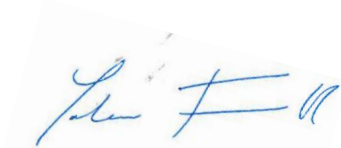


## COMMUNICATION ON PROGRESS

Stockholm 2017-04-03

Statement by the CEO

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

A handwritten signature in blue ink, appearing to read 'Johan Forssell'.

Johan Forssell  
President and Chief Executive Officer  
Investor AB

# Sustainable business

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

Investor has a long tradition of being a responsible owner, company and employer. To maintain the right to exist in the long-term, companies need to work on managing their resources and focus on continuous improvement, as productivity is key to maintain a competitive advantage in a dynamic business environment.

## Our sustainability work as company and employer

As a company, we continuously work to improve our social, environmental and economic impact. We aim to set a good example for our companies.

As an employer, we focus on providing a best-in-class working environment where respect for each individual and ethical behavior is key. This enables us to recruit and retain the best talents.

## Guidelines and policies

We are fully committed to the highest standards of corporate governance and we support the UN Global Compact and the OECD guidelines for Multinational Enterprises. It is of the highest importance that we always comply with legislations and regulations.

Investor's Board of Directors, in cooperation with the Management Group, has formulated an internal framework for how Investor should act as a responsible owner, company and employer. These topics are addressed in our Code of Conduct

and in our internal policies for Anti-Corruption, Sustainability and Whistleblowing. Investor's Code of Conduct can be found on our website, [www.investorab.com](http://www.investorab.com).

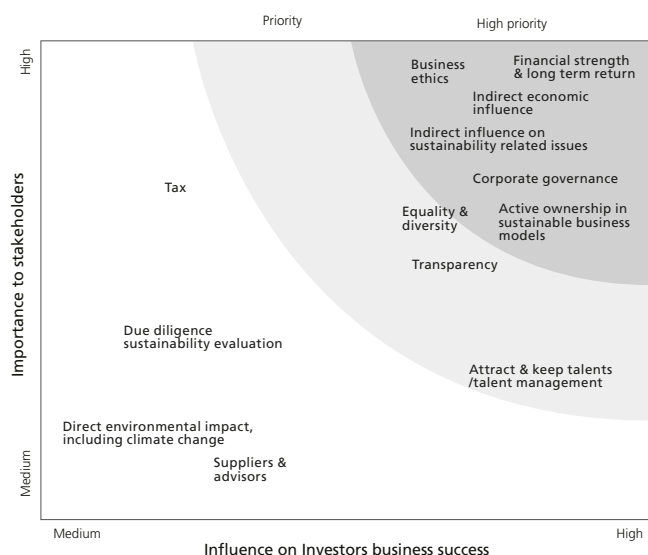
Every employee and other company representatives are expected to comply with our policies. In order to inform the organization about our internal rules, regular trainings are held and all documentation is available on Investor's intranet. Investor's internal regulations are monitored and updated when needed, at least annually.

## Materiality assessment

During the fall 2016, Investor conducted an in-depth materiality assessment. Investor's most significant sustainability issues were identified and prioritized via analyzes, ongoing dialogs and interviews with our employees and external stakeholders.

Investor's most relevant stakeholders are, among others, shareholders, portfolio companies, employees, partners, media and society as a whole, as they affect how well Investor perform from an economic, environmental and social perspective. The assessment is based on Investor's investing activities and our impact as an owner is covered in the aspects of "Active ownership in sustainable business models" and "Indirect influence on sustainability related issues".

The result from the assessment is used to further pinpoint our sustainability priorities and reporting going forward.



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

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

## Our sustainability work as an owner

During the year, Investor developed a more structured approach to sustainability as a long-term, responsible and active owner, as this is where we have the most impact. Our most important contribution is when our companies improve their competitiveness, by for example developing innovative products and services that reduce energy and water consumption, as well as improving waste management and human conditions.

We have high expectations on our companies' sustainability efforts, guided by our sustainability guidelines and the company specific focus areas.

### Investor's sustainability guidelines

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

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

### Company specific focus areas

A sustainability section has been included in each of our listed core investments' value creation plans, with an overview of the sustainability performance, our view and two to three company specific focus areas. All companies have different focus areas depending on the risks and opportunities that are relevant for their business. Examples of focus areas are continued focus on innovation, energy efficiency and diversity.

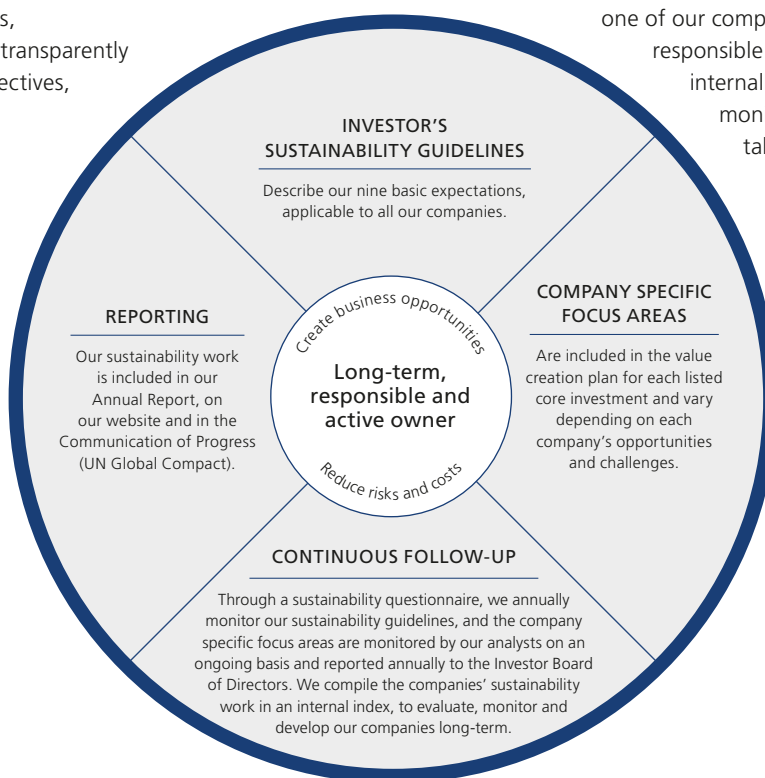
The company specific focus areas are presented annually to Investor's Board of Directors, and we communicate the plan at least annually to the chairpersons and encourage him or her to discuss it with the rest of the board.

### Continuous follow-up

Investor considers sustainability matters in all of our investing activities. Through the annual Investor sustainability questionnaire, sent out to all portfolio companies for a self-assessment of their sustainability work, we follow-up and monitor our sustainability guidelines.

Our analysts support and monitor the development continuously and the company specific focus areas are monitored through the same process and principles as for the value creation plans as a whole, i.e. through our board work.

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



## Progress of Investor's sustainability approach based on UN Global Compact

For more information regarding our companies' sustainability work, please visit their websites.

### HUMAN RIGHTS

Investor supports the UN Global Compact and its ten principles as well as the OECD guidelines on Multinational Enterprises. We also support and respect internationally proclaimed human rights.

Investor expects all our companies to continuously improve their work with human rights.

#### Actions in 2016 – examples from our companies

- Mölnlycke has implemented a company-wide global trade policy which, among others, includes the handling of trade restrictions and workers' rights, and is formed in line with the UN Guiding principles on Human Rights. During 2016, the policy was implemented and 90 percent of the employees in the selected target groups have attended training. The implementation process will continue the coming year and include annual training, monitoring and audits, to ensure compliance with the policy.
- Permobil continued its work to make sure that the high standards included in the company's Code of Conduct, are spread throughout the organization and that Permobil's suppliers live up to the standards, for instance by ensuring that the supply agreements contain appropriate requirements regarding human rights, environmental, and working safety issues and business conduct.
- Sobi is actively working to increase access to rare disease treatment in developing countries, both through raising awareness as well as through bridging programs and humanitarian donations. By year end 2016, Sobi, in partnership with Bioverativ, had donated 203 million units of Elocta and Alprolix – enabling the treatment of 11,000 people in 40 countries by addressing 12,500 bleeds and almost 700 surgeries. The percentage of children who receive treatment through the donation program in these countries has doubled.

### ENVIRONMENT

Investor's direct environmental impact is limited, but we actively strive to avoid increasing our carbon footprint. Investor carbon-offsets all flights, which corresponds to approximately 75 percent of Investor's carbon footprint, and in accordance with the EU Energy Efficiency Directive and Swedish law, Investor and its consolidated subsidiaries report and analyze energy use. The analyses will result in proposed actions to reduce energy usage further.

Investor expects all of its companies to continuously reduce the environmental impact and to encourage their stakeholders, such as suppliers and trading partners, to meet the same expectations.

#### Actions in 2016 – examples from our companies

- Husqvarna has committed to reduce its greenhouse gas emissions intensity by 10 percent across the company's value chain by 2020 and the absolute greenhouse gas emissions will be reduced by 33 percent by 2035, both from a base year of 2015. The company also decided to allow an independent party to review the goals, and in December 2016 the goals were approved by the Science-Based Target Initiative.
- Vectura implemented a sustainability policy which states that new constructions and redevelopment shall achieve set climate and environmental targets. For example, the share of renewable energy and renewable materials should be increased and digital solutions should be implemented to reduce climate impact.
- Wärtsilä 31 is recognized by Guinness World Records as the world's most efficient 4-stroke diesel engine. It is the first of a new generation of medium speed engines, designed to set a new benchmark in efficiency and overall emissions performance. The launch of the Wärtsilä 31 introduces a 4-stroke engine having the best fuel economy of any engine in its class. At the same time, it maintains outstanding performance across the complete operating range. Its modular design enables a significant reduction in maintenance time and costs, thereby improving power availability and reducing the need for spare parts.

### LABOR

Investor shall ensure compliance with labor and employment laws, including working hours. Furthermore, the right to collective bargaining is recognized at Investor. An employee no discrimination policy is included in Investor's Code of Conduct. Violations connected to discrimination must be reported to the closest manager, HR or through our whistleblower system.

Investor expects all our companies to continuously improve labor and working conditions.

#### Actions in 2016 – examples from our companies

- ABB arranged its third annual safety week under the theme 'Living our story safely'. Core modules included a Safety observation tour, Safety disciplines, and Communication for safety. In total, more than 160,000 employees attended 4,500 sessions during the week.
- Aleris's conducted a "we-learning" (e-learning for groups) program during 2016, in order to increase the awareness of its ethical guidelines and provide an understanding of how to interact in accordance with Aleris' values, vision and business concept. The program clarifies the connection between the ethical guidelines and the employee's everyday work. Overall, 5,200 answers were received and the feedback indicates that the program contributed to increased awareness.
- SEB introduced a global health index based on the questions in the employee survey Insight. This is the first global tool to measure the working environment and health at both the divisional and national level. At group level, the index was 81 in 2016. Going forward, this will be an important tool to further identify health and work environment related changes and needs among employees in the organization.

### ANTI-CORRUPTION

It is of the highest importance that Investor and its companies adhere to and comply with all given legislations and regulations as well as setting a bar for how to act and behave in society – always with the highest ethics.

Investor expects all our companies to continuously improve their work against corruption and bribery.

#### Actions in 2016 – examples from our companies

- Atlas Copco updated the Business Code of Practice training for white collar employees and completed the training package for blue collar workers. The training describes the importance of the Business Code of Practice, how it is used and how to report violations of the code. It is a class-room training with interactive discussion about cases covering issues such as corruption, human rights, health and safety.
- BraunAbility was acquired by Investor in 2015 and since then, the sustainability focus within the company has increased. Among other things, an Anti-Corruption policy was approved by its Board of Directors, and training and implementation will continue during the following year.
- Saab has revised and updated its internal regulations regarding gifts and representation, and sponsorship and social commitment. The company has also, alongside the regular training program, organized special training in anti-corruption for its Board of Directors and for the purchasing function.