Corporate Governance Report

During the year, the Board decided on Investor’s overall strategy and important strategic ownership issues for our companies. We also analyzed challenges and opportunities related to digitalization and the need for new competences. In an environment characterized by high speed of change, we have focused on the importance of being fast-moving as an organization.

Corporate governance practices refer to the decision making systems through which owners, directly or indirectly, govern a company. Investor’s business model of engaged ownership is to create value in the portfolio companies. Good corporate governance is not only important for Investor’s organization, it is an integral part of Investor’s core business.

Investor is a Swedish limited liability company, publicly traded on Nasdaq Stockholm, and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

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 2018 financial year.

Investor did not deviate from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice. Regarding deviation from the Code, see detailed information under section Deviation from the Code, page 43.

The Corporate Governance Report has been reviewed by Investor’s auditor, as presented on page 110.

Annual General Meeting

The 2019 Annual General Meeting (AGM) of Investor will take place on May 8, 2019, at the City Conference Centre in Stockholm. 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.

In addition to what follows from applicable law regarding shareholders’ right to participate at General Meetings, under Investor’s Articles of Association shareholders must (within the time stated in the convening notice) give notice of their attendance and notify the company of any intention to bring assistants.

The documents from the AGMs and the minutes recorded at the AGMs are published on the website.

Shares

At year-end 2018, Investor had 222,700 shareholders according to the register of shareholders maintained by Euroclear Sweden. Shareholdings in Investor representing at least one tenth of the votes of all shares in the company is Knut and Alice Wallenberg Foundation with 20.0 percent of the capital and 43.0 percent of the votes.

Since year 2000, the Board has requested and been granted a mandate by the AGM to repurchase and transfer Investor shares. The 2019 AGM is proposed to grant a corresponding authorization to the Board to repurchase and transfer Investor shares as was granted by the 2018 AGM.

For more information about the Investor share and the largest shareholders, see page 34.
CORPORATE GOVERNANCE AT INVESTOR

Nomination Committee
The Nomination Committee shall consist of one member from each of the four shareholders or groups of shareholders controlling the largest number of votes and the Chair of the Board. The Committee is obliged to perform its tasks according to the Code. For further information regarding instruction for the Committee, see the website.

The composition of the Nomination Committee meets the requirements concerning the independence of the Committee. The AGM documents related to the Nomination Committee are published on the website.

Auditor
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. The auditor is appointed by the AGM for a mandate period of one year.

At the 2018 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2019 AGM. Deloitte AB has been the auditor in charge since 2013. The Authorized Public Accountant Thomas Strömberg is since 2013 the auditor in charge for the audit.

For details on fees to auditors, see note 11, Auditor’s fees and expenses.

Board
The Board of Directors is ultimately responsible for Investor’s organization and administration. Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. Since the 2018 AGM, the Board has consisted of eleven members and no deputies. The CEO is the only Board member employed by the company.

<table>
<thead>
<tr>
<th>Nomination Committee for the 2019 AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
</tr>
<tr>
<td>Michael Treschow</td>
</tr>
<tr>
<td>Anders Oscarsson</td>
</tr>
<tr>
<td>Lars Isacsson</td>
</tr>
<tr>
<td>Ramsay Brufer</td>
</tr>
<tr>
<td>Jacob Wallenberg</td>
</tr>
</tbody>
</table>
The Nomination Committee applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy in its nomination work with the aim to achieve a well-functioning composition of the Board of Directors when it comes to diversity and breadth, as relates to i.a. gender, nationality, age and industry experience. The current Board composition is the result of the work of the Nomination Committee prior to the 2018 AGM. The Nomination Committee is of the opinion that the Board of Directors has an appropriate composition and size and reflects diversity and good variety regarding qualifications and experiences within areas of strategic importance to Investor, such as industrial business development, corporate governance and the financial and capital market. In respect of gender balance, excluding the CEO, 40 percent of the Board of Directors are women and in respect of nationality, 30 percent are non-Swedish citizens and 20 percent are non-Nordic citizens of the Board of Directors, excluding the CEO.

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. This circumstance is not considered to entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and works actively through the Boards of its holdings to identify and drive value-creating initiatives. The work of the Board of Directors in Investor’s holdings is the core of Investor’s active ownership model. For Investor, where a fundamental component is to have the right Board in each company, it is natural that Members of Investor’s Board of Directors and Management have Board assignments in Investor’s holdings.

A more detailed presentation of the Board is found on page 46 and on the website.

### Evaluation of the Board and CEO

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

The 2018 evaluation was answered by each Board member. In addition, the Chair met with each Board member separately to discuss the work done by the Board during the year. The Board discussed the results of this year’s evaluation and the Chair of the Board reported them to the Nomination Committee.

Investor’s Board continuously evaluates the performance of the CEO by monitoring the development of the business in...
The Board also discussed the overall strategy for Investor thoroughly at the yearly strategy review.

relation to the established objectives. A formal performance review is carried out once a year.

Work of the Board in 2018

During the year, the Board held 13 meetings (of which three per capsulam). The Board members’ attendance is shown in the adjacent table. The secretary of the Board meetings was, with a few exceptions, General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with written information on the issues that were to be discussed. Each Board meeting has included an item on the agenda during which Board members had the opportunity to discuss without representatives of the company’s Management being present.

The Board has discussed, among other things, the acquisition of shares in, inter alia, Ericsson and Electrolux, the spin-off of Epiroc from Atlas Copco, the rights issue of Saab, investments in EQT funds and other strategic matters.

The Board has devoted time to both internal and external presentations of the financial markets. The Board has 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. The CEOs of Ericsson, Mölnlycke, SEB and Wärtsilä have made presentations about their respective company to the Board. The Board has also visited Mölnlycke’s and Wärtsilä’s plants in Mikkeli and Vaasa. Furthermore, the Management for Patricia Industries has held a presentation on the development of this business area and its portfolio companies, including the new subsidiaries Piab and Sarnova, as well as the key points in Patricia Industries’ value creation plans.

An important part of the Board’s work is the financial reports presented, including those prior to the interim report, the interim management statements and the year-end report. At regular Board meetings reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding holdings. Succession planning is also evaluated yearly by the Board.

Committee work is an important task performed by the Board. For a description of the work conducted by the Committees during 2018, see the adjacent table.

During the year, the company’s Management presented value creation plans for Listed Core Investments, including analyses of the holdings’ operations and development potential in the business areas where they are active. These analyses 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 discussed the overall strategy for Investor...
thoroughly at the yearly strategy review. The Board regularly received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor’s involvement in EQT.

In addition to participating in meetings of the Audit and Risk 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.

**Board Committees**

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed Committees. The Board Committees are the Audit and Risk Committee and the Remuneration Committee. The members of the Committees are appointed for a maximum of one year at the statutory Board meeting. The Committee’s duties and decision making authorities are regulated in the annually approved Committee instructions.

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.

The Audit and Risk Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit and Risk Committee also evaluates financial strategies, risk exposure and that the company’s compliance efforts are effective.

The responsibilities of the Remuneration Committee are, among other things, to monitor, evaluate and prepare guidelines for salary and other remuneration and to decide remuneration to the members of the Extended Management Group, except for the CEO for whom the Board as a whole sets the remuneration.

**The CEO and Management**

The Board appoints the CEO and approves the Instruction for the CEO. The CEO is responsible for the day to day business of the company. The responsibilities include, among other things, ongoing investments and divestments, employees, finance and accounting issues and regular contact with the company’s stakeholders, such as public authorities and the financial market. The CEO ensures that the Board is provided with the requisite material for making well-informed decisions.

For his support the CEO has appointed a Management Group. The Management Group regularly works with specific business transactions, follow-up on value creation plans, sustainability issues and the company’s financial flexibility. Frequently risk assessment and company strategy are evaluated. When the Extended Management Group meets, organization and employee matters are also discussed. For members of the Extended Management Group, see page 48.

**Control functions**

The Risk Control function is responsible for coordinating the internal reporting of Investor’s significant risks at the aggregate level. The Risk Control function reports to the Audit and Risk Committee.

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

The review function, Internal Control, 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 Internal Control function regularly provides reports on its work to the Audit and Risk Committee during the year.

**Remuneration**

**Remuneration to the Board**

The total remuneration to the Board approved by the 2018 AGM was SEK 10,835 t. Since the 2008 AGM, it is possible for Board members to receive a portion of their remuneration in the form of synthetic shares. Information on specific remuneration is provided in the table on page 40 and in note 10, Employees and personnel costs.

At the statutory Board meeting in May 2018, the Board adopted, as in 2011-2017, a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year’s Board remuneration, before taxes, excluding remuneration for Committee work.

**Remuneration to Management**

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

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

See note 10, Employees and personnel costs, and on the website, for the most recently approved guidelines on remuneration and for a description on the long-term variable remuneration programs. See also the website for the information and
evaluation that have to be reported according to the Code.

The Board of Directors’ proposal regarding guidelines for salary and other remuneration for the CEO and other members of the Extended Management Group to the 2019 AGM corresponds in substance with the guidelines for remuneration decided by the 2018 AGM.

The Board of Directors’ proposal regarding long-term variable remuneration programs to the 2019 AGM are substantially the same as the programs decided by the 2018 AGM.

Deviation from the remuneration guidelines decided by the AGM
Viveka Hirdman-Ryrberg joined the Management Group in September 2018 with a contracted age of retirement of 62 years, which deviated from the guidelines decided by the AGM pursuant to which the retirement age shall be 60 years. The Board of Directors concluded that the employment of Viveka Hirdman-Ryrberg, who is born in 1963, should have a longer time perspective than had been the case with a retirement age of 60 years, and therefore used the possibility to deviate, when special cause exists in an individual case, from the guidelines decided by the AGM.

Deviation from the Code
The long-term variable remuneration program for employees within Patricia Industries has the purpose that employees within Patricia Industries should have a long-term variable remuneration directly aligned with the value creation within the business area Patricia Industries. The program is based on the same structure as Investor’s program for long-term variable remuneration and contains corresponding performance criteria, but the outcome is depending on the development of the underlying assets of Patricia Industries. Since these assets are not listed, the total cost of the program, which is cash-settled, cannot in an efficient way be capped by hedging arrangements. In order for the program to correspond as closely as possible and create a corresponding incentive profile as the Investor program, the total outcome for each individual participant in the program is limited by a maximum number of instruments that can be allocated, but not by any other type of predetermined limit. To the extent the program is not compliant with Code rule 9.5, i.e. that variable remuneration paid in cash should be subject to a predetermined limit, this is consequently a deviation from the Code for the above stated reasons.

Similarly, the Extended Management Group member Noah Walley’s rights under the old variable remuneration programs for IGC are not subject to any predetermined limit. To the extent these programs are not compliant with the above-mentioned Code rule 9.5, this is also a deviation from the Code. The reason for such deviation is that the Board of Directors has considered that Noah Walley’s already agreed rights should be honored and remain valid also after his appointment to the Extended Management Group rather than being renegotiated.
Internal control over financial reporting

This description of the internal control over the financial reporting is based on the framework set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Investor’s internal control over the financial reporting is focused primarily on ensuring efficient and reliable control of, and accounting for purchases, sales and valuation of securities as well as correct consolidation of the operating subsidiaries.

The Board and Management of each operating subsidiary is responsible for ensuring the efficiency of the subsidiary’s internal control structures, risk management and financial reporting. Patricia Industries’ Board representative provides this information to Patricia Industries’ Board, where analysis and follow-up take place. Patricia Industries’ Board ensures that Investor’s Board and Management receive information on any issues that could affect Investor’s business or financial reporting.

Control environment

The control environment is built around an organization with clear decision-making channels, powers and responsibilities and a corporate culture based on shared values. It also requires each individual’s awareness of his/her role in maintaining effective internal control.

All of Investor’s business areas have policies, instructions and detailed process descriptions. These documents establish responsibilities for specific tasks, mandates and powers and how validation is to be carried out. Accounting and reporting rules and routines are documented in Investor’s Financial Handbook. All governing documents are presented on the intranet for all employees. The documents are updated yearly or when needed. During 2018 Investor and the subsidiaries have worked with issuing steering documents and implementing procedures to manage personal data in accordance with the new EU General Data Protection Regulation. The Compliance and the Internal Control functions have followed-up on the control environment in the financial reporting processes at the subsidiaries.

Risk assessment

Risk assessment is conducted continuously in the day to day business at Investor. Annually the Finance department assesses risk for major errors in the financial reporting and sets action plans to reduce identified risks. Focus is placed on significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity, or where there is a risk that the effects of a potential error may become significant because of the high transaction values involved. Conclusions drawn from the risk assessments on risks for errors in the financial reporting are reported to and discussed with the Audit and Risk Committee.

Using the risk assessment as a starting point to ensure the reliability of the financial reporting, the Audit and Risk Committee determines which of the identified risks should be prioritized by the Internal Control function. Suggestions for improvements are identified and implemented on an ongoing basis. Assessment of cyber risks has been a focus during the year. The new subsidiaries have implemented risk management processes for assessment and management of risks for errors in the financial reporting.

For a more detailed description of risks and other risk assessments, see note 3, Risks and Risk management.

Control activities

To ensure that the 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 Management to other employees.

Financial controls in the company include approval of business transactions, reconciliation with external counterparties, 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. Frequent analysis of the operating subsidiaries' financial reports are also performed. Documentation of key controls in the financial reporting process has, also this year, been a focus area in the reviews Internal Control has performed.

Information and communication
For the purpose of ensuring that the external information is correct, complete and timely, Investor’s Board has adopted a Communication Policy. Within the company, there are also instructions regarding information security and how to communicate financial information between the Board, Management and other employees as well as from Patricia Industries to Investor.

Investor has an established external process for whistleblowing, accessible for all employees on the intranet and for external stakeholders on Investor’s website. It can be used anonymously.

During 2018 routines regarding the financial information and communication with the new subsidiaries, Piab and Sarnova, have been established.

Monitoring
Both the Board and the Management Group regularly follow up on the effectiveness of the company’s internal controls to ensure the quality of processes for the financial reporting. Investor’s financial situation and strategy regarding the company’s financial position are discussed at every Board meeting and the Board is provided with detailed reports on the development of the business to this end. The Board reviews all interim reports before public release.

The Audit and Risk 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 and regularly reports the results from the committee work to the Board. The Audit and Risk Committee, Management Group and Internal Control function regularly follow up reported deviations.

All of Investor’s business areas have policies, instructions and detailed process descriptions. These documents establish responsibilities for specific tasks, mandates and powers and how validation is to be carried out.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Elected</th>
<th>Year of birth</th>
<th>Nationality</th>
<th>Education</th>
<th>Current assignments</th>
<th>Work experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacob Wallenberg</td>
<td>Chair, Chair: RC, Member: ARC</td>
<td>1998 (Chair since 2005)</td>
<td>1956</td>
<td>Swedish</td>
<td>B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania Reserve Officer, Swedish Navy</td>
<td>Vice Chair: ABB, Ericsson, FAM, Patricia Industries Director: Nasdaq, The Knut and Alice Wallenberg Foundation, Tsinghua School of Economics Advisory board, Steering Committee ERT</td>
<td>Chair: SEB Vice Chair: Atlas Copco, Investor, SAS, Stora President and CEO: SEB Director: The Coca-Cola Company, Electrolux, Stockholm School of Economics, Stockholm Chamber of Commerce, Stora, WM-data Executive VP and CFO: Investor</td>
</tr>
<tr>
<td>Marcus Wallenberg</td>
<td>Vice Chair</td>
<td>2012 (Vice Chair since 2015)</td>
<td>1956</td>
<td>Swedish</td>
<td>B.Sc. of Foreign Service, Georgetown University</td>
<td>Chair: FAM, Patricia Industries, Saab, SEB Vice Chair: The Knut and Alice Wallenberg Foundation Director: AstraZeneca, Temasek Holding Member: IVA</td>
<td>Chair: Electrolux, International Chamber of Commerce, LKAB President and CEO: Investor Executive VP: Investor Director: EQT Holdings, SEB, Stora Enso</td>
</tr>
<tr>
<td>Josef Ackermann</td>
<td>Director</td>
<td>2012</td>
<td>1948</td>
<td>Swiss</td>
<td>Dr. oec, economics and social sciences, University of St. Gallen</td>
<td>Chair: Bank of Cyprus Honorary Chair: St. Gallen Foundation for International Studies</td>
<td>Chair: Zurich Insurance Group Chair Management Board and the Group Executive Committee: Deutsche Bank President Executive Board: Schweizerische Kreditanstalt Director: Renova Management International Advisory Board: AKBank</td>
</tr>
<tr>
<td>Gunnar Brock</td>
<td>Director: ARC</td>
<td>2009</td>
<td>1950</td>
<td>Swedish</td>
<td>M.Sc. in Economics and Business Administration, Stockholm School of Economics</td>
<td>Chair: Mölnlycke, Slättö Invest, Stena Director: ABB, Patricia Industries, Stockholm School of Economics, Syngenta Member: IVA</td>
<td>Chair: Rolling Optics, Stora Enso CEO: Alfa Laval, Atlas Copco, Tetra Pak Group, Thule International Director: Lego, SOS Children’s Villages, Total</td>
</tr>
</tbody>
</table>

**Independent to Investor and its Management**
- Yes  
- Yes  
- Yes  
- No

**Independent to major shareholders**
- No  
- Yes  
- Yes  
- Yes

**Shares in Investor**
- 146,669 A shares  
- 315,572 B shares  
- 536,000 A shares  
- 16,223 B shares  
- 5,339 synthetic shares  
- 5,339 synthetic shares  
- 45,000 A shares  
- 54,169 B shares

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1) IBLAC: Mayor of Shanghai’s International Business Leaders Advisory Council.  
2) ERT: The European Round Table of Industrialists.  
4) IFN: The Research Institute of Industrial Economics.  
5) Member of Knut and Alice Wallenberg Foundation.  
6) Invested, in his capacity as Chair of the Board of Mölnlycke, in a share investment program for the Board and senior executives of that company in 2014 and 2018 respectively. This circumstance is not considered to entail Gunnar Brock being dependent on Investor or its Management.  
7) President and CEO.  
8) Recent employment in Ericsson.  
9) Consultancy agreement with Knut and Alice Wallenberg Foundation.  
10) Holdings in Investor AB are stated as of December 31, 2018 and include holdings of close relatives and legal entities.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magdalena Gerger</td>
<td>Director</td>
<td>M. Econ., and M.B.A., University of Stockholm School of Economics, McGill University</td>
</tr>
<tr>
<td>Tom Johnstone, CBE</td>
<td>Member</td>
<td>M.A., University of Glasgow, University of South Carolina, University of Chicago, University of Michigan</td>
</tr>
<tr>
<td>Sara Mazur</td>
<td>Member</td>
<td>M.Sc., University of Technology, University of Uppsala, University of Göteborg, University of Stockholm</td>
</tr>
<tr>
<td>Grace Reksten Skaugen</td>
<td>Director</td>
<td>M.A., Cardiff University, University of Cambridge, University of Oxford, University of California, Berkeley</td>
</tr>
<tr>
<td>Hans Stråberg</td>
<td>Director</td>
<td>M.Sc., University of Uppsala, University of Göteborg, University of Stockholm</td>
</tr>
<tr>
<td>Lena Treschow Torell</td>
<td>Director</td>
<td>M.A., University of Göteborg, University of Uppsala, University of Stockholm</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Position</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>President and CEO: Systembolaget</td>
<td>Director</td>
<td>Chair: Combient, Husqvarna, Vice Chair: Wärtsilä, Director: Northvolt, Volvo Cars</td>
</tr>
<tr>
<td></td>
<td>Member: IVA, IFN</td>
<td>Member</td>
<td>Chair: Combient, Husqvarna, Vice Chair: Wärtsilä, Director: Northvolt, Volvo Cars</td>
</tr>
<tr>
<td>1964</td>
<td>President and CEO: Electrolux</td>
<td>Director</td>
<td>Chair: Entra Eiendom, Ferd, Norwegian Institute of Directors, Deputy Chair: Statoil, Director: Atlas Copco, Corporate Finance</td>
</tr>
<tr>
<td></td>
<td>Member: IVA</td>
<td>Member</td>
<td>Chair: Entra Eiendom, Ferd, Norwegian Institute of Directors, Deputy Chair: Statoil, Director: Atlas Copco, Corporate Finance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Yes</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>B shares</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Synthetic</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
## Management Group

<table>
<thead>
<tr>
<th></th>
<th>Johan Forssell</th>
<th>Petra Hedengran</th>
<th>Viveka Hirdman-Ryrberg</th>
<th>Daniel Nodhäll</th>
<th>Helena Saxon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position</strong></td>
<td>Chief Executive Officer</td>
<td>General Counsel, Head of Corporate Governance and responsible for investments in EQT funds</td>
<td>Head of Corporate Communication and Sustainability</td>
<td>Head of Listed Core Investments</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td><strong>Member of MG since</strong></td>
<td>2006 (CEO since 2015)</td>
<td>2007</td>
<td>2018</td>
<td>2015</td>
<td>2015</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Swedish</td>
<td>Swedish</td>
<td>Swedish</td>
<td>Swedish</td>
<td>Swedish</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>M.Sc. in Economics and Business Administration, Stockholm School of Economics</td>
<td>Masters of Law, Stockholm University</td>
<td>B.Sc. in Business Administration and Lic.Sc in Economics, Stockholm School of Economics</td>
<td>M.Sc. in Economics and Business Administration, Stockholm School of Economics</td>
<td>M.Sc. in Economics and Business Administration, Stockholm School of Economics</td>
</tr>
<tr>
<td><strong>Current assignments</strong></td>
<td>Director: Atlas Copco, Epiroc, EQT AB, Patricia Industries, Stockholm School of Economics, Wärtsilä Member: IVA</td>
<td>Director: Alecta, Electrolux, The Association for Generally Accepted Principles in the Securities Market</td>
<td>Director: Sveriges Kommunikatör, Misum at Stockholm School of Economics</td>
<td>Director: Husqvarna, Saab</td>
<td>Director: SEB, Sobi</td>
</tr>
<tr>
<td><strong>Shares in Investor</strong></td>
<td>45,000 A shares 54,169 B shares</td>
<td>2,000 A shares 16,000 B shares</td>
<td>3,325 B shares 9,787 A shares 5,105 B shares</td>
<td>11,297 B shares</td>
<td></td>
</tr>
</tbody>
</table>

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2) Holdings in Investor AB are stated as of December 31, 2018 and include holdings of close relatives and legal entities.
3) Members of the Extended Management Group. Investor’s Extended Management Group consists of the Management Group and three additional members.

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### Management Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jessica Häggström</td>
<td>Head of Human Resources</td>
</tr>
<tr>
<td>Christian Cederholm</td>
<td>Co-head Patricia Industries</td>
</tr>
<tr>
<td>Noah Walley</td>
<td>Co-head Patricia Industries</td>
</tr>
</tbody>
</table>

#### Background Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jessica Häggström</td>
<td>Swedish</td>
<td>Master’s degree in Human Resources and Labour Relations, University of Linköping and University of Uppsala</td>
</tr>
<tr>
<td>Christian Cederholm</td>
<td>American / British</td>
<td>M.Sc. in Economics and Business Administration, Stockholm School of Economics</td>
</tr>
<tr>
<td>Noah Walley</td>
<td>Swedish</td>
<td>B.A. and M.A. in History, Oxford University J.D. Stanford University Law School</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jessica Häggström</td>
<td>Director: Aleris, Hi3G Scandinavia, Nasdaq Nordic, Permobil</td>
</tr>
<tr>
<td>Christian Cederholm</td>
<td>Director: BraunAbility, Better Finance, Pulsepoint, Retail Solutions</td>
</tr>
<tr>
<td>Noah Walley</td>
<td>Head of HR R&amp;D Business Unit IT &amp; Cloud: Ericsson</td>
</tr>
<tr>
<td></td>
<td>Head of Talent Effectiveness: Ericsson</td>
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<tr>
<td></td>
<td>Head of HR Finance: Ericsson</td>
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<tr>
<td></td>
<td>Various HR positions within Ericsson</td>
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<tr>
<td></td>
<td>Consultant: Watson Wyatt</td>
</tr>
<tr>
<td></td>
<td>Head of Patricia Industries Nordics</td>
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<tr>
<td></td>
<td>Investment Manager: Investor</td>
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<td></td>
<td>Head of Patricia Industries U.S. President: IGC</td>
</tr>
<tr>
<td></td>
<td>Managing Director: IGC</td>
</tr>
<tr>
<td></td>
<td>General Partner: Morgan Stanley Venture Partners</td>
</tr>
<tr>
<td></td>
<td>Director of over 20 venture-backed technology companies</td>
</tr>
<tr>
<td></td>
<td>Consultant: McKinsey</td>
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<tr>
<td></td>
<td>Investment Banker: N M Rothschild &amp; Sons</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jessica Häggström</td>
<td>1,800 A shares 31,918 A shares 24,933 B shares</td>
</tr>
<tr>
<td>Christian Cederholm</td>
<td>676 B shares 4,132 B shares</td>
</tr>
<tr>
<td>Noah Walley</td>
<td></td>
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</tbody>
</table>
To the annual general meeting of the shareholders of Investor AB (publ.)
CORP. ID 556013-8298

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of Investor AB (publ) for the financial year January 1, 2018 – December 31, 2018 except for the corporate governance statement on pages 38-49 and the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115. The annual accounts and consolidated accounts of the company are included on pages 4-13, 36-109 and 114-115 in this document.

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 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 38-49 and the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company.

Our audit procedures included, but were not limited to:
• We obtained an understanding of Investor’s processes relating to internal controls over financial reporting and tested key controls.
• We evaluated internal controls in relation to critical IT-systems used for financial reporting.
• We assessed the company’s procedures relating to controls over financial information reported from consolidated subsidiaries and associates reported under the equity method.
• We assessed the application of new accounting rules and regulations and their compliance with IFRS.

Valuation of unlisted investments
The valuation process for unlisted investments requires estimates by management and is therefore more complex compared to the valuation of listed investments. The total carrying value of unlisted investments recognized at fair value amounted to SEK 25,936 million as of December 31, 2018.

Investor’s valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines. Inappropriate judgements made in the assessment of fair value could have a significant impact on the value of the unlisted investment.

We focused on the unlisted investments since the carrying value is material, the investment portfolio comprises a large number of unlisted securities and since the assessments made to arrive at the fair value is sensitive to judgements and estimates made.

Investor’s principles for accounting for unlisted investments are described in note 30 on page 90 and detailed disclosures regarding these investments are included in Note 30 Financial instruments on page 90-94, see detailed description in section Measurement of financial instruments in level 3.

Our audit procedures included, but were not limited to:
• We obtained an understanding of the valuation process and key controls in this process and tested key controls.
• We agreed correct ownership percentages in Patricia Industries and EQT funds and proper accounting for changes in such ownership.
• We confirmed the reported valuations as of December 31, 2018 to audited financial statements of the funds of EQT.
• We tested that the methodology and consistency applied in the valuation of the portfolio companies is in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines.
• We recomputed the calculation of the enterprise value for a selection of portfolio companies in Patricia Industries including agreeing currency rates to external independent sources.
• We assessed the relevance of multiples used in Patricia Industries’ portfolio companies’ enterprise value calculations against market multiples from relevant transactions or market data.

Valuation of listed investments
There is a lower degree of judgment involved in the valuation process for listed investments compared to unlisted investments. However, a substantial portion of Investor’s total assets is embedded in the holdings in listed investments. The total carrying value of listed investments amounted to SEK 272,998 million as of December 31, 2018. We focused on the listed investments since the carrying value is significant, there is a risk that changes in ownership might not be properly recognized, and effects of dividend received might not properly be reflected in the fair value.

Investor’s principles for accounting for listed investments are described in note 30 on page 90 and detailed disclosures regarding listed investments are included in Note 30 Financial instruments on page 90-94, see detailed description in section Measurement of financial instruments in level 1.

Our audit procedures included, but were not limited to:
• We obtained an understanding of the valuation process and tested key controls.
• We validated the holdings towards external statements.
• We tested the fair value calculation arithmetically and compared values to official share prices.
• We reviewed disclosures relating to valuation of listed investments to ensure compliance with IFRS.

Intangible assets
Investor’s acquisitions of Malmölycke, Aleris, Permobil, BraunAbility, Laborie, Sarnova and Piab have led to a portion of the purchase price being allocated to intangible assets including goodwill. Changes in economic conditions or lower than expected development of performance may be indicators of potential impairment of the recoverable amount of these assets and hence the consolidated net asset value of Investor. The total carrying amount of goodwill relating to these holdings amounted to SEK 43,196 million as of December 31, 2018.

We focused on the assessments of the carrying value for the holdings above since the carrying value of intangible assets are material and as the assessment of the recoverable amount may be sensitive to changes in assumptions.

Investor’s disclosures regarding intangible assets are included in Note 15 Intangible assets on page 78-80, which specifically explains key assumptions used in preparing the PPA.

We validated the holdings towards external statements.
We tested the fair value calculation arithmetically and compared values to official share prices.
We reviewed disclosures relating to valuation of listed investments to ensure compliance with IFRS.

Acquisitions and divestments
During 2018 Patricia Industries completed two major acquisitions. In April 2018, 86 percent of Sarnova Holdings, Inc. was acquired for SEK 4,297 million resulting in goodwill of SEK 4,117 million. In June 2018, 89 percent of Piab Group AB was acquired for SEK 4,713 million resulting in goodwill of SEK 3,640 million.

We focused on these acquisitions since they are significant transactions and since preparing purchase price allocations (“PPA”), including the identification and valuation of the acquired assets and liabilities, require the use of significant management judgements and estimates.

Investor’s disclosures regarding acquisitions are included in Note 4 Business Combinations on page 62-63, which also explains key assumptions used in preparing the PPA.

Our audit procedures included, but were not limited to:
• We obtained an understanding of the process in preparing the PPA, which includes an assessment of the valuation competence utilized in preparing the PPA.
• We have read and assessed the key terms in the purchase agreement.
• We have reviewed the PPAs, which includes an assessment of the identification of intangible assets based on understanding of the business of the acquired companies as well as discussion with management.
• We have involved our internal valuation specialists in assessing the valuation methodologies and key assumptions in the fair valuation of the acquired assets and liabilities.
• We reviewed the disclosures related to the acquisitions and assessed whether the disclosures are in line with IFRS.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-3, 14-35 and 116-117. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.
Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Material misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor’s report.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the group’s type of operations, size and risks place on the size of the parent company’s and the group’s equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s and the group’s financial situation and ensuring that the company’s organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors’ guidelines and instructions and among other matters take measures that are necessary to fulfill the company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor’s responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company’s profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management’s administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor’s report.

The auditor’s examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance statement on pages 38-49 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR’s auditing standard RevU 16. The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor’s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 4-7, 10-13, 22-30, 36-37, 62 and 114-115, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR’s auditing standard ReVR 12. The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Investor AB (publ) by the general meeting of the shareholders on the 2018-05-08 and has been the company’s auditor since 2013-04-15.

Stockholm March 22, 2019
Deloitte AB

Thomas Strömberg
Authorized Public Accountant