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. Below the corporate governance within Investor is described.

Investor complied with the Code during 2014. Investor did neither deviate from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice.

Investor is a Swedish limited liability corporation, publicly traded on the Nasdaq Stockholm exchange, and adheres to the Swedish Code of Corporate Governance (the Code). The Code is published on www.bolagsstyrning.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 2014 financial year.

This report avoids repeating information in applicable regulations and focuses on presenting the specific corporate governance matters for Investor.

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

Annual General Meeting

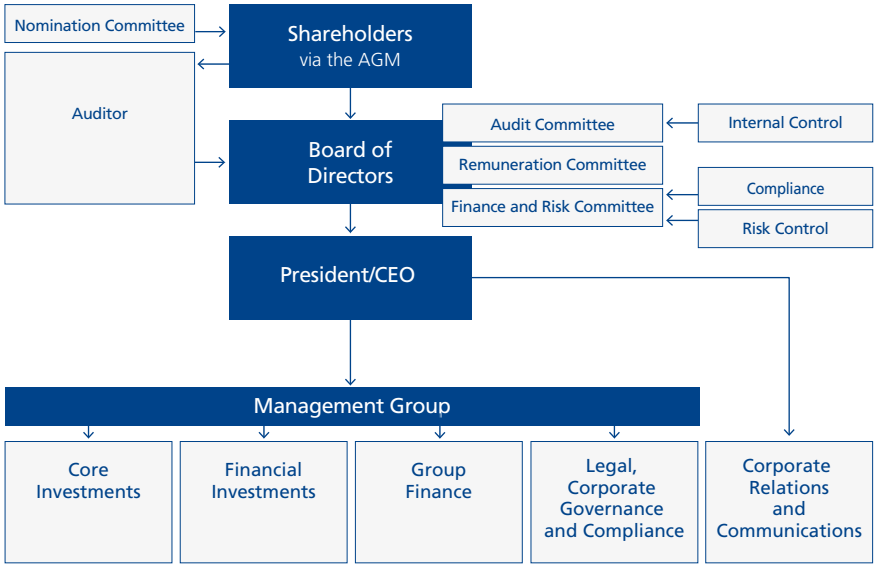
The 2015 Annual General Meeting (AGM) of Investor will take place on May 12 at the City Conference Centre in Stockholm. Shareholders who would like to have a particular matter discussed at the AGM should submit such request to the Nomination Committee before March 17 and to the company before March 24, 2015. Contact information is available on the company website.

Investor always strives to ensure that the Board, the Management Group, the Nomination Committee and the auditor are present at the AGM.

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

In addition to applicable law, regarding shareholder's right to participate at the AGM, there is a requirement in Investor's Articles of Association of confirming intention to attend within

Corporate Governance at Investor



The corporate culture is based on the core values:
Create value / Continuous improvement / Contribute your view / Care for people

Examples of external framework for governance at Investor:

- Swedish Companies Act.
- Accounting legislation, e.g. Swedish Accounting Act, Swedish Annual Accounts Act, and IFRS.
- Nasdaq Stockholm's Rule Book for Issuers.
- Swedish Code of Corporate Governance.

Examples of internal framework for governance at Investor:

- Articles of Association.
- Board Instructions, Rules of Procedure.
- Policies such as Compliance Policy, Information Policy, Risk Policy, and Safety Policy.
- Process descriptions for each business area.
- Ethical guidelines.

given time, stated in the notice of the AGM. The shareholder shall at the same time also inform of any assistant participation.

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

Shares, ownerships and distribution policy

At year-end 2014, Investor had 140,774 shareholders according to the register of shareholders maintained by Euroclear Sweden. Institutional owners dominate the ownership structure. See page 23 for Investor's largest shareholders and page 83 for Investor's share capital.

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

The 2014 AGM decided on a dividend payment of SEK 8.00 per share to shareholders. The Board and President recommend to the 2015 AGM a distribution of dividend to shareholders of SEK 9.00 per share.

Repurchases of own shares

Since year 2000, the Board has requested and been granted a mandate by the AGM to repurchase the company's shares. The company's holding of its own shares should not exceed 1/10 of all shares outstanding in the company. In 2014, no shares were repurchased. However, 496,400 B-shares were transferred. Also, for the 2015 AGM, there is a proposal to give authorization to the Board to buy back Investor shares in order to hedge the long-term share-based remuneration programs.

2014	Number shares held by Investor	Share of total number of outstanding shares, %	Nominal value, SEK m.	Transaction price, SEK m.
Opening balance B-shares	6,293,360	0.82	39.3	
Repurchased B-shares	0	0	0	
Transferred B-shares	–496,400	–0.06	–3.1	–61.2
Closing balance	**5,796,960**	**0.76**	**36.2**	

Nomination Committee

According to the current instruction for the Nomination Committee, the Committee shall consist of one representative from each of the four shareholders or groups of shareholders controlling the largest number of votes that desire to appoint a representative and the Chairman of the Board. The register of recorded shareholders and shareholder groups from Euroclear Sweden and other reliable shareholder information available to the company as of the last business day of August serves as the basis for identifying the members. For further information regarding instruction for the Nomination Committee, see the company website.

Up until February 28, 2015, the Nomination Committee had held four meetings at which the minutes were recorded. They also stayed in contact between these meetings. The AGM documents related to the Nomination Committee are published on the website.

Nomination Committee members 2015 AGM

Nomination Committee members	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders	12/31 2014 % of votes
Hans Wibom, Wallenberg Foundations	Yes	No[1]	50.0
Peder Hasslev, AMF	Yes	Yes	7.5
Lars Isacsson, SEB Foundation	Yes	Yes	4.9
Ramsay Brufer, Alecta	Yes	Yes	2.9
Jacob Wallenberg, Chairman of the Board	Yes	No[2]	

The composition of the Nomination Committee was made public on September 19, 2014. The composition meets the independence criteria set forth by the Code.

1) Representing the Wallenberg Foundations.

2) Member of Knut and Alice Wallenberg Foundation.

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 2014 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2015 AGM. The Authorized Public Accountant Thomas Strömberg is the auditor in charge for the audit.

The auditing firm has, besides the audit, conducted a limited number of other assignments on behalf of Investor. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during audit. By limiting the extent to which the auditor is allowed to perform services other than auditing, it is possible to ensure that the auditor is independent of the company. For details on remuneration to auditors, see note 10, Auditor's fees and expenses.

Investor's auditor: Deloitte AB

Auditor-in-charge: Thomas Strömberg, Authorized Public Accountant

Born: 1966

Auditor-in-charge for Investor since 2013

Shares in Investor AB: 0 shares

Other auditing assignments: Karolinska Development AB, Rezidor Hotel Group AB, Tele2 AB

Board

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 2014 AGM, the Board has consisted of thirteen members and no deputies. The percentage of women on the Board, calculated on non-executive Directors, is 25. A more detailed presentation of the Board is found on the adjacent table, on page 36 and on the website.

New Board members are introduced to Investor's business operations by attending an introduction orientation involving, for example, meetings with department managers. Board members are continuously updated on new regulations, practices and statutory requirements that may affect the business.

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive remuneration from these companies. It is the opinion of the Nomination Committee that this remuneration does not entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and work 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.

The assessment of each Board member's independence is presented on the table below.

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

Evaluation of the Board and CEO

Pursuant to the Rules of Procedure, the Chairman of the Board initiates an annual evaluation of the performance of the Board. The 2014 evaluation was answered by each Board member. In addition, the Chairman met with each Board member separately to discuss the work done by the Board during the year.

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

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

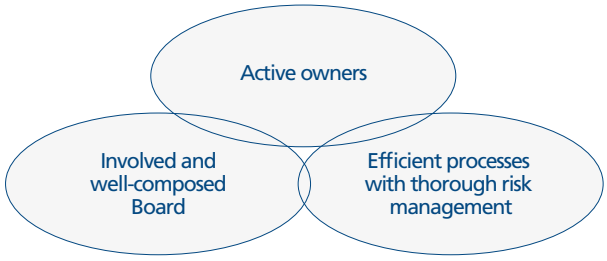
Investor's Board continuously evaluates the performance of the President by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

Board of Directors elected at the AGM 2014

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the company and company Management	Independent in relation to the company's major shareholders
Jacob Wallenberg	1998	Chairman	1956	Swedish	Yes	No[1]
Sune Carlsson	2002	Vice Chairman	1941	Swedish	Yes	Yes
Dr. Josef Ackermann[2]	2012	Member	1948	Swiss	Yes	Yes
Gunnar Brock[3]	2009	Member	1950	Swedish	Yes	Yes
Börje Ekholm	2006	Member	1963	American/Swedish	No[4]	Yes
Magdalena Gerger	2014	Member	1964	Swedish	Yes	Yes
Tom Johnstone	2010	Member	1955	British	Yes	Yes
Grace Reksten Skaugen	2006	Member	1953	Norwegian	Yes	Yes
O. Griffith Sexton	2003	Member	1944	American	Yes	Yes
Hans Stråberg	2011	Member	1957	Swedish	No[5]	Yes
Lena Treschow Torell	2007	Member	1946	Swedish	Yes	Yes
Marcus Wallenberg	2012	Member	1956	Swedish	Yes	No[1]
Peter Wallenberg Jr[2]	2006	Member	1959	Swedish	Yes	No[1]

1) Member of Knut and Alice Wallenberg Foundation.
2) As Directors in EQT, Peter Wallenberg Jr and Dr. Josef Ackermann, have the possibility to invest in the funds that EQT establishes. These investments are made in accordance with the same terms and conditions as for other national and international investors. This circumstance does not entail that Peter Wallenberg Jr and Dr. Josef Ackermann, by this reason, are dependent to Investor or its Management. In early 2015, Dr. Josef Ackermann resigned from EQT's Board of Directors.
3) In conjunction with taking over as the Chairman of Mölnlycke Health Care 2007 (which was prior to the Board in Investor), Gunnar Brock acquired shares (ordinary and preferred) in Mölnlycke Health Care as part of the stock investment program for the Board and senior executives of that company. 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.
4) President.
5) Has been President of a closely-related company during the last five years.

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, divesture 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	• 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.	• 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.	• 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-

Attendance record and Board remuneration in 2014

■ Member ■ Chairman	Audit Committee	Remuneration Committee	Finance and Risk Committee	Attendance record, Board Meetings	Attendance record, Committee Meetings	Board fee excl. Committee fees: Cash, SEK t	Board fee excl. Committee fees: Value of synthetic shares, SEK t[1]	Board fee excl. Committee fees: Number of synthetic shares[1,2]	Committee fees: Audit Committee, SEK t	Committee fees: Remuneration Committee, SEK t	Committee fees: Finance and Risk Committee, SEK t	Total Board Remuneration incl. synthetic shares, SEK t[1]
Jacob Wallenberg	■	■	■	100%	100%	2,175	0	0	143	143	72	2,533
Sune Carlsson	■			100%	100%	580	0	0	215			795
Dr. Josef Ackermann				92%		290	290	1,160				580
Gunnar Brock			■	100%	100%	290	290	1,160			72	652
Börje Ekholm				100%								
Magdalena Gerger				100%		290	290	1,160				580
Tom Johnstone				100%		290	290	1,160				580
Grace Reksten Skaugen	■		■	100%	100%	580	0	0	143		143	866
O. Griffith Sexton		■		92%	80%	580	0	0		72		652
Hans Stråberg				100%		290	290	1,160				580
Lena Treschow Torell		■		92%	100%	290	290	1,160		72		652
Marcus Wallenberg				100%		580	0	0				580
Peter Wallenberg Jr	■			100%	100%	290	290	1,160	143			723
Total						**6,525**	**2,030**	**8,122**	**644**	**287**	**287**	**9,773**

1) At point of allocation.
2) The synthetic shares are valued in connection with allocation after the Annual General Meeting 2014 and shall be based on an average market price of Investor shares of class B during a measurement period in conjunction with the allocation, see note 9, Employees and personnel costs.

For total value of the Board fee including synthetic shares and dividens at year-end, see note 9, Employees and personnel costs.

ing the internal reporting of Investor's significant risks at the aggregate level. The Risk Control function reports to the Finance 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 Finance and Risk Committee.

The Internal Control function is a review function that 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 plans its work in consultation with the Audit Committee, Management Group and the external auditor. It also regularly provides reports on its work to the Audit Committee during the year.

Remuneration

Remuneration to the Board

The total remuneration to the Board approved by the AGM 2014 was SEK 9,773 t. Information on specific compensation is provided in the table above and in note 9, Employees and personnel costs.

The Nomination Committee believes it is to the advantage of the company and its shareholders if Board members are either shareholders in the company or have similar exposure to changes in the price of Investor's share over the long term. Since the 2008 AGM, it is possible for Board members to receive a portion of their compensation in the form of synthetic shares.

At the statutory Board meeting in May 2014, the Board adopted, as in 2011-2013, 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 and other employees

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

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

The development of the programs for long-term variable remuneration is evaluated on a continuous basis throughout the

year. The Remuneration Committee also regularly carries out a more thorough evaluation of the programs. The long-term variable remuneration program proposed by the Board and decided by the AGM in 2014 was substantially identical to the program from 2013.

The Board of Directors' proposal, set out below, regarding guidelines for salary and other remuneration for the President and other Members of the Management Group to the AGM 2015 comply with the guidelines for remuneration decided by the AGM 2014, however, with the exception that it is now proposed that pension benefits shall only consist of a premium based pension plan on parts of salary up to 30 basic income amounts, and no longer of a defined benefit pension plan. Furthermore, as of the Annual General Meeting 2015, none of the Members of Investor's Management Group participates in the profit-sharing program in Investor's trading and Investment organization. Pursuant to this, the guidelines are stated below.

See note 9, Employees and personnel costs, page 53, and on the website, for the most recently approved guidelines on remuneration to senior executives 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 to the President and other Members of the Management Group, at the 2015 AGM

Investor shall strive to offer a total remuneration in line with market conditions which will enable Investor to recruit and retain the most suitable senior executives. Comparative studies of relevant industries and markets are carried out annually in order to determine what constitutes a total level of remuneration in line with market conditions and in order to evaluate current remuneration levels. The total remuneration shall be based on factors such as position, performance and individual qualification.

The total remuneration to the Management Group shall consist of

- fixed cash salary;
- variable cash salary;
- long-term variable remuneration;
- pension; and
- non-monetary benefits and other remuneration.

Fixed cash salary, variable cash salary and long-term variable remuneration together comprise the total salary for an employee.

Fixed cash salary

The fixed cash salary shall be reviewed annually, and constitutes the basis for calculation of the variable salary.

Variable cash salary

The short-term variable cash salary is dependent upon the individual's achievement to meet annually set goals. The outcome of the short-term variable cash salary is reviewed annually. For the Management Group, the highest possible short-term variable cash salary shall vary due to the position held and employment agreements and shall, for the Members of the Management Group, generally amount to 10-75 per cent of the fixed cash salary. For the President, the short-term variable cash salary amounted to maximum 10 per cent in 2014. The total short-term variable cash salary before tax for all current Members of the Management Group, and considering the change of President as of AGM 2015, can vary between SEK 0 and SEK 10.0 m. during 2015, depending on whether the goals have been met. The short-term variable cash salary might exceed this amount in the event that the Management Group is expanded. The outcome should only be related to the fulfillment of the individual's goals and thus the remuneration is clearly related to the work contributions and performance of the individual. The goals shall be both qualitative and quantitative and be based on factors which support the company's long-term strategy.

Long-term variable remuneration

Long-term variable remuneration according to decision by the AGM. The Board has decided to propose to the AGM 2015 a long-term variable remuneration program in which all employees may participate and which is substantially identical to the approved program for 2014. See note 9, Employees and personnel costs, and the website for a description on the long-term variable remuneration programs.

Pension

Pension benefits shall, for Members of the Management Group, consist of a premium based pension plan on parts of salary above 20 basic income amounts as a consequence of which the ratio of pension provisions to fixed cash salary depends on the age of the executive. Pension benefits shall, for all employees, consist of a premium based pension plan on parts of salary up to 30 basic income amounts. In respect of employees working abroad, pension benefits shall be adjustable in line with local pensions practice. The age of retirement for the President and other Members of the Management Group shall be 60 years.

Non-monetary benefits and other remuneration

Non-monetary benefits and other remuneration shall be on market terms and shall contribute to facilitating the executive's discharge of his or her duties.

Termination and severence pay

Investor and Members of the Management Group may mutually terminate employment contracts subject to a six months' notice. Fixed cash salary during the notice period and severance pay shall, for Members of the Management Group with employment contracts entered into after the AGM 2010, in aggregate not exceed the fixed cash salary for two years. For Members of the Management Group employed before the AGM of 2010 the contracts already entered into shall apply. For these Members a mutual termination period of six month applies and severance payment is maximized to 24 months of fixed cash salary.

The Board of Directors may, where particular grounds exist in the individual case, decide to deviate from the guidelines.

The Board's report on Internal control over financial reporting

The Board has the ultimate responsibility of the internal control for the financial reporting.

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

Investor's wholly-owned operating subsidiaries have separate internal control structures in place for their operational activities. The Board of each of these companies is responsible for ensuring the efficiency of the operating subsidiary's internal regulations, internal controls, risk management and financial reporting, as well as reporting on these items to respective company's Board of Directors. Investor's Board representatives provide this information to Investor's investment organization, where analysis and follow-up take place.

Control environment

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

Risk management

All of Investor's business areas have policies, instructions and detailed process descriptions for the various phases of each business flow. These documents establish rules on responsibilities for specific tasks, mandates and powers and how validation is to be carried out. The governing documents are presented on the intranet for all employees. The documents are updated yearly or when needed to ensure that they always reflect current legislation, regulations and changes in processes. The Compliance function educates and informs the organization continuously about internal policies and instructions. During 2014 the Compliance function has followed up how the subsidiaries work with their steering documents.

Risk assessment

Risk assessment, i.e. identifying and evaluating risks that could prevent the company from achieving its business goals and having reliable financial reporting, is conducted continuously in the day to day business at Investor. The Board, via the Finance and Risk Committee and the Audit Committee, is responsible for identifying and managing significant financial risks and any risks of material weaknesses in the financial reporting. The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals.

The CEO is responsible for ensuring that the organization complies with the Risk policy and for the continuous management of all risks within the business. The Board's and the Management's support function for managing and identifying risks and activities required, is the Risk Control Function.

Investor's Board representative in the subsidiaries ensures that Investor's Board and Management is informed about any issue in the financial reporting, that could affect Investor's business or financial reporting.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to the Management Group. The financial reports are compiled monthly and provided to the Management Group.

Risk assessment is carried out yearly in the form of a self-evaluation and includes the establishment of action plans to mitigate identified risks. Risk assessment encompasses the entire organization and all of its processes. It takes into consideration such things as systems, control activities and key individuals. Continued focus during 2014 has been on process enhancement and information security. When needed, action plans were implemented to minimize the probability and impact of identified risks. The identified risks are compiled in a company-wide risk map. Conclusions drawn from the risk assessments are reported to the Management Group and the Board. The CEO and Management Group follow up on the implementation of action plans.

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

For a more detailed description of Investor's risks, see note 3, Risks.

Control activities

To ensure that business is conducted efficiently and that financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and company Management to other employees.

At Investor, control activities 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. During 2014 new controls regarding outsourced processes have been implemented and the controls in the consolidation process and controls in the work with the external reporting have been further developed.

Investor's financial reports are analyzed and validated by the company's control function within Finance. The validation process consists of both automatic checks, including deviation reporting, and manual checks such as analysis and reasonability assessment of the values found. The effectiveness of the automatic checks in the IT systems is monitored on the basis of information received from system administrators in the business process. Suggestions for improvements are identified and implemented on an ongoing basis.

Information and communication

Investor's Board has adopted a communication policy for the purpose of ensuring that the external information is correct and complete. Within the company, there are also instructions regarding information security and how to communicate financial information between Management and other employees. Investor has an established process for whistle-blowing, accessible for all employees. It can be used anonymously.

The instruction for information security has been updated during the year and education has been held with the employees. During 2014 there has been a specific focus on developing efficient processes for reporting of the financial information from subsidiaries.

Monitoring

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

Board of Directors

Jacob Wallenberg

Sune Carlsson

Dr. Josef Ackermann

Gunnar Brock

Börje Ekholm

Magdalena Gerger

Tom Johnstone

Jacob Wallenberg
Born 1956, Chairman since 2005
Vice Chairman 1999-2005
Director since 1998
Chairman: Remuneration Committee
Member: Audit Committee, Finance and Risk Committee

Other board assignments
Vice Chairman: Ericsson, FAM, SAS
Director: ABB, The Knut and Alice Wallenberg Foundation, The Royal Swedish Academy of Engineering Sciences (IVA), Stockholm School of Economics
Member: IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council), The European Round Table of Industrialists (ERT), The Confederation of Swedish Enterprise

Work experience
Chairman: SEB
Vice Chairman: Atlas Copco, Stora
President and CEO: SEB
Director: The Coca Cola Company, Electrolux, Stockholm Chamber of Commerce, Stora, WM-data
Executive VP and CFO: Investor

Education
B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania
Reserve Officer, Swedish Navy

Independent/Dependent [1]

Shares in Investor [2]
192,512, Synthetic shares: 23,125

Sune Carlsson
Born 1941, Vice Chairman since 2011
Director since 2002
Chairman: Audit Committee

Other board assignments
Director: Wärtsilä

Work experience
Chairman: Atlas Copco
Vice Chairman: Scania
President and CEO: SKF
Executive Vice President: ABB, ASEA

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

Independent/Dependent [1]

Shares in Investor [2]
50,000, Synthetic shares: 6,167

Dr. Josef Ackermann
Born 1948, Director since 2012

Other board assignments
Chairman: Bank of Cyprus
Honorary Chairman: St. Gallen Foundation for International Studies
Director: Renova Management
Director International Advisory Board: Akbank

Work experience
Chairman: Zurich Insurance Group
Chairman Management Board and the Group Executive Committee: Deutsche Bank
President Executive Board: Schweizerische Kreditanstalt

Education
Dr. oec, economics and social sciences, University of St. Gallen

Independent/Dependent [1]

Shares in Investor [2]
0, Synthetic shares: 4,597

Gunnar Brock
Born 1950, Director since 2009
Member: Finance and Risk Committee

Other board assignments
Chairman: Mölnlycke Health Care, Rolling Optics, Stora Enso
Director: The Royal Swedish Academy of Engineering Sciences (IVA), SOS Children's Villages, Stena, Stockholm School of Economics, Syngenta, Total

Work experience
CEO: Alfa Laval, Atlas Copco, Tetra Pak Group of Companies, Thule International

Education
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Independent/Dependent [1]

Shares in Investor [2]
0, Synthetic shares: 8,909

Börje Ekholm
See information on page 38

Magdalena Gerger
Born 1964, Director since 2014

Current position
President and Chief Executive Officer: Systembolaget

Other board assignments
Director: Husqvarna, The Research Institute of Industrial Economics (IFN), The Royal Swedish Academy of Engineering Sciences (IVA)

Work experience
Director: IKEA (Ingka Holding) and Svenska Spel
Vice President, responsible for Fresh Dairy, Marketing and Innovation: Arla Foods
Management consultant: Futoria
Category Director: Nestlé UK
Marketing Director: ICI Paints

Education
M.B.A. Stockholm School of Economics
M.B.A. exchange, McGill University, Montreal
M. Econ., Stockholm School of Economics

Independent/Dependent [1]

Shares in Investor [2]
1,200, Synthetic shares: 1,160

Tom Johnstone
Born 1955, Director since 2010

Current role
President and CEO: SKF

Other board assignments
Director: Husqvarna, SKF

Work experience
Director: The Association of Swedish Engineering Industries, Electrolux
Executive Vice President: SKF
President, Automotive Division: SKF

Education
M.A., University of Glasgow

Independent/Dependent [1]

Shares in Investor [2]
0, Synthetic shares: 8,909

Assignments as of December 31, 2014. Updated assignments will be reported on Investor's website.

1) See page 29, table Board of Directors 2014.
2) Includes holdings of close relatives and legal entities. For more information about synthetic shares see note 9, Employees and personnel costs.

Grace Reksten Skaugen

O. Griffith Sexton

Hans Stråberg

Peter Wallenberg

Lena Treschow Torell

Marcus Wallenberg

Peter Wallenberg Jr.

Honorary Chairman Peter Wallenberg

1926 - 2015

Peter Wallenberg passed away on January 19, 2015. At the time of his passing he was Honorary Chairman of The Knut and Alice Wallenberg Foundation, Investor AB and Atlas Copco. Peter held an Honorary Ph.D. from the Stockholm School of Economics, the KTH Royal Institute of Technology, Uppsala University, Stockholm University and Georgetown University. He also held a Bachelor of Laws degree from Stockholm University.

Grace Reksten Skaugen

Born 1953, Director since 2006
Chairman: Finance and Risk Committee,
Member: Audit Committee

Other board assignments
Chairman: Norwegian Institute of Directors
Deputy Chairman: Orkla, Statoil

Work experience
Chairman: Entra Eiendom, Ferd
Director: Atlas Copco, Corporate Finance Enskilda Securities (Oslo), Opera Software, Renewable Energy Corporation, Storebrand, Tandberg

Education
M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University, Ph.D., Laser Physics, Imperial College of Science and Technology, London

Independent/Dependent [1]

Shares in Investor [2]
2,000

O. Griffith Sexton

Born 1944, Director since 2003
Member: Remuneration Committee

Work experience
Director: Morgan Stanley
Advisory Director: Morgan Stanley
Managing Director: Morgan Stanley
Adjunct Professor of Finance: Columbia Business School
Visiting Lecturer: Princeton University

Education
M.B.A., Stanford University,
Graduate School of Business B.S.E., Princeton University

Independent/Dependent [1]

Shares in Investor [2]
3,550

Hans Stråberg

Born 1957, Director since 2011

Other board assignments
Chairman: Atlas Copco, CTEK, Nikkarit, Orchid, Roxtec
Director: Hedson, Mellbygård, N Holding, The Royal Swedish Academy of Engineering Sciences (IVA), Stora Enso

Work experience
President and CEO: Electrolux
Chief Operating Officer: Electrolux
Various positions with Electrolux

Education
M.Sc. in Engineering, Chalmers University of Technology, Gothenburg
Reserve Officer, The Swedish Army

Independent/Dependent [1]

Shares in Investor [2]
8,300, Synthetic shares: 6,795

Lena Treschow Torell

Born 1946, Director since 2007
Member: Remuneration Committee

Other board assignments
Chairman: Chalmers University of Technology, MISTRA
Director: Saab, SKF

Work experience
Chairman: Euro-CASE
Chairman and President: Royal Swedish Academy of Engineering Sciences (IVA)
Vice Chairman: ÅF
Research Director: Joint Research Centre, European Commission (Brussels)
Professor in Physics: Chalmers University of Technology, Uppsala University
Director: Ericsson, Gambro, Getinge, Micronic Mydata, ÅF

Education
Ph.D., Physics, University of Gothenburg
Docent, Physics, Chalmers University of Technology, Gothenburg

Independent/Dependent [1]

Shares in Investor [2]
2,500, Synthetic shares: 8,909

Marcus Wallenberg

Born 1956, Director since 2012

Other board assignments
Chairman: FAM, Saab, SEB
Director: AstraZeneca, The Knut and Alice Wallenberg Foundation, Temasek Holding

Work experience
Chairman: Electrolux, LKAB
President and CEO: Investor
Executive VP: Investor
Chairman: International Chamber of Commerce (ICC)
Director: EQT Holdings, SEB (Stockholm, London), Stora Feldmühle, Stora Enso

Education
B. Sc of Foreign Service, Georgetown University, Washington D.C.
Reserve Officer, Swedish Navy

Independent/Dependent [1]

Shares in Investor [2]
552,223

Peter Wallenberg Jr.

Born 1959, Director since 2006
Member: Audit Committee

Other board assignments
Chairman: The Berit Wallenberg Foundation, Foundation Administration Management, Grand Group, The Foundation for Economic History Research within Banking and Enterprise, The Knut and Alice Wallenberg Foundation, Marcus Wallenberg Foundation for International Scientific Collaboration, The Royal Swedish Automobile Club
Vice Chairman: Dr.Tech Marcus Wallenberg Foundation for Education in International Industrial Entrepreneurship, Marianne and Marcus Wallenberg Foundation, Peter Wallenberg Foundation
Director: Aleris, Atlas Copco, EQT Holdings, FAM, Scania, Wallenberg Foundations

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

Education
BSBA Hotel Administration, University of Denver, International Bachaloria, American School, Leysin

Independent/Dependent [1]

Shares in Investor [2]
57,598, Synthetic shares: 8,909

Assignments as of December 31, 2014. Updated assignments will be reported on Investor's website.

1) See page 29, table Board of Directors 2014.
2) Includes holdings of close relatives and legal entities. For more information about synthetic shares see note 9, Employees and personnel costs.

Management Group

Börje Ekholm
Born 1963
Director since 2006
President and Chief Executive Officer since 2005
Member of the Management Group since 1997, employed in 1992

Board assignments
Chairman: KTH Royal Institute of Technology, Nasdaq
Director: Avlis, Avlis Invest, Chalmersinvest, Ericsson
Member of Board of Trustees: Choate Rosemary Hall

Work experience
Director: Biotage, EQT Partners, Greenway Medical Technology, Husqvarna, Scania, Tessera Technologies, WM-data
Head of New Investments: Investor
CEO: Novare Kapital
Analyst: Core Holdings, Investor
Associate: McKinsey & Co

Education
M.B.A., INSEAD, Fontainebleau
M.Sc. in Engineering, KTH Royal Institute of Technology, Stockholm

Shares in Investor[1)]
456,295

Susanne Ekblom
Born 1966
Chief Financial Officer
Member of the Management Group since 2011, employed in 2011

Board assignments
Director: Kunskapsskolan, Vectura, SOS Children's Villages

Work experience
CFO: Sveriges Television
Controller: Scania
Head of Financial and Administration: DynaMate
Head of Accounting: LRF Media
Financial Manager: Ingenjörsförlaget

Education
BSc. in Business and Economics, Stockholm University

Shares in Investor[1)]
8,681

Johan Forssell
Born 1971
Head of Core Investments
Member of the Management Group since 2006, employed in 1995

Board assignments
Director: Atlas Copco, Saab

Work experience
Project Director: Aleris
Head of Research, Head of Capital Goods and Healthcare sector, Head of Capital Goods sector and Analyst: Core Holdings, Investor

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

Shares in Investor[1)]
62,008

Petra Hedengran
Born 1964
General Counsel, and Head of Corporate Governance and Compliance
Member of the Management Group since 2007, employed 2007

Board assignments
Director: The Association for Generally Accepted Principles in the Securities Market, Electrolux

Work experience
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
Assistant Judge: Stockholms Tingsrätt
Associate: Gunnar Lindhs Advokatbyrå

Education
Bachelor of Laws, Stockholm University

Shares in Investor[1)]
15,242

Lennart Johansson
Born 1955
Head of Financial Investments
Member of the Management Group since 2006, employed 2003

Board assignments
Director: Hi3G, IGC, SOBI, Vectura

Work experience
Acting Head of Core Investments
Director: Gambro, Lindorff Group, Saab
CEO: b-business partners and Emerging Technologies
Deputy CEO/Senior Executive Vice President and Senior Vice President Accounting, Audit and Control: Atlas Copco
Business Area Controller: Atlas Copco Industrial Technique
Management consultant: Nordic Management, SMG

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

Shares in Investor[1)]
39,389

As of May 12, 2015 the Management Group consists of:

Johan Forssell	President and CEO
Helena Saxon	CFO
Daniel Nodhäll	Head of Listed Core Investments
Petra Hedengran	General Counsel, Head of Corporate Governance and investments in EQT funds
Stefan Stern	Head of Communications, Public Affairs and CSR

Assignments as of December 31, 2014. Updated assignments will be reported on Investor's website.

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

1) Includes holdings of close relatives and legal entities.

Auditor's Report

To the annual meeting of the shareholders of Investor AB (publ.)

CORP. ID 556013-8298

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Investor AB (publ) for the financial year ended December 31, 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 4-5, 12-13 and 22-92.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows 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 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance report has been prepared. The statutory administration report and the Corporate Governance report are consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Investor AB (publ) for the financial year ended December 31, 2014.

Responsibilities of the Board of Directors and the President

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

Auditor's responsibility

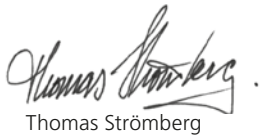
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.
As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

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

Stockholm, 27 March, 2015
Deloitte AB



Thomas Strömberg
Authorized Public Accountant