 AGM

Up until February 28, 2013, the Nomination Committee had held four meetings at which the minutes were recorded. They also stayed in contact between these meetings. At the Committee's first meeting, Hans Wibom, representing the Wallenberg Foundations, was elected Chairman. All members of the Nomination Committee are presented in table below. Each member of the Nomination Committee signed a confidentiality agreement in connection with the start of their work.

The Nomination Committee is charged with preparing and presenting to the 2013 AGM proposals for resolutions regarding: the Chairman at the AGM, the Board of Directors and the Chairman of the Board, remuneration to the Board (Chairman of the Board, other Board members and Committee work), auditor, audit fees and to the extent deemed necessary, proposal regarding amendments of the current instruction for the Nomination Committee.

In order to reach proper decisions about the composition of the Board, the Committee is furnished with the evaluation of the Board and its work, as well as the Chairman of the Board's report on the company's activities, goals and strategies.

In order to assess the demands imposed on the Board as a consequence of the Company's current position and future direction, the Nomination Committee has discussed the size and composition of the Board, e.g. in terms of competence, industry and international experience, expertise and diversity. An important principle is that the composition of the Board shall reflect and allow various competences and experiences that Investor's active ownership philosophy and long-term ownership involvement require.

The Nomination Committee also studied the audit evaluation and the recommendations of the Audit Committee regarding auditor and fees for audit work.

The Nomination Committee's recommendations with the motivated opinion regarding Board of Directors are made public when notice of the AGM is published and can be found on the company website. The Nomination Committee's proposal is presented at the AGM including motivation together with a report on the work performed by the Committee.

Nomination Committee members 2013 AGM

Nomination Committee members	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders	31/12-12 % of shares
Hans Wibom, Wallenberg Foundations	Yes	No ¹⁾	48.2
Peder Hasslev AMF	Yes	Yes	5.0
Lars Isacson, SEB Foundation	Yes	Yes	4.7
Caroline af Ugglas, Skandia Liv	Yes	Yes	2.8
Jacob Wallenberg, Chairman of the Board	Yes	No ²⁾	

The composition of the nomination Committee was made public on October 5, 2012. The composition meets the independence criteria set forth by the code.

1) Representing the Wallenberg Foundations.

2) Member of Knut och Alice Wallenberg Foundation.

Auditor

The auditor is appointed by the AGM for a mandate period of one year. On behalf of the shareholders, the auditor is responsible for auditing the company's annual accounts and accounting records, as well as the administration by the Board and the President. The auditor provides regular written and oral reports on the audit work and results of the audit to the Audit Committee. The auditor participates at each Audit Committee meeting. The auditor-in-charge also submits an audit report to the AGM, a

statement on how the guidelines for remuneration and other compensation have been applied, and an opinion on the Corporate Governance Report. Shareholders are welcome to direct questions to the auditor at the AGM.

Pursuant to its Articles of Association, Investor must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the company's auditor.

At the 2012 AGM, the registered firm of auditors, KPMG AB was appointed auditor until the close of the 2013 AGM, with the auditor in charge Helene Willberg, Authorized Public Accountant.

Over the past three years, the auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during an audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. For details on remuneration to auditors, see Note 10, Auditor's fees and expenses.

Investor's auditor: KPMG AB

Auditor-in-charge: Helene Willberg, Authorized Public Accountant

Born: 1967

Auditor-in-charge for Investor since 2010

Shares in Investor AB: 0 shares

Other auditing assignments: Cloetta, Höganäs, Nobia, Thule

Board

The Board is appointed by the AGM to serve for a mandate period through the end of the next AGM. On behalf of Investor's owners, the Board establishes the goals and strategies for the company, evaluates the operational management and ensures that systems are in place to monitor and verify the company's business and organizational objectives. The Board also ensures that the company's stakeholders are furnished with accurate information, that laws and regulations are complied with and that ethical guidelines and internal policies are modified as needed.

Investor's Board forms a quorum when more than half of the members are present. The Board's efforts to assure the quality of Investor's financial reporting are described in the section "Internal controls and risk management for the financial reporting".

Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. The AGM decides the exact number. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that the assignment requires. Each Board member is responsible for requesting any supplementary information that he/she feels is necessary in order to make sound decisions.

New Board members are introduced to Investor's business operations by attending an introduction orientation involving,

Board of Directors 2012

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No ¹⁾
Sune Carlsson	2002	Vice chairman	1941	Swedish	Yes	Yes
Dr. Josef Ackermann	2012	Member	1948	Swiss	Yes	Yes
Gunnar Brock ²⁾	2009	Member	1950	Swedish	No ³⁾	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No ⁴⁾	Yes
Tom Johnstone	2010	Member	1955	British	Yes	Yes
Carola Lemne	2010	Member	1958	Swedish	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
O. Griffith Sexton	2003	Member	1944	American	Yes	Yes
Hans Stråberg	2011	Member	1957	Swedish	No ³⁾	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Marcus Wallenberg	2012	Member	1956	Swedish	Yes	No ¹⁾
Peter Wallenberg Jr	2006	Member	1959	Swedish	Yes	No ¹⁾

1) Member of Knut och Alice Wallenberg Foundation.

2) In conjunction with taking over as the Chairman for Mölnlycke Health Care in 2007 (which was prior to his election to the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke Health Care as part of the stock investment program for the Board and senior executives of that company. However, it has been concluded that this not make Gunnar Brock independent on Investor or its Management.

3) Has been President of a closely-related company during the last five years.

4) President.

for example, meetings with departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

The Chairman of the Board

The AGM appoints the Chairman of the Board. The Chairman organizes and leads the work of the Board, ensures that the Board continues to advance its knowledge of the company, communicates views from the owners and serves as support for the President. The Chairman and the President set the agenda for Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently, and ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, the Chairman of the Board, Jacob Wallenberg, is also involved in a number of other companies and serves on a number of international organizations. He has an extensive international network and he participates in various policy forums.

Members of the Board of Directors

Since the 2012 AGM, the Board has consisted of thirteen members and no deputies. At the 2012 AGM, Jacob Wallenberg, Sune Carlsson, Gunnar Brock, Börje Ekholm, Tom Johnstone, Carola Lemne, Grace Reksten Skaugen, O. Griffith Sexton, Hans Stråberg, Lena Treschow Torell and Peter Wallenberg Jr. were re-elected. Dr. Josef Ackermann and Marcus Wallenberg were elected as new members. The AGM elected Jacob Wallenberg as Chairman of the Board for the period ending with the next AGM. President Börje Ekholm is the only Board member who is a member of the company's Management Group.

The percentage of women is 23 and the percentage of foreign members on the Board is 31 percent. A more detailed presentation of the Board is found on page 40 and on the website.

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive remuneration from these companies. It is the opinion of the Nomination Committee and the company that this remuneration does not entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and work actively through the Boards of its holdings to identify and drive value-creating initiatives. The work of Board of Directors in Investor's holdings is the core of Investor's active ownership model. For Investor, where a fundamental component is to have the right Board in each company, it is natural that Members of Investor's Board of Directors and Management have Board assignments in Investor's holdings. The assessment of each Board member's independence is presented on page 32.

The Board's Rules of Procedure

In addition to laws and recommendations, the work of the Board is governed by its Rules of Procedure. These dictate how the Board works and the tasks that it performs. The Rules of Procedure also include instructions to the President and the Committees. The Board reviews its Rules of Procedure annually and adopts them by a Board decision.

The Rules of Procedure also specify which matters of business should always be included on the agenda of each Board meeting. Furthermore, the Rules of Procedure contain guidelines governing the decisions the Board may delegate to the President.

Evaluation of the Board

Pursuant to the Rules of Procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board.

The 2012 evaluation was answered by each Board member. In addition, the Chairman met with each Board member separately to discuss the work done by the Board during the year.

The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

The Board discussed the results of this year's evaluation and the Chairman of the Board presented them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

Work of the Board in 2012

During the year, the Board held 14 meetings, of which ten were regular meetings, one was statutory and three were extraordinary. The attendance of each Board member at these meetings is shown in the table on page 35. The secretary of these Board meetings was General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with comprehensive written information on the issues that were to be discussed.

During the year, the Board devoted considerable time to the acquisition of additional shares in ABB, Ericsson and NASDAQ OMX, the investment in the new core investment Wärtsilä, the acquisition of Mölnlycke Health Care's mezzanine debt, the investment in Gambro to finance the company's strategic plan, the consolidation of real estate by the company Vectura, and the divestment of Gambro. Prior to each transaction, extensive analysis were presented to the Board.

The Board devoted time to both internal and external presentations of the financial markets in particular countries, as well as from a global perspective. 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. For example, guest speakers were invited to give presentations at Investor's Board meeting that was held in June in New York.

During the year the Board also has met with the CEOs of Investor's holdings, inter alia Atlas Copco, Electrolux, Ericsson, Gambro and Sobi, for presentations of their companies.

The financial reports presented at every regular Board meeting, including those prior to the year-end and interim reports, are an important aspect of the Board's work. 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. A more detailed description of the work conducted by the Committees during 2012 is presented below.

During the year, the company's Management presented value creating plans for 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 also received and discussed reports on the composition of portfolios and developments within Financial Investments, including Investor's involvement in EQT and the operations of Investor Growth Capital.

In addition to participating in meetings of the Audit 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.

An evaluation of the work done by the Board was also conducted during the year, which provided the basis for the work of the Nomination Committee and for determining the focus of future Board work.

Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed three Committees: the Audit Committee, the Remuneration Committee and the Finance and Risk 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.

AUDIT COMMITTEE

The Audit Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit Committee is the primary way in which the Board and the company's auditor communicate with each other.

During 2012, the Audit Committee consisted of Sune Carlsson (chairman), Jacob Wallenberg and Peter Wallenberg Jr. The composition of the Committee meets the independence criteria set forth by the Code and the Swedish Companies Act. The Audit Committee held six meetings during the year, typically in conjunction with issuance of the quarterly and annual reports. During 2012 the Committee:

- Analyzed each interim report and the year-end report for completeness and accuracy.
- Focused particularly on the correct treatment and accounting of each business area.
- Maintained regular contact with the company's external auditor and followed up on any findings reported.
- Evaluated the audit work performed and offers from other audit firms and presented its conclusions to the Nomination Committee.
- Monitored the efficiency in the organization and the internal control in connection with process changes.

REMUNERATION COMMITTEE

The tasks 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. In 2012, the members of the Remuneration Committee were Jacob Wallenberg (Chairman), O. Griffith Sexton and Lena Treschow Torell. The composition of the Remuneration Committee meets the independence criteria set forth by the Code. The Remuneration Committee held five meetings during the year. During 2012 the Committee:

- Evaluated and approved remuneration structures for personnel and salary reviews for Management.
- Evaluated and assessed the President's goals and terms and conditions for remuneration for 2012, which were then approved by the Board.
- Monitored and evaluated variable salary programs that were in effect or concluded during the year.

- Evaluated and implemented the guidelines for remuneration and the long-term variable remuneration program for Management and employees that was adopted by the 2012 AGM.
- Monitored and evaluated the development of remuneration programs and remuneration levels in the market.
- Proposed to the Board to submit to the AGM 2013 a long-term variable remuneration program which is substantially identical to the program from 2012.

FINANCE AND RISK COMMITTEE

The Finance and Risk Committee ensures that the company's compliance efforts are effective and monitors risk exposure and financial strategies. The members of the Finance and Risk Committee in 2012 were Grace Reksten Skaugen (Chairman), Gunnar Brock and Jacob Wallenberg. The independence criteria do not apply to the members of this Committee. The Finance and Risk Committee held four meetings during the year. At each meeting, representatives from the specialist functions gave presentation on the current risk status and follow-up on limits and mandates in relation to policies. During 2012 the Committee focused on:

- Investor's financial flexibility.
- The uncertainties regarding the development of the global economy and the rating downgrade of several banks and its effects on Investor.

- Monitoring of risk exposure and strategy for Treasury.
- Monitoring of risk exposure and performance for Trading.
- Updates of policies and instructions were approved.

The President, the Management Group and the organization

The President, Börje Ekholm, is responsible for the daily operation of the business. 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 reports to the Board and ensures that it is provided with the requisite material for making well-informed decisions. The President is also a member of the Investor Board and attends all Board meetings except for when his performance is under evaluation and when the Board meets the auditor without the presence of the Management.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. There has been no change in the Management Group during 2012. Each member of the Management Group is responsible for one or more departments. For more information about the President and Management Group, see page 42.

Attendance record and Board remuneration in 2012

Member Chairman	Audit Committee	Remu- neration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees		Committee fees			Total Board Remunera- tion incl. synthetic shares, SEK ¹⁾	
						Cash, SEK	Value of synthetic shares, SEK ¹⁾	Number of synthetic shares ^{1,2)}	Audit Com- mittee, SEK	Remune- ration Com- mittee, SEK		Finance and Risk Com- mittee, SEK
Jacob Wallenberg				100%	100%	984,375	984,375	7,412	131,250	131,250	65,625	2,296,875
Sune Carlsson				100%	100%	262,500	262,500	1,977	196,875			721,875
Dr Josef Ackermann ³⁾				71%		229,688	229,688	1,729				459,376
Gunnar Brock				93%	100%	262,500	262,500	1,977			65,625	590,625
Börje Ekholm				100%								
Tom Johnstone				93%		262,500	262,500	1,977				525,000
Carola Lemne				100%		262,500	262,500	1,977				525,000
Grace Reksten Skaugen				86%	100%	525,000					131,250	656,250
O. Griffith Sexton				79%	100%	525,000				65,625		590,625
Hans Stråberg				100%		262,500	262,500	1,977				525,000
Lena Treschow Torell				100%	100%	262,500	262,500	1,977		65,625		590,625
Marcus Wallenberg				89%		525,000						525,000
Peter Wallenberg Jr				86%	83%	262,500	262,500	1,977	131,250			656,250
Total						4,626,563	3,051,563	22,980	459,375	262,500	262,500	8,662,501

1) At point of allocation.

2) The synthetic shares are valued in connection with allocation after the Annual General Meeting 2012 and shall be based on an average market price of Investor shares of class B during a measurement period in conjunction with the allocation, see Note 9, Employees and personnel costs.

3) Dr. Josef Ackermann assumed his position as Member of the Board of Directors on June 1, 2012.

For total value of the Board fee including synthetic shares and dividends at year-end, see Note 9, Employees and personnel costs.

The Management Group meets regularly to decide and follow up on business activities, current projects and other issues, and to discuss personnel and organizational issues. The Management Group also holds meetings focused on the company's strategy and risk assessment four to five times a year.

The Management Group regularly works with specific business transactions. During 2012 the work with value creating plans continued. During the year the Management Group has had focus on add-on investments in Core Investments, the purchase of Wärtsilä, the purchase of Mölnlycke Health Care's mezzanine loan, the capital structure in Aleris, the strategic plan for and the divestment of Gambro and the completion of the restructuring of Investor Growth Capital. The Management Group also worked proactively to ensure the company's financial flexibility. Furthermore, the Code on Gifts, Rewards and other Benefits in Business, by the The Swedish Anti-Corruption Institute (Institutet Mot Mutor) has been implemented. The Management Group regularly monitors the organization to ensure that it has the right competences given the company's strategy, goals and challenges.

Investor's Analysts and Investment Managers in the investment organization work in business teams with one or more investments. These individuals continuously research each holding, the sector to which it belongs and competitors to identify value creating initiatives, risks and their return potential. In the listed Core Investments Investor exercises its active ownership through Board representation.

Investor governs its wholly-owned operating subsidiaries, Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura, through its representation on the Boards of those companies. Investor's Board representatives are appointed by the President of Investor. The Board representatives ensure value creation in the companies and that any indications of problems in the portfolio companies, that could impact Investor, are dealt with in an efficient manner. They are also responsible for ensuring that Investor's Management Group and Board are provided with relevant information.

Investor Growth Capital is governed as a standalone wholly-owned subsidiary.

The governance of the partner-owned companies is carried out jointly with each partner.

Investor's Trading function is governed by mandates and limits set by the Board.

Support functions on group level are Accounting Specialist, Corporate Communications, Corporate Governance, Finance, Financial Control, HR, IT, Legal, Office Support, Tax & Structure and Treasury. Responsibilities and processes within each function are governed by approved policies and instructions.

Control functions

Using the risk policy approved by the Board as framework, the Risk Control function identifies and monitors the risks that Investor is exposed to. This function is responsible for all internal reporting of Investor's significant risks at the aggregate level. Furthermore, this function is responsible for coordinating risk management work in the business, developing awareness of different types of risk and contributing to the creation of a healthy culture in connection with risks and risk management. The Risk Control function reports to the Finance and Risk Committee.

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

The Internal Control function 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 function works proactively by proposing improvements in the control environment. The Internal Control function plans its work in consultation with the Audit Committee, Management Group and the external auditor. It also regularly provides reports on its work to the Audit Committee during the year.

Remuneration

Remuneration to the Board

The Nomination Committee recommends the remuneration to the Board for the coming fiscal year and the AGM approves the remuneration. Remuneration is paid to Board members not employed by the company. The total remuneration to the Board approved by the AGM was SEK 8.728 m. The Nomination Committee proposed an increase of 5 percent at the AGM 2012. The Nomination Committee had the opinion that the proposed increase of 5 percent is justified since the Board remuneration including the remuneration for committee work, per Board member, have been unchanged since 2006. Information on specific compensation is provided in the table on page 35 and in Note 9, Employees and personnel costs. The Chairman receives higher compensation than the other Board members, which reflects the extra duties this position involves. Members of the Board not employed by the company do not participate in Investor's share-based remuneration programs.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are either shareholders in the company or have similar exposure to changes in the price of Investor's share over the long term. Since the 2008 AGM, it is possible for Board members to receive a portion of their compensation in the form of synthetic shares. For the detailed terms and conditions for synthetic shares, see Note 9, Employees and personnel costs, and the company website.

At the statutory Board meeting in April, the Board adopted, as in 2011, 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 Board remuneration, before taxes, excluding remuneration for Committee work.

Remuneration to Management and other employees

In order to achieve solid, long-term growth in value for its shareholders, Investor strives to offer its employees a total remuneration package that is in line with the market and enables the recruitment and retention of the most suitable employees. Comparative studies of relevant industries and markets are carried out annually in order to evaluate current remuneration levels and to determine what constitutes a total level of remuneration in line with market practice.

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

When determining salaries, the employee's total compensation package is benchmarked to the external market. The mix between the various components: fixed cash salary, variable cash salary, long-term variable remuneration, pension and other remuneration and benefits, is set depending on the employee's position.

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

During 2011, an evaluation was made of the long-term variable remuneration program for the Management and the employees which was adopted at the Annual General Meeting 2011. 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 program proposed by the Board and decided by the Annual General Meeting in 2012 was substantially identical to the program from 2011. The Board has decided to propose to the Annual General Meeting 2013 a long-term variable remuneration program in which all employees may participate and which is essentially identical to the program from 2012, see Note 9, Employees and personnel costs. The Board's final proposal will be announced in the Notice of the 2013 Annual General Meeting.

The Board of Directors' proposed guidelines for salary and other remuneration for the President and other Members of the Management Group comply, in all material respects, with the guidelines for remuneration for previous years, and they are

based on agreements entered into between Investor and each executive. For more information on the most recently approved guidelines on remuneration to senior executives, see Note 9, Employees and personnel costs. For a description of the Board's proposed guidelines for salary and other remuneration for the President and other Members of the Management Group to the 2013 AGM, see the company website.

Information is also available in Note 9, Employees and personnel costs, and on the website about Investor's variable remuneration to senior executives and of each outstanding share- and share-price-related incentive scheme. Furthermore, available on the website are the Remuneration Committee's reports on the following: the results of the evaluation of on-going, and during the year completed, programs concerning variable salary and of the current remuneration structure and levels of remuneration, and how guidelines for remuneration principles, decided by the AGM, have been applied.

The Board's report on Internal control for financial reporting

Effective Board work is the cornerstone for good internal control. Internal control and risk management comprise a part of the Board's and Management's governance and follow-up of the business operations. Internal control is intended to ensure appropriate and efficient management of the operations, the reliability of the financial reporting and compliance with laws, ordinances and internal regulations. The Board has the ultimate responsibility of the internal control for the financial reporting.

Investor's system of internal control and risk management, with regard to financial reporting, is designed to manage risks involved in the processes related to financial reporting and ensure a high level of reliability in the financial reporting. It is also designed to ensure compliance with the applicable accounting requirements and other requirements that Investor must meet as a listed company. Investor's main business is the management of financial transactions and the company's internal control over financial reporting is focused primarily on ensuring efficient and reliable management of, and accounting for, purchases, sales and accurate evaluation of securities. Correct consolidation of the operating subsidiaries is also a priority.

The wholly-owned operating subsidiaries, Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura have separate internal control systems in place for their operational activities. The Board of each of these companies is responsible for ensuring the efficiency of the operating subsidiary's internal regulations, internal controls, risk management and financial reporting, as well as reporting on these items to that company's Board of Directors. Investor's Board representatives provide this information to Investor's investment organization, where analysis and follow-up take place.

This report on Investor's internal control for financial reporting is based on the COSO framework (The Committee of Sponsoring Organisations of the Treadway Commission) including the control components; Control environment, Risk assessment, Control Activities, Information and communication and Monitoring.

Control environment

The foundation of internal control is the overall control environment established by the Board and Management. This control environment is built around an organization with clear decision-making channels, powers and responsibilities that are defined by explicit instructions and a corporate culture based on shared values. It also requires each individual's awareness of his/her role in maintaining effective internal control. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people.

All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow, e.g. from transaction management to bookkeeping and the preparation of external reports. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. The governing documents are updated yearly or when needed to ensure that they always reflect current legislation, regulations and changes in processes. During 2012 a review to increase accessibility of policies and instructions for the employees has been performed. The Compliance function educates and informs the organization continuously about internal policies and instructions.

Risk assessment

Risk assessment, i.e. identifying and evaluating risks that could prevent the company from achieving its business goals and having reliable financial reporting, is conducted continuously at Investor. The Board, via the Finance and Risk Committee and the Audit Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting. The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals.

The CEO is responsible for ensuring that the organization complies with the Risk policy and for the continuous management of all risks within the business.

The Board's and the Management's support function for managing and identifying risks and activities required, is the Risk Control Function. The overarching purpose of the function is, within the framework of the Risk Policy, to manage and control the risks within the Investor business to ensure that the Group's ability to fulfill its mission and obligations is not compromised. The Function is also responsible for identifying and controlling the risks that arise in the Group's financial activities, for continu-

ously developing and improving risk measurement methodology and for ensuring accurate and fit for-purpose risk reporting.

The operating subsidiaries: Mölnlycke Health Care, Aleris and Grand Hôtel/Vectura are independent legal entities within the Group. They have their own risk policies and organizational structures with their own Boards, Management Groups and control functions for managing risks and quality assurance of their financial reporting to the parent company. Investor's Board representative in the subsidiaries ensures that Investor's Board and Management is informed about any issue in the financial reporting, that could affect Investor's business or financial reporting.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to the Management Group. The financial reports are compiled monthly and provided to the Management Group.

Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. In the yearly risk assessment process, the organization evaluated and followed up identified risks during 2012. There was a particular focus on identifying risks related to the restructuring of Investor Growth Capital, which started in 2011. When needed, action plans were implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are then reported to the Management Group and the Board. The CEO and Management Group follow up on the implementation of action plans.

Using each business area's risk assessment as a starting point, the Audit Committee determines which of the identified risks for the financial reporting should be prioritized by the Internal Control function. Focus is placed on risks of material weaknesses in the financial reporting for significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. Actions such as improved control routines are then taken in order to further ensure accurate financial reporting. The Finance and Risk Committee follows up on the measures in place for dealing with other risks.

For a more detailed description of Investor's risks, see Note 3, Risks.

Control activities

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company

Management to other employees. The purpose of the control activities is to prevent, detect and rectify weaknesses and deviations.

At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions. During 2012 quality assurance of the controls of the financial reporting from the operating subsidiaries and controls in the consolidation process have been in focus.

Investor's financial reports are analyzed and validated by the company's control function within Finance. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored regularly on the basis of information received from system administrators in the business process.

Suggestions for improvements are implemented on an ongoing basis.

Information and communication

Investor's Board has adopted a communication policy for the purpose of ensuring that the external information is correct and complete. Financial information is provided in the Interim Reports, Year-End Report and the Annual Report. Within the company, there are also instructions on how to communicate financial information between Management and other employees. During 2012 Investor has focused on improving, simplifying and ensuring that correct and relevant information continuously is available. In order for correct dissemination of information to occur, there must be good information security routines in place.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. During 2012 Investor

launched a new website with the aim to enhance its information, for example regarding the financial information. News and events that are considered to have an impact on Investor's share prices are announced in press releases.

Monitoring

Both the Board and the Management Group regularly follow up on the compliance and effectiveness of the company's internal controls to ensure the quality of internal processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is furnished with detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee plays an important role in ensuring and monitoring that control activities are in place for important areas of risk inherent in the processes for financial reporting. The Audit Committee, Management Group and Internal Control function regularly follow up reported deviations.

More information about Investor's corporate governance activities is available at www.investorab.com

Information about laws and practices associated with Swedish corporate governance is available at: www.corporategovernanceboard.se (the Code), www.nasdaqomx.com (rule book for issuers) and www.fi.se (The Swedish Financial Supervisory Authority's statutes and information about insiders).

Board of Directors

1. Jacob Wallenberg¹⁾ Born 1956

Chairman since 2005
Vice Chairman 1999-2005
Director since 1998
Chairman: Remuneration Committee
Member: Audit Committee, Finance and Risk Committee

Other board assignments

Vice Chairman: Ericsson, SAS, SEB
Director: ABB, The Coca-Cola Company, Knut and Alice Wallenberg Foundation, Stockholm School of Economics
Member: The European Round Table of Industrialists, IBLAC Shanghai's International Business Leaders Advisory Council

Work experience

Chairman: SEB
Vice Chairman: Atlas Copco
President and CEO: SEB
Executive VP and Head of Enskilda Division: SEB
Advisor to the President and CEO: SEB
Executive VP and CFO: Investor

Education

B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania
Reserve Officer, Swedish Navy

Independent/Dependent²⁾

Shares in Investor³⁾
186,936, Synthetic shares: 38,437

2. Sune Carlsson¹⁾ Born 1941

Vice Chairman since 2011
Director since 2002
Chairman: Audit Committee

Other board assignments

Chairman: Atlas Copco

Work experience

Vice Chairman: Scania
President and CEO: SKF
Executive Vice President: ABB, ASEA

Education

M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

Independent/Dependent²⁾

Shares in Investor³⁾
50,000, Synthetic shares: 10,249

3. Dr. Josef Ackermann¹⁾ Born 1948

Director since 2012

Other board assignments

Chairman: Zurich Insurance Group, St. Gallen Foundation for International Studies
Vice Chairman: Belenos Clean Power Holding
Vice Chairman foundation board: World Economic Forum
Second Deputy Chairman Supervisory Board: Siemens
Non-executive member: Royal Dutch Shell
Director International Advisory Board: The National Bank of Kuwait, Akbank and The China Banking Regulatory Commission (CBRC)

Work experience

Chairman Management Board and the Group Executive Committee: Deutsche Bank
President Executive Board: Schweizerische Kreditanstalt (Switzerland)

Education

Dr. oec, economics and social sciences, University of St. Gallen, Switzerland

Independent/Dependent²⁾

Shares in Investor³⁾
0, Synthetic shares: 1,729

4. Gunnar Brock¹⁾ Born 1950

Director since 2009
Member: Finance and Risk Committee

Other board assignments

Chairman: Mölnlycke Health Care, Rolling Optics, Stora Enso
Director: SOS Children's Villages, Stena, Stockholm School of Economics, Syngenta, Total
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience

CEO: Alfa Laval, Atlas Copco, Tetra Pak Group of Companies, Thule International

Education

M.Sc. in Economics and Business Administration, Stockholm School of Economics

Independent/Dependent²⁾

Shares in Investor³⁾

0, Synthetic shares: 8,117

5. Börje Ekholm

See information on page 42

6. Tom Johnstone¹⁾ Born 1955

Director since 2010

Current role

President and CEO: SKF

Other board assignments

Director: Husqvarna, SKF

Work experience

Director: The Association of Swedish Engineering Industries, Electrolux
Executive Vice President: SKF
President: Automotive Division, SKF

Education

M.A., University of Glasgow

Independent/Dependent²⁾

Shares in Investor³⁾
0, Synthetic shares: 5,751

7. Carola Lemne¹⁾ Born 1958

Director since 2010

Current role

President and CEO: Praktikertjänst

Other board assignments

Director: The Confederation of Swedish Enterprise, Getinge

Work experience

Director: Apoteket, Meda, Stockholm University, The Strategic Research Foundation
Managing Director: Danderyd University Hospital
Vice President Clinical Development and Regulatory Affairs Strategy: Pharmacia Corp (New Jersey)

Education

M.D., Ph.D. and Associate Professor, Karolinska Institutet

Independent/Dependent²⁾

Shares in Investor³⁾
1,000, Synthetic shares: 5,751



1) For more detailed CV, please visit our website: www.investorab.com.

2) See page 32, table Board of Directors 2012.

3) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 9, Employees and personnel costs.

8. Grace Reksten Skaugen¹⁾ Born 1953

Director since 2006

Chairman: Finance and Risk Committee

Other board assignments

Chairman: Norwegian Institute of Directors

Deputy Chairman: Statoil

Director: Orkla

Work experience

Chairman: Entra Eiendom, Ferd

Director: Atlas Copco, Corporate Finance Enskilda Securities (Oslo), Opera Software, Renewable Energy Corporation, Storebrand, Tandberg

Education

M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London

Independent/Dependent²⁾

Shares in Investor³⁾
1,500

9. O. Griffith Sexton¹⁾ Born 1944

Director since 2003

Member: Remuneration Committee

Other board assignments

Director: Morgan Stanley

Work experience

Advisory Director: Morgan Stanley

Managing Director: Morgan Stanley

Adjunct Professor of Finance, Columbia Business School

Visiting Lecturer, Princeton University

Education

M.B.A., Stanford University Graduate School of Business

B.S.E., Princeton University

Independent/Dependent²⁾

Shares in Investor³⁾
1,800

10. Hans Stråberg¹⁾ Born 1957

Director since 2011

Other board assignments

Chairman: CTEK, Orchid, Roxtec

Director: N Holding, Stora Enso

Member: Royal Swedish Academy of Engineering Sciences (IVA)

Work experience

President and CEO: Electrolux

COO: Electrolux

Various positions with Electrolux

Education

M.Sc. in Engineering, Chalmers University of Technology, Gothenburg

Reserve Officer, The Swedish Army

Independent/Dependent²⁾

Shares in Investor³⁾
8,300, Synthetic shares: 3,780

11. Lena Treschow Torell¹⁾ Born 1946

Director since 2007

Member: Remuneration Committee

Other board assignments

Chairman: Euro-CASE, MISTRA

Vice Chairman: Chalmers University of Technology, ÅF

Director: Saab, SKF

Work experience

Chairman and President: Royal Swedish Academy of Engineering Sciences (IVA)

Research Director: Joint Research Centre, European Commission (Brussels)

Professor in Physics: Chalmers University of Technology, Uppsala University

Board member: Ericsson, Gambio, Getinge, Micronic Mydata

Education

Ph.D., Physics, University of Gothenburg

Docent, Physics, Chalmers University of Technology

Independent/Dependent²⁾

Shares in Investor³⁾
16,500, Synthetic shares: 10,249

12. Marcus Wallenberg¹⁾ Born 1956

Director since 2012

Other board assignments

Chairman: Electrolux, LKAB, Saab, SEB

Director: AstraZeneca, Knut and Alice Wallenberg Foundation, Stora Enso, Temasek Holding

Work experience

President and CEO: Investor

Executive VP: Investor

Chairman: International Chamber of Commerce (ICC)

Director: Stora Feldmühle (Germany)

SEB (Stockholm, London)

Education

B. Sc of Foreign Service, Georgetown University, Washington D.C.

Reserve Officer, Swedish Navy

Independent/Dependent²⁾

Shares in Investor³⁾
552,223

13. Peter Wallenberg Jr.¹⁾ Born 1959

Director since 2006

Member: Audit Committee

Other board assignments

Chairman: Foundation Asset Management, Grand Hôtel, The Royal Swedish Automobile Club, Kungsträdgården Park & Evenemang

Vice Chairman: The Knut and Alice Wallenberg Foundation

Director: Aleris, Atlas Copco, Scania, SEB Kort, Stockholmsmässan

Work experience

President and CEO: The Grand Hôtel Holdings

General Manager: The Grand Hôtel

President: Hotel Division Stockholm-Saltsjön

Education

BSBA Hotel Administration, University of Denver, International Bacholoria, American School, Leysin, Switzerland

Independent/Dependent²⁾

Shares in Investor³⁾
57,598, Synthetic shares: 10,249



**Honorary Chairman
Peter Wallenberg** born 1926

Honorary Chairman since 1997

Chairman 1982-1997

Director 1969-1982

Other board assignments:

Chairman: The Knut and Alice Wallenberg Foundation, Honorary Chairman: Atlas Copco AB

Education: Bachelor of Laws, University of Stockholm

1) For more detailed CV, please visit our website: www.investorab.com.

2) See page 32, table Board of Directors 2012.

3) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 9, Employees and personnel costs.

Management Group



Börje Ekholm

Born 1963
Director since 2006
President and Chief Executive Officer since 2005
Member of the Management Group since 1997, employed in 1992

Board assignments

Chairman: KTH Royal Institute of Technology, NASDAQ OMX
Director: Chalmersinvest, EQT Partners, Ericsson, Husqvarna

Work experience

Board member: Biotage, Greenway Medical Technology, Scania, Tessera Technologies, WM-data
Head of New Investments: Investor
CEO: Novare Kapital
Analyst: Core Holdings, Investor
Associate: McKinsey & Co

Education

M.B.A., INSEAD, Fontainebleau
M.Sc. in Engineering, KTH Royal Institute of Technology, Stockholm

Shares in Investor¹⁾
438,095



Susanne Ekblom

Born 1966
Chief Financial Officer
Member of the Management Group since 2011, employed in 2011

Board assignments

Director: Vectura

Work experience

CFO: Sveriges Television
Controller: Scania
Head of Financial and Administration: DynaMate
Head of Accounting: LRF Media
Financial Manager: Ingenjörsvärdet

Education

BSc. in Business and Economics, Stockholm University

Shares in Investor¹⁾
4,000



Johan Forssell

Born 1971
Head of Core Investments
Member of the Management Group since 2006, employed in 1995

Board assignments

Director: Atlas Copco, Saab

Work experience

Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst: Core Holding, Investor

Education

M.Sc. in Finance, Stockholm School of Economics, Stockholm

Shares in Investor¹⁾
62,008



Petra Hedengran

Born 1964
General Counsel, and Head of Corporate Governance and Compliance
Member of the Management Group since 2007, employed 2007

Board assignments

Director: The Association for Generally Accepted Principles in the Securities Market, EQT Partners, Lindorff Group

Work experience

Partner och Head of Banking and Financing Group: Advokatfirman Lindahl
Legal Counsel and General Counsel: ABB Financial Services, Nordic Region
Assistant Judge: Stockholms Tingsrätt
Associate: Gunnar Lindhs Advokatbyrå

Education

Bachelor of Laws, Stockholm University

Shares in Investor¹⁾
13,817



Lennart Johansson

Born 1955
Head of Financial Investments
Member of the Management Group since 2006, employed 2003

Board assignments

Director: Hi3G, Lindorff Group, SOBI

Work experience

CEO: b-business partners och Emerging Technologies
Deputy CEO/Senior Executive Vice President and Senior Vice President Accounting: Atlas Copco Audit and Control
Business Area Controller: Atlas Copco Industrial Technique
Management consultant: Nordic Management, SMG

Education

M. Sc. in Business Administration, Stockholm School of Economics, Stockholm

Shares in Investor¹⁾
35,071

See Note 9, Employees and personnel costs, for shares and share-related instruments held by Management Group members.

1) Includes holdings of close relatives and legal entities.

Auditor's Report

To the annual meeting of the shareholders of Investor AB (publ.)

CORP ID 556013-8298

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Investor AB (publ) for the year 2012. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 10 - 11 and 22 - 102.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual

Accounts Act. A Corporate Governance statement has been prepared. The Statutory administration report and the Corporate Governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the Income Statement and Balance Sheet for the Parent Company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Investor AB (publ) for the year 2012.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President are discharged from liability for the financial year.

Stockholm, March 13, 2013

KPMG AB

Signed on the original document

Helene Willberg

Authorized Public Accountant

This Auditor's report is a translation of the original Auditor's report in Swedish.