

# KINNEVIK A RESPONSIBLE COMPANY

As a responsible and active owner, Kinnevik aims to be a role model for our investee companies across economic, social and environmental aspects.

## SOUND GOVERNANCE STRUCTURES AND ECONOMIC GROWTH

*For Kinnevik as a company, it is important to have sound governance, risk management and compliance structures in place, including clear structures, policies and processes across functions. Being a financially strong company is imperative to our role as active owners, supporting our portfolio companies towards achieving long-term sustainable and profitable growth.*

### Governance

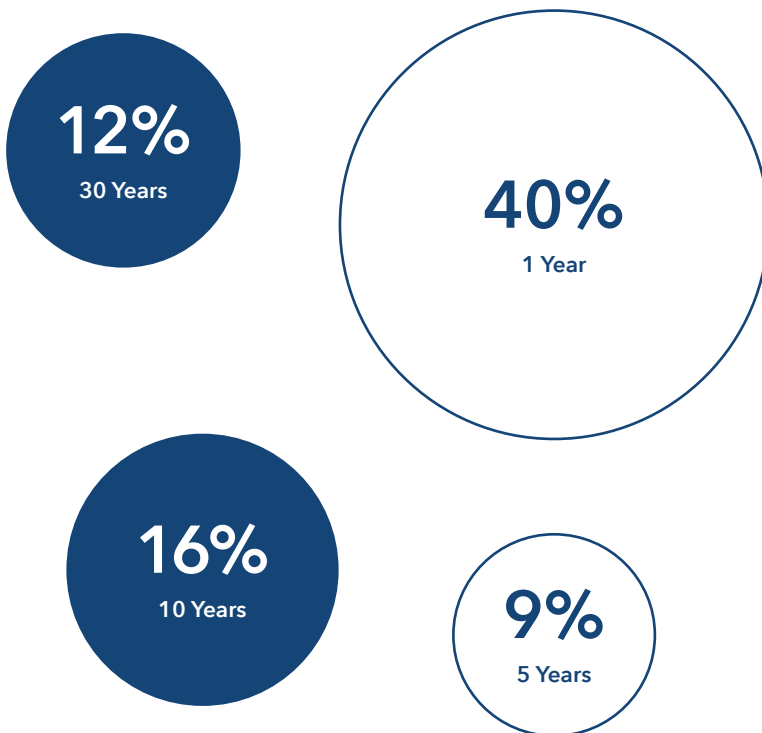
The basis for corporate governance in Kinnevik is Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers, and regulations and recommendations issued by relevant self-regulatory bodies. Kinnevik also follows the Swedish Corporate Governance Code (Swe. Svensk kod för bolagsstyrning).

Kinnevik's Board is responsible for Kinnevik's overall strategy, including sustainability, and is well informed about Kinnevik's policies and procedures. The Board is supported by the Risk, Compliance & Sustainability Committee (a subset of the Board) and the Risk Committee consisting of Kinnevik's management team and investment directors.

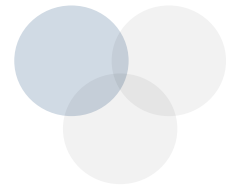
The Risk, Compliance & Sustainability Committee assists the Board in monitoring the governance structures of Kinnevik's investee companies, Kinnevik's risk management process and compliance with laws, regulations and codes of conduct. More information about Kinnevik's governance bodies and their work is available in the Corporate Governance Report 2019.

Kinnevik's key policies are our Code of Conduct, Whistle-blower Policy, Corporate Responsibility Policy, Supplier Code of Conduct and Lobbying Policy. The policies have been communicated to all employees and members of the Board and are available on [our website](#).

All employees and representatives of Kinnevik are expected to fully comply with the Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes provisions



**TOTAL SHAREHOLDER RETURN** is calculated on the basis of shareholders reinvesting all cash dividends, dividends in kind and mandatory share redemption proceeds into the Kinnevik share.



on anti-bribery and business ethics, and other key policies and procedures.

As outlined in the Whistle-blower Policy, Kinnevik expects all employees, as well as relevant third parties who deal with the company, to come forward and voice all serious concerns about any aspect of Kinnevik’s work, including the areas of human rights, labour, environment, anti-corruption and antidiscrimination. Kinnevik whistleblowing service is managed by the external party WhistleB. During 2019, Kinnevik did not receive any reports to the whistleblowing service.

**A part of the compensation for Kinnevik’s investment team is linked to the portfolio companies’ sustainability performance.**

**Risk Management**

Kinnevik’s Board is responsible for internal control in accordance with the Swedish Companies Act (Swe. Aktiebolagslagen) and the Swedish Corporate Governance Code. Kinnevik’s risk framework is outlined in the Risk Management Policy. Kinnevik’s management has established a Risk Committee that meets thrice a year to review key risks, developments since the previous meeting, the efficiency of any mitigating actions and our overall risk appetite. The work of the Risk Committee is presented at each meeting of the Risk, Compliance & Sustainability Committee and to the Audit Committee on a periodic basis.

**Compliance**

Kinnevik’s compliance framework is mainly focused on compliance with the laws and regulations that govern listed companies in Sweden, such as Nasdaq Stockholm’s Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), the Swedish Companies Act, and other laws and regulations relating to Kinnevik’s operations and investment activities. The Risk, Compliance & Sustainability Committee and the Audit Committee receive periodic updates on compliance status. A compliance review in relation to the laws and regulations that govern Swedish listed companies is performed annually to ensure full compliance and identify potential areas for improvement.

Kinnevik conducts mandatory annual compliance training, including Code of Conduct and Insider Trading Rules, for all employees, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain management.

**Economic Performance**

During 2019, Kinnevik’s Net Asset Value increased by 31 percent, adjusted for dividends paid, to SEK 73.3bn (70.5). Total investments for the year amounted to SEK 4.6bn (2.7). Total divestments amounted to SEK 6.2bn (1.6). Kinnevik ended 2019 in a net debt position of SEK 0.9bn (2.9), corresponding to a leverage of 1.3 (4.0) percent of portfolio value.

During 2019, Kinnevik divested a 5 percent stake in Zalando, representing 17 percent of our total shareholding in the company, generating gross proceeds of SEK 5.9bn. Kinnevik also distributed its entire shareholding in Millicom to our shareholders, a value transfer of SEK 16.5bn in total.

Kinnevik does not consolidate operating subsidiaries and has a negative operating result and is therefore not subject to corporation tax.

**Amended Shareholder Remuneration Policy**

For a number of years, Kinnevik aimed to pay an annual dividend growing in line with dividends received from our investee companies, mainly Millicom and Tele2, and the cash flow generated from our investment activities. In light of the distribution of Millicom, and the entailing step change in our portfolio’s composition, we amended our shareholder remuneration policy. Going forward, we will cease to pay an ordinary cash dividend and instead use dividends received, primarily from Tele2, to fund and accrete our ownership in the companies we believe are tomorrow’s winners in our private portfolio. Further, we will seek to return excess capital to shareholders from successful exits in the form of extra dividends.

**Economic value generated and distributed by Kinnevik during 2019, SEKm**

