

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 34 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 2017 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 relation to the established objectives. A formal performance review is carried out once a year.

Work of the Board in 2017

During the year, the Board held 15 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 devoted considerable time to value creation plans in the portfolio companies, acquisition of shares in, inter alia, Ericsson, investments in EQT funds and other strategic matters.

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. The CEOs of ABB, Electrolux and Husqvarna presented their companies. The Board also visited Atlas Copco's plant in Antwerp and met repre-

Attendance record and Board remuneration in 2017

| Member | Position | Attendance record, Board and Committee meetings 2017 | | | Board remuneration resolved by the 2017 AGM, SEK t. | | | |
|-----------------------|------------|--|--------------------------|--------------------------------------|---|--------------------------|------------------------|---------------|
| | | Board meetings ¹⁾ | Audit and Risk Committee | Remuneration Committee ¹⁾ | Board fee ²⁾ | Audit and Risk Committee | Remuneration Committee | Total |
| Jacob Wallenberg | Chair | 12/12 | 6/6 | 6/6 | 2,450 | 175 | 165 | 2,790 |
| Marcus Wallenberg | Vice Chair | 12/12 | | | 1,420 | | | 1,420 |
| Josef Ackermann | Member | 11/12 | | | 655 | | | 655 |
| Gunnar Brock | Member | 10/12 | 5/6 | | 655 | 175 | | 830 |
| Johan Forssell | Member/CEO | 12/12 | | | | | | |
| Magdalena Gerger | Member | 12/12 | 6/6 | | 655 | 175 | | 830 |
| Tom Johnstone, CBE | Member | 11/12 | | 6/6 | 655 | | 85 | 740 |
| Grace Reksten Skaugen | Member | 12/12 | 6/6 | | 655 | 260 | | 915 |
| Hans Stråberg | Member | 12/12 | | | 655 | | | 655 |
| Lena Treschow Torell | Member | 12/12 | | 6/6 | 655 | | 85 | 740 |
| Sara Öhrvall | Member | 12/12 | | | 655 | | | 655 |
| Total | | | | | 9,110 | 785 | 335 | 10,230 |

1) Per capsulam not included.

2) Non-employee Directors can choose to receive part of their Board remuneration (excluding Committee remuneration) in the form of synthetic shares. For total value of the Board fee including synthetic shares and dividends at year-end, see note 9, Employees and personnel costs.

sentatives of the EU Commission and the EU Parliament in Brussels. Furthermore, the Management for Patricia Industries held a presentation on the development of this business area and its portfolio companies including the key points in Patricia Industries' value creation plans.

An important part of the Board's work is the financial reports presented at every regular Board meeting, including those prior to the interim report, the interim management statements and the year-end report. The Board also receives regular monthly reports about the companies within the business area Patricia Industries. 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 2017, 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.

Board Committees' work 2017

| | Audit and Risk Committee | Remuneration Committee |
|----------------------------|--|--|
| Members | Grace Reksten Skaugen (Chair) Gunnar Brock Magdalena Gerger Jacob Wallenberg | Jacob Wallenberg (Chair) Tom Johnstone, CBE Lena Treschow Torell |
| Number of meetings | 6 | 8 (of which 2 per capsulam) |
| Focus areas in 2017 | <ul style="list-style-type: none"> Analyzed each interim report, interim management statement the year-end report and the Annual report for completeness and accuracy. Evaluated accounting and valuation principles, incl. impairments and estimated market values for Patricia Industries. Followed-up on the new Sustainability reporting. Followed-up Audit reports. Followed-up on the internal control in the financial reporting process. Evaluated risk for errors in the financial reporting and followed-up recommendations on improvements. Evaluated the auditor performance and presented to the Nomination Committee. Followed-up on limits, mandates and risk exposure. Approved updates of Group policies. Assessed the effect on Investor regarding new and coming regulations. | <ul style="list-style-type: none"> Evaluated and approved remuneration structures for personnel and salary reviews for Extended Management Group. Evaluated and assessed the CEO's goals and terms and conditions for remuneration, which were then approved by the Board. Discussed strategic personnel and compensation related issues. Monitored and evaluated guidelines for salary and other remuneration including the long-term variable remuneration programs, both ongoing and those that have ended during the year. Monitored and evaluated the application of guidelines for salary and other remuneration that were approved by the AGM. Proposed to the Board to submit to the AGM 2018 long-term variable remuneration programs, both for Investor and Patricia Industries. |

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 Audit and Risk 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 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, Johan Forssell, is responsible for the day to day business of the company. The 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 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 consisting of Petra Hedengran, General Counsel and Head of Corporate Governance and EQT, Daniel Nodhäll, Head of Listed Core Investments, Helena Saxon, CFO, and Stefan Stern, Head of Corporate Relations, Sustainability and Communications. Four to five times a year the Management Group holds meetings focused on the company's strategy and risk assessment.

The Management Group regularly works with specific business transactions, follow-up on value creation plans, sustainability issues, the company's financial flexibility and organization and personnel related matters.

During the year an Extended Management Group was established, which also includes the Co-heads of Patricia Industries; Christian Cederholm and Noah Walley and the Head of Human Resources; Jessica Häggström. The Extended Management Group meets approximately six times a year. For members of the whole Extended Management Group, see page 36.

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 2017 AGM was SEK 10,230 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 adjacent table and in note 9, Employees and personnel costs.

At the statutory Board meeting in May 2017, the Board adopted, as in 2011-2016, 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 9, 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 2018 AGM corresponds in substance with the guidelines for remuneration decided by the 2017 AGM.

The Board of Directors' proposal regarding long-term variable remuneration programs to the 2018 AGM are substantially the same as the programs decided by the 2017 AGM.

Deviation from the remuneration guidelines decided by the AGM

Noah Walley, one of the members who joined the newly formed Extended Management Group in January 2017, participates in programs for variable remuneration, the outcome of which is related to old investments within the IGC business area, which is