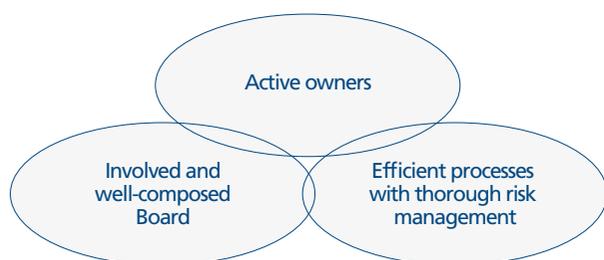

Cornerstones for good corporate governance



Work of the Board in 2014

During the year, the Board held 14 meetings, of which ten were regular meetings, one was statutory and three were extraordinary. The Board members' attendance is shown in the table on page 32. The secretary of the Board meetings was General Counsel, Petra Hedengran. Prior to each meeting, Board members were provided with written information on the issues that were to be discussed.

During the year, the Board devoted considerable time to acquisition of shares in, inter alia, Wärtsilä and ABB, divestiture of shares in Lindorff, subscription of Electrolux's rights issue regarding the financing of the acquisition of GE Appliances, investments in EQT-funds, value creation plans of the companies, and other strategic matters, such as the creation of Patricia Industries. In addition, the Board has considered the refinancing of Mölnlycke Health Care and 3 Scandinavia, and acquisitions within Financial Investments. Prior to each transaction, extensive analysis were presented to the Board.

During the year the Board also worked with developing Investor's role as an active owner and strengthening the processes relating thereto.

The succession planning of the President has been discussed during the year.

The Board devoted time to both internal and external presentations of the financial markets. 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.

CEOs and the Management team of Mölnlycke Health Care and Permobil have presented their companies. The Board also visited some of the companies' production facilities in the U.S.

An important part of the Board's work is the financial reports presented at every regular Board meeting, including those prior to the year-end, the interim report, and the interim management statements. The Board also receives regular reports on the company's financial position. At regular Board meetings, reports are 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. For a description of the work conducted by the Committees during 2014, see page 31.

During the year, the company's Management presented value creation 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 reviewed and approved these value creation plans for all Core Investments. The Board also discussed the overall strategy thoroughly at the yearly strategy review.

The Board 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.

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. The Committee's duties and decision making authorities are regulated in the instruction 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.

The Audit Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit Committee is the primary way in which the Board and the company's auditor communicate with each other.

The responsibilities 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 monitor risk exposure and financial strategies.

Board Committees' work 2014

	Audit Committee	Remuneration Committee	Finance and Risk Committee
Members	Sune Carlsson (Chairman) Grace Reksten Skaugen Jacob Wallenberg Peter Wallenberg Jr	Jacob Wallenberg (Chairman) O. Griffith Sexton Lena Treschow Torell	Grace Reksten Skaugen (Chairman) Gunnar Brock Jacob Wallenberg
Number of meetings	6	5	3
Focus areas in 2014	<ul style="list-style-type: none"> Analyzed each interim report and the year-end report for completeness and accuracy. Evaluated accurate valuation principles of each business area. Assessed accurate accounting of major transactions. Assessed structural and specific tax related issues. Followed-up Audit reports. Followed-up on the internal control in connection with process changes. 	<ul style="list-style-type: none"> 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, which were then approved by the Board. Discussed strategic personnel related issues. Evaluated guidelines for salary and other remuneration including the long-term variable remuneration programs. Proposed to the Board to submit to the AGM 2015 a long-term variable remuneration program which is substantially identical to the approved program for 2014. 	<ul style="list-style-type: none"> Followed-up on limits, mandates and risk exposure for each business area at each meeting. Approved updates of Group policies. Assessed the effect on Investor regarding new and coming regulations. Assessed the reported work accomplished by the Security function regarding information security.

The President, the Management Group and the organization

The President's responsibilities include among other things 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 ensures that the Board is provided with the requisite material for making well-informed decisions.

The President has appointed a Management Group that has day-to-day responsibility for different parts of Investor's business. There has been no change in the Management Group during 2014. In the beginning of 2015 the company announced that the Board of Directors has appointed Johan Forssell as new President and CEO as of May 12, 2015. A new Management Group effective as of the same date was also announced, consisting of Helena Saxon, CFO, Daniel Nodhäll, Head of Listed Core Investments, Petra Hedengran, General Counsel, Corporate Governance and investments in EQT funds, and Stefan Stern, Head of Communication, Public Affairs and CSR. For more information about the President and Management Group, see page 38.

The Management Group holds meetings focused on the company's strategy four to five times a year, including risk assessment.

The Management Group regularly works with specific business transactions. During the year the Management Group focused among others on the acquisition of additional shares in Wärtsilä, the divestment of shares in Lindorff and the refinancing of 3 Scandinavia. The Management Group also 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.

The Management Group works actively with engaging all employees to develop the corporate culture and act accordingly. For information on Investor's role as employer and owner regarding sustainable business, see page 24.

Investor's Analysts work in business teams focused on each individual investment. These individuals continuously research each holding, the sector to which it belongs and competitors to identify value creating initiatives, risks and their return potential.

In the listed Core Investments, see page 12, Investor exercises its active ownership through Board representation.

Investor governs its wholly-owned operating subsidiaries, see page 12, through its representation on the Boards of those companies. Investor's Board representatives are appointed by the President of Investor. They are responsible for ensuring that Investor's Management Group and Board are provided with relevant information.

The governance of the partner-owned companies is carried out jointly with each partner.

Investor's Trading function is governed by mandates and limits set by the Board.

Support functions on group level, to the investment organization, are governed by approved policies and instructions.

Control functions

Using the risk policy approved by the Board as framework, the Risk Control function identifies and monitors the major risks that Investor is exposed to. This function is responsible for coordinat-