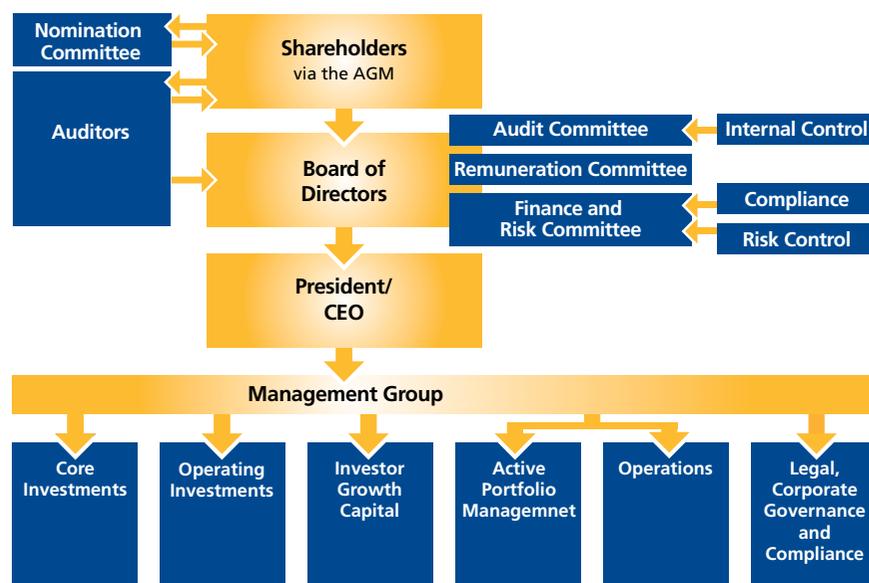


Corporate Governance Report

Overall structure of governance at Investor



Primary external regulations affecting Investor's governance:

- Swedish Companies Act
- Accounting legislation, such as the Swedish Accounting Act and Swedish Annual Accounts Act
- NASDAQ OMX Stockholm AB Rule Book for Issuers
- Swedish Code of Corporate Governance

Examples of internal documents affecting Investor's governance:

- Articles of Association
- Instructions, formal work plans
- Policies and guidelines
- Process descriptions for each business area

Corporate governance practices define the decision-making systems through which owners, directly or indirectly, control a company. Good corporate governance means that decision processes are defined with an explicit allocation of responsibilities and effective controls from all executive and shareholder functions of the company to all levels within the organization, such that together, they follow the company's strategy and focus on achieving the company's stated business goals.

Investor complies with the Swedish Code of Corporate Governance in 2008:

- Investor does not deviate from the Swedish Code of Corporate Governance in 2008
- Investor complies with the NASDAQ OMX Stockholm AB Rule Book for Issuers and good stock market practice

Good corporate governance creates value by, among other things, ensuring that there is effective decision-making, which, in turn, can lead to competitive market advantages. Good corporate governance also consists of openness towards company owners, such that they can monitor how the company develops.

For Investor, whose business is owning and actively creating value in companies, good corporate governance is fundamental. This applies to Investor's own organization as well as the companies in which Investor is an owner.

Investor contributes to the corporate governance of the companies in which it invests by taking a leading, active ownership role. This means that Investor works with value creation plans and makes a serious commitment to finding the right composition for the Boards in these companies. For more information about Investor's role as an active owner, please refer to page 8.

This corporate governance report explains how the work of corporate governance has been conducted at Investor during the 2008 financial year.

Investor is a Swedish public stock corporation that is listed on the NASDAQ OMX Stockholm AB. Authority, management and control are distributed between the shareholders, the Board, the President and the Management Group in accordance with current legislation, regulations and instructions.

Investor adheres to the Swedish Code of Corporate Governance. This corporate governance report has been prepared in accordance with the revised Code that came into effect on July 1, 2008. No parts of this corporate governance report have been reviewed by Investor's auditor.

More information about laws and Swedish corporate governance practices is among others available at the following websites:

- The Swedish Corporate Governance Board, www.bolagsstyrning.se, for the Swedish Code of Corporate Governance
- NASDAQ OMX Stockholm AB, www.omxnordicexchange.com, for the Rule Book for Issuers
- Finansinspektionen, www.fi.se, for Finansinspektionen's Statute Book and information about supervisory persons

Corporate governance at Investor

Investor's corporate governance practices are regulated by Swedish legislation, in particular the Swedish Companies Act, and the NASDAQ OMX Stockholm AB Rule Book for Issuers. Swedish industry's self-regulation practices are also highly relevant to Swedish corporate governance practices, as the Swedish Corporate Governance

Board was established to protect and further develop the Swedish Code of Corporate Governance.

In addition to legislation, regulations and recommendations, Investor's Articles of Association constitute a central document for the company's governance. The Articles of Association establish, for example, the company's name, where the Board is registered, the focus of Investor's business activities and information concerning the share capital.

The company's highest decision-making authority is the Annual General Meeting (AGM), where Investor's shareholders exercise their influence over the business. The AGM is convened no less than once per year to decide how the Nomination Committee is to be appointed, among other matters.

The Nomination Committee proposes, for example, the composition of the Board for resolution by the AGM.

On behalf of Investor's owners, the Board oversees management of the company's affairs. Investor's Board is headed by Jacob Wallenberg, who is Chairman. The Board appoints the President, who is responsible for day-to-day management of the company in accordance with the directions of the Board. The division of responsibilities between the Board and President is detailed clearly in instructions and formal work plans that have been approved by the Board. To increase the efficiency and depth of the Board's work on certain issues, the Board has established three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee.

Important support functions for the committees are Internal Control, Risk Control and Compliance. The Internal Control function serves as an objective support function for the Board in verification of the internal control. The role of Risk Control is to provide support in identifying and managing risks. The Compliance function identifies legal risks and ensures that laws and regulations are observed.

Internal policies and guidelines constitute important control documents in all parts of the company, since they clarify responsibilities and powers within particular areas, such as information security, compliance and risk.

External auditors, appointed by the AGM, audit the Board and the President's administration of the company, as well as the company's financial reports.

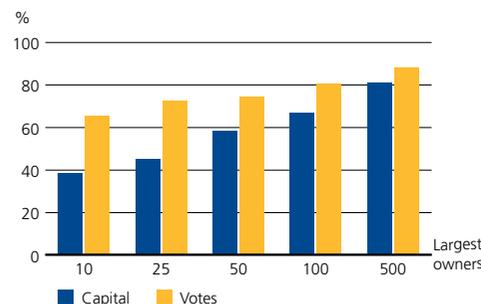
The Management Group is made up of the President and the Head of Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance.

The actions of management and personnel are also governed by Investor's corporate culture. A strong, clearly defined corporate culture plays an important role in enabling the company to achieve its vision and goals. The Management Group focuses actively on engaging all employees in developing the corporate culture and living by the values expressed through it. The corporate culture at Investor is based on four core values: Create value, Continuous improvement, Contribute your view and Care for people. For more information, see the section on "Employees and Network" in this annual report.

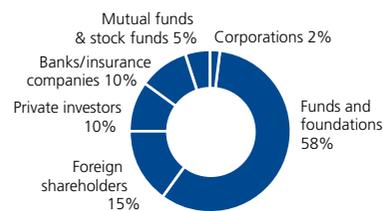
Shares, ownership and distribution policy in Investor

At year-end 2008, Investor had 139,997 shareholders according to the register of shareholders maintained by Euroclear Sweden AB, former VPC AB. In terms of ownership share, institutional owners dominate. The largest single shareholder category is foundations. Investor's share capital totaled SEK 4,795 m., represented by a total of 767 million shares, of which 312 million are Class A shares and 455 million Class B shares. A shares carry one vote while B shares carry 1/10th vote, although both share classes carry the same dividend entitlement.

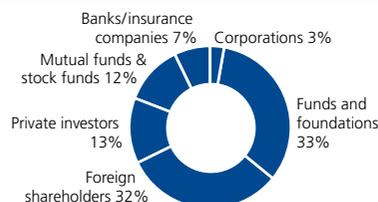
Shareholder structure



Distribution of shareholders, percentage of votes



Distribution of shareholders, percentage of capital



Investor's Distribution Policy

- A high percentage of dividends received from Core Investments are distributed
- Shareholders receive a distribution from other net assets corresponding to a yield in line with the equity market
- Investor AB's goal is to generate a steadily rising annual dividend

The 2008 AGM decided on a dividend payment of SEK 4.75 per share to shareholders

Annual General Meeting and its right of decision

Investor's AGM is held in the Stockholm area during the first half of the year. The time and venue of the meeting are announced publicly, no later than to coincide with the release of the company's

Investor's 10 largest shareholders listed by voting rights on December 31, 2008¹⁾

	% of votes	% of capital
Knut and Alice Wallenberg Foundation ²⁾	40.0	18.6
SEB Foundation	4.9	2.3
Marianne and Marcus Wallenberg Foundation ²⁾	4.9	2.3
Third Avenue Management LLC	4.4	2.2
Skandia Liv insurance company	4.1	2.3
Swedbank Robur Mutual Funds	3.3	2.5
Marcus and Amalia Wallenberg Memorial Fund ²⁾	3.1	1.4
Alecta	2.3	3.0
AMF Pension and pension funds	1.2	2.4
Third AP-fund	0.8	0.5

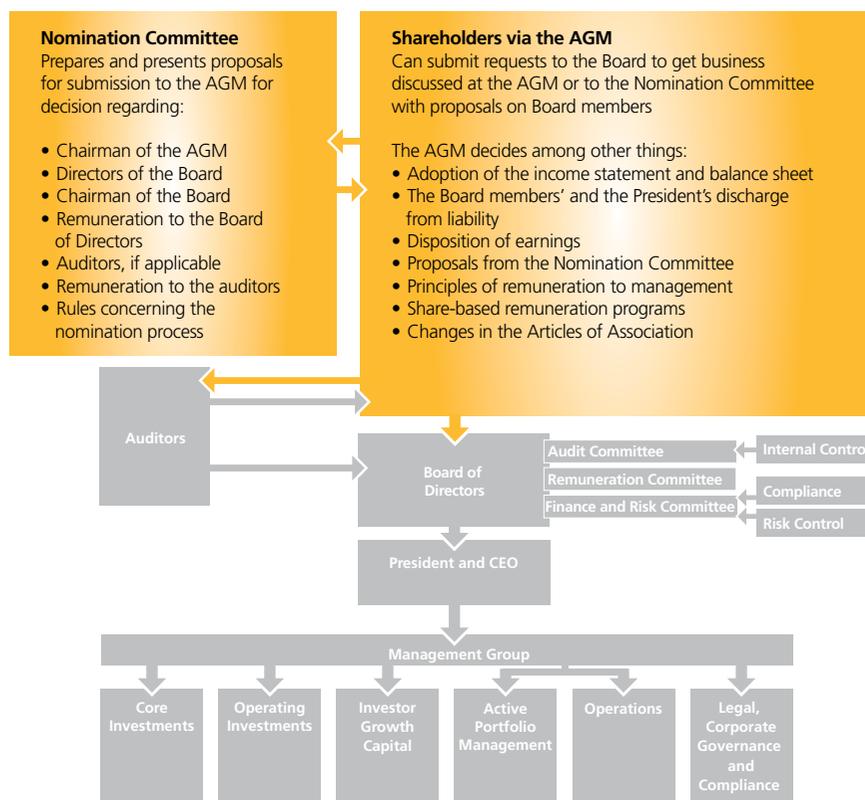
1) Directly registered, or registered in the name of nominees, with Euroclear Sweden AB.
 2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.

third-quarter report. Shareholders are also informed, no later than at the time the third quarter report is published, about their right to have business discussed at the AGM and the deadline for submitting requests to this effect to the company so that such business may be included in the notice of the AGM. The notice of the AGM is published no earlier than six weeks, but no later than four weeks, before the date of the AGM. The business of the AGM is to report on the company's development over the past fiscal year and to make decisions on a number of central issues, such as changes to the company's Articles of Association, the election of auditors, discharging the Board from liability for the fiscal year, remuneration for the Board and auditors, approval of the number of Board members and the Board for the period up to the close of the next AGM, and the dividend. Investor always strives to ensure that the Board, the Management Group, the Nomination Committee and the auditor are present at the AGM.

Voting rights at Investor's General Meetings

- All those present at a General Meeting of shareholders having the right to vote may do so for the full number of shares they own and represent without restriction on their voting rights.
- A shares are entitled to one vote
- B shares are entitled to 1/10th vote

The overall structure of the shareholders' governance



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

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

INVESTOR'S 2008 ANNUAL GENERAL MEETING

Investor's 2008 AGM was held on April 3 at the City Conference Centre in Stockholm. The meeting was attended by around 1,000 shareholders, including proxies, representing 70.2 percent of the votes and 49.7 percent of the capital. Investor's Board and Management, as well as the company's auditor and Nomination Committee, were present at the meeting.

The President's presentation at the AGM was published on Investor's website on the day after the AGM. The minutes from the AGM are available on the website in Swedish and English. The website also provides access to all documents required for the AGM.

Repurchases of own shares

- Since 2000, the Board has requested and been granted a mandate by the Annual General Meeting to buy back the company's shares
- In 2008, 1,083,800 shares were repurchased to hedge Investor's program for long-term share-based remuneration and for the allocation of synthetic shares as a part of Board remuneration
- Investor currently considers it more attractive from a long-term ownership perspective to invest capital in new and existing holdings with a high return potential than to repurchase own shares

INVESTOR'S 2009 ANNUAL GENERAL MEETING

Investor's 2009 AGM will take place on March 31 at the City Conference Centre in Stockholm. All shareholders wishing to have business taken up at the meeting may deliver their proposal to the Chairman of the Board, or, alternatively, contact the Nomination Committee with any proposed nominations. Information on the AGM is published on Investor's website.

Votes and capital represented at Investor AGMs

Year	% of votes	% av capital
2008	70.2	49.7
2007	72.5	53.5
2006	72.7	52.8
2005	73.1	55.5

Nomination committee

The AGM decides how Investor's Nomination Committee will be appointed. At the 2008 AGM, it was decided that the company shall have a Nomination Committee consisting of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes, plus the Chairman of Investor's Board. The composition of the Nomination Committee is based on the register of recorded shareholders and shareholder groups from Euroclear Sweden AB as of the last business day in August 2008 and other reliable shareholder information that has been provided to the company at such time.

Nomination Committee members for 2009 AGM

Member	Representing	Independent in relation to the company and its management	Independent in relation to the company's major shareholders/ shareholder groups in terms of votes	8-31-08 % of votes	12-31-2008 % of votes
Johan Stålhand	Wallenberg foundations	Yes	No ¹⁾	47.61	47.96
Lars Isacson	SEB Foundation	Yes	Yes	4.92	4.92
Curtis Jensen	Third Avenue Management LLC	Yes	Yes	4.44	4.44
Caroline af Ugglas	Skandia Liv insurance company	Yes	Yes	4.00	4.12
Jacob Wallenberg	Chairman of Investor AB	Yes	No ²⁾		

1) Representing the Wallenberg foundations
2) Member of the Knut and Alice Wallenberg Foundation

The four largest shareholders (taking into account shareholder groups) appointed the following representatives, in addition to the Chairman, to Investor's Nomination Committee prior to the 2009 AGM: Johan Stålhand (Wallenberg foundations, Investor's largest shareholder in terms of votes controlled), Lars Isacson (SEB Foundation), Caroline af Ugglas (Skandia Liv) and Curtis Jensen (Third Avenue Management LLC). The composition of the Nomination Committee was made public on September 24, 2008. The Nomination Committee represents altogether approximately 60 percent of the votes in Investor. At the first meeting of the Nomination Committee, Johan Stålhand was appointed Chairman.

The current Nomination Committee marks the first time a foreign shareholder was appointed to Investor's Nomination Committee. Investor looks favorably on the active involvement of both national and international long-term shareholders and believes that such a development will benefit Swedish corporate governance in the long run.

The composition of the Nomination Committee meets the independence criteria of the Swedish Code of Corporate Governance.

ROLE OF NOMINATION COMMITTEE

According to a decision taken at Investor's 2008 AGM, the role of the Nomination Committee is to prepare and present proposals for submission to the 2009 AGM regarding the following: AGM Chairman, Board and Chairman of the Board, Board remuneration (apportioned

among Chairman, Board members and Committees), audit fees and proposals for rules concerning the nomination process for the 2010 AGM.

WORK OF THE NOMINATION COMMITTEE FOR 2009 AGM

Since the 2008 AGM, the Nomination Committee has held three meetings, for which minutes were taken, as well as maintaining informal contact between meetings.

To determine the extent to which the current Board meets the demands that the Board will be subject to as a consequence of the company's current position and future direction, the Nomination Committee discussed the size and composition of the Board in terms of industry and international experience and expertise. One important criterion is the principle that the composition of the Board should reflect and allow scope for the different areas of expertise and experiences that are required for the implementation of Investor's philosophy of active ownership and long-term ownership commitment. As a basis for its work, the Nomination Committee studied the evaluation of the Board and its work and viewed the Chairman's report on the company's activities, goals and strategies.

Each proposed Board member has provided the Nomination Committee with supporting documentation for the committee's assessment of independence.

The Nomination Committee also studied the evaluation of auditing activities for the year and the proposal presented by the Audit Committee regarding fees payable for the auditing activities.

The Nomination Committee's proposal, its statements regarding the composition of the proposed Board and supplementary information regarding the proposed Board members are made public when notice of the AGM is made, and these items are also presented at the 2009 AGM together with a report on the work of the Nomination Committee.

Board of Directors

The Board is elected by the shareholders to serve a mandate period beginning at the AGM and ending at the close of the AGM the following year. On behalf of Investor's owners, the Board administers the company by establishing goals and strategies, evaluating the operational management and ensuring that systems are in place for monitoring and control of established goals. The Board is also responsible for ensuring that accurate information is released to the company's stakeholders, laws and regulations are complied with and ethical guidelines and internal policies are in place. Investor's Board forms a quorum when more than half of the members are present. The Board's role to assure the quality of Investor's financial reporting is described in the section "Board of Directors report on internal controls and risk management regarding financial reporting".

The Articles of Association state that Investor's Board shall consist of no less than three and no more than 11 directors. The AGM decides the exact number of members. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that their assignment demands. Each Board member is responsible for requesting any supplementary information that he/she might feel is necessary for making well-based decisions. New Board members learn about Investor's business operations by attending a comprehensive internal orientation course involving, for example, meetings with all of Investor's departmental managers. Board members are continuously updated

Composition of the Board in 2008

Board member	Elected	Position	Born	Nationality	Independent of the company and its management	Independent of the company's major owners
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No ²⁾
Anders Scharp	1988	Vice Chairman	1934	Swedish	Yes	Yes
Sune Carlsson	2002	Member	1941	Swedish	Yes	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No ¹⁾	Yes
Sirkka Hämäläinen	2004	Member	1939	Finnish	Yes	Yes
Håkan Mogren	1990	Member	1944	Swedish	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
O. Griffith Sexton	2003	Member	1944	American	Yes	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Peter Wallenberg Jr	2006	Member	1959	Swedish	Yes	No ²⁾

1) Chief Executive Officer
2) Member of Knut and Alice Wallenberg Foundation

on new regulations, practices and statutory requirements that may affect the business.

CHAIRMAN OF THE BOARD

The AGM appoints the Chairman of the Board. The duties of the Chairman include organizing and leading the work of the Board and ensuring that the Board regularly updates and improves its knowledge of the company, communicating views from the owners and serving as support for the President. The Chairman and the President produce proposals for the agenda of Board meetings. The Chairman verifies that the Board's decisions are implemented efficiently and is also responsible for ensuring that the work of the Board is evaluated annually and the Nomination Committee is informed of the result of this evaluation.

In addition to his active involvement in Investor, Board Chairman Jacob Wallenberg is also involved in a number of other companies and is a member of a number of international organizations. He has built up an extensive international network and participates in work on various policy issues, for example within the European Round Table (ERT), The Peterson Institute and The World Economic Forum's Business Council. Jacob Wallenberg is also active in a number of advisory organizations and acts as vice Chairman of the International Business Leaders Advisory for the Mayor of Shanghai (IBLAC) and as an advisor to London's mayor in the International Business Advisory Council (IBAC).

RULES FOR PROCEDURES AND WRITTEN INSTRUCTIONS FOR THE BOARD

In addition to laws and recommendations, the work of the Board is governed by a formal work plan, Rules for Procedures and Written Instructions for the Board. The Board reviews its formal work plan annually and adopts it via a decision by the Board. During the year, a review of Investor's formal work plan was made based upon proposed changes in the Swedish Code of Corporate Governance as well as the changes in, for example, the Swedish Companies Act and the Annual Accounts Act.

The formal work plan is divided into five sections in order to clarify and regulate the practices and tasks of the Board. The five sections consist of the Board's formal work plan and instructions to the President, the Remuneration Committee, the Audit Committee and the Finance and Risk Committee.

The formal work plan also describes which points shall always be included on the agenda for each Board meeting as well as on the agenda for the statutory Board meeting. The formal work plan clearly states that, at every meeting, minutes shall be kept by the Board's secretary, who may not be a member of the Board. Furthermore, the formal work plan states how the minutes are to be prepared and distributed to members and how the Board is to be informed in connection with the issue of press releases, for example. The work plan also includes guidelines governing which decisions the Board may delegate to the President.

EVALUATION OF THE WORK OF THE BOARD

Once a year, in accordance with the Board's formal work plan, the Chairman of the Board initiates an evaluation of the work conducted by the Board. During 2008, this evaluation was carried out by an external consultant with specialist expertise in evaluating Boards. Each Board member was given a questionnaire to answer anonymously. The questionnaire was divided into six sections and dealt with, for example, the climate of cooperation, the breadth of knowledge and how the work of the Board was performed. The objective of the questionnaire was to understand how the Board members felt about the work performed by the Board and identify any measures that could improve the efficiency of this work. A secondary objective was also to gain an understanding of the type of issues the Board believes should be afforded greater scope and the areas in which additional expertise might be needed within the Board. The external consultant followed up the questionnaire with individual discussions with each of the Board members to obtain additional insight into the work performed by the Board. The external consultant compiled and analyzed the evaluation and, based on the outcome, provided recommendations for rectifying measures. The results of the evaluation were discussed by the Board.

The results of the evaluation were presented to the Nomination Committee by the Chairman.

Investor's Board continually evaluates the work of the President by monitoring the development of the business in relation to the established goals. A formal performance review is carried out once a year and discussed with the President.

INVESTOR'S BOARD IN 2008

Since the 2008 AGM, the Board has consisted of ten members and no deputies. At the 2008 AGM, Jacob Wallenberg, Anders Scharp, Sune Carlsson, Börje

Ekholm, Sirkka Hämäläinen, Håkan Mogren, Grace Reksten Skaugen, O. Griffith Sexton, Lena Treschow Torelland and Peter Wallenberg, Jr. were re-elected. Börje Ekholm, President, is the only Board member who is also a member of the company's management. The AGM elected Jacob Wallenberg as Chairman for the period up to the next AGM. The Board appointed Anders Scharp vice Chairman at the statutory meeting.

The Nomination Committee proposed reelection of each of the Board members and assessed that these ten members were well suited for the activities of Investor's Board during the period of mandate until the 2009 AGM. Given its philosophy of active ownership and long-term ownership involvement, it is important for Investor to have Board members with extensive experience and insight into Investor AB and its business model. For a more detailed presentation of the Board, see page 52.

INDEPENDENCE OF THE BOARD MEMBERS

The compilation of Investor's Board complies with the NASDAQ OMX Stockholm AB Rule Book for Issuers regarding the independence of Board members and, as such, it also fulfills the requirements of the Swedish Code of Corporate Governance.

The revised Swedish Code of Corporate Governance has adopted the same rules and regulations regarding independence as those found in the NASDAQ OMX Stockholm AB Rule Book for Issuers and, for independence criteria, the Swedish Code of Corporate Governance refers to these stock exchange regulations. For Investor, this means that Anders Scharp and Håkan Mogren are considered to be independent in relation to the company and its management, since the Swedish Code of Corporate Governance removed the 12-year limit for which Board members may serve. Likewise, Peter Wallenberg, Jr. is also considered to be independent in relation to the company and its management since the Swedish Code of Corporate Governance removed its rule

stating that a Board member may not have served as President or employee in a closely-held company during the last five or three years, respectively.

Some of the Board members are directors of companies that form part of Investor's Core Investments and receive board fees from these companies. In the opinion of the Nomination Committee and the company, these Board fees do not mean that these persons are dependent on Investor or its management. The results of an overall assessment of each Board member's independence are presented in enclosed table.

WORK CONDUCTED BY THE BOARD IN 2008

The past year was a very turbulent year on the financial and industrial markets. This turbulence has also had an impact on the work conducted by the Board. During the year, the Board held 13 meetings, including seven regular, one statutory and five extraordinary meetings. The attendance record of each Board member is shown in the table on page 53. The secretary at the Board meetings was attorney Hans Wibom. Before meetings, Board members were provided with comprehensive written information on the issues that were to be discussed.

The meetings early in the year devoted a significant amount of time to Scania, which eventually led to the sale of Investor's Scania holdings to Volkswagen. The sale was one of the largest business transactions on the Swedish market in 2008 and extensive work and preparation for the sale was carried out by the Board. The sale also served to strongly secure Investor's liquidity, which was particularly satisfying given the weakening of the world economy during the later months of the year. In Operating Investments, Lindorff was acquired following discussions at a number of meetings by the Board regarding the acquisition and related financial and strategic issues. The Board utilized documentation submitted by

Investor's management during these discussions.

However, due to the developments on the global market, the work of the Board in 2008 consisted of a significantly higher number of internal and external presentations about the financial markets in both individual countries and the world in general than normal. During these meetings, the Board discussed the developments and their effects on industries, markets and individual companies, paying particularly close attention to Investor's associated companies as well as the company's long-term strategy. For example, presentations were held by three external lecturers at Investor's Board meeting in New York in June 2008.

The financial reports presented at every regular Board meeting, including those prior to the year-end and quarterly reports, are an important aspect of the Board's work. The Board also receives monthly reports on the company's financial position. Given the uncertainty on the financial market, the Board also focused more closely on the company's financial position and liquidity during the year. At regular Board meetings, reports were delivered on the ongoing operations in the business areas, together with in-depth analysis and proposed actions regarding one or more associated companies.

Committee work is an important part of the Board's role. A more detailed description of the work conducted by the committees is presented in each committee's respective section.

During the year, the company's management presented value-creating plans for Core Investments, including analyses of the business and development potential of Core Investments in the business areas in which it operates. These analyses and their implications were discussed and assessed by the Board both with a focus on individual companies and in the context of overall strategic discussions. Similar presentations and discussions also took place with regard to the

companies in Operating Investments: Gambro, Mölnlycke Health Care, Lindorff and 3 Scandinavia.

In Operating Investments, the Board dealt with the completed acquisition of Lindorff, received detailed presentations and considered a number of potential acquisitions, including Vin & Sprit, for which, however, French Pernod Ricard was prepared to pay a significantly higher price.

Reports, which were also discussed by the Board, were presented regarding the composition of the portfolio and developments in the Private Equity business area, including Investor's involvement in EQT and the operations of Investor Growth Capital.

Changes to the market and legislation also led to stricter requirements for the treatment of corporate governance issues, compliance issues and issues relating to the nomination process and Board remuneration, above all with regard to Core Investments but also in relation to companies in the other business areas.

In addition to participating in meetings of the Audit Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company's management being present. In 2008, the Board's work was also evaluated by an external auditor to provide information as a basis for the work of the Nomination Committee and the ongoing work of the Board.

Important events in Investor's corporate governance in 2008

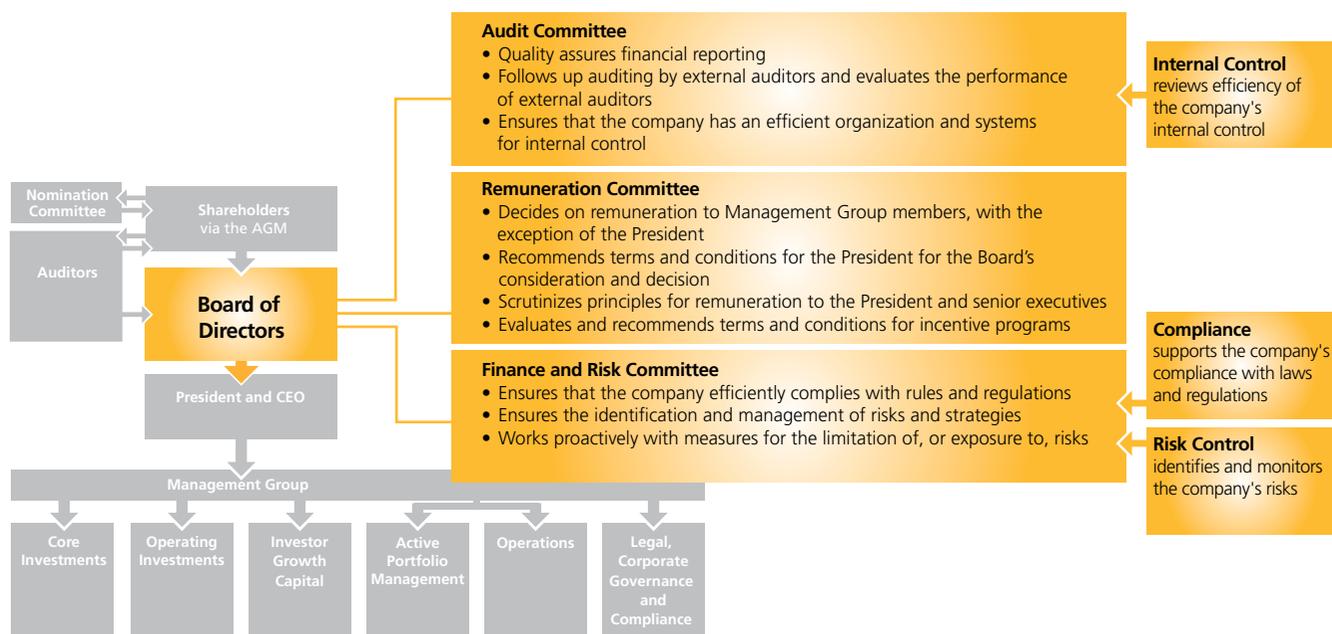
- Until the 2009 AGM, and for the first time, a foreign shareholder was appointed to Investor's Nomination Committee (page 37)
- Overview of the Board's formal work plan based on changes to the Swedish Code of Corporate Governance and proposed changes on the Swedish Companies Act and the Swedish Annual Accounts Act (page 38)
- Evaluation of the Board by an external consultant (page 39)
- Comprehensive evaluation of Investor's long-term share-based remuneration program for management and employees (page 42)
- Changes to the Management Group (page 42)
- The AGM decided that Board remuneration partly shall be paid in the form of synthetic shares (page 43)
- The Board and the Management Group initiated and implemented an extensive risk assessment within the entire organization (page 48).

BOARD COMMITTEES AND COMMITTEE WORK IN 2008

As part of the company's efforts to increase the efficiency and depth of the Board's work on certain issues, the Board has established three committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The committees function above all is a preparatory and administrative role. They are empowered to make decisions on business that the Board, under the instructions issued to the committees has delegated to them, and on other issues in their respective areas of responsibility that are not matters of principle. The committees are subsequently required to inform the Board of any such decisions. The issues considered and the decisions taken at meetings of the committees are to be recorded in the minutes of the meeting and reported on at the following Board meeting.

The members of the committees are appointed at the statutory Board meeting for one year at a time and their work is governed by the committee instructions, which are subject to annual approval.

Overall structure of governance for the Board



AUDIT COMMITTEE

The Audit Committee is an important channel of communication between the Board and the company's auditor. Via in-depth analysis of specific areas, the Audit Committee supports the Board in its work to assure the quality of the company's financial reporting, as well as in following up the results of the audit by the external auditors. The Internal Control function provides a support function to the Audit Committee.

MEMBERS OF THE AUDIT COMMITTEE

At its statutory meeting in 2008, the Board appointed the following persons to the Audit Committee: Sune Carlsson (Chairman), Håkan Mogren, Jacob Wallenberg and Peter Wallenberg, Jr. With reference to the independence criteria set out in the NASDAQ OMX Stockholm AB Rule Book for Issuers, the composition of the Audit Committee meets the independence criteria of the Swedish Code of Corporate Governance.

WORK OF THE AUDIT COMMITTEE IN 2008

During the year, the committee held five meetings at which minutes were taken. When necessary, the Board members also discussed issues outside of any such meetings. All meetings were attended by the company's auditor, CFO and Head of Finance and Risk Management.

The Audit Committee's continuous quality assurance efforts related to Investor's financial reporting are comprised of analyses of the auditors' reports on the year-end financial statements and regular reviews as well as follow-up on the reviews conducted by the Internal Control function.

The valuation principles for the different business areas are central to Investor's financial reporting and as such, these principles are regularly scrutinized by the Audit Committee. During 2008, special attention was devoted to the valuation principles for the EQT investments and Operating Investments. In addition, both structural and

specific tax issues were discussed during the year. Each interim report is analyzed by the Audit Committee and discussed with the CFO and the auditors for completeness and accuracy.

Every year, the Audit Committee evaluates the audit process and informs the Nomination Committee of the results of the evaluation.

The Internal Control function is a support function for the committee in its task of keeping continuously updated on and evaluating how well the company's systems of internal control operate. Each time the committee meets, the Internal Control function reports on any specific auditing measures that have been taken. Among other things, in 2008, an audit was conducted of certain processes associated with Active Portfolio Management and Operating Investments and the results from the year's in-depth risk analysis were presented.

REMUNERATION COMMITTEE

The main task of the Remuneration Committee is to prepare issues relating to remuneration and other terms and conditions of employment on behalf of both management and other employees. The committee carries out thorough and independent analysis of all aspects of Investor's overall remuneration program and presents a comprehensive picture of the financial consequences of the remuneration program.

MEMBERS OF THE REMUNERATION COMMITTEE

At its statutory meeting in 2008, the Board appointed the following persons to the Remuneration Committee: Jacob Wallenberg (Chairman), Anders Scharp and O. Griffith Sexton.

With reference to the independence criteria set out in the NASDAQ OMX Stockholm AB Rule Book for Issuers, the composition of the Remuneration Committee meets the independence criteria of the Swedish Code of Corporate Governance.

WORK OF THE REMUNERATION COMMITTEE IN 2008

In 2008, the committee had six meetings at which minutes were taken, and continuous informal contacts between these meetings. All meetings were attended by the company's head of Human Resources.

During the year, the committee conducted a comprehensive evaluation of the long-term share-based remuneration program for management and employees that was adopted at the 2008 AGM. The evaluation has been made from three perspectives: the employee's motivation, the control effects of the program and the effects of the program on the shareholder value. The evaluation included an internal employee survey, in-depth interviews with key employees at the company, external assessments from two independent experts, analysis of research within the area, an assessment of the institution's

guidelines and an estimation of the effect of various parameters on valuation. There will be minor modifications to the long-term share-based remuneration program that will be presented at the 2009 AGM. The Board consider the fundamental principles of the program to be appropriate and they will remain in their current form. The program is proposed to have a structure which is easier to explain and which creates a more clear connection to the long-term shareholder value. For more information about the Board's proposal for the long-term share-based remuneration program 2009, refer to the information about the AGM on the company's website.

The committee also reviewed and approved the remuneration structures for employees and started the remuneration review for management that takes place every other year. The President's goals for 2008 were evaluated and assessed.

The Remuneration Committee also discussed strategically important personnel-related issues, such as leadership development and succession issues. In 2008, the Remuneration Committee was especially involved in strategic personnel-related issues arising from the changes that took place in the Management Group during the year. Henry E. Gooss stepped down and Stephen Campe was appointed the new head of Investor Growth Capital and a new member of the Management Group.

FINANCE AND RISK COMMITTEE

In addition to complying with the requirements of the Code, Investor's Board appoints a Finance and Risk Committee each year. The role of the committee is to ensure effective compliance with regulations and to assure effective and reliable processes for identifying, managing, controlling and monitoring risks. The Finance and Risk Committee deals with operational, IT, security and financial risks, including market, credit and liquidity risks. It is empowered to make decisions within

its areas of responsibility and shall subsequently inform the Board of any such decisions. The Finance and Risk Committee is supported by the Compliance and Risk Control functions.

MEMBERS OF THE FINANCE AND RISK COMMITTEE

Since the 2008 AGM, the Finance and Risk Committee has consisted of Board members Sirkka Hämäläinen (Chairman), Grace Reksten Skaugen and Jacob Wallenberg.

WORK OF THE FINANCE AND RISK COMMITTEE IN 2008

During the year, the committee held five meetings at which minutes were taken, four ordinary meetings and one extra meeting. Informal contacts were maintained between these meetings as needed. Representatives of management and the specialist functions attended the meetings. At each meeting, the Risk Control function reports on the current risk situation in, and follows up on limits for, each area of operation, in accordance with applicable policies. In 2008, the Finance and Risk Committee spent a great deal of time discussing the volatility and uncertainty on the market and how Investor should position itself given this turbulence.

The Compliance function reported on changes in legislation and regulations and any subsequent updates to the company policies. In 2008, the policy for the Operating Investments business area was at the top of the agenda.

The Finance and Risk Committee also analyzed the Group's legal structure, provided input for the framework to an in-depth risk analysis conducted within the organization and discussed the company's insurance structure during the year. Finally, the committee revised sections of the risk policy with regard to mandates and Value-at-Risk limits related to a change in the risk calculation system.

Investor's auditor: KPMG AB

- Auditor in charge: Carl Lindgren
- Born 1958
- Authorized public accountant at KPMG AB
- Chairman of the Board at KPMG AB
- Auditor in charge for Investor since 2003
- Other auditing assignments: Arla, Brummer & Partners, Intrum Justitia, MTG and Nordea
- Holds 0 shares in Investor AB

Auditors

The company's auditors are appointed by the AGM. The term of the audit engagement is until the close of the AGM held in the fourth – or, in some cases, the third – fiscal year after the auditors' election. The task of the auditors is, on behalf the shareholders, to audit the company's annual accounts, accounting records and the administration by the Board and the President. The auditor in charge also presents an audit report to the AGM. The shareholders are welcome to put questions to the auditor at the AGM.

Under its Articles of Association, Investor is required to have one or two auditors, with at most two deputies. A registered firm of auditors may also be appointed as the company's auditor. At the 2007 AGM, the registered firm of accountants KPMG AB was appointed auditor until the close of the 2011 AGM, with authorized public accountant Carl Lindgren to serve as auditor in charge until further notice.

Remuneration paid to auditors 2006–2008

SEK m.	2008	2007	2006
For auditing services:			
KPMG AB	9	6	9
Ernst & Young AB ¹⁾	n.a.	n.a.	0
For other services:			
KPMG AB	1	1	1
Ernst & Young AB ¹⁾	n.a.	n.a.	0
Total Group	10	7	10

1) AGM-appointed auditor until 2006
n.a.=not applicable

Over the past three years, auditing firms have conducted a limited number of assignments on behalf of Investor other than auditing services. These have mainly consisted of services associated with auditing, such as in-depth reviews during an audit. The independence of the auditor vis-à-vis the company is assured by allowing selected auditors only to conduct services other than auditing to a limited extent. See the table for more information on remuneration to the auditors over the past three years. Fees paid to the auditors are also specified in Note 6 to this annual report.

Remuneration

BOARD REMUNERATION

Remuneration to the Board for the coming fiscal year is decided each year by the AGM and is paid to Board members not employed by the company.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are shareholders or are subject to a similar exposure to changes in the price of Investor's share. In order to further increase the Board members' long-term interest in the company's financial performance in a way similar to that of shareholders, the Nomination Committee laid forth a proposal that modifies the structure of the Board fee adopted by the 2008 AGM. The new structure will allow Board members to elect to receive 25 percent or 50 percent of the gross remuneration before tax in the form of synthetic shares, excluding fees for work on committees. For administrative reasons, Board members with a foreign tax domicile can elect to receive 100 percent of the remuneration in cash. The number of synthetic shares allocated is based on a volume weighed average of the market price for Investor class B shares during the five trading days immediately following the publication of the first interim report of 2008. Synthetic shares are entitled to a cash payment of an amount per synthetic share after a period of five years, i.e. in 2013. Board members are credited for dividends paid in respect of Investor's B shares during the holding period (until 2013) via the allocation of additional synthetic shares.

Attendance record and Board remuneration in 2008

	Member Chairman	Audit Committee	Remuneration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees			Committee fees			Total Board Remuneration incl. synthetic shares, SEK ²⁾
							Cash, SEK	Value of synthetic shares, SEK ²⁾	Number of synthetic shares ¹⁾²⁾	Audit Committee, SEK	Remuneration Committee, SEK	Finance and Risk Committee, SEK	
Jacob Wallenberg	●	●	●	●	100%	100%	937,500	937,500	6,949	125,000	125,000	62,500	2,187,500
Anders Scharp			●		92%	100%	250,000	250,000	1,853		62,500		562,500
Sune Carlsson	●				100%	100%	250,000	250,000	1,853	187,500			687,500
Börje Ekholm					100%								–
Sirkka Hämäläinen				●	100%	100%	500,000					125,000	625,000
Håkan Mogren		●			100%	100%	250,000	250,000	1,853	125,000			625,000
O. Griffith Sexton			●		100%	100%	500,000				62,500		562,500
Grace Reksten Skaugen				●	100%	100%	500,000					62,500	562,500
Lena Treschow Torell					92%		250,000	250,000	1,853				500,000
Peter Wallenberg Jr		●			92%	80%	250,000	250,000	1,853	125,000			625,000
Total							3,687,500	2,187,500	16,215	562,500	250,000	250,000	6,937,500

1) Based on volume weighed average price for Investor's B shares during the five trading days immediately following the publication of the first interim report of 2008 (4/11 - 4/17): SEK 134,9081

2) At point of allocation

For total value of Board fee including synthetic shares at year-end, see Note 5

Board remuneration 2006 - 2008			
SEK	2008	2007	2006
Chairman	1,875,000	1,875,000	1,875,000
Vice Chairman	500,000	500,000	500,000
Director	500,000	500,000	500,000
Chairman Audit Committee	187,500	187,500	187,500
Member Audit Committee	125,000	125,000	125,000
Chairman Remuneration Committee	125,000	125,000	125,000
Member Remuneration Committee	62,500	62,500	62,500
Chairman Finance and Risk Committee	125,000	125,000	125,000
Member Finance and Risk Committee	62,500	62,500	62,500

As a result, Board members will receive less cash remuneration in 2008 than in 2007, but will receive in exchange a number of synthetic shares, based on the market price of Investor's B shares after the 2008 AGM, that is equal in value to the amount deducted from the cash remuneration. The total remuneration to the Board approved by the AGM was SEK 6,937,500. The distribution of Board fees is shown in the tables below and in Note 5 to this annual report. For the detailed conditions in respect of synthetic shares, please visit the company website.

The Chairman receives a higher fee than other Board members, which reflects the extra duties that this position involves.

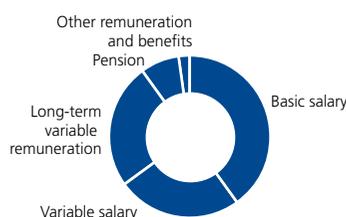
Members of the Board who are not employed by the company do not participate in Investor's share-based remuneration programs.

REMUNERATION TO MANAGEMENT AND OTHER EMPLOYEES

Investor's remuneration policy aims to offer employees total remuneration in line with the market to enable the right senior executives and other personnel to be recruited and retained. To be able to decide what market-level total remuneration involves and to evaluate prevailing rates, benchmarking studies are carried out every year on behalf of the Remuneration Committee in relevant sectors and markets.

The total remuneration for the President is determined by the Board. Remuneration issues concerning other members of the Management Group are decided by the Remuneration Committee, with the Board being informed of the decision afterwards. Investor applies, throughout the organization, the principle that the immediate superior of every manager must always be informed of and must approve the recruitment and remuneration of any replacement for an employee.

Components of total remuneration



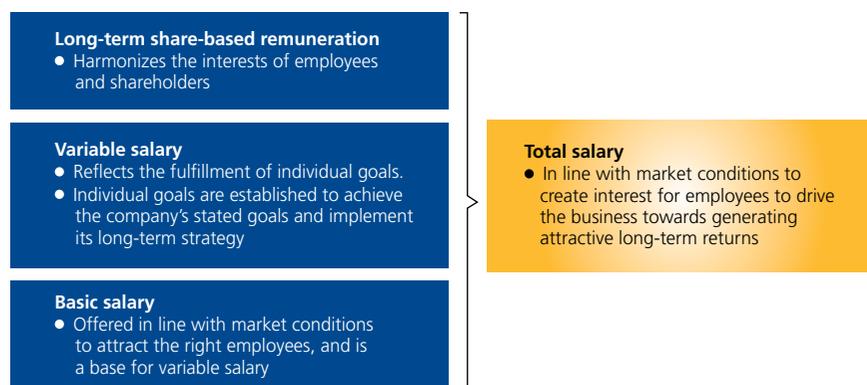
Of the total remuneration, basic salary, variable salary and long-term share-based remuneration form the governing instruments for the company. This combination of remuneration components provides Investor with appropriate instruments to influence and evaluate the performance of employees during the year and to establish a common interest between the company and its owners to drive the business towards generating attractive long-term returns.

REMUNERATION COMPONENTS AS GOVERNING INSTRUMENTS FOR ATTRACTIVE LONG-TERM RETURNS

The basic salary is reviewed annually for all Investor employees, with the exception of Management Group members, whose basic salary is reviewed every other year. The basic salary constitutes the basis for calculating variable salary.

A majority of the employees at Investor benefit from a variable salary component. This is based on goals that are set each year and followed up at the end of the year. The annual variable salary is thus clearly connected to the work input and performance of the individual. The goals, which may be both quantitative and qualitative, link into the company's long-term strategy. The President's overall goals for the year are established by the President and the Chairman jointly. The actual goals are proposed by the Remuneration Committee subject to the Board's approval. Goals for other employees are established by each employee's manager. The variable portion of salaries in 2008 differs between business areas and amounts to a maximum of 40 percent of basic salary for the President. The variable salary component for other employees makes up between 0 and 80 percent of the basic salary, although for a limited number of key individuals the variable component may amount to 100 percent of the basic salary.

Remuneration components as governing instruments



Management remuneration 2007 - 2008

SEK 000s	Year	Basic salary	Variable salary	Theoretical value of granted long-term share-based remuneration	Total salary	Pension cost excluding payroll tax	Other remunerations and benefits	Total remuneration
President and CEO								
Börje Ekholm	2008	8,254	2,706	4,405	15,365	2,627	750	18,742
	2007	8,260	2,781	4,500	15,541	2,565	636	18,742
Other members of the management group								
	2008	17,244	9,371	6,677	33,292	5,917	588	39,797
	2007	16,331	7,763	7,242	31,336	4,217	487	36,040

The amounts are calculated according to the accruals concept, including any changes to the reserve for vacation pay provisions, etc. See Note 5 to this annual report for more information on remuneration for the company's management and other employees and the different programs for long-term share-based remuneration.

If the President considers that an employee of the company has made an exceptional contribution during the year, the President may decide to award the employee an extra variable salary component. However, any such award is conditional on specific approval by the Remuneration Committee. When an additional variable salary is awarded, the variable portion of salary can, in individual cases, exceed 100 percent of the basic salary.

Members of personnel employed in the Active Portfolio Management business participate in a profit-sharing program in which they are paid a variable salary component corresponding to 20 percent of the profits of the business, which may result in the variable salary component exceeding 100 percent of the basic salary. For more information, please see Note 5 to this annual report.

Over the years 1999-2008, Investor operated a program of long-term share-based remuneration in the form of an employee stock option program, which from the year 2000 was offered to all employees. This program has been approved by the Investor Board. As of 2004, the programs have also been approved by the AGM. The Board's ambition is to establish a structure that secures the commitment of personnel and bases their remuneration on Investor's long-term growth. Through the program, part of the total remuneration to employees is linked to the long-term development of the company and the Investor share, thus exposing employees to both rises and falls in the

company's share price.

The Board developed a new long-term share-based remuneration program for the 2006 AGM. The 2008 program corresponds in all material respects to the program for 2006. The long-term share-based remuneration program consists of two components:

- a share-based savings plan, and
- a performance-based share program.

In 2008, the Remuneration Committee conducted a comprehensive evaluation of the long-term share-based remuneration program adopted at the 2008 AGM. The results of the evaluation resulted in some modifications to the long-term share program that will be presented at the 2009 AGM. Read more about the evaluation under "Work of the Remuneration Committee in 2008".

For more information on salaries and other remuneration, see Note 5 to this annual report.

President, management and organization

The President and Chief Executive Officer (CEO), Börje Ekholm, is responsible for Investor's day-to-day operations. Written instructions establish how responsibilities are divided between the Board and President. The President's responsibilities cover ongoing investments and divestments, personnel, finance and accounting issues, regular contact with the company's stakeholders (such as public authorities and the financial markets) and ensuring that the

Board receives the information it needs to make well-founded decisions.

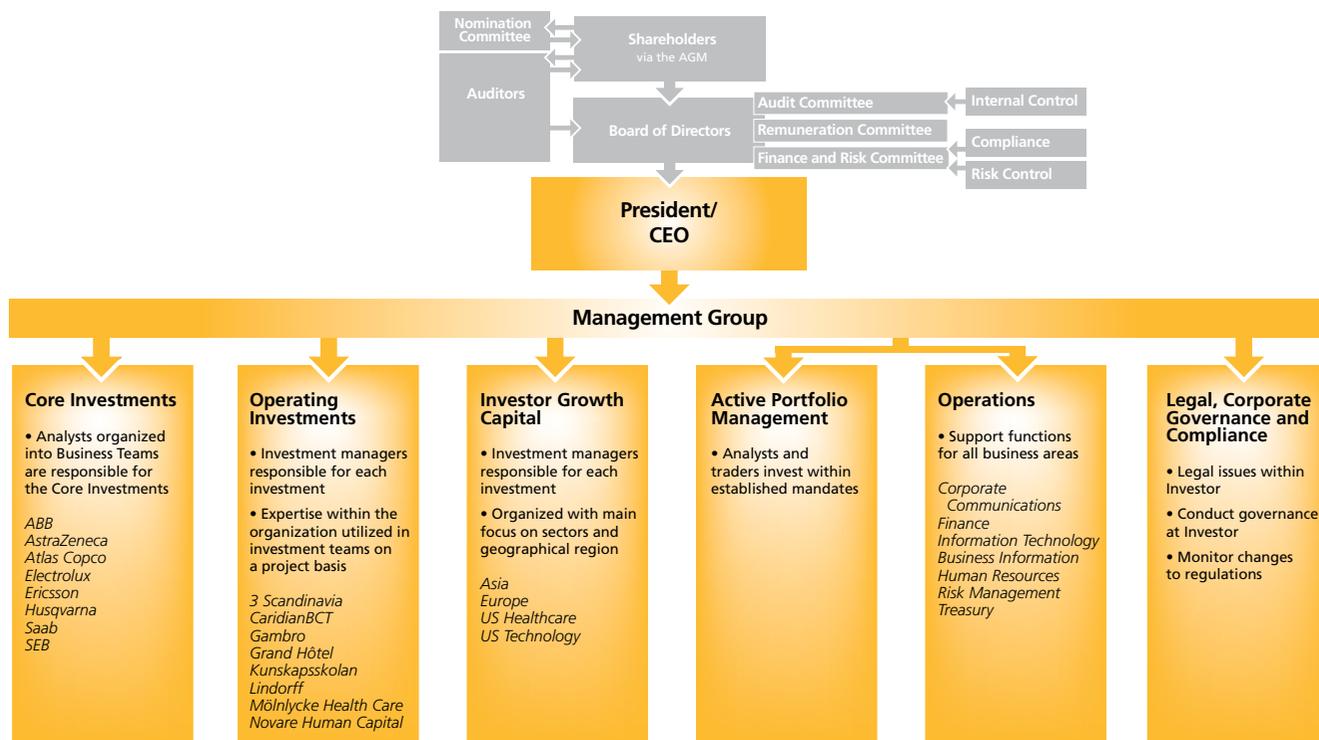
The President reports to the Board. The President is also a member of the Investor Board and attends all Board meetings, other than the meeting when the Board evaluates his performance and when the Board meets the auditor without the presence of persons from the company's management.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. In addition to the CEO, the Management Group is made up of Johan Bygge, Johan Forssell, Petra Hedengran, Lennart Johansson and Stephen Campe, who replaced Henry E. Gooss in December. Each member of the Management Group is responsible for one or several units: Core Investments, Operating Investments, Investor Growth Capital, Active Portfolio Management, Operations and Legal, Corporate Governance and Compliance. For a more detailed presentation of the President and the Management Group, see page 51 of this annual report.

The Management Group has a scheduled meeting once a week to conduct and follow up current projects and issues in the organization. In addition to the weekly meetings, the Management Group holds regular meetings four to five times a year to discuss overall strategic issues. In 2008, in addition to specific business transactions, the Management Group discussed the revised Swedish Code of Corporate Governance, risk assessment procedures within the organization and personnel and organizational changes.

The Core Investments business area, headed by Johan Forssell, employs a number of analysts, each responsible for one or more of the Core Investments. The analysts continuously research each holding and their sectors and competitors to identify value-creating initiatives and determine their return potential. Investor takes an active role in nominating Board representatives for its Core Investments.

Overall structure of governance for the Management Group



The Operating Investments business area, under the leadership of Lennart Johansson, consists of four investment managers, but also utilizes the expertise of other relevant areas of the organization on a project basis in investment teams, when conducting its analysis and evaluation of new investments. This type of project organization was used during the year, for example, in respect to the acquisition of Lindorff. Investor is normally represented in the Board for Operating Investments and takes a driving role in developing the companies.

Investor Growth Capital is managed by Stephen Campe, who is also in charge of the New York organization. Managers have been appointed for the operation of Investor Growth Capital offices in Asia, Europe and the United States. Each office has investment professionals with knowledge of the local markets and expertise in the sectors they manage. Investor Growth Capital is normally represented by its investment

professionals on the Boards of the holdings. The business flow follows a standardized process comprising decision-making and implementation, as well as documentation, evaluation and follow-up of holdings.

Decisions on commitments made to EQT funds are taken by the Board. The President and the CFO are responsible for day-to-day commitments and their follow-up in EQT funds. Decisions on other financial investments are taken by the President or a person appointed by the President.

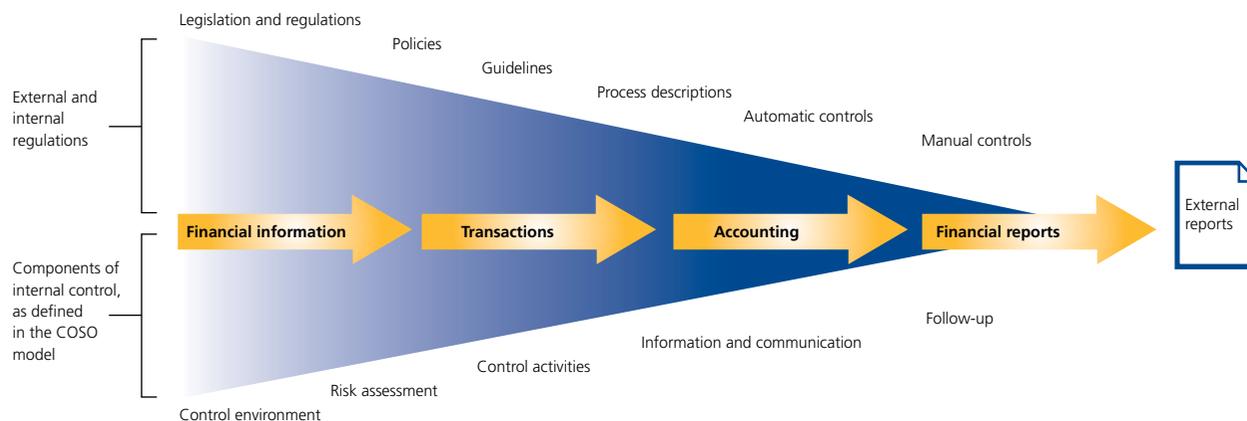
Johan Bygge, Investor's CFO, heads the Active Portfolio Management and Operations units. Active Portfolio Management is controlled by mandates and limits set by the Board. The department comprises both traders and analysts. Activities are supervised and monitored daily by the Risk Control function. An evaluation of the mandate and limits for Active Portfolio Management was carried out during the year. The Operations unit includes the

Corporate Communications, Finance, IT, Business Information Services, Human Resources, Risk Control and Treasury functions. Each function's responsibilities and processes are governed by set policies and guidelines. In order to efficiently support the business operations, the organization of Operations is adapted to the changes made within each business area. Operations has its own Management Group that meets weekly and consists of representatives from each department.

Petra Hedengran is responsible for the Legal, Corporate Governance and Compliance functions. The Legal function is responsible for legal issues within Investor.

The Corporate Governance unit is partly engaged in actively handling corporate governance issues for Investor and its holdings and partly in monitoring changes in corporate governance legislation and regulations. Work on corporate governance issues includes developing proce-

Assurance process for information in financial reporting



The diagram provides an overview of how legislation, regulations, guidelines and controls together assure accurate and comprehensive information in financial reporting.

dures for the nomination process and analysis and monitoring of shareholders' rights. In 2008, the regulations governing public takeover bids on the stock market were discussed. In addition, revisions to the Swedish Code of Corporate Governance and the impact of the pending implementation of the EU directive on the Swedish Companies Act and the Annual Accounts Act were followed.

The Compliance function strives to provide an effective process for identifying changes in legislation and regulations and to raise awareness of legal risks. The Compliance function strives to ensure that the company meets the requirements of laws and contractual conditions, prevents the development, or minimizes the extent, of undesired situations and their effects and maintains internal regulatory systems to this end. In 2008, the Compliance function participated in an in-depth risk analysis within the organization, conducted a comprehensive review of internal policies and procedures and trained personnel in compliance issues.

Board of Director's report on internal control and risk management regarding financial reporting

This report on internal controls and risk management was submitted by Investor's

Board and prepared in compliance with the Swedish Code of Corporate Governance, sections 10.5 and 10.6, and is thereby limited to internal controls in respect of financial reporting¹⁾. This report is not a part of the formal annual accounts.

Pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for the internal control. Internal control and risk management comprises a part of the Board's and management's governance and follow-up of the business operations. Internal control is intended to ensure the appropriate and efficient management of the operations, the reliability of the financial reporting and compliance with laws, ordinances and internal regulations. In 2008, Investor's Board and management placed particular attention on the risk assessment process, which is described in more detail below under "Risk Assessment".

Internal control and risk management are an integral part of all processes at Investor. Investor's system of internal control and risk management with regard to financial reporting is designed to manage risks involved in the processes

¹⁾ "Financial reporting" refers to interim reports, the year-end report and the annual report.

related to financial reporting and to ensure a high level of reliability in external reporting. Investor's main business is the management of financial transactions and the company's internal control over the financial reporting is focused primarily on ensuring efficient and reliable management of and accounting for purchases and sales of securities and accurate valuation of holdings of securities.

The system of internal control is normally described as it is defined in the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to this framework, internal control is described as comprising the control environment, risk assessment, control activities, information and communication and monitoring.

CONTROL ENVIRONMENT

An effective control environment forms the foundation for the effectiveness of a company's internal control system. It is built on an organization with clear decision-making channels, powers and responsibilities that are defined by clear guidelines, and a corporate culture based on shared values and the individual's awareness of his/her role in maintaining effective internal control.

All of Investor's business areas have policies, guidelines and detailed process descriptions for the various phases of each business flow, from transaction management to bookkeeping and the preparation of external reports. These documents establish rules for responsibility for a specific task, which mandate and powers are to be included and how validation is to be carried out. The governing documents are updated as needed to ensure they always reflect current legislation and regulations and changes in processes. In 2008, the Compliance function provided the organization with information and training regarding applicable governing documents.

RISK ASSESSMENT

Risk assessment, i.e. identification and evaluation of the company's risks, is an annual process at Investor. The risk assessment is a self-evaluation and also includes establishing action plans to mitigate identified risks.

The Finance and Risk Committee and the Audit Committee within the Board are responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting. In consultation with the Management Group, it was decided that a new approach to risk assessment should be taken in 2008 that, using an overall perspective, creates a clearer connection between operational governance and risk management. Management also wanted to increase risk awareness within the organization and ensure that all business areas, processes and departments adopt the same approach to the company's risks. Risk analyses were conducted during the year in groups with representatives from all of the functions to encompass the company's processes as a whole, from transactions to accounting, and to ensure that the occurrence of risks between departments was also identified. Investment managers and personnel from the administration of securities, Group accounting, IT, Compli-

The continuous process of risk management within Investor



ance, financial controllers and the Internal Control function participated in the risk assessment. In addition, a representative from the Management Group was present at all risk seminars.

The risk assessment covered the business flow in its entirety and took into consideration systems, control activities and key individuals. The identified risks were placed in relationship to Investor's assets, such as financial assets, brand, personnel, information and IT/infrastructure. Where necessary, action plans were established to minimize the probability and effect of identified risks. The risk assessment encompassed all process at Investor and was not limited to the risks within financial reporting. The identified risks were then compiled in a company-wide risk map.

On the basis of the risks assessed for each business area, the Audit Committee determines which of the risks identified should be prioritized by the Internal Control function during the year. Focus is placed on risks of material weaknesses

in the financial reporting for significant income statement and balance sheet items that are, relatively speaking, higher because of the complexity of the process, or where there is a risk that the effects of potential weaknesses may become significant because of the high transaction values involved. As a result of the assessments made, actions such as improved control routines are taken in order to further ensure accurate financial reporting. The Finance and Risk Committee monitors follow-up of actions for other risks.

A more detailed description of Investor's risks is available in the Administration Report on page 55 and in Note 29 on page 101.

CONTROL ACTIVITIES

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

company management to other employees. The purpose of control activities is to prevent, detect and rectify weaknesses and deviations. At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily bank and custody reconciliations, monthly follow-up of outcomes and analytical follow-up of decisions.

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

In 2008, the risk analysis led to the development of some control activities in the Core Investments, Operating Investments and Active Portfolio Management business areas. Action plans were established, a number of which have already been implemented. The Finance function's validation processes for the financial reports were finely adjusted during the year.

Financial information is regularly released via:

- Investor's annual report
- Interim reports and the year-end report
- Press releases about events that may have a significant impact on the company's share price
- Investor's corporate website

INFORMATION AND COMMUNICATION

To ensure that information provided externally is accurate and comprehensive, Investor's Board approved a communications policy defining the way in which (by whom, what and how) this information must be issued.

In order to achieve effective and accurate distribution of information both internally and externally, all areas of the organization must communicate and exchange relevant information. Guidelines are in

place at Investor to govern how financial information is communicated between management and other personnel. One condition for accurate distribution of information is that effective procedures for information security must be in place. The information security project initiated in 2007 continued during 2008.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor's operations and performance. Interim and annual reports are released in Swedish and English. News and events that are considered likely to have an impact on Investor's share prices are also announced in press releases.

FOLLOW-UP

Both the Board and the Management Group regularly follow-up on the compliance and effectiveness of the company's internal control to ensure the quality of its processes. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting, during which the Board receives detailed monthly reports on the financial situation and development of the business. The Audit Committee plays an important role in ensuring that the required control activities for important areas of risk are embedded in the processes for financial reporting. The Audit Committee, Management and Internal Control function regularly follow up reported shortcomings.

The Internal Control function serves as an objective support resource to the Board with regard to the internal control structure, partly by investigating major areas of risk and partly by performing follow-ups and investigative auditing assignments in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work together with the Audit Committee, management and external auditors, and regularly reports on its work to the Audit Committee throughout the year.

In 2008, the Internal Control function conducted a special review of the valuation process in conjunction with the monthly financial reporting of holdings in EQT and for the Operating Investment business area. In 2008, the Internal Control function made specific reviews of personnel changes in vital roles within the organization. In addition, the Internal Control function followed up that the actions resulting from the reviews conducted in previous years were implemented, including the process of foreign subsidiaries with respect to monthly financial reporting.

For more information about Investor's corporate governance, please visit our website at www.investorab.com

Here you will find:

- AGMs since 2004 and adherent documentation
- Nomination Committees since 2005 and adherent documentation
- The Articles of Association
- Information about the Board, committees and their work
- Information about the auditors
- Information about the company's management
- Information about remuneration
- Corporate governance reports since 2004
- Internal control reports since 2005

Corporate Social Responsibility and sustainable enterprise

Corporate Social Responsibility (CSR) is the commitment by and responsibility of companies for participating in the development of society at large. The companies' strategy and management of CSR issues is a part of the company's governance.

Investor interprets the concept of CSR as covering a number of issues, such as the environment, human rights and working conditions. We have a long tradition of behaving as a responsible company and owner. For some years, we have had a policy in place that controls our work in CSR. Investor's basic principle is that companies that take account of the interests of their stakeholders and society at large improve their potential for healthy long-term profitability. Our activities are based on two separate perspectives: our role as an owner and investor, and our role as an employer.

CORPORATE SOCIAL RESPONSIBILITY AS AN OWNER

In the companies where Investor has an influence, we strive to ensure that operations are conducted in a responsible and ethical manner. Just as with every other issue relating to our holdings, our influence is mainly exercised via our work on the Board. Part of the evaluation process for new investments includes an assessment of the risks, or opportunities, related to CSR issues.

Since CSR risks and challenges differ between companies, industries and countries, each company must identify and address the CSR issues relevant to its particular operations. Compliance with legislation and regulations is a basic requirement. In addition, we recommend that companies draw up policies and goals for the CSR issues that are most relevant and important to them. Several of Investor's holdings work actively on CSR issues and have made great progress in this area. Here are some examples:

- AstraZeneca actively works with areas such as the impact of medicine on the environment, animal ethics, patient safety, the availability of medicine in developing countries and supplier contacts. For example, AstraZeneca is one of the few pharmaceutical companies in the world with its own environmental laboratory in Great Britain where the company carries out environmental risk assessments of medicine.
- For the fourth year in a row, Atlas Copco was named one of the 100 most sustainable companies in the world. Atlas Copco's production units are certified to ISO 14001 and the company also requires an environmental management system of its suppliers. In product development they work for lowered energy consumption within the products lifecycle.
- Ericsson has met its targets to improve the energy efficiency of its 3G base stations by up to 80 percent by end 2008, from a 2001 baseline. New targets were set for 2009, which specify that Ericsson will reduce its life-cycle carbon footprint by 40 percent over the next five years.

In 2008, Ericsson was honored with the prestigious Wall Street Journal Technology Innovation Award for its design concept Ericsson Tower Tube.

- Grand Hôtel has environmental objectives in a number of areas; the most important is cooling and heating of the hotel, waste handling and a large proportion of organic food. They comply with the environmental label scheme, the Swan.
- Husqvarna is a leader in several areas in terms of products with reduced environmental impact. Two examples are the X-TORQ® engine for hand-held products and the robotic lawn mower, AUTOMOWER™. The patented X-TORQ® engine, reduces fuel consumption by up to 20 percent and exhausts emissions by up to 60 percent, and complies with the strictest emissions requirements in the U.S. and Europe. The newly launched AUTOMOWER™ Solar Hybrid, a new version of the robotic lawnmower, is powered by a combination of solar cells and batteries. The solar cells reduce energy consumption and results in longer battery life.
- In 2002, Mölnlycke Health Care was one of the first in the medical device industry to become certified under ISO 14001, and sound environmental practices on a global scale have been a priority since. The company has an extensive environmental policy and its main environmental objectives include minimizing the environmental impact of transportation, improving production waste disposal, following good recycling practice and replacing hazardous materials. The company has met several of its important targets.
- SEB incorporated the phrase "be considered a good corporate citizen" in its mission statement and, consequently, launched a number of important initiatives. It issued its very first Corporate Responsibility Report in 2007 in accordance with GRI Guidelines. It also adopted, through its Wealth Management Division, the United Nations Principles for Responsible Investments (PRI). SEB is

a member of the United Nations Global Compact.

Activities in the CSR field are under constant development. We remain convinced that well structured processes and clear CSR-strategy will be important for risk management and value creation also in the coming years of tougher economic climate.

CORPORATE SOCIAL RESPONSIBILITY AS A COMPANY AND EMPLOYER

Investor supports the OECD Guidelines for Multinational Enterprises, which contain recommendations on employment, human rights, the environment, the disclosure of information and other areas of responsible business conduct. Investor applies an environmental policy that strives to minimize environmental impact through conservative use of resources, recycling and other measures. Investor's direct impact on the environment is regarded as minor since the company conducts office-based activities on a very limited scale in a handful of locations worldwide. In late 2007, a review of Investor's environmental activities was initiated at the company's headquarters. A follow-up review was conducted in 2008. The results from the emissions measurements were reported as part of the Carbon Disclosure Project (CDP).

Investor's sponsorship activities normally include some form of social engagement. Youth, education and entrepreneurship are prioritized areas. Investor sponsors, for example:

- Young Enterprise Sweden (Ung Företagsamhet), entrepreneurship training in the form of a competition at upper secondary school level;
- IFS, an organization that supports persons in Sweden of foreign heritage, with starting and developing companies;
- SIFE (Students for Free Enterprise), social entrepreneurship at university level; and
- Zon Moderna, an educational art outreach project for upper secondary school students, offered at Moderna Museet in Stockholm.

Management Group

Börje Ekholm

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

Board assignments

Chalmersinvest AB, Husqvarna AB, KTH Holding AB, Lindorff Group AB, Scania AB, Telefonaktiebolaget LM Ericsson and University Board of KTH

Work experience

Head of New Investments: Investor AB
CEO: Novare Kapital
Analyst: Core Holdings, Investor AB
Associate: McKinsey & Co Inc.

Education

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

Shares in Investor

296,591

Johan Bygge

born 1956
Chief Financial Officer
Member of the Management Group since 2007, employed in 2007

Board assignments

The Association of Exchange-Listed Companies, The Association for Generally Accepted Principles in the Securities Market, Getinge AB, Grand Hotel, Hi3G (3 Scandinavia), Isaberg Rapid AB, Novare Human Capital, The Swedish Industry and Commerce Stock Exchange Committee

Work experience

Executive Vice President, CFO, Chief Administrative Officer and Corporate Controller: AB Electrolux
Deputy Group Treasurer and Deputy Group Controller: Telefonaktiebolaget LM Ericsson
Arthur Andersen

Education

Degree in Economics and Business Administration, Stockholm School of Economics

Shares in Investor

11,465

Stephen Campe

born 1965
Head of Investor Growth Capital
Member of the Management Group since December 2008, employed in 1998

Board assignments

Axiomed Spine Corporation, Applied Spine Technologies, Inc., CardioOptics Inc., Cayenne Medical, Inc, CHF Solutions, Inc., Galil Medical Ltd. and Intuity Medical, Inc.

Work experience

Managing Director: Investor Growth Capital
Consultant: McKinsey & Company
Investment Banker

Education

M.B.A., Yale School of Management, Bachelor of Applied Science, University of Pennsylvania, Bachelor of Science in Economics, The Wharton School, University of Pennsylvania

Shares in Investor

0

Johan Forssell

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

Board assignments

Atlas Copco AB and SSE MBA Research Foundation

Work experience

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

Education

M.Sc. in Finance, Stockholm School of Economics

Shares in Investor

28,599

Petra Hedengran

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

Board assignments

Lindorff Group AB

Work experience

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

Education

Bachelor of Laws, University of Stockholm

Shares in Investor

5,116

Lennart Johansson

born 1955
Head of Operating Investments
Member of the Management Group since 2006, employed in 2003

Board assignments

Gambro AB, Gambro Holding, IBX Group AB, Mölnlycke Health Care AB and Saab AB

Work experience

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

Education

Degree in Economics and Business Administration, Stockholm School of Economics

Shares in Investor

12,897

See Note 5 for employee stock options held by Management Group members.



Johan Forssell



Börje Ekholm



Petra Hedengran



Johan Bygge



Stephen Campe



Lennart Johansson

Board of Directors

Jacob Wallenberg

born 1956
Chairman since 2005
Vice Chairman 1999-2005
Director since 1998

Other board assignments

Vice Chairman: Atlas Copco AB, SAS AB and SEB
Skandinaviska Enskilda Banken AB (SEB)

Director: ABB Ltd, The Coca-Cola Company, The Knut and Alice Wallenberg Foundation, The Nobel Foundation and Stockholm School of Economics

Work experience

Chairman: W Capital Management AB and SEB
Director: Thisbe AB
President and CEO: SEB
Executive Vice President and Head of Enskilda Division, SEB
Advisor to the President and CEO of SEB and
Executive Vice President and CFO: Investor AB

Education

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

Independent/Dependent ¹⁾

Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

Committees

Chairman: Remuneration Committee
Member: Audit Committee and Finance and Risk Committee

Shares in Investor ²⁾

335,924

Anders Scharp

born 1934
Vice Chairman since 2005
Director since 1988

Other board assignments

Chairman: Alecta's National Board
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience

President, CEO and Chairman: AB Electrolux
Chairman: AB Ph. Nederman & Co, AB SKF, Saab AB, Scania AB, Incentive AB, Saab-Scania AB, Atlas Copco AB and The Swedish Employers' Confederation
Director: The Federation of Swedish Industries and The Association of Swedish Engineering Industries

Education

M.Sc. in Engineering, Royal Institute of Technology, Stockholm

Independent/Dependent ¹⁾

Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees

Member: Remuneration Committee

Shares in Investor ²⁾

100,000

Sune Carlsson

born 1941
Director since 2002

Other board assignments

Chairman: Atlas Copco AB
Director: Autoliv Inc. and Stena AB

Work experience

Vice Chairman: Scania AB
President and CEO: AB SKF
Executive Vice President: ASEA AB and ABB Ltd

Education

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

Independent/Dependent ¹⁾

Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees

Chairman: Audit Committee

Shares in Investor ²⁾

30,000

Börje Ekholm

born 1963
Director since 2006
See also information on page 51

Independent/Dependent ¹⁾

Dependent in relation to the company and its management
Independent in relation to the company's major shareholders

Sirkka Hämäläinen

born 1939
Director since 2004

Other board assignments

Chairman: Finnish National Opera
Vice Chairman: KONE Corporation
Director: SanomaWSOY

Work experience

Economist and Head of Department: Bank of Finland
Director General: Economics Department, Finnish Ministry of Finance
Governor and Chairman: Bank of Finland

Education

D.Sc. in Economics, Helsinki School of Economics

Independent/Dependent ¹⁾

Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees

Chairman: Finance and Risk Committee

Shares in Investor ²⁾

2,450

Håkan Mogren

born 1944
Director since 1990

Other board assignments

Non-Executive Deputy Chairman: AstraZeneca PLC
Director: Groupe Danone and The Marianne and Marcus Wallenberg Foundation
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience

Chairman: Affibody AB, The Swedish-American Foundation, Reckitt Benckiser plc and The Sweden-Japan Foundation
Director: Norsk Hydro ASA and Rémy Cointreau SA
President and CEO: Astra AB and AB Marabou

Education

D.Sc. in Applied Biochemistry, Royal Institute of Technology, Stockholm

Independent/Dependent ¹⁾

Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees

Member: Audit Committee

Shares in Investor ²⁾

7,458

1) Independent/Dependent in accordance with NASDAQ OMX Stockholm AB and the Swedish Code of Corporate Governance.
2) Excl. synthetic shares, for more information about synthetic shares see Note 5.



Jacob Wallenberg



Lena Treschow Torell



Peter Wallenberg Jr



Grace Reksten Skaugen



Håkan Mogren

Grace Reksten Skaugen

born 1953
Director since 2006
Other board assignments
Chairman: Entra Eiendom AS and Ferd Holding AS
Director: StatoilHydro ASA

Work experience
Director: Atlas Copco AB, OperaSoftware ASA, Storebrand ASA and Tandberg ASA
Consultant: Argentum Fondinvesteringar AS
Director: Corporate Finance Enskilda Securities, Oslo
Special Project Adviser: AS Aircontractgruppen, Oslo
Venture Capital Consultant: Fearnley Finance Ltd, London
Microelectronics Research Officer: Columbia University, New York

Education
M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London University, B.Sc., Honours, Physics, Imperial College of Science and Technology, London University
Independent/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Finance and Risk Committee

Shares in Investor²⁾
1,100

O. Griffith Sexton

born 1944
Director since 2003
Other board assignments
Director: Morgan Stanley
Work experience
Advisory Director and Managing Director: Morgan Stanley

Education
M.B.A., Stanford University Graduate School of Business and B.S.E., Princeton University
Independent/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Committees
Member: Remuneration Committee

Shares in Investor²⁾
1,800

Lena Treschow Torell

born 1946
Director since 2007
Other board assignments
Chairman: MISTRA (The Foundation for Environmental Strategic Research), and Euro-CASE (European Council of Applied Sciences and Engineering)
Director: The Chalmers University of Technology Foundation, Dagens Industri AB, Micronic Laser Systems AB, Saab AB, AB SKF and AB Ångpanneföreningen (ÅF)

Work experience
President: Royal Swedish Academy of Engineering Sciences
Director: Getinge AB, Imego AB, IRECO Holding AB, Gambro AB and Telefonaktiebolaget LM Ericsson
Research Director: Joint Research Centre, European Commission, Brussels
Vice President: Chalmers University of Technology, Gothenburg
Professor: Materials Physics, Chalmers University of Technology
Professor: Solid State Physics, Uppsala University, Uppsala

Education
Ph.D., Physics, University of Gothenburg
Docent, Physics, Chalmers University of Technology
Independent/Dependent¹⁾
Independent in relation to the company and its management
Independent in relation to the company's major shareholders

Shares in Investor²⁾
16,500

Peter Wallenberg Jr

born 1959
Director since 2006
Other board assignments
Chairman: Foundation Asset Management AB, The Grand Hôtel Holdings and The Marcus and Amalia Wallenberg Memorial Fund
Vice Chairman: The Knut and Alice Wallenberg Foundation, The Royal Swedish Automobile Club and The Stockholm Chamber of Commerce
Director: Scania AB, SEB Kort AB and Stockholm International Fairs

Work experience
Director: General Motors Norden AB
President and CEO: The Grand Hôtel Holdings
General Manager: The Grand Hôtel
President: Hotel Division Stockholm-Saltsjön AB
General Manager: The Grand Hôtel, Saltsjöbaden, and Hotel Skansen, Båstad

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

Independent/Dependent¹⁾
Independent in relation to the company and its management
Dependent in relation to the company's major shareholders

Committees
Member: Audit Committee
Shares in Investor²⁾
57,598



Honorary Chairman Peter Wallenberg

born 1926
Honorary Chairman since 1997
Chairman 1982-1997
Director 1969-1982

Other board assignments
Chairman: The Knut and Alice Wallenberg Foundation
Honorary Chairman: Atlas Copco AB

Education
Bachelor of Laws, University of Stockholm

1) Independent/Dependent in accordance with NASDAQ OMX Stockholm AB and the Swedish Code of Corporate Governance.
2) Excl. synthetic shares, for more information about synthetic shares see Note 5.



Anders Scharp



Sirkka Hämäläinen



O. Griffith Sexton



Sune Carlsson



Börje Ekholm