

## **Description of Investor's system of variable remuneration to the Board of Directors and the Extended Management Group, and of each outstanding share- and share-price-related incentive schemes in accordance to the Swedish Code of Corporate Governance**

Below is a description of Investor's system of variable remuneration to the Board of Directors and the Extended Management Group, and of each outstanding share- and share-price-related incentive scheme in accordance with the Swedish Code of Corporate Governance.

Where applicable, the remuneration complies in all material respects with the Annual General Meeting's guidelines for remuneration for the President and other Members of the Extended Management Group (however, regarding the Co-Head for Patricia Industries North America, see below) or has otherwise been approved by the Annual General Meeting by resolutions on remuneration to the Board of Directors and programs regarding long-term variable remuneration, respectively. For more information, see the annual report.

For information regarding the Members of the Board of Directors and the Members of the Extended Management Group, see Investor's website. The Extended Management Group consists of the Management Group together with Head of Human Resources and the Co-Heads of Patricia Industries Nordic respectively North America.

Variable remuneration to the Members of the Extended Management Group of Investor consists of short-term variable remuneration and long-term variable remuneration. In one case, regarding the Co-Head for Patricia Industries North America, previous parallel investments/profit sharing programs still apply, where the Co-Head for Patricia Industries North America participated already prior to joining Investor's Management Group. The programs are in a process of being phased out. Variable remuneration to the Board of Directors of Investor consists of synthetic shares as part of the Board remuneration.

## **System of variable remuneration to the Extended Management Group of Investor and outstanding share- and share-price-related incentive schemes**

### ***Short-term variable remuneration***

Short-term variable remuneration aims at promoting Investor's business strategy and long-term interests, including its sustainability. The short-term variable remuneration is dependent upon the individual's satisfaction of annually set criteria. In that way the remuneration is clearly related to the work contributions and performance of the individual. The criteria can be financial or non-financial, qualitative or quantitative, and shall be based on factors which support Investor's business strategy and long-term interests, including its sustainability, by for example being clearly linked to value creation, engaged long-term ownership and Investor's development.

The outcome of the short-term variable remuneration is reviewed annually. To which extent the criteria for awarding short-term variable remuneration have been satisfied is evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For the President, the short-term variable remuneration is then confirmed by the Board of Directors. The short-term variable remuneration for the President may amount to not more than 30 percent of the fixed annual cash remuneration. For other members of the Extended Management Group, the short-term variable remuneration may amount to not more than 75 percent of the fixed annual cash remuneration.

Further remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are applied on an individual basis only, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the

individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash remuneration. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

### ***Long-term variable remuneration***

In 1999, Investor introduced the principle that part of an employee's remuneration is connected to the company's long-term share price development. From 1999 to 2005, this has been carried out mainly in the form of employee stock option programs. A combined employee stock option and restricted stock program was introduced for the Management Group for 2004 and 2005. In 2006, a Stock Matching Plan was introduced for Investor employees, as well as a performance-based share program for Senior Management. "Senior Management" is defined as the President, other Members of the Management Group and a maximum of 20 other senior executives in the company. The programs for 2007 - 2020 correspond in all material respects to the program for 2006. For all programs introduced as of 2004, the Board's decision has been conditional on the Annual General Meeting approving the scope and basic principles for each program. Since 2006, it is required that the employee invests own money in order to participate in the plan. Since 2011 the employees may use shares already held in Investor for participation in the Stock Matching Plan as an alternative to a new investment. As from 2017, a new program was introduced for employees within Patricia Industries and from 2017 employees within Patricia Industries are not included in Investor's program for long-term variable remuneration. Patricia Industries program for long-term variable remuneration is built on the same structure as Investor's program but is related to the value growth of Patricia Industries.

As regards the long-term variable remuneration program for employees within Investor, it is the Board of Directors' ambition to create a structure which provides a balance between the employees' risk – by the requirement on holding of Investor shares in order to participate in the program – and the employees' possible reward – through performance-related allocation of Investor shares. The holding of Investor shares makes the employees committed to Investor. In addition, part of the remuneration to the employees is related to the long-term development of Investor and the Investor share entailing that the employee is exposed to share price increases and decreases and will have goals equivalent to those of Investor's shareholders.

As concerns the long-term variable remuneration program for employees within Patricia Industries, it is the ambition of the Board of Directors to encourage the employees to build up significant economic holdings in Investor shares as well as, either directly or indirectly, in existing and future investments made by Patricia Industries. The program is structured to provide a balance between a) the employee's own personal investment in Investor shares, and b) performance-related allotments of instruments tied to existing and future investments made by Patricia Industries. The employees' own holdings should enhance the employees' commitment to Patricia Industries and Investor. In addition, since a substantial part of the participating employees' overall remuneration is related to the long-term development of Patricia Industries the employees will be exposed to value increases and value decreases and the employees will thereby have goals aligned with those of Investor's shareholders.

### Outstanding programs for long-term variable remuneration

*Long-term variable remuneration program for employees within Investor, excluding Patricia Industries: Stock Matching Plan and Performance-Based Share Programs 2014–2020*

The programs for 2014-2020 consist of two components; the Stock Matching Plan and the Performance-Based Share Program.

#### 1) Stock Matching Plan

Through the Stock Matching Plan, an employee could acquire shares or commit shares in

Investor at the market price during a period, determined by the Board, subsequent to the release of Investor's first quarterly report (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period. The average volume-weighted payment price for the Investor share during the Measurement Period is below referred to as the "Participation Price".

The President, other Members of the Extended Management Group and a maximum of 20 other senior employees within Investor ("Senior Management") are obligated to invest at least 5 per cent of their fixed cash remuneration before taxes in Investor shares according to the Stock Matching Plan. Other employees are not obligated to invest, but they are still entitled to invest to the extent that the value of the allotted Matching Options and Matching Shares amounts to maximum 10 or 15 percent of their basic remuneration. Senior Management has the right to invest to such an extent that the value of the allotted Matching Options and Matching Shares amounts to maximum between 10 and approximately 27 per cent of their respective fixed cash remuneration before taxes. In order to participate fully in the Stock Matching Plan, the President is to invest or commit approximately 32 per cent of his fixed cash remuneration before taxes in Investor shares in 2020 year's Plan (34, 33, 33, 31, 30 and 43 percent in 2019, 2018, 2017, 2016, 2015 and 2014 year's Plan). If the President participates fully in the Stock Matching Plan 2020, the possibility to receive a Matching Share and two Matching Options per acquired share under the Stock Matching Plan corresponds to a theoretical value of approximately 27 percent of the fixed cash remuneration before taxes (27 percent in 2015 - 2019 year's Plan and 38 percent for 2014 year's Plan).

## 2) Performance-Based Share Program

Senior Management has, in addition to participating in the Stock Matching Plan, also the right to (and the obligation to) participate in a Performance-Based Share Program. Under this program, which presumes participation in the above mentioned Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during four years to acquire additional Investor shares ("Performance Shares") at a price corresponding to 50 per cent of the Participation Price conditional upon the total return on the Investor shares exceeding a certain level during the vesting period.

As of the AGM 2009, the two previous financial targets for the right to purchase Performance Shares were replaced by one target; the total return of the Investor share.

The total return is measured during the three-year qualification period. The annual total return of the Investor share (including reinvested dividends) is measured quarterly and must exceed the interest on 10-year government bonds by more than 10 percentage points in order for Senior Management to be entitled to acquire the maximum number of Performance Shares, which has been allotted to the respective Senior Manager. If the total return does not exceed the 10-year interest on government bonds with at least 2 percentage points, then Senior Management is not entitled to acquire any shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, then a proportional (linear) calculation of the number of shares that may be acquired shall be made.

The theoretical value of a Performance Share takes into account, inter alia, the likelihood for meeting the performance criteria and is based on the Black & Scholes valuation model. The likelihood to meet the performance criteria has been, based on historical data for the Investor B-

share (verified by external advisors), calculated to approximately 50 per cent. The final number of Performance Shares that may be acquired is dependent on the outcome of the performance requirements, but cannot exceed the preset highest number at allotment for each year (limit).

Regarding the Matching Shares and Performance Shares, the employees are entitled to remuneration for dividends paid during the vesting period and up to the acquisition.

*Long-term variable remuneration program for employees within Patricia Industries: PI Balance Sheet Plan and PI North America Subsidiaries Plan 2017-2020*

The program is based on the same structure as the program for employees within Investor, but is related to the value growth of Patricia Industries instead of the Investor share.

The instruments in the Patricia Industries long-term variable remuneration program are granted under two different Plans: (i) the PI Balance Sheet Plan and (ii) the PI North America Subsidiaries Plan.

The instruments, which are cash-settled, has a duration of up to seven years and, conditional upon making a personal investment in Investor shares, participants are granted instruments that may vest after a three-year vesting period and may be exercised and/or settled during the four-year period thereafter (subject to applicable US tax laws).

Two categories of employees are offered to participate in the program: (i) Patricia Industries Senior Management and (ii) Other Patricia Industries Employees. Participants employed within the Patricia Industries Nordic organization are only offered to participate in the PI Balance Sheet Plan whereas participants employed within the Patricia Industries North America organization are offered to participate with 60 percent of their grant value in the PI Balance Sheet Plan and 40 percent of their grant value in the PI-NA Plan.

Each participant are allocated a so called "Grant Value" depending on the participant's position within PI and regional differences as to remuneration. The Grant Value per participant is set at a maximum of each participant's annual fixed cash remuneration before taxes ranging between 15 percent and approximately 160 percent of the annual fixed cash remuneration before taxes. In order to be entitled to the maximum Grant Value, each participant must participate with the maximum number of Participation Shares. The Grant Value for each participant will be translated into a number of cash-settled instruments. This number of instruments determined in conjunction with the grant can never be exceeded (limit), only reduced, depending on the outcome of the performance conditions (if applicable).

### ***Investment programs***

#### *Participation/incentive programs Investor Growth Capital (IGC)*

Within the previous Investor Growth Capital (IGC), selected senior staff and other senior executives have had the opportunity for a number of years to make parallel investments to some extent with Investor. The plans are designed in accordance with market practice in the venture capital market and are evaluated periodically against similar programs in Europe, the U.S. and Asia. Carried interest plans provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business.

Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio. This means that when an investment is realized with a profit, each parallel investor receives his or her share of the profit, after provisions for any unrealized declines in value or write-downs of other investments. The plans allow a maximum share of 15

percent that can be given to parallel investors, which is in line with practice in the venture capital market.

Due to the restructuring of IGC, a limited number of employees also participate in a profit sharing program that is better adapted to reflect the decision to restructure IGC. This program is linked to the realized proceeds of holdings, where the share that can be credited to program participants is set with the holding's market value taken into account.

Co-Head for Patricia Industries North America participated in the programs before attending the Extended Management Group, and is still participating. The programs are in a process of being phased out.

### ***Variable remuneration to the Board of Directors of Investor***

#### *Synthetic shares 2015-2020*

Member of the Board of Directors that is not employed by the company shall be entitled to elect between receiving 50 percent of the proposed remuneration, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash. Prior to the election, a Director may also decide not to participate in the Synthetic Share Program and be able to elect to receive 100 percent of the remuneration in cash.

For more information regarding synthetic shares, see the annual report and the document "Conditions for Remuneration of the Board of Directors" at Investor's website

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*June 17, 2020*  
*(In conjunction with the Annual General Meeting 2020)*