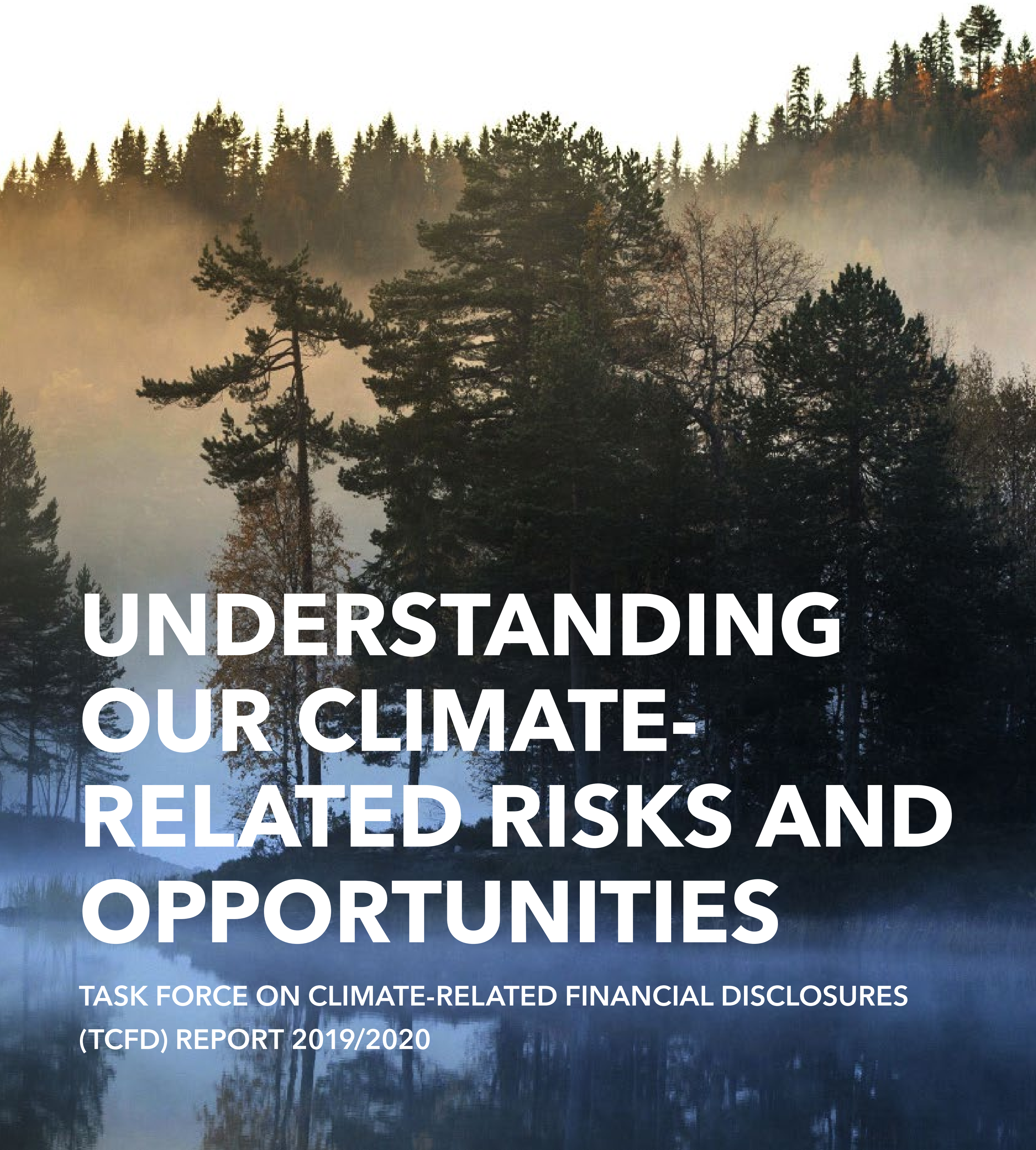
KINNEVIK



UNDERSTANDING OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT 2019/2020

INTRODUCTION

The effects of climate change are clearly visible and will have an increasingly tangible impact on Kinnevik and our portfolio. Implementing the recommendations of the TCFD enables us to identify, assess and manage our most material climate-related risks and opportunities.

Long-term sustainable development is an integrated part of Kinnevik's business model: from the sourcing and assessment of new business opportunities, to the ongoing development of our companies and the re-allocation of capital into new opportunities.

Our ambition is to develop our companies into long-term sustainable businesses in line with the Paris Agreement, and to futureproof them for a new, low-carbon economy. To do this, we have set a sustainability strategy based on the UN 2030 Agenda for Sustainable Development, which balances the three dimensions of sustainability: economy, society and environment.

In the spring of 2020, Kinnevik adopted new climate targets for our own operations and our portfolio, in line with the carbon law and with the 1.5˚C ambition. You can read more about our climate targets on page 9. As part of this effort, we are supporters of the TCFD and have implemented its recommendations, which enable us to better understand the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning. By identifying and assessing the most material of these risks and opportunities for Kinnevik and our portfolio, we can manage and mitigate the risks while seizing the opportunities, which creates resilience and enables long-term value creation. The result of our analysis is presented in this report, which covers the full year 2019 and the first half of 2020.

Our ambition is to develop our companies into long-term sustainable businesses in line with the Paris Agreement, and to future-proof them for a new low-carbon economy

OUR 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. Click here to read more.

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GOVERNANCE

In this section, in accordance with the TCFD recommendations, we aim to describe Kinnevik's governance structure in relation to climate-related risks and opportunities.

BOARD OVERSIGHT

The Board of Directors is responsible for Kinnevik's overall strategy, including how we integrate sustainability aspects as part of our value creation. Further, the Board of Directors is specifically responsible for identifying risks and opportunities related to sustainability, including climate change, that may impact Kinnevik, and to define appropriate guidelines to govern Kinnevik's conduct in society. This is embedded in the work and delegation procedures of the Board of Directors.

To assist the Board of Directors in fulfilling its responsibilities relating to sustainability and to oversee Kinnevik's risk management process, the Board of Directors has appointed a Risk, Compliance & Sustainability ("RCS") Committee. The RCS Committee specifically monitors the implementation of the Kinnevik Standards (read more on page 7) across our portfolio companies, including annual ratings and qualitative assessments, and regularly evaluates risks related to Kinnevik's, and our portfolio companies', operations. The Committee meets at least four times a year and reports to the Board of Directors on its activities, and makes relevant recommendations, at the subsequent Board meeting.

During 2019, the Board of Directors reviewed and approved our Risk Management Policy, which outlines the foundation of Kinnevik's risk management framework, as well as Kinnevik's 2019 Sustainability Report. Further, during 2020, the Board of Directors approved a new climate strategy outlining Kinnevik's ambitions which includes emission reduction targets for Kinnevik and our portfolio.

MANAGEMENT APPROACH

To drive the implementation of our sustainability strategy and assess potential risks and opportunities related to climate change, Kinnevik has a dedicated Sustainability Team. The Sustainability Team, together with the Investment Team, is responsible for implementing our sustainability standards across our portfolio companies and driving specific sustainability related projects, including our climate strategy. In addition, to ensure that we deliver on our climate strategy, we have established a Climate Team, a sub-group within the Sustainability Team, which supports our portfolio companies on climate-related topics. The Sustainability Team and the Climate Team regularly reports to the Kinnevik Management Team and the RCS Committee on the work done and progress made.

The overall responsibility for Kinnevik's risk management process lies with Kinnevik's CEO, who has delegated the responsibility to the CFO. Further, Kinnevik has established a Risk Committee to oversee our risk management framework and support the CFO in this regard. The Risk Committee comprise all senior managers of Kinnevik and meets at least three times a year to review key risks and 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 RCS Committee meeting and at Audit Committee meetings on a periodic basis. To manage the ongoing risk management work within Kinnevik and across our portfolio, the Risk Committee has appointed a Risk Team who is responsible for the ongoing risk assessment process. The Risk Team comprises the GRC Director, one Corporate Team member and one Investment Team member.

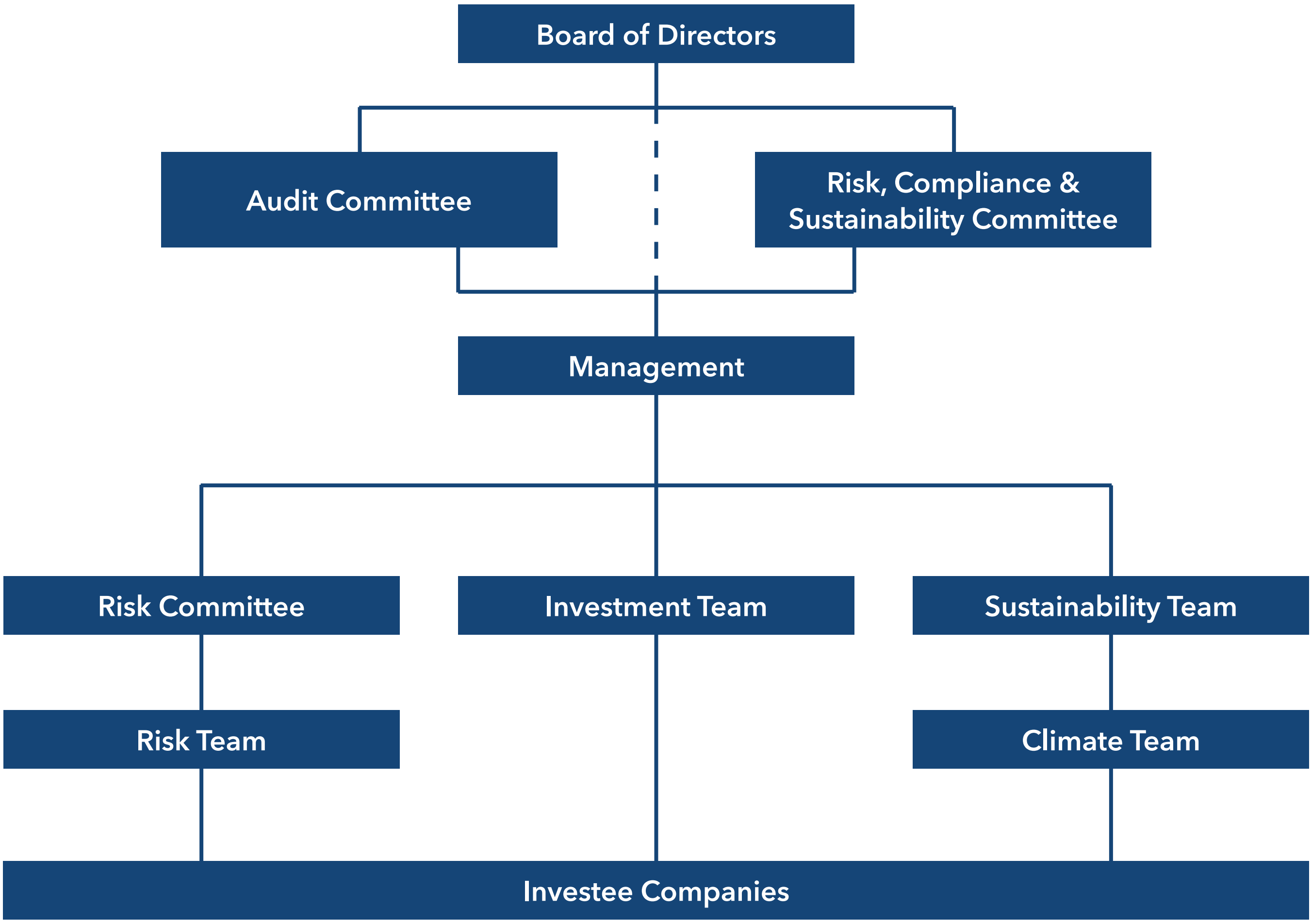
During 2020, the Management Team and the Climate Team held a workshop with the purpose of identifying an actionable climate strategy, including relevant reduction targets. The proposed climate strategy was later presented to, and approved by, the Kinnevik Board of Directors. The Sustainability Team and the Climate Team are responsible for implementing the climate strategy within Kinnevik's operations and across the portfolio companies and regularly inform the Management Team and the RCS Committee on the execution of such.

Kinnevik will continue to intensify and further integrate climate-related topics into our existing governance processes during the remainder of 2020. With climate being one of three dimensions of our Sustainable Business Development Framework and in light of our newly adopted climate strategy, we will increase our focus and efforts around climate-related issues and topics on all levels of our business.

"As active owners, it is Kinnevik's responsibility to put sustainable business development at the top of the agenda at our investee companies and to make sure that they seize the opportunities arising from this. Supporting the TCFD's recommendations helps us to understand and act on our portfolio's most important climate-related risks and opportunities. We believe companies that operate in a responsible and sustainable manner will be able to remain the preferred choice for consumers, as well as to recruit the best employees, thereby outperforming their competitors in the long run."

Georgi Ganev
Kinnevik's CEO

Overview of Kinnevik's Governance and Sustainability Organisation



OUR CORPORATE GOVERNANCE

The basis for corporate governance within Kinnevik is Swedish legislation, the NASDAQ Stockholm Rules for Issuers and Issuer Agents and the regulations and recommendations issued by relevant self-regulatory bodies. Click here to read more about corporate governance at Kinnevik.

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STRATEGY

This section aims to describe the actual and potential material impacts of climate-related risks and opportunities on Kinnevik's business, strategy and financial planning.

KINNEVIK'S BUSINESS AND STRATEGY

Kinnevik's strategy is to be the leading growth investor by:

- *Backing challenger businesses that use technology to address material, everyday consumer needs*
- *Being a bold and long-term business builder and partnering with talented entrepreneurs*
- *Focusing on Fashion & Food e-Commerce, Online Marketplaces, Financial Services, Healthcare and TMT: large sectors in the process of significant technological disruption*
- *Investing in Europe, with a focus on the Nordics, the US, and selectively in other markets*
- *Leveraging our experience and expertise to build leading, long-term sustainable businesses*

We believe in the power of technology to make life better for people around the world. That is why we build digital businesses that make a positive difference to peoples' lives. Whether it is consumer services, financial services, healthcare services or telecom, technology is making everything easier, speedier and more freely available.

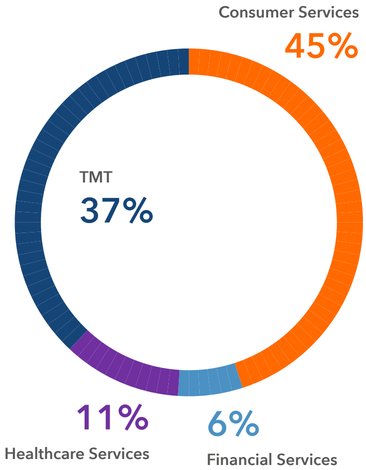
CLIMATE-RELATED RISKS AND OPPORTUNITIES

Methodology and Process

Kinnevik's portfolio consists of around 25 companies in four sectors: Consumer Services, Financial Services, Healthcare Services and TMT. Within Consumer Services, there are four sub-sectors: Online Fashion, Online Food, Travel and Other.

To identify our most material climate-related risks and opportunities, Kinnevik's CEO convened a workshop in May 2020 for Kinnevik's Management Team and Climate Team. The workshop analysed the potential implications of climate change on Kinnevik's business, strategy and financial planning. Each of Kinnevik's sectors and sub-sectors were analysed individually, with emphasis on those with the highest climate-related risks and opportunities, as well as those that are most material in terms of share of our portfolio value.

Kinnevik's portfolio composition per 31 March 2020



The analysis is done from Kinnevik's perspective as an owner, as opposed to the portfolio companies', and focuses on the implications on our business, strategy and financial planning. As an investment company, we do not have the level of insight into all our portfolio companies that an operating company would perhaps have into its own operations, which creates an uncertainty factor. However, implementing the TCFD recommendations provides us with an overview and a base from which to continue our active dialogue with our companies. The results of the workshop are summarised below.

Summary Implications on Our Business, Strategy and Financial Planning

In our assessment of the potential implications of climate change on Kinnevik's business, strategy and financial planning in accordance with the TCFD framework, we have identified near-, mid- and long-term risks and opportunities across our four sectors. We believe transition risks related to market and reputation, i.e. changes in customer behaviour and preferences, are the most material climate-related risks. Increasing awareness about climate change will impact customer preferences, leading to increased demand for products and services with a low climate impact. The risk of not being able to meet these demands by making the transition to a low-carbon economy may have a significant impact on our companies' competitiveness.

Our Consumer Services and TMT companies are to a larger degree reliant on physical assets and facilities for their production and offices, and they have more complex supply chains. They would therefore be more affected by severe weather events such as heat waves, floods and forest fires - generally referred to as physical risks. The consequences could include reduced product availability, increased repair costs of damaged buildings and inventory loss, which would have a negative impact on sales and lead to increased costs. Our Healthcare and Financial Services companies are generally less exposed to climate risks, both transition and physical, given their highly digital business models.

All our companies are to some degree exposed to transition risks stemming from increased pricing of greenhouse gas emissions and increased emissions reporting obligations. Carbon pricing mechanisms (e.g. carbon taxes, tariffs and cap-and-trade schemes) could have future implications on costs, their ability to operate and return on investment. Similarly, overhead costs may rise as a result of more rigorous regulations related to emissions reporting.

Meanwhile, we see several opportunities related to climate change, particularly as our strategy is to invest in technology enabled digital businesses. The main opportunity relates to being consumers' preferred choice by leveraging new technology to take the lead in developing products and services with a low or positive climate impact. Compared to more analogue business models, our companies are in a good position to accelerate the pace of transformation to meet the increasing demands of their increasingly climate-conscious customer base.

For more details on the main climate-related risks and opportunities for each of our sectors and sub-sectors, refer to the appendix on page 11.

Overview of key risks and opportunities per Kinnevik sector

	RISKS						OPPORTUNITIES				
	TRANSITION				PHYSICAL						
	Policy & Legal	Technology	Market	Reputation	Acute	Chronic	Resource Efficiency	Energy source	Products & Services	Markets	Resilience
Timeline	Mid	Mid	Short	Short	Mid	Long	Short	Short	Short	Short	Mid
Classification	Mid	High	High	High	Mid	Low					
Consumer Services											
Fashion		X	X	X	X		X		X		
Food		X	X	X	X	X	X		X		
Travel	X		X	X					X		
Financial Services	X		X	X					X		
Healthcare Services									X	X	
TMT		X	X	X	X	X		X	X		

Timeline:
Short term: <3 years
Mid-term: 3-5 years
Long term: 5-30 years

Classifications:
Low: Monitor development to ensure risk exposure remains low
Mid: Mitigate and monitor risks to maintain current level of risk exposure
High: Implement mitigating actions to reduce exposure

Note: More information about the risk classifications is available on page 8.

INFLUENCING THE TRANSITION TO A LOW-CARBON ECONOMY

Kinnevik systematically sources and assesses potential new investments. From a wide funnel of companies, a small selection is brought to Kinnevik's Executive Investment Committee ("EIC"), where these companies are evaluated based on our eleven investment criteria, which includes the risks and opportunities related to sustainable business development. We also conduct thorough sustainability due diligence, where companies are evaluated based on their performance and structures in relation to economic, social and environmental aspects. During 2020, we will continue to develop our sourcing process, including the EIC procedures, to focus more closely on the companies' risks and opportunities related to climate change.

Post investment, we develop a plan for each company, which varies according to each business's characteristics and needs. We conduct bi-annual investment reviews during which our Investment Team discusses our companies' developments across a number of parameters, including sustainability. In addition, Kinnevik's Sustainability Team conducts a yearly qualitative assessment of all portfolio companies and sets targets and priorities for the coming year. Companies are assessed according to the Kinnevik Standards (the "Standards"), which comprises of a structured framework of best practice standards across environmental, social and economic aspects. During 2020, we updated the Standards and raised our expectations of our companies in relation to climate aspects, requiring yearly calculations of greenhouse gas ("GHG") emissions, establishment of relevant climate targets in line with the 1.5°C ambition, and assessment of key risks and opportunities related to climate.

To enable our companies to measure their GHG emissions, we propose to support them in implementing a GHG reporting tool during 2020. This allows Kinnevik to aggregate our total portfolio emissions and to track progress according to our emissions reduction target for the portfolio. The GHG emissions tool also allows us to influence our companies to analyse and report on their climate-related risks and opportunities, which will provide us with a better base for future TCFD reports. Read more about our climate targets on page 9.

During 2020, we aim to conduct a scenario analysis to better understand the future impact on our business, strategy and financial planning of different scenarios of global warming.

OUR BUSINESS MODEL AND VALUE CREATION

Sustainability is an integrated part of our business model, from the sourcing and assessment of new business opportunities to the ongoing development of our companies and the re-allocation of capital into new opportunities. Click here to read more about our business model.

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RISK MANAGEMENT

In this section we describe how Kinnevik identifies, assesses, and manages climate-related risks, in accordance with the TCFD reccomendations.

RISK ASSESSMENT PROCESS

To identify, assess and manage risks, including climate-related risks, for Kinnevik on an ongoing basis, the Board of Directors has adopted a Risk Management Policy. To facilitate the implementation of this risk management framework, Kinnevik has a detailed risk assessment process which is overseen by the Risk Committee and run by the Risk Team. As a diversified investment company, a material level of Kinnevik's risk exposure sits within our portfolio, which is why the risk assessment process is performed at both the Kinnevik and portfolio levels. The Kinnevik Risk Register and Portfolio Risk Register are used to record the results of this assessment process.

Kinnevik's risk exposure is not static and consequently therefore risk assessment process is performed and updated at least three times a year. The Risk Team meet with the relevant internal teams to identify Kinnevik and portfolio risks which are then documented in the Risk Registers. Kinnevik risks are categorised according to a non-exhaustive list of defined risk categories, and portfolio risks are categorised by company. Kinnevik's risk categories are: existing portfolio, new investments, liquidity, compliance, talent, reputation, financial and reporting.

On a Kinnevik level, we expect climate-related risks to be categorised as both existing portfolio risks and reputational risks as our companies' sectors are increasingly scrutinised from a climate change perspective. During 2020, Kinnevik will increasingly integrate climate-related risks into its risk management framework and existing risk categories.

Based on a qualitative analysis, all risks are awarded a risk score based on likelihood and impact, which in turn classifies the risk as either a "high", "medium" or "low" risk. Based on this score, all risks are assigned a relevant risk response and/or mitigation actions.

The Classification of Risks

Likelihood is calculated as:

Score	Likelihood	Description
1	< 5%	Very Unlikely
2	5% - 10%	Unlikely
3	10% - 20%	Maybe
4	20% - 25%	Possible
5	> 25%	Likely

Impact is calculated as:

Score	Impact (EURm)	Description
1	< 25	Immaterial
2	25 – 50	Low
3	50 – 100	Medium
4	100 – 250	High
5	> 250	Critical

Based on the combined risk score (likelihood x impact), risks are classified as:

Classification	Risk Score	Suggested actions
Low	< 7	Monitor development to ensure exposure remains low
Medium	≥ 7 and ≤ 15	Mitigate and monitor risks to maintain current level of risk exposure
High	> 15	Implement mitigating actions to reduce exposure

The updated Kinnevik and Portfolio Risk Registers are presented to the Risk Committee after which a final version is presented to the RCS Committee.

COMPANY ENGAGEMENT

The Investment, Sustainability and Climate Teams engage with Kinnevik's portfolio companies on a regular basis, including through the annual sustainability assessment of our portfolio companies. The assessment focuses on the progress made in relation to the Kinnevik Standards. The Standards mirror our sustainability strategy and targets and were created to define best practice for our companies, measure performance and set priorities across the three dimensions of sustainable business development: economy, society and environment. In addition, Kinnevik will drive the implementation of a GHG emissions reporting tool in our companies during 2020 (read more on page 9).

Kinnevik's "Our Group Platform" is a network of companies and people, and a forum for knowledge sharing and networking. Kinnevik uses this forum, and events and conferences organised in connection with it, to raise awareness and discuss our sustainability ambitions. During 2020, the Climate Team intends to use this platform to strengthen our ongoing dialogue on climate-related disclosures and targets with our portfolio companies.

Kinnevik's risk assessment process

Identification → Classification → Mitigation → Reporting

METRICS & TARGETS

This section aims to disclose the metrics and targets Kinnevik use to assess and manage relevant climate-related risks and opportunities.

OUR CLIMATE TARGETS

Kinnevik is in a unique position to influence our companies to identify and mitigate climate risk, seize opportunities related to climate change and make the transition into a low-carbon economy. In May 2020, Kinnevik announced climate targets in line with the Paris Agreement and the 1.5°C ambition for Kinnevik and our portfolio. These are:

1. **Net zero GHG emissions from Kinnevik's own operations and business travel by 2020 and onward**

2. **50% reduction in GHG emission intensity in Kinnevik's portfolio by 2030 compared to 2020**

Kinnevik's GHG inventory is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The GHG Protocol classifies a company's GHG emissions into three "scopes". You can read more about the scopes on the next page.

Kinnevik's scope 1 consists primarily of company owned/leased vehicles and scope 2 consists of district heating and electricity for our offices in Stockholm and London. Business travel (which consists almost entirely of air travel) accounted for 99% of Kinnevik's scope 3 and 95% of our total emissions in 2019, and the pattern is similar throughout the last few years.

To achieve our first climate target, we will implement a more stringent travel policy for employees and an internal pricing structure on air travel reflecting the associated cost of offsetting GHG emissions. We will also move to electric or hybrid employee cars and implement a car policy with the aim of minimizing car travel. Unavoidable emissions will be offset to achieve net zero emissions. The offsetting will be done through a permanent carbon dioxide removal programme, leveraging technology which enables capturing carbon dioxide from the air and storing it underground.

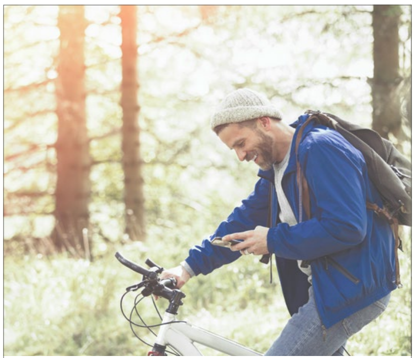
To achieve our second climate target, Kinnevik will drive the implementation of a GHG emission reporting tool across our portfolio in 2020. The reporting tool will enable us to report on the metrics recommended by TCFD such as total carbon emissions, carbon intensity and weighted average carbon intensity. Due to the high-growth nature of our portfolio, Kinnevik's aggregated emissions reduction from the portfolio will be measured in relation to relevant intensity metrics (economic or physical, e.g. per unit of revenue or per product) across our portfolio companies. We will report the emission intensity in our portfolio split by sector in relation to number of companies and in relation to value of our portfolio. As 2020 will be the first year of measuring, progress can be assessed after the 2021 reporting cycle. In addition, during 2021 we will assist our companies in identifying relevant emissions reduction targets and we will drive transformation programmes in selected companies.

Part of the compensation of Kinnevik's employees is linked to the portfolio companies' overall sustainability performance.

CLIMATE-RELATED OPPORTUNITIES

Our portfolio company Zalando set Science Based Targets in June 2020 and Tele2 has announced it is in the process of setting the same. These two companies accounted for 75% of our portfolio value as at 31 March 2020. We also expect that many of our other portfolio companies will set relevant climate targets in line with the 1.5°C ambition during 2020 and 2021.

While climate change poses huge risks and challenges, we are convinced that it also poses a significant opportunity for Kinnevik and our portfolio companies to remain the preferred choice of their increasingly climate conscious consumer base. Kinnevik believes that our companies are well positioned with respect to the transition to a low-carbon economy. With our active support, our companies are increasingly taking action to reduce their environmental impact and improve climate-related disclosures. During 2020, Kinnevik will continue to engage with our portfolio companies to support, encourage and influence them on their transformational journey towards making sustainability part of their core business models.



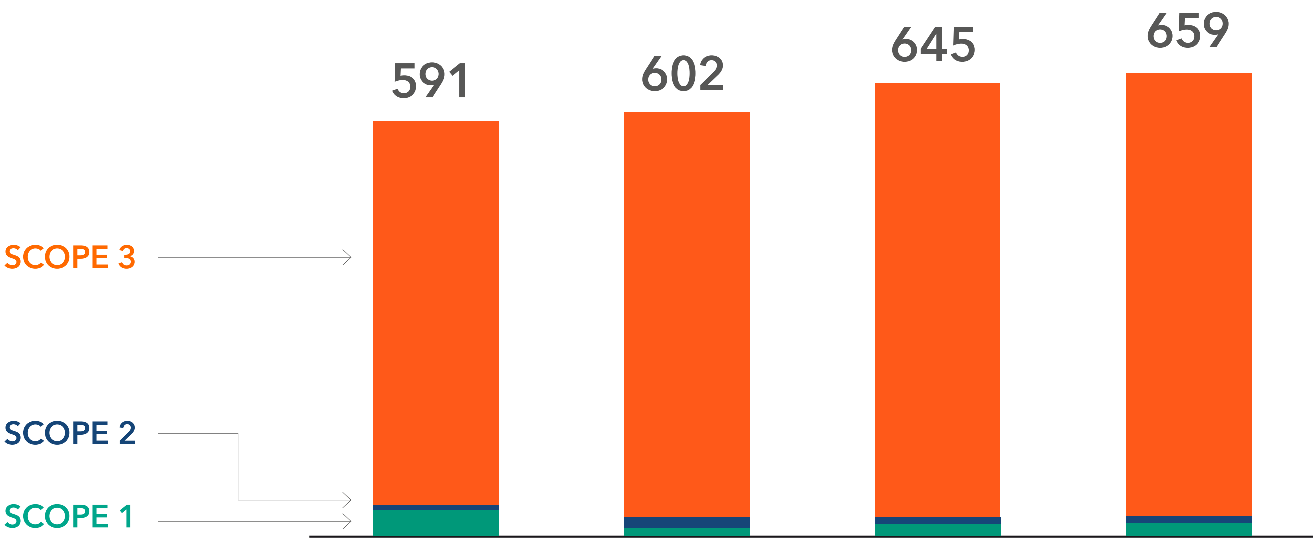
OUR CLIMATE IMPACT

Kinnevik conducts a yearly greenhouse gas emissions estimate which quantifies the total direct and indirect greenhouse gas emissions produced by our operations. The estimate provides us with a tool to monitor and reduce our climate impact. Click here to read more about our emissions report for 2019.

MORE →

Overview of Kinnevik's greenhouse gas emissions 2016-2019

The GHG Protocol classifies a company's GHG emissions into three "scopes". Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream. Kinnevik's emissions inventory for 2016-2019 does not include our portfolio companies' emissions, and therefore scope 3 emissions consists mainly of business travel.



Kinnevik's GHG emissions (tonnes CO2e)	2016	2017	2018	2019
Scope 1	37	11	17	18
Scope 2	7	15	9	10
Scope 3	547	577	619	631
Total	**591**	**602**	**645**	**659**
Per full time equivalent employee	14.8	16.1	17.6	16.6
Per square metre office space	0.766	0.78	0.835	0.853

APPENDIX

This section contains detailed information on climate risks and opportunities for each of Kinnevik's sectors and sub-sectors. This is a continuation of the strategy section starting on page 5.

CONSUMER SERVICES

For online fashion and groceries, we believe the opportunities of a more climate conscious customer base are imminent and clear. The companies that do not manage to integrate climate opportunities into their core business models will risk being outpaced by competitors.

For our ***online fashion*** companies there is a growing business opportunity in offering customers new ways of enjoying fashion which also result in reduced climate impact and increased customer loyalty. This includes local production, rental, second-hand products, clothing care and repairs to extend the life of the garments. By using advanced analytics and artificial intelligence to develop more precise purchasing practices, the offering can be made even more relevant to customers. Supply and demand can be more precisely aligned, helping to avoid overproduction and unnecessary transportation, thereby reducing climate impact. On the other hand, acute physical risks, such as severe weather events or disease, could lead to disruption in production and distribution. Extreme weather could affect major transport nodes in the supply chain. The consequences could include reduced product availability for customers and therefore have a negative impact on sales. However, our online fashion companies operate a marketplace business model, which means they have very little own production. No material supply chain of their own means less direct exposure to physical risks.

For our ***online food*** companies, increasing awareness of the climate crisis is shifting customer preferences towards providers with transparency around carbon footprint and that operate with a low climate impact, both up- and downstream. Acute physical risks can affect agricultural production, production of semi-finished goods, increase costs of maintenance and repair of damaged buildings, delay or hinder deliveries to end-consumers and cause inventory loss from damage and spoiled food during power outages or extreme heat. Chronic physical risks such as temperature rise could affect energy costs by requiring air conditioning and refrigeration systems to work harder or longer – using more energy to maintain appropriate temperatures in facilities.

For our ***travel*** companies, the main climate risk, apart from policy and legal risks, relates to the stigmatisation of air travel. Increasing local charges and emissions trading schemes, such as carbon emissions-based passenger taxes, will likely decrease demand for air travel. Providing detailed information on carbon footprint for various flight options is a key opportunity. As is, when possible, the provision of easily accessible and transparent information on carbon footprint for other modes of transports such as buses, trains and ferries.

FINANCIAL SERVICES

For our ***financial services*** companies operating in investments and savings, a key climate risk is a decrease in demand for products and funds that are not environmentally friendly. There is also a potential stigmatisation of products with a high climate impact, such as oil and gas, which could have an impact on assets under management and revenues. Offering products and funds with a low climate impact to meet the increased demand is a key opportunity. Demand for potentially climate controversial products is likely to persist to some degree however, which requires striking a balance.

HEALTHCARE SERVICES

Four our ***healthcare*** companies, we mainly see climate-related opportunities. With the increase in demand for low emission services, digital models are well-placed to meet shifting consumer and government preferences.

TMT

For our ***communications*** company, a key climate risk is the possibility of unsuccessful investments in new technologies to facilitate the transition into a low carbon business and thereby not meeting the emissions requirements and demand from consumers. Another risk is increased production costs due to increased energy costs. Increased awareness and pressure around climate impact will potentially result in reduced employee attraction and retention and capital availability unless companies are able to position themselves as sustainability leaders. Acute and chronic physical risks is an issue for business continuity. It may also lead to increased costs due to for example increased cooling needs at facilities and office locations.

Climate change will most likely only increase the need and importance of connectivity resulting in increased revenue if companies can also make the transition to climate focused products and services needed with in the TMT industry. Other opportunities include use of more efficient production processes and lower-emission sources of energy. This may reduce operating costs as a transition into more efficient processes enables lower product prices.

For an in-depth description of Kinnevik including our strategy,
team and investee companies, please refer to www.kinnevik.com