

## Communication on Progress

Stockholm, 2021-04-01

### 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.



Johan Forssell

President and CEO Investor AB

# Business Model

**We create value for people and society by building strong and sustainable businesses**

## How we do it



### Clear governance model

Our model builds on clear roles and responsibilities between us as an owner, the companies' boards and managements.



### Strong portfolio

We have a portfolio of market-leading companies with high exposure to attractive long-term trends.



### Right people at the right place

We devote considerable time identifying and developing competence to ensure that we have the best people with different mindsets at Investor as well as in the boards and managements of our companies.



### Strong industrial network

We use our extensive professional network to identify, evaluate and capture attractive business opportunities.



### Financial flexibility

Our strong balance sheet and cash flow allow us to support our companies, capture investment opportunities and pay a steadily rising dividend.

## Value Creation Plans

Identifying strategic key value drivers for each company.

The plans typically focus on:

- Profitable growth
  - Innovation
  - Digitalization
  - Sustainability
  - Add-on acquisitions
- Operational excellence
- Corporate structure
- Agility & financial flexibility
- Succession planning & talent management

## Sustainability focus areas for Investor and our companies

- Business Ethics & Governance
- Climate & Resources Efficiency
- Diversity & Inclusion

## Operating Priorities

**Grow net asset value**

**Operate efficiently**

**Pay a steadily rising dividend**

## Created impact 2020

**19%**  
total shareholder return

SEK **6.9** bn  
paid dividend

of which approx

SEK **1.6** bn

to our main owners,  
the Wallenberg foundations  
who are the largest private funder  
of scientific research in Sweden

### Investor AB

**80 eNPS**

Our employee Net Promoter Score showed high employee satisfaction (scale -100 to 100)

**-15%**

CO<sub>2</sub>e emission reduction from Investor AB compared to 2019

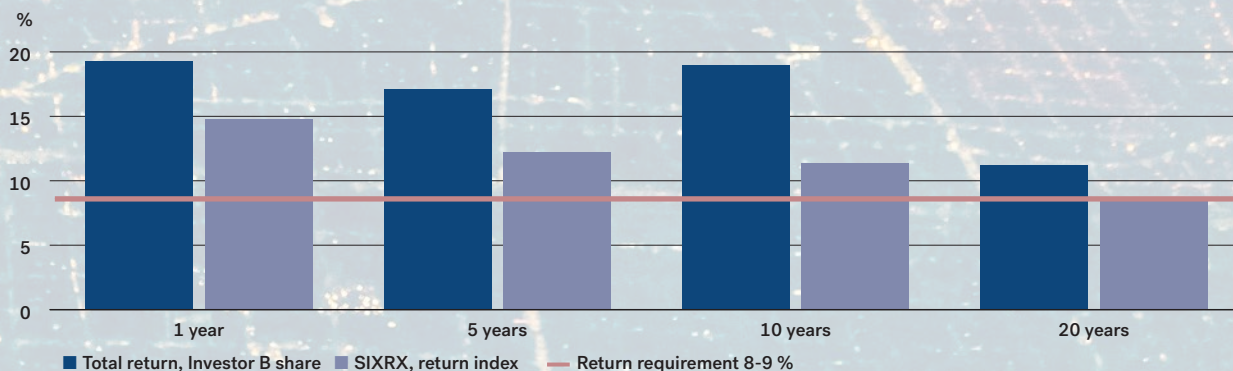
### Our companies

**-23%**

CO<sub>2</sub>e emission reduction from portfolio companies compared to 2019

SEK **122** bn

R&D spending in our companies



# Targets and Outcome

In order to create value and generate an attractive total shareholder return, Investor is committed to reaching both financial and non-financial targets.

| Target   | Outcome  | Comment  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
|--|--|--|---|--|------|------|------|------|-----|------|------|--|------|------|------|------|------|------|------|---|------|--|
| <b>FINANCIAL TARGETS - OPERATING PRIORITIES</b>  |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <b>Grow our net asset value</b>  |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <p>Our net asset value should grow in excess of our annual 8-9 percent return requirement (riskfree interest rate plus equity market risk premium). To achieve attractive net asset value growth, we own high-quality companies and support them to grow profitably. We strive to allocate our capital wisely.</p>                               | <table border="1"> <caption>Adjusted NAV growth incl. dividend added back</caption> <thead> <tr> <th>Year</th> <th>Adjusted NAV growth incl. dividend added back (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>~15</td> </tr> <tr> <td>2018</td> <td>~-5</td> </tr> <tr> <td>2019</td> <td>~30</td> </tr> <tr> <td>2020</td> <td>~15</td> </tr> </tbody> </table>   | Year   | Adjusted NAV growth incl. dividend added back (%) | 2017   | ~15  | 2018 | ~-5  | 2019 | ~30 | 2020 | ~15  | <p>Our adjusted net asset value amounted to SEK 546bn at year-end 2020 (485), a change, with dividend added back, of 14 percent (33). Consequently, our net asset value growth exceeded our 8-9 percent annual return requirement during 2020.</p> |      |      |      |      |      |      |      |   |      |  |
| Year   | Adjusted NAV growth incl. dividend added back (%)  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2017   | ~15  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2018   | ~-5  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2019   | ~30  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2020   | ~15  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <b>Operate efficiently</b>   |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <p>Investor maintains cost discipline to remain efficient and to maximize operating cash flow.</p>   | <table border="1"> <caption>Management cost and ratio</caption> <thead> <tr> <th>Year</th> <th>Management cost (SEK m)</th> <th>Management cost/Adjusted net asset value (%)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>450</td> <td>0.12</td> </tr> <tr> <td>2017</td> <td>450</td> <td>0.11</td> </tr> <tr> <td>2018</td> <td>450</td> <td>0.11</td> </tr> <tr> <td>2019</td> <td>500</td> <td>0.11</td> </tr> <tr> <td>2020</td> <td>531</td> <td>0.10</td> </tr> </tbody> </table>   | Year   | Management cost (SEK m)                           | Management cost/Adjusted net asset value (%) | 2016 | 450  | 0.12 | 2017 | 450 | 0.11 | 2018 | 450  | 0.11 | 2019 | 500  | 0.11 | 2020 | 531  | 0.10 | <p>Management costs amounted to SEK 531m (513), corresponding to approximately 0.10 percent of our adjusted net asset value (0.11).</p> |      |  |
| Year   | Management cost (SEK m)  | Management cost/Adjusted net asset value (%)   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2016   | 450  | 0.12   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2017   | 450  | 0.11   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2018   | 450  | 0.11   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2019   | 500  | 0.11   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2020   | 531  | 0.10   |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <b>Pay a steadily rising dividend</b>  |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <p>Investor's dividend policy is to distribute a large percentage of the dividends received from Listed Companies, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.</p>   | <table border="1"> <caption>Dividend per share (SEK/share)</caption> <thead> <tr> <th>Year</th> <th>Dividend per share (SEK/share)</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>6.0</td> </tr> <tr> <td>2013</td> <td>7.0</td> </tr> <tr> <td>2014</td> <td>8.0</td> </tr> <tr> <td>2015</td> <td>9.0</td> </tr> <tr> <td>2016</td> <td>10.0</td> </tr> <tr> <td>2017</td> <td>11.0</td> </tr> <tr> <td>2018</td> <td>12.0</td> </tr> <tr> <td>2019</td> <td>13.0</td> </tr> <tr> <td>2020p</td> <td>14.0</td> </tr> </tbody> </table> | Year   | Dividend per share (SEK/share)                    | 2012   | 6.0  | 2013 | 7.0  | 2014 | 8.0 | 2015 | 9.0  | 2016   | 10.0 | 2017 | 11.0 | 2018 | 12.0 | 2019 | 13.0 | 2020p   | 14.0 | <p>The Board of Directors proposes a SEK 14.00 dividend per share (9.00), to be paid in two installments, SEK 10.00 per share in May, 2021, and SEK 4.00 (subject to the proposed 4:1 share split) per share in November, 2021. Based on this proposal, on average our dividend has increased by 7 percent annually over the past five years and 11 percent over the past ten years.</p> |
| Year   | Dividend per share (SEK/share)   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2012   | 6.0  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2013   | 7.0  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2014   | 8.0  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2015   | 9.0  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2016   | 10.0   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2017   | 11.0   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2018   | 12.0   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2019   | 13.0   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| 2020p  | 14.0   |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <b>NON-FINANCIAL TARGETS</b>   |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <b>Business Ethics &amp; Governance</b>  |  |  |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |
| <p>Governance and business ethics constitute the foundation of our sustainability approach. Investor's Sustainability Guidelines (see page 14) set clear expectations for Investor and our portfolio companies to conduct the operations in a responsible and ethical manner. Investor has zero tolerance for non-ethical business behavior.</p> | <p><b>96%</b> of our companies have signed the UN Global Compact</p> <p><b>100%</b> of our companies have a Whistleblowing channel in place</p> <p><b>96%</b> of our companies have set measurable sustainability targets</p>  | <p>In 2020, Investor engaged with all portfolio companies regarding sustainability. Investor, as well as each of our companies, has a Code of Conduct, Anti-corruption Policy and Whistleblowing channel in place. 96 percent of companies are members of UN Global Compact (95). All portfolio companies have a Health and Safety Policy and a Human Rights Policy in place. 96 percent of the portfolio companies have set measurable targets within sustainability (82).</p> <p>→ Sustainability indicators include EQT AB and portfolio companies within Listed Companies and Patricia Industries. Advanced Instruments was acquired in the fourth quarter 2020 and is not included.</p> |   |  |      |      |      |      |     |      |      |  |      |      |      |      |      |      |      |   |      |  |

| Target   | Outcome   | Comment   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
|--|---|---|-------------------------------------|-----------------------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|--|----|----|--|
| <b>NON-FINANCIAL TARGETS</b>   |   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <b>Climate &amp; Resource Efficiency</b>   |   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <p><b>Investor AB's emissions</b></p> <p>Investor is committed to climate targets aligned with the Paris Agreement. Investor's target is to reduce greenhouse gas emissions from our scope 1 and 2 by 50 percent by 2030 compared to 2016.</p> <p><b>GOAL -50%</b></p> <p>→ Definitions for scope 1 and 2 in accordance with GHG Protocol are presented on page 124.</p>   | <p>CO<sub>2e</sub> emissions, tonnes</p> <table border="1"> <caption>CO<sub>2e</sub> emissions, tonnes</caption> <thead> <tr> <th>Year</th> <th>CO<sub>2e</sub> emissions (tonnes)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>115</td> </tr> <tr> <td>2017</td> <td>110</td> </tr> <tr> <td>2018</td> <td>108</td> </tr> <tr> <td>2019</td> <td>105</td> </tr> <tr> <td>2020</td> <td>88</td> </tr> </tbody> </table> <p><b>-26%</b></p>  | Year  | CO <sub>2e</sub> emissions (tonnes) | 2016                  | 115       | 2017 | 110       | 2018 | 108       | 2019 | 105       | 2020 | 88        | <p>In 2020, emissions equaled 88 tonnes, a reduction of 26 percent compared to 2016. The emissions from Investor AB are low as Investor has no operating business and its premises have a high proportion of renewable electricity. Increased remote working due to covid-19 and increased energy efficiency explain the reduction in 2020.</p>  |    |    |  |
| Year   | CO <sub>2e</sub> emissions (tonnes)   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2016   | 115   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2017   | 110   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2018   | 108   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2019   | 105   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2020   | 88  |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <p><b>Portfolio companies' emissions</b></p> <p>Investor's target is to reduce greenhouse gas emissions from our portfolio by 50 percent by 2030 compared with 2016 (portfolio companies' scope 1 and 2). The target is aligned with the Paris Agreement to limit the global temperature increase to well below 2 degrees Celsius.</p> <p><b>GOAL -50%</b></p>   | <p>CO<sub>2e</sub> emissions, tonnes</p> <table border="1"> <caption>CO<sub>2e</sub> emissions, tonnes</caption> <thead> <tr> <th>Year</th> <th>CO<sub>2e</sub> emissions (tonnes)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>2,500,000</td> </tr> <tr> <td>2017</td> <td>2,300,000</td> </tr> <tr> <td>2018</td> <td>2,200,000</td> </tr> <tr> <td>2019</td> <td>2,000,000</td> </tr> <tr> <td>2020</td> <td>1,482,500</td> </tr> </tbody> </table> <p><b>-40%</b></p>                             | Year  | CO <sub>2e</sub> emissions (tonnes) | 2016                  | 2,500,000 | 2017 | 2,300,000 | 2018 | 2,200,000 | 2019 | 2,000,000 | 2020 | 1,482,500 | <p>In 2020, emissions from our companies equaled 1,482,500 tonnes, a reduction of 40 percent compared to 2016. The data includes our portfolio companies' scope 1 and 2 emissions. In the yearly sustainability questionnaire Investor tracked that 78 percent of our companies have targets to reduce their scope 1 and 2 emissions (50). By the end of 2020, 57 percent of our companies had aligned their reduction targets with the Paris Agreement.</p> |    |    |  |
| Year   | CO <sub>2e</sub> emissions (tonnes)   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2016   | 2,500,000   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2017   | 2,300,000   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2018   | 2,200,000   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2019   | 2,000,000   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2020   | 1,482,500   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <p><b>Portfolio companies' indirect emissions</b></p> <p>All our companies shall have targets to reduce emissions from their value chain, for example related to the use of their products (the portfolio companies' scope 3 emissions). In addition, all companies shall have resource efficiency targets relevant to their operations.</p> <p><b>GOAL 100%</b></p>   | <p><b>74%</b> of our companies measure scope 3 emissions</p> <p><b>43%</b> of our companies have a target for scope 3 emissions</p> <p><b>57%</b> of the companies have a resource efficiency target</p>  | <p>In 2020, 74 percent of our companies measured scope 3 emissions (73) and 43 percent had reduction targets related to their products, services or value chains (36). In terms of resource efficiency, and in addition to scope 3 targets, 57 percent of our companies have set specific resource efficiency targets (50).</p>   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <b>Diversity &amp; Inclusion</b>   |   |   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <p><b>Investor AB</b></p> <p>Investor strives for diversity across all dimensions: age, nationality, gender, education as well as differences in mind-sets and experiences. We have a target to maintain a gender balance of 40/60 in the Management Group. We measure perceived level of inclusion among employees.</p> <p><b>GOAL 40/60</b></p>  | <p><b>60%</b> of the Management Group are women</p> <p><b>50%</b> of the Extended Management Group are women</p> <p><b>8.9</b> perceived level of inclusion among employees (scale 1-10)</p>  | <p>At year-end 2020, the share of women in the Management Group was 60 percent. The Extended Management Group included eight members with a gender balance of 50 percent men and women, a split of two nationalities and the average age was 51 years. Investor measures perceived level of inclusion among our employees as well as their ability as individuals to make an impact and contribute to the overall strategy. In 2020, employees reported a high level of inclusion compared to external benchmark, scoring 8.9 (scale 1-10).</p> |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| <p><b>Portfolio companies</b></p> <p>Investor strives for diversity across all dimensions: age, nationality, gender, education as well as differences in mind-sets and experiences. Investor's portfolio targets are to reach a gender balance of 40/60 in portfolio companies' boards and management by 2030. In addition, all our companies shall measure perceived level of inclusion among employees.</p> <p><b>GOAL 40/60</b></p> | <p>%, Gender balance, share of women</p> <table border="1"> <caption>Gender balance, share of women</caption> <thead> <tr> <th>Year</th> <th>Board of Directors (%)</th> <th>Management Groups (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>25</td> <td>25</td> </tr> <tr> <td>2018</td> <td>25</td> <td>25</td> </tr> <tr> <td>2019</td> <td>25</td> <td>25</td> </tr> <tr> <td>2020</td> <td>30</td> <td>30</td> </tr> </tbody> </table> <p><b>30%</b> (2020)</p> <p><b>25%</b> (2017-2019)</p> | Year  | Board of Directors (%)              | Management Groups (%) | 2017      | 25   | 25        | 2018 | 25        | 25   | 2019      | 25   | 25        | 2020   | 30 | 30 | <p>The portfolio companies' board of directors included a representation of 14 nationalities and an average share of women of 30 percent in 2020 (25). In the portfolio companies' management groups, the share of women was 25 percent (24) and 23 nationalities were represented. In 2020, 83 percent of our companies had targets or commitments regarding diversity, mainly focused on gender (77), and 87 percent measured the perceived level of inclusion among employees (59).</p> |
| Year   | Board of Directors (%)  | Management Groups (%)   |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2017   | 25  | 25  |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2018   | 25  | 25  |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2019   | 25  | 25  |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |
| 2020   | 30  | 30  |                                     |                       |           |      |           |      |           |      |           |      |           |  |    |    |  |

# Engaged Ownership

Our engaged ownership model is built on clear governance, a strong portfolio, having the right people at the right place, a strong industrial network and financial flexibility.

## Sharpen our role as an engaged owner

### Sharpen our role as an engaged owner

Investor's investment philosophy is buy-to-build. We are typically the largest owner and actively support our companies. We develop the companies over time as long as we see further value creation potential. Our long-term perspective is never an excuse for weak short-term performance.

As an engaged owner, we exercise our influence through our companies' boards. We strive for strong alignment with the chairperson and regularly invite all chairpersons in our companies to a "Chairs' Circle" to discuss key trends and share knowledge.

The success of our companies depends on their ability to drive change and capture opportunities. The acceleration of technology development offers new opportunities, for example within digitalization and automation, which are key focus areas for our companies. Companies need to focus on long-term investments and continuous efficiency improvements simultaneously. To support this, we encourage collaboration, innovation, operational excellence and relentless execution, so that the companies can be successful and grow profitably over time.

To further future-proof our companies and ensure their long-term competitiveness, we drive our ambitious sustainability agenda.

## Ensure an attractive portfolio

A strong corporate structure is essential to achieve profitable growth, which is why we continuously evaluate the structures in our companies to identify potential value-creating opportunities. Recent examples of this are the spin-offs of Epiroc from Atlas Copco and Electrolux Professional from Electrolux, ABB's divestment of Power Grids, and strategic acquisitions in Atlas Copco, Ericsson, Laborie and Sarnova.

### A strong corporate structure is essential to achieve profitable growth

Our results ultimately depend on the people in our companies. Therefore, we spend considerable time ensuring that we have the best possible board members and CEOs in our companies. We will focus further on the succession planning in our companies, continue to make sure the boards are the best possible in terms of competence, experience and diversity, still considering their size. We want board members in our companies to be experienced, engaged and they should be able to devote significant time to their assignment. In this work, our extensive industrial network is a highly valuable asset.

## Safeguard financial strength

### Ensure an attractive portfolio

We will invest in selected existing listed companies when we find attractive opportunities. Within Patricia Industries, our ambition is to make add-on acquisitions through our current platform companies and invest in new platform companies. We will continue to invest selectively in new EQT funds.

If we arrive at the conclusion that a certain company would be better off in a different ownership, or that it no longer offers enough attractive development potential, we would actively drive a divestment process and try to maximize the value for our shareholders.

### Safeguard financial strength

We strive to always maintain strong financial flexibility. A strong balance sheet gives us the ability to capture attractive investment opportunities and to support our companies. Over the past decade, we have generated strong cash flow based on dividends from Listed Companies, distribution from Patricia Industries' companies and net proceeds from Investments in EQT. The cash flow generation capacity that we have established is a key strength as it substantially increases our financial flexibility, enabling us to both invest and generate a steadily rising dividend.



## Value creation plans

Each company we are engaged in has a dedicated business team, consisting of our board representatives, investment managers and analysts. The business teams analyze the industries and benchmark the companies' performance versus their competitors. Based on the analysis, we develop and constantly refine value creation plans for each company. These plans identify strategic key value drivers that the companies should focus on, in order to maximize long-term value.

The plans typically focus on:

- Profitable growth
  - Innovation
  - Digitalization
  - Sustainability
  - Add-on acquisitions
- Operational excellence
- Corporate structure
- Agility & financial flexibility
- Succession planning & talent management

## Committed to create value

- Proven ownership model
- Portfolio with exposure to attractive long-term trends
- Companies with strong market positions
- Strong network and financial strength that support long-term value creation

## Investment criteria

- Strong market positions
- Sustainable and flexible business models
- Strong and sound corporate cultures
- Exposure to growth markets
- Strong profitability and cash flow
- Continuous focus on innovation and R&D
- Exposure to service and aftermarket sales

# Sustainability

Sustainability is fundamental to our business success and the success of our companies. Investor firmly believes that a sustainable business approach is a prerequisite for creating long-term value.

## Business-driven approach

Investor takes a business-driven approach to sustainability as we believe this is a prerequisite for creating long-term value, both in our role as a company and in our role as a responsible owner. We define sustainability as the delivery of long-term value in economic, environmental and social terms.

It is in our role as an owner that we have the most impact, through the capital we provide, our engaged ownership and through our representation on the boards. In addition, we create value through the employment, innovations, products and services delivered by our companies.

When we support our companies to develop best-in-class businesses, they create value for their customers, for society, and in turn, for us and our shareholders.

Investor's approach is built on materiality and the most important sustainability areas are identified based on our impact both as a company and an owner:

- Business Ethics & Governance
- Climate & Resource Efficiency
- Diversity & Inclusion

## Business Ethics & Governance

We are convinced that good business ethics and governance are key to build strong and successful companies. Investor has zero tolerance for non-ethical business behavior.

In our role as an owner we have developed Investor's Sustainability Guidelines that set clear expectations for Investor and our companies to conduct their operations in a responsible and ethical manner. Investor has a structured process for this work that covers a range

of areas within governance, ethics, risk and compliance. The areas are selected based on a risk assessment and include, among other areas, ethical business conduct, whistleblowing, anti-corruption and anti-bribery. Investor's subsidiaries are reviewed in relation to these areas and in addition, one or two focus areas are selected every year for a deep-dive review.

In 2020, the focus areas have been anti-bribery and anti-corruption. Representatives from all subsidiaries have participated in an awareness training followed by a review of the subsidiaries' processes. Dialogs have also been held with all listed companies about their efforts to prevent corruption and bribery. All companies have set a zero tolerance principle against corruption and bribery and have established a process for implementation. Read more on page 117.

## UN Sustainable Development Goals

Investor is committed to the UN Sustainable Development Goals and contributes to a number of them. Read more at [www.investorab.com](http://www.investorab.com)



### Gender Equality SDG 5.5

Ensure full participation in leadership and decision-making



### Decent Work & Economic Growth SDG 8.2

Innovate and upgrade for economic productivity



### Responsible Consumption & Production SDG 12.2

Sustainable management and use of natural resources



### Climate Action SDG 13

Take urgent action to combat climate change and its impacts



### Peace, Justice & Strong Institutions SDG 16.5

Substantially reduce corruption and bribery



### Partnership for the Goals SDG 17.16

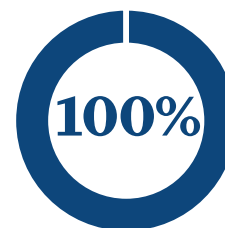
Enhance the global partnership for sustainable development

## Investor's Sustainability Guidelines

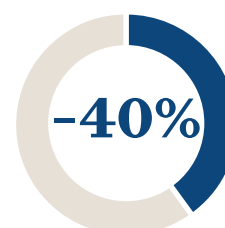
1. Ensure that sustainability is integrated into the business
2. Comply with local and national legislation in each country of operation
3. Regularly assess material sustainability topics and have an active dialog with stakeholders
4. Sign and adhere to the UN Global Compact, commit to UN Sustainable Development Goals, support the ILO conventions, Universal Declaration of Human Rights, as well as the OECD Guidelines for Multinational Enterprises
5. Have implemented policies and Code of Conduct that address relevant sustainability areas including business ethics
6. Analyze risks and opportunities and formulate relevant measurable targets
7. Continuously improve social, environmental and economic impact with a special focus on innovation, climate, diversity and inclusion
8. Have adequate processes and resources to manage and monitor sustainability performance
9. Have a secure reporting channel for whistleblowing in place
10. Transparently report on the sustainability development



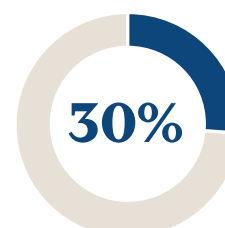
## Portfolio Companies



100% of our companies have a structured approach against corruption and bribery



40% reduction of CO<sub>2</sub>e emissions from our companies compared to 2016



30% average share of women in our companies' boards of directors

### Climate & Resource Efficiency

The business community has a key role in taking action and coming up with new innovative solutions to combat climate change and increase resource efficiency. Investor is committed to climate targets aligned with the Paris Agreement and aims to halve its greenhouse gas emissions by 2030.

Investor AB's scope 1 and 2 emissions equaled 88 tonnes in 2020, a reduction of 26 percent compared to 2016. The reduction is mainly due to increased remote working during covid-19. To reach our target, we will continue to reduce emissions from energy consumption and company cars. A number of initiatives have been implemented in our main office, e.g. motion lighting, solar panels and charging posts for electric vehicles.

As a long-term owner, we need to take into account risks as well as business opportunities related to climate change and thus accelerate the transition to a sustainable low carbon economy. The portfolio companies' scope 1 and 2 emissions equaled 1,482,500 tonnes in 2020, a reduction of 40 percent compared to 2016. Investor works through the board representatives by engaging and following up with the companies on their targets and measures to reduce their climate impact. In 2020, we developed the integration of climate strategies in our value creation plans in order to reach our target to reduce portfolio emissions by 50 percent by 2030. By the end of 2020, 57 percent of our companies had aligned their reduction targets with the Paris Agreement.

In addition, Investor expects that all the companies have targets to reduce emissions from their value chain, for example related to the use of their products (companies' scope 3). In 2020, 43 percent of the companies had scope 3 targets and 57 percent had resource efficiency targets. Read more on page 119-120.

### Diversity & Inclusion

Investor strongly believes that diverse teams characterized by inclusion and different perspectives stimulate innovation and drive better decision-making. We strive for diversity across all dimensions: nationality, age, gender, education, different mindsets and experiences.

We are convinced that making use of the total available talent base builds stronger teams. When recruiting, our ambition is to have a diverse slate of candidates and interview panels. Investor has set the target to maintain a gender balance of 40/60 in the Management Group, meaning at least 40 percent of the underrepresented gender. In 2020, the proportion of women in Investor's Management Group was 60 percent and 50 percent in the overall organization.

We measure perceived inclusion through employee surveys. In 2020, our employees reported a high level of inclusion compared to the external benchmark, scoring 8.9 (scale 1-10).

Investor drives diversity among our portfolio companies through the nomination committees and board representation. Investor's targets for 2030 are to reach a gender balance of 40/60 at an aggregated level in the portfolio companies' boards and management groups. In 2020, Investor developed a tool to monitor the progress against these goals. In addition, Investor has a target to ensure that all companies measure the perceived level of inclusion among employees regularly.

In 2020, the average share of women in the companies' boards was 30 percent (25). In the management groups the share was 25 percent (24). There were 14 nationalities represented in the boards and 23 in the management groups. In 2020, 83 percent of the companies had diversity targets and 87 percent measured inclusion. Read more on page 118.

| GHG emissions, tonnes CO <sub>2</sub> e <sup>1)</sup> | 2020      | 2019      | 2018      | 2017      | 2016      |
|---|-----------|-----------|-----------|-----------|-----------|
| Investor AB's scope 1                                 | 16        | 18        | 18        | 22        | 22        |
| Investor AB's scope 2                                 | 72        | 86        | 90        | 87        | 96        |
| Portfolio companies' scope 1 and 2                    | 1,482,500 | 1,925,700 | 2,176,100 | 2,376,700 | 2,481,500 |

1) Method and more key performance indicators for Investor AB and portfolio are presented on page 119-120.

| Diversity Investor AB, share of women <sup>2)</sup> | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|------|------|------|------|------|
| Board of Directors                                  | 44%  | 44%  | 40%  | 40%  | 40%  |
| Management Group                                    | 60%  | 60%  | 60%  | 40%  | 40%  |
| Extended Management Group                           | 50%  | 50%  | 50%  | 38%  | 29%  |
| Employees   | 50%  | 48%  | 50%  | 51%  | 51%  |

2) Method and more diversity key performance indicators for Investor AB and portfolio are presented on page 16 and 118.

## Key activities 2020

- Launch of three sustainability focus areas and 2030 targets
- Sustainability training sessions with all employees
- Integration of focus areas in value creation plans
- Arranged training and reviewed portfolio companies' work to prevent bribery and corruption
- Investor Sustainability Network met three times during 2020
- Enhanced work on EU Taxonomy and TCFD and launched first TCFD report
- Increased our CDP score to B

# People at the Center

At Investor our employees are at the center of our business model. Attracting, retaining and developing people with different mindsets is crucial for our ability to create long-term value.

## Working at Investor

Investor is a purpose-driven company with a strong sense of pride in our long history of creating value. We are convinced that top quality individuals with diverse minds make all the difference. In a small organization like Investor's, each individual is important, and makes an impact.

We believe some attributes to be more important, such as passion, open-mindedness and the ability to collaborate, along with an interest in strategic and financial considerations.

Investor applies a flexible working format and our philosophy is that you are given a high degree of freedom while considering what best fits the needs of the business. We also believe that there is a value in its own right in meeting and interacting.

Creating a work-life balance is prioritized at Investor. For instance we provide employee benefits which are selected to assist work-life balance in line with our culture.

Investor offers internships twice a year. We like to keep a close dialog with students, through presentations at selected universities. We invite students to come and meet with us at Investor to interact and share our personal view of what we do and how we do it.

## Working during covid-19

Covid-19 has clearly impacted the way we work. Our top priority is to protect our employees' health, providing resources to enable everyone to work from home. A key challenge is to keep the energy, motivation and team spirit going.

## Individuals with diverse minds make all the difference

To do this, we have worked with many different activities, holding our first company-wide, fully digital internal conference and a large number of interactive meetings on different organizational levels. On two occasions, we have surveyed the engagement of our employees. We have also emphasized the importance of present and accessible leadership. We have encouraged employees to meet and exercise together outdoors to promote physical activity. We will continue to enable flexibility regarding working hours and location even after the pandemic is over. We will also utilize the fact that all employees have advanced their digital skills.

## Growth and development

We believe in supporting everyone to reach their full potential and make sure everybody has a sense of direction. We work with the framework "Impact and Development" (InD), a continuous approach for discussion on goals and priorities, values, development and feedback.

We look at professional development broadly. We offer internal and external trainings but also job rotations to portfolio companies and within Investor. The primary focus for professional development and up-skilling is on-the-job training. We regularly organize activities to build a learning organization and promote collaboration and sharing of knowledge. "Investor Explore" is our umbrella for our own individual learning process where we want to support our curious mindsets, seek and share new knowledge, influences and perceptions.

We use "360-degree feedback", a process through which feedback from colleagues and managers, as well as a self-evaluation by the employee, is gathered. Investor uses this process mainly to assist our employees in developing work skills and behaviors.

| Key indicators <sup>1)</sup>            | December 31 2020 | 2019 |
|---|------------------|------|
| Number of employees                     | 94               | 89   |
| Employees, women                        | 50%              | 48%  |
| Managers, women                         | 39%              | 32%  |
| Employee Engagement score <sup>2)</sup> | 9.0              |      |
| Employee Inclusion score <sup>2)</sup>  | 8.9              |      |
| Personnel turnover                      | 8%               | 15%  |
| Average sick leave <sup>3)</sup>        | 1.9%             | 1.5% |
| <b>Employees</b>                        |                  |      |
| Stockholm                               | 79               | 76   |
| New York                                | 12               | 10   |
| Amsterdam                               | 2                | 2    |
| Palo Alto                               | 1                | 1    |

1) Excluding wholly-owned subsidiaries.  
 2) Employee scores on a scale from 1-10.  
 3) Percentage of total time. Data collected from HR and remuneration systems in the Stockholm office.



### Key activities 2020

- Modernize our way of working – digital development
- Launch of new platform to drive employee engagement
- Developed InD Framework for goal setting, feedback and personal growth and development
- Advanced physical and social work environment

### Focus going forward

- Framework for upskilling and personal development
- Continue to develop ways of working following lessons from remote working during covid-19

## Our Core Values

### Care for People

Building strong and sustainable businesses requires talented and motivated people. Our collaborative, respectful and transparent working environment is an instrumental part of our culture.

### Challenge and Improve

We firmly believe that there is always room for improvement. It is crucial for us as an engaged owner as well as in our daily work. We constantly challenge ourselves and our companies to be innovative and to work smarter.

### Contribute with Heart and Mind

Our success is driven by the talent, expertise and passion of our employees. Everyone is expected to contribute and create positive impact.

### Create Value

We strive to create value in everything we do, ultimately generating returns for our shareholders and benefiting people and society. Creating value is the guiding principle for our priorities, decisions and actions.

## Meet our colleagues

Sebastian Tham



” As an Investment Manager within Listed Companies, my team and I spend our days assisting Investor's Board representatives in understanding what the companies' key priorities are to remain competitive and maximize long-term value. It is all about digging really deep into specific topics, not the least sustainability and digitalization, to identify the companies' true value drivers.

Jan Lernfelt



” As a Director within the Finance Department I have the opportunity to work in a rapidly changing environment. We always try to be at the forefront and try new ways of working. I really enjoy that we are a group driven by curiosity, output and team commitment.

Sofia Jonsson



” As our Sustainability Manager I have been part in defining Investor's sustainability focus areas. It is greatly rewarding to see how they are now being implemented and truly integrated within our ownership model. At Investor you can really make an impact and I feel that Investor is the best place for me given the exciting journey ahead.

# Patricia Industries

Patricia Industries' key focus is to invest in and develop wholly-owned companies with long-term growth potential. The vision is to be a great home for great companies.

**25%**  
of total adjusted assets

SEK **142** bn  
adjusted value

**19%**  
total return, 2020

## Ownership model

Our key focus is to invest in and develop wholly-owned companies in the Nordics and North America. The aim is to exceed 90 percent ownership, with the companies' managements and boards of directors as co-owners, to ensure full alignment.

Patricia Industries operates from offices in Stockholm, New York and Palo Alto, and has a separate investment mandate and a specially appointed Board of Directors.

The boards of Patricia Industries' companies are typically composed of independent directors from our network and investment professionals from Patricia Industries, led by an independent, non-executive, chairperson.

The portfolio also includes Financial Investments, in which the investment horizon has not yet been defined.

We focus on investing through our existing wholly-owned companies, for example to finance organic growth initiatives or add-on acquisitions.

## Key activities 2020

For the major subsidiaries, pro forma organic sales growth was 2 percent in constant currency, while EBITA also grew by 2 percent. Adjusting for items affecting comparability, EBITA growth was 6 percent. Distributions from Mölnlycke and Three Scandinavia to Patricia Industries totalled SEK 5.1bn. These proceeds strengthen Patricia Industries capacity to invest in existing and new subsidiaries.

Net investments totalled SEK 9.5bn, of which SEK 5.5bn for the acquisition of Advanced Instruments, and the remainder mainly related to the funding of Laborie's acquisition of Clinical Innovations.

Several subsidiaries, including Sarnova and Laborie, announced or completed strategic add-on acquisitions.

Three Scandinavia announced the sale of its passive network infrastructure, freeing up significant capital and enabling more focus on the core business.

Divestments within Financial Investments continued.

## Strategic priorities

Near-term, a key priority is to mitigate the impact of the covid-19 pandemic, with focus on employees, customers, supply chains and production. Simultaneously, all companies are working actively to capture opportunities offered by long-term trends such as increased healthcare penetration, digitalization, automation and sustainability.

We will continue to focus on further developing our existing companies and drive continued profitable growth through organic and in-organic initiatives. Our ambition is also to find new subsidiaries in the Nordics and in North America. We will continue to divest holdings within Financial Investments and redeploy proceeds and resources to other companies in the portfolio.

## Investment criteria

### Geography

- Nordics
- North America

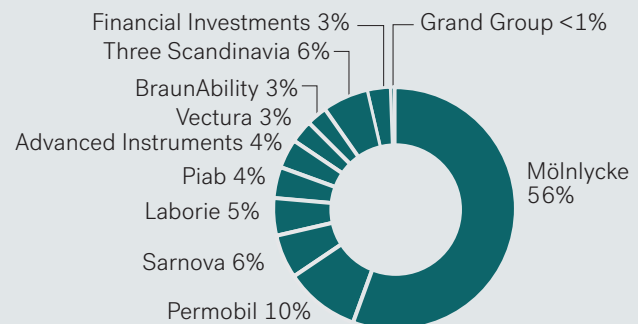
### Industry

- Attractive industry niches, with strong long-term growth outlook

### Companies

- Good growth opportunities
- Market-leading positions
- Strong profitability and cash flow
- Agility and resilience
- Strong corporate culture

## Share of Patricia Industries



## Overview

### Ownership model

Develop existing companies

Add new platform companies

Realize proceeds from financial investments

**Ownership**  
wholly-owned subsidiaries, partner-owned companies

**Ownership perspective**  
long-term, buy-to-build strategy

**Board representation**  
boards comprise independent directors and directors from Patricia Industries

**Valuation methodology**  
acquisition, equity and other relevant methods, estimated market values as supplementary information

**142**

adjusted net asset value (ex. cash), SEK bn

**9**

subsidiaries

**5.1**

total distributions, SEK bn

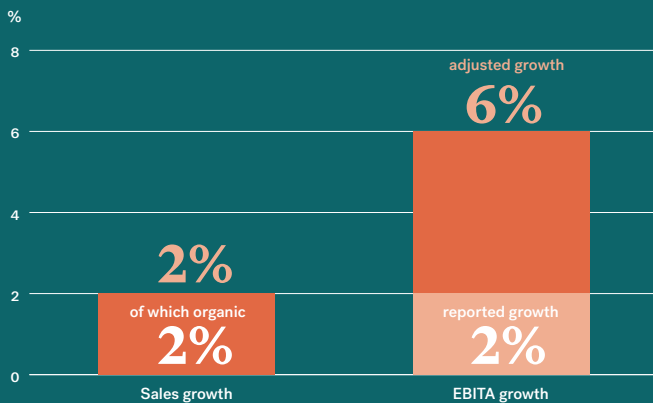
**9.5**

net invested, SEK bn

**50+**  
add-on investments

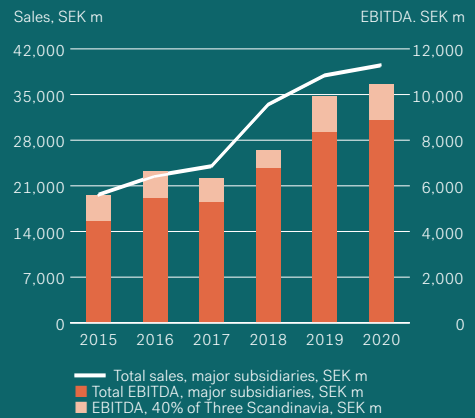
2015-2020 for a total of approximately SEK 18bn

### Performance 2020, major subsidiaries<sup>1)</sup>



1) Mölnlycke, Permobil, Laborie, Sarnova, Advanced Instruments, BraunAbility, Piab, Vectura, Grand Group.

### Annual sales and EBITDA





**SEK 80<sup>bn</sup>**  
estimated value  
of holding

**14%**  
of total  
adjusted assets

**99%**  
total exposure

Mölnlycke designs, manufactures and supplies single use products and solutions for managing wounds, improving surgical safety and efficiency, and preventing pressure ulcers.

Organic sales  
growth,  
constant currency

**18%**

Reported EBITA  
growth

**22%**

### Important events 2020

- Organic sales growth amounted to 18 percent in constant currency, mainly driven by strong sales of personal protective equipment (PPE) as an effect of covid-19. The underlying business, excluding PPE, performed well, growing 2 percent organically in constant currency. All regions grew.
- Customer agreements within personal protective equipment added significant sales during 2020 and are expected to add additional sales in 2021, but significantly less than in 2020.
- The EBITA margin improved, positively impacted by strong sales and good cost control.
- Wound Care grew 2 percent organically in constant currency.
- Organic growth within Surgical was 36 percent in constant currency, mainly driven by personal protective equipment.
- New products were launched within both Wound Care and Surgical, including the Avance® Solo within Negative Pressure Wound Therapy.
- Cash flow was strong and Mölnlycke distributed EUR 350m to the owners, of which EUR 347m to Patricia Industries.
- On November 30, 2020, Zlatko Rihter, former CEO of Cellavision, assumed the position as CEO of Mölnlycke.

| Key figures, EUR m  | 2020  | 2019  |
|---------------------|-------|-------|
| Net sales           | 1,793 | 1,542 |
| EBITDA              | 536   | 451   |
| EBITDA, %           | 29.9  | 29.2  |
| EBITA               | 475   | 391   |
| EBITA, %            | 26.5  | 25.3  |
| Operating cash flow | 470   | 382   |
| Net debt            | 1,492 | 1,471 |

| Key sustainability performance indicators                | 2020   | 2019              |
|--|--------|-------------------|
| Number of employees                                      | 7,910  | 7,790             |
| Gender balance in Management Group, share of women %     | 22     | 22                |
| CO <sub>2</sub> e emissions, tonnes (scope 1 and 2)      | 96,105 | 97,939            |
| Employees trained on anti-bribery and anti-corruption, % | 98     | 96                |
| Code of Conduct confirmed by suppliers, % <sup>1)</sup>  | 96     | n/a               |
| Number of accidents per million working hours (LTA)      | 1.1    | 1.6 <sup>2)</sup> |
| Employee engagement score, %                             | 79     | 65                |

1) Agreements with suppliers of raw materials and outsourced sterilization.  
2) Restated compared to annual report 2019.

[www.molnlycke.com](http://www.molnlycke.com)

Chair: Gunnar Brock

CEO: Zlatko Rihter (as of November 30, 2020)

Board members from Patricia Industries: Gunnar Brock, Christian Cederholm

### Important sustainability areas and related risks

- Material aspects include business ethics, health and safety, diversity and equality, product quality, environmental impact and sustainable supply chains.
- The principles are primarily addressed in the Code of Conduct, Sustainability Policy, Quality Policy and Supplier standard and Code of Conduct.

### Sustainability priorities 2020

- Updated the compliance program concerning anti-corruption and issued a new Code of Conduct in which all employees will be trained.
- Efforts to reduce climate impact through product development, increased efficiency in supply chain logistics, opening of a new distribution center in the UK and further lean activities in manufacturing to reduce waste.
- Arranged employee trainings to increase health and safety in factories. Training focused on reducing manual handling in the factories.
- Made diversity a priority by focusing on increased share of women in senior positions, defined as director level and above.

### OUR VIEW

- Mölnlycke offers attractive long-term, profitable growth opportunities on the back of its leading market position and focus on delivering innovative, evidence-based quality products within wound management, pressure injury prevention and surgical solutions.
- Mölnlycke drives investments in continued innovation and clinical evidence as well as commercial execution to support long-term profitable growth. Key priorities to drive continued growth and maintain a premium position include innovation and product pipeline, expand channel coverage and expansion in emerging markets as well as complementary acquisitions.
- During the covid-19 pandemic Mölnlycke has been able to ramp up production and sourcing to meet the increased demand for personal protective equipment.
- We look forward to working with new CEO Zlatko Rihter to further develop and grow Mölnlycke profitably.



SEK **15<sup>bn</sup>**  
estimated value  
of holding

**3%**  
of total  
adjusted assets

**98%**  
total exposure

Permobil provides advanced mobility and seating rehab solutions through development, production and sale of powered and manual wheelchairs, pressure-relieving cushions and power-assist devices.

Organic sales  
growth,  
constant currency

**-9%**

Reported EBITA  
growth

**-12%**

### Important events 2020

- Organic sales growth amounted to -9 percent in constant currency, driven by covid-19-related restrictions negatively impacting customer access. Americas and EMEA declined while APAC grew.
- The EBITA margin was unchanged compared to last year, as good cost control helped mitigate the negative impact from lower sales. In addition, last year's cost level was elevated.
- Permobil introduced new generations of its M3 and M5 Corpus powered wheelchairs in the Americas through a major digital launch. The M1 power wheelchair was launched in EMEA.
- Permobil also introduced The Explorer Mini, a powered mobility solution for young children. The new "MyPermobil" app was launched, providing power wheelchair users with up-to-date information on, for example, battery range estimates, distance and seating behavior.
- Permobil acquired Supporttec, a leading Dutch manufacturer of customized molded seating.

### Important sustainability areas and related risks

- The most material aspects are quality of life for users, product and service quality and safety, safe and respectful workplace, diversity and inclusion, business ethics, responsible sourcing and environmental impact.
- These principles are primarily addressed in the core values, Code of Conduct, Anti-Corruption Policy, Health and Safety Policy and Supplier Code of Conduct.

### Sustainability priorities 2020

- Group Management and the Board endorsed the focus areas on which the continued sustainability efforts will be based. Key performance indicators have been identified, and targets, and associated action plans, are in various stages of development for each area.
- Arranged awareness training in health and safety. Ongoing online tutorial for employees.
- Secured supply chain during covid-19 pandemic in order to deliver products to users and minimize disruption to their lives.

| Key figures, SEK m  | 2020  | 2019  |
|---------------------|-------|-------|
| Net sales           | 3,944 | 4,446 |
| EBITDA              | 826   | 924   |
| EBITDA, %           | 20.9  | 20.8  |
| EBITA               | 641   | 726   |
| EBITA, %            | 16.3  | 16.3  |
| Operating cash flow | 835   | 776   |
| Net debt            | 2,559 | 3,549 |

| Key sustainability performance indicators               | 2020  | 2019   |
|---|-------|--------|
| Number of employees                                     | 1,570 | 1,625  |
| Gender balance in Management Group, share of women %    | 30    | 25     |
| CO <sub>2e</sub> emissions, tonnes (scope 1 and 2)      | 9,195 | 10,586 |
| Injury Rate, TCIR                                       | 0.63  | 1.68   |
| Employee perceived inclusiveness, scale 1-10            | 6.3   | 5.9    |
| Suppliers with signed Code of Conduct based on spend, % | 76    | 70     |
| R&D intensity (R&D/sales), %                            | 3.1   | 3.8    |

[www.permobil.com](http://www.permobil.com)

Chair: Martin Lundstedt

CEO: Bengt Thorsson

Board members from Patricia Industries: Christian Cederholm

### OUR VIEW

- Permobil's ambition to increase quality-of-life for its users through innovation has made the company a globally leading provider of advanced mobility solutions with attractive opportunities for profitable growth.
- Its strong culture, portfolio of brands, competitive products and innovation capabilities form a strong base for providing accessibility for more users globally.
- The key focus over the coming years is to drive organic growth, complemented by add-on acquisitions to strengthen the product portfolio and sales capabilities in existing and new geographies.



SEK **8<sup>bn</sup>**  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**89%**  
total exposure

Sarnova is a specialty distributor of medical equipment, products, supplies, training and services to emergency medical services, hospitals and other healthcare providers.

Organic sales  
growth,  
constant currency

**9%**

Reported  
EBITA growth

**-6%**

### Important events 2020

- Organic sales growth amounted to 9 percent in constant currency, driven by good growth in both the Emergency Preparedness and Acute business areas.
- Adjusting for items affecting comparability, the EBITA margin amounted to 11.4 percent, an improvement compared to 2019.
- Sarnova continued to invest in additional commercial resources within both Acute and Emergency Preparedness, digital platform enhancements and warehouse optimization.
- During the fourth quarter, Sarnova completed the acquisitions and simultaneous combination of the Digitech and R1 RCM EMS businesses, creating a leading provider of revenue cycle management (RCM) solutions for emergency medical services professionals. The combined business continues to operate as a stand-alone entity under the Digitech name. Sarnova invested approximately USD 130m and owns more than 60 percent of the combined business. For the 12-month period ending June 30, 2020, sales for the combined business were approximately USD 90m, with profitability higher than Sarnova's historical levels.

### Important sustainability areas and related risks

- The most material aspects are customer satisfaction, engaged employees, ethical business conduct and maintaining a diverse workforce.
- The principles are primarily addressed in the Code of Conduct, Employee Handbook and general corporate policies.

### Sustainability priorities 2020

- Continued education of employees on ethical conduct, with an emphasis on the Code of Conduct.
- Conducted annual employee engagement survey with an emphasis to measure perception of diversity and inclusion within the workforce.
- Established a diversity and inclusion program to focus on further improvement through diversity and inclusion initiatives.
- Conducted a customer satisfaction survey.

| Key figures, USD m  | 2020 | 2019 |
|---------------------|------|------|
| Net sales           | 725  | 647  |
| EBITDA              | 78   | 82   |
| EBITDA, %           | 10.8 | 12.6 |
| EBITA               | 69   | 73   |
| EBITA, %            | 9.5  | 11.3 |
| Operating cash flow | 49   | 86   |
| Net debt            | 525  | 287  |

| Key sustainability performance indicators            | 2020    | 2019   |
|--|---------|--------|
| Number of employees                                  | 1,195   | 645    |
| Gender balance in Management Group, share of women % | 10      | 14     |
| CO <sub>2</sub> e emissions, tonnes (scope 1 and 2)  | 1,944   | 2,323  |
| Employees trained on Code of Conduct, %              | 100     | 99     |
| Employee Engagement, % versus Benchmark (+/-)        | 82, +11 | 80, +4 |
| Percentage of women among employees, %               | 46      | 44     |
| Customer satisfaction, NPS                           | 56      | 55     |

[www.sarnova.com](http://www.sarnova.com)

Chair: Matthew Walter

CEO: Jeff Prestel

Board members from Patricia Industries: Yuriy Prilutskiy

### OUR VIEW

- As the leading provider of specialty medical products and services for the emergency preparedness and respiratory markets in the U.S., Sarnova has attractive long-term profitable growth potential.
- Near-term, the focus is on commercial execution within the Emergency Preparedness and Acute Care businesses, expansion of product and service capabilities such as private label and custom kitting, investments in warehouse and distribution capacity, and integration of the Digitech and R1 revenue cycle management businesses.
- Sarnova continues to evaluate acquisition opportunities to strengthen its existing business as well as expand into attractive adjacent markets leveraging its organizational capabilities.





SEK **8**<sup>bn</sup>  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**98%**  
total exposure

Laborie designs and commercializes innovative diagnostic and therapeutic capital equipment and disposable products for the urology, gastroenterology, and labor & delivery markets.

Organic sales  
growth,  
constant currency

**-19%**

Reported  
EBITA growth

**-28%**

### Important events 2020

- Organic sales growth amounted to -19 percent in constant currency, due to a significant decline in elective urology and gastroenterology procedures due to covid-19. The maternal and child health business (acquired during the first quarter 2020) was less impacted by covid-19 and reported growth.
- The reported EBITA margin amounted to 16.0 percent compared to 25.1 percent in 2019. Acquisition-related costs and provisions impacted profitability negatively both during 2020 and 2019.
- Laborie acquired a majority interest in GI Supply (GIS), a leading manufacturer of specialty gastroenterology products based in the U.S. For the 12-month period ending June 30, 2020 GIS sales were USD 18m. Laborie invested USD 20m in GIS.
- Laborie entered into a strategic partnership with Urotronic, a U.S.-based medical device company developing technologies for the treatment of urethral strictures and benign prostatic hyperplasia. Laborie will invest USD 15m for a minority interest in Urotronic and secure an option to acquire the company.

### Important sustainability areas and related risks

- Material aspects include employee health and safety, diversity and inclusion, business ethics, climate and environment, product quality and innovation.
- The principles are addressed in the Code of Conduct and Ethics, Supplier and Distributor Code of Conduct, compliance program, and Quality Policy.

### Sustainability priorities 2020

- Implemented enhanced compliance program, covering business ethics, anti-bribery and anti-corruption, fair competition, as well as diversity and inclusion.
- Updated Code of Conduct for employees, suppliers and distributors and conducted enhanced training.
- Increased employee training on health and safety.
- Increased the focus of climate and environmental efficiency in business processes, supply chain and product innovation.
- Promoted diversity and inclusion in the workforce through communication, employee engagement and training.

| Key figures, USD m  | 2020 | 2019 |
|---------------------|------|------|
| Net sales           | 230  | 205  |
| EBITDA              | 44   | 56   |
| EBITDA, %           | 19.1 | 27.3 |
| EBITA               | 37   | 51   |
| EBITA, %            | 16.0 | 25.1 |
| Operating cash flow | 21   | 24   |
| Net debt            | 403  | 288  |

| Key sustainability performance indicators                | 2020  | 2019                |
|--|-------|---------------------|
| Number of employees                                      | 870   | 580                 |
| Gender balance in Management Group, share of women %     | 36    | 33                  |
| CO <sub>2</sub> e emissions, tonnes (scope 1 and 2)      | 1,345 | 1,476 <sup>1)</sup> |
| Employees trained on anti-bribery and anti-corruption, % | 100   | 99                  |
| Incident rate  | 1.25  | n/a                 |
| Employee satisfaction, eNPS                              | +17   | n/a                 |
| R&D intensity (R&D/sales), %                             | 6     | 5                   |

1) Restated compared to annual report 2019.

[www.laborie.com](http://www.laborie.com)

Chair: Bo Jesper Hansen

CEO: Michael Frazzette

Board members from Patricia Industries: Yuriy Prilutskiy

### OUR VIEW

- Laborie is an industry-leading innovator, manufacturer and supplier of medical technology products for the urology, gastroenterology, and labor & delivery markets.
- As the leader in each of its core markets, Laborie has strong growth opportunities driven by multiple long-term demographic drivers, new product introductions, commercial investment, and expansion into new geographies.
- Near-term, the priorities for Laborie are to improve profitability, drive growth and product innovation in its business units, advance the internal R&D pipeline, and continue to evaluate strategic add-on acquisitions within each of its business units.



SEK **6**<sup>bn</sup>  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**97%**  
total exposure

Piab develops, produces and distributes gripping and moving solutions for end-users and machine manufacturers to improve energy efficiency, productivity and work environment.

Organic sales  
growth,  
constant currency

**-4%**

Reported  
EBITA growth

**5%**

### Important events 2020

- Organic sales growth amounted to -4 percent in constant currency, negatively impacted by covid-19. APAC grew while Europe and Americas declined. All divisions reported sales declines.
- The reported EBITA margin declined to 23.5 percent. Adjusting for acquisition-related costs both during 2020 and 2019, the EBITA margin was 23.8 percent and 27.6 percent respectively. Good cost control mitigated the negative impact from the organic sales decline.
- Piab launched several new products aimed at a variety of industries, primarily within the Vacuum Conveying and Vacuum Automation divisions.

### Important sustainability areas and related risks

- The most material aspects are climate, resource efficiency, diversity, inclusion, trade compliance and anti-corruption.
- These aspects are primarily addressed in the Code of Conduct, Sustainability Policy, Trade Compliance Policy, and the Anti-Corruption Policy.

### Sustainability priorities 2020

- Conducted a Sustainability workshop resulting in six major focus areas.
- Updated the Code of Conduct and Sustainability Policy.
- Launched four new products with improved capabilities to reduce customers' energy consumption.
- Launched a project to substitute a metal housing to a bio-composite housing.
- Implemented tools for digital sales and marketing in order to reduce CO<sub>2e</sub> emissions from travel.

| Key figures, SEK m  | 2020  | 2019  |
|---------------------|-------|-------|
| Net sales           | 1,526 | 1,267 |
| EBITDA              | 420   | 379   |
| EBITDA, %           | 27.5  | 29.9  |
| EBITA               | 359   | 341   |
| EBITA, %            | 23.5  | 26.9  |
| Operating cash flow | 364   | 325   |
| Net debt            | 1,574 | 987   |

| Key sustainability performance indicators                  | 2020  | 2019                |
|--|-------|---------------------|
| Number of employees  | 625   | 515                 |
| Gender balance in Management Group, share of women %       | 30    | 31                  |
| CO <sub>2e</sub> emissions, tonnes (scope 1 and 2)         | 1,535 | 1,713 <sup>1)</sup> |
| Employees signed off on Code of Conduct, %                 | 100   | 83                  |
| Employee engagement index (scale 1-100)                    | 83    | 84                  |
| R&D intensity (R&D/sales), %                               | 4.6   | 4.9                 |
| Energy efficiency (piSMART pumps sold/total pumps sold), % | 21    | 18                  |

[www.piab.com](http://www.piab.com)

Chair: Ronnie Leten

CEO: Clas Gunneberg

Board members from Patricia Industries: Thomas Kidane

### OUR VIEW

- Piab has significant organic growth potential driven by the global automation trend within manufacturing and logistics, which has been further accelerated by covid-19. The company continues to take a long term view in supporting investments in product development and geographic expansion to drive sustainable growth.
- There is also an opportunity to further strengthen the company and accelerate growth through complementary add-on acquisitions, that can leverage the company's strong channels and products, as well as expansion into adjacent segments.



SEK **5**<sup>bn</sup>  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**98%**  
total exposure

Advanced Instruments is a global provider of osmolality testing instrumentation and consumables for the clinical, biopharmaceutical and food & beverage markets.

Organic sales  
growth,  
constant currency

**9%**

Reported  
EBITA growth

**19%**

### Important events 2020

- Patricia Industries completed the acquisition of Advanced Instruments, its 9<sup>th</sup> subsidiary, during the fourth quarter 2020.
- Organic sales growth amounted to 9 percent in constant currency, driven by good growth in both consumables and services as well as instruments.
- The EBITA margin improved, driven by operating leverage and reduced travel and marketing expenses, partly offset by investments in the commercial organization.
- In order to prepare Advanced Instruments for future growth, investments will be made to further expand the global commercial organization and accelerate key product development projects.

### Important sustainability areas and related risks

- Material aspects include health and safety, business ethics, responsible supply chain, customer satisfaction, regulatory compliance and environment.
- The principles are primarily addressed in the Code of Conduct and the Quality Management System.

### Sustainability priorities 2020

- Implemented a range of new recycling programs to reduce the environmental impact of operations.
- Ongoing work to deliver on the target to reduce the energy consumption and carbon emissions from operations with an ongoing LED lighting project.
- Conducted employee training on health and safety. The focus of the current year training was covid-19 to ensure the health and safety of employees.
- Implementing cellular manufacturing which has positive implications for environmental performance such as eliminating overproduction, reducing material waste, shifting to right-sized equipment and optimizing production floor space.

| Key figures, USD m  | 2020 | 2019 |
|---------------------|------|------|
| Net sales           | 77   | 70   |
| EBITDA              | 37   | 30   |
| EBITDA, %           | 47.7 | 43.3 |
| EBITA               | 35   | 30   |
| EBITA, %            | 46.0 | 42.2 |
| Operating cash flow | 34   | 31   |
| Net debt            | 152  | 124  |

| Key sustainability performance indicators                          | 2020 | 2019 |
|--|------|------|
| Number of employees  | 130  | 115  |
| Gender balance in Management Group, share of women %               | 30   | 30   |
| CO <sub>2e</sub> emissions, tonnes (scope 1 and 2)                 | 680  | 852  |
| Reduced CO <sub>2e</sub> emissions through virtual service, tonnes | 7.26 | 0.22 |
| Number of employees trained on Code of Conduct                     | 92   | n/a  |
| Number of work-related injuries                                    | 1    | 3    |

[www.aicompanies.com](http://www.aicompanies.com)

Chair: David Perez

CEO: Byron Selman

Board members from Patricia Industries: Noah Walley, Yuriy Prilutskiy

### OUR VIEW

- With a strong brand reputation and deep customer relationships, it is recognized as the global authority on osmolality testing, and its products are the standard within each of its core markets.
- The key near-term focus will be on adding to the company's human capital, expanding its direct commercial capabilities, and accelerating investment in the company's new product pipeline.
- There are multiple organic and non-organic opportunities for long-term profitable growth due to strong and durable underlying growth rates in each of the company's core markets, as well as a diverse array of strategic acquisition targets for each of Advanced Instruments' core markets.



SEK **4**<sup>bn</sup>  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**100%**  
total exposure

Vectura develops, owns and manages properties for community service, office and hotel with a long-term commitment. Manages the whole value chain, from land acquisition to development and management.

Reported sales  
growth

**9%**

Reported  
EBITA growth

**-54%**

## Important events 2020

- Sales growth amounted to 9 percent. Revenue-based rental income from Grand Hôtel decreased compared to last year due to covid-19, but was offset by increased rental income from Community Services properties.
- The EBITA-margin was lower than last year, negatively impacted by increased depreciation due to completed projects and acquired properties during the year.
- Ongoing developments progressed according to plan and Vectura continued to strengthen its project pipeline. Several ongoing constructions of Community Services properties were completed, and new constructions were initiated.
- Construction of the building Forskaren, an office building in the life-science center in Hagastaden Stockholm, was initiated. Forskaren is expected to be completed by the end of 2023.
- Vectura acquired Bromma hospital, with significant development potential as the property and zoning plan allow for construction of elderly care and elderly housing in connection to the hospital.

## Important sustainability areas and related risks

- The most material aspects are business ethics, good working conditions, diversity and inclusion, well-being for people in and around our properties, innovation, climate and circularity.
- Principles for these areas are primarily described in the Code of Conduct, Sustainability Policy and Supplier Code of Conduct.

## Sustainability priorities 2020

- The new sustainability strategy was approved by the Board and launched externally during the year. An action plan has been developed and key activities during the year include hiring a Sustainability and Innovation Manager and implementing the new strategy. The Sustainability Policy and Code of Conduct for employees and suppliers have been updated to align with the updated strategy.
- Targets and priorities include climate neutrality in the management process in 2025 and in the construction process in 2030, more circular material flows and renewable materials, and maintaining a high level of environmental certification and climate adaptation.

| Key figures, SEK m         | 2020   | 2019  |
|----------------------------|--------|-------|
| Net sales                  | 298    | 273   |
| EBITDA                     | 184    | 173   |
| EBITDA, %                  | 61.9   | 63.3  |
| EBITA, adjusted            | 34     | 74    |
| EBITA, adjusted, %         | 11.4   | 27.2  |
| Operating cash flow        | -1,450 | -597  |
| Net debt                   | 4,302  | 2,662 |
| Market value of properties | 9,182  | 7,282 |

| Key sustainability performance indicators               | 2020 | 2019              |
|---|------|-------------------|
| Number of employees                                     | 31   | 22                |
| Gender balance in Management Group, share of women %    | 40   | 33                |
| CO <sub>2e</sub> emissions, tonnes (scope 1 and 2)      | 269  | 236 <sup>1)</sup> |
| CO <sub>2e</sub> emissions intensity, kg/m <sup>2</sup> | 3.7  | 4.1 <sup>1)</sup> |
| Energy intensity, kWh/m <sup>2</sup>                    | 124  | 143 <sup>1)</sup> |
| Employees trained on business ethics, %                 | 93   | n/a               |
| Employee satisfaction, Teamship Index (0-100)           | 83   | n/a               |

1) Restated compared to annual report 2019, due to developed calculation method.

[www.vectura.se](http://www.vectura.se)

Chair: Mats Wåppling

CEO: Joel Ambré

Board members from Patricia Industries: Ulrika af Burén

## OUR VIEW

- Vectura creates value by developing, efficiently managing and owning sustainable and innovative real estate with focus on community service and commercial buildings.
- Key priorities for Vectura is to successfully advance ongoing developments, execute on the pipeline of projects and source additional growth opportunities.



**SEK 4<sup>bn</sup>**  
estimated value  
of holding

**1%**  
of total  
adjusted assets

**95%**  
total exposure

BraunAbility is a global manufacturer of automotive mobility products engaged in the design, development and distribution of wheelchair accessible vehicles and wheelchair lifts.

Organic sales  
growth,  
constant currency

**-24%**

Reported  
EBITA growth

**-49%**

### Important events 2020

- Organic sales growth amounted to -24 percent in constant currency, driven by weakness in demand related to covid-19. On the consumer side, BraunAbility's target base was more acutely affected by covid-19 than the broader auto market. On the commercial side, lower utilization of public transportation drove reduced order volume for buses and taxis.
- The EBITA margin amounted to 5.1 percent, a decrease compared to last year, driven by the reduction in sales, while efficient cost management mitigated the profitability decline.

### Important sustainability areas and related risks

- Material aspects include product quality, customer satisfaction, innovation, regulatory compliance, occupational health and safety, sustainable supply chain, financial health and talent management.
- These principles are primarily addressed in the Code of Conduct, Supplier Code of Conduct, Employee Handbook, Quality Policy and company vision and values.

### Sustainability priorities 2020

- Launched an inclusion initiative and trained all managers in the area of inclusive leadership.
- Instituted safety protocols to avoid transmission of covid-19 in the workplace and launched an online retail shopping tool in order to safeguard the health and safety of employees and customers.
- Initiated the development of a metrology lab to advance quality measurement capabilities.
- Continued the implementation of the revised Supplier Code of Conduct and the global trade sanctions procedure.

| Key figures, USD m  | 2020 | 2019 |
|---------------------|------|------|
| Net sales           | 567  | 734  |
| EBITDA              | 44   | 70   |
| EBITDA, %           | 7.7  | 9.6  |
| EBITA               | 29   | 57   |
| EBITA, %            | 5.1  | 7.7  |
| Operating cash flow | 20   | 72   |
| Net debt            | 189  | 193  |

| Key sustainability performance indicators                             | 2020  | 2019  |
|---|-------|-------|
| Number of employees   | 1,555 | 1,700 |
| Gender balance in Management Group, share of women %                  | 20    | 18    |
| CO <sub>2e</sub> emissions, tonnes (scope 1 and 2) <sup>1)</sup>      | 4,770 | 6,112 |
| Injury Rate, TCIR <sup>1)</sup>                                       | 1.0   | 1.1   |
| Employees receiving performance development reviews, % <sup>1)</sup>  | 94    | 99    |
| Number of managers trained on inclusion <sup>1)</sup>                 | 160   | n/a   |
| Suppliers signed off on 2020 revised Code of Conduct, % <sup>1)</sup> | 13    | n/a   |

1) The sustainability indicators exclude BraunAbility's subsidiaries.

[www.braunability.com](http://www.braunability.com)

Chair: Nick Gutwein

CEO: Staci Kroon

Board members from Patricia Industries: Noah Walley

### OUR VIEW

- As the global market leader in automotive mobility products for people with disabilities, BraunAbility has significant organic growth potential as its core wheelchair accessible vehicle market is underpenetrated and benefits from sustainable demographic growth drivers.
- There are multiple opportunities to grow the business through acquisitions, product portfolio expansion, marketing investments, and entry into new geographies. In addition, there remains potential to further improve manufacturing efficiency and retail operations.
- Focus remains on executing on strategic growth initiatives, including new product development, continuous improvement on quality and safety, and complementary add-on acquisitions.



SEK **0.1**<sub>bn</sub>  
estimated value  
of holding

**<1%**  
of total  
adjusted assets

**100%**  
total exposure

The Grand Group offers accommodation, food & beverage, spa, conference and banqueting. It consists of Scandinavia's leading hotels Grand Hôtel, Lydmar Hotel and The Sparrow Hotel.

Organic sales  
growth

**-58%**

Reported  
EBITA growth

**not  
measurable**

### Important events 2020

- Organic sales declined by 58 percent, significantly negatively impacted by decreased business travelling and tourism due to covid-19.
- Grand Group focused on securing an efficient operation despite the negative effects of covid-19, with reductions in staff and costs to adapt to the current circumstances.
- During the year, Grand Hôtel initiated a number of renovation projects, including the renovation of 75 rooms.
- Patricia Industries contributed SEK 100m in funding to Grand Group to support the company in the current market situation.

### Important sustainability areas and related risks

- The most material aspects include climate and resource efficiency, protecting guests' privacy and safety, business ethics and anti-corruption, diversity and inclusion, human rights, and creating a safe and secure working environment for the employees.
- The principles are described in the core values, Code of Conduct, Environmental Policy and Human Resources manual.

### Sustainability priorities 2020

- Safe and secure environment for all staff and guests. Grand Hôtel received the GBAC Star facility accreditation for its ability to prepare for, respond to, and recover from bio risk and infectious disease situations.
- Target to reduce energy consumption by 5 percent yearly. In 2020, the energy consumption was reduced by 16 percent mainly due to covid-19, regular inspections and new, more efficient equipment.
- Reduced plastic usage and food waste through improved planning.

| Key figures, SEK m  | 2020  | 2019 |
|---------------------|-------|------|
| Net sales           | 289   | 680  |
| EBITDA              | -37   | 142  |
| EBITDA, %           | -12.7 | 20.8 |
| EBITA               | -163  | 11   |
| EBITA, %            | -56.4 | 1.7  |
| Operating cash flow | -255  | 1    |
| Net debt            | 887   | 893  |

| Key sustainability performance indicators            | 2020 | 2019              |
|--|------|-------------------|
| Number of employees                                  | 216  | 380               |
| Gender balance in Management Group, share of women % | 57   | 50                |
| CO <sub>2</sub> e emissions, tonnes (scope 1 and 2)  | 349  | 419               |
| Reduction in energy consumption vs. last year, %     | 16   | 2                 |
| Absentee rate, %                                     | 6.0  | 4.5 <sup>1)</sup> |
| Number of employees trained on anti-corruption       | 15   | 0                 |
| Customer satisfaction, NPS                           | 72   | 70                |

1) Restated compared to annual report 2019.

[www.grandhotel.se](http://www.grandhotel.se), [www.lydmar.com](http://www.lydmar.com), [www.thesparrowhotel.se](http://www.thesparrowhotel.se)

Chair: Peter Wallenberg Jr.

CEO: Pia Djupmark

Board members from Patricia Industries: Jenny Ashman Haquinus

### OUR VIEW

- The Grand Group continues to develop its concept and customer offering, and near-term priorities are flexibility to meet changes in demand, and cost-efficiency.
- Patricia Industries continues to support the company as it is significantly impacted by covid-19 pandemic-related decreases in tourism and business travel.

# Risks and Uncertainty Factors

All business activities involve risks and risk management is a continuous process. Proactive risk management is crucial for successful governance and operations. The Board frequently follows up on limits and risk exposure to ensure the ability to reach business strategies and goals.

## Risk management

The Board is responsible for ensuring efficient risk management. At Investor, risk management is an integral part of the Group's processes and is kept close to business operations. The Board has adopted policies with risk levels, mandates and limits for the parent company and its business areas, while the boards of the subsidiaries decide and follow up on policies that have been adapted to manage the risks in their respective businesses. Risk management is conducted continuously in the day to day business at Investor and in the portfolio companies.

A comprehensive risk assessment is made annually to identify and eval-

uate existing and emerging risks. This assessment encompasses all categories of risks and involves the Management Group, representatives from the whole organization as well as input from the subsidiaries. Material risks are compiled in a company-wide risk map. When needed, action plans are defined and implemented to minimize the probability and impact of identified risks.

The conclusions drawn from the risk assessments are discussed and confirmed with the Board. The CEO and Management Group continuously follow up on the implementation of action plans and report back to the Board.

The covid-19 pandemic has affected the risk management both within

Investor and in our companies. After safeguarding our employees, focus is on being close to our companies to support them in managing the effects on the businesses, focusing on customers, cash flow and liquidity. Essential risks that impact Investor fall within different risk categories and are described below.

These risks can individually, or in combination, have a major negative impact on the business. Actions to mitigate these risks are crucial and part of the everyday business at Investor.

For further description on risk management, see page 47 and 61-63.

## Risks

### Strategic risks

#### Commercial risk

Being a long-term owner, the exposure to companies and sectors vary over time depending on economic development. Market conditions and industry dynamics change, and transactions may not be feasible at a preferred time.

#### Technology shift risk

The pace of technology change and the digital transformation is rapid. Being at the forefront of R&D and adapting to new technology is a prerequisite for all portfolio companies to become or remain best-in-class.

#### Environmental and climate-related risk

Indirect risks related to environmental factors of our portfolio companies continue to grow in importance at the same time as regulatory activity and reporting requirements are increasing. This includes for example resource scarcity, climate change and biodiversity. Environmental related risks have bearing on most traditional risk types, such as reputational and market risk for our portfolio companies.

#### Political and geopolitical risk

Political and geopolitical uncertainty has implications on the portfolio companies' businesses and strategies. Increased international trade restrictions may lead to deglobalization and impact the business environment in which the portfolio companies operate.

## Risk Mitigating Actions

The Board has set investment principles and adopted a policy. The overall portfolio risk is mitigated by investments in several different industries and geographies. The business teams and the Management Group follow up continuously and report regularly to the Board on the development of the portfolio. *For further details see Engaged ownership, page 12.*

Investor's business teams constantly analyze the industries and the technology development and adapt the value creation plans. The risk is managed by continuous focus on agile and flexible business models, product development, customer needs, market analysis and cost efficiency. The value creation plans are reported to Investor's and Patricia Industries' boards. Investor's Management and Board regularly discuss and follow-up on the value creation plans. *For further details see Engaged ownership, page 12.*

The Board has adopted a Sustainability policy and has set clear expectations on the portfolio companies. Investor expects the portfolio companies to continue to mitigate negative environmental impact and transition to a low carbon economy, e.g. by developing climate strategies, committing to reduce their emissions in line with the Paris Agreement. This work is driven through the board representatives in the individual companies including following up on companies' targets and measures to reduce their environmental impact. Investor also monitors and follows up on the portfolio companies' progress through dialog and reporting. *For further details and Investor's TCFD disclosures, see page 15, 119-120.*

The Board and Management Group monitor and work proactively to assess political and geopolitical risks and how they affect the portfolio companies' businesses. When possible, Investor representatives participate in various relevant forums to present our case to promote transparency, a level playing field and free trade.

## Uncertainty factors

Commercial and financial risks are the most significant risks and uncertainty factors affecting the Group. During 2020, the global economy, financial markets and societies have been significantly impacted by covid-19. For Investor, the impact has been uneven, with some portfolio companies being severely negatively affected, while others have been much more resilient.

Currently, there are positive factors, e.g. the roll-out of covid-19 vaccines, that should help the world economy stabilize and recover. However, the strength and sustainability of a recovery remain uncertain and depend on the continued development of the pandemic and measures to handle it. In addition, growing geopolitical uncertainties increase trade- and technology-related risks. Some industries also face structural challenges.

The unprecedented liquidity provided by central banks has led to ultra-low cost of capital and sharp asset inflation, creating significant medium-term risk for equity valuations, should inflation and interest rates rise faster than currently expected.

The above uncertainties may have a material adverse impact on Investor's and the portfolio companies' business operations and financial situations.

## Risks

### Financial risks

The risks of losses due to changes in market variables such as fluctuations of share prices, interest rates and currency rates, are significant for Investor. Share price risk is the largest. The risks that liquidity is unavailable to meet payment commitments or that financing cannot be obtained or only at increased cost due to changed market conditions, are other essential financial risks.

## Risk Mitigating Actions

Limits for financial risks are set in the Finance policy adopted by the Board. A measure to manage fluctuations in exchange rates and interest rates is the option to hedge by using derivative instruments. The share price risk is not hedged. Daily procedures are established to monitor, evaluate and report to the Management Group on current exposure. Also, ensuring financial preparedness by managing the liquidity ratio, allocating loan maturities over time and diversifying sources of capital are continuous risk mitigating activities. Regular reports on exposure versus set limits are provided to the Audit and Risk Committee by Treasury and Risk Control.

*For further details see note 3, Financial risks and risk management page 61-63.*

### Compliance risks

#### Business ethics risk

High ethical standards, respect for human rights and labor laws are the foundation for a strong and sustainable business. The risk of bribery and corruption or the risk of investing in companies with insufficient ethical business conduct, poor working conditions or non-compliance with labor rights all carry a reputational risk and can have a significant negative effect on both Investor, the portfolio companies and other stakeholders.

The Board has adopted a Policy framework with principles on how Investor should act as a responsible owner and company. Investor has set clear expectations on all portfolio companies to act responsibly and ethically. It is the responsibility of each portfolio company and its management to analyze and take systematic action to reduce these risks. New portfolio companies are evaluated in the investment process' due diligence. Investor follows up the subsidiaries on a range of areas within governance, ethics, risk and compliance, all selected based on risk assessment. Preventive measures include regular risk assessments, procedure development to mitigate risk, regular employee training to strengthen awareness and having whistleblowing channels implemented.

*For further details see Business Ethics and Governance, page 14, 116-117.*

#### Regulatory risk

All businesses and operations are affected by laws, regulations, agreements, sanctions and other regulatory requirements.

Non-compliance with any of the above will significantly affect the business and reputation negatively, for both Investor and the portfolio companies.

Compliance with laws and regulations is a basic principle in the Policy framework adopted by the Board. Preventive measures taken are among other internal controls implemented in procedures as well as control functions following-up on compliance. The regulatory environment is continuously monitored in order to prepare for changes that may impact the business.

### Operational risks

#### Cyber and information security risk

Cyber and information security risk is an increasingly material risk that continuously evolves. Security incidents, cyber-attacks, hacking or data leakage may have a direct impact on the operations of Investor and the portfolio companies.

The Board has adopted an Information security policy. The Management Group has implemented procedures and continuity plans to identify, protect, detect, recover and respond to incidents. Investor assesses regularly its risk profile and invests continuously to protect its systems and improve recovery plans. To increase awareness in the organization, employees are trained. Status and actions are regularly reported to and discussed within the Audit and Risk committee.

#### Key personnel/succession risk

The ability to attract and retain the right competence is a very important prerequisite for Investor's long-term success. Our network is key to finding the best board and management candidates for our companies as well as for recruitment to Investor.

The Board and the boards in the portfolio companies continuously identify required key skills, to support the companies' long-term ambitions and needs, and reach out to individuals with relevant industrial, functional and geographical knowledge to broaden the network. The ability to attract, retain and develop individuals within Investor is supported by several measures including e.g. a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation, and a focus on development opportunities through the performance reviews.

*For further details see People at the Center, page 16.*



An aerial photograph of a dense, lush green forest. A dirt road or path winds through the trees, visible in the lower right quadrant. The text is centered over the image.

**We strive to be a leader in  
sustainable business practices**

# Sustainability Notes

## Sustainability reporting

Investor's Sustainability Report 2020 is integrated in the Annual Report and covers the calendar year 2020. The content is mainly found on pages 6-9, 14-17 and in this supplement on pages 116-122.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, Core option, as well as the disclosure requirements set out in the Swedish Annual Accounts Act. The wholly-owned subsidiaries have sustainability sections on pages 26-34. The listed companies and a number of the companies within Patricia Industries also publish their own sustainability reports. The sustainability report has been reviewed by a third party, PwC, to ensure the accuracy and completeness of the reporting.

Our sustainability work is also disclosed on our website where our Sustainability Policy, Code of Conduct, guiding principle on tax, TCFD report and whistleblowing procedures are available. A mapping of Investor's existing sustainability reporting with references to SASB metrics is also available on our webpage. Investor reports its Communication of Progress to the UN Global Compact and climate data to CDP.

## Stakeholder engagement

Investor continuously monitors its most significant economic, environmental and social impacts to ensure that Investor addresses the most important issues to its stakeholders. Key stakeholder groups have been identified based on their interest and potential impact from and on Investor's operations.

Investor's most significant sustainability topics have been identified and prioritized via ongoing engagements, dialogs, group meetings, and interviews with stakeholders through different channels and methods. Most of them are integrated in our regular work through for example ongoing dialog with investors, analysts, employees, suppliers and partners.

| Stakeholders  | Methods of engagement  | Key topics   |
|---|--|--|
| Employees incl. existing and potential  | <ul style="list-style-type: none"> <li>Regular communication and meetings</li> <li>Annual and semi-annual performance reviews</li> <li>Employee surveys</li> <li>Interviews and workshops</li> <li>External surveys concerning employer brand and student perception</li> <li>Internship programs</li> </ul> | <ul style="list-style-type: none"> <li>Business ethics and governance</li> <li>Diversity and inclusion</li> <li>Employee development</li> <li>Work-life balance</li> <li>Climate</li> </ul>  |
| Investors and Analysts  | <ul style="list-style-type: none"> <li>Annual Report and Interim Reports</li> <li>Webcasts, website and press releases</li> <li>Sustainability assessment/surveys</li> <li>Capital Market Days</li> <li>Investor and analysts meetings and roadshows</li> <li>Annual General Meetings</li> </ul>             | <ul style="list-style-type: none"> <li>Business ethics and governance</li> <li>Economic performance</li> <li>Climate</li> <li>Diversity</li> <li>Integrate sustainability in business model</li> </ul>   |
| Portfolio Companies   | <ul style="list-style-type: none"> <li>Regular communication and meetings</li> <li>Active representation in boards</li> <li>Investor Sustainability Network</li> <li>Annual assessment and follow-up</li> </ul>  | <ul style="list-style-type: none"> <li>Business ethics and governance</li> <li>Climate and resource efficiency</li> <li>Diversity and inclusion</li> </ul>   |
| Society incl. authorities, universities, experts, business partners, NGOs and media | <ul style="list-style-type: none"> <li>Annual Reports</li> <li>Meetings with scientists and experts</li> <li>Community engagement and dialog</li> <li>Memberships and partnerships</li> </ul>  | <ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Transparency and reporting</li> <li>Integrate sustainability in business model</li> <li>Business ethics and governance</li> <li>Environment and climate</li> <li>Diversity and inclusion</li> </ul> |

The table shows the key stakeholder groups, methods we use to engage with them and the key sustainability topics raised.

## Materiality assessment

The first materiality analysis was performed in 2016 and in 2019 we conducted an updated stakeholder dialog to reaffirm the results and prioritize the most material topics going forward. The stakeholders raised the importance of Investor encouraging the portfolio companies to create sustainable business models and work in a sustainable way. All of our stakeholders stress the importance of active governance of sustainability issues both as a company and as an owner in order to ensure Investor's long-term attractiveness as an investment. The results from different stakeholders showed great similarities when it comes to what was most valued. Topics that have been raised by our key stakeholders are governance, business ethics, anti-corruption, climate and diversity. All stakeholders considered these topics to be very important.

| Material topic                | Boundary and impact  |
|-------------------------------|--|
| Business Ethics & Governance  | Impact within and outside the organization. Ethical business conduct is the foundation for our and our portfolio companies' long-term success. The information regarding the material topic covers Investor AB and aggregated data for our portfolio companies.  |
| Diversity & Inclusion         | Impact within and outside the organization. Investor views both diversity and inclusion as business imperatives and believes the value that is created benefits society at large. The information regarding the material topic covers Investor AB and aggregated data for our portfolio companies.                       |
| Climate & Resource Efficiency | Impact mainly outside the organization. Small direct impact from Investor AB and main impact is indirect through the operations of our portfolio companies. Investors includes climate data relating to our scope 1, 2 and 3 emissions. Our scope 3 emissions includes our portfolio companies' scope 1 and 2 emissions. |

## Policy and strategic documents

The Sustainability Policy sets the framework for Investor's sustainability approach and work. The Board of Directors has decided on a long-term sustainability approach covering both Investor and our portfolio companies. The Management Group decides on the development and execution of the sustainability approach and within the Management Group, the Head of Corporate Communication & Sustainability is responsible for coordinating and driving the overall sustainability work. Investor has monitoring and mitigating activities to ensure that the policies are adhered to. All policies and procedures are reviewed and approved annually.

| Areas   | Policy and strategic documents  |
|---|---|
| Compliance with laws and business ethics<br>Fair competition<br>Human Rights<br>International standards | <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Sustainability Policy (incl. Investor Sustainability Guidelines)</li> <li>Governance, Risk and Compliance Policy</li> <li>Work Environment Procedures</li> <li>Risk Management Procedures</li> <li>Diversity and Inclusion Plan</li> <li>Employee Handbook</li> <li>Tax Policy</li> </ul> |
| Bribery and corruption<br>Conflict of interest<br>Political donations                                   | <ul style="list-style-type: none"> <li>Code of Conduct (incl. Anti-bribery and Anti-corruption Policy)</li> <li>Gift and Benefit Procedures</li> <li>Risk Management Procedures</li> <li>Inside Information Policy</li> <li>Employee Handbook</li> </ul>  |
| Diversity and non-discrimination  | <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Sustainability Policy (incl. Investor Sustainability Guidelines)</li> <li>Diversity and Inclusion Plan</li> <li>Employee Handbook</li> <li>Work Environment Procedures</li> </ul>   |
| Working conditions and employee development   | <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Sustainability Policy (incl. Investor Sustainability Guidelines)</li> <li>Employee Handbook</li> <li>Work Environment Procedures</li> </ul>   |
| Environment and climate   | <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Sustainability Policy (incl. Investor Sustainability Guidelines)</li> <li>Employee Handbook (incl. Travel Policy)</li> </ul>  |

## Memberships and partnerships

Investor is a member of the UN Global Compact and supports the ILO conventions, Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Investor is also a member in Sida's Swedish Investors for Sustainable Development with the aim of developing more efficient performance indicators and processes to measure development of the UN Sustainable Development Goals.

Investor aims to continuously generate sustainable, economic value and simultaneously have a positive impact on society and the environment, thus creating shared value. In 2020, our total paid dividend amounted to SEK 6.9bn, whereof approx. SEK 1.6bn, was distributed to our lead owners, the Wallenberg foundations, whose purpose is to grant funding to scientific research in Sweden. Investor strives to be a good corporate citizen and also supports organizations such as IVA, SNS, Chambers of Commerce, Business Challenge and Young Enterprise Sweden. The areas we prioritize are youth, education and entrepreneurship. In order to support the overall community during the pandemic, Investor engaged in Sommarspåret, a program which enabled teenagers to gain work-experience over summer despite a difficult labor market. Sommarspåret was a part of the Skills Shift Initiative and within this initiative, Investor also contributed to furloughed hotel staff reskilling into supporting elderly care staff. Investor also contributed to Omstarts-kommissionen, ten proposals for increasing Sweden's competitiveness on the back of the pandemic. Investor formed a Sustainability Network in 2017 where Heads of Sustainability in our portfolio companies normally meet three to four times per year to discuss different challenges and opportunities. In 2020, the Investor Sustainability Network met virtually three times.

## Business Ethics & Governance

### Governance and approach

Acting responsibly and ethically is crucial for Investor to maintain a high level of credibility. The risk for unethical behavior within Investor's organization or in our portfolio companies could have a significant negative effect on both Investor, the portfolio companies and other stakeholders. Unethical behavior could also affect the future development of the business.

Investor's Board of Directors has decided on a policy framework that sets the principles for how Investor should act as a responsible owner and company. These topics are addressed in our Code of Conduct and other documents such as our policies for sustainability, anti-corruption and whistleblowing. Our Code of Conduct guides all employees in their day to day work based on our values as well as policies. The Code of Conduct applies to all employees, Boards of Director and company representatives. All employees are expected to comply with our policies and confirm their adherence by signing Investor's Code of Conduct yearly.

Investor has zero tolerance for corruption and bribery. We also have internal procedures approved by the Management Group, aimed at providing guidance to evaluate what is appropriate and not appropriate in professional relations regarding, among other things, gifts and benefits. Gifts and benefits given and received shall always be characterized by openness and moderation. In doubtful situations, the immediate manager shall always be informed and consulted. Investor's Legal department is also available for guidance. We hold regular trainings and all policies and procedures are available on Investor's intranet. In 2020, Investor also organized a training on anti-bribery and anti-corruption with The Secretary General of The Swedish Anti-Corruption Institute as a guest speaker.

We strive to maintain a transparent business climate and high business ethics and we value the safety and respect of everyone affected by our business. Through our external whistleblower system, both employees and other external parties can report suspected violations of law or business ethics. Investor's employees are an important source of insight for revealing possible misconduct that needs to be addressed.

The whistleblowing procedure is prepared and managed by Compliance and approved by Investor's Management Group. The purpose of the whistleblowing channel is to encourage employees and other stakeholders to blow the whistle on suspected misconduct without any risk of retaliation, as well as to ensure an appropriate investigation process. Reports are handled confidentially by representatives at Investor's Legal department. Access to messages received through the channel is restricted. Representatives from the Legal department decide if and how a whistleblowing report should be escalated. A summary of received reports is presented to the Board of Directors on an annual basis. In 2020, Investor received six reports through the whistleblowing channel, all were related to situations in our portfolio companies. All reports have been processed and managed.

### Process covering governance, risk and compliance

To continuously develop and enhance ethical business conduct, risk management and compliance within the portfolio companies, Investor focuses on

strengthening the governance structures in relation to these areas. Investor has a structured process for this work that covers a range of areas within governance, ethics, risk and compliance. The areas are selected based on risk assessment and include, among other areas, ethical business conduct, trade compliance, anti-corruption, anti-bribery and whistleblowing. Investor's subsidiaries are reviewed in relation to the areas covered by the program, with focus on the governing structures.

In addition to the overall review a focus area is selected every year. In 2020 the focus area has been the companies' efforts to prevent bribery and corruption. Representatives from all subsidiaries have participated an awareness training followed by a review of the subsidiaries' processes. Dialogs have also been held with all listed companies about their efforts to prevent corruption and bribery. Preventive activities such as risk assessment, policies, internal control and third party controls in relation to bribery and corruption have been covered in the review and dialogs.

Based on the reviews and dialogs it is concluded that all companies have set a zero tolerance principle against corruption and bribery and have processes for implementation established. The companies are continuously developing their processes. Risk assessment and Board reporting are examples on areas that in some companies have been identified for further enhancement.

#### Focus areas 2018-2020

- Corruption and bribery
- Board reporting
- Trade compliance
- Sustainability
- Supplier control
- Data privacy

### Targets and outcomes

In 2020, all employees at Investor AB participated in training covering principles in the policy framework. Investor's internal instructions are monitored continuously and updated at least annually. Material incidents are reported to the Management Group and the Board. All employees sign the Code of Conduct which also includes the anti-bribery and anti-corruption policy. The risk for bribery and corruption is evaluated continuously and also assessed on an annual basis as part of Investor's risk assessment process. There have been no reported incidents at Investor relating to bribery and corruption during 2020.

Investor has a procurement process that defines ownership and responsibilities when evaluating suppliers and products. Among other things suppliers and products should be evaluated in relation to quality, price, information security, business ethics, climate and human rights. Suppliers are followed-up with regularly, mostly through dialogs and assessments. Each subsidiary sets its own procedures for evaluation and audits of its suppliers. As an industrial holding company, our supply chain is neither extensive nor complex. The primary suppliers are office, software and hardware providers, consultancies and travel agents. Our own analysis shows limited sustainability related risks in our supply chain. Suppliers are primarily active in Nordic countries and there have been no major changes of suppliers during 2020.

Our portfolio companies are expected to adhere to Investor's Sustainability Guidelines (see page 14). The guidelines define the expectations applicable to all portfolio companies to conduct their operations in a responsible and ethical manner. They require, among other things, that our portfolio companies have adequate policies, processes and resources to manage and monitor business ethics, and that they have secure whistleblowing systems in place.

A key priority for Investor is to ensure full compliance of the requirements in the Sustainability Guidelines. Investor continuously monitors the portfolio companies' development and progress. Both through reviews, dialogs and the annual sustainability self-assessment questionnaire.

| Portfolio companies                              | 2020 | 2019 | 2018 |
|--|------|------|------|
| Companies that have signed the UN Global Compact | 96%  | 95%  | 83%  |
| Companies that have a whistleblowing channel     | 100% | 100% | 100% |
| Companies that have an anti-corruption policy    | 100% | 100% | 100% |
| Companies that have a Code of Conduct            | 100% | 100% | 100% |
| Companies that have a human rights policy        | 100% | 95%  | -    |
| Companies that have a health and safety policy   | 100% | 100% | -    |

In 2020, the number of major portfolio companies increased by two, from 22 to 24 compared to 2019. Patricia Industries acquired Advanced Instruments and Listed Companies added Electrolux Professional, a spin-off from Electrolux. The new portfolio company Advanced Instruments was acquired in the fourth quarter 2020 and is therefore not included in the sustainability key performance indicators for 2020. All 24 portfolio companies will be included in the sustainability key performance indicators for 2021.

The business teams within Investor develop value creation plans for each portfolio company which include business ethics and sustainability. Progress within the portfolio companies regarding business ethics and the sustainability guidelines are monitored regularly and if a serious sustainability related issue occurs in one of our companies, Investor's business team is responsible for raising the matter and for monitoring the steps the company takes to address the issue.

## Diversity & Inclusion

### Governance and approach

Investor strongly believes that diverse teams characterized by inclusion and different perspectives stimulate innovation and drive better decision-making. Investor strives for diversity across all dimensions: nationality, age, gender, education as well as differences in mindsets and experiences.

Investor aims to provide a best-in-class working environment for our employees. Investor mirrors the collective bargaining agreement for the banking community and offer our employees the same or better benefits. All employees shall be treated equally, fairly and with respect regardless of age, gender, national origin, disability, religion, sexual orientation or union membership, among others. Investor has zero-tolerance against any kind of harassment or discrimination.

To ensure equal opportunities in the work environment, Investor's management has established a Diversity and Inclusion Plan regarding equality initiatives for Investor's employees. The plan includes five steps: investigate, analyze, take action, follow up and evaluate. This applies to the areas equal work environment, work and parenthood, training and competence development, recruitment, equal wages, and work against harassment, sexual harassment and reprisals. Regarding compensation, we want to offer fair and market-based compensation. When it comes to equal pay, we conduct an annual salary evaluation to ensure that we provide equal compensation between men and women.

A Diversity and Inclusion group has been formed that actively collaborates on initiatives to further strengthen diversity and inclusion within Investor. We are convinced that making use of the total available talent base builds stronger and more dynamic teams and we strive to expand our recruitment base. When recruiting, our ambition is to have a diverse slate of candidates and diverse interview panels. Investor organizes regular training for employees. In 2020, Investor arranged training for employees in the strengths and challenges of a diverse team from a research perspective and the importance of inclusiveness. Inclusive organizations maximize the power of all differences and realize the full potential of all of their employees. We measure perceived inclusion among our employees and how our employees feel about their individual ability to make an impact yearly.

### Targets and outcomes

Investor has the target to maintain a gender balance of 40/60 in Investor's Group Management, meaning at least 40 percent of the underrepresented gender. In 2020, the proportion of women in Investor AB's Management Group was 60 percent and 50 percent in the overall organization. In the end of 2020, the number of employees was 94 (headcount). Investor is well diversified in terms of age, gender and expertise. The average age among employees is 42 years.

| Gender, women                    | 2020 | 2019 | 2018 |
|----------------------------------|------|------|------|
| Employees <sup>1)</sup>          | 50%  | 48%  | 50%  |
| Managers                         | 39%  | 32%  | 35%  |
| Extended Management Group        | 50%  | 50%  | 50%  |
| Management Group                 | 60%  | 60%  | 60%  |
| Board of Directors <sup>2)</sup> | 44%  | 44%  | 40%  |

| Age group 2020                   | <30 years | 30-50 years | >50 years |
|----------------------------------|-----------|-------------|-----------|
| Employees <sup>1)</sup>          | 17        | 48          | 29        |
| Extended Management Group        | 0         | 3           | 5         |
| Board of Directors <sup>2)</sup> | 0         | 0           | 9         |

1) Includes all employees (head count), including the members of the Management Group.

2) Board of Directors excluding the CEO.

Investor conducts employee engagement surveys on a regular basis. The survey in 2020 came out with strong results versus the external benchmark. The engagement score was top 5 percent of a global finance benchmark. Our strongest scores are linked to values, well-being and strategy. Investor measure perceived level of inclusion among our employees as well as their ability as individuals to make an impact and contribute to the overall strategy.

In 2020, employees reported a high level of inclusion compared to external benchmark, scoring 8.9 (scale 1-10). On belonging and on feeling valued, the equivalent scores were 9.0 and 8.8 respectively. Areas to work on are career development and to further enhance an inclusive culture, Investor will also set a target for perceived level of inclusion.

| Employee survey                                      | 2020 |
|--|------|
| Employee Inclusion score (scale 1-10)                | 8.9  |
| Employee Engagement score (scale 1-10)               | 9.0  |
| Employee Net Promoter Score (eNPS scale -100 to 100) | 80   |

|   | 2020  |     | 2019  |     |
|---|-------|-----|-------|-----|
|   | Women | Men | Women | Men |
| <b>Employee turnover</b>                            |       |     |       |     |
| Number of new employee hires                        | 7     | 3   | 5     | 4   |
| Rate of new employee hires                          | 7%    | 3%  | 6%    | 4%  |
| Number of employee turnover                         | 4     | 3   | 9     | 5   |
| Rate of employee turnover <sup>1)</sup>             | 9%    | 7%  | 20%   | 11% |
| <b>Employment contract</b>                          |       |     |       |     |
| Number of permanent employees                       | 45    | 44  | 43    | 44  |
| Number of temporary employees <sup>2)</sup>         | 2     | 3   | 0     | 2   |
| <b>Employment type</b>                              |       |     |       |     |
| Number of full-time employees                       | 43    | 44  | 42    | 44  |
| Number of part-time employees                       | 4     | 3   | 1     | 2   |
| <b>Parental leave</b>                               |       |     |       |     |
| Average time on parental leave, weeks <sup>3)</sup> | 16    | 9   | 48    | 10  |

1) The turnover is calculated on the average number of employees during the year. The total turnover was 8 percent and includes retirement, moves to subsidiaries and normal attrition. With a relatively low total headcount number, the turnover tends to vary year over year.

2) The five temporary employees are located at the Stockholm office.

3) Data for the Stockholm office. Investor aims for a more equal balance in the take out of parental leave between the genders.

In our portfolio companies, with nearly 500,000 co-workers worldwide, it is crucial that they work with diversity and inclusion to ensure long-term successful companies. To actively promote diversity in all dimensions and encourage all our companies to do so, Investor has set diversity and inclusion targets for our portfolio. The first target is to ensure that all portfolio companies measure the perceived level of inclusion among employees on a regular basis. The second target is to reach a gender balance of 40/60 in the portfolio companies' board of directors and executive management teams from an overall portfolio perspective 2030.

Our portfolio companies report progress yearly. In 2020, all companies reported that they have policies covering diversity and anti-discrimination and 83 percent of our companies have a commitment or target related to diversity, mainly focused on gender. 87 percent of our companies measured the perceived level of inclusion among their employees. The average proportion of women in the companies' management groups amounts to 25 percent. The average age is 51 and there are 23 nationalities represented. The five most common nationalities are Swedish, American, Danish, German and British. Among the Swedish portfolio companies, the management groups have on average 33 percent Non-Swedish members.

| Portfolio Management Groups, women | 2020         | 2019         | 2018         |
|------------------------------------|--------------|--------------|--------------|
| Listed Companies                   | 22.3%        | 21.4%        | 21.0%        |
| Patricia Industries                | 30.2%        | 28.2%        | 30.3%        |
| EQT AB                             | 14.3%        | 16.7%        | 9.1%         |
| <b>Average share of women</b>      | <b>25.0%</b> | <b>24.0%</b> | <b>24.5%</b> |

| Portfolio Management Groups, nationalities     | 2020      | 2019      | 2018      |
|--|-----------|-----------|-----------|
| Listed Companies                               | 23        | 21        | 21        |
| Patricia Industries                            | 11        | 13        | 10        |
| EQT AB   | 3         | 3         | 5         |
| <b>Total number of different nationalities</b> | <b>23</b> | <b>21</b> | <b>21</b> |

Participating in nomination committees, in order to compose the best possible board for each company, is one of Investor's most important tasks as an owner. Investor is represented in nine nomination committees in the Swedish listed companies. In six of these, Investor has female representation.

The average proportion of women in the companies' boards of directors amounts to 30 percent. The average age is 57 and there are 14 nationalities represented. The most common nationalities are Swedish, American, British, Canadian and Belgian. Among the Swedish portfolio companies, the boards of directors have on average 30 percent Non-Swedish members.

| Portfolio Board of Directors, women | 2020         | 2019         | 2018         |
|-------------------------------------|--------------|--------------|--------------|
| Listed Companies                    | 36.5%        | 34.6%        | 35.0%        |
| Patricia Industries                 | 19.8%        | 12.9%        | 13.1%        |
| EQT AB                              | 37.5%        | 16.7%        | 16.7%        |
| <b>Average share of women</b>       | <b>30.0%</b> | <b>24.9%</b> | <b>24.7%</b> |

| Portfolio Board of Directors, nationalities    | 2020      | 2019      | 2018      |
|--|-----------|-----------|-----------|
| Listed Companies                               | 14        | 15        | 15        |
| Patricia Industries                            | 7         | 8         | 8         |
| EQT AB   | 4         | 2         | 2         |
| <b>Total number of different nationalities</b> | <b>14</b> | <b>15</b> | <b>15</b> |

The process to collect diversity data has been improved to ensure high quality data. In the reported diversity data, executive directors are excluded from the Board of Directors (e.g. CEO) to prevent double counting as they are included in the Management Groups.

## Governance

As a long-term owner, we both need to take into account risks and take advantage of opportunities resulting from climate change. Our aim is to contribute to the transition to a society with net-zero greenhouse gas emissions. Investor is committed to the Paris Agreement and has set long term targets for Investor as a company and for Investor's portfolio of companies.

The Board of Directors decides on the Sustainability Policy, Governance, Risk and Compliance Policy and Finance Policy, all of which set the principles for how Investor should act. The policies are reviewed and approved on an annual basis. The Board of Directors is responsible for Investor's overall strategy, including the approach to integrate sustainability aspects as part of our value creation. The CEO is a member of the Board of Directors and has overall responsibility for Investor's business strategy including climate-related issues.

Risk assessment are conducted continuously in the day to day business at Investor. A comprehensive risk assessment is made annually to identify and evaluate existing and emerging risks to mitigate. This assessment encompasses all categories of risks and involves the Management Group, representatives from the whole organization, the control functions as well as input from the subsidiaries. Material risks are compiled in a company-wide risk map. When needed, action plans are defined and implemented to minimize the probability and impact of identified risks. The conclusions drawn from the risk assessments are discussed and confirmed with the Board. The CEO and Management Group continuously follow up on the implementation of action plans and report back to the Board.

The Management Group decides on the development and execution of the sustainability approach and within the Management Group the Head of Corporate Communication & Sustainability is responsible for coordinating and driving the overall sustainability work. The managerial responsibility for responsible investments lies within the investment organization. The Heads of Listed Companies and Patricia Industries are responsible for integrating sustainability into the investment and ownership strategies, including risk assessment, due diligence, continuous monitoring and follow-up. Investor's board representative together with the business teams engage with the companies at least yearly regarding sustainability.

Each business area is responsible for driving the implementation of our sustainability strategy and assessing potential risks and opportunities related to climate change. Investor also has a dedicated sustainability team that together with the business teams drive specific sustainability related projects and climate-related topics. All employees within Investor have a responsibility to work in line with the overall sustainability strategy. Investor conducts sustainability training for employees regularly and at least yearly. During the year, Investor has performed a number of activities to increase its knowledge and expertise in climate issues. Investor held several presentations and trainings for employees regarding sustainability and our focus areas during the year. There were two training sessions more connected to climate change with external speakers, one was Professor Johan Rockström from Potsdam Institute with a specific focus on the science of climate change and the other one was Klas Eklund, senior economist at Mannheimer Swartling, who focused on the economics of climate change.

## Strategy and risk management

Investor AB's investment strategy is based on the conviction that sustainability strategies are fundamental for the long-term growth of our net asset value. Given Investor's long-term investment horizon it is crucial to take climate aspects into account in investment decisions. Climate risks and opportunities exist both in the short- and long-term perspective. In the shorter term, the transition to a low carbon society also means investment opportunities, e.g. companies with products and services that contribute to the transition to a low-carbon economy. Concurrently, there is a risk that our portfolio companies do not transform quickly enough to meet the demands for lower carbon emission solutions, impacting the long-term value of Investor's portfolio. Many of our portfolio companies are sustainability leaders, such as Electrolux, ABB and Husqvarna. These companies have over many years developed products demanded by customers who require low carbon solutions.

Investment in research and development is important to secure the long-term competitiveness of our portfolio companies. Since Investor's ownership strategy is to engage in company that are leaders in their industries, we continuously focus on their performance, their technology position and research and development strategy to develop new innovative products. The future success of our companies depends on their capacity to drive change and to invest for the long-term in new solutions that are more resource efficient and

that meet the needs of their customers. We monitor the companies' investments in research and development (R&D). In 2020, R&D expenses in our companies totaled SEK 122bn.

At Investor, climate-related issues are monitored continuously and once a year a more comprehensive analysis is conducted on all portfolio companies. As an owner we assess our portfolio's overall exposure to climate-related risks and opportunities. All 24 portfolio companies report their yearly sustainability performance to Investor. The collection of information is both through a sustainability system and through follow-up dialogues/meetings with each company. Climate calculations and analyses are performed for Investor's portfolio companies in order to identify companies' fossil fuel dependency and negative trends for carbon emissions.

It is likely that governments and international bodies such as EU will introduce various regulatory measures, which will increase the price of GHG emissions. Companies would likely also be indirectly impacted by a rise in energy costs, for example in the purchase of energy-intensive materials. Most of our holdings have a comparably low carbon impact in relation to their respective industries and due to the spread of sectors (telecommunications, manufacturing, pharmaceuticals, banking) and geographical presence, it is unlikely that all of Investor's portfolio companies would be affected by increased price of GHG emissions at the same time.

The process of managing this risk involves fostering a commitment from our portfolio companies to continue to mitigate carbon emissions and adapt to a low carbon economy, e.g. by developing climate strategies, committing to reduce their emissions in line with the Paris Agreement. Investor develops individual value creation plans for each portfolio company and drives the climate strategy through our board representatives in the individual companies. Investor also monitors and follows our companies progress through dialogue and reporting.

The business teams and sustainability team engage with our portfolio companies on a regular basis. In 2020, Investor engaged with our 24 companies regarding sustainability. Investor follows-up with the companies each year regarding water consumption, waste and greenhouse gas emissions.

Through Investor's Sustainability Network we meet the portfolio companies' Heads of Sustainability to discuss different sustainability challenges and opportunities. Investor Sustainability Network met three times during 2020, and all three meetings focused specific on environment and climate, two related to circular economy and one regarding EU Taxonomy and Sustainable Finance.

## Targets and outcomes

Investor has committed to climate targets aligned with the Paris Agreement's aim of limiting global temperature rise to well below 2 degrees above pre-industrial levels, while trying to limit the temperature increase to 1.5 degrees. The climate targets are:

- Reduce absolute GHG emissions from Investor AB's scope 1 and 2 by 50 percent by 2030 compared with 2016.
- Reduce absolute GHG emissions from portfolio companies by 50 percent by 2030 compared to 2016 (the portfolio companies' scope 1 and 2).
- Accelerate our portfolio companies' climate strategies beyond their basic footprint, ensuring that all portfolio companies set relevant reduction targets related to their products, services or value chain (the portfolio companies' scope 3).

## Investor AB's greenhouse gas emissions

Investor AB's direct environmental impact is limited, but we take action to reduce our negative impact and carbon footprint. This includes cautious use of natural resources and energy as well as managing waste in an environmentally sound manner. Investor integrates environment and climate considerations into its business operations and risk assessments. Investor is a member and follows the UN Global Compact's ten principles, which include the precautionary principle.

The energy consumption at our head office represents more than 65 percent of Investor's total consumption. The target is to reduce consumption with three percent yearly. During the last three years Vectura, our portfolio company, from whom we rent our head office, has implemented a number of emission reduction initiatives, e.g. installed motion lighting, solar panels and charging posts for electric vehicles. At our main premises in Stockholm we use 100 percent renewable electricity.

In 2020, the total energy consumption in our offices amounted to 1,102 MWh compared to 1,291 MWh in 2019. In 2020, the scope 1 and 2 emissions for Investor AB equaled 88 tonnes, a reduction of 26 percent compared to 2016. The reduction compared to 2016 is mainly due to energy efficiency in offices and in 2020, the energy consumption in offices was also impacted by increased remote working due to covid-19 pandemic.

The emissions from scope 1 consist of company cars and the scope 2 emissions include purchased electricity and district heating for our offices in Stockholm, New York, Amsterdam and Palo Alto. To reach our target to reduce emissions by 50 percent by 2030, Investor will continue to minimize carbon emissions from our offices and company cars.

| GHG emissions, tonnes CO <sub>2</sub> e           | 2020           | 2019           | 2018           | 2017           | 2016           |
|---|----------------|----------------|----------------|----------------|----------------|
| Scope 1   | 16             | 18             | 18             | 22             | 22             |
| Scope 2 market based method                       | 72             | 86             | 90             | 87             | 96             |
| (Scope 2 location based method)                   | (91)           | (98)           | (103)          | (101)          | (112)          |
| <b>Investor's scope 1 and 2<sup>1)</sup></b>      | <b>88</b>      | <b>103</b>     | <b>108</b>     | <b>109</b>     | <b>118</b>     |
| Scope 3 emissions, tonnes CO <sub>2</sub> e       | 2020           | 2019           | 2018           | 2017           | 2016           |
| Equity share of portfolio emissions <sup>2)</sup> | 284,500        | 329,800        | 348,900        | 354,200        | 354,500        |
| Emissions from business travel <sup>3)</sup>      | 65             | 530            | 600            | 690            | 610            |
| Other scope 3 emissions <sup>4)</sup>             | 50             | 140            | 160            | 210            | 170            |
| <b>Investor's scope 3</b>                         | <b>284,615</b> | <b>330,470</b> | <b>349,660</b> | <b>355,100</b> | <b>355,280</b> |

- 1) Total scope 1 and 2 emissions are calculated based on market based method. The figures for emissions have been restated compared to Annual Report 2019 due to availability of actual energy figures for the office in New York.
- 2) Equity share includes the emissions from our portfolio companies' scope 1 and 2 emissions equal to the owned share of the companies. The figures for emissions have been restated compared to Annual Report 2019 due to updated data from portfolio companies. Please note that the portfolio target is set on the total level.
- 3) Emissions from business travel include for example air, rail, hotel nights and taxi.
- 4) Emissions from other activities include emissions from for example purchased IT equipment.

The emissions from business travel were significantly reduced due to covid-19. Long-term we will reduce emission from business travel by increasing digital meetings solutions and reducing travel by air.

Emissions are reported in accordance with the Greenhouse Gas Protocol. Emissions are expressed in CO<sub>2</sub>e, carbon dioxide equivalents, which means all relevant greenhouse gases are included. Definitions are presented on page 124. Investor has used the Science-based Target Setting Tool and the absolute contraction approach to identify the percentage of reduction needed to be in line with the Paris Agreement.

#### Portfolio companies' greenhouse gas emissions

As an owner, we acknowledge our broader role to accelerate the transition to a sustainable low carbon economy. It is Investor's ambition to reduce the portfolio's carbon footprint by impacting companies to reduce their carbon emissions in line with the Paris Agreement. Investor aims to strengthen the portfolio's resilience and have committed to reduce absolute GHG emissions from portfolio companies by 50 percent between 2016 and 2030.

The target includes the portfolio companies' total scope 1 and 2 emissions and is set for the overall portfolio (not an equity approach). Investor has set targets on the total level in order to contribute to an actual reduction of carbon emissions. The baseline is 2016 as this is the first year we measured its companies' emissions and is aligned with the Agenda 2030. The emissions from portfolio companies' exclude Financial Investments and EQT funds.

| GHG emissions, tonnes CO <sub>2</sub> e <sup>1)</sup> | 2020             | 2019             | 2018             | 2017             | 2016             |
|---|------------------|------------------|------------------|------------------|------------------|
| Listed Companies                                      | 1,345,400        | 1,786,300        | 2,043,200        | 2,256,200        | 2,360,300        |
| Patricia Industries                                   | 136,800          | 139,000          | 132,500          | 120,200          | 121,000          |
| EQT AB <sup>2)</sup>                                  | 300              | 400              | 400              | 300              | 200              |
| <b>Portfolio companies' emissions</b>                 | <b>1,482,500</b> | <b>1,925,700</b> | <b>2,176,100</b> | <b>2,376,700</b> | <b>2,481,500</b> |

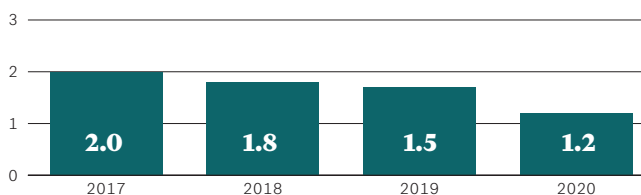
- 1) Emissions from our portfolio companies' total scope 1 and 2 emissions. The figures for emissions have been restated compared to Annual Report 2019 due to updated data from portfolio companies.
- 2) EQT AB has changed its method for calculating scope 1 and 2 emissions and Investor has estimated historical figures 2016-2018 based on number of employees (FTE).

In 2020, greenhouse gas emissions from our overall portfolio decreased by 40 percent compared to 2016. Investor works through its representation on the boards to drive the companies to set targets and strategies to develop resource efficient processes and to reduce their greenhouse gas emissions. In the yearly sustainability questionnaire Investor tracked that 78 percent of our companies had targets to reduce its scope 1 and 2 emissions (50).

By the end of 2020, 57 percent of our portfolio companies had aligned their climate strategies to the Paris Agreement and set measurable targets to decrease greenhouse gas emissions by 50 percent or more by 2030 (23). By the end of 2020, the portfolio companies that represent more than 77 percent of the total emissions from the portfolio had set reduction targets that were aligned with the Paris Agreement.

The reduction of emissions is both in absolute terms and in relation to revenues, i.e. decoupling (lower carbon impact and higher revenues and economic results). The diagram shows the emissions from the total portfolio in relations to the revenue from all the portfolio companies.

Emissions in relation to revenue, tonnes of CO<sub>2</sub>e / SEK m.



#### Portfolio companies' indirect greenhouse gas emissions

Investor has set an additional portfolio target to ensure that all of our companies have relevant reduction targets for their scope 3 emissions. The portfolio companies' scope 3 emissions are material. It is challenging to set an overall reduction target due to the complexity of the different business models and industries. Investor has therefore set this target to ensure that our companies integrate climate in their business strategies where it is most relevant to them and ensuring that emissions upstream and downstream in the value chain are taken into consideration.

In 2020, 74 percent of our companies measured scope 3 emissions and 43 percent had reduction targets related to their products, services or value chain (the portfolio companies' scope 3 emissions). This is an increase compared to 2019 when 36 percent of the companies had reduction targets for scope 3 emissions. In terms of resource efficiency, 57 percent of our companies had targets regarding resource efficiency (50).

| Portfolio companies' indirect emissions                       | 2020 | 2019 |
|---|------|------|
| Share of our companies that measured scope 3 emissions        | 74%  | 73%  |
| Share of our companies that have reduction target for scope 3 | 43%  | 36%  |
| Share of our companies that have resource efficiency targets  | 57%  | 50%  |

#### TCFD Index

Investor supports the Task Force on Climate-related Financial Disclosures (TCFD) and have implemented its recommendations to better understand the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning.

Investor will continue to develop our work around climate-related risks assessments and scenario analysis going forward. Read more about Investor's sustainability approach and progress in the separate TCFD Report or the complete CDP answers on our webpage.

| Principle           | Disclosure                   | Page/Reference       |
|---------------------|------------------------------|----------------------|
| Governance          | Board oversight              | 119, TCFD Report     |
|                     | Management approach          | 119, TCFD Report     |
| Strategy            | Actual and potential impacts | 119, TCFD Report     |
|                     | Risks and opportunities      | 119, TCFD Report     |
| Risk management     | Risk analysis and assessment | 40, 119, TCFD Report |
|                     | Risk management              | 40, 119, TCFD Report |
| Metrics and targets | Targets                      | 119-120, TCFD Report |
|                     | Outcomes                     | 120, TCFD Report     |