1.1. Background

The purpose of this Corporate Responsibility (hereafter "CR") Policy is to outline Kinnevik's expectations as to how its portfolio companies should manage their social and environmental impact on stakeholders.

For Kinnevik, CR relates to questions of governance, risk management, compliance, as well as social and environmental responsibility. Kinnevik draws particular reference from leading international standards on CR: namely the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

1.2. The role of corporate responsibility in managing risk and creating value

The primary purpose of Kinnevik's operations is to generate sustainable profit for distribution among its shareholders. As owners and investors, Kinnevik also bears responsibility to stakeholders for its holdings (subsidiaries and associated companies – hereafter referred to as the "portfolio companies"). For Kinnevik, showing consideration for stakeholders by working actively with CR-related issues is a prerequisite for high and sustained profitability.

4.2.1. Risk management

All business operations face sustainability-related risks. For Kinnevik with limited proprietary operations, the primary risks are found in the operations of the individual portfolio companies. An extensive risk analysis that encompasses CR-related issues is performed periodically in all portfolio companies. Risks vary according to the nature of the company's business and its operating environment. They can include geographical risks, risks of environmental impact, risks arising from the relevant political climate, risks to reputation and brand equity, and risks arising from relations with suppliers and third parties.

Several of Kinnevik's portfolio companies are active in developing countries that are considered high-risk environments for human rights abuses and corruption. It is particularly important, therefore, that Kinnevik sets expectations for how portfolio companies should manage related risks.

4.2.2. Opportunities

CR work is not only a method for managing risks, but also a means of creating and realising opportunities. In some cases, the fact that Kinnevik's portfolio companies have formulated sound CR strategies can be the reason why they secure assignments from customers with high CR expectations or requirements on their suppliers. Good CR work can also have a positive effect on how the company's brand is perceived and result in increased opportunities for the portfolio companies to recruit and motivate attractive employees.

Kinnevik's portfolio companies also create opportunities for society, helping to create jobs and promote economic development along their respective value chains. Their conduct of responsible business can help to promote better labour conditions and living standards in developing countries and low-resource settings.

4.3. Operational work

Kinnevik works through its board representation to actively encourage portfolio companies to establish their own CR policy in line with the content below. Its CR policy shall be implemented through the analysis and continuous improvement of operations in terms of governance, risk management, compliance, social responsibility, and environmental responsibility.

Portfolio companies are also encouraged to communicate transparently to their stakeholders on their goals, progress, and challenges in managing CR issues material to their business.

In most cases, CR issues are discussed by the Audit Committee of the Boards of listed holdings.

4.4. Kinnevik's policy for Corporate Responsibility

A fundamental requirement for all portfolio companies in which Kinnevik invests is that they comply with all applicable laws, regulations, and appropriate standards in the markets in which they operate. In cases where local legislation does not afford adequate protection for core international human rights and ethical business conduct, companies should endeavour to uphold relevant international standards, such as:

- The UN Guiding Principles on Business and Human Rights – with reference to
    - the International Bill of Human Rights

- the eight core ILO conventions as set out in the Declaration on Fundamental Principles and Rights at Work
    - additional internationally-recognized standards protecting the rights of special groups and populations requiring particular attention
- the OECD Guidelines for Multinational Enterprises.

4.5. Governance

Kinnevik's portfolio companies should apply a corporate governance structure that meets national and international standards for corporate governance. Portfolio companies should have a Code of Conduct setting out their commitment to conducting business according to the highest ethical standards. Portfolio companies should also adopt a Whistle-blower policy in order to ensure that employees and relevant third parties with serious concerns about any aspect of the company's work are able to come forward and voice those concerns without the risk of retaliation, discrimination or disadvantage.

4.6. Risk management

Portfolio companies should have structured risk management processes and frameworks within its businesses. The Board of Directors should be responsible for determining the risk appetite of the company, and for maintaining oversight of key risks that have a material impact on the portfolio company. The management of Kinnevik's portfolio companies and subsidiaries should ensure that there are appropriate processes for identifying and managing risks as well as escalating them to the portfolio company's Board of Directors when appropriate.

4.7. Compliance

Portfolio companies should ensure they comply with all applicable laws, regulations, and relevant standards. Management should maintain an oversight of compliance across the company's operation and report material non-compliance matters to the portfolio company's Board of Directors.

4.7.1. Competitive behaviour

All Kinnevik portfolio companies should ensure that they carry out their activities in a manner consistent with all applicable competition laws and regulations.

4.7.2. Business ethics

Portfolio companies should develop clear guidelines on anti-corruption: including issues relating to bribery, money laundering, and fraud. These guidelines should be made known to all employees, and employees should be continuously educated and informed of the consequences of the guidelines. These guidelines are particularly significant for companies active in countries where corruption is prevalent. It is also important that the companies are transparent and communicate how they avoid and work against corruption.

4.7.3. Trade sanctions

Portfolio companies should adopt policies and procedures in order to ensure compliance with international trade sanctions and export control legislation. Such procedures should include risk management processes for identifying high-risk jurisdictions, business areas and products, routines for the screening of counterparties, and should set out the responsible functions for compliance and escalation of matters within the company.

4.7.4. Privacy and data protection

Portfolio companies should have clear policies regarding privacy and data protection and design internal systems to comply with national and international legislation in the area.

4.8. Social responsibility

Portfolio companies should continuously monitor their compliance with applicable laws, regulations, and relevant international standards, as set out in section 4.4.

In particular, they must respect human rights, such as those relating to labour: offering safe and healthy working conditions, upholding the freedom of assembly and association, ensuring non-discrimination and promoting diversity at work; and not accepting any form of forced or child labour.

In cases where the portfolio companies are active in countries that do not afford adequate protection for human rights, it is particularly important that the companies also seek to promote human rights to increase the standard in the company in question.

4.9. Environmental responsibility

Portfolio companies should establish an environment policy and continuously analyse and improve the impact of their operations on the environment. Environmental work should be followed up continuously and reported to the portfolio company's Board of Directors. Portfolio companies should also collect information on the environmental impact of their suppliers and encourage them to achieve continuous improvements.

In cases where scientific knowledge of environmental risks is insufficient, the companies should apply the precautionary principle and take measures at an early stage to ensure that preventable permanent damage to the environment does not occur. They must also take initiatives to promote greater environmental responsibility and encourage the development and application of environmentally friendly technology.

Where relevant, portfolio companies are encouraged to develop an environmental management system according to certified standards (e.g. ISO 14001) and to educate employees in issues relating to respect for the environment.

4.10. Managing the supply chain

All portfolio companies should develop a Supplier Code of Conduct in which the company's suppliers pledge to act in accordance with the recommendations of the UN's Global Compact. Companies are expected to promote the Supplier Code of Conduct and take reasonable measures to ensure compliance of their supply chain to this code.

4.11. Policy for Corporate Responsibility in new investments

4.11.1. Evaluation prior to new investments

Prior to any acquisition, an evaluation is always performed to determine if the company complies with Kinnevik's CR Policy. Kinnevik also assesses the situation in the country with respect to human rights and corruption and evaluates the extent to which the company upholds the principles of the UN Global Compact in relation to anti-corruption, labour standards, human rights, and environmental standards.

When potential investments do not adhere to Kinnevik's CR Policy, and it is not deemed possible to influence and improve the company's operations, Kinnevik refrains from making the investment.

4.11.2. Development of CR in new investments

Our new investments tend to be in smaller, newly-started companies, and developing a CR policy is part of developing these companies. Even if companies may comply with Kinnevik's requirements for responsibility at the investment occasion, CR work is long term and represents an improvement process that is constantly in progress. Kinnevik actively works with management teams of these companies to help develop their CR policy and related work streams.

4.12. Follow-up of portfolio companies' CR work

In order to integrate CR work in daily operations, each company should appoint an employee who is responsible for CR. This employee should report his or her work and its effects to a member of the portfolio company's Board of Directors or its sub-committee that is responsible for pursuing the company's CR issues. Furthermore, CR work should be an agenda item at every Board meeting.

Each company should follow up annually on its CR policy. Over time, portfolio companies are encouraged to prepare a separate sustainability report reviewed and approved by external auditors and based on an internationally-recognised framework e.g. the Global Reporting Initiative (GRI) Framework.