Investor AB - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Investor AB (Investor), headquartered in Sweden and founded by the Wallenberg family in 1916, is an engaged owner of high-quality, global companies. We have a long-term investment perspective and through board participation, industrial experience, our network and financial strength, we strive to make our companies best-in-class. Investor has a long history of being a responsible owner, company and employer, and firmly believes that sustainability is a prerequisite for creating long-term value. Companies that are best-in-class when it comes to operating in a sustainable way, will be able to provide superior products and services, and recruit the best employees, thereby outperforming competitors long-term.

As a company, Investor continuously works to improve its social, environmental and economic impact. Investor is a small organization with 89 employees and the direct environmental impact is therefore limited, but we actively strive to reduce our impact and carbon footprint. This includes cautious use of natural resources and energy as well as managing waste in an environmentally sound manner. We strive to be transparent by having an active dialogue with our stakeholders, as well as measure and regularly report our progress.

During the past years, Investor has developed a more structured approach to sustainability as a long-term, responsible and active owner, as this is where we have the most impact. In 2019, Investor conducted its second materiality assessment and identified three focus areas and long-term sustainability targets:

- Business ethics and governance

- Climate and resource efficiency

- Diversity and inclusion

Investor is committed to climate targets aligned with the Paris Agreement and has set targets to halving its greenhouse gas emissions by 2030. The targets are:

- To reduce Investor's CO2e emissions by 50 percent by 2030 compared to 2016 (Investor's Scope 1 and Scope 2 emission).

- To reduce CO2e emissions from the total portfolio by 50 percent by 2030 compared to 2016 (the portfolio companies' Scope 1 and 2 emissions).

- To ensure that all portfolio companies have relevant reduction targets related to their products, services and/or value chains (the portfolio companies' Scope 3 emissions).

Our portfolio companies are generally found within Engineering, Technology, Healthcare and Financial Services. Sustainability is an integrated part of our ownership model, included in our Sustainability Guidelines for all companies as well as company-specific priorities. As our portfolio is well-diversified, the company specific focus areas vary depending on industry, development stage, and the risks and opportunities that are relevant for each company. Examples of focus areas could be governance structure, supplier control, innovations, energy efficiency and diversity. Sustainability priorities are included in each of our listed core investment's value creation plans, which are communicated annually to the chairs of our respective companies and we consider sustainability matters in all our investing activities.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	Yes	3 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Netherlands
Sweden
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

SEK

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Investing (Asset owner)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The CEO is a member of the Board of Directors and he has the overall responsibility for Investor's business strategy including climate-related issues. Once a year all business risks including climate risks are presented by the CEO and analysed and discussed by the Board. The Investor Board of Directors is responsible for Investor's sustainability strategy. During the year, the Board has decided on three focus areas and related targets based on Investor's impact both as a company and owner. The climate targets approved by the Board are aligned with the Paris Agreement (reduce our greenhouse gas emissions by 50% by 2030).

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The impact of our own operations on the climate The impact of our investing activities on the climate	The Board of Directors decides on the Sustainability Policy, Governance, Risk and Compliance Policy and Finance Policy, and reviews and approves them annually. Investor Enterprise Risk Map (the company-wide risk map) is presented yearly to the Board of Directors where an action plan is agreed upon. Investor AB has Sustainability Guidelines which express the expectations on portfolio companies. During 2019 the Investor Board of Directors decided on long-term sustainability objectives. The climate related targets were discussed at board meetings. Investor follows up and monitors progress at portfolio level both through an annual self-assessment questionnaire as well as own analysis and dialogues with the companies sustainability departments. The portfolio companies' progress is presented to the Board annually.
Sporadic - as important matters arise	Reviewing and guiding major plans of action Reviewing and guiding business plans Setting performance objectives	Climate-related risks and opportunities to our investment activities The impact of our investing activities on the climate	When important sustainability matters arise the Board will include it on the agenda. Example of this could be if a sustainability related issue occurs within Investor's operations or within a portfolio company, or if the organization identifies prioritized sustainability issues and need to adjust or update guidelines, objectives, risk management or policies.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Assessing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Half-yearly
Other, please specify (Audit & Risk Committee)	Risk - CRO reporting line	Other, please specify (Assessing sustainability risks as a part of the company-wide risk assessment)	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Annually
Chief Sustainability Officer (CSO)	Corporate Sustainability/CSR reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The CEO is a member of the Board of Directors and he has the overall responsibility for Investor's business strategy, and hence also the responsibility for climate-related aspects. The climate-related issues are monitored continuously during the year and once a year a more comprehensive analysis is conducted on all portfolio companies. All 22 portfolio companies report their yearly sustainability performance to Investor. The collection of information is both through a sustainability system and through follow-up dialogues/meetings with each company. The collection and analysis of data is conducted in January-February and is presented by the CEO and discussed by the Board. The Board has decided on targets aligned with the Paris Agreement and the progress are presented at least yearly to the Board of Directors.

The Board has the overall responsibility for the Company's internal control. The Board has established a committee with four representatives from the Board called the Audit & Risk Committee. The committee has a preparatory and monitoring role and provides the Board with governance, guidance and oversight. Risk assessment is conducted continuously in the day to day business at Investor. Yearly a more comprehensive risk assessment is performed in the form of self-assessment. This risk assessment encompasses all categories of risks, the entire organization and all processes. Representatives from the Management Group, the investment organization, the support organization and the control functions assess the risks together in order to have a company-wide overview. The assessment takes into consideration such things as systems, control activities and key individuals. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are reported to the Audit & Risk Committee. Action plans are decided to minimize the probability and impact of identified risks. The CEO and Management Group follow up on the implementation of action plans. The Investor Management Group decides on the development and execution of the sustainability approach. The CEO reports the company-wide risk map as well as status on action plans to the Board.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Sustainability Officer (CSO)	Monetary reward	Emissions reduction target Behavior change related indicator Company performance against a climate-related sustainability index	CSO (Head of Sustainability is a part of the executive management group) receives: Monetary reward for developing sustainability approach and clarifying expectations as an owner. Recognition for improving the corporate reputation through different sustainability assessments Recognition for educating employees in climate change and the climate analysis of the portfolio companies. Recognition for sustainability improvements and progress
Environment/Sustainability manager	Monetary reward	Emissions reduction target Behavior change related indicator	Monetary reward for developing Investor's sustainability work and improving Investor's sustainability performance Recognition for improving Investor's reputation through different sustainability assessments.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as an investment option for some plans offered	Defined contribution plans where each individual can choose ESG-schemes.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	This time horizon is similar to other time horizons in the organization used for financial and other purposes. Investor has 4 time horizons: 0-1 year 1-5 years 5-15 years 15 years + In the CDP response we have grouped our short-term horizon (0-1 year) with our short to medium horizon (1-5 years).
Medium-term	5	15	This time horizon is similar to other time horizons in the organization used for financial and other purposes.
Long-term	15		This time horizon is similar to other time horizons in the organization used for financial and other purposes. The long-term horizon is 15 years and above.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Substantive financial or strategic impact on our business, are risks related to circumstances having a negative effect on value creation and return on invested capital, short term to long term. Most of our investments are in sectors with relatively low fossil dependency, such as pharmaceuticals and health care. Certain climate risks are local, e.g. weather related, and would only have marginal effect on Investor AB's share value or return on investment. Other risks are not sector specific or local, such as carbon taxes or increased global temperature, and could affect profit margins and ultimately share value. Substantive financial or strategic impact are circumstances that would lead to increased costs, limit overall growth of shareholder value in the medium to long run and lower dividends in the short run. Investor categorizes all risks in four risk levels dependent on financial impact and likelihood:

- Low

- Medium

- High

- Very high

We don’t share the figures for each category of risk externally. However, an example from our Annual Report (Note 3) regarding substantive financial impact related to share price risk, is if the market value of our Listed Companies was to decline by 10 percent due to insufficient performance regarding sustainability, the impact on income and equity would be SEK –34.5bn, based on data for the year 2019. If the share value of our Listed Companies would decrease by 10 percent due to climate aspects that would be considered a substantive financial impact on our business.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Risk assessment is conducted continuously in the day to day business at Investor. Yearly a more comprehensive risk assessment is performed in the form of self-assessment. This risk assessment encompasses all categories of risks, the entire organization and all processes. During 2019, Investor focused extra on sustainability related risks e.g. water, climate and resource-efficiency. Downstream risks of our value chain relate to the risks for our investee companies, while upstream risks include other transition risks that provide value to our investments e.g. policy and legal, market or technology. The time perspective for which risks are considered vary for our portfolio companies. As our portfolio is well-diversified, the assessment varies depending on industry and development stage. For some of our portfolio companies a time horizon of 30 years is used, and for some portfolio companies the time horizon is 15 years. Investor has a long-term perspective, looking at a horizon of at least 15 years, mostly an endless horizon, when analysing and monitoring its investment strategy. The more comprehensive risk assessment that is performed yearly includes self-assessment. The portfolio companies make their own risk assessment covering all categories of risks, the entire organization and all processes, and send the results to the Internal Control function at Investor. All substantial risks are grouped in terms of likelihood and financial impact. Representatives from the Management Group, the investment organization, the support organization and the control functions assess the risks together. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are reported to the Board. Action plans are decided to mitigate and minimize the probability and impact of identified risks. Investor AB's Board of Directors decides on risk levels, mandates and limits for the parent company and its business areas, while the board of each portfolio company decides on risk policies adapted to management of risks with their respective operations. The strategy regarding climate for our overall portfolio and Investor AB has been decided by our Board of Directors. One example of how Investor has responded to transition risks is the adopted climate targets for Investor's overall portfolio. The targets drive our portfolio companies to reduce their emissions in line with the Paris Agreement. Investor drives the climate strategy through our board representatives by engagement and make sure to follow up our companies' targets and measures to reduce their climate impact. Investor also monitors and follows our companies progress through dialogue and reporting. The portfolio companies that have implemented the TCFD (Task Force on Climate-related Financial Disclosure) reporting guidelines regarding physical or transitional risks and/or opportunities is included in the analysis and assessment of each portfolio company. This work is done by the business team and sustainability team at Investor, who provides input to the board representatives. Regarding Investor AB's other emissions (not connected to portfolio companies), our management group decides how to manage climate-related risks and reduce the emissions and environmental impact. We are 89 employees and have limited environmental impact, the initiatives taken by the management group during the year is to improve digital meeting solutions to reduce the emissions from business travel and to reduce energy consumption from offices through energy efficiency initiatives.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Certain regulations and taxes already exist. In Sweden for instance we are affected by a national carbon tax. In EU and in other carbon trading areas where our portfolio companies operate such as Japan, Singapore and California there are emission thresholds which can't be passed without paying for extra carbon credits. Current climate-related regulations and taxes are part of our risk assessment process as described in C2.2 and always considered and included in strategic decisions and cost calculations both for present and potential operations. Since most of our holdings have a comparably low fossil dependency the effect of this risk is not material and is not affecting our share value and return on capital.
Emerging regulation	Relevant, always included	There is a risk that carbon taxes or other regulations are introduced or enhanced in EU and other parts of the world in order to reduce the use of fossil energy. Regulatory measures to reduce the use of fossil fuels could for example affect the price of energy in the medium and long term. These types of emerging regulations would affect the cost structure of our portfolio companies and thereby affecting share value and return on capital investment for Investor AB. One example of why the risk is relevant is that our portfolio companies would be indirectly impacted by a potential rise in energy costs that can result from new or enhanced cap and trade schemes. A portfolio company could for example be impacted in its purchase of raw materials such as steel, copper and other energy-intensive materials.
Technology	Relevant, sometimes included	Technology is usually regarded as an opportunity for Investor and our portfolio companies as they are on the frontline of technological development. However, there is always a risk that a low carbon technology is introduced that are companies are not aware of and which short term could mean that some of our companies are less competitive. If such technological innovations or methods are not identified it could affect the profitability of the portfolio company and long term the effect could be reduced share value for Investor AB.
Legal	Relevant, always included	An identified and important legal risk is connected with liability. One example is if Investor or its portfolio companies would withhold climate related information that would lead to court processes. If the trust for Investor AB and its share is lost, it would have major implications for our business relations and the share value of Investor AB. For the holdings it probably also includes fines which would reduce profits. The assessment of legal risks is done through the process described in C2.2. The way to avoid this risk is to have high standards on business ethics and transparency.
Market	Relevant, always included	The risk that a demand for the products and services our portfolio companies provide shifts to demand for other solutions with lower carbon emissions, could affect our share value and return of investment if the transition is not picked up and acted on quickly. This is both a market risk and an opportunity and is very relevant for Investor's portfolio companies. This market risk is already taken into account in the business strategies for each of our companies. The portfolio companies are following the technological development and sales development in their sectors where to keep track of shifts in demand for different products and services. The process described in C2.2 will further ascertain that the market risk is considered and monitored.
Reputation	Relevant, always included	Investor AB has high quality companies in its portfolio with a long-term investment horizon. Reputation for Investor and our ownership approach is crucial for our business success. A sudden catastrophe or incident, such as hazardous materials spills or leaks, could affect a portfolio company's reputation and demand, and indirectly Investor's reputation. The risk of changed investor perception of Investor AB's portfolio or our ability to build strong and sustainable business is of high relevance to us. A reputational risk could lead to changed investor preferences and in turn changed demand. Reputation could then be a risk that could affect the share value and return on investment. Sudden catastrophes and incidents derived from climate-risks cannot be avoided, other than by analyzing, preparing for and adapting to possible outcomes, which is part of the risk management process described in C2.2.
Acute physical	Relevant, sometimes included	Acute physical risks could be caused by climate related extreme weather such as rain, floods, snow, storms, drought or heat waves. This could affect our portfolio companies' production or delivery capacity, as they are dependent on global supply chains. Typically such events cannot be forecasted and dealt with other than generally such as creating a stronger resilience in the supply and logistic chains so that alternatives are available. In the long run it is about avoiding certain geographical areas which are regularly hit by extreme weather and difficult to insure. This kind of risk is assessed by each portfolio company's Board and through the monitoring processes described under C2.2.
Chronic physical	Relevant, sometimes included	Chronic physical risks are relevant to Investor. It is difficult to foresee what the consequences will be long term on our portfolio companies. It's most certain that different chronic physical risks will affect some of our portfolio companies. One example is a bank within our portfolio that have identified physical risks due to climate change in their investment and loan portfolio. Chronic (and acute) physical risks could lead to destruction of property through flooding and heavy storms that may result in difficulties for borrowers to pay interest and amortize, which could affect the banks profit. The potential negative impact on the portfolio companies' revenues would indirectly impact Investor's share value and return on investment. We are working on developing and refining our risk assessment process of acute and chronic physical risks and in particular understanding the consequences if the global temperature is not kept within 2°C.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	The process for identifying sustainability risks is integrated into our company-wide risk identification, assessment and management processes. Yearly a more comprehensive risk assessment where the portfolio companies make their own risk assessment is conducted. More details are provided in C2.2. Material sustainability risks, including climate-related risks, are also analyzed and mitigated within the daily operations. Investor has conducted an in-depth assessment of material topics. Our most significant sustainability issues are identified and prioritized via analyses, and ongoing dialogues and interviews with internal and external stakeholders. This work sets the sustainability strategy and includes management over sustainability related risks. Further processes of identifying and assessing climate-related risks include: • The Board of Investor AB annually assesses risks that could affect Investor AB's share value and short and long term return on investment. • Head of Sustainability is part of the Management Group, and regularly identifies climate-related issues, risks and opportunities, which are presented to the Management Group. Climate calculations and analyses are done for Investor's portfolio companies in order to identify companies with high fossil fuel dependency and negative trends for carbon emissions. We analyse our portfolio of 22 companies' transition to a low-carbon economy and their strategy to mitigate risks and exploit opportunities. • Our analysts are considering future sustainability risks, including climate risks, for sectors and for individual portfolio companies as well as for future investments. • Each portfolio company's board assesses and monitor continuously all kind of risks. A number of our portfolio companies have started to implement the TCFD recommendations e.g. by conducting a climate-scenario analysis. Investor's sustainability department keeps updated regarding the companies' status and progress. Most of our investments are in sectors with relatively low fossil dependency, such as pharmaceuticals, health care, electronics. Certain climate risks are local, e.g. weather related, and would only have marginal effect on Investor AB's share value or return on investment. Other risks are not sector specific or local, such as carbon taxes or increased global temperature, and could affect profit margins and ultimately share value.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Investor AB is an industrial holding company and has no products or services.

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Majority of the portfolio	Qualitative and quantitative	Examples of processes of identifying and assessing climate-related risks include: • The Board of Investor AB annually assesses all risks that could affect Investor AB's share value and short and long term return on investment. • Head of Sustainability is part of the Executive Management Group, identifies climate-related issues, risks and opportunities, and present them to the Management Group. Climate calculations and analyses are performed annually for Investor's portfolio companies in order to identify companies with high fossil dependency as well as an analysis of how our 22 portfolio companies transition to low-carbon economy, their strategies to mitigate risks and exploit climate-related opportunities. The system used for tracking the transition and their progress against their targets is called Our Impacts. The Sustainability Team also conducts stakeholder involvement and dialogues with relevant stakeholders to understand climate-related risks and opportunities. • Our analysts are considering future sustainability risks and opportunities, including climate risks, for sectors and for individual portfolio companies as well as for future investments. • Each portfolio company's board of directors assesses and monitor continuously all kind of risks. A number of our portfolio companies have started to implement the TCFD recommendations regarding climate-related risks and opportunities, e.g. by conducting a climate-scenario analysis. Investor's sustainability department keeps updated regarding the companies' status and progress. Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the risk assessment. Financial Investments (representing 1% of total assets) is not included in the qualitative assessment for climate related risks and opportunities since they are not material due to their size. Financial Investments include small portfolio companies where the investment horizon has not yet been defined.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Majority of the portfolio	Water related risks and opportunities were a part of our recent materiality assessment where sustainability risks and opportunities were assessed. In this qualitative analysis, water-related risks and opportunities were not identified as material on an overall portfolio level. Resource efficiency was identified as material and Investor assessed the portfolio's approach to resource efficiency and if each portfolio company had targets and strategies in place. As our portfolio is well-diversified, the resource most relevant for each company varies depending on industry and is in some cases water. Investor collects information as to whether and how portfolio companies measure and monitor the water consumption. Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the risk assessment. Financial Investments (representing 1% of total assets) is not included in the qualitative assessment for climate related risks and opportunities since they are not material due to their size. Financial Investments include small portfolio companies where the investment horizon has not yet been defined.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	Investor AB is an industrial holding company and has no products or services.

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No, we don't assess this	<Not Applicable>	Forest-related risks and opportunities were part of our recent materiality assessment where sustainability risks and opportunities were assessed. In this qualitative analysis, forest-related risks and opportunities were not identified as material on a portfolio overall level. Resource efficiency was identified material and Investor assess the portfolio's approach to resource efficiency and if each portfolio company has targets and strategies in place.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	Investor AB is an industrial holding company and has no products or services.

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	Yes, for all 22 portfolio companies we request climate-related information yearly. This is done through a system called Our Impacts where each portfolio company reports climate information and data. We also have meetings with portfolio companies and gather their sustainability managers 3-4 times per year in a network to discuss risks and opportunities. Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the risk assessment. Financial Investments (representing 1% of total assets) is not included in the qualitative assessment for climate related risks and opportunities since they are not material due to their size. Financial Investments include small portfolio companies where the investment horizon has not yet been defined.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Investor AB is an industrial holding company and has no products or services.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Legal	Other, please specify (Increased pricing of GHG emissions)

Primary potential financial impact

Reduced profitability of investment portfolios

Climate risk type mapped to traditional financial services industry risk classification

Policy and legal risk

Company-specific description

In order to implement the Paris Agreement, large changes in emissions must take place, and it’s likely that governments and international bodies such as the EU will introduce various regulatory measures, which will increase the price of GHG emissions to achieve each national commitment to the Paris Agreement. In the same way it is likely that EU's emissions trading scheme will result in higher prices on carbon credits as the available amount decreases and the level for having to purchase credits is more strictly set. Increased costs and reduced profitability could reduce the value of our 22 portfolio companies as well as the dividends paid by the portfolio companies. This could also affect the competitive strength of our portfolio companies unless they manage to reduce their emissions in absolute terms as well as relative to their relevant sector. It’s unlikely that all Investor’s portfolio companies would be affected by increased pricing of GHG emissions at the same time. It's more likely that a few larger manufacturing plants of some of our companies could be affected within a five-year horizon, depending on national policies. Although unlikely, in the estimation below we assume that all portfolio companies within Patricia Industries would be affected and calculated the financial impact of that scenario. We use the interval of a carbon cost of SEK 100 – 658 per ton CO2e. The higher cost is in line with the level needed to meet the Paris Agreement and is estimated in the International Monetary Fund report to be consistent with a 2 C warming target (https://www.imf.org/external/pubs/ft/fandd/2019/12/pdf/the-case-for-carbon-taxation-and-putting-a-price-on-pollution-parry.pdf)

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

15000000

Potential financial impact figure – maximum (currency)

99000000

Explanation of financial impact figure

In 2019, the scope 1 & 2 emissions from our companies in Patricia Industries amounted to approx. 150 000 tonnes. If all companies within Patricia Industries were affected by a carbon cost of SEK 100-658 we estimate it would lead to a cost for the companies of between 15 - 99 MSEK. This will have low financial impact on Investor. The estimated highest carbon cost has a 0.2 percentage point impact on Investor AB’s consolidated EBIT margin. Highest carbon cost is estimated in the International Monetary Fund report to be consistent with a 2 C warming target: www.imf.org/external/pubs/ft/fandd/2019/12/pdf/the-case-for-carbon-taxation-and-putting-a-price-on-pollution-parry.pdf

Cost of response to risk

0

Description of response and explanation of cost calculation

The process of managing this risk is that the companies continue to reduce carbon emissions and adapt to a low carbon economy, e.g. by developing climate strategies, committing to reduce their emissions in line with Science-Based Targets, and by developing low-carbon products to meet customer demands for products with low emissions. Due to the diversity of sectors (telecommunications, manufacturing, pharmaceuticals, banking) and geographical presence it’s unlikely that all of Investor's portfolio companies would be affected by increased price of GHG emissions at the same time. It's more likely that a few larger manufacturing plants of some of our companies could be affected within a five year horizon, depending on national policies. Within the portfolio, the Listed Companies have higher GHG emissions due to their size. However, many of them are already sustainability and climate leaders when it comes to decoupling carbon emissions and economic growth. One concrete example is that 42% of our Listed companies have set Science Based Targets. Ambitious long-term targets and annual reductions in greenhouse gas emissions is one way of managing the risk of increased pricing of GHG emissions. The management methods used for Investor to assess and monitoring risks have been described in detail above in C2.2 and includes day-to-day risk assessments and annual, a more comprehensive risk assessment in the form of self-assessment. This risk assessment encompasses all categories of risks, the entire organization and all processes. During 2019, Investor put additional focus on sustainability related risks, e.g. climate change, water and resource efficiency, and set a long-term target to reduce GHG emissions in line with the Paris Agreement. In addition, we monitor that the portfolio companies have targets to reduce their emissions and follow their yearly progress. We also follow the political discussions in all forums in which we participate, in order to understand and foresee early on any changes to climate change policy. Controlling this risk is part of the work of the boards, the management's task as well as of all other involved in risk management processes described in C2.2 and therefore there is no extra cost.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Reduced profitability of investment portfolios

Climate risk type mapped to traditional financial services industry risk classification

Market risk

Company-specific description

Extreme climate-related weather events such as heat-waves, flooding, heavy rain or heavy snowfall, is likely to affect some of our portfolio companies in the short term. For Investor as an industrial holding company, with portfolio companies located across the world, it’s unlikely that all the portfolio companies would be affected by an acute physical risk at the same time since their locations are spread geographically. Extreme weather can affect our portfolio companies’ production, as they are dependent on complex and global supply and logistics chains. If the companies’ suppliers are hit by extreme weather it might cause delays in delivery of raw material or key components for production which could stop production. If the portfolio companies’ production facilities are affected by extreme weather, it could damage properties and stop the production. Extreme weather might cause disruptions in logistics and delay transportation of goods, and lead to financial consequences for customers if delivery times can't be met. There is a risk of increased costs, as a consequence of higher compliance costs or increased insurance premiums that could be likely for some of our portfolio companies. The way to compensate for the increased cost could be that the portfolio company, in the short term, increases prices to customers. This could result in lower demand and reduced revenue.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial effect for our portfolio companies will come through reduced revenue and increased costs, especially if they do not have the flexibility to move production, are reliant on too few suppliers or if they do not have sufficient insurance. If a portfolio company is suffering a severe consequence due to extreme weather, leading to production stop in one important site for a long time, it would lead to significant financial impact for that specific company in reduced revenues and possible financial costs due to damages. Therefore, this risk is relevant and is monitored and analysed by the company board. For Investor AB, however, the impact would be limited as it is very unlikely that such weather events would affect many of our portfolio companies at the same time, as their operations are geographically spread out.

Cost of response to risk
0

Description of response and explanation of cost calculation
Investor's risk management follows the processes described in detail at question C2.2 and includes day-to-day risk assessments and an annual more comprehensive risk assessment in the form of self-assessment. This risk assessment encompasses all categories of risks, the entire organization and all processes. During 2019, Investor focused extra on sustainability related risks, e.g, climate change and resource-efficiency and set a long-term target to reduce GHG emissions in line with the Paris Agreement. The board of each portfolio company is responsible for considering, mitigating and adapting to geographic location risks, including the insurances. Adaptation has to do with identifying inherent risk prone geographical areas, setting up resilient supply systems, and having systems in place to deal with the immediate effects of weather-related events. Controlling this risk is part of the work of the boards, the management's tasks as well as of all other involved in risk management processes described in C2.2 and therefore there is no extra cost.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Technology	Substitution of existing products and services with lower emissions options

Primary potential financial impact
Reduced profitability of investment portfolios

Climate risk type mapped to traditional financial services industry risk classification
Market risk

Company-specific description
In order to become independent of fossil energy, many of our holdings are already at the forefront and several of our listed companies have committed to Science Based Targets. Changing technology to develop low carbon products, and to make it possible for their customers to reduce their climate impact, will increase capital investments and costs for changing product designs, making production methods carbon efficient and products easy to recycle and dismantle. Investor AB's goal is to invest in companies and develop our portfolio companies to be best-in-class and industry leaders, which includes being sustainability leaders. Electrolux, Astra Zeneca and Ericsson are examples of companies that are sustainability leaders in their sectors respectively. Therefore, it is important that our companies have financial resources to work to reduce carbon emissions and to become energy efficient along their value chains. It is the task of the Board to make sure that each company has strategies, goals, plans and actions that move them in that direction. For Investor AB, the risk that several companies do not manage to make technology transitions, which would impact or asset value and dividends received, thereby impacting Investor negatively, is very unlikely. It is unlikely that this risk would have a strong effect as our holdings are spread over many sectors and technologies. Many of our portfolio companies operate in sectors where the carbon impact is very low to begin with, e.g. healthcare and finance. The largest financial impact would be if several of our major portfolio companies simultaneously would face a shift in technology and that they were not prepared for it.

Time horizon
Short-term

Likelihood
Unlikely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
For Investor as an industrial holding company, with 22 major portfolio companies in several different industries, it is very difficult to estimate the direct financial impact. The risk of unsuccessful investments in new technologies could for one company lead to reduced demand for products and services. If this is the main product or service category for that specific company, it could lead to significant financial impact for that specific company in reduced revenues. For Investor AB, however, the impact would be limited as it is very unlikely that it would affect many of our portfolio companies at the same time.

Cost of response to risk
0

Description of response and explanation of cost calculation
Risk management is part of Investor's tools for governance and control. This risk is managed by Investor's board of directors, management and investment organization, as well as by the board of each portfolio company. Since the leading investment strategy for Investor is to own companies which are leaders in their industries, we continuously focus on their performance, their technology position and R&D strategy and on new innovative products. Business strategies are developed and material risks analyzed at least once a year by each Board of directors. Investor encourages all portfolio companies to invest in innovation. We annually monitor how much the companies invest in research and development. In 2019, 10 percent of the portfolio companies' sales equivalent was spent on research and development.

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Technology	Unsuccessful investment in new technologies

Primary potential financial impact
Reduced profitability of investment portfolios

Climate risk type mapped to traditional financial services industry risk classification
Market risk

Company-specific description
This risk is partly covered by Risk 3. The risk is that our portfolio companies do not succeed in investing sufficiently in environmentally-friendly technology and moving to production processes and products with low carbon impact, while at the same time the competitors are more successful in launching innovative, break-through technology. If this happens, the companies concerned could be affected by lower sales volumes and prices, resulting in lower profit. It could also cause negative reputation and goodwill effects on the company in question. Companies could also be similarly impacted should they continue to provide fossil-fuel related products and solutions for e.g. oil and gas production, and not divest in time. The magnitude of the risk is moderated by the fact that our portfolio companies are distributed over many sectors and that each company typically has different products based on a variety of technical solutions.

Time horizon
Medium-term

Likelihood
Unlikely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
For each portfolio company, the risk could have direct impact in terms of lower profits. However, for Investor as an industrial holding company with 22 major holdings, the magnitude of the risk is moderated by the fact that our holdings are distributed over many sectors and that each holding has different products based on a variety of technical solutions. It is very difficult to estimate the financial impact. At year-end 2019, the value of our Listed companies amounted to SEK 345 bn., and our total adjusted assets amounted to SEK 497 bn. A 10% change in the value of our total assets would correspond to a change of approx. SEK 50 bn. There could also be financial impact through lower dividends from our holdings, which could impact our own dividend payout capacity. In 2019, the dividends received from our Listed companies was SEK 9.7 bn. The magnitude of impact is low as many of our companies are sustainability leaders when it comes to decoupling carbon emissions and economic growth.

Cost of response to risk
0

Description of response and explanation of cost calculation
Risk management is part of Investor's tools for governance and control. This risk is managed by Investor's board of directors, management and investment organization, as well as by the board of each holding. Since the leading investment strategy for Investor is to own companies who are leaders in their industries, we continuously focus on their performance, their technology position and R&D strategy and on new innovative products. Business strategies are developed and material risks analyzed at least once

a year by each Board of directors. Controlling this risk is part of the work of the boards, the management's tasks as well as of all other involved in risk management processes described in C2.2 and therefore there is no extra cost.

Comment

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact
Other, please specify (Damage to reputation and ability to attract talent and capital)

Climate risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
Investor has communicated high ambitious and measurable targets related to climate change. The target communicated is that we aim to decrease Scope 1 and Scope 2 emissions by 50% by 2030, in line with the Paris Agreement. The target is set both for the overall portfolio (where the main impact occurs) but also for Investor AB. When Investor communicated the ambitious targets externally, there was media coverage and stakeholder engagement. There is a risk that Investor's reputation could be damaged if Investor doesn't deliver on the climate targets and make desired progress. A good reputation for Investor and our ownership approach is crucial for our business success. A reputational risk could lead to changed investor preferences and in turn changed demand. Ultimately, this would affect the share value and return on investment. Damage to our reputation could also affect our ability to attract talent.

Time horizon
Medium-term

Likelihood
Unlikely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The reputational damage is difficult to estimate, and we are unable to disclose an impact figure.

Cost of response to risk
33000

Description of response and explanation of cost calculation
We are actively implementing initiatives to reduce our carbon emissions, both for Investor AB and the portfolio companies, to ensure we can reduce our emissions in line with the Paris Agreement. Regular and transparent communication, e.g. on our website and in our annual report, is also a way of managing our stakeholders' expectations. At Investor AB we source all our electricity in the head office from renewable sources. Vectura, our portfolio company that we rent our head office from, has a yearly target to reduce energy consumption and water consumption by 3 percent. During the last three years they have implemented a number of energy reduction initiatives, e.g. installed motion lighting, solar panels and charging posts for electric vehicles. At our offices in the US and the Netherlands we are currently evaluating if we can change to a renewable electricity agreement or buy renewable energy certificates to further reduce our emissions from energy. The climate targets for Investor's overall portfolio is to drive our portfolio companies to reduce their emissions in line with the Paris Agreement. We will drive this through our board representatives by engagement and make sure to follow up on our companies' targets and measures to reduce their climate impact. Investor also monitors and follows our companies progress through dialogue and reporting. Investor follows up and monitors progress at portfolio level both through an annual self-assessment questionnaire as well as own analysis and dialogues with the companies' sustainability departments. The portfolio companies' progress, e.g. Scope 1 and Scope 2 emissions, is presented to the Board annually. Investor also has an active dialogue with the Head of Sustainability in each portfolio company through Investor's Sustainability Network. The cost of response is difficult to estimate, as the costs associated with our work in the area of sustainability in general, and climate change in particular, is part of our day-to-day work at the Boards, in the Management Group and at the Sustainability Department at Investor. One specific initiative we are currently evaluating, as part of decreasing the greenhouse gas emissions at Investor AB, is to purchase renewable energy or renewable energy certificates for our offices in the US and the Netherlands. Based on the premium price for renewable energy, we estimate that the cost is 0- 33 000 SEK annually.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Other, please specify (If our holdings manage to reduce emissions and dependency on fossil fuel, and as a result the aggregated emissions for Investor AB goes down at the same time as total sales revenues and profits go up, it will have a positive effect on share value.)

Company-specific description
Investor AB's investment strategy is based on an understanding of and conviction that sustainability strategies are fundamental for the long-term growth of our asset value. To a large extent, our holdings have low carbon impact in relation to their respective industries, and many of them are sustainability leaders, such as Atlas Copco, Electrolux, ABB and Husqvarna. In addition, these companies have since many years developed products demanded by customers who require low carbon solutions. Our listed companies are, from year to year, reducing their climate impact, both in absolute terms and in relation to revenues, i.e. decoupling (lower carbon impact and higher revenues and economic results). One positive impact on Investor and a climate related business opportunity is that our share could become a more attractive investment alternative for pensions funds, insurance companies and other investors who seek investment opportunities with low carbon impact in order to reduce their own overall climate risk exposure. As more and more investment capital is directed towards low carbon shares we expect that this will have a general positive effect on shares with low carbon and Investor is positioned to be such an alternative.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
17250000000

Potential financial impact figure – maximum (currency)
34500000000

Explanation of financial impact figure
The financial impact is, as always, very difficult to estimate. However, if the market value of our Listed Companies would increase by 5-10 % due directly to our holdings ability to maintain strong long-term profitable growth as a result of meeting the changing demands of customers we estimate that the impact on income and equity would be 17.3-34.5 bn SEK (based on 2019 figures). This is an estimation based on an example from our Annual Report (Note 3) regarding substantive financial impact related to share price risk.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
In order to realize this opportunity, Investor AB's portfolio companies need to continue to reduce their carbon emissions and communicate their sustainability efforts to fund managers and other investors in the investment universe. Those of our holdings that operate sustainably will offer the best products and services and recruit the best employees, thereby remaining highly competitive. This should result in strong long-term profitable growth, which will benefit both the companies themselves and Investor as an owner. At Investor AB, we communicate our holdings' performance and progress in the area of sustainability in general and climate change in particular. On our website we communicate our work in the area of Climate & Resource Efficiency and our holdings progress related to greenhouse gas emissions and targets. Investor AB also engages with several partners in the value chain on the topic of sustainable investments. We strive to be transparent by having an active dialog with our stakeholders, as well as annually measure and report progress. The cost of response is difficult to estimate, as the costs associated with Investor AB's work in the area of sustainability in general, and climate change in particular, is part of our day-to-day work. For our holdings, there is neither any extra cost as this is already included in various presentation material and in the work that is done to reduce risks and enhance opportunities by boards, managements, business developers and communication officers.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

For many of Investor AB's holdings, development of low carbon products is part of the companies' business strategy, and at the same time reduce their own carbon impact. As the demand for low carbon products increases, we see an increased opportunity for our portfolio companies to develop new products and services through R&D and innovation, which will meet customers' demand. This is exemplified by the following companies in our portfolio: • ABB, which is developing technology for wind turbines and for charging electric vehicles. • Epiroc (following the spin-off from Atlas Copco) developing low energy drilling equipment. • Husqvarna's development of low carbon emitting chain saws and electrically charged robot lawn movers. • Electrolux who was one of the first companies to develop refrigerants that replace freon (SFCs) and which is leading the development of low energy freezers/refrigerators as well as its development of technology for using recycled plastic and designing products that are easily dismantled and recyclable. • Wärtsilä, which develops products in the marine sector (ship engines etc) that allow customers to operate with a minimum of carbon impact and its focus on solar, biofuel and hydro solutions. • SEB which is recognized as a pioneer in the Green Bond market through a close collaboration with The World Bank in 2007/2008 in the creation of the first World Bank Green Bond.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

For Investor as an industrial holding company with 22 major holdings in several different industries, the financial impact is difficult to estimate. However, as our holdings develop products with lower carbon emissions and reduce carbon emission in production, they become increasingly competitive and efficient, which should benefit Investor over time through value appreciation and growing dividends. However, we are unable to provide any quantitative data on the financial impact of this opportunity.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Part of Investor AB's strategy is to make sure that, as an owner, we drive the importance of sustainability, including climate-related issues and carbon emissions, in the board discussions in our various portfolio companies. We are convinced that those companies that are at the forefront of sustainability, including climate-change, focusing on innovating energy-efficient products and services, will outperform competition over time. Focus on profitability, including climate change, is never an obstacle for long-term profitable growth, but rather a prerequisite. For Investor AB there is no extra cost to realize this opportunity, as this strategy is and has always been part of our ownership work as a long-term focused industrial holding company.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Energy efficient production in order to lower emissions and production costs is a way of increasing profitability. Many of our companies are actively investing in new technology, optimising transportation and investing in energy efficiency in buildings and manufacturing facilities to reduce energy consumption and lower emissions of greenhouse gases. These initiatives are communicated by the companies in their sustainability reports and in their annual CDP Climate reporting. For the companies that also means competitive strengths. For Investor AB it means the possibility of higher dividends and a positive effect on share value.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Energy efficiency results in lower cost for production and lower carbon impact. The transition to low carbon production usually combines energy efficiency with increased use of renewable energy. Often renewable energy has a premium cost, but this cost is offset by increased productivity and lower energy consumption per product unit produced. The net result is lower cost and increased profitability for the companies in the short term and for Investor AB the effect is higher return on investments in terms of dividends in a medium-term perspective. It's difficult to calculate the financial impact and we have therefore filled in a zero.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Efficient production methods are key to developing profitable companies, and one element is energy efficiency. This is managed by Investor's board of directors and investment organization, as well as by the board of each holding. Since the leading investment strategy for Investor is to own companies which are leaders in their industries, we continuously focus on their performance. We make sure that experience in production management is represented in each company's board. The strategy is realized by the board of each company where also Investor AB has a representative. In addition, each company board has access to Investor's network of industry production expertise, both external and from other companies in the group, to achieve resource efficiency, slim and energy efficient production processes. This is an important way of realizing opportunities and limit risks. To realize this opportunity does not involve any additional cost for Investor.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.1c

(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?

Investor has initiated work to assess the possibility to use climate-related scenario analysis to inform our business strategy, and this is currently a business priority. Within the 'Investor AB's Sustainability Network', where representatives from Investor and the portfolio companies' Heads of Sustainability get together to discuss sustainability 3-4 times a year, climate-related scenario analysis is a topic we have discussed. In 2019, we arranged a seminar related to TCFD and have recently initiated a working group to share knowledge and experience related to scenario analysis to drive the companies forward.

Currently, only a few of our 22 portfolio companies use climate-related scenario analysis but we expect three or more companies to start reporting main outcomes of their scenario analysis in 2020. The portfolio companies' reported climate risks and opportunities will be key inputs for Investor to perform a climate-related scenario-analysis on portfolio level.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Not applicable for Investor AB since we have no products or solutions. For all portfolio companies, mitigating risks by developing low carbon products and moving towards product lines with less emissions is part of the companies' business strategy. Some examples that demonstrate how our portfolio companies have mitigated and adapted their products to is ABB, which supplies technology for wind turbines and for charging electric vehicles. In 2019, ABB's eco-efficiency portfolio represented 57% of its revenue. Epiroc is another example, who offer electric products and products with low energy, and electric drilling equipment with battery technology to reduce diesel emission in mines. Husqvarna has developed low carbon emitting chain saws and electrically charged robot lawn movers. Electrolux was one of the first companies to develop cold media replacing freon (SFCs) and which is leading the development of low energy freezers/refrigerators as well as their technology for using recycled plastic and designing products that are easily dismantled and recyclable. Its resource efficiency products accounted for 32% of gross profit for consumer products in 2019. SEB has its largest CO2 impact from its investments and they have several initiatives aimed at reducing these impacts such as their exclusion criteria regarding companies that extract coal, oil or gas. Wärtsilä develops products in the marine sector (ship engines etc.) and has a focus on allowing its customers to operate with a minimum of carbon impact and its products for solar, biofuel and hydro solutions. On a general level, adaptation to climate change is not influencing as much as mitigation today but is expected to increase in the medium-term. In the medium-term some of our portfolio companies might have to take adaption much further, and define certain geographical areas as high risk areas, and for instance relocate factories due to global warming or other extreme weather conditions, or reassess investments in certain sectors etc.
Supply chain and/or value chain	Yes	We are placing more emphasis on analyzing our portfolio companies' climate related risks and opportunities compared to previous years and we are confident that this will increase going forward. The most substantial strategic decision during the year was the Boards' decision to set measurable climate targets for both Investor AB and our overall portfolio. The targets are aligned with the Paris Agreement and reach towards 2030 (medium-term). The target, both for Investor and our portfolio companies, is to reduce Scope 1 and Scope 2 CO2e emissions by 50% by 2030. The strategy is to future proof our operations and ensure we drive our portfolio companies to be best-in-class. To achieve these ambitious targets, we monitor and track our portfolio companies' climate strategies and progress both with regard to adaptation and to mitigation. The mitigation is included in the target to drive our portfolio companies to reduce emissions from their operations and products/services. Adaption is primarily done through research and development, and by making sure that production and logistic solutions are resilient and flexible considering risks of extreme weather events. Investor AB has a long-term investment horizon and the investment strategy is to own companies which are leaders in their industries. Investor AB's investment strategy is based on the conviction that sustainability strategies are fundamental for the long-term growth of our asset value. Investor drives climate aspects through board representation and creates value creation plans for each portfolio company. Our listed companies are, from year to year, reducing their climate impact, both in absolute terms and in relation to revenue, i.e. decoupling (lower carbon impact and higher revenues and economic results). To a large extent, our holdings have low carbon impact in relation to their respective industry, and many of them are sustainability leaders, such as, Atlas Copco, Electrolux, ABB and Husqvarna. In addition, these companies have since many years developed products demanded by customers who require low carbon solutions. We recommend they conduct a risk assessment and report in accordance with TCFD and have gathered all portfolio companies to a training session on TCFD and scenario analysis. Many of our portfolio companies continue to mitigate carbon emissions and adapt to a low carbon economy.
Investment in R&D	Yes	Investments in R&D are important to monitor climate risks and to secure the long-term competitiveness of our portfolio companies. If they do not comply with new legislation of energy efficiency in products or if the market demand shifts to new energy-efficient solutions, it could lead to reduced demand for products and services. If it affects the key product or service category for a specific company, it could lead to significant financial impact for that specific company in the form of reduced revenues. For Investor AB, however, the impact would be limited as it is unlikely that it would affect many of our portfolio companies at the same time. With the business goal to grow our portfolio companies and be a long-term owner R&D is strategically vital and necessary to secure competitive strength and profitability. Since the investment strategy for Investor is to own companies which are leaders in their industries, we continuously focus on their performance, their technology position and R&D strategy to develop new innovative products. Investor encourages all portfolio companies to invest in innovation. We annually monitor the companies' investments in research and development. In 2019, 10 percent of portfolio companies sales equivalent was spent on research and development. Examples from our holdings: AstraZeneca's Natural Resources Reduction Governance Group fund has invested $71 million in environmental efficiency innovations since 2015, including 61 million in 2019. ABB invested SEK 1.4bn in research and development 2019. Between 60-80% of this goes to their eco-efficiency portfolio. The result of the groups' R&D affects indirectly Investor AB's share value and attractiveness on the investor market.
Operations	Yes	Climate-related risks and opportunities has influenced our portfolio companies' strategies. Five of our portfolio companies: ABB, AstraZeneca, Electrolux, Ericsson, and Husqvarna have SBT reduction targets. The companies with SBT will reduce emissions in line with the level of decarbonisation required to keep global temperature increase below 2 degrees C. This will mean that the competitive strength of the companies has increased compared to companies without ambitious targets. AstraZeneca's targets are to reduce absolute scope 1 emissions by 20%, scope 2 emissions by 95% and Scope 3 emissions by 25% per million USD of sales (baseline 2015) by 2025. Electrolux has a target to reduce absolute scope 1 and 2 emissions by 80% between 2015 and 2025, and to reduce absolute scope 3 emissions from the use of sold products by 25% by 2025. Husqvarna has targets to reduce CO2 emissions intensity across the value chain by 10% by 2020 compared to 2015 and to reduce absolute emissions from product use by 33% by 2035 compared to 2015. Ericsson has a target of 35% CO2 footprint reduction from its own activities from 2016 to 2022, and to reduce scope 3 emissions from business travel, up-and downstream transports and sold products. ABB's current target for climate action is to reduce the GHG emissions by 40% by 2020 compared by 2013. ABB has signed up for SBT for their post 2020 sustainability objectives. Both climate risks and opportunities can impact operations and one important part of the companies' competitive edge is to focus on efficiency to reduce costs. Efforts to reduce energy consumption and carbon emissions are followed up yearly. Electrolux has a target to improve energy efficiency at its manufacturing sites and warehouses by 20% by 2020 (baseline 2015). By the end of 2019, ISO 50001 was implemented at 58% of Electrolux sites around the world, and the remaining sites are in the process of certification. By the end of 2019, ABB had more than 250 energy efficiency projects underway at ABB sites around the world that are projected to deliver more than 39 GWh of annual savings. ABB is for example installing on-site photovoltaic power plants ot more of its facilities and the company's production of solar power for its own use nearly doubled in 2019.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	Investor is an industrial holding company, with a portfolio of 22 companies operating in different sectors and geographical regions. As an investor we are, from a financial planning point of view, dependent on our portfolio companies' performance and their ability to adapt to and mitigate climate-related risks and opportunities. The climate-related risks and opportunities are influencing our financial planning in the medium to long-term (5 years and above). Investor's asset value and share value are directly connected to the portfolio companies and the financial results they create. The financial risks and opportunities that affect our portfolio companies' asset values will therefore also impact Investor AB's asset value. The magnitude of the impact is considered medium. If climate-related risks would significantly impact the overall risk profile of our portfolio companies, this could potentially impact the risk profile of Investor AB, which could potentially impact Investor AB's funding costs and access to capital. The magnitude of the impact is considered low.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, climate-related issues are integrated into our general policy framework that relates to our financing activities

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Sustainable/Responsible Investment Policy	All of the portfolio	Our Sustainability Policy embeds climate and is publicly available on our web. The policy describes the roles and responsibilities for fulfilling Investor's objectives as a responsible owner and company. As a long-term owner, Investor's main goal is to drive and develop our portfolio companies to be best-in-class. All portfolio companies are covered by the Sustainability Policy (100% of total assets). The climate metrics regarding investments is communicated in our Annual Report and in a separate press release. Link to Policy: https://www.investorab.com/media/mufjdm1d/sustainability-policy-2020-06-08.pdf Link to press release: https://vp053.alertir.com/afw/files/press/investor/202001304519-1.pdf The Investment Process embeds sustainability and climate in the due diligence process and covers a minority of the portfolio (Patricia Industries represent 21% of total assets). These internal processes are not publicly available.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Please select	Please select	Not applicable - Industrial Holding Company with no products or services.

C-FS3.3

(C-FS3.3) Are climate-related issues factored into your external asset manager selection process?

Not applicable, because we don't have externally managed assets

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2016

Covered emissions in base year (metric tons CO2e)

145

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
50

Covered emissions in target year (metric tons CO2e) [auto-calculated]
72.5

Covered emissions in reporting year (metric tons CO2e)
130

% of target achieved [auto-calculated]
20.6896551724138

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
Investor has set climate targets in line with the Paris Agreement and have used Science-based Target Setting Tool. The absolute contraction approach was used to find the percentage of reduction needed to be in line with the Paris Agreement of limiting warming to well below 2°C and aiming for 1.5°C. As we are a small organization, we have limited resources to conduct the process of SBTi, but we have followed their method and principles in our analysis and goal formulation. Investor uses the financial year (no average figures). As seen above, Investor's scope 1 and 2 emissions are low due to already high usage of renewable energy and no operation/manufacturing. Our main impact is within our scope 3 emissions (our portfolio) where we have gone beyond the SBTi method and set an ambitious target of reducing the emissions with the same speed as for our internal emissions. See more below (Abs 2).

Target reference number
Abs 2

Year target was set
2019

Target coverage
Other, please specify (Portfolio companies' emissions)

Scope(s) (or Scope 3 category)
Scope 3: Investments

Base year
2016

Covered emissions in base year (metric tons CO2e)
3101300

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
50

Covered emissions in target year (metric tons CO2e) [auto-calculated]
1550650

Covered emissions in reporting year (metric tons CO2e)
2196600

% of target achieved [auto-calculated]
58.3432754006384

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
Investor used the Science-based Target Setting Tool and the absolute contraction approach to identify the percentage of reduction needed to be in line with the Paris Agreement. For our scope 3 emissions (related to our investments) we are proud to have gone beyond the SBTi method where it's sufficient to set a reduction target for scope 3 emissions that stand for a high proportion. It is in our role as an owner (investments) where Investor has the most impact, and Investor has set the same reduction speed for this target as for our scope1 and 2 emission target. Investor uses the financial year (no average figures) and collect the GHG emissions directly from our portfolio companies. The overall portfolio target is to reduce portfolio companies' scope 1 and 2 emissions by 50 percent by 2030 compared to 2016. This is an absolute reduction target for the overall portfolio (not an equity approach). The reason for setting the target on the total level is to drive all our portfolio companies to reduce their emissions and not be able to divest in companies with higher emissions. The baseline is set to 2016 to align our strategy period with Agenda 2030 and the Global Sustainability Goals. In 2019, greenhouse gas emissions from our overall portfolio decreased by 29 percent compared to 2016. We have internal milestones for this long-term target and it's not linear due to the need of innovation and technological development. As we have no operating control over the companies, we are driving this at the board level. In the yearly sustainability questionnaire Investor tracked that 50 percent of our companies had targets to reduce scope 1 and 2 emissions. Five companies in our portfolio that represent a high proportion of the carbon emissions have committed to Science Based Targets. We expect more companies to commit to ambitious climate targets within the next five years. Investor has also set a second portfolio target to ensure that all of our companies have relevant reduction targets for scope 3 emissions (reported under C4.2).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Other, please specify (Investments)

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Metric: Proportion of companies with relevant scope 3 reduction targets)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2016

Figure or percentage in base year
0

Target year
2030

Figure or percentage in target year
100

Figure or percentage in reporting year
41

% of target achieved [auto-calculated]
41

Target status in reporting year
Underway

Is this target part of an emissions target?
This is an additional target to our absolute reduction targets above and is part of our climate strategy and long-term targets.

Is this target part of an overarching initiative?
Other, please specify (Inspired by 1.5 Business Playbook to ensure our portfolio companies integrate climate in their business strategies.)

Please explain (including target coverage)
Investor has set this additional portfolio target to ensure that all of our companies have relevant reduction targets for scope 3 emissions. While our portfolio companies' scope 3 emissions are material, it is however challenging to set an overall reduction target due to the complexity of the different business models and industries. Investor has set this target to ensure our companies integrate climate in their business strategies where most relevant to them, and to ensure that also emissions upstream and downstream in the value chain are taken into consideration. Our target is to drive all our portfolio companies to measure and have a reduction target for relevant scope 3 emissions. To ensure the targets are relevant for each portfolio company (dependent on business model and industry) the portfolio companies can have different scope 3 emissions. In 2019, 73 percent of our companies measured scope 3 emissions and 41 had relevant reduction targets for their scope 3 emissions.

Target reference number
Oth 2

Year target was set
2018

Target coverage
Country/region

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	kWh

Target denominator (intensity targets only)

<Not Applicable>

Base year
2018

Figure or percentage in base year
385639

Target year
2019

Figure or percentage in target year
3

Figure or percentage in reporting year
367621

% of target achieved [auto-calculated]
4.67228163345746

Target status in reporting year
Achieved

Is this target part of an emissions target?
This is an energy efficiency target in an operation with already high proportion of renewable energy.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Reducing electricity consumption at our head office with 3 percent yearly. During the last three years Vectura, our portfolio company, from whom we rent our head office, has implemented a number of energy reduction initiatives, e.g. installed motion lighting, solar panels and charging posts for electric vehicles. The target is to yearly reduce electricity by 3%. We source all our electricity from renewable sources.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	5	26186
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
11

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
160000

Investment required (unit currency – as specified in C0.4)
470000

Payback period
1-3 years

Estimated lifetime of the initiative
16-20 years

Comment
During 2019, a heating pump of 80 kW was installed by Vectura at Investor's head office at Arsenalsgatan in Stockholm. The heating pump generates both heating and cooling, reducing the need for cooling during 4-6 months of the year. The need for purchased heating decreased by approximately 40-50%. The initiative will likely generate substantial energy savings in 2020 as the heating pump then will be used for a full 12-month period. The investment is made by Investor's wholly-owned real estate company Vectura. The information about the investment and pay-back period is based on information from them and is for the whole building. The estimated annual CO2e savings is only estimated for the office space that Investor rents (approx. 55%). The estimation is based on an annual saving of 40% in energy compared to 2018, applying the emission factor from our district heating supplier in 2019.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
1000000

Payback period
11-15 years

Estimated lifetime of the initiative
11-15 years

Comment
Cooling and heating regulation has been changed in several rooms at the office, and the flow and heating and cooling has been adjusted. We anticipate that we will see a reduction in heating and cooling consumption due to the more efficient regulation, but we are unable to quantify the exact savings in terms of energy, CO2e and monetary savings. The initiative will also lead to a better indoor climate. The investment was made by Investor's wholly-owned real estate company Vectura. The information about the investment and pay-back period is based on information from them and is for the whole building. Investor only rents parts of the building.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
2100

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1100000

Investment required (unit currency – as specified in C0.4)
20000000

Payback period
16-20 years

Estimated lifetime of the initiative
>30 years

Comment
Emission reduction initiatives within our own organisation at the head office are important, but not as material as influencing our portfolio companies to reduce their GHG emissions. Our general strategy is to influence our holdings to make sure that they take actions in line with good business development and that includes emission reduction initiatives when relevant. We have therefore reported a selection of our holdings' emission reduction initiatives. Husqvarna is one of Investor's listed companies and is a leading outdoor products company with strong brands, high end-customer focus and an innovative culture. Husqvarna has installed solar power capabilities at sites in USA and Sweden with a savings of approximately 2100 tonnes of CO2 savings per year.

Initiative category & Initiative type

Other, please specify	Other, please specify (Purchase of Renewable Electricity)

Estimated annual CO2e savings (metric tonnes CO2e)
19627

Scope(s)
Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
<1 year

Comment
Emission reduction initiatives within our own organisation at the head office are important, but not as material as influencing our portfolio companies to reduce their GHG emissions (portfolio companies' scope 1 and 2 emissions are emissions within Investor AB's scope 3). Our general strategy is to influence our holdings to make sure that they take actions in line with good business development and that includes emission reduction initiatives when relevant. We have therefore reported a selection of our holdings' emission reduction initiatives. Astra Zeneca is one of Investor's listed companies and is a global biopharmaceutical company focused on delivering innovative treatments in three therapeutic areas: Oncology, Cardiovascular, Renal and Metabolism (CVRM), and Respiratory. This initiative is part of Astra Zeneca's continued progress to its RE100 commitment to use 100% renewable power globally by 2025, with an interim milestone of 100% in US and Europe by 2020.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
3000

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
410000

Investment required (unit currency – as specified in C0.4)
990000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Emission reduction initiatives within our own organisation at the head office are important, but not as material as influencing our portfolio companies to reduce their GHG emissions (portfolio companies' scope 1 and 2 emissions are emissions within Investor AB's scope 3). Our general strategy is to influence our holdings to make sure that they take actions in line with good business development and that includes emission reduction initiatives when relevant. We have therefore reported a selection of our holdings' emission reduction initiatives. Electrolux is one of Investor's listed companies and is a leading global appliance company with a strong brand portfolio, an asset-light business model, and a strong focus on sustainability and innovative customer experiences. Due to implementation of approximately 10 lighting projects 3000 tonnes CO2 has been reduced in 2019.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
1448

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
158471

Investment required (unit currency – as specified in C0.4)
6422047

Payback period
>25 years

Estimated lifetime of the initiative
>30 years

Comment
Emission reduction initiatives within our own organisation at the head office are important, but not as material as influencing our portfolio companies to reduce their GHG emissions (portfolio companies' scope 1 and 2 emissions are emissions within Investor AB's scope 3). Our general strategy is to influence our holdings to make sure that they take actions in line with good business development and that includes emission reduction initiatives when relevant. We have therefore reported a selection of our holdings' emission reduction initiatives. ABB is one of Investor's listed companies and is well positioned in the electrification and automation industries with leading product

portfolios, broad geographic presence and strong market positions. CO2e savings have been achieved through 27 HVAC projects, which include automation and optimization of heating & cooling systems, replacing of boilers and air conditioners etc.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Vectura, our portfolio company, is responsible for management of our properties including the head office. They have a technical manager who is responsible for implementing energy and emission reduction projects related to our properties.
Employee engagement	For operations at our head office we encourage our employees to consider reducing their environmental impacts, e.g. related to travelling and use of resources.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

22

Comment

The Scope 1 emissions include emissions from company-owned/long-leased vehicles.

Scope 2 (location-based)

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

139

Comment

The Scope 2 emissions include purchased energy for the head office in Sweden, and the two small offices in USA and one in Amsterdam.

Scope 2 (market-based)

Base year start

January 1 2016

Base year end

December 31 2016

Base year emissions (metric tons CO2e)

123

Comment

The Scope 2 emissions include purchased energy for the head office in Sweden, and the two small offices in USA and one Amsterdam.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
18

Start date
January 1 2019

End date
December 31 2019

Comment
Investor AB has no operation/manufacturing. The emissions from scope 1 is company-owned/long-leased cars.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
18

Start date
January 1 2018

End date
December 31 2018

Comment
The reported scope 2 emissions include purchased electricity and district heating for our offices. Restatement: Corrected a calculation mistake in historical data regarding the proportion of usage of the head office. Earlier reported data only included the head office where more than 85% of the employees are located. During the year Investor updated the calculation methodology to also include the three smaller offices, the data now include all offices to ensure we can track progress against targets.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
22

Start date
January 1 2017

End date
December 31 2017

Comment
Investor AB has no operation/manufacturing. The emissions from scope 1 is company-owned/long-leased cars. This is restated data, the calculation has been improved compared to CDP reporting for calendar year 2018. The reason for the restatement is that one company-owned cars wasn't included in historical figures.

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
22

Start date
January 1 2016

End date
December 31 2016

Comment
Investor AB has no operation/manufacturing. The emissions from scope 1 is company-owned/long-leased cars. The data for 2016 has been collected to ensure complete baseline.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
125

Scope 2, market-based (if applicable)
112

Start date
January 1 2019

End date
December 31 2019

Comment
The reported scope 2 emissions include purchased electricity and district heating for our offices. Just to give an overview of the size of the offices, the number of employees in each office in the end of 2019: Stockholm 76 employees New York 10 employees Amsterdam 2 employees Palo Alto 1 employee Total 89 employees at the end of 2019.

Past year 1

Scope 2, location-based
130

Scope 2, market-based (if applicable)
117

Start date
January 1 2018

End date
December 31 2018

Comment
The reported scope 2 emissions include purchased electricity and district heating for our offices. Restatement: Corrected a calculation mistake in historical regarding the proportion of usage of the head office. Earlier reported data only included the head office where more than 85% of the employees are located. During the year Investor updated the calculation to also include the three smaller offices, the data now include all offices to ensure we can track progress against targets.

Past year 2

Scope 2, location-based
128

Scope 2, market-based (if applicable)
114

Start date
January 1 2017

End date
December 31 2017

Comment
The reported scope 2 emissions include purchased electricity and district heating for our offices. Restatement: Corrected a calculation mistake in historical regarding the proportion of usage of the head office. Earlier reported data only included the head office where more than 85% of the employees are located. During the year Investor updated the calculation methodology to also include the three smaller offices, the data now include all offices to ensure we can track progress against targets.

Past year 3

Scope 2, location-based
139

Scope 2, market-based (if applicable)
123

Start date
January 1 2016

End date
December 31 2016

Comment
The reported scope 2 emissions include purchased electricity and district heating for our offices. Restatement: Corrected a calculation mistake in historical regarding the proportion of usage of the head office. Earlier reported data only included the head office where more than 85% of the employees are located. During the year Investor updated the calculation methodology to also include the three smaller offices, the data now include all offices to ensure we can track progress against targets.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Heating in offices in US and Amsterdam (13 employees in total)

Relevance of Scope 1 emissions from this source
No emissions from this source

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why this source is excluded
For our offices in the US and Amsterdam we have been unable to obtain reliable data on heating, and this activity is therefore excluded in our disclosure. However, we judge that heating from these offices (with only 13 employees in total) is not material.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
52.5

Emissions calculation methodology
The emissions from purchased goods and services include catering food, copy paper, printed materials and water consumption. Food in our restaurant represent the largest emissions, 49 tonnes CO2e, which is the result of serving 80 meals per day for 220 days. Emissions from meals which are 1/3 meat based, 1/3 fish and 1/3 vegetarian are measured using an extensive British research report: "Dietary greenhouse gas emissions of meat-eaters, fish-eaters, vegetarians and vegans in the UK". We are also measuring consumption of office paper, printed material and envelopes. Emissions are based on weight. Water data is based on metre readings. The calculations have been done by using the calculation platform Our Impacts from Ecometrica, an accredited CDP calculation partner. Compared to the emissions within our portfolio, these emissions stand for a very low percentage of our total scope 3 emissions. The emissions are relevant to calculate and monitor but are low compared to other scope 3 emissions (investments and business travel) and therefore not identified as the most material emissions (due to limited size and risk). There are also other scope 3 emission we have not calculated such as use of purchased server capacity, which we don't consider material. Therefore, we estimate that 95% of the emissions from suppliers are being included.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
95

Please explain

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1.3

Emissions calculation methodology
Capital goods refer in our case to electronic equipment like computers, screens, other office machines and furniture. We have used emission factors published by the suppliers for computers (205 kg CO2e/product), smartphones (48 kg CO2e/product) and monitors (353 kg CO2e/product) for estimating the emissions from the purchased IT equipment. The suppliers are Lenovo, Samsung and Apple, and data is derived from product declarations. The calculation platform Our Impacts from Ecometrica, an accredited CDP calculation partner, has been used to calculate the emissions. We consider the emissions relevant to calculate and monitor as we have influence to reduce the emissions in dialogue with suppliers. The number of purchased equipment varies a lot between the years, for example in 2017 the emissions from purchased IT equipment was 52 tonnes of CO2e. The emissions are very low compared to other scope 3 emissions (investments and business travel) and therefore not identified as the most material emissions. The purchased IT equipment includes the office in Sweden which represents approx. 89% of the employees. The offices in USA and Amsterdam are not included in these figures.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
89

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
86

Emissions calculation methodology
The emissions include upstream emissions from purchased electricity, district heating, fuel for vehicles and air travel. Data in kWh for energy have been multiplied by supplier specific emission factors obtained from our suppliers (Vattenfall and Fortum). The calculations of upstream emissions from fuel air travel are based on kilometres driven and emissions factors published by the Department for Business, Energy and Industrial Strategy (BEIS) in the UK. Emission factors for upstream emissions and T&D losses for electricity in the US are derived from BEIS (2019) and for the Netherlands the source is IEA and IPCC. The calculations have been done using the calculation platform Our Impacts from Ecometrica, an accredited CDP calculation partner. For a majority of consumption data, data is actual data obtained from metres in our properties. If consumption data is not available we have used office square metre to estimate the emissions. Kilometres driven have been collected from accounting records for company-owned/long term leased vehicles. Air travel data is provided from the travel agency. We consider the emissions relevant to calculate and monitor as only part of the emissions connected to our purchased electricity, district heating, fuel for vehicles and air travel is included in scope 1-2. The fuel-and-energy-related activities are relevant to include to monitor the footprint of our business, and to take into account the whole lifecycle emissions from our activities.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Upstream transportation and distribution for the Investor head office mainly include deliveries to our office and we have not obtained any data for this activity. We estimate that the emissions from these activities are not material due to size, risk and is also not deemed important by stakeholders in recent stakeholder dialogue.

Waste generated in operations

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Waste generated at our office is not a material emission source, in the recent stakeholder dialogue (conducted in 2019) waste was not highlighted as an important topic by our stakeholders. Investor has limited amount of waste as we have no manufacturing. Most of our waste go to incineration and other types of waste, e.g. paper and cardboard, is recycled.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
526.5

Emissions calculation methodology
Air travel represent the largest emissions, 526.5 tonnes CO2e. Taxi, hotel night stays and train journeys represent approximately 7 tonnes CO2e. - Sweden: For air travel, we have obtained data from our travel agency, including short-haul, medium-haul and long-haul in the booking classes economy and business. - Other offices; For our offices in the US and the Netherlands, air travel data has been estimated based on number of employees. Our ambition is to improve the data collection from our offices outside Sweden and obtain actual data. Emissions have been calculated using emission factors from the Department for Business, Energy and Industrial Strategy (UK). An RFI factor of 2 has been applied to air travel to include the high altitude effect. Upstream emissions are also included. Information about hotel night stays, taxi and train journeys have been provided by the travel agency and our taxi provider. The calculations have been done by using the calculation platform Our Impacts from Ecometrica, an accredited CDP calculation partner. In 2019 we recalculated the historical emissions (2016-2018) from business travel to also include air travel by employees in the offices in USA and the Netherlands. We estimated that approximately 98% of emissions is calculated (the travel by taxi and hotel night stays by employees in USA and the Netherlands are not included).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
98

Please explain

Employee commuting

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Investor's head office (including small offices in New York, Palo Alto and Amsterdam) employed 89 people by the end of 2019. This emission source is relevant, and we will consider calculating it in future assessments. It is relevant since it would create an awareness among the employees of the importance of working together to reduce emissions. The emissions from commuting are relatively low, for example in Stockholm and New York where majority of the employees are working, many employees commute by subway, train or bus. Many employees in Sweden use bicycles and since we do not provide parking, commuting by car is rare. Stockholm has a commuting system which is very carbon efficient. Employee commuting could be a material emission source, but we have so far focused our efforts on including emission sources that we can control.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The only leased assets we use are copy machines. We have no data for generically measure the emissions. The emissions from upstream leased assets are considered non-material in recent stakeholder dialogue (conducted 2019) due to limited influence, size and risk.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The only downstream transportation is the distribution of post to our stakeholders, the emissions from these are estimated to be low and not identified as relevant and material topic to monitor.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any products, so processing of sold products is not a relevant emission source.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any products, so use of sold products is not a relevant emission source.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any products, so use of sold products is not a relevant emission source.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Investor owns property which is managed through our portfolio company Vectura. Vectura's emissions are included in the category "Investments" so to prevent double counting the field above is left empty.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We don't operate any franchises.

Other (upstream)

Evaluation status
Please select

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Please select

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
1.5

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
130

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
89

Scope 2 figure used
Market-based

% change from previous year
0

Direction of change
No change

Reason for change
The organization has reduced its emissions 4% in scope 1 and 2 for 2019 compared to 2018 (in absolute figures). The reason for no change in intensity compared to 2018 is the reduced number of employees (and same office space). The number of employees end of year 2019: 89 versus 2018 where it was 92 employees.

Intensity figure
1e-9

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
130

Metric denominator
unit total revenue

Metric denominator: Unit total
42239000000

Scope 2 figure used
Market-based

% change from previous year
3.1

Direction of change
Decreased

Reason for change
The reason for change is, mainly, due to reduced emissions in absolute terms due to energy efficient projects. Clarification: Investor AB has no products and services, the figure for net turnover includes the companies within Patricia Industries, meanwhile the scope 1 and scope 2 figures do not include emissions from Patricia Industries (reported under investment section). The intensity figure for revenue is therefore not a useful KPI for analysing Investor AB's performance.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Investor purchases renewable electricity for all electricity consumption in Sweden. The scope of renewable energy has not changed in 2019 compared to 2018, even though the electricity consumption decreased by approximately 5% at the head office. Investor is evaluating the possibility to purchase renewable electricity or renewable energy certificates for our offices in the US and the Netherlands.
Other emissions reduction activities	4.5	Decreased	4	Gross Scope 1+2 emissions decreased by 4% compared to 2018. The reduction of emissions is due to energy efficiency activities in Sweden (scope 2 emissions). We have for example increased monitoring and improved energy efficiency by motion lightning and changed to more LED lights in our offices and achieved: - Reduced electricity consumption by 5% (equal to 27,8 MWh) - Reduced district cooling by 32% (equal to 72,1 MWh) - Reduced district heating by 15% (equal to 68,1 MWh). The reduction of electricity consumption has little impact on emission due to high proportion of renewable energy. The reduced emissions are mainly from reduced district heating by 15% in the main premises in Stockholm/Sweden (equal to -4,48 tonnes of CO2e compared to 2018). The reduction was mainly due to energy efficiency measures, e.g. installation of a heat pump and new heating and cooling regulation. Investor has reduced scope 2 emissions by 4,5 tonnes of CO2e, the total scope 2 emissions in 2019 was 112,48 tonnes of CO2e and our total scope 2 emissions in the previous year was 117 tonnes of CO2e. The reduction we therefore arrived at was -4% or (112,48/117)-1 = -4% (i.e. an 4% decrease in emissions). The scope 1 emissions remained same overall. The total scope 1 and 2 emissions in 2019 equal to 130 tonnes of CO2e and 135 tonnes of CO2e in 2018. The total reduction of emissions within scope 1 and 2 emissions equal to 4%.
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	0	No change	0	
Change in methodology	0	No change	0	
Change in boundary	0	No change	0	
Change in physical operating conditions	0	No change	0	
Unidentified	0	No change	0	
Other	0	No change	0	

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	No
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired electricity	<Not Applicable>	555	192	747
Consumption of purchased or acquired heat	<Not Applicable>	0	389	389
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	0	155	155
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	555	736	1291

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/ section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 Comment regarding standard: Auditor has applied International Standard on Assurance Engagements (ISAE3000) and considered relevant parts of ISAE3410.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/ section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 Comment regarding standard: Auditor has applied International Standard on Assurance Engagements (ISAE3000) and considered relevant parts of ISAE3410.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 Comment regarding standard: Auditor has applied International Standard on Assurance Engagements (ISAE3000) and considered relevant parts of ISAE3410.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Investments

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 Comment regarding standard: Auditor has applied International Standard on Assurance Engagements (ISAE3000) and considered relevant parts of ISAE3410.

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 The other scope 3 emissions (total 140 tonnes of CO2e) include: - Purchased goods and services (52.5 tonnes of CO2e) include catering food, copy paper, printed materials and water consumption - Capital goods (1.5 tonnes of CO2e) include electronic equipment like computers, screens, other office machines - Fuel-and-energy-related activities (86 tonnes of CO2e) include activities not included in scope 1 and 2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Capital goods

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 The other scope 3 emissions (total 140 tonnes of CO2e) include: - Purchased goods and services (52.5 tonnes of CO2e) include catering food, copy paper, printed materials and water consumption - Capital goods (1.5 tonnes of CO2e) include electronic equipment like computers, screens, other office machines - Fuel-and-energy-related activities (86 tonnes of CO2e) include activities not included in scope 1 and 2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Investor CDP verification letter 2019.pdf
Investor Annual Report 2019.pdf

Page/section reference
Investor CDP Verification Letter 2019: page 1-2 Investor Annual Report 2019: page 114 The other scope 3 emissions (total 140 tonnes of CO2e) include: - Purchased goods and services (52.5 tonnes of CO2e) include catering food, copy paper, printed materials and water consumption - Capital goods (1.5 tonnes of CO2e) include electronic equipment like computers, screens, other office machines - Fuel-and-energy-related activities (86 tonnes of CO2e) include activities not included in scope 1 and 2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Progress against emissions reduction target	Auditor has applied International Standard on Assurance Engagements (ISAE3000) and considered relevant parts of ISAE3410.	To ensure quality the company has chosen to verify progress against baseline for targets described in C.4.1a-b: - Abs 1 - Oth 1 - Abs 2 (only part of the target: proportion of companies with reduction targets). The limited verification is done yearly each calendar year. The verification on target Abs 1 covers Investor AB all scope 1 and 2 emissions.

Investor CDP verification letter 2019.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our investee companies
Yes, other partners in the value chain

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Collect climate change and carbon information at least annually from long-term investees

% of investees by number
99

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
100

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
Investor is an engaged long-term owner that actively supports the building and development of best-in-class companies. Through substantial ownership and board participation, we drive initiatives that we believe will create the most value for each individual company. As an owner, we acknowledge our broader role to accelerate the transition to a sustainable low carbon economy and has identified climate as one of our focus areas. In 2019, Investor committed to climate targets aligned with the Paris Agreement and has a target of reducing greenhouse gas emissions in scope 1 and scope 2 by 50 percent by 2030. This covers both Investor AB as a company, but more importantly Investor as an owner (portfolio). Through our board representatives we engage and follow up with our portfolio companies on their climate targets and measures to reduce their climate impact including carbon footprint of products and solutions. Investor annually collects and follow up with the companies regarding CO2e emissions, targets and progress. One way we monitor the portfolio companies progress is through the annual sustainability self-assessment questionnaire. The collection of climate change and carbon information is conducted yearly through an online Platform called Our Impacts where each portfolio company report their CO2e emissions within the different scopes and if they have strategies to reduce their emissions. Investor is a long-term owner with a buy-to-build strategy for our portfolio companies within Listed

Companies, Patricia Industries and EQT. The rational for engaging with these companies regarding climate is that they are our major portfolio companies and represents 99% of our total assets. The 1% not included in these are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined.

Impact of engagement, including measures of success

In 2019, all 22 portfolio companies reported their scope 1 and 2 emissions to Investor for year 2019. Our portfolio companies have improved their calculations of emissions during the year and were able to provide us with both market based emissions and location based emissions. The target is to reduce CO_2e emissions by 50 percent by 2030 compared to 2016 for the overall portfolio (portfolio companies' scope 1 and 2 - market based method). As of 2019, emissions decreased by 29 percent compared to baseline. The Listed Companies represent more than 65 percent of the emissions from our portfolio and the group of companies reduced emissions by 9 percent compared to 2018. Our listed companies are, from year to year, reducing their climate impact, both in absolute terms and in relation to revenues, i.e. decoupling (lower carbon impact and higher revenues and economic results). Compared to 2016, the Listed Companies have reduced emissions by 28%. To a large extent, our holdings have low carbon impact in relation to their respective industry, and many of them are in fact sustainability leaders, such as, Atlas Copco, Electrolux, ABB and Husqvarna. The second portfolio target is to ensure that all of our companies have relevant reduction targets for their scope 3 emissions. Investor monitors and tracks if our companies have targets to reduce emissions from their value chain, for example related to the use of their products (portfolio companies' scope 3). In 2019, 73 percent of our companies measured scope 3 emissions and 41 percent had reduction targets for their scope 3 emissions. The target gives Investor the opportunity to have dialogue with the portfolio companies and increase awareness of how different business models have different impacts on climate.

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership

% of investees by number

99

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

100

Portfolio coverage

Majority of the portfolio

Rationale for the coverage of your engagement

Investor is an engaged long-term owner that actively supports the building and development of best-in-class companies. Investor’s long-term climate targets towards 2030 aim to ensure that the portfolio is in line with the Paris Agreement. Investor works through the representation on the boards to drive the companies to set targets and strategies to develop resource efficient processes and to reduce their greenhouse gas emissions. Through substantial ownership and board participation, we engage with all portfolio companies and follow up with our portfolio companies on their climate targets and measures to reduce their climate impact including carbon footprint of products and solutions. During 2019, 91% of our portfolio companies had at least one strategic board discussion on sustainability and climate. Dependent on the companies’ climate risks and challenges, we assess the companies' climate strategy and evaluate if progress is satisfactory. As a first step we have encouraged better climate-related disclosure practices (two training session in sustainability that covered climate were arranged for non-listed portfolio companies during 2019) and for the more mature companies we are supporting companies to set Paris-aligned strategies. Investor has also had dialogues with the Head of Sustainability in each portfolio company through Investor’s Sustainability Network that met four times during 2019. One of the meeting was an education in climate-related risks and opportunities and TCFD. Investor is a long-term owner with a buy-to-build strategy for our portfolio companies within Listed Companies, Patricia Industries and EQT. The rationale for engaging with these companies regarding climate is that they are our major portfolio companies and represents 99% of our total assets. The 1% not included in these are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined.

Impact of engagement, including measures of success

In 2019, Investor engaged with our 22 companies regarding sustainability. One way we engage is through Investor's Sustainability Network, where we meet the portfolio companies’ Heads of Sustainability three to four times per year to discuss different sustainability challenges and opportunities. In 2019, Investor Sustainability Network met four times, and two of the meetings where related to climate (one was a training/education in TCFD). Two of our 22 companies have formally supported TCFD and many are working to improve climate related analysis and disclosures. We expect 2-4 companies to start implementing the TCFD reporting guidelines in 2020. Investor also communicated to all portfolio companies regarding the new climate targets to both CEO and Head of Sustainability. Since the targets were initially communicated, two portfolio companies have increased their ambitions around climate. At the end of 2019, 42 percent of our Listed Companies have committed to setting science-based targets.

Type of engagement

Information collection (Understanding investee behavior)

Details of engagement

Climate change is integrated into investee evaluation processes

% of investees by number

99

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

100

Portfolio coverage

Majority of the portfolio

Rationale for the coverage of your engagement

In 2019, Investor committed to climate targets aligned with the Paris Agreement and has the target to reduce its greenhouse gas emissions in Scope 1 and 2 by 50% by 2030. This covers both Investor AB as a company, but more importantly Investor as an owner (portfolio). Each year we collect climate change information and greenhouse gas emission data from our portfolio companies and assess and evaluate each company's performance and progress. Through our board participation we engage and follow up with our portfolio companies on their climate targets and measures to reduce their climate impact including carbon footprint of products and solutions. During 2019, 91% of our portfolio companies had at least one strategic board discussion on sustainability and climate. Dependent on the companies’ climate risks and challenges, we assess the companies' climate strategy and evaluate if the progress is satisfactory. Investor is a long-term owner with a buy-to-build strategy for our portfolio companies within Listed Companies, Patricia Industries and EQT AB. The rationale for engaging with these companies regarding climate is that they are our major portfolio companies and represents 99% of our total assets. The 1% not included in these are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined.

Impact of engagement, including measures of success

In 2019, Investor evaluated all 22 portfolio companies regarding their climate strategies and progress. At the end of 2019, 50 percent of our companies had reduction targets for scope 1 and 2 emissions and 23 percent of our portfolio companies had committed to setting science-based targets (42% of the Listed Companies). The progress at overall portfolio level is a reduction of 29 percent compared to 2016, the reduction speed is in line with the needed reduction to limit global warming to well below 2 degrees. We also evaluate whether the companies have targets related to relevant emissions from their value chain, for example related to the use of their products (portfolio companies' scope 3). In 2019, 73 percent of our companies measured scope 3 emissions and 41 had reduction targets for their scope 3 emissions, an improment from 2018.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Investor AB engages with several partners in the value chain on the topic of sustainable investments. We strive to be transparent by having an active dialogue with our stakeholders, as well as annually measure and report progress. Investor engages with other Swedish investors regarding sustainability and climate. Investor AB is a member of Swedish Investors for Sustainable Development (SISD), which is a partnership comprising 20 of the largest financial actors on the Swedish market (institutional investors, pension companies, investment companies) and the Swedish International Development Cooperation Agency (Sida). SISD was formed in 2016 and works to explore the role of investors, risks and opportunities related to the 2030 Agenda through learning, sharing experiences, voluntary projects and communication. The partnership aims to promote engagement around SDGs and contribute to the international dialogue on the role of investors. The work is conducted in working groups and presented and aggregated to the whole group at network meetings and also presented to the members CEOs. Investor is active in the working groups regarding climate (SDG 13) and gender diversity (SDG 5). Working group 13 explores climate reporting alternatives such as Task Force on Climate-related Financial Disclosures (TCFD) and discusses the opportunities and challenges of the SDG for investors in the international context and work to stimulate other actors to take action on investments that support the SDG.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Other

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Through our main owner, the Wallenberg Foundations, we are part of an ecosystem. The dividends Investor pays to the Wallenberg Foundations contribute to the annual donations and thus funding of research done by the foundations of more than SEK 2bn. Part of the research is focused on climate change. In addition, Investor engages in several international networks and some of these are focused on climate change.

Investor is active on the board of Mistra Center for Sustainable Markets (Misum), which is a multi-disciplinary research environment at the Stockholm School of Economics. The scholars come from different departments and centers of the school and the research projects are designed to systematically explore how management and governance mechanisms may best advance market towards sustainability. The Head of Sustainability at Investor is chair of the Board.

Investor uses our sponsor activities as a way to combine business-related involvement with a good citizen perspective. The areas we prioritize are youth, education and entrepreneurship. Investor supports several organizations that contribute to the development of society and entrepreneurship, such as IVA, SNS, Forum för Välfärd, Chambers of Commerce, Business Challenge and Young Enterprise Sweden.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Investor Board of Directors has decided on Investor’s sustainability strategy and approach. The climate targets are aligned with the Paris Agreement’s aim of limiting global temperature rise to 2 degrees above pre-industrial levels, while trying to limit the temperature increase to 1.5 degrees. Engagement is based on this strategy and is primarily performed by representatives from the Board of Directors. Annually, the Board follows up on progress.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
Investor Annual Report 2019.pdf

Page/Section reference
page 13 and 113

Content elements
Strategy
Emissions figures
Emission targets
Other metrics

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Other, please specify (Global Reporting Initiative (GRI) and GHG Protocol)	Investor reports sustainability information in accordance to GRI and uses the GHG Protocol for calculating and reporting GHG emissions.
Industry initiative	Please select	
Commitment	Please select	

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Category 15 "Investment" total absolute emissions	Investor has portfolio companies, no lending or other products and services.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	Investor AB is an industrial holding company and has no products or services.

C-FS14.1a

(C-FS14.1a) What are your organization’s Scope 3 portfolio emissions? (Category 15 “Investments” total emissions)

Category 15 (Investments)

Evaluation status
Relevant, calculated

Scope 3 portfolio emissions (metric tons CO2e)
356300

Portfolio coverage
More than 90% but less than or equal to 100%

Percentage calculated using data obtained from client/investees
100

Emissions calculation methodology
The emissions from our investments cover our 22 portfolio companies and is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Investor use the Category 15 of Scope 3 emissions in the GHG protocol where a reporting company’s scope 3 emissions from investments are the scope 1 and scope 2 emissions of portfolio companies. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the ownership share of each portfolio company. The share of ownership is set to December 31 of the reporting year. Example of calculation 2019 for Astra Zeneca: Scope 1 emissions: 285 798 tonnes CO2e Scope 2 emissions (market based method): 133 971 tonnes CO2e Total Scope 1 and 2 emissions: 419 769 tonnes CO2e Investor’s ownership percentage December 31 2019: 3.9% Equity approach: 16 371 tonnes CO2e (calculation: 419 769 x 0,039) Calculation for all portfolio companies = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) + (Company C's scope 1 and 2 emissions x Company C's ownership percentage) + ... + (Company V's scope 1 and 2 emissions x Company V's ownership percentage) = Total equity share of emissions At the end of 2019, Investor had 22 portfolio companies divided in Listed Companies, Patricia Industries and EQT. The metrics have been used to monitor existing investments and the emissions have been reduced by 4% compared to 2018. Additional metrics: Investor has also monitored the total emissions (not equity approach) to track the companies’ progress not dependent on our ownership percentage. The absolute reduction target (described on C4.1a - Abs 2) for the portfolio is set at a total level. Total emissions from our investments were 2 196 600 tonnes of CO2e in 2019, which is a reduction in absolute emissions by 9% compared to 2018. Investor also conducts an analysis of portfolio companies scope 3 emissions (data not included above). The data is collected from the companies’ that report scope 3 emissions in their public reporting. Investor analyses each portfolio company separately to understand the company’s impact across their own value chain and the related risks. Each portfolio company set its own threshold for which scope 3 emissions to report. The scope 3 emissions are important to monitor per company. For Investor it is not relevant and useful to aggregate all portfolio companies’ scope 3 emissions.

Please explain
Investor has only portfolio companies, no lending or other products and services. Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class Yes, by industry	

C-FS14.2a

(C-FS14.2a) Break down your organization’s Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Listed equity	Total carbon absolute emissions (CO2e)	Metric tons CO2e	231100	There are 13 listed companies within the portfolio of holding companies. The method to calculate the emissions for the listed companies is to collect the data directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Investor uses the Category 15 of Scope 3 emissions in the GHG protocol where a reporting company’s scope 3 emissions from investments are the scope 1 and scope 2 emissions of portfolio companies. Due to our business model, we use the operational control method and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. In 2019, the emissions from our listed companies had reduced by 9% compared to 2018. Calculation for all listed companies = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) + (Company C's scope 1 and 2 emissions x Company C's ownership percentage) + ... + (Company M's scope 1 and 2 emissions x Company M's ownership percentage) = Total equity share of emissions Portfolio coverage: 100% of the total assets within our listed portfolio.
Private equity	Total carbon absolute emissions (CO2e)	Metric tons CO2e	125200	Investor is a long-term owner of companies. Within our non-listed holdings there are 9 companies. The method to calculate the emissions is to collect the data directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Investor uses the Category 15 of Scope 3 emissions in the GHG protocol where a reporting company’s scope 3 emissions from investments are the scope 1 and scope 2 emissions of portfolio companies. Due to our business model, we use the operational control method and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. In 2019, the emissions from our non-listed companies had increased by 5% compared to 2018. Calculation for all listed companies = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) + (Company C's scope 1 and 2 emissions x Company C's ownership percentage) + ... + (Company I's scope 1 and 2 emissions x Company I's ownership percentage) = Total equity share of emissions Portfolio coverage: 96% of the non-listed companies are included based on share of assets. Financial Investments are excluded (represents 1% of the total assets for both listed and non-listed portfolio). Financial investment is a small portfolio of companies where the investment horizon has not yet been defined.

C-FS14.2b

(C-FS14.2b) Break down your organization's Scope 3 portfolio impact by industry.

Industry	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Capital Goods	Total carbon absolute emissions (CO2e)	Metric tons CO2e	169500	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There are six portfolio companies within capital goods. Calculation for all portfolio companies within a certain industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) + (Company C's scope 1 and 2 emissions x Company C's ownership percentage) + ... + (Company F's scope 1 and 2 emissions x Company F's ownership percentage) = Total equity share of emissions within capital goods industry
Pharmaceuticals, Biotechnology & Life Sciences	Total carbon absolute emissions (CO2e)	Metric tons CO2e	16500	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control method and the emissions from investments are allocated to the reporting company based on the ownership share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There are two portfolio companies within Pharmaceuticals, Biotechnology & Life Sciences. Calculation for all portfolio companies within a certain industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) + (Company C's scope 1 and 2 emissions x Company C's ownership percentage) = Total equity share of emissions within Pharmaceuticals, Biotechnology & Life Sciences industry.
Consumer Durables & Apparel	Total carbon absolute emissions (CO2e)	Metric tons CO2e	21100	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Consumer Durables & Apparel industry. Calculation for the emissions within Consumer Durables & Apparel industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Consumer Durables & Apparel industry
Health Care Equipment & Services	Total carbon absolute emissions (CO2e)	Metric tons CO2e	116200	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There are two portfolio companies within Health Care Equipment & Services industry. Calculation for all portfolio companies within a certain industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) = Total equity share of emissions within Health Care Equipment & Services industry
Technology Hardware & Equipment	Total carbon absolute emissions (CO2e)	Metric tons CO2e	12400	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Technology Hardware & Equipment industry. Calculation for the emissions within Technology Hardware & Equipment industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Technology Hardware & Equipment industry
Other, please specify (Defence)	Total carbon absolute emissions (CO2e)	Metric tons CO2e	11000	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Other/Defence industry. Calculation for the emissions within Other/Defence industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Other/Defence industry
Telecommunication Services	Total carbon absolute emissions (CO2e)	Metric tons CO2e	7300	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Telecommunication Services. Calculation for the emissions within Telecommunication Services = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Telecommunication Services industry.
Banks	Total carbon absolute emissions (CO2e)	Metric tons CO2e	1800	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Banks. Calculation for the emissions within Banks = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Banks.
Real Estate	Total carbon absolute emissions (CO2e)	Metric tons CO2e	100	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Real Estate. Calculation for the emissions within Real Estate= (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Real Estate.

Industry	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Diversified Financials	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There are two portfolio company within Diversified Financials. Calculation for all portfolio companies within the industry = (Company A's scope 1 and 2 emissions x Company A's ownership percentage) + (Company B's scope 1 and 2 emissions x Company B's ownership percentage) = Total equity share of emissions within Diversified Financials.
Other, please specify (Hotels)	Total carbon absolute emissions (CO2e)	Please select	400	Portfolio coverage: 99% of total assets are included, meaning our 22 major portfolio companies are all included in the calculation of the portfolio emissions. The 1% not included are small portfolio companies placed within 'Financial Investments' where the investment horizon has not yet been defined. Method of calculation: The emissions from our investments cover our 22 portfolio companies that are active within different industries. The emission data is collected directly from each portfolio company (Investment-specific method). The reporting was conducted in January-February 2020 regarding calendar year 2019. We collected scope 1 and market based scope 2 emissions in tonnes CO2e. Due to our business model, we use the operational control and the emissions from investments are allocated to the reporting company based on the owned share of each portfolio company. The share of ownership is set to December 31 of the reporting year. There is one portfolio company within Other/Hotels. Calculation for the emissions within Hotel= (Company A's scope 1 and 2 emissions x Company A's ownership percentage) = Total equity share of emissions within Hotel.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	In 2019, Investor committed to climate targets aligned with the Paris Agreement and has the target to halve its greenhouse gas emissions by 2030. This covers both Investor AB as a company, but more importantly Investor as an owner (portfolio). Through our board representatives we engage and follow up with our portfolio companies on their climate targets and measures to reduce their climate impact including carbon footprint of products and solutions. Investor has used a Science-based Target Setting Tool and the absolute contraction approach was used to find the percentage of reduction needed to be in line with the Paris Agreement of limiting warming to well below 2°C.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Investor AB is an industrial holding company and has no products or services.

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	Yes, we assess if our 22 portfolio companies' business strategies are aligned to a well below 2-degree world. The 22 portfolio companies represent portfolio coverage: 99% of total assets. Financial Investments (representing 1% of total assets) is not included in figure of emissions. The climate targets set for Investor AB and for the overall portfolio is aligned with the Paris Agreement of limiting global warming well below 2 degrees. Investor also analyses and assess whether our portfolio companies' business strategies are aligned to a well below 2-degree world in order to future-proof.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	We have active dialogues with 22 portfolio companies that represents portfolio coverage: 99% of total assets. Financial Investments (representing 1% of total assets) is not included in figure of emissions. The companies are active in many different sectors such as disclosed at C-FS14.2b (Capital Goods, Consumer Durables & Apparel, Health Care Equipment & Services etc.) The focus varies depending on industry, development stage, and the risks and opportunities that are relevant for each company. Some companies have high emissions within their direct operation, other have high emissions within their supply chain or the products use-phase. In general, the Listed Companies have higher emissions due to their size but many of them are already climate leaders when it comes to decoupling carbon emissions and economic growth. Through substantial ownership and board participation, we actively engage with all portfolio companies and follow up with our portfolio companies on their climate targets and measures to reduce their climate impact including carbon footprint of products and solutions. During 2019, 91% of our portfolio companies had at least one strategic board discussion on sustainability and climate. Dependent on the companies' climate risks and challenges, we assess the company' climate strategy and evaluate if the progress is satisfactory. As a first step we have encouraged better climate-related disclosure practices, set climate targets in line with halving the emissions by 2030 in line with the Paris Agreement (inspired by The 1.5°C Business Playbook) and for the more mature companies we encourage them to commit to Science Based Target initiative. In 2019, Investor communicated to all portfolio companies our targets related to our strategy and alignment with the Paris Agreement. We have arranged a Network meeting that focused on environment and climate where Head of Sustainability at Investor presented the Paris Aligned climate targets for the portfolio. In each portfolio company's value creation plan the most material issues are highlighted and climate is evaluated. Each company's climate targets are evaluated and assessed in comparison to their alignment to the Paris Agreement of limiting temperature rise to well below 2 degrees.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head of Sustainability (Part of the Executive Management Group)	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms