

Stockholm, 2018-04-03

COMMUNICATION ON PROGRESS

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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Johan Forssell', with a stylized flourish at the end.

Johan Forssell
Chief Executive Officer
Investor AB

Sustainable business

Investor has a long tradition of being a responsible owner, company and employer, and firmly believes that sustainability is a prerequisite for creating long-term value. Companies that are best-in-class when it comes to operating in a sustainable way, will be able to provide superior products and services, and recruit the best employees, thereby outperforming competitors long-term.

Our sustainability work as a company and employer

As a company, Investor continuously works to improve our social, environmental and economic impact. For information about our business model, see pages 8-9.

As an employer, Investor focuses on providing a best-in-class working environment where ethical behavior and respect for each individual is key. This enables us to recruit and retain the best talents. For more information, see page 26.

Investor's direct environmental impact is limited, but we actively strive to limit our impact and carbon footprint. For 2017 we will report our carbon emissions to CDP. The report will be available on our website. Our largest source of emissions is business trips, why we carbon offset all flights.

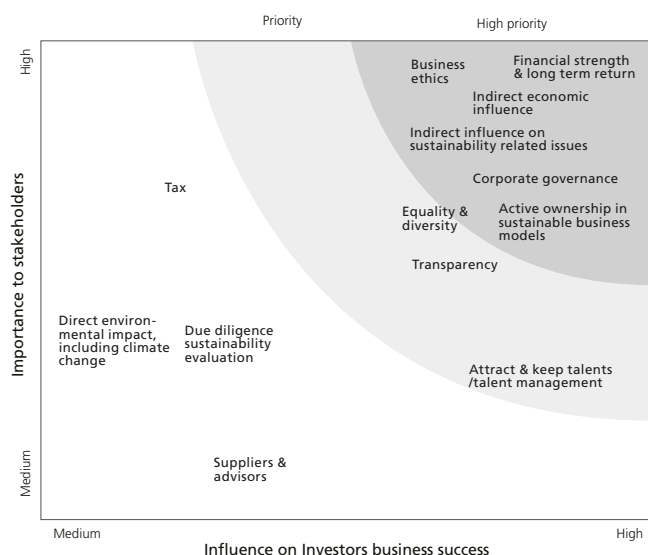
We are committed to the UN Sustainable Development Goals and have identified contributions to a number of them. Number 8, Decent Work and Economic Growth, is the most central one, as it focuses on how we can contribute to sustainable and long term economic growth, while ensuring safe and fair working conditions. Among other things, Investor has been involved in a working group together with other Swedish investors, with the aim of developing more efficient performance indicators and processes.

Guidelines and policies

Investor's Board of Directors, in cooperation with the Management Group, has formulated an internal framework for how Investor should act as a responsible owner, company and employer. These topics are addressed in our Code of Conduct and in our internal policies for Anti-Corruption, Sustainability and Whistleblowing. Investor's Code of Conduct can be found on our website. All employees and company representatives are expected to comply with our policies. We hold regular trainings and all documentation is available on Investor's intranet. In 2017, a company-wide conference about corporate culture was held, during which discussions about our core values and our Code of Conduct were important parts. Investor's internal regulations are monitored continuously and updated at least annually.

Materiality assessment

Investor has conducted an in-depth materiality assessment, taking material risks into account. Sustainability risks are further described in note 3, Risks and risk management, on page 48. Our most significant sustainability issues have been identified and prioritized via analyses, ongoing dialogs and interviews with internal and external stakeholders. Investor's most relevant stakeholders are, among others, shareholders, portfolio companies, employees, partners, and society, as they affect how well



The matrix illustrates Investor's main sustainability priorities and below is a description of our highest priorities.

- Financial strength and long-term return: Sustainable business to create long-term value.
- Business ethics: Ethical business conduct and prevention of unethical behavior, corruption and bribery.
- Indirect economic influence: Investor's contribution to employment, growth, wealth, research, innovation and development.
- Active ownership in sustainable business models: As owners, we stress the importance of sustainable business models, customer benefit, processes and innovation in the portfolio companies.
- Corporate governance: Corporate governance matters, such as board independence, competence and compensation, are handled in an adequate and transparent manner.
- Indirect influence on sustainability related issues: As owners, we have an active dialog with the portfolio companies regarding the management of sustainability issues and risks, such as the impact on climate and environment, health, safety, bribery and corruption, as well as human rights.

Investor performs from an economic, environmental and social perspective. The assessment is based on Investor’s investing activities and our impact as an owner is covered in “Active ownership for sustainable business models” and “Indirect influence on sustainability related issues”. The results from the assessment are used to further pinpoint our sustainability priorities and reporting.

Our sustainability work as an owner

During the past years, Investor has developed a more structured approach to sustainability as a long-term, responsible, and active owner, as this is where we have the most impact. Our most important contribution is when our companies improve their competitiveness by, for example, developing innovative products and services that reduce energy and water consumption, as well as improving waste management, human conditions and decreasing carbon emissions. We have high expectations on our companies’ sustainability efforts, guided by Investor’s sustainability guidelines and the company specific focus areas.

Company specific focus areas

Sustainability is included in each of our listed core investments’ value creation plans, with an overview of the sustainability performance, our view and two to three company specific focus areas. These differ depending on the risks and opportunities that are relevant for each company. Examples of focus areas are innovation, energy efficiency and diversity. The company specific focus areas are presented annually to Investor’s Board of Directors, and we communicate the plan, at least annually, to the chairs and encourage them to discuss it with the rest of the boards.

Continuous follow-up

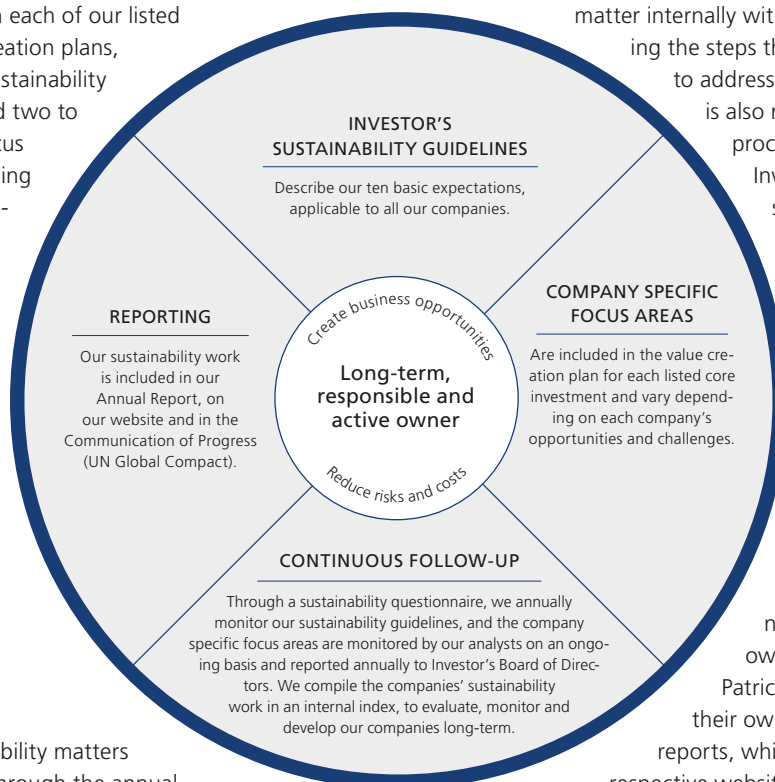
Investor considers sustainability matters in all investing activities. Through the annual sustainability questionnaire, sent out to all portfolio companies for self-assessment, we follow-up and monitor their progress. Our analysts track the development continuously and the company specific focus areas are monitored through the same process and principles as for the value creation plans.

INVESTOR’S SUSTAINABILITY GUIDELINES

Investor’s sustainability guidelines describe our basic expectations which are applicable to all our companies. We expect them to;

- act responsibly and ethically,
- comply with local and national legislation in each country of operation,
- continuously improve social, environmental and economic impact,
- support and invest in innovation,
- analyze risks, formulate policies and objectives, as well as to have adequate processes in place to manage and monitor sustainability risks,
- sign and adhere to the UN Global Compact and its ten principles and the OECD guidelines for Multinational Enterprises,
- in an appropriate form, transparently report sustainability objectives, risks and progress,
- encourage and promote diversity in the organizations,
- have an active dialog with stakeholders such as suppliers and trading partners, and
- have a secure reporting channel (whistleblowing) in place.

If a serious sustainability related issue occurs in one of our companies, the business team is responsible for raising the matter internally within Investor and for monitoring the steps the company in question takes to address the issue. The business team is also responsible for reporting the process and actions taken within Investor. Investor’s board representatives are responsible for ensuring that relevant actions are taken within the company.



Reporting

Our sustainability efforts are disclosed in our Annual Report, on our website and in the Communication of Progress to the UN Global Compact. The listed portfolio companies, a number of the wholly-owned subsidiaries within Patricia Industries and EQT publish their own separate sustainability reports, which can be found on their respective websites. Our sustainability KPIs

include aggregated data per business area, to give a better understanding of our companies’ sustainability efforts. The wholly-owned subsidiaries within Patricia Industries have sustainability sections focusing on the material aspects for each company, taking significant risks into account, and describing policies, activities and outcomes, see pages 19-22.

Outcome – sustainability KPI's

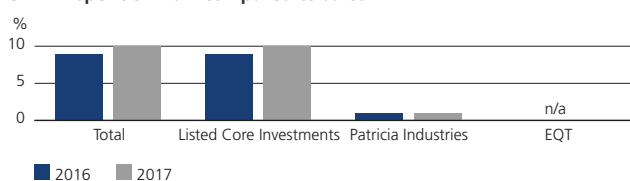
We support our companies' efforts to create sustainable business models, continuous development and the improvement of their social, environmental and economic impact. Measuring sustainability performance is an important tool to understand the development in our portfolio companies. In the following section, key indicators for the most relevant sustainability areas are presented, for Listed Core Investments, Patricia Industries (wholly-owned subsidiaries and partner-owned investments) and EQT (EQT Group, referring to EQT AB and EQT Partners AB, excluding funds).

INNOVATION AND SUSTAINABLE BUSINESS MODEL

R&D intensity

To ensure long term competitiveness, the continuous improvement of our companies is highly important. Innovation is a key component in the development of new and increasingly efficient products and services, and, consequently, sustainable business models. The share of resources spent on R&D varies.

SEK m. spent on R&D compared to sales¹⁾



1) Aggregated R&D expenses/aggregated sales.

BUSINESS ETHICS

Policy governance

Acting responsibly and ethically is crucial for Investor's companies to maintain high levels of credibility among business partners and other stakeholders. The Code of Conduct and policy frameworks are important components for employees and stakeholders to act responsibly and in accordance with corporate values.

100% of our portfolio companies have a Code of Conduct.

ANTI-CORRUPTION

Investor does not tolerate bribery or corruption under any circumstances. We refrain from giving and receiving any inducements, including gifts or other benefits, that could risk creating an unhealthy loyalty or be perceived to do so. Investor expects all our companies to assess the risk for bribery and corruption and have applicable policies, trainings and compliance procedures in place to mitigate the identified risks.

100% of our portfolio companies have an Anti-corruption policy and training in place.

LABOR

Employees

Dedicated, skilled and healthy employees are fundamental to our companies' development. With nearly 500,000 coworkers worldwide, it is crucial that our companies work with competence development, employee engagement and ensuring a healthy work environment. These figures refer to the number of employees per year-end and are not adjusted for investments or divestments within the companies.

Number of employees

	2015	2016	2017
Total	499,074	497,074	491,777
Listed Core Investments	478,204	475,015	468,991
Patricia Industries	20,500	21,602	22,275
EQT	370	457	511

95% of our portfolio companies measure employee satisfaction on a regular basis.

SOCIETY

In our history of more than 100 years, Investor has created value through our companies' activities, rendering returns for our companies' shareholders as well as our own. We aim to set a good example when it comes to conducting business in a sustainable way. Our indirect economic influence contributes to job creation and technological innovation in our companies.

In 2017, our total dividend amounted to SEK 8.4 bn., whereof almost SEK 2 bn. was distributed to the Wallenberg Foundations. These foundations' purpose is to grant funding to scientific research in Sweden, which in turn benefits many companies, including ours.

Example from our companies:

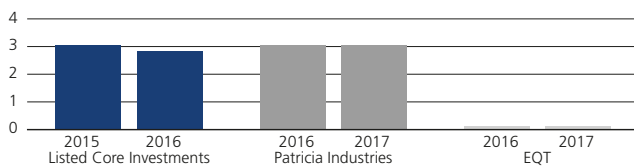
Our companies within Patricia Industries have intensified their work against bribery and corruption during the year. Among others, BraunAbility, Laborie, Permobil and Vectura have strengthened their policies and guidelines and have conducted company-wide trainings, e.g. classroom training, e-Learnings and dilemma discussions, to further increase awareness.

ENVIRONMENT

Carbon emissions, tonnes/SEK m., sales

Environmental and climate impact are significant issues. As owners, we support our companies in their pursuit of efficient and sustainable products and services, as well as energy efficient processes. In order to contribute to a more environmentally oriented society, we expect our companies to have environmental and sustainability policies which map how they take responsibility for these issues.

Tonnes of carbon emissions per SEK m., in sales¹⁾



¹⁾ Tonnes carbon emissions in relation to sales in SEK m. Figures are based on direct and indirect emissions in Scope 1 and 2, for the two latest available years as reported by our portfolio companies. Sobi's carbon emissions (within Listed Core Investments) only include its Swedish operations.

Example from our companies:

The companies within Patricia Industries have focused on improving their measurement of carbon emissions to have a better basis for their prioritization and target setting for reducing the emissions from their operations. Permobil, BraunAbility, Laborie, The Grand Group, Aleris and Vectura subsequently made their first measurement of company-wide emissions during the year.

HUMAN RIGHTS

Investor expects all of our companies to comply with all applicable laws, regulations, and appropriate standards in the markets in which they operate. Respect for human rights, reasonable working conditions and freedom of association are key aspects. Investor supports the UN Global Compact and its ten principles as well as the ILO conventions and the OECD guidelines for Multinational Enterprises. We also support and respect internationally proclaimed human rights. This applies to both the companies' and their suppliers' and partners' operations.

85% of our portfolio companies have signed the UN Global Compact.

100% of our portfolio companies have a whistleblowing system in place to report violations.

Example from our companies:

Ericsson has defined its salient human rights issues as the right to privacy, the right to freedom of expression and labor rights. They were the first Information, Technology and Communications company to report according to the UN Guiding Principles Reporting Framework. Ericsson conducts regular due diligence processes, identifying, preventing and mitigating its human rights' risks in the countries where it is present.

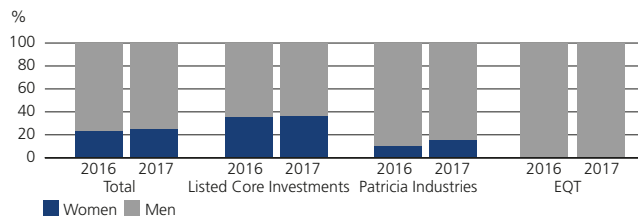
Atlas Copco has increased its focus on opportunities to partner with customers, in order to further understand and address human rights risks in the value chain. The existing customer assessment tool is complemented by in-depth dialog regarding human rights, and field visits, if relevant.

DIVERSITY

Distribution age, gender and nationalities

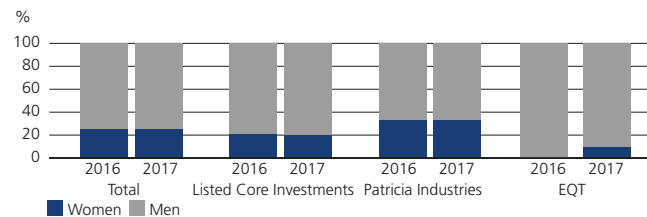
We are convinced that diversity is key to success and expect our companies to encourage and promote diversity in their organizations. Over the last years, diversity has improved. However this remains an important area for improvement. In Investor's Board of Directors and Management Group, female representation amounts to 40 percent and 40 percent respectively.

Gender distribution, Board of Directors



Female representation in the portfolio companies' Board of Directors amounts to 25 (23) percent. The average age is 57 (57). In total, there are 18 (16) nationalities represented.

Gender distribution, Management Group



Female representation in the portfolio companies' Management Groups amounts to 25 (25) percent. The average age is 51 (51). In total, there are 23 (19) nationalities represented.