

# CORPORATE GOVERNANCE REPORT

Corporate Governance in the Kinnevik Group is based on Swedish legislation and generally accepted sound practice on the securities market. Kinnevik applies the Swedish Corporate Governance Code (the "Code")<sup>1)</sup>.

During 2019, Kinnevik, in line with previous years, deviated from the Code rules stipulating that a member of the Board of Directors may not chair the Nomination Committee. This deviation from the Code is explained in more detail in the Nomination Committee section below.

## ANNUAL GENERAL MEETING

The Swedish Companies Act (2005:551) (the "Swedish Companies Act") and the Articles of Association determine how the notice to the Annual General Meeting and extraordinary general meetings shall occur, and who has the right to participate in and vote at such meetings. There are no restrictions on the number of votes each shareholder may cast at the general meeting. Class A shares entitle to ten votes, whereas other shares entitle to one vote. Distance participation and voting at the general meeting is not possible.

Information on major shareholders in the Company is provided on page 36 and on our webpage [www.kinnevik.com](http://www.kinnevik.com), and authorizations approved by the Annual General Meeting for the Board to resolve on repurchase of own shares is provided in Note 10 for the Parent Company, Shareholders' Equity.

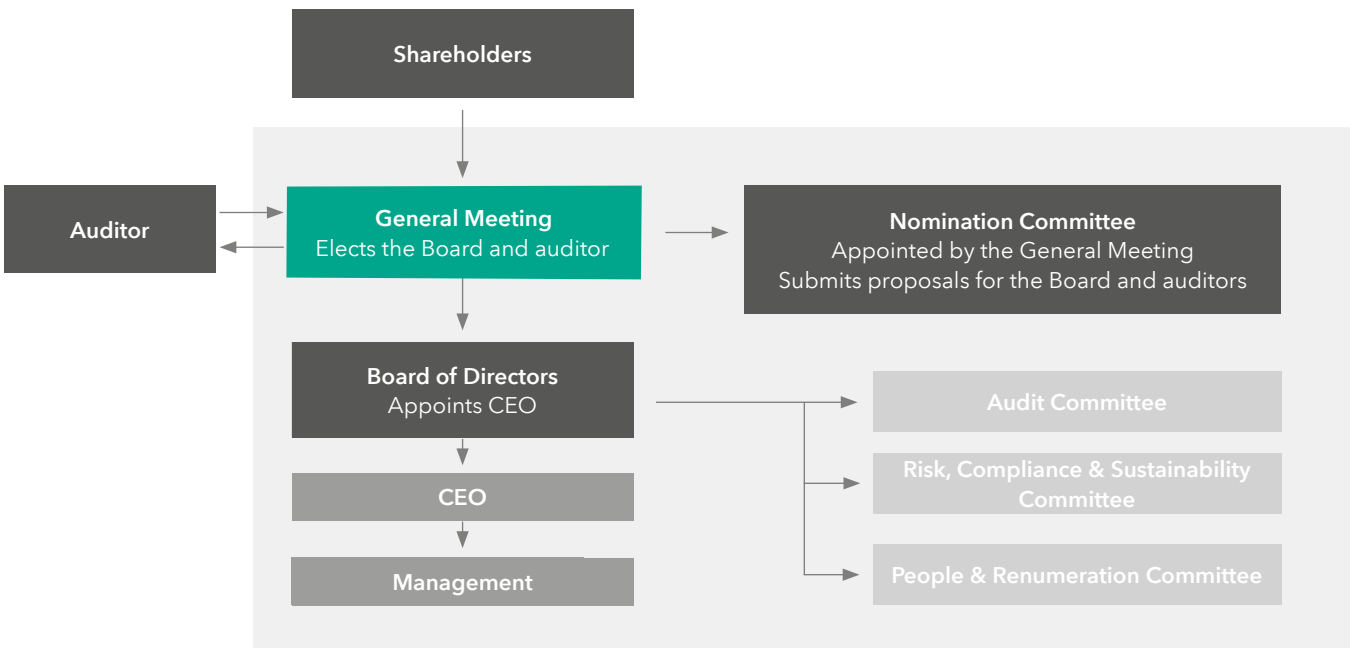
## NOMINATION COMMITTEE

At the 2019 Annual General Meeting, it was resolved that a Nomination Committee would be formed in consultation with the largest shareholders of the company as of the last business day

of the month the Annual General Meeting was held, consisting of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. It was further resolved that a representative of the largest shareholder of the company would act as the Nomination Committee's convener.

In accordance with the resolution of the 2019 Annual General Meeting, Cristina Stenbeck, representing Verdere S.à r.l. and CMS Sapere Aude Trust, convened a Nomination Committee consisting of members appointed by the largest shareholders in Kinnevik in terms of voting interest. The Nomination Committee is comprised of Cristina Stenbeck appointed by Verdere S.à r.l. and CMS Sapere Aude Trust, Hugo Stenbeck appointed by Alces Maximus LLC (previously AMS Sapere Aude Trust), James Anderson appointed by Baillie Gifford, Ramsay Brufer appointed by Alecta, and Marie Klingspor. The Nomination Committee's task is to prepare and submit proposals for the Board of Directors and auditors, in the event auditors shall be elected, and fees to the Board of Directors and auditors, a proposal for the Chairman of the Annual General Meeting as well as any changes to the procedure for the Nomination Committee ahead of the 2020 Annual General Meeting. Cristina Stenbeck was appointed Chairman of the Nomination Committee.

Cristina Stenbeck was up until the 2019 Annual General Meeting a member of the Board of Directors of Kinnevik and the Chairman of the Nomination Committee. This deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision as being in the Company's and its shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest



<sup>1)</sup> The Code is available on <http://www.bolagsstyrning.se>.

shareholders.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee gives particular consideration to the importance of a diverse set of Board members, including their gender, age and nationality, as well as their experiences, professional backgrounds and business disciplines. The Committee believes the composition of the Board is fit-for-purpose in respect of the various dimensions of diversity, enjoying a compounding mix of skill-sets and experiences matching Kinnevik's key priorities. The Committee is committed to continue its efforts to compose the most competent Board, able to promote the debate around Kinnevik's key objectives. 50% of the Board members elected by the 2019 Annual General Meeting are women. Further information may be found in the Nomination Committee's motivated statement regarding its proposals to the 2019 Annual General Meeting.

## AUDITORS

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm. At the 2017 Annual General Meeting, the registered audit firm Deloitte AB was re-elected Company auditor for a period of four years until the 2021 Annual General Meeting, with authorized public accountant Jan Berntsson as auditor-in-charge. Jan Berntsson, born 1964, is also the auditor-in-charge in inter alia Boliden AB and AB Electrolux. The auditor's independence is ensured by legislation and professional ethics and the audit firm's internal guidelines, as well as by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit. Information regarding audit fees is provided in the Annual Report's Note 12 for the Group and Note 5 for the Parent Company, Auditors' Fees.

## BOARD AND COMMITTEE COMPOSITION

Board Director	Position	Audit Committee	People & Remuneration Committee	Risk, Compliance & Sustainability Committee
Dame Amelia Fawcett	Chairman	-	Member	Chairman
Henrik Poulsen	Deputy Chairman	Member	-	-
Susanna Campbell (from May 2019)	Member	Member (from May 2019)	Chairman (from May 2019)	-
Wilhelm Klingspor	Member	Member (from May 2019)	-	Member (until May 2019)
Brian McBride (from May 2019)	Member	-	-	Member (from May 2019)
Erik Mitteregger (until May 2019)	Member	Member (until May 2019)	Member (until May 2019)	-
Cristina Stenbeck (until May 2019)	Member	-	-	Member (until May 2019)
Charlotte Strömberg	Member	Chairman	Member	Member
Mario Queiroz (until May 2019)	Member	-	-	-

## BOARD AND COMMITTEE MEETING ATTENDANCE

Board Director	Board	Audit Committee	People & Remuneration Committee	Risk, Compliance & Sustainability Committee
Dame Amelia Fawcett	10/10	-	5/5	4/4
Henrik Poulsen	10/10	11/12	-	-
Susanna Campbell (from May 2019)	8/8	7/7	3/3	-
Wilhelm Klingspor	10/10	7/7	-	1/1
Brian McBride (from May 2019)	8/8	-	-	3/3
Erik Mitteregger (until May 2019)	2/2	4/5	2/2	-
Cristina Stenbeck (until May 2019)	2/2	-	-	1/1
Charlotte Strömberg	10/10	12/12	5/5	4/4
Mario Queiroz (until May 2019)	1/2	-	-	-

## BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Board members are elected at the Annual General Meeting for a period ending at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of Board members. According to the Articles of Association, the number of Board members can be no less than three and no more than twelve members elected by shareholders.

At the 2019 Annual General Meeting, following a proposal by the Nomination Committee, Dame Amelia Fawcett, Henrik Poulsen, Wilhelm Klingspor, and Charlotte Strömberg were re-elected members of the Board and Susanna Campbell and Brian McBride were elected as new members of the Board. The Annual General Meeting further elected Dame Amelia Fawcett as Chairman of the Board. At its constituent meeting, the Board appointed Henrik Poulsen as Deputy Chairman of the Board.

The independence of Board members in relation to the Company and its management, and to the major shareholders of the Company, is specified on pages 41-43. None of the Board members are employed within the Group. Per end of 2019, Senior Executives in Kinnevik included Chief Executive Officer Georgi Ganev, Chief Financial Officer Joakim Andersson, Director of Corporate Communications Torun Litzén, Senior Investment Director Chris Bischoff, Investment Director Andreas Bernström

and General Counsel Mattias Andersson. On 17 June 2019, Kinnevik announced that Joakim Andersson would leave his role as Chief Financial Officer of Kinnevik, with effect from 31 December 2019. Further, on 1 October 2019, Kinnevik announced that Erika Söderberg Johnson had been appointed Chief Financial Officer, she will take up her position at the latest on 6 April 2019. For information about Senior Executives, please see [www.kinnevik.com](http://www.kinnevik.com) and Note 16 for the Group, Personnel.

## BOARD WORK

Kinnevik's Board of Directors is responsible for the overall strategy of the Group and for organizing its administration in accordance with the Swedish Companies Act. The Board's work and delegation procedures, instructions for the Chief Executive Officer, and reporting instructions are updated and approved at least annually following the Annual General Meeting.

Significant issues addressed by Kinnevik's Board during 2019 include the distribution of Kinnevik's shares in Millicom to its shareholders, the new shareholder remuneration policy, the sell-down of a 5 percent stake in Zalando, the overall strategy and financial performance of Kinnevik and its private investment strategy. As the basis for discussions concerning the listed portfolio companies, Kinnevik's management presented inde-

## BOARD OF DIRECTORS

### Dame Amelia Fawcett

#### Chairman

**Born:** 1956

**Nationality:** US and UK citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 15,000 class B shares.

**Committee work:** Chairman of the Risk, Compliance & Sustainability Committee, member of the People & Remuneration Committee.

Dame Amelia has been a Director of the Board of Kinnevik since 2011, she was appointed Deputy Chairman in 2013 and Chairman of the Board in 2018. She is also the Independent Lead Director of State Street Corporation in Boston, USA. Dame Amelia is Chair of the Board of Trustees of the Royal Botanic Gardens Kew, a Governor of the Wellcome Trust, and a Trustee of Project Hope UK. She held managerial positions within Morgan Stanley during 1987-2006 and was Vice Chairman and Chief Operating Officer of its European operations during 2002-2006. She was a Board Director of the Guardian Media Group during 2007-2013, and Chairman during 2009-2013. In 2010 she was awarded a DBE (Dame Commander of the British Empire) by HM Queen Elizabeth II for services to the financial services industry. She has a Law Degree from University of Virginia, USA, and a BA in History from the Wellesley College in Massachusetts, USA.

### Henrik Poulsen

#### Deputy Chairman

**Born:** 1967

**Nationality:** Danish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 15,000 class B shares.

**Committee work:** Member of the Audit Committee.

Henrik Poulsen was elected a Director and appointed Deputy Chairman of the Board of Kinnevik in 2017. He is a Director of ISS A/S and the Chief Executive Officer of Ørsted. Prior to joining Ørsted in 2012, Henrik was the Chief Executive Officer of Danish telecommunications company TDC between 2008 and 2012, and also spent two years at KKR & Co after seven years at LEGO. Henrik graduated with BSc and MSc degrees in International Business and Finance & Accounting from Aarhus School of Business.

pendent analyses of each company's strategy, operations and future opportunities within the markets in which they are active. Furthermore, Chief Executive Officers of certain listed portfolio companies held customary investor presentations and discussions with the Kinnevik Board.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues which the Board actively focuses on. Kinnevik's Code of Conduct and Corporate Responsibility Policy adopted by the Board describes Kinnevik's policy on issues pertaining to social responsibility, environmental considerations and ethics.

As in previous years, a People & Remuneration Committee, an Audit Committee and a Risk, Compliance & Sustainability Committee have been established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and decisions taken. The General Counsel and Company Secretary, Mattias Andersson, is responsible for ensuring that rules of procedure are complied with, and all Board members can turn

to the Secretary for advice and assistance in their Board work.

During 2019, Kinnevik's Board of Directors held ten meetings (including the constituent meeting), of which three were extra meetings held via telephone.

#### EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board complies with an annual performance review process to assess how well the Board, its committees and processes are functioning and how they might be improved. Every three years a more extensive Board evaluation is undertaken either by an independent Board member or an external consultant.

The evaluation of the Board's work during 2019 was conducted internally by the Chairman of the Board by way of a questionnaire, covering areas such as the Board's performance against its key duties, the Board's composition and processes, as well as the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee by the Chairman of the Board, and were also reported in full to the Nomination Committee in writing.

## BOARD OF DIRECTORS

### Susanna Campbell

**Board director**

**Born:** 1973

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,700 class B shares.

**Committee work:** Member of the Audit Committee, Chairman of the People & Remuneration Committee.

Susanna Campbell was elected a Director of the Board of Kinnevik in 2019. She currently serves as Chairman of Röhnisch Sportswear, Ljung & Sjöberg, and Babyshop Group. She is also a Board member of Indutrade, Northvolt and Nalka Invest, as well as Senior Advisor of Norrskan VC. Between 2012-2016, she was the Chief Executive Officer of Swedish investment firm Ratos, having joined the company in 2003 from McKinsey & Co. Susanna holds an MSc from Stockholm School of Economics.

### Wilhelm Klingspor

**Board director**

**Born:** 1962

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 1,148,242 class A shares and 679,532 class B shares.

**Committee work:** Member of the Audit Committee.

Wilhelm Klingspor has been a Director of the Board of Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He also served as Director of the Board of BillerudKorsnäs 2012- 2014 (Director of Korsnäs 2003-2012). Wilhelm is CEO of Hellekis Säteri. He graduated as a Forest Engineer from the Swedish University of Agricultural Sciences in Skinnskatteberg.

### Brian McBride

**Board director**

**Born:** 1955

**Nationality:** UK citizen.

**Independence:** Independent of major shareholders.

**Direct or related person ownership:** -  
**Committee work:** Member of the Risk, Compliance & Sustainability Committee.

Brian McBride was elected a Director of the Board of Kinnevik in 2019. He is the former Chairman of ASOS, the global online fashion and beauty retailer. He is currently non-executive Chair at Trainline, a leading independent rail and coach travel platform and a non-executive director of Wiggle, a private-equity owned online cycling and apparel business. With effect from 1 May 2020, he has also been appointed non-executive director of Standard Life Aberdeen. Brian also sits on the UK government's Government Digital Service Advisory Board, supporting the delivery of digital quality public services, is a senior adviser at Lazard, and a member of the Advisory Board of Scottish Equity Partners. Prior to assuming Chairmanship of ASOS, Brian was the Managing Director of Amazon UK, and prior to that the Managing Director of T-Mobile UK.

#### PEOPLE & REMUNERATION COMMITTEE

The People & Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the senior executives. The guidelines applied in 2019 are presented in Note 16 for the Group, Personnel. The People & Remuneration Committee shall strive to meet not less than twice a year, and more frequently as required. Minutes are kept at the People & Remuneration Committee's meetings and are reported to the Board at its next meeting.

#### AUDIT COMMITTEE

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include monitoring the Company's financial reporting and the efficiency of the Company's internal controls, as well as maintaining frequent contacts with the external auditors. The Audit Committee's work

primarily focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as the internal financial controls within the Group. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of relevant accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board. The Audit Committee shall meet not less than four times annually. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting.

#### RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE

The Risk, Compliance & Sustainability Committee is appointed by the Board of Directors to assist the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct and sustainability. The Risk, Compliance & Sustainability Committee shall meet not less than

### BOARD OF DIRECTORS & CEO

#### Charlotte Strömberg

**Board director**

**Born:** 1959

**Nationality:** Swedish citizen.

**Independence:** Independent of the Company and management and independent of major shareholders.

**Direct or related person ownership:** 4,000 class B shares.

**Committee work:** Chairman of the Audit Committee, member of the People & Remuneration Committee, member of the Risk, Compliance & Sustainability Committee.

Charlotte Strömberg was elected a Director of the Board of Kinnevik in 2018. She currently serves as Chairman of Castellum and as a Board Director of Clas Ohlson and Sofina. Charlotte is a member of the Swedish Securities Council, and a co-founder of DHS Venture Partners, a venture capital fund backed by Stockholm School of Economics alumni. During 2006-2011, she served as Chief Executive Officer of the Nordic operations of Jones Lang LaSalle. Prior to joining Jones Lang LaSalle, Charlotte was Head of Equity Capital Markets, and later Head of Investment Banking, at Carnegie Investment Bank. She holds an MBA from the Stockholm School of Economics.

#### Georgi Ganev

**CEO**

**Born:** 1976

**Nationality:** Swedish citizen.

**Direct or related person ownership:** 85,000 class B shares and 200,000 call options on class B shares, issued by Verdere S.à r.l.

**Committee work:** -

Georgi Ganev has been CEO of Kinnevik since 2018. He is Board member of Tele2, Global Fashion Group, Babylon Health and Reach for Change. Georgi was CEO of Dustin 2012-2017. Prior to Dustin, Georgi was CMO at Telenor Sweden AB between 2010-2012, CEO of Bredbandsbolaget AB 2007-2010 and Sales & Marketing Director and Product Manager at Tele2 2002-2007. Georgi holds a MSc in Engineering in Information Technology from Uppsala University.

four times annually. Minutes are kept at the Risk, Compliance & Sustainability Committee's meetings and are reported to the Board at its next meeting.

#### **THE BOARD'S DESCRIPTION OF INTERNAL CONTROL PERTAINING TO THE FINANCIAL REPORTING FOR THE 2019 FINANCIAL YEAR**

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with the Code's Rule 7.3 and 7.4, and Chapter 6, Section 6 and Chapter 7, Section 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the financial reporting.

#### **CONTROL ENVIRONMENT**

The purpose of the Board of Directors' rules of procedure and instructions for the Chief Executive Officer and Board Committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and internal audits. The Company's management reports regularly to the Board in accordance with established procedures. In addition, the Audit Committee and the Risk, Compliance & Sustainability Committee report on its respective work. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational and financial risks are reported each quarter to the Board, including an analysis of their consequences and financial impact in the event of them materializing, and how and who exercises ongoing control over each risk and how these can be mitigated in part or in full.

#### **RISK ASSESSMENT AND CONTROL ACTIVITIES**

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise encompass financial assets and instruments in the income statement and balance sheet, and the investment process. Kinnevik has established documented work routines and continuously evaluates how well the controls function in relation to these items and processes.

#### **INTERNAL AUDITS & THIRD PARTY REVIEWS**

The Board of Directors evaluate the need for a separate internal audit function on a yearly basis. Kinnevik does not currently have a separate internal audit function, taking into account the size

of the company's operations. Instead Kinnevik, on instructions from the Audit Committee, engages internal auditors to follow up and evaluate work relating to inter alia risk management and internal control. The internal auditors report the results of their examination in the form of written reports to the Audit Committee. During 2019, Kinnevik procured a third party review of Kinnevik's valuations of unlisted holdings as at 31 March 2019, without remarks.

#### **INFORMATION AND COMMUNICATION**

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually. Both formal and informal information channels to the Company's management and Board of Directors are available for internal communication. For external communication, guidelines have been compiled in an Information Policy ensuring the Company complies with the meticulous demands for timely and accurate information to market participants and other various constituencies, such as shareholders, Board members, employees and customers.

#### **FOLLOW-UP**

The Board of Directors continuously evaluates the information provided by management, the Audit Committee and the Risk, Compliance & Sustainability Committee. The work to monitor the efficiency of management's efforts in this area is of particular importance to the follow-up of internal controls. This work includes ensuring that action is taken concerning those shortcomings and proposed measures that result from external and internal audits.