

# *Investment AB Kinnevik*



INVESTMENT AB KINNEVIK (PUBL)  
DOCUMENTATION TO THE ANNUAL GENERAL MEETING –  
MONDAY 18 MAY 2015

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## **1. The Nomination Committee's motivated opinion regarding the proposal for election of the Board at the 2015 Annual General Meeting**

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### **Kinnevik Nomination Committee**

In accordance with the resolution of the 2014 Annual General Meeting, Cristina Stenbeck convened a Nomination Committee consisting of members representing the largest shareholders in Kinnevik. The Nomination Committee was comprised of Cristina Stenbeck as Chairman, Andreas M. Stenbeck appointed by Verdere S.à. r.l., Wilhelm Klingspor appointed by the Klingspor family, Edvard von Horn appointed by the von Horn family, James Anderson appointed by Baillie Gifford, and Ramsay Brufer appointed by Alecta. Following the death of Andreas M. Stenbeck on 16 March 2015, Verdere S.à. r.l. informed the Nomination Committee that Cristina Stenbeck will act as both Chairman and representative of Verdere S.à. r.l. The members of the Nomination Committee have been appointed by shareholders that jointly represent more than 60 percent of the votes in Kinnevik.

The appointment of the Chairman of the Board, Cristina Stenbeck, as Chairman of the Nomination Committee deviates from the Swedish Corporate Governance Code. The other members of the Nomination Committee have explained the appointment as being in the Company's and its shareholders' best interests and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years and of her connection to Kinnevik's largest shareholders.

### **The Nomination Committee's proposal for election of the Board**

The Nomination Committee proposes:

- That the Board shall consist of seven members.
- The re-election of all current members of the Board except Vigo Carlund who has declined re-election.
- The election of Anders Borg as a new member of the Board.
- The re-election of Cristina Stenbeck as Chairman of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of Kinnevik for a term of office until the end of the next Annual General Meeting:

- Cristina Stenbeck, Chairman of the Board
- Tom Boardman
- Anders Borg
- Dame Amelia Fawcett
- Wilhelm Klingspor
- Erik Mitteregger
- John Shakeshaft

### **The Nomination Committee's motivated opinion regarding the proposal**

The Nomination Committee has held four meetings, either in person or by telephone, with the customary additional contact between meetings. As the basis for its work, the Nomination Committee reviewed the Company's position and its future strategic priorities, and had the benefit of thorough formal evaluations of both the Board and the Chairman of the Board. In its work, the Nomination Committee has evaluated candidates proposed by shareholders, Committee members and non-executive search firms.

The Nomination Committee's discussions have focused on the overall Board composition and succession planning, with the aim to further strengthen the mix of skills and experiences present at Board level. In its assessment of the degree to which the current Board fulfils the requirements placed on it the Nomination Committee has, on the basis of *inter alia* the formal evaluations carried out, assessed the current Board members' experience and expertise as well as the balance of contributions from generalists and sector-specific experts.

Having been notified by Vigo Carlund of his intention not to seek re-election, the Nomination Committee resolved to propose the six existing Board members for re-election and to strengthen the Board by the recruitment of Anders Borg. With his unparalleled market knowledge and global perspective, Anders brings a unique set of competencies to the Board. As Kinnevik continues to expand its existing footprint, Anders will contribute in building an even stronger platform by way of his keen understanding of the dynamics of the emerging markets in which Kinnevik's investee companies operate. Anders will serve as Deputy Chairman of the Board alongside Dame Amelia Fawcett.

Anders Borg served as Sweden's Minister of Finance between 2006 and 2014. Currently, Anders is an advisor of Citigroup and member of its Nordic Advisory Board, and Chairman of the World Economic Forum's Global Financial System Initiative. The Nomination Committee of Millicom has nominated Anders as a new Non-Executive Director of Millicom to the company's 2015 Annual General Meeting. Prior to his political career, Anders held various jobs in Stockholm's financial market, at Transferator Alfred Berg, ABN Amro Bank and Skandinaviska Enskilda Banken. Anders studied philosophy, economic history and political science at Uppsala University and postgraduate studies in economics at Stockholm University.

The Nomination Committee is of the opinion that the proposed Board members collectively bring a well-balanced contribution of financial and operational skills, deep insight into Kinnevik's portfolio of investee companies, and valuable perspectives originating from other businesses operating in the key regions where Kinnevik is present and active. The Board also exhibits a good mix of shareholder representation and relevant investment, capital allocation and macro-economic experience from a wide number of important geographies.

In its work, the Nomination Committee gives particular consideration to the importance of increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. In the view of the Nomination Committee, the composition of the proposed Board is fit-for-purpose in this respect, as it reflects a wide range of nationalities and backgrounds, and a solid mix of men and women with highly relevant skill-sets to match the priorities of the Company. The Committee continues to strive for greater diversity and equality on the Board in order to promote its debate around key issues of the Company.

### **Statement of independence**

In the work of preparing its proposal for the 2015 Annual General Meeting the Nomination Committee has evaluated each Board member's independence in accordance with the Swedish Corporate Governance Code. The Nomination Committee has assessed that six out of the seven proposed members of the Board are independent of the Company and its management, and that six out of the seven members of the Board are independent in relation to the Company's major shareholders. Accordingly, the Nomination Committee's proposed Board composition is compliant with the Board independence rules of the Swedish Corporate Governance Code. Some members of the Board of Kinnevik also serve on the Boards of Kinnevik's investee companies, thus receiving Board fees from these companies. It is the opinion of the Nomination Committee that such remuneration does not affect the assessment of these Directors' independence of Kinnevik. As Kinnevik is an investment company that owns leading ownership stakes in the majority of its investee companies, the Nomination Committee believes that it is a fundamental advantage that Kinnevik's Board members are represented on its investee companies' Boards and regional Advisory Boards.

### **Information about the proposed members of the Board**

Detailed information about all persons proposed as members of the Board of Kinnevik, including the Nomination Committee's assessment of each member's independence, may be found on the Company's website at [www.kinnevik.se](http://www.kinnevik.se).

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April 2015

THE NOMINATION COMMITTEE  
INVESTMENT AB KINNEVIK (PUBL)

## **2. Information about the proposed directors of the Board**

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### **Cristina Stenbeck**, Executive Chairman

Born: 1977

Nationality: US and Swedish citizen.

Independence: Independent of the Company and management, not independent of major shareholders.

Direct or related person ownership: 2,200 Class B shares. Cristina owns 10% of the shares of Verdere S.à r.l. directly, with CMS Sapere Aude Trust reg., a trust of which Cristina Stenbeck is beneficiary, owning an additional 40% of the share capital. Verdere S.à r.l. owns 29.5 million Class A shares, corresponding to 44.8% of the votes and 10.6% of the capital in Kinnevik.

Committee work: Member of the Remuneration Committee.

Cristina Stenbeck is the Executive Chairman of Investment AB Kinnevik. Cristina began her career within the Kinnevik group in 1997 when she joined the Board of Invik & Co, its financial services company. Cristina became Vice Chairman of Investment AB Kinnevik in 2003 and Chairman in 2007. In addition to leading Kinnevik, Cristina is also Chairman of Millicom, the digital lifestyle company operating in Africa and Latin America, and Chairman of Zalando, the leading European fashion and accessories e-commerce company. Cristina also chairs the Nomination Committee of Investment AB Kinnevik, Millicom, Tele2, Modern Times Group MTG, Zalando, Qliro Group and Black Earth Farming, which spearhead the recruitment of new Directors for each of these companies' Boards.

Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

### **Tom Boardman**

Born: 1949

Nationality: South African citizen.

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

Direct or related person ownership: -

Committee work: Member of the Audit Committee and the Investment Committee.

Tom has been Director of the Board of Investment AB Kinnevik since 2011. He is Non-Executive Director of Nedbank Group, Woolworths Holdings, Royal Bafokeng Holdings and African Rainbow Minerals. Tom held various managerial positions within the South African mining and retailing industries 1973-1986. Between 1986-2002 he held various managerial positions within the BoE Bank and in 2003-2010 he was Chief Executive of Nedbank Group.

Tom has a B Com and CTA from the University of Witwatersrand, South Africa.

### **Anders Borg**, proposed new Board Director and Deputy Chairman

Born: 1968

Nationality: Swedish citizen

Independence: Not independent of the Company and management, independent of major shareholders.

Direct or related person ownership: -

Anders Borg served as Sweden's Minister of Finance between 2006 and 2014. Currently, Anders is an advisor of Citigroup and member of its Nordic Advisory Board, and Chairman of the World Economic Forum's Global Financial System Initiative. The Nomination Committee of Millicom has nominated Anders as a new Non-Executive Director of Millicom to the company's 2015 Annual General Meeting. Prior to his political career, Anders held various jobs in Stockholm's financial market, at Transferator Alfred Berg, ABN Amro Bank and Skandinaviska Enskilda Banken.

Anders studied philosophy, economic history and political science at Uppsala University and postgraduate studies in economics at Stockholm University.

**Dame Amelia Fawcett**, Deputy Chairman

Born: 1956

Nationality: US and British citizen.

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

Direct or related person ownership: 10,000 Class B shares.

Committee work: Chairman of the Remuneration Committee and member of the Investment Committee.

Dame Amelia has been a Director of the Board of Investment AB Kinnevik since 2011, and she was appointed Deputy Chairman in 2013. She is a Non-Executive Director of Millicom since 2014, Chairman of the Hedge Fund Standards Board, a Non-Executive Director of State Street Corporation in Boston, USA and Chairman of their Risk and Capital Committee, and a Non-Executive Member of the Board of the UK Treasury. Dame Amelia is a Governor of the London Business School, Chairman of The Prince of Wales's Charitable Foundation, a Commissioner of the US-UK Fulbright Commission and a Trustee of Project Hope (UK). Dame Amelia held various managerial positions within Morgan Stanley 1987-2006 and was Vice Chairman and Chief Operating Officer of the European operations 2002-2006. She was a Non-Executive Director of the Guardian Media Group 2007-2013, and Chairman 2009-2013.

Dame Amelia has a Law Degree from University of Virginia, USA, and a BA Magna Cum Laude in History from the Wellesley College in Massachusetts, USA.

**Wilhelm Klingspor**

Born: 1962

Nationality: Swedish citizen.

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

Direct or related person ownership: 1,265,474 Class A shares and 780,071 Class B shares.

Committee work: Member of the Remuneration Committee.

Wilhelm has been Director of the Board of Investment AB Kinnevik since 2004 and was Director of Industrieförvaltnings AB Kinnevik 1999-2004. He also served as Director of the Board of BillerudKorsnäs 2012-2014 (Director of the Board of Korsnäs 2003-2012). Wilhelm is CEO of Hellekis Säteri.

Wilhelm graduated as Forest Engineer from the Swedish University of Agricultural Sciences in Skinnskatteberg.

**Erik Mitteregger**

Born: 1960

Nationality: Swedish citizen.

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

Direct or related person ownership: 35,000 Class A shares and 165,000 Class B shares.

Committee work: Member of the Audit Committee, the Remuneration Committee and the Investment Committee.

Erik has been Director of the Board of Investment AB Kinnevik since 2004. He is also a Director of the Board of Tele2, Rocket Internet and Avito as well as Chairman of the Board of Wise Group and Firefly. Erik was Founding Partner and Fund Manager at Brummer & Partners Kapitalförvaltning

1995-2002. In 1989-1995 he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission.

Erik holds a B.Sc. in Economics and Business Administration from Stockholm School of Economics.

### **John Shakeshaft**

Born: 1954

Nationality: British citizen.

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

Direct or related person ownership: 2,000 Class B Shares.

Committee work: Chairman of the Audit Committee.

John has been a Director of the Board and Chairman of the Audit Committee of Investment AB Kinnevik since 2014. He is also Chairman of The Economy Bank, NV, Deputy Chairman of the Council of Cambridge University, Senior Independent Director of TT Electronics Plc and Chairman of Ludgate Environmental and Valiance Funds. He served as Director of the Board of Tele2 from 2003 to 2014. He has 28 years of global financial services expertise and held leadership positions at ABN Amro (2004-2006), Lazard LLC (2000-2002) and Barings (1994-2000).

John previously served in HM Diplomatic Service and holds a master's degree from Cambridge University.

### **3. The Board's reasoned statement pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act**

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The Board hereby presents the following statement in accordance with Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act. The Board's reasons for the proposed dividend and the authorisation to repurchase the Company's own shares being in accordance with the provisions of Ch 17 Sec 3 paragraph 2 and 3 of the Swedish Companies Act are as follows:

#### **The Company's objective, scope and risks**

The Company's objectives, scope of business and risks associated thereto are set out in the articles of association and the submitted annual reports.

#### **The financial position of the Parent Company and the Group**

The Group's and the Parent Company's financial situation as of 31 December 2014 is stated in the Annual Report for the financial year 2014. The principles applied for valuation of assets and liabilities are also stated in the Annual Report.

The Group's equity attributable to the Parent Company's shareholders amounted to SEK 84,176 million as at 31 December 2014, and the Parent Company's unrestricted equity totalled SEK 37,290 million.

The proposed dividend of SEK 7.25 per share amounts to no more than SEK 2,011,296,479. The proposed dividend constitutes 2.4 percent of the Group's equity and 5.4 percent of the Parent Company's unrestricted equity. The Group's equity/assets ratio amounts to 98 percent prior to the proposed dividend and will amount to 98 percent after the dividend has been taken into account. At the same date, the Group's liquidity reserve, including available credit facilities, totalled SEK 7,524 million, and the debt/equity ratio was 0.02.

The proposal to repurchase shares means that the Board is authorised to acquire a maximum number of shares (as long as the Company's holding of its own shares (treasury stock) amounts to not more than one tenth of all outstanding shares in the Company) in order to give the Board more options in its efforts to deliver long-term shareholder value and total return.

The proposed dividend and authorisation to repurchase the Company's own shares do not endanger the continuation of planned investments, and the Company's financial position is such that the Company can continue its business and is expected to fulfil all of its obligations on both a short and long-term basis.

#### **Justification for dividend and repurchase**

With reference to the aforementioned and what has otherwise been brought to the attention of the Board, it is the Board's opinion that the proposed dividend and authorisation to repurchase the Company's own shares to give the Board more options in its efforts to deliver long-term shareholder value and total return are justified with reference to the requirements that the nature of the operations, its scope and risks place on the Parent Company's and Group's shareholders' equity, consolidation requirements, liquidity and position in general.

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Stockholm, April 2015

THE BOARD OF DIRECTORS  
INVESTMENT AB KINNEVIK (PUBL)



**Auditors' report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551), regarding compliance with the guidelines for remuneration to senior executives approved by the Annual General Meeting**

To the Annual General Meeting of the Shareholders in Investment AB Kinnevik (publ), Corporate Identity Number 556047-9742

We have audited whether the Board of Directors and the President of Investment AB Kinnevik (publ) have complied with the guidelines for remuneration to senior executives during the financial year 2014 which were approved by the Annual General Meeting on May 13, 2013 and by the Annual General Meeting on May 12, 2014.

*Responsibilities of the Board of Directors and the President*

The Board of Directors and the President are responsible for compliance with these guidelines and for such internal control as the Board of Directors and the President determine is necessary to enable compliance with these guidelines.

*Auditor's responsibility*

Our responsibility is to express an opinion, based on our audit, to the Annual General Meeting as to whether the guidelines have been complied with. We conducted our audit in accordance with FAR's standard RevR 8 *Audit of Remuneration to Senior Executives in Listed Companies*. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the guidelines have, in all material aspects, been complied with.

Our audit has included a review of the organization for and the documentation supporting the remuneration to senior executives as well as new decisions related to compliance with the guidelines. Our procedures have also included testing a sample of payments during the year to senior executives. The procedures selected depend on the auditor's judgment, including the assessment of the risks of whether the guidelines have not, in all material aspects, been complied with. In making those risk assessments, the auditor considers internal control relevant to the compliance of the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit procedures provide a reasonable basis for our opinion, as set out below.

*Opinion*

In our opinion, the Board of Directors and the President of Investment AB Kinnevik (publ) have, during the financial year 2014 complied with the guidelines for remuneration to senior executives which were approved by the Annual General Meeting on May 13, 2013 and by the Annual General Meeting on May 12, 2014.

Stockholm, March 27, 2015

Deloitte AB

*Signature on Swedish original*

Jan Berntsson  
Authorized Public Accountant

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*



## **5. Evaluation of remuneration to the Senior Executives (Report according to the Swedish Corporate Governance Code, 9.1 and 10.3).**

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### **Kinnevik Remuneration Committee**

The Remuneration Committee of the Board of Investment AB Kinnevik comprises the Chairman of the Board, Cristina Stenbeck, and the Board members Dame Amelia Fawcett, Erik Mitteregger and Wilhelm Klingspor. Dame Amelia Fawcett is the Chairman of the Committee.

In accordance with the Swedish Corporate Governance Code, the Remuneration Committee has monitored and evaluated programmes for variable remuneration (both on-going and those that have ended during the year) and how the guidelines for remuneration to the Senior Executives (being the CEO and the other members of the executive management) adopted at the Annual General Meeting have been applied, as well as the current remuneration structure and levels of remuneration in the Company. The following is the Board's report of the results of the evaluation carried out by the Remuneration Committee.

### **General information with respect to the remuneration to Senior Executives**

The remuneration to the Senior Executives during 2014 has consisted of fixed salary and variable remuneration, pensions and other customary benefits. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders. The intention is that all Senior Executives shall have a significant long-term shareholding in the company.

The maximum outcome for variable salary paid in cash (STI) during 2014 was 75 percent of the fixed salary and was based on pre-established targets relating to both individual and company performance. Information regarding STI is found in the Annual Report 2014.

For the employees in Kinnevik there are long-term share related incentive programs (LTI). Information regarding the LTI, such as outcome, participation ratio, number of issued instruments and awards etc. is found in the Annual Report 2014 and on the Company's website at [www.kinnevik.se](http://www.kinnevik.se).

### **Evaluation of programmes for variable remuneration**

The Remuneration Committee follows and evaluates the STI and LTI, and the expected outcome has been reported to the Board and discussed at Board meetings.

During the year the Board decided that in order to further align the employees' incentives and rewards with the interests and return of the shareholders, all employees should be encouraged to build up a significant, personal shareholding in Kinnevik (in relation to the employee's financial conditions). As a result, during 2015, the Board resolved that payment of part of the STI shall be subject to that it is invested in Kinnevik shares and this is also proposed to be reflected in the guidelines for remuneration to the Senior Executives that a part of the STI shall be invested in Kinnevik's shares. In light of this new requirement to purchase shares in Kinnevik as part of STI, the Board is proposing that the cap on the STI be raised from 75 percent to 100 percent.

In addition to the proposed changes to STI, the Remuneration Committee continues to monitor the extent to which the Senior Executives and other key employees participate in the ongoing long-term share related programs LTIP 2012 and LTIP 2013, as well as the two inter-linked option based plans adopted at the 2014 Annual General Meeting which included payment of cash subsidies. The Remuneration Committee also monitors and analyses the effectiveness of all these plans. In this regard, the Board has decided not to proceed with the two inter-linked option-based plans approved at the 2014 Annual General Meeting, due to issues encountered at launch and an unexpected low take-up level in the options plans. As a result, the Board has, subject to the approval of the Annual General Meeting, resolved on an alternative remuneration model for the employees that were entitled to participate in the option plans. This alternative model retains the economic characteristics of the option plans, but now provides that the participants receive cash compensation from Kinnevik which is conditional upon the employee making an investment in Kinnevik shares, instead of options issued under the option plans. This modification has been assessed to be workable, in line with the aim to increase the employees' shareholding in Kinnevik and more attractive to Kinnevik's employees, and

the total cost to Kinnevik remains unchanged. Furthermore, LTIP 2012 and LTIP 2013 have received a high take-up level and have created a high retention level. Therefore, it is proposed that the new long-term incentive plan, LTI 2015, adopts the LTIP 2013 structure and includes all Kinnevik employees.

In addition, if Kinnevik should establish operations, in the form of a co-investment vehicle or similar structure, Kinnevik professionals (including members of the executive management), subject to making a co-investment, may receive additional variable remuneration paid in cash. The purpose of such programs is to strengthen the incentives for such personnel and reward them in relation to the return such operations generate for Kinnevik.

#### **Evaluation of the guidelines for remuneration to the Senior Executives**

The Remuneration Committee's evaluation, and the review carried out by the auditor, have resulted in the conclusion that the guidelines for remuneration for Senior Executives established at the 2013 and 2014 Annual General Meetings have been applied by the Company during the year.

#### **Evaluation of remuneration structure and levels of remuneration in Kinnevik**

Based on the Remuneration Committee's evaluation of the remuneration programs, the Board has determined that the current remuneration structure and levels of remuneration for the Senior Executives have had a positive effect on Kinnevik. In an effort to increase the effectiveness of Kinnevik's remuneration programs and structures, particularly in aligning to a greater extent Senior Executives interests and incentives with shareholders' interests, the Board is proposing a revised remuneration structure and levels of remuneration for STI and LTI. The Board believes that these proposals will ensure the competitiveness of Kinnevik's remuneration structure and levels and facilitate the Company's ability to attract, motivate and retain key personnel.

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Stockholm, April 2015  
THE BOARD OF DIRECTORS  
INVESTMENT AB KINNEVIK (PUBL)