Corporate Governance Report

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

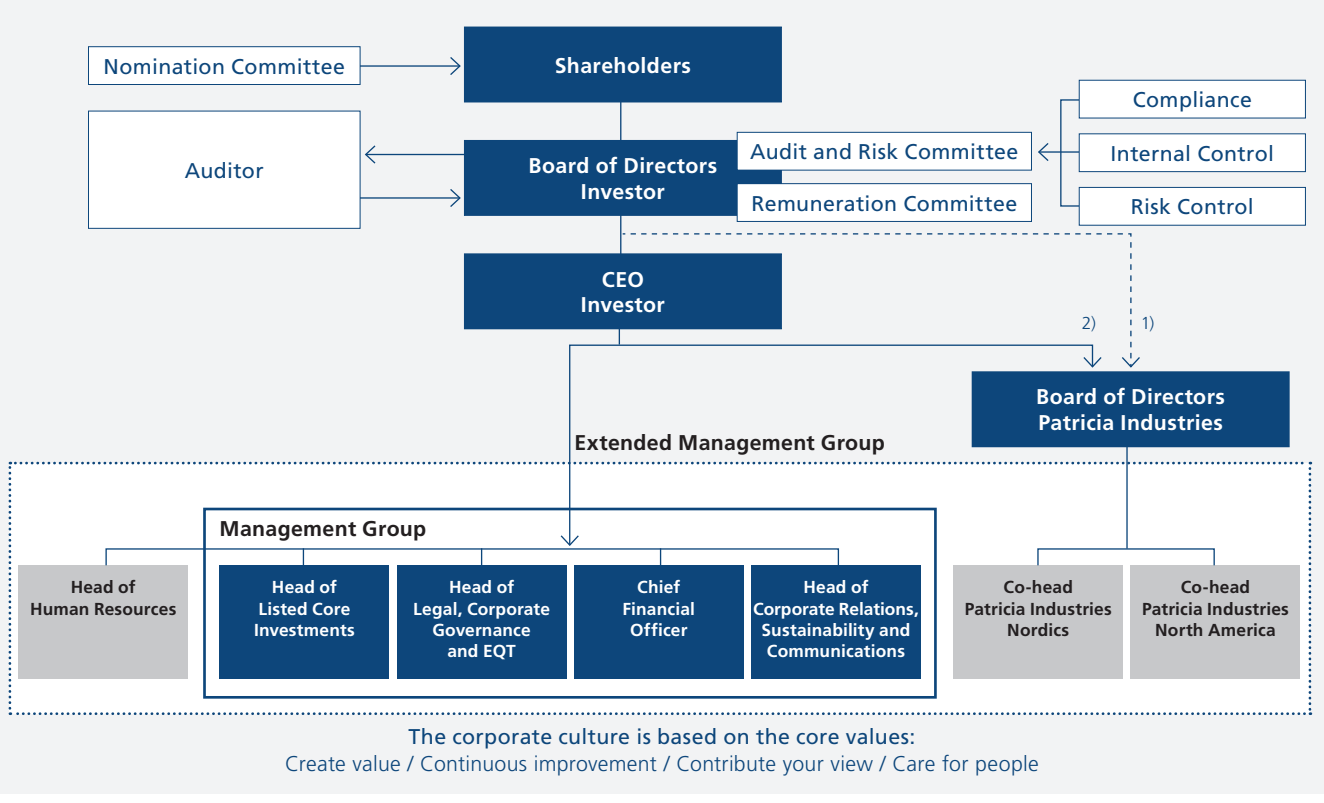
Investor is a Swedish limited liability company, publicly traded on Nasdaq Stockholm, and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

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 2017 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 32.

The Corporate Governance Report has been reviewed by Investor's auditor, as presented on page 93.

Corporate Governance at Investor



1) Within given mandate from Investor's Board of Directors the operation within Patricia Industries is run independently. The Board of Patricia Industries consists of Gunnar Brock, Sune Carlsson, Johan Forssell, Jacob Wallenberg (Vice Chair) and Marcus Wallenberg (Chair).
2) The CEO of Investor has the overall responsibility for the whole Investor Group. In the daily operations, the CEO of Investor, however works closer to the two business areas Listed Core Investments and EQT, as Patricia Industries has a Board of Directors that independently makes investment and management decisions, within a given mandate from Investor's Board of Directors, regarding the companies within Patricia Industries. The CEO of Investor is a member of the Patricia Industries' Board.

Annual General Meeting

The 2018 Annual General Meeting (AGM) of Investor will take place on May 8 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should have submitted such request to the Nomination Committee before March 13 and to the company before March 20, 2018. Contact information is available on the company website.

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 assistance.

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

Shares

At year-end 2017, Investor had 196,900 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 2018 AGM is proposed to grant a corresponding authorization to the Board to repurchase and transfer Investor shares as was granted by the 2017 AGM.

For more information about the Investor share and the largest shareholders, see page 24.

Nomination Committee

According to the current instruction for the Nomination Committee, the Committee shall consist of one member from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a member and the Chair of the Board. The Nomination Committee is obliged to perform its tasks according to the Code. For further information regarding instruction for the Nomination Committee, see the website. The members of the Nomination Committee for the 2018 AGM:

- Michael Treschow, Wallenberg Foundations, Chair of the Nomination Committee
- Anders Oscarsson, AMF and AMF Funds
- Lars Isacsson, SEB Foundation
- Ramsay Brufer, Alecta
- Jacob Wallenberg, Chair of the Board of Directors

The composition of the Nomination Committee meets the requirements concerning the independence of the Nomination 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, as nothing further is stated in Investor's Articles of Association.

At the 2017 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2018 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 10, 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 2017 AGM, the Board has consisted of eleven members and no deputies. The CEO is the only Board member employed by the company.

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 experiences. The current Board composition is the result of the work of the Nomination Committee prior to the 2017 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 consideration 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 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

		Attendance record, Board and Committee meetings 2017			Board remuneration resolved by the 2017 AGM, SEK t.			
Member	Position	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	• 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.	• 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

being phased out. When Noah Walley joined the Extended Management Group, the Board of Directors concluded that his already agreed rights under the old IGC programs should remain valid and therefore used the possibility to deviate, when special cause exists, from the guidelines decided by the AGM in this individual case, insofar that Noah Walley in addition to short-term variable remuneration and long-term variable remuneration according to the guidelines also has the right to variable cash remuneration under the terms of the old programs. When determining the total compensation to Noah Walley as Member of the Extended Management Group, the value of the remaining programs has been taken into consideration. For more information about the programs, see Note 31, Related party transactions.

Deviation from the Code

The 2017 AGM decided on a new long-term variable remuneration program for employees within Patricia Industries with 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 for employees within Patricia Industries 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, Noah Walley's rights under the old variable remuneration programs for IGC (see above under "Deviation from the remuneration guidelines decided by the AGM") 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 re-negotiated.

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 rules on 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 2017 the subsidiaries have continued their work with completing importance steering documents. The Compliance and the Internal Control functions have followed-up on this work.

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. During 2017 each holding company has added a materiality analysis of sustainability risks to the yearly risk assessment, with regards to the new requirements on Sustainability reporting as from 2017.

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 company 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. This year special focus has been on the foreign subsidiaries' documentation of key controls in the financial reporting process.

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. During 2017, continued focus has been on efficient information flow in the financial reporting process between Investor, Patricia Industries, and subsidiaries.

Investor has an established process for whistleblowing, accessible for all employees. It can be used anonymously.

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.

Board of Directors







	Jacob Wallenberg	Marcus Wallenberg	Josef Ackermann	Gunnar Brock	Johan Forssell
Position	Chair Chair: RC Member: ARC	Vice Chair	Director	Director Member: ARC	Director Chief Executive Officer
Elected	1998 (Chair since 2005)	2012 (Vice Chair since 2015)	2012	2009	2015
Year of birth	1956	1956	1948	1950	1971
Nationality	Swedish	Swedish	Swiss	Swedish	Swedish
Education	B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania Reserve Officer, Swedish Navy	B.Sc. of Foreign Service, Georgetown University	Dr. oec, economics and social sciences, University of St. Gallen	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics
Current assignments	Vice Chair: ABB, Ericsson, FAM, Patricia Industries, SAS Director: The Knut and Alice Wallenberg Foundation, Tsinghua School of Economics Advisory board, Steering Committee ERT [2] Member: IBLAC [1], ERT [2], IVA [3]	Chair: FAM, Patricia Industries, Saab, SEB Vice Chair: The Knut and Alice Wallenberg Foundation Director: AstraZeneca, Temasek Holding Member: IVA [3]	Chair: Bank of Cyprus Honorary Chair: St. Gallen Foundation for International Studies Director: Renova Management International Advisory Board: Akbank	Chair: Mölnlycke, Stena Director: Patricia Industries, Stockholm School of Economics, Syngenta Member: IVA [3]	Director: Atlas Copco, Epiroc, EQT AB, Patricia, Industries, Stockholm School of Economics, Wärtsilä Member: IVA [3]
Work experience	Chair: SEB Vice Chair: Atlas Copco, Investor, Stora President and CEO: SEB Director: The Coca-Cola Company, Electrolux, Stora, WM-data Executive VP and CFO: Investor	Chair: Electrolux, International Chamber of Commerce, LKAB President and CEO: Investor Executive VP: Investor Director: Citibank, Citicorp, Deutsche Bank, EQT Holdings, SEB, SG Warburg, Stora Enso, Stora Feldmühle	Chair: Zurich Insurance Group Chair Management Board and the Group Executive Committee: Deutsche Bank President Executive Board: Schweizerische Kreditanstalt	Chair: Rolling Optics, Stora Enso CEO: Alfa Laval, Atlas Copco, Tetra Pak Group, Thule International Director: Lego, SOS Children's Villages, Total	Director: Saab Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods: Investor
Independent to Investor and its Management	Yes	Yes	Yes	Yes [6]	No [7]
Independent to major shareholders	No [5]	No [5]	Yes	Yes	Yes
Shares in Investor [8]	146,669 A shares 315,572 B shares	536,000 A shares 16,223 B shares	6,006 synthetic shares	6,006 synthetic shares	40,000 A shares 52,000 B shares

ARC: *Audit and Risk Committee,* **RC:** *Remuneration Committee.*

1) BLAC: Mayor of Shanghai's International Business Leaders Advisory Council.
2) ERT: The European Round Table of Industrialists.
3) IVA: The Royal Swedish Academy of Engineering Sciences.
4) IFN: The Research Institute of Industrial Economics.
5) Member of Knut and Alice Wallenberg Foundation.
6) In conjunction with taking over as the Chair of Mölnlycke 2007 (which was prior to joining the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke as part of the stock investment program for the Board and senior executives of that company. A part of this holding was reinvested in connection with the new program set in place during 2014 and the remainder was exited. However, it has been concluded that this does not make Gunnar Brock dependent on Investor or its Management.
7) President and CEO.
8) Holdings in Investor AB are stated as of December 31, 2017 and include holdings of close relatives and legal entities.

					
Magdalena Gerger	**Tom Johnstone, CBE**	**Grace Reksten Skaugen**	**Hans Stråberg**	**Lena Treschow Torell**	**Sara Öhrvall**
Director Member: ARC	Director Member: RC	Director Chair: ARC	Director	Director Member: RC	Director
2014	2010	2006	2011	2007	2015
1964	1955	1953	1957	1946	1971
Swedish	British	Norwegian	Swedish	Swedish	Swedish
M. Econ., and M.B.A., Stockholm School of Economics M.B.A. exchange, McGill University	M.A., University of Glasgow Honorary Doctorate in Business Administration, University of South Carolina Honorary Doctorate in Science, Cranfield University	M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University Ph.D. and B.Sc., Laser Physics, Imperial College of Science and Technology, London University	M.Sc. in Engineering, Chalmers University Reserve Officer, Swedish Army	Ph.D., Physics, University of Gothenburg Docent, Physics, Chalmers University	M.Sc. in International Business, Umeå University
President and CEO: Systembolaget Director: Ahlsell, IVA [3] Member: IFN [4]	Chair: Combient, Husqvarna Vice Chair: Wärtsilä Director: Volvo Cars Member: IVA [3]	Founder and Director: Norwegian Institute of Directors Deputy Chair: Orkla Director: Euronav, Lundin Petroleum	Chair: Atlas Copco, CTEK, Nikkarit, Roxtec Vice Chair: Orchid Orthopedics, Stora Enso Director: Hedson, IVA [3] Mellbygård, N Holding	Chair: Chalmers University, The Swedish Postcode Foundation International Advisory Board: Sustainable Development Solutions Network Member: IVA [3]	Co-Founder and Senior Advisor: MindMill Network Director: Bonnier Books, Bonnier News, Bisnode, SEB Member: Nobel Museum, Umeå University, Vinnova
Chair: IQ-initiativet Director: Husqvarna, IKEA (Ingka Holding), Svenska Spel Vice President, responsible for Fresh Dairy, Marketing and Innovation: Arla Foods Management consultant: Futoria Category Director: Nestlé Marketing Director: ICI Paints, Procter & Gamble	President and CEO: SKF Director: Electrolux, SKF, The Association of Swedish Engineering Industries Executive Vice President: SKF President, Automotive Division: SKF	Chair: Entra Eiendom, Ferd, Norwegian Institute of Directors Deputy Chair: Statoil Director: Atlas Copco, Corporate Finance Enskilda Securities, Opera Software, Renewable Energy Corporation, Storebrand, Tandberg	President and CEO: Electrolux Director: The Confederation of Swedish Enterprise, The Association of Swedish Engineering Industries COO: Electrolux Various positions within Electrolux	Chair: Euro-CASE Chair and President: IVA [3] Research Director: Joint Research Centre, European Commission Professor in Physics: Chalmers University, Uppsala University Director: Ericsson, Gambro, Getinge, Imego, IRECO, Micronic, Saab, SKF, ÅF	Chair: Newsmill, Workey, Feber Director: Adlibris, Bonnier Publications, Dagens Industri, Lunarstorm, Mag+, SF Bio, TV4 Executive VP, R&D: Bonnier Director of Product Development: Volvo Cars Partner and CEO: Differ
Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes
4,441 B shares 4,276 synthetic shares	6,006 synthetic shares	2,000 A shares	8,300 B shares 6,006 synthetic shares	2,500 B shares 6,006 synthetic shares	3,008 synthetic shares

Management Group

Investor's Management Group consists of five members; Johan Forssell, CEO, Petra Hedengran, General Counsel and Head of Corporate Governance and responsible for investments in EQT funds, Daniel Nodhäll, Head of Listed Core Investments, Helena Saxon, CFO, and Stefan Stern, Head of Corporate Relations, Sustainability and Communications.







	Johan Forssell	Petra Hedengran	Daniel Nodhäll	Helena Saxon	Stefan Stern
Position	Chief Executive Officer	General Counsel, Head of Corporate Governance and responsible for investments in EQT funds	Head of Listed Core Investments	Chief Financial Officer	Head of Corporate Relations, Sustainability and Communications
Member of MG since	2006 (CEO since 2015)	2007	2015	2015	2015
Employed since	1995	2007	2002	1997	2013
Year of birth	1971	1964	1978	1970	1970
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Education	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Master of Law, Stockholm University	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics IMD, INSEAD	Political science, Stockholm University
Current assignments	Director: Atlas Copco, Epiroc, EQT AB, Patricia Industries, Stockholm School of Economics, Wärtsilä Member: IVA [1]	Director: Alecta, Electrolux, The Association for Generally Accepted Principles in the Securities Market	Director: Husqvarna, Saab	Director: SEB, Sobi	Director: Demoskop
Work experience	Director: Saab Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods sector: Investor	Director: EQT Partners, Lindorff Group Partner and Head of Banking and Financing Group: Advokatfirman Lindahl Legal Counsel and General Counsel: ABB Financial Services, Nordic Region	Investment Manager, Head of Capital Goods: Investor	Director: Aleris, Gambro, Mölnlycke Investment Manager: Investor CFO: Hallvarsson & Halvarsson, Syncron International Financial analyst: Goldman Sachs	State Secretary on Energy and Sustainability, Ministry of Sustainable Development: Government of Sweden Senior Advisor: Magnora CEO: Swedish District Heating Association Head of Planning, Prime Minister's Office: Government Offices of Sweden
Shares in Investor [2]	40,000 A shares 52,000 B shares	1,500 A shares 15,500 B shares	8,074 A shares 4,213 B shares	9,635 B shares	4,427 B shares

See note 9, Employees and personnel costs, for shares and share-related instruments held by the Management Group members.

1) IVA: The Royal Swedish Academy of Engineering Sciences.
2) Holdings in Investor AB are stated as of December 31, 2017 and include holdings of close relatives and legal entities.

Members of the Extended Management Group

Investor's Extended Management Group consists of the Management Group and three additional members; Jessica Häggström, Head of Human Resources and the Co-Heads of Patricia Industries, Christian Cederholm and Noah Walley.





	Jessica Häggström	Christian Cederholm	Noah Walley
Position	Head of Human Resources	Co-head Patricia Industries	Co-head Patricia Industries
Member of Extendend MG since	2017	2017	2017
Employed since	2017	2001	2003
Year of birth	1969	1978	1963
Nationality	Swedish	Swedish	American / British
Education	Master's degree in Human Resources and Labour Relations, University of Linköping and University of Uppsala	M.Sc. in Economics and Business Administration, Stockholm School of Economics	B.A. and M.A. in History, Oxford University J.D. Stanford University Law School
Current assignments	–	Director: Aleris, Hi3G Scandinavia, Nasdaq Nordic, Permobil	Director: BraunAbility, Better Finance, Conductor, Pulsepoint, Retail Solutions, Spigit
Work experience	Head of HR R&D Business Unit IT & Cloud, Head of Talent Effectiveness, Head of HR Finance and other various HR positions: Ericsson Consultant: Watson Wyatt	Head of Patricia Industries Nordics Investment Manager: Investor	Head of Patricia Industries U.S. President: IGC Managing Director: IGC General Partner: Morgan Stanley Venture Partners Consultant: McKinsey Investment Banker: N M Rothschild & Sons
Shares in Investor [1)]	–	27,618 A shares 4,132 B shares	12,359 B shares

See note 9, Employees and personnel costs, for shares and share-related instruments held by the Management Group members.

1) Holdings in Investor AB are stated as of December 31, 2017 and include holdings of close relatives and legal entities.

Auditor's Report

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, 2017 – December 31, 2017 except for the corporate governance statement on pages 27-33 and the statutory sustainability report on pages 10-13, 26, 28 and 48. The annual accounts and consolidated accounts of the company are included on pages 4-6, 10-13 and 24-90 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 2017 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 2017 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 27-33 and the statutory sustainability report on pages 10-13, 26, 28, 48. 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 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 or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Governance over financial reporting

With Investor's focus on high quality financial reporting a well-controlled financial reporting process is important. The investments within Patricia Industries are independent with separate internal control systems in place for their operating activities as well as processes for financial reporting.

Our audit focused on the governance over financial reporting for several reasons. Firstly, it is important to ensure that the information reported by each entity is prepared in accordance with IFRS. Secondly, it is important to have well established procedures to ensure timely and correct financial reporting. Thirdly, monitoring controls are important to ensure high quality reporting.

Investor AB's information regarding consolidation principles are included in Note 1 Significant accounting policies and Note 12 Shares and participation in associates on pages 44 and 59 respectively, providing further explanation on the method for accounting for associates.

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 of 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 21,383 million as of December 31, 2017.

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, in particular, in respect of selection of valuation multiples 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 AB's principles for accounting for unlisted investments are described in note 29 on page 72 and detailed disclosures regarding these investments are included in Note 29 Financial instruments on page 72-78, 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, 2017 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 independent sources.
- We assessed the relevance of multiples used in Patricia Industries' portfolio companies' enterprise value calculations against market multiples from precedent transactions or traded 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 283,423 million as of December 31, 2017.

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 AB's principles for accounting for listed investments are described in note 29 on page 72 and detailed disclosures regarding listed investments are included in Note 29 Financial instruments on page 72-78, 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 Mölnlycke, Aleris, Permobil, BraunAbility and Laborie have led to a portion of the purchase price being allocated to intangible assets including goodwill. Changes in economic conditions or lower than expected improvement in 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 33,859 million as of December 31, 2017.

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 may be sensitive to changes in assumptions.

Investor disclosures regarding intangible assets are included in Note 16 Intangible assets on page 63-65, which specifically explains key assumptions used in the assessment of the recoverable amounts.

Our audit procedures included, but were not limited to:

- We obtained an understanding of management's annual impairment testing process and controls for assessing impairment triggers and tested key controls.
- We reviewed the valuation and financial development of each entity and discussed historical performance with management.
- We analyzed the assumptions made in the impairment tests for each entity and compared to historical performance, external and other benchmark data.
- We evaluated the sensitivity of key assumptions.
- We reviewed the disclosures related to valuation of intangible assets and assessed whether the disclosures are in line with IFRS.

Treasury and hedge accounting

Investor manages its foreign currency exchange rate and interest rate exposures with derivatives such as forward contracts, options and swaps. We focused on the treasury and hedge accounting since the risk mitigating relationships and contracts can be complex and it is essential to understand the financial effects of these instruments and that they are accurately presented.

Investor's disclosures regarding treasury and hedge accounting are included in Note 3 Risks and risk management on page 45-48, see detailed description in section Exchange rate risk and Interest rate risk and in Note 29 on page 72-78.

Our audit procedures included, but were not limited to:

- We obtained an understanding of the treasury process and tested key controls.
- We assessed the company's procedures to ensure adequate segregation of duties within the treasury function.
- We reviewed the assumptions, calculation, classification and documentation for hedge accounting including hedge effectiveness and compliance with disclosure requirements also with the support of internal specialists.
- We reviewed new hedge relationships entered into and validated the process around ensuring compliance with internal guidelines as well as external rules.

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, 7-9, 14-23 and 94-97. 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. 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Investor AB (publ) for the financial year January 1, 2017 – December 31, 2017 and the proposed appropriations of the company's profit or loss.

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

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 that the corporate governance statement on pages 27-33 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 10-13, 26, 28 and 48, 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 2017-05-03 and has been the company's auditor since 2013-04-15.

Stockholm March 23, 2018
Deloitte AB



Thomas Strömberg
Authorized Public Accountant