

PORTFOLIO

OUR ACTIVE OWNERSHIP

Kinnevik has significant influence over its investee companies through capital allocation, board representation and the operational support we provide. Driving an ambitious sustainability agenda in our companies is central in Kinnevik's role as active owners.

THE KINNEVIK STANDARDS

Kinnevik's general expectations in relation to our investee companies' sustainability performance is outlined in our Corporate Responsibility Policy. As we invest across different sectors and geographies, and in companies at different stages of development, the maturity of our investee companies' sustainable business development practices vary.

Kinnevik has developed a structured framework to define best practices for our companies, to measure performance and to set priorities and roadmaps, called the Kinnevik Standards (the "Standards"). They were developed based on stakeholder dialogues, peer benchmarking and industry best practice.

Kinnevik's investment team, supported by the Sustainability Function, is responsible for implementing the Standards in our investee companies. At its core, the Sustainability Function is a business development function with the purpose of supporting our companies to put the necessary structures, processes and culture in place to be successful over the long term.

The Standards mirror our material topics and comprise 64 standards across the three dimensions of sustainable development: economy, society and environment.

Example of Content in the Standards

ECONOMY

- Code of Conduct
- Board membership and committees
- Whistleblowing system
- Risk framework and organisation
- Business ethics and anti-corruption
- Data privacy and protection

SOCIETY

- Supply chain compliance
- Human rights
- Health & Safety
- Diversity & Inclusion
- Employee development and well-being
- Community outreach programs

ENVIRONMENT

- Emissions reporting
- Reducing climate impact

The Scoring Process

Kinnevik performs a yearly assessment of all our material investee companies, public and private, based on the Standards. Material companies are defined as those stated separately in our NAV reporting, or with a fair value exceeding SEK 100m per 31 December the previous calendar year. Following the completion of the assessment, Kinnevik scores the investee companies on their fulfilment of each standard. The development of the scores can be tracked over time for the total portfolio and for individual companies. The assessments are performed through interviews with the investee companies and our board representatives and by the Sustainability Function's periodic visits to the companies.

The assessment for 2019 included 26 (24) companies, 6 (6) public and 20 (18) private, corresponding to circa 100 (99) percent of Kinnevik's portfolio value per 31 December 2019.

Assessment Process

Our public investee companies perform a yearly self-assessment to evaluate their fulfilment of the Standards. The self-assessment is compared to Kinnevik's assessment and any material gaps are addressed. The company's management team, together with Kinnevik's representative on the board and the Sustainabi-

lity Function, identify key risks and set priorities for the coming year. Following approval by the company's board or audit committee, the agreed sustainability agenda is implemented and followed up by management.

Private investee companies at an earlier stage of development generally benefit from active support on a management level to implement the Standards. Their performance is assessed yearly by Kinnevik's Sustainability Function together with the company's management. Based on the priorities for the coming year, a roadmap is defined and adopted by the company's board where Kinnevik is represented.

Kinnevik's Risk, Compliance and Sustainability Committee review the companies' assessments once a year and track progress regularly during the year.

Our Group Platform

The Kinnevik Group forms a network of companies and people that we believe can learn from each other. In order to create opportunities for knowledge sharing and networking, Kinnevik organises a number of events and conferences.

During 2019, in connection with Brilliant Minds we organised the Kinnevik Summit, a day of inspirational speakers and interactive discussions for the companies' CEOs. We also hosted events for subject matter experts in the portfolio; in Stockholm for Legal and Internal Audit professionals, and in New York for Risk and Compliance experts. These events were designed to be a forum to share best practice, discuss trends and to inspire. In addition, we organised a program of workshops for HR Managers, a series of sessions for our Young Talents Network and social events for the Kinnevik Group Alumni. The events have been well-received and in 2020 we aim to expand our platform-building efforts.

SUSTAINABILITY PERFORMANCE IN OUR PORTFOLIO COMPANIES 2019

A cornerstone of our sustainability work is the active dialogue with our companies. Kinnevik provides high-level strategic as well as hands-on assistance. For example, we have provided some of our companies with concrete input and recommendations on the content and design of their Code of Conduct and internal control environment. We have invited our portfolio companies to two Our Group platform events focusing on sustainability performance, see page 21. We have also assisted in building best practice frameworks to identify, mitigate and manage risks and to build strong governance structures. We aided some companies in identifying sound whistleblowing systems and in developing strong information security structures. Following the roll-out of our D&I framework, we have assisted our companies in implementing diversity and inclusion aspects in key policies and provided support and examples of how to create a more inclusive work culture.

ECONOMY

A key focus area in 2019 was to develop sustainability roadmaps in companies we invested in during 2018. Most of the companies were in early stages of their journey and did not have structured workstreams around sustainability initiatives. Most new companies with regulated businesses created sub-committees of the board to oversee the development of initiatives across different aspects. Kinnevik also assisted the companies to set up internal governance structures such as risk groups and governance committees, responsible for driving progress. One of the main challenges for our early stage companies is balancing growth with sustainable business development.

In the fourth quarter of 2019 our portfolio company Quikr, an online classifieds platform operating in India which Kinnevik invested in in 2014, discovered that certain dealers and vendors within their managed rentals and cars segments had placed fictitious or misrepresented transactions on its platform. This means that the value of revenue generated in these categories may be overstated, and there is a risk that some receivables may not be entirely recoverable. As a response, the company has reduced its footprint in the concerned segments, is managing its overall cost base and is pursuing criminal action against those responsible. An independent review of the internal control process has also been initiated. Kinnevik is working closely with Quikr's board and management to strengthen the company's internal controls and improve its overall governance, risk management and compliance structures. While we are very disappointed with what has been uncovered, we believe that the measures that are being taken are forceful and proportionate.

Examples of Our Companies Developing Their Governance, Risk and Compliance Structures

Tele2

After the merger with Com Hem in 2018, one of the key focus areas for the business was to deliver on the business plan of the combined entity in a sustainable manner. Kinnevik as the largest shareholder of Tele2 supported this agenda through an active dialogue with the management team. A portion of the variable compensation of the senior management team members within Tele2 for 2019 included their performance on sustainability initiatives.

Livongo

Since Kinnevik's first investment in Livongo in 2017, through our board representation and the Sustainability Function, we have worked closely with the management team to develop Livongo into a long-term sustainable business. Among other initiatives in 2019, Kinnevik actively assisted the Board of Directors to recruit an independent Chairman to the Audit Committee to improve independence and governance structures within the business.

Monese

Kinnevik invested at a very early stage in Monese in 2018. At the time of investment, Monese met basic levels of compliance required by the regulators. Kinnevik together with the management team recruited subject matter experts to drive specific sustainability initiatives. We worked closely with the Board to set up a Risk and Audit Committee to oversee development of these initiatives. Kinnevik also worked closely with the management team to set up an internal cross-functional risk committee to oversee 'on-the-ground' development.

SOCIETY

A key focus area during 2019 has been diversity and inclusion. In line with Kinnevik's high expectations outlined in our D&I Framework, many of our companies have made strong progress by implementing key policies and setting up training for employees, among other initiatives. As a result, many have become more attractive employers with equal opportunities and well-being in focus. D&I is a long-term commitment and many companies have plenty of room for improvement and this will continue to be an important initiative in the coming years.

Examples of Our Companies Taking the Lead on Diversity & Inclusion

Zalando

The company believes that the diversity of people, lifestyles, opinions and attitudes are crucial drivers of innovation and success. In October 2019, Zalando announced new diversity targets for its top leadership levels. The company aims for a balanced representation of women and men on its top six management levels by the end of 2023, meaning at least 40 percent of the underrepresented gender. The new targets are part of a general revision of the company's D&I strategy, in which Zalando aims to diversify its workforce across several metrics, including gender, nationality and educational background.

"During the past 11 years, we have been very focused on establishing and growing our business, and we didn't put enough effort into countering structural imbalances that have evolved. We acknowledge that today we lack diversity in our senior management, and we are committed to changing this. We strongly believe that only a diverse and inclusive culture will ensure that we have the best talent on board and can truly serve our customer base", says Rubin Ritter, Co-CEO of Zalando.

Betterment

Betterment sits at the intersection of two industries: finance and technology - both with large historical gender gaps and underrepresented populations. Betterment is working hard to change this by building a company of passionate individuals who reflect their customers and bring new and different perspectives. To achieve a better gender balance, the company has an internal D&I Committee to celebrate the many backgrounds and experiences of its employees. In 2018, the Women of Betterment group launched SHARE (Support, Hire, Aspire, Relate, Empower), a network of diverse individuals aimed at fostering deeper connections among women in the fintech community.

Global Fashion Group

GFG believes that having a truly dynamic and diverse workforce enables it to develop the deep local knowledge and expertise required to succeed within its markets. Since its foundation in 2014, GFG has increased the percentage of women in its management team from zero to 50 percent in December 2019. The same trend is seen on the board, which is headed by a female chairman and where the percentage of women has increased from none in 2014 to 50 percent in December 2019, demonstrating GFG's commitment to gender diversity.

ENVIRONMENT

As the climate crisis escalates, Kinnevik and our portfolio companies are responding. With our active support, our companies are increasingly taking action to reduce their environmental impact. In addition to the examples below, many of our companies are running initiatives with a general trend being that companies that are more mature have the more mature climate initiatives. During 2020, Kinnevik will continue to engage with our portfolio companies to support, encourage and influence them on their journey towards environmental responsibility, focusing on those companies with the greatest carbon footprints.

Examples of Our Companies Taking Responsibility for Environmental Issues

Zalando

Aiming to be net-positive for people and planet, Zalando launched its do.MORE sustainability strategy in October 2019 and already has net zero emissions for its own operations through off-setting. Zalando's dedicated sustainability team is leading the work to set Science-Based Targets during 2020 in line with the Paris Agreement.

Tele2

Carbon neutral across its own operations, Tele2 is engaging external advisers to measure its upstream and downstream emissions in 2020 with the aim of setting Science-Based Targets. As a large user of energy, Tele2 continues to work to source clean power for its operations in each market.

Kolonial

Food waste has halved each year for the past 3 years at Kolonial and it is zero waste in bakery because all products are baked to order. In December 2019 Kolonial switched from plastic bags for deliveries to recyclable cardboard boxes. Most of Kolonial's delivery fleet runs on biofuels and the company plans to increase the number of electric vehicles in 2020.

OUR COMPANIES ARE CONTRIBUTING TO THE GLOBAL GOALS

Many of our portfolio companies contribute to the Global Goals by virtue of their core business models. The 2030 Agenda and sustainable business development is an exciting business opportunity as it represents unmet demand across the globe.

ECONOMY

GOAL 1.4: Equal rights to ownership, basic services, technology and economic resources

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including micro-finance.

- **Bayport:** Financial solutions for formally and informally employed individuals in emerging markets
- **BIMA:** Affordable and uniquely designed life and health insurance products via mobile phones in emerging markets
- **Monese:** Fully mobile current account service with a technically advanced KYC solution that enables people across Europe to open a current account within minutes

SOCIETY

GOAL 3.7: Universal access to sexual and reproductive care, family planning and education

By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.

- **Livongo:** Pregnancy and Early Parenting program, an evidence-based behavioural health program offering personalized digital support

GOAL 3.8: Achieve universal health coverage

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- **Livongo:** Consumer digital health company that empowers people with chronic conditions to live better and healthier lives
- **Babylon:** Digital healthcare service company that combines mobile tech and artificial intelligence with medical expertise. Babylon's mission is to make healthcare more accessible and affordable for people everywhere
- **VillageMD:** Provider of primary care and a pioneer in the delivery of value-based care. The company transforms the healthcare experience for consumers by enabling primary care physicians to operate higher quality, risk bearing clinical models

ENVIRONMENT

GOAL 12.3: Halve global per capita food waste

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

- **Karma:** Marketplace platform that connects consumers with local restaurants and grocery stores that have surplus food. By letting customers buy unsold food at a discount through the app, Karma is reducing food waste