

COMMUNICATION ON PROGRESS

Stockholm 2015-04-07

Statement by the CEO

I am pleased to confirm that Investor reaffirms its support of the ten principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. Investor is committed to making the Global Compact and its principles part of the strategy, culture and daily operations. In our Communication on Progress report, Investor documents the progress within Investor as well as our major holdings. We also commit to share this information with our stakeholders, using our primary channels of communications.

A handwritten signature in blue ink, appearing to read 'B. Ekholm', written in a cursive style.

Börje Ekholm
President and Chief Executive Officer
Investor AB

Background

Investor, founded by the Wallenberg family a hundred years ago, is the leading owner of high quality Nordic-based international companies. Through board participation, our industrial experience, network and financial strength, we strive to make our companies best-in-class. Investor is involved in companies in different industries, development stages and geographic areas. Our holdings include, among others, SEB, Atlas Copco, ABB, Ericsson and Mölnlycke Health Care.

Investor has a long tradition of acting as a responsible company, owner and employer. We firmly believe that focus on sustainability is critical and that it offers attractive opportunities. Companies that are best-in-class when it comes to operating in a sustainable way will outperform those that do not, be able to provide superior products and services and recruit the best employees.

We are fully committed to the highest standards of corporate governance and we support the UN Global Compact and the OECD guidelines for Multinational Enterprises. The company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, holdings, employees, suppliers, government, media, local communities and society as a whole.

Guidelines and policies

Investor's Board of Directors, in cooperation with its Management Group, have formulated an internal framework on how Investor shall act as a responsible company, owner and employer, and reflect the UN Global Compact's ten principles. These topics are addressed in the Code of Conduct and the internal policies for Anti-Corruption, Corporate Responsibility and Whistleblowing. Every employee and representative of the company is expected to comply with these policies. Investor's Code of Conduct can be found on our website, www.investorab.com.

As part of our ownership philosophy, Investor strives to ensure that the companies we invest in, and have influence in, conduct their operations in a responsible and ethical manner.

We have high expectations of our holdings regarding Corporate Responsibility (CR) issues. We believe that there is a strong link between long-term profitability and sustainability, and we support our holdings to develop sustainable business models.

- We expect our holdings to act responsibly and in an ethical manner.
- We expect our holdings to comply with all local and national legislation in each country of operation.
- We expect our holdings to continuously improve their social, environmental and economic impact.
- We expect our holdings to analyze risks, formulate objectives and to have adequate processes to manage and monitor CR risks.
- We expect our holdings to adhere to the UN Global Compact and its ten principles as well as the OECD guidelines for Multinational Enterprises.
- We encourage our holdings to sign the UN Global Compact.
- We encourage our holdings to, in an appropriate form, transparently report CR objectives, risks and progress.
- We encourage our holdings to have an active dialog with their stakeholders such as suppliers and trading partners.

As Investor has limited operations, our main focus lies in our role as a responsible owner, as this is where we can make the most impact. The risks vary depending on company, industry and country, and consist among others of geographical risks, environmental risks, political climate, brand risks as well as supplier risks.

Implementation and monitoring

During the year, Investor had an ongoing dialog with the portfolio companies and worked to support all holdings through their Boards of Directors and via formal and informal contacts. The development and reporting are monitored by Investor's analysts on an ongoing basis. If a serious CR-related matter occurs, the employee who becomes aware of the matter is responsible for raising the matter internally within Investor and directly with the company through our board representatives. The analysts are responsible for following up the steps the company takes and report to relevant people within Investor.

During 2014 Investor adopted the UN Global Compact's ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. Below is a description of progress within these specific areas.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Investor supports the UN Global Compact's ten principles and the OECD guidelines for Multinational Enterprises. We also support and respect internationally proclaimed human rights. Investor expects all holdings to continuously improve their work with human rights.

Actions in 2014 – examples from our holdings

Atlas Copco tested its new human rights due diligence tools and strategy in complex markets, such as Colombia. The approach included human rights training for management and employees, and work to increase leverage by interacting with customers, peers, government, non-governmental organizations, etc. Atlas Copco will use the learnings to continue to develop its approach going forward.

Ericsson updated its Code of Ethics and the Code of Conduct with regards to its commitment to work actively to implement the UN guiding principles for Business and Human Rights in Ericsson's corporate governance.

Saab initiated a project to develop a Code of Conduct for suppliers based on the Global Compact principles. Saab carried out an internal human rights education program in order to increase the understanding of the responsibilities of the company.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Investor shall ensure compliance with labor and employment laws, including wages and working hours. Furthermore, the right to collective bargaining is recognized in Investor and through the Code of Conduct, it is also stated that no colleagues should be discriminated against because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion. Violations connected to discrimination must be reported to the closest manager, HR or through our whistleblower system. Investor expects all holdings to continuously improve labor and working conditions.

Actions in 2014 - examples from our holdings

3 Sweden launched a diversity initiative, which allows employees the opportunity of exchangeable holidays. This means that all employees at 3 Sweden with religious or cultural beliefs that do not match up with the traditional Swedish calendar, have the opportunity to swap the traditional Swedish holidays to a day matching their own religious or cultural beliefs.

ABB has an ongoing Supplier Sustainability Development Program to help suppliers to live up to its Supplier Code of Conduct, which covers labor and human rights, health, safety and environment management, business ethics and materials conflict minerals compliance. The program raises suppliers' awareness of and ability to comply with ABB's requirements and incentivizes them to improve performance continuously, and builds capacity within ABB to ensure that appropriate assistance can be provided to suppliers. Over the past four years, ABB has trained 2,600 critical suppliers and more than 2,000 supply chain and quality experts.

Wärtsilä has continued improving, consolidating and spreading the safety culture. By the end of 2014, over 8,900 employees had completed the e-learning focusing on Wärtsilä's Zero Injury approach. Wärtsilä improved in lost time frequency index by 20 percent compared to 2013.

Environment

Principle 7: Businesses should support precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmental friendly technologies.

As an office-based company, Investor's direct environmental impact is limited. Investor strives to avoid unnecessary impact on the environment and to further reduce environmental impact. Investor expects all holdings to continually improve their environmental impact and to encourage their stakeholders such as suppliers and trading partners to meet the same expectations.

Actions in 2014 - examples from our holdings

AstraZeneca was formed in 1999. Since then, it has halved its carbon emissions. In 2014, the Carbon Disclosure Project (CDP) admitted AstraZeneca into their A List of performance leaders. It is one of only three pharmaceutical companies to make the list.

Husqvarna launched two new flat saws for the construction industry during the year. These saws were developed with a clear focus on improved ergonomics for the operator, and the first in the world to comply with both European and US legislation regarding emission regulations.

Mölnlycke Health Care developed a new environmental program to, among other things, improve utilization of working materials, reduce emissions of carbon dioxide and strive to remove hazardous chemicals from all areas of their business, which will drive even higher standards over the next three years.

Nasdaq has implemented a new tool which will track, location by location, the company energy efficiency and resource allocation data in more detail than before. The data will be used for analysis and form the basis for possible future energy efficiency initiatives.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

It is of the highest importance that Investor and our holdings adhere to and comply with all given legislations and regulations as well as setting their own bar for how to act and behave in society – always with the highest possible ethics. Investor expects all holdings to continually improve their work against corruption and bribery.

Actions in 2014 - examples from our holdings

SEB conducted internal dilemma discussions on its intranet. Employees globally are presented to realistic dilemma situations targeting areas like ethics, values, gifts and benefits. The dilemmas are seldom “black-or-white”, but challenge the respondents with grey-zone answer alternatives. The dilemmas are followed-up with comments by senior persons, such as a compliance officer, HR director or similar.

Electrolux applies a risk-based approach to training relating to corruption and bribery. The company has updated its Code of Conduct which includes provisions on Corruption and bribery. The expectations are extended to the supply chain and are followed-up by audits.

Aleris has developed an internal whistleblower reporting system for the group. The system is a supplement to the regular channels for reporting discrepancies or unacceptable behavior. The notifications are handled by independent external partners, and employees can submit information anonymously. In Sweden, Aleris in early 2014 adopted a policy for a freedom to disclose information (so called “meddelarfrihet”), granting its employees the same rights as public employees. Freedom to disclose information was already in practice, but the policy has been adopted to further strengthen and emphasize this right.