

# SUSTAINABLE BUSINESS DEVELOPMENT STRATEGY AND FRAMEWORK

**Kinnevik's sustainability strategy and framework is based on the UN 2030 Agenda** for Sustainable Development which balances three dimensions of sustainability: Economy, Society and Environment.

## EXTERNAL FRAMEWORKS

Kinnevik is a signatory of the UN Global Compact which is the world's largest corporate sustainability initiative. A part of this initiative's multi-year strategy is to drive business awareness and action in support of achieving the Global Goals by 2030. This Sustainability Report serves as Kinnevik's annual Communication on Progress to the UN Global Compact, containing our implementation of its principles on human rights, labour, environment and anti-corruption. Kinnevik also recognises the special importance of international standards on responsible business conduct, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Sustainability Report 2019 is prepared in accordance with the Global Reporting Initiative's ("GRI") Standards: Core option, including the GRI Sector Disclosures for Financial Services. The GRI index is available on page 29-31.

## 2030 Agenda and the Sustainable Development Goals

Sustainable development has been defined by the United Nations as: *"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."*

Sustainability is the foundation for today's leading global framework for international cooperation - the 2030 Agenda for Sustainable Development and its Sustainable Development Goals. Adopted by all United Nations Member States in 2015, the 2030 Agenda is a broad and universal policy agenda with 17 Global Goals split into 169 associated targets to be achieved by 2030. The Global Goals are integrated, indivisible and balance the three dimensions of sustainable development: economy, society and environment.

## The UN Sustainable Development Goals



## KINNEVIK'S ORGANISATION

The Board of Directors is responsible for Kinnevik's overall strategy, including how we integrate sustainability aspects as part of our value creation. To assist the Board in monitoring the implementation of our sustainability agenda Kinnevik has established a Risk, Compliance & Sustainability Committee, appointed by the Board of Directors. To drive the integration on a day-to-day basis, on a Kinnevik level and in relation to our investee companies, Kinnevik has a dedicated Sustainability Function.

## SUSTAINABILITY STRATEGY

Kinnevik's sustainability strategy is a framework set up to focus our resources on the most relevant economic, social and environmental issues, drive performance and to engage internal and external stakeholders. The framework consists of Kinnevik's material topics as well as targets and key performance indicators ("KPIs") for each material topic. Kinnevik addresses sustainable business development on two levels, *Kinnevik: A Responsible*

*Company*, and *Portfolio: Our Active Ownership*. The material topics are applied on both a Kinnevik and a Portfolio level with specific targets and KPIs for each level.

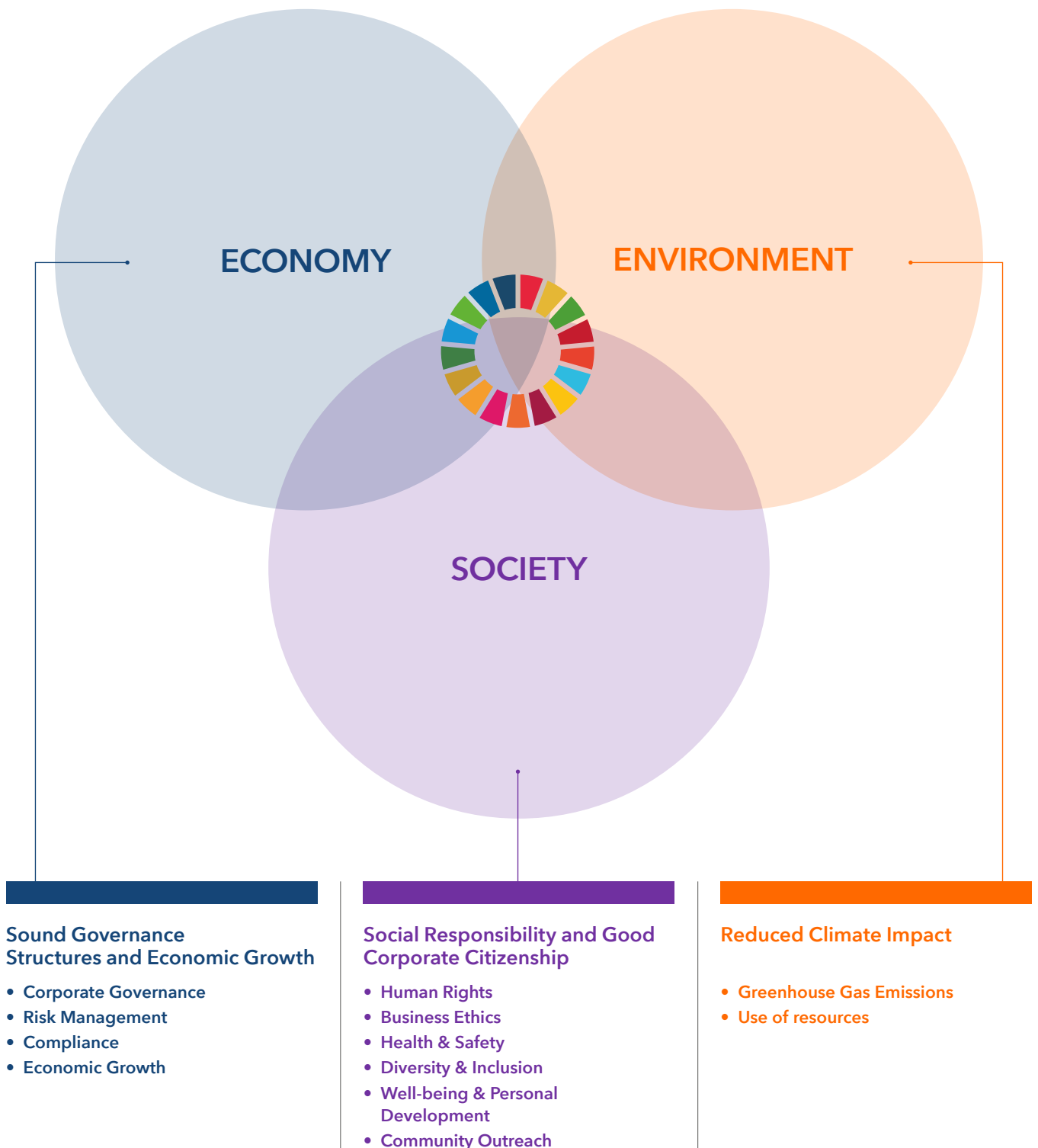
**Kinnevik's purpose is to make people's lives better by providing more and better choice. We work towards that vision by leveraging our experience and expertise to build digital, long-term sustainable businesses that address material, everyday consumer needs.**

### Stakeholder Dialogue

Maintaining a close dialogue with our principal stakeholder groups is central in defining and confirming our material aspects. The key stakeholder groups are identified through board and management discussions as those that are most affected by our operations, as well as have a high degree of influence over Kinnevik's ability to implement our strategies or achieve our objectives. The focus areas for each stakeholder group have been raised in ongoing dialogues throughout the year.

Key Stakeholder Groups	Focus Areas	Methods of Engagement	Response/Outcome
<b>Shareholders and the Financial Community</b>	Strong and long-term economic and sustainability performance including solid governance structures and sound social and environmental practices.	Investor meetings and road shows, Capital Markets Day, interim reports and webcasts, interviews in the media, corporate website, press releases, annual general meetings and annual and sustainability reports.	Continuous communication across available communication channels regarding Kinnevik's strategy, financial development and sustainability progress.
<b>Employees</b>	Corporate culture, performance management, equal opportunities, diversity and inclusion, work-life balance, attractive compensation structures and strong economic and sustainability performance.	Town hall meetings, local staff meetings, team conferences, bi-annual reviews of performance and personal objectives.	Structured on-boarding for new employees, bi-annual reviews and objective setting, annual compensation review, training of key policies and implementation of the Diversity & Inclusion framework.
<b>Portfolio Companies and Entrepreneurs</b>	Strong and long-term economic and sustainability performance, financial and operational support, network and knowledge sharing.	Ongoing communication through investment team, annual assessment relating to the Kinnevik Standards, active representation on Boards and in committees.	Continuous operational and financial support, support in implementing sound sustainability practices and access to the Our Group network.
<b>Society and Authorities</b>	Upholding of social responsibility, good corporate citizenship and overall transparency.	Dialogues with local governments, authorities and key policy makers. Corporate website and annual and sustainability report.	Actively engage in open dialogues to contribute to and improve the policy landscape. Participate in public consultations in areas of importance to Kinnevik and our companies.

**Material Topics for Kinnevik and Our Portfolio**  
 Across the three dimensions of sustainable development



## Material Topics

Kinnevik's material topics are identified through interactive stakeholder dialogues, Board and management discussions, peer benchmarking and industry best practices.

When determining our material topics, we consider topics that are the most important to us and our stakeholders, as well as the significance of Kinnevik's economic, social and environmental impacts. The material topics comprise the key risks and opportunities that we believe are important to focus on, on a Kinnevik and Portfolio level.

The material topics have not changed significantly from last year, but the areas of social responsibility and diversity and inclusion in particular, as well as climate impact have risen in importance.

### Kinnevik's material topics:

#### ECONOMY

Sound Governance Structures and Economic Growth

#### SOCIETY

Social Responsibility and Good Corporate Citizenship

#### ENVIRONMENT

Reduced Climate Impact

## Targets and KPIs

On the next two pages is an overview of Kinnevik's targets and KPIs for each of our material topics on a Kinnevik and Portfolio level. The KPIs should be seen as quantifiable representations of our sustainability performance and as a tool to measure progress. They do not however cover the full extent of Kinnevik's efforts.

A number of our investee companies are in the early stages of their sustainability development, which is reflected in the outcome of the KPIs on a portfolio level. We cannot expect all companies to fully meet our expectations with regards to sustainability at the point of investment, and we define a clear roadmap for our companies with key priorities each year. In addition, Kinnevik invests primarily in growth and venture companies and the composition of our portfolio changes over time which has an impact on the KPIs.

A full account of the KPIs on a portfolio level, including comparative numbers for 2019 and 2018, is available on page 28.

## Scope and Boundaries of Reporting

This report covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2019. Our strategy involves being a lead shareholder in our companies with a sizeable minority shareholding which provides us influence over outcomes. This means that while we can exercise influence over our investee companies mainly through board representation, we do not directly control our investee companies.

The issues identified as relevant for investee companies relate to those organisations at group parent level and does not consider issues which may be relevant for their local operations or subsidiaries.

The focus of this report is on sustainability performance and initiatives in Kinnevik's own operations. Additional case study material on the investee companies is provided on a summary basis, as well as in the form of case studies on specific initiatives. More information on investee companies' performance can be found on their respective websites.

Kinnevik's economic performance is directly influenced by the economic performance of our investee companies, and therefore economic performance is only covered in this report on a Kinnevik level.

Kinnevik has identified climate impact, and Greenhouse Gas emissions in particular, as our most material environmental topics. In the future, we may include other environmental aspects, such as waste management and water consumption.

# SUSTAINABLE BUSINESS DEVELOPMENT FRAMEWORK: KINNEVIK

Dimensions of Sustainable Development	ECONOMY	SOCIETY	ENVIRONMENT
<b>Most Relevant Global Goals</b>	<p><b>8.1:</b> Sustainable economic growth</p> <p><b>16.5:</b> Substantially reduce corruption and bribery</p> <p><b>16.6:</b> Develop effective, accountable and transparent institutions</p>	<p><b>5.5:</b> Ensure women's full participation in leadership and decision-making</p> <p><b>8.8:</b> Protect labour rights and promote safe working environments</p> <p><b>17.16:</b> Enhance the global partnership for sustainable development</p>	<p><b>13.2:</b> Integrate climate change measures into policies and planning</p>
<b>Material Topics</b>	<b>Sound Governance Structures and Economic Growth</b>	<b>Social Responsibility and Good Corporate Citizenship</b>	<b>Reduced Climate Impact</b>
<b>Targets</b>	<ul style="list-style-type: none"> <li>Maintain sound corporate governance structures including risk management and compliance in Kinnevik's own operations</li> <li>Deliver an annual total shareholder return of 12-15% over the business cycle</li> <li>Carry low leverage not exceeding 10% of portfolio value</li> </ul>	<ul style="list-style-type: none"> <li>Attract, recruit and retain talented employees</li> <li>Be an attractive employer with diversity &amp; inclusion, well-being and personal development in focus</li> <li>Contribute to and improve the policy landscape and society as a whole through open dialogues</li> <li>Community outreach engagement through Reach for Change</li> </ul>	<ul style="list-style-type: none"> <li>Measure emissions</li> <li>Reduce climate impact</li> <li>Offset emissions through an internationally recognized offsetting project</li> </ul>
<b>Status</b>	<ul style="list-style-type: none"> <li>Yearly review of all policies and handbooks</li> <li>Dedicated Risk, Compliance &amp; Sustainability Committee (Board) and Risk Committee (management)</li> <li>Yearly compliance training including Code of Conduct and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Yearly employee performance reviews and bi-annual objective setting</li> <li>Personalized career development and training opportunities</li> <li>Best-in-class parental leave benefits</li> <li>Launched the Diversity &amp; Inclusion Framework</li> <li>On-going commitment to Reach for Change</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a yearly greenhouse gas emission estimate by scope and activity</li> <li>Offsetting our carbon emissions in full</li> </ul>
<b>KPIs</b>	<ul style="list-style-type: none"> <li>Net Asset Value development</li> <li>Economic value generated and distributed</li> <li>Leverage in relation to Portfolio Value</li> <li>Annualised Total Shareholder Return (per 30, 10, 5 and 1 year)</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees split by office and function</li> <li>Number of nationalities</li> <li>Age distribution of employees and Board</li> <li>New hires and employee turnover</li> <li>Share of women across teams and Board</li> <li>Parental and sick leave</li> <li>Number of social entrepreneurs supported, and children helped through Reach for Change</li> </ul>	<ul style="list-style-type: none"> <li>Carbon dioxide equivalents ("CO<sub>2</sub>e") emissions in total and per employee</li> <li>CO<sub>2</sub>e emissions in Scope 1, 2 and 3</li> <li>CO<sub>2</sub>e emissions per activity and by type of Greenhouse Gas</li> </ul>

Note: Read more about the KPIs on a Kinnevik level on page 16-20.

# SUSTAINABLE BUSINESS DEVELOPMENT FRAMEWORK: PORTFOLIO

Dimensions of Sustainable Development	ECONOMY	SOCIETY	ENVIRONMENT
<b>Most Relevant Global Goals</b>	<b>8.1:</b> Sustainable economic growth <b>8.2:</b> Diversify, innovate and upgrade for economic productivity <b>16.5:</b> Substantially reduce corruption and bribery <b>16.6:</b> Develop effective, accountable and transparent institutions	<b>5.5:</b> Ensure women's full participation in leadership and decision-making <b>8.8:</b> Protect labour rights and promote safe working environments <b>16.5:</b> Substantially reduce corruption and bribery <b>16.6:</b> Develop effective, accountable and transparent institutions <b>17.16:</b> Enhance the global partnership for sustainable development	<b>12.5:</b> Substantially reduce waste generation <b>12.6:</b> Encourage companies to adopt sustainable practices and sustainability reporting <b>13.2:</b> Integrate climate change measures into policies and planning
<b>Material Topics</b>	<b>Sound Governance Structures and Economic Growth</b>	<b>Social Responsibility and Good Corporate Citizenship</b>	<b>Reduced Climate Impact</b>
<b>Targets</b>	<ul style="list-style-type: none"> <li>Build companies with sound corporate governance, risk management and compliance structures</li> <li>Ensure long-term sustainable economic growth across our portfolio companies</li> </ul>	<ul style="list-style-type: none"> <li>Ensure our companies build responsible business relationships with suppliers, including human rights, business ethics and health &amp; safety considerations</li> <li>Ensure our companies are attractive employers with human rights, health &amp; safety, diversity &amp; inclusion, well-being and personal development in focus</li> <li>Ensure our companies have committed community outreach programs</li> </ul>	<ul style="list-style-type: none"> <li>Ensure our companies measure CO<sub>2</sub>e emissions</li> <li>Ensure our companies have implemented concrete measures to reduce their climate impact</li> <li>Ensure our companies offset emissions through an internationally recognized offsetting project</li> </ul>
<b>Status</b>	Read about the sustainability performance of our portfolio companies on page 21-23.		
<b>KPIs</b> The Portfolio level KPIs are derived from our annual assessment of the portfolio companies based on the Kinnevik Standards, read more on page 21.			

Note: A full account of the Portfolio level KPIs is available on page 28.  
 PV = % of Portfolio Value, #COs = % of Number of Companies.