CORPORATE GOVERNANCE REPORT

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

Investor is a Swedish limited liability corporation that is publicly traded on the NASDAQ OMX Stockholm exchange and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.bolagsstyrning.se. This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2011 financial year. The Corporate Governance Report has been reviewed by Investor’s auditor, see page 116.


Corporate Governance at Investor

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

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

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

On behalf of Investor’s owners, the Board oversees the management of the company’s affairs. The Board is headed by the Chairman Jacob Wallenberg. The Board appoints the President, who is charged with carrying out the day-to-day Management of the company in accordance with the Board’s instructions. The division of responsibilities between the Board and President is specified in Instructions and Rules of Procedures that are approved by the Board each year.

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

The Audit Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system.

The corporate culture is based on the core values:
Create value / Continuous improvement / Contribute your view / Care for people
The Audit Committee is the primary way in which the Board and the company’s auditor communicate with each other.

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

The Finance and Risk Committee ensures that the company’s compliance efforts are effective and monitors risk exposure and financial strategies.

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

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

The Internal Control function provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The function works proactively by proposing improvements in the control environment. The Internal Control function plans its work in consultation with the Audit Committee, Management Group and the external auditor. It also regularly provides reports on its work to the Audit Committee during the year.

External audit
The external auditor appointed by the AGM audits the Board and the President’s administration of the company, as well as the company’s financial reports. The auditor provides regular written and oral reports on the audit work and results of the audit to the Audit Committee. The auditor participates at each Audit Committee meeting.

The President and the Management Group
The President, Börje Ekholm, is responsible for the daily operation of the business. The President’s responsibilities include ongoing investments and divestments, personnel, finance and accounting issues and regular contact with the company’s stakeholders, such as public authorities and the financial market.

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

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor’s business. In 2011, Susanne Ekblom was appointed as the new CFO and due to the structural changes that took place at Investor, Stephen Campe left the Management Group. Each member of the Management Group is responsible for one or more departments: Core Investments, Financial Investments, Finance, and Legal, Corporate Governance and Compliance, and Corporate Communication. For more information about the President and Management Group, see page 46.

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

The Management Group regularly works with specific business transactions. Efforts continued 2011 with value-creating plans, additional investments and new investment possibilities. During 2011, the Management Group focused on the restructuring of Investor Growth Capital and the new business areas, the termination of Active Portfolio Management and the other challenges faced by the organization in conjunction with the restructuring and associated staff reductions. Furthermore, the Management Group worked proactively to ensure the company’s financial flexibility. The Management Group regularly monitors the organization to ensure that it has the right competences given the company’s strategy, goals and challenges.

Governance of Business areas
Investor’s Analysts and Investment Managers working in the Core Investments and Financial Investments business areas are each responsible for one or more investments. These individuals continuously research each holding, the sector to which it belongs and competitors to identify value-creating initiatives and their return potential. In the listed Core Investments Investor exercises its active ownership through Board representation.

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

Since July 1, 2011, Investor Growth Capital has been an independent, wholly-owned subsidiary, as Investor’s other operating subsidiaries, and is included as a holding under Financial Investments.

The governance of the partner-owned companies, 3 Scandinavia, Gambro and Lindorff, is carried out jointly with each partner.

Active Portfolio Management was terminated in 2011. However, a limited trading function still exists for handling the Parent Company’s transactions. It also continually monitors market information. Trading is governed by mandates and limits set by the Board.
Support functions on group level are Compliance, Corporate Accounting, Corporate Communications, Corporate Governance, HR, IT, Legal, Office Support, Securities Administration, Tax and Treasury. Responsibilities and processes within each function are governed by approved policies and instructions.

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

Corporate Culture
The actions of Management and personnel are also governed by Investor’s corporate culture. The Management Group actively works to engage all employees in developing the corporate culture and living by the values expressed through it.

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

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

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

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

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

2011 and 2012 AGM
Investor’s 2011 AGM was held at Stockholm Waterfront Congress Centre on April 12. Approximately 1,000 shareholders, including shareholders represented by proxies, attended the meeting, representing 75.7 percent of the votes and 55.3 percent of the capital.

The 2012 AGM will take place on April 17 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should submit such request on or before February 28, 2012.

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

Shares, ownerships and distribution policy
At year-end 2011, Investor had 134,329 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. Foundations represent the largest single shareholder category. Investor’s share capital totaled SEK 4,795 m., consisting of a total of 767 million shares, of which 312 million are class A-shares and 455 million are class B-shares.

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

The 2011 AGM decided on a dividend payment of SEK 5.00 per share to shareholders. The Board and President recommend to the 2012 AGM a distribution of dividends to shareholders of SEK 6.00 per share.

Investor’s 10 largest shareholders listed by voting rights on December 31, 2011

<table>
<thead>
<tr>
<th>% of votes</th>
<th>% of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knut and Alice Wallenberg Foundation2)</td>
<td>40.2</td>
</tr>
<tr>
<td>Marianne and Marcus Wallenberg Foundation2)</td>
<td>4.9</td>
</tr>
<tr>
<td>SEB Foundation</td>
<td>4.7</td>
</tr>
<tr>
<td>Third Avenue Management LLC</td>
<td>3.5</td>
</tr>
<tr>
<td>Skandia Liv insurance company</td>
<td>3.1</td>
</tr>
<tr>
<td>Marcus and Amalia Wallenberg Memorial Fund2)</td>
<td>3.1</td>
</tr>
<tr>
<td>Alecta</td>
<td>2.7</td>
</tr>
<tr>
<td>AMF Pension</td>
<td>2.1</td>
</tr>
<tr>
<td>Robur fund</td>
<td>1.9</td>
</tr>
<tr>
<td>Third AP-fund</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Total 67.0 37.5

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

2) The three largest Wallenberg foundations own a total of 48 percent of the votes and 22 percent of the capital.
Repurchases of own shares
Since year 2000, the Board has requested and been granted a mandate by the AGM to buy back the company’s shares. Opening balance of repurchased shares at the beginning of 2011 was 6,683,800 B-shares. In 2011, no further shares were repurchased, however, 14,642 of the repurchased shares were sold during 2011. For more information about the repurchase of own shares, see page 33.

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 rather than repurchasing own shares.

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

By mandate from the 2011 AGM, the membership of the Committee consists of five members, including one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes and the Chairman of the Board. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members.

Nomination Committee’s preparations for 2012 AGM
Up until February 28, 2012, the Nomination Committee had held three meetings at which the minutes were recorded. They also stayed in contact between these meetings. At the Committee’s first meeting, Hans Wibom, representing the Wallenberg Foundations, was elected Chairman. All members of the Nomination Committee are presented in table below. Each member of the Nomination Committee signed a confidentiality agreement in connection with the start of their work.

<table>
<thead>
<tr>
<th>Nomination Committee members 2012 AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee member</td>
</tr>
<tr>
<td>Hans Wibom, Wallenberg Foundations</td>
</tr>
<tr>
<td>Lars Isacsson, SEB Foundation</td>
</tr>
<tr>
<td>Curtis Jensen, Third Avenue Management LLC</td>
</tr>
<tr>
<td>Caroline af Ugglas, Skandia Liv insurance company</td>
</tr>
<tr>
<td>Jacob Wallenberg, Chairman of the Board</td>
</tr>
</tbody>
</table>

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

According to a decision taken at Investor’s 2011 AGM, the Nomination Committee is charged with preparing and presenting to the 2012 AGM proposals for resolutions regarding: the Chairman at the AGM, the Board of Directors and the Chairman of the Board, remuneration to the Board (Chairman of the Board, other Board members and Committee work), auditor and audit fees.

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

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

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

The Nomination Committee’s recommendations are made public when notice of the AGM is published. The matters of business are also presented at the AGM together with a report on the work performed by the Committee.

Board
The Board is appointed by the AGM to serve for a mandate period through the end of the next AGM. On behalf of Investor’s owners, the Board establishes the goals and strategies for the company, evaluates the operational management and ensures that systems are in place to monitor and verify the company’s business and organizational objectives. The Board also ensures that the company’s stakeholders are furnished with accurate information, that laws and regulations are complied with and that ethical guidelines and internal policies are modified as needed. Investor’s Board forms a quorum when more than half of the members are present. The Board’s efforts to assure the quality of Investor’s financial reporting are described in the section “Internal controls and risk management for the financial reporting.”

Pursuant to § 5 in the Articles of Association, the Board must consist of no less than three and no more than eleven Directors, as well as no more than four deputies. To the AGM 2012, the Board of Directors proposes that § 5 in the Articles of Association is amended. For further information, see the company website. The AGM decides the exact number. The Board is assisted by a secretary, who is not a member of the Board. Board members are to devote the time and attention to Investor that the assignment requires. Each Board member is responsible for requesting any supplementary information that he/she feels is necessary in order to make sound decisions. New Board members are introduced to Investor’s business operations by attending an introduction orientation involving, for example, meetings with departmental managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.
The Chairman of the Board
The AGM appoints the Chairman of the Board. The Chairman organizes and leads the work of the Board, ensures that the Board continues to advance its knowledge of the company, communicates views from the owners and serves as support for the President. The Chairman and the President set the agenda for Board meetings. The Chairman verifies that the Board’s decisions are implemented efficiently, and ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed of the result of this evaluation.

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

Members of the Board of Directors
Since the 2011 AGM, the Board has consisted of eleven members and no deputies. At the 2011 AGM, Jacob Wallenberg, Gunnar Brock, Sune Carlsson, Börje Ekholm, Tom Johnstone, Carola Lemne, Grace Reksten Skaugen, O. Griffith Sexton, Lena Treschow Torell and Peter Wallenberg Jr. were re-elected. Board member Sirkka Hämäläinen declined re-election and Hans Stråberg was elected as a new member. The AGM elected Jacob Wallenberg as Chairman of the Board for the period ending with the next AGM. President Börje Ekholm is the only Board member who is a member of the company’s Management Group.

The percentage of women and the percentage of foreign members on the Board are both 27 percent. A more detailed presentation of the Board is found on page 44 and on the website.

The composition of Investor’s Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor’s holdings and they receive remuneration from these companies. It is the opinion of the Nomination Committee and the company that this remuneration does not entail a dependence of these members on Investor or its Management. The assessment of each Board member’s independence is presented in the table below.

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

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

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

The 2011 evaluation consisted of an anonymous questionnaire that was answered by each Board member. The questionnaire was divided into a number of sections covering topics such as the atmosphere of co-operation within the Board, its range of expertise and the methods the Board utilized to carry out its tasks. In addition, the Chairman met with each Board member separately to discuss the work done by the Board during the year.

The objective of the evaluation is to provide insight into the Board members’ opinions about the performance of the Board and identify

### Board of Directors 2011

<table>
<thead>
<tr>
<th>Member</th>
<th>Elected</th>
<th>Position</th>
<th>Year of birth</th>
<th>Nationality</th>
<th>Independent in relation to the company and company Management</th>
<th>Independent in relation to the company’s major shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacob Wallenberg</td>
<td>1998</td>
<td>Chairman</td>
<td>1956</td>
<td>Swedish</td>
<td>Yes</td>
<td>No ³</td>
</tr>
<tr>
<td>Sune Carlsson</td>
<td>2002</td>
<td>Vice chairman</td>
<td>1941</td>
<td>Swedish</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gunnar Brock ²</td>
<td>2009</td>
<td>Member</td>
<td>1950</td>
<td>Swedish</td>
<td>No ³</td>
<td>Yes</td>
</tr>
<tr>
<td>Börje Ekholm</td>
<td>2006</td>
<td>Member</td>
<td>1963</td>
<td>American/Swedish</td>
<td>No ³</td>
<td>Yes</td>
</tr>
<tr>
<td>Tom Johnstone</td>
<td>2010</td>
<td>Member</td>
<td>1955</td>
<td>British</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Carola Lemne</td>
<td>2010</td>
<td>Member</td>
<td>1958</td>
<td>Swedish</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grace Reksten Skaugen</td>
<td>2006</td>
<td>Member</td>
<td>1953</td>
<td>Norwegian</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>O. Griffith Sexton</td>
<td>2003</td>
<td>Member</td>
<td>1944</td>
<td>American</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Hans Stråberg</td>
<td>2011</td>
<td>Member</td>
<td>1957</td>
<td>Swedish</td>
<td>No ³</td>
<td>Yes</td>
</tr>
<tr>
<td>Lena Treschow Torell</td>
<td>2007</td>
<td>Member</td>
<td>1946</td>
<td>Swedish</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Peter Wallenberg Jr</td>
<td>2006</td>
<td>Member</td>
<td>1959</td>
<td>Swedish</td>
<td>Yes</td>
<td>No ³</td>
</tr>
</tbody>
</table>

1) Member of the Knut and Alice Wallenberg Foundation.
2) In conjunction with taking over as the Chairman of the Board for Mölnlycke Health Care in 2007 (which was prior to his election to the Board of Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke Health Care as part of the stock investment program for the Board and senior executives of that company. However, it has been concluded that this does not make Gunnar Brock dependent on Investor or its Management.
3) Has been President of a closely-related company during the last five years.
4) President.
measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed within the Board.

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

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

Work of the Board in 2011

During the year, the Board held 13 meetings, of which ten were regular meetings, one was statutory and two were extraordinary. The attendance of each Board member at these meetings is shown in the table on page 40. The secretary of these Board meetings was General Council, Petra Hedengran. Prior to each meeting, Board members were provided with comprehensive written information on the issues that were to be discussed.

During the year, the Board devoted considerable time to the organizational changes announced on April 7, 2011, the acquisition of additional shares in ABB, Atlas Copco, Electrolux, Ericsson, Husqvarna and NASDAQ OMX, the add on investments in Aleris, the rights issue in Sobi, and the divestment of Aker Holding AS. Prior to each transaction, extensive analysis were presented to the Board.

Due to the uncertainty in the global financial environment the Board has reviewed Investor’s financial flexibility. As an example a decision was made to raise another debt financing in EUR.

As one of the Directors of the Board, Carola Lemne, the CEO of Praktikterjänst AB, which business partially competes with Aleris, she has been prevented from participating in the resolution regarding the add on acquisition of Aleris and does not participate in other resolutions that involve Aleris or its business during the board meetings, nor does she receive any information regarding said company.

The Board also devoted time to both internal and external presentations of the financial markets in particular countries, as well as from a global perspective. The Board discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor’s holdings and the long-term strategies of such holdings. For example, guest speakers were invited to give presentations at Investor’s Board meeting that was held in June in New York.

During the year the Board also has met with the CEOs of Investor’s holdings NASDAQ OMX and Sobi for presentations of their companies.

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

Committee work is an important task performed by the Board. A more detailed description of the work conducted by the Committees during 2011 is presented below.

During the year, the company’s Management presented value-creating plans for Core Investments, including analyses of the holdings’ operations and development potential in the business areas where they are active. These analyses and their implications were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions.

The Board also received and discussed reports on the composition of portfolios and developments within Financial Investments, including Investor’s involvement in EQT and the operations of Investor Growth Capital.

In addition to participating in meetings of the Audit Committee, the company's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the company’s Management being present.

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

Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed three Committees: the Audit Committee, the Remuneration Committee and the Finance and Risk Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting and they perform their duties in accordance with the instructions presented to each Committee annually.

The primary objective of the Committees is to provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from the company’s specialist functions always participate in Committee meetings.

AUDIT COMMITTEE

During 2011, the Audit Committee consisted of Sune Carlsson (chairman), Jacob Wallenberg and Peter Wallenberg Jr. The composition of the Committee meets the independence criteria set forth by the Code and the Swedish Companies Act. The Audit Committee held seven meetings during the year, typically in conjunction with issuance of the quarterly and annual reports. During 2011 the Committee:

• Analyzed each interim report and the year-end report for completeness and accuracy.
• Focused particularly on the correct treatment and accounting of each business area subsequent to the restructuring within Investor.
• Maintained regular contact with the company’s external auditor and followed up on any findings reported.
• Evaluated the audit work and presented its conclusions to the Nomination Committee.
• Monitored the efficiency in the organization and the internal control by among other things the results of reviews conducted by the Internal Controls function during 2011, with a special focus on the controls that are in place for business processes and the consolidation including connections between the IT systems that are used for processing financial reporting.
REMUNERATION COMMITTEE

In 2011, the members of the Remuneration Committee were Jacob Wallenberg (chairman), O. Griffith Sexton and Lena Treschow Torell. The composition of the Remuneration Committee meets the independence criteria set forth by the Code. The Remuneration Committee held eight meetings during the year. During 2011 the Committee:
- Evaluated and approved remuneration structures for personnel and salary reviews for Management.
- Evaluated and assessed the President’s goals and terms and conditions for remuneration for 2011, which were then approved by the Board.
- Monitored and evaluated variable salary programs that were in effect or concluded during the year.
- Evaluated and implemented the guidelines for remuneration and the long-term variable remuneration program for Management and employees that was adopted by the 2011 AGM.
- Monitored and evaluated the development of remuneration programs and remuneration levels in the market.
- Initiated a project that made a thorough evaluation of the long-term variable remuneration program for the Management and the employees which was adopted at the AGM 2011, see page 41.
- Proposed to the Board to submit to the AGM 2012 a long-term variable remuneration program which is substantially identical to the program from 2011, see page 33 and the company website.

FINANCE AND RISK COMMITTEE

The members of the Finance and Risk Committee in 2011 were Grace Reksten Skaugen (chairman), Gunnar Brock and Jacob Wallenberg. The independence criteria do not apply to the members of this Committee. The Finance and Risk Committee held three meetings during the year. At each meeting, representatives from the specialist functions gave presentation on the current risk status and follow-up on limits and mandates in relation to policies. During 2011 the Committee focused on:
- Investor’s financial flexibility because of the uncertainty about the future global economic situation.
- Monitoring of risk exposure and strategy.
- The internal restructuring of the business areas and the organization.
- The termination of Active Portfolio Management and the creation of the new, limited-scope Trading operation.
- The work accomplished by the Security function was reported.
- Updates of policies and instructions were approved.

Attendance record and Board remuneration in 2011

<table>
<thead>
<tr>
<th>Member</th>
<th>Audit Committee</th>
<th>Remuneration Committee</th>
<th>Finance and Risk Committee</th>
<th>Attendance record, Board Meetings</th>
<th>Attendance record, Committee Meetings</th>
<th>Cash, SEK</th>
<th>Value of synthetic shares, SEK</th>
<th>Number of synthetic shares</th>
<th>Audit Committee, SEK</th>
<th>Remuneration Committee, SEK</th>
<th>Finance and Risk Committee, SEK</th>
<th>Total Board Remuneration incl. synthetic shares, SEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacob Wallenberg</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td>100%</td>
<td>937,500</td>
<td>937,500</td>
<td>6,468</td>
<td>125,000</td>
<td>125,000</td>
<td>62,500</td>
<td>2,187,500</td>
</tr>
<tr>
<td>Sune Carlsson</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td>100%</td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>187,500</td>
<td>187,500</td>
<td>62,500</td>
<td>687,500</td>
</tr>
<tr>
<td>Gunnar Brock</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td>100%</td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>62,500</td>
<td>562,500</td>
<td>562,500</td>
</tr>
<tr>
<td>Börje Ekholm</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td></td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>62,500</td>
<td>562,500</td>
<td>562,500</td>
</tr>
<tr>
<td>Tom Johnstone</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td></td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Carola Lemne</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>92%</td>
<td></td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grace Reksten Skaugen</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>92%</td>
<td>100%</td>
<td>500,000</td>
<td>125,000</td>
<td>-</td>
<td>62,500</td>
<td>62,500</td>
<td>562,500</td>
<td>625,000</td>
</tr>
<tr>
<td>O. Griffith Sexton</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>92%</td>
<td>100%</td>
<td>500,000</td>
<td>62,500</td>
<td>-</td>
<td>562,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hans Stråberg</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td></td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>62,500</td>
<td>562,500</td>
<td>562,500</td>
</tr>
<tr>
<td>Lena Treschow Torell</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>92%</td>
<td>78%</td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>62,500</td>
<td>62,500</td>
<td>562,500</td>
<td>562,500</td>
</tr>
<tr>
<td>Peter Wallenberg Jr</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>92%</td>
<td>100%</td>
<td>250,000</td>
<td>250,000</td>
<td>1,725</td>
<td>125,000</td>
<td>125,000</td>
<td>62,500</td>
<td>625,000</td>
</tr>
<tr>
<td>Total</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>100%</td>
<td>100%</td>
<td>3,687,500</td>
<td>2,687,500</td>
<td>18,543</td>
<td>437,500</td>
<td>250,000</td>
<td>250,000</td>
<td>7,312,500</td>
</tr>
</tbody>
</table>

1) At point of allocation.
2) Based on volume weighted average price for Investor’s B shares during the five trading days immediately following the day the B-share was traded without the right to receive dividend.

For total value of Board fee including synthetic shares and dividends at year-end, see Note 6, Employees and payroll cost.
Auditor
The auditor is appointed by the AGM for a mandate period of one year. On behalf of the shareholders, the auditor is responsible for auditing the company’s annual accounts, accounting records and administration by the Board and the President. The auditor-in-charge also submits an audit report to the AGM, a statement on how the guidelines for remuneration and other compensation have been applied, and an opinion on the Corporate Governance Report. Shareholders are welcome to direct questions to the auditor at the AGM.

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

At the 2011 AGM, the registered firm of auditors, KPMG AB was appointed auditor until the close of the 2012 AGM. The auditor in charge is Helene Willberg, Authorized Public Accountant.

Over the past three years, the auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during an audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. For details on remuneration to auditors, see Note 7, Auditor’s fees and expenses.

Investor’s auditor: KPMG AB
Auditor-in-charge: Helene Willberg
Year of birth: 1967
President of KPMG AB
Auditor-in-charge for Investor since 2010
Shares in Investor AB: 0
Other auditing assignments: Cloetta, Höganäs, Nobia, Ortivus, Thule

Remuneration
Remuneration to the Board
The Nomination Committee recommends the remuneration to the Board for the coming fiscal year and the AGM approves the remuneration. Remuneration is paid to Board members not employed by the company. The total remuneration to the Board approved by the AGM was SEK 7,313 t. Information on specific compensation is provided in the table on page 40 and in Note 6, Employees and payroll costs.

The Chairman receives higher compensation than the other Board members. The total remuneration to the Board approved by the AGM for the coming fiscal year and the AGM approves the remuneration, before taxes, excluding remuneration for Committee work.

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

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

When determining salaries, the employee’s total compensation package is taken into consideration. The total compensation package consist of the following components: fixed cash salary, variable cash salary, long-term variable remuneration, pension and other remuneration and benefits.

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

For a detailed description on guidelines for salary and other remuneration, see Note 6, Employees and payroll costs.

During 2011, a project, initiated by the Remuneration Committee, made a thorough evaluation of the long-term variable remuneration program for the Management and the employees which was adopted at the Annual General Meeting 2011. The evaluation was made from four perspectives; the employees’ motivation and alignment of interest with shareholders, the control effects, the effects of the program on the shareholder value and simplification. As a result of the evaluation, the Board has discussed and evaluated alternative changes to the long-term variable remuneration program. The Board has decided to propose to the Annual General Meeting 2012 a long-term variable remuneration program which is essentially identical to the program from 2011. For a description of the Board’s proposed guidelines for salary and other remuneration for the President and other Members of the Management Group to the 2012 AGM, see page 33 and the company website.

Information is also available on the website about Investor’s variable remuneration to senior executives and of each outstanding share- and share-price-related incentive scheme. Furthermore, available on the website are the Remuneration Committee’s reports on the following: the results of the evaluation of on-going, and during the year completed, programs concerning variable salary and of the current remuneration structure and levels of remuneration, and how guidelines for remuneration principles, decided by the AGM, have been applied.
The Board’s report on Internal control for financial reporting
This description of the internal controls, risk management practices and financial reporting pertains to Investor’s investment activities. The wholly-owned operating subsidiaries, Mölnlycke Health Care, Aleris and Grand Hotel, have separate internal control systems in place for their operational activities. The Management group for each of these companies is responsible for ensuring the efficiency of the operating subsidiary’s internal regulations, internal controls, risk management and financial reporting, as well as reporting on these items to that company’s Board of Directors. Investor’s Board representatives provide this information to Investor’s investment organization, where analysis and follow-up take place.

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

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

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

All of Investor’s business areas have policies, instructions and detailed process descriptions for the various phases of each business flow, e.g. from transaction management to bookkeeping and the preparation of external reports. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. The governing documents are updated yearly or when needed to ensure that they always reflect current legislation, regulations and changes in processes. Because of the reorganization in 2011, the Compliance function updated the policies and instructions that were affected. Compliance also provided the organization with training in compliance matters.

Risk assessment
Risk assessment, i.e. identifying and evaluating risks that could prevent the company from achieving its business goals and having reliable financial reporting, is conducted continuously at Investor.

The Board, via the Finance and Risk Committee and the Audit Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in financial reporting. Daily, the Management Group is provided with risk reports on the Treasury and Trading businesses.

Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. In the yearly risk assessment process, the organization evaluated and followed up identified risks during 2011. There was a particular focus on identifying risks related to the restructuring and staff reductions that were carried out by Investor during 2011. The Risk Control function was responsible for managing the risk assessment process. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. Identified risks are analyzed in relation to Investor’s assets, such as financial assets, brand, personnel, information and IT/infrastructure. When needed, action plans were implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are then reported to the Management Group and the Board.

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

For a more detailed description of Investors risks and risk management practices, see Note 31, Risk exposure and risk management page 105. For a description of the operating subsidiaries’ risk management practices, see Note 31, Risk exposure and risk management page 108.

Control activities
To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company Management to other employees. The purpose of the control activities is to prevent, detect and rectify weaknesses and deviations. At Investor, control activities include approval of business transactions, reconciliation with external counterparts, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions.
Investor’s financial reports are analyzed and validated by the company’s control function within Finance. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored regularly on the basis of information received from system administrators in the business process.

During 2011, the Internal Control function performed a review of the system-wide controls for financial reporting and the consolidation process. Reporting instructions have been updated in order to ensure that the wholly-owned subsidiaries correctly report their financial information. Suggestions for improvements are implemented on an ongoing basis.

**Information and communication**
Investor’s Board has adopted a communication policy for the purpose of ensuring that the external information is correct and complete. Financial information is provided in the interim reports, year-end report and the annual report. Within the company, there are also instructions on how to communicate financial information between Management and other employees. In order for correct dissemination of information to occur, there must be good information security routines in place.

Investor regularly publishes up-to-date information on its website so that shareholders and stakeholders can follow Investor’s operations and performance. News and events that are considered to have an impact on Investor’s share prices are announced in press releases.

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

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

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

**Jacob Wallenberg**
Born 1956
Chairman since 2005
Vice Chairman 1999–2005
Director since 1998

Other board assignments
Chief Executive Officer: AB SKF
Executive Vice President and Chairman: Atlas Copco AB
Pharmaceuticals: AstraZeneca
Chairman of the Board: The Royal Swedish Academy of Sciences
Member: The Royal Swedish Academy of Engineering Sciences (IVA)
Affiliation with ABB
Chairman: Kungliga Tekniska Högskolan, Stockholm
Member: The Royal Swedish Academy of Sciences
Member: The Royal Swedish Academy of Engineering Sciences

Work experience
President and CEO: SEB
Executive Vice President of the Bank and CEO of SEB
Executive Vice President and President and CEO: SEB

Education
M.B.A., Wharton School, University of Pennsylvania
B.Sc. in Economics and Education

Independent/Dependent
Dependent in relation to the company and its Management
Independent in relation to the company’s major shareholders

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

Shares in Investor 1)
257,936 Synthetic shares
29,683

**Gunnar Brock**
Born 1950
Director since 2009

Other board assignments
Chairman: Mölnlycke Health Care AB, Stora Enso Oyj and Rolling Optics AB
Director: Stockholm School of Economics, Stena AB and Total SA
Member: The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
CEO: Atlas Copco AB, Thule International, Tetra Pak Group of Companies and Alfa Laval
Education
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Independent/Dependent
Independent/Dependent
Dependent 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 Investor 1)
50,000 Synthetic shares
7,875

**Sune Carlsson**
Born 1941
Vice Chairman since 2011
Director since 2002

Other board assignments
Chairman: Atlas Copco AB

Work experience
Chairman: Scania AB
President and CEO: AB SKF
Executive Vice President: ASEA AB and AB B Ltd

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

Independent/Dependent
Independent/Dependent
Independent/Dependent
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 1)
7,915
0 Synthetic shares
3,611

**Börje Ekholm**
Born 1963
Director since 2006

See also information on page 46

Independent/Dependent
Independent in relation to the company and its Management
Independent in relation to the company’s major shareholders

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

Shares in Investor 1)
257,936 Synthetic shares
29,683

**Tom Johnstone**
Born 1955
Director since 2010

Current role
President and Chief Executive Officer: AB SKF

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

Member: The European Council of Engineering Sciences (IVA)

Work experience
Advisor to the President and Head of Enskilda Division, SEB
Executive Vice President and CEO of SEB
Executive Vice President and President and CEO: SEB

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

Independent/Dependent
Independent in relation to the company and its Management
Independent in relation to the company’s major shareholders

Committees
Member: Innovation and Quality and The National Council for Cooperation in Clinical Research
Member: The Dental and Pharmaceutical Benefits Agency, The Swedish Confederation of Swedish Enterprise
Member: The Dental and Pharmaceutical Benefits Agency

Shares in Investor 1)
1,000 Synthetic shares
3,611

**Carola Lemne**
Born 1958
Director since 2010

Current role
President and Chief Executive Officer: Praktikerjärn AB
Associate professor: Karolinska Institutet

Other board assignments
Director: Getinge AB, Praktikerjärn AB, The Confederation of Swedish Enterprise
Member: The Dental and Pharmaceutical Benefits Agency, The Swedish Corporate Governance Board and The National Council for Innovation and Quality

Work experience
Director: Apoteket AB, Stockholm University, The Strategic Research Foundation and Meda AB
Member: The Swedish Governmental Delegation on Cooperation in Clinical Research
Managing Director: Danderyd University Hospital AB
Vice President Clinical Development and Regulatory Affairs Strategy: Pharmacia Corp, New Jersey
Vice President: Clinical Research Europe, Pharmacia & Upjohn Corp

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

Independent/Dependent
Independent in relation to the company and its Management
Independent in relation to the company’s major shareholders

Shares in Investor 1)
100 Synthetic shares
3,611

1) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 6, Employees and payroll costs.
Grace Reksten Skaugen  
born 1953  
Director since 2006  

Other board assignments  
Chairman: Entra Eiendom AS,  
Ferd Holding AS and  
Norwegian Institute of  
Directors  
Director: Statoil ASA  

Work experience  
Director: Atlas Copco AB,  
Opera Software ASA,  
Renewable Energy  
Corporation ASA,  
Storebrand ASA and  
Tandberg ASA  
Consultant: Argentum  
Fondinveseringer ASA  
Director: Corporate Finance  
Enskilda Securities, Oslo  
Project Adviser:  
AS Aascontractgruppen, 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  

Independent/Dependent  
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  
1,800

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/Dependent  
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  
1,100

Hans Stråberg  
born 1957  
Director since 2011  

Other board assignments  
Chairman: Orchard, CTEK AB  
and Roxtec AB  
Director: N Holding AB, Stora  
Enso Oyj, The Confederation  
of Swedish Enterprise and  
The Association of Swedish  
Engineering Industries  
Member: Royal Swedish  
Academy of Engineering  
Sciences (IVA)  

Work experience  
President and CEO:  
AB Electrolux  
COO: AB Electrolux  
Executive Vice President:  
AB Electrolux  
Head of Floor Care Products  
and Small Appliances:  
AB Electrolux, USA  
Head of Product division:  
Floor Care Products,  
AB Electrolux  

Independent/Dependent  
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  
8,300  
Synthetic shares  
1,725

Lena Treschow Torell  
born 1946  
Director since 2007  

Other board assignments  
Chairman: Euro-CASE  
(European Council of Applied  
Sciences and Engineering),  
MISTRAS (The Foundation  
for Environmental Strategic  
Research) and The Royal  
Swedish Academy of  
Engineering Sciences (IVA)  

Director: Saab AB and AB SKF  

Work experience  
President: Royal Swedish  
Academy of Engineering  
Sciences (IVA)  
Research Director: Joint  
Research Centre, European  
Commission, Brussels  

Independent/Dependent  
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  
16,500  
Synthetic shares  
7,915

Peter Wallenberg Jr  
born 1959  
Director since 2006  

Other board assignments  
Chairman: Foundation Asset  
Management AB,  
The Grand Group, The Royal  
Swedish Automobile Club and  
Kungsträdgården Park &  
Evenemang AB  

Director: Aleris Holding AB,  
Scana AB, SEB Kort AB and  
Stockholmsmässan AB  

Work experience  
President and CEO:  
The Grand Hôtel Holdings  
General Manager:  
The Grand Hôtel  
President: Hotel Division  
Stockholm-Saltsjön AB  

Education  
BSBA Hotel Administration,  
University of Denver, Interna- 
tional Bachaloria, American  
School, Leysin, Switzerland  

Independent/Dependent  
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  
57,598  
Synthetic shares  
7,915

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) Includes holdings of close relatives and legal entities. For more information about synthetic shares see Note 6, Employees and payroll costs.
Management Group

**Börje Ekholm**  
born 1963  
Director since 2006  
President and Chief Executive Officer since 2005  
Member of the Management Group since 1997, employed in 1992  
Board assignments  
ChalmersInvest AB, EQT Partners AB, Huqoqama AB, KTH Royal Institute of Technology, NASDAQ OMX, Scania AB and Telefoniaktiebolaget LM Ericsson  
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 (KTH), Stockholm  
Shares in Investor  1)  
413,095

**Susanne Ekblom**  
born 1966  
Chief Financial Officer  
Member of the Management Group since 2011, employed in 2011  
Board assignments  
Work experience  
CFO, Sveriges Television  
Controller, Scania  
Head of Financial and Administration, Dynamate  
Head of Accounting, LFR Media  
Financial Manager, Ingenjörskåp  
Education  
BSc in Business and Economics, Stockholm University  
Shares in Investor  1)  
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 Saab AB  
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  1)  
54,708

**Petra Hedengran**  
born 1964  
General Counsel, and Head of Corporate Governance and Compliance  
Member of the Management Group since 2007, employed in 2007  
Board assignments  
Lindorff Group AB and EQT Partners  
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  1)  
13,067

**Lennart Johansson**  
born 1955  
Head of Financial Investments  
Member of the Management Group since 2006, employed in 2003  
Board assignments  
Lindorff Group AB and SOBI AB  
Work experience  
CEO: b-business partners and Emerging Technologies AB  
Deputy CEO/Senior Executive Vice President and 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  1)  
31,271

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See Note 6, Employees and payroll costs, for employee stock options held by Management Group members.  
1) Includes holdings of close relatives and legal entities.
To the annual meeting of the shareholders of Investor AB (publ.)

CORP ID 556013-8298

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and the consolidated accounts of Investor AB (publ) for the year 2011. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 29-115.

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

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

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

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance Report has been prepared. The Statutory administration report and the Corporate Governance Report are consistent with the other parts of the annual accounts and the consolidated accounts.

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

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company’s profit or loss and the administration of the Board of Directors and the President of Investor AB (publ) for the year 2011.

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

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

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

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

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

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

Stockholm, March 13, 2012
KPMG AB

Signed on the original document
Helene Willberg
Authorized Public Accountant
This Auditor’s report is a translation of the original Auditor’s report in Swedish.