

# SUSTAINABILITY REPORT

---

Stockholm 22 March 2018

## STATEMENT BY THE CEO

I am pleased to present Kinnevik AB's Communication on Progress for 2017. Kinnevik is committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. In this Communication on Progress report, we document the progress within Kinnevik as well as in our investee companies. We are making progress in implementing the Global Compact principles, as this report will demonstrate.

**Georgi Ganev**



Chief Executive Officer  
Kinnevik AB

## Statement by the Chairman of the Board

### THE GAME-CHANGING POTENTIAL OF DIGITALISATION AND SUSTAINABILITY

Digitalisation and sustainability are two of the most powerful market influences in today's corporate landscape. The increasing speed and spread of digital technology such as big data, artificial intelligence and Internet of Things is not only changing business models but altering the way people live their lives. Similarly, it is increasingly recognised by investors that sustainability is one of the most important sources of both opportunities and risks for businesses.

At Kinnevik, we build digital consumer businesses. We believe in delivering both shareholder and social value for the long term by building well-governed companies that contribute positively to society. Operating in a responsible manner is critical for building value as well as valuation, and is the key to long-term sustainable growth, development and profitability. Moreover, it preserves business integrity and protects our reputation.

In the last few years, we have spent considerable time and resources shifting the business models of our businesses towards becoming more sustainable and digital. We have also focused on identifying new investment opportunities, as evidenced by our investments in for example Betterment, Babylon and Livongo, that have the potential to become leaders in terms of leveraging the opportunities of the digital era as well as in sustainability.

### OUR RESPONSIBILITY AS AN ACTIVE OWNER

As an investment company, our sustainability work centres around influencing our investee companies to implement sound values and structures for sustainable development. Companies that operate in a responsible and ethical manner will be better able to offer products and services that meet the demands of their customers, as well as to recruit the best employees, thereby outperforming their competitors in the long run.

### LEADING BY EXAMPLE

As a long-term and responsible owner, Kinnevik needs to lead by example. Sustainability is an integral part of Kinnevik's operations and forms part of the agenda in management discussions, annual performance reviews, staff meetings and employee dialogues. As a clear example of this approach, Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing. In addition, during 2017 we have allocated a portion of the investment team's short-term incentives based on the sustainability performance of their companies.

In this time of rapid change, and with the ever-increasing expectations from various stakeholders, the ability of a Board to guide their companies over the long term is ever as important. Sustainability is at the core of Kinnevik's strategy and we aim to continue developing our sustainability work and reporting to reflect that commitment.



**Tom Boardman**

Chairman of Kinnevik's Board of Directors

## Our approach to sustainability

Wherever we operate around the world, our focus is on building digital consumer businesses that make a positive difference to people's lives. As an active owner and lead investor, we have clear expectations on our investee companies to conduct their operations in a responsible and ethical manner.

Sustainability to Kinnevik is about creating long-term shareholder and social value by building well governed companies that contribute positively to society. Consequently, our definition of sustainability includes building sound governance, risk management and compliance structures ("GRC") in our investee companies, as well as promoting healthy social, environmental and economic systems.

The Board of Directors is responsible for Kinnevik's overall strategy, including how we approach sustainability as an integrated part of our value creation. To support the integration of sound GRC practices and our sustainability agenda into our companies, Kinnevik

established a dedicated GRC function in 2014. The purpose of the GRC function is to drive and follow up the implementation of GRC and sustainability structures in Kinnevik and our investee companies. In 2016, Kinnevik also established a GRC Committee, appointed by the Board of Directors, to assist the Board in monitoring such structures at Kinnevik and at our investee companies.

## Stakeholder dialogue

Maintaining a close dialogue with our principal stakeholder groups is a central part of Kinnevik's sustainability work. The below table shows the stakeholder groups that are most important to Kinnevik and the methods we use to engage with them. The key stakeholder groups were 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. The focus areas for each stakeholder group were raised when engaging with Kinnevik during the year.

Summary of Kinnevik's ongoing stakeholder dialogue

STAKEHOLDER GROUPS	METHODS OF ENGAGEMENT	FOCUS AREAS	RESPONSE / OUTCOME
<b>Employees at Kinnevik and in our investee companies</b>	Regular communication and meetings, annual and semi-annual performance reviews, annual reviews of personal objectives and compensation.	Equal opportunities, diversity, work-life balance, economic performance, business ethics, performance management, attractive compensation structures, mission and vision, culture, work environment and safety.	Structured on-boarding for new employees, talent management program, implementation and training of policies and procedures such as Code of Conduct, Whistleblower policy, Corporate Responsibility policy, Talent Management policy and Employee handbook.
<b>Investors and analysts</b>	Annual and Sustainability Report, interim reports and webcasts, website, investor and analyst meetings and road shows, press releases, Annual General Meetings.	Sustainable economic performance, solid governance, risk management and compliance structures, sound social and environmental practices.	Continuous communication on financial development and sustainability work, development of GRC Standards for investee companies, implementation and training of policies and procedures such as Code of Conduct, Corporate Responsibility policy and Whistleblower policy.
<b>Investee companies</b>	Regular communication and meetings, annual assessment according to the GRC Standards, active representation on Boards and in committees.	Sustainable economic performance, financial and operational support, sound social and environmental structures, business ethics.	Continuous operational support, review and implementation of GRC workstreams, policies and procedures, participation in financing rounds.
<b>Authorities and regulators</b>	Dialogue and meetings with decision makers in Swedish Government Offices, Annual and Sustainability Report.	Maintain dialogue on relevant policy and business community issues, upholding of good corporate citizenship, complying with applicable laws, regulations and standards related to sustainability.	Implementation of policies and guidelines for corporate governance, risk management, compliance and corporate responsibility.

## Significant sustainability issues and scope of reporting

Kinnevik's material aspects were identified through an interactive stakeholder dialogue, coupled with peer benchmarking and industry best practice.

### MATERIAL ASPECTS

When determining our material aspects, we have considered the key sustainability risks and opportunities for Kinnevik and our investee companies. These issues are the areas on which we believe it is important to focus, in our own operations and through our influence with our investee companies.

Based on our analysis of the focus areas identified through our stakeholder interactions, we consider the following aspects to be material for Kinnevik:

- **Active ownership**
- **Sound governance and business practices**
- **Sustainable economic performance**
- **Team, diversity and well-being**
- **Environmental impact**

On the following pages we describe how we approach each material aspect.

The identified material aspects reflect our Corporate Responsibility Policy, in which we outline our expectations of our investee companies with regards to sustainability, and which draws reference from international guidelines such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

### SCOPE AND BOUNDARIES OF REPORTING

This report covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2017. As Kinnevik is not an operating company, the report does not include performance information on issues that are material at an investee company level.

Kinnevik aims to have board representation in all its companies and a sizeable minority shareholding. This means that, while Kinnevik can exercise some influence over its investee companies, Kinnevik does not directly control its investee companies.

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

The focus of this report is on sustainability arrangements in place at Kinnevik, and performance relating to issues from Kinnevik's own operations. Additional case study material is provided on specific initiatives at investee company level; further information on investee company performance can be found on the companies 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 parent company level.

## Active ownership - Kinnevik's role as an active owner

Driving an ambitious GRC and sustainability agenda in our investee companies is central in Kinnevik's role as an active owner. We believe operating in a responsible manner is the key to achieving long-term profitable growth.

### THE GRC STANDARDS

For Kinnevik, sustainability is about creating long-term shareholder and social value by building well governing companies that contribute positively to society. In 2014, Kinnevik initiated the development of a structured framework to define GRC and sustainability best practices for our companies, to measure performance and to set priorities and roadmaps. Kinnevik's Governance, Risk and Compliance ('GRC') Standards were developed based on stakeholder dialogues, peer benchmarking and industry best practice.

The GRC Standards comprise 62 standards divided into six sections and weighted according to their importance to our stakeholders, as well as their relevance to our companies' performance. An overview of the GRC Standards is provided in the table below.

#### The scoring process

Kinnevik performs a yearly assessment of all our larger investee companies, public and private, based on the GRC Standards. Larger 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 companies are given an aggregate total GRC score which can be tracked over time.

The GRC Standards generally stretch well beyond the legal requirements in the markets where our companies operate. As such, achieving a score of 100 percent across sections is not feasible, as our companies and the conditions under which they operate constantly change.

#### Assessment of public companies

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

#### Overview of the GRC Standards

SECTION	EXAMPLE CONTENTS	WEIGHTING
Organisation and structure	<ul style="list-style-type: none"> <li>Structure of responsibilities</li> <li>Agenda of the Board</li> <li>Management incentives</li> </ul>	11%
Governance	<ul style="list-style-type: none"> <li>Membership and committees of the Board</li> <li>Code of Conduct</li> <li>Whistleblowing system</li> </ul>	32%
Risk management	<ul style="list-style-type: none"> <li>Policy and framework</li> <li>Organisation</li> </ul>	8%
Compliance	<ul style="list-style-type: none"> <li>Business ethics and anti-corruption</li> <li>Privacy and data protection</li> <li>Anti-trust/competition policy</li> </ul>	20%
Corporate responsibility	<ul style="list-style-type: none"> <li>Supply chain compliance</li> <li>Employee development, health safety and wellbeing</li> <li>Human rights</li> <li>Environment</li> </ul>	23%
Information security	<ul style="list-style-type: none"> <li>Business continuity</li> </ul>	6%

#### Assessment of private companies

Private companies at an earlier stage of development generally benefit from active support on a management level to implement the GRC standards. Their sustainability performance is assessed yearly by Kinnevik's GRC function together with the company's management. A roadmap is defined and adopted by the company's board, where Kinnevik is represented.

#### Outcome of the 2017 GRC assessment

The assessment for 2017 included 18 companies, 5 public and 13 private, corresponding to ca 98% of Kinnevik's portfolio value. A key reflection from this year's assessment is that most companies have made good progress in developing sound GRC organisations and structures. For example, Zalando has published a Modern Day Slavery Act Statement that shows how they work across their supply chain to protect human rights. BIMA has signed an Anti-Corruption Memorandum of Understanding together with other multinational companies operating in Cambodia to fight corruption in the country. GFG has issued guidelines to its operating entities on the responsible recruitment and employment of migrant labourers.

Information security is an area where many companies are still in early stages of development and therefore tend to have lower scores. With the introduction of EU's General Data Protection Regulation ('GDPR'), companies must make significant changes to their internal processes and systems to comply with this regulation. All our investee companies that are under the scope of the GDPR have roadmaps with initiatives to comply with the regulations by 25 May 2018. Other topics that are high on our agenda for next year are risks related to cyber security and supply chain. For companies that operate in high risk markets, we are working closely with the management teams to ensure adequate processes are implemented to mitigate corruption risk. The key corruption risks in Kinnevik's portfolio relate to certain emerging markets when dealing with government authorities, particularly within the supply chain.

#### Target for 2018

The target for the reporting year 2018 is to improve the scores across all sections of the GRC Standards, for public and private companies.

## Sound governance and business practices

As a responsible and active owner, Kinnevik aims to be a role model for our investee companies. Important sustainability aspects for us as an investment company includes having a clear organisation, strong policies and structured processes in place, as well as robust governance, risk management and compliance arrangements.

### GOVERNANCE

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

The responsibility for sustainability is split between Kinnevik's Board, GRC Committee, Risk Committee, CEO and General Counsel. The Board is responsible for Kinnevik's overall strategy, including sustainability, and is well familiar with Kinnevik's sustainability policies and procedures.

The GRC Committee constitutes a subset of the Board of Directors and is appointed by the Board to assist 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 on page 23-27 in our Annual Report 2017.

Kinnevik's key sustainability policies are our Code of Conduct, Whistleblower Policy and Corporate Responsibility Policy. All employees and representatives of Kinnevik are expected to comply fully with the Code of Conduct. Kinnevik has an onboarding process for new employees that introduces them to the Code of Conduct, which includes anti-bribery and business ethics, and to other key policies and procedures. In addition, Kinnevik conducts mandatory annual Code of Conduct training for all employees.

As outlined in the Whistleblower 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. In the Corporate Responsibility Policy, we outline Kinnevik's expectations in relation to our investee companies' sustainability performance.

A part of senior managements' compensation is linked to the sustainability performance of our investee companies.

### RISK MANAGEMENT

Kinnevik's Board is responsible for internal control in accordance with the Swedish Companies Act (Swedish: Aktiebolagslagen) and with 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 at least once every quarter to review key risks, developments since the previous meeting and the efficiency of mitigating actions. The work of the Risk Committee is presented to the GRC Committee and 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 the Nasdaq Stockholm Rule Book for Issuers, the European Union Market Abuse Regulation (No 596/2014), SFSA's Guide for Listed Companies (Swedish: Vägledning för Börs- och MTF-bolag), and other laws and regulations relating to Kinnevik's operations and investment activities. The GRC Committee and the Audit Committee receive periodic updates on compliance status. Kinnevik conducts mandatory annual compliance training for all employees, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain.

### SUSTAINABILITY DUE DILIGENCE FOR NEW INVESTMENTS

Sustainability is a separate due diligence work stream for all Kinnevik's new investments in private companies. All potential new investments are evaluated in terms of their sustainability performance and structures, and the key risks are identified. We use the GRC Standards as a basis for the sustainability due diligence, which is conducted through discussions and interviews with the company's management team. The sustainability due diligence includes, among other aspects, human rights screening and a corruption risk assessment. In instances where potential investments do not adhere to relevant standards, or are not considered to be susceptible to the required improvements, Kinnevik refrains from the investment.

During 2017, Kinnevik invested in consumer digital healthcare company Livongo. As with all new investments, Livongo was subject to sustainability due diligence to ensure the company would meet our expectations. Identified issues were discussed with the management team and we aim to implement a sustainability roadmap for the company during 2018.

## Sustainable economic performance

Being a financially strong company is necessary to create long-term value for our stakeholders, and to support our companies in achieving profitable growth in a sustainable manner.

### 2017 PERFORMANCE

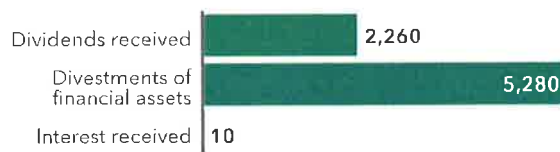
During 2017, Kinnevik's Net Asset Value increased by 25 percent to SEK 90.6bn (72.4), mainly driven by strong performance in our listed e-commerce and communication assets. Total investments for the year amounted to SEK 4.8bn (3.4), of which SEK 3.7bn into Com Hem. Total divestments amounted to SEK 5.3bn (0.6), of which SEK 4.1bn was attributable to Rocket Internet and SEK 1.0bn to Lazada. Kinnevik ended 2017 in a net debt position of SEK 1.1bn (1.4), corresponding to a leverage of 1 (2) percent of portfolio value.

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

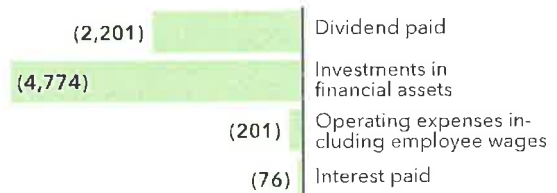


*Kinnevik's economic value generated and distributed during 2017, SEKm*

#### Economic value generated



#### Economic value distributed



PAST 30 YEARS



PAST 10 YEARS



PAST 5 YEARS



PAST 12 MONTHS

*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.*



## Team, diversity and well-being

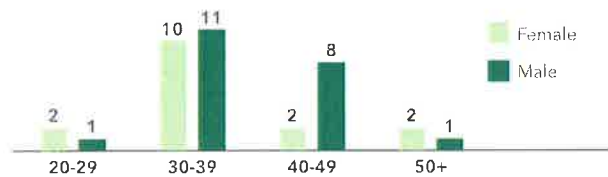
Our greatest asset is and has always been our people and as such, attracting and retaining top talent is a key priority. Kinnevik regards diversity as a lever for value creation, and we make full use of the opportunities that arise from employing a team with different backgrounds and perspectives.

### A SMALL AND DIVERSE TEAM

While the nature of our work changes frequently, our core values do not. Kinnevik's team members share an entrepreneurial spirit, as well as a belief in long-term business building, long-lasting partnerships, accountability, adaptability and responsible investing.

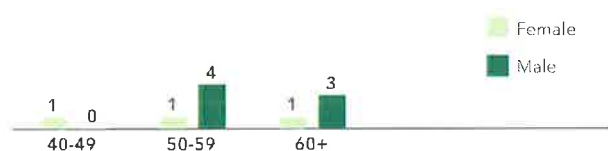
Kinnevik strongly advocates diversity and equal opportunities. This is reflected in the composition of our organisation, where a total of eleven different nationalities are represented. Kinnevik's organisation comprised 37 (40) people on average during 2017, with 23 people based in the Stockholm office and 14 people in the London office (full-time equivalents "FTE"). The investment management organisation is mainly based in London and consisted of 11 professionals committed to the development of our existing investee companies, and to the identification of new potential investments. In addition, during 2017 Kinnevik employed 26 people across Finance, Legal, Sustainability, Corporate Communications, Human Resources and Administration. All employees are on full-time permanent contracts.

Age distribution of employees in 2017 (FTE)



The proportion of women employed at Kinnevik was 43 (42) percent (FTE average) for 2017. The proportion of women in Kinnevik's investment organisation was 16 (17) percent, and on the Board of Directors 30 (22) percent. Over the next few years, we aim to increase the proportion of women in both the investment team and on the Board.

Age distribution of the Board of Directors in 2017 (FTE)



### AN ATTRACTIVE EMPLOYER

Kinnevik offers our employees continuous opportunities for personal growth in order to develop their professional skill set and to take increasing responsibility for value creation at Kinnevik and our companies. The small size of our organisation enables us to personalise career development and training opportunities for each employee. Ongoing assessments of employees' performance and

New employee hires and employee turnover during 2017

NEW HIRES					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	0	2	0	0	2	9%
Men	0	0	0	0		
UK						
Women	0	1	0	0	2	14%
Men	1	0	0	0		
TURNOVER					TOTAL	RATE
Sweden	20-29	30-39	40-49	50+		
Women	1	0	0	0	4	17%
Men	0	2	0	1		
UK						
Women	0	0	0	0	1	7%
Men	0	1	0	0		

Note: New hire and turnover rate is calculated in relation to the FTE average number of employees in each region during the year.

success in meeting their objectives are key in order to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year.

Kinnevik added four new people to the team during 2017, and four people left Kinnevik, excluding termination due to end of fixed-term contract or retirement. We had a total new hire rate of 11 (15) percent and a turnover rate of 13 (13) percent for 2017.

Kinnevik encourages employees to take parental leave. In 2017, the average parental leave taken was 3 (26) weeks for men and 48 (36) weeks for women. This refers to parental leave that started during 2017 and includes the full number of weeks requested. The leave may therefore be completed during the following year.

The low level of sick leave, below 1 (<1) percent of total working time, highlights Kinnevik's efforts to improve our employees' health through healthcare insurance and other initiatives.





## Environmental impact

All companies have a carbon footprint. We believe it is important to track, offset and reduce Kinnevik's footprint in order to be a role model for our investee companies.

### GREENHOUSE GAS EMISSIONS ESTIMATE

Kinnevik conducts a yearly greenhouse gas ("GHG") emissions estimate which quantifies the total greenhouse gases produced directly and indirectly by our operations. This is Kinnevik's second yearly estimate and it provides us with a tool to monitor and reduce our climate change impacts. The GHG assessment quantifies all seven Kyoto greenhouse gases where applicable and is measured in units of carbon dioxide equivalence, or CO<sub>2</sub>e.

The results of the report are summarized below, and the full Greenhouse Gas Report is available on our website [www.kinnevik.com](http://www.kinnevik.com). The report includes Kinnevik AB and Kinnevik Capital Ltd.

#### Result of the 2017 GHG assessment

During 2017, Kinnevik generated 602 (591) tonnes of CO<sub>2</sub>e in total, corresponding to 16.1 (14.8) tonnes per full time equivalent employee.

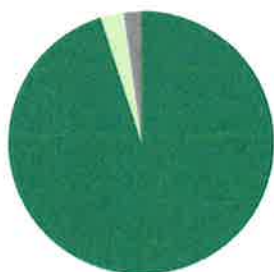
#### Summary by Greenhouse Gas

GREENHOUSE GAS	GLOBAL WARMING POTENTIAL	TONNES CO <sub>2</sub> e
Carbon dioxide (CO <sub>2</sub> )	1	527
Methane (CH <sub>4</sub> )	25	0.029
Nitrous oxide (N <sub>2</sub> O)	298	2.55
Other gases	1	73.2
<b>TOTAL</b>		<b>602</b>

#### Kinnevik's 2017 emissions

#### Summary by Activity

ACTIVITY	TONNES CO <sub>2</sub> e	
Business travel	572	95%
Premises	16	3%
Company-owned / leased vehicles	13	2%
Materials purchased	2	0%
<b>TOTAL</b>	<b>602</b>	<b>100%</b>



Kinnevik continuously strives to reduce its carbon footprint. Our most material environmental impact is business travel, consisting almost entirely of air travel, accounting for 95 (91) percent of total emissions in 2017.

#### Methodology and assumptions

The assessment has been carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard, including the GHG Protocol Scope 2 Guidance. This protocol is considered current best practice for corporate or organisational greenhouse gas emissions reporting.

All use of company owned cars during 2017 has been included in the assessment, although they are primarily used by employees outside of work for personal purposes. Gas is subject to fringe benefits tax.

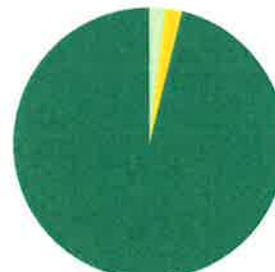
District heating and electricity in the Stockholm office is already subject to a carbon offsetting program directly through the suppliers.

### CARBON OFFSETTING - KINNEVIK IS CARBON NEUTRAL

In order to take responsibility for our carbon footprint, Kinnevik offsets our emissions in full. For every tonne of carbon emission caused by Kinnevik's own operations, we offset one tonne of carbon in order to achieve net carbon neutrality. For 2017, Kinnevik offset our carbon footprint by contributing to a community-based reforestation initiative in the municipality of San Juan de Limay in Nicaragua. The initiative is designed and verified to the Plan Vivo Standard, the oldest standard for certification of climate protection projects in the field of land usage. The projects have to pursue a holistic approach, fighting deforestation and poverty while focusing on reforestation.

#### Summary by Scope

SCOPE	TONNES CO <sub>2</sub> e	
1 Company-owned / leased vehicles	11	2%
2 Power consumption and distance heating	15	2%
3 Business trips and waste disposal	577	96%
<b>TOTAL</b>	<b>602</b>	<b>100%</b>



## Contributing to the Sustainable Development Goals

As a signatory of the UN Global Compact, Kinnevik is committed to the promotion of the universal principles on human rights, labour, environment and anti-corruption. In September 2015, the United Nations introduced its 2030 Agenda for Sustainable Development supported by 17 Sustainable Development Goals (SDGs). The Agenda is a plan of action for people, planet and prosperity adopted by UN General Assembly. In 2017, Kinnevik reviewed how our operations, including our influence through investee companies, can contribute to the SDGs. Below are examples where Kinnevik has identified opportunities and contribute.

### SDG 1 - NO POVERTY

Kinnevik invests in developing countries and thereby contributes to the mobilization of resources and to the development of these countries. BIMA, for example, offers insurance products via mobile phones in developing countries, often to people who have never had insurance before. Bayport provides unsecured credit and other financial services in Africa and Latin America, thereby contributing to financial inclusion. Read more about BIMA and Bayport on page 12, as well as in the case studies on the next page.

### SDG 3 - GOOD HEALTH AND WELL-BEING

Scalable solutions that improve access to, and quality of, healthcare is one of Kinnevik's focus areas for new investments. In January 2016 Kinnevik made its first investment in UK based digital healthcare service Babylon. Furthermore, in March 2017 Kinnevik invested in Livongo, a US based consumer digital health company focusing on diabetes management, one of the largest and fastest growing chronic conditions globally. Read more about Babylon and Livongo on page 12, as well as in the case study about Babylon on the next page.

### SDG 5 - GENDER EQUALITY

Kinnevik's Code of Conduct states that all employees shall have equal opportunities based on competencies, experience and performance, regardless of gender. Kinnevik also encourages all employees to take parental leave. Read more about diversity and equality in Kinnevik's team on page 35 of this report.

A key focus area in promoting the GRC Standards in our investee companies includes the adoption and implementation of a Code of Conduct containing provisions on gender equality. The GRC Standards state that investee companies should adopt an anti-discrimination policy. In addition, we actively engage with our investee companies to increase the representation of women on their boards.

### SDG 8 - DECENT WORK AND ECONOMIC GROWTH

According to Kinnevik's Code of Conduct, Kinnevik shall offer healthy and safe workplaces for all employees at all times. We work actively with our investee companies to implement their own Code of Conduct covering labour rights and safe working environments. Most of the large companies we invest in have implemented a supplier code of conduct that deals with decent work environment. An example related to our largest private company Global Fashion Group is included on the next page.

### SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

Kinnevik's Code of Conduct and GRC Standards states that Kinnevik and its investee companies have a zero tolerance to bribery and other forms of corruption. Read more about BIMA's partnership with the Anti-Corruption Unit in Cambodia on the next page.

## KINNEVIK'S CODE OF CONDUCT

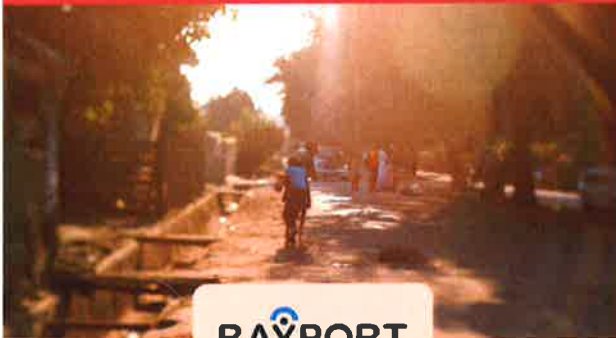
As evidence of Kinnevik's commitment to conducting its business to the highest ethical standards, we have adopted a Code of Conduct which all officers and employees of Kinnevik are expected to fully comply with. The Code of Conduct includes principles on anti-bribery and business ethics, human rights, equal opportunities, treating colleagues with respect and the upholding of labour standards, among others. In addition, the GRC Standards, with which we track and promote sustainability progress in our investee companies, reflect our expectations on our companies and their suppliers in these areas.

The UN Sustainable Development Goals



**SUSTAINABLE  
DEVELOPMENT  
GOALS**

### SDG 1: BAYPORT - financial credit



Bayport provides financial solutions to formally and informally employed individuals in emerging markets. The company's operations span 9 countries across Africa and Latin America.

As a leader in emerging markets, Bayport offers its customers in Botswana, Colombia, Ghana, Mexico, Mozambique, South Africa, Tanzania, Uganda and Zambia unique and tailored savings, transacting, insurance and credit solutions.

### SDG 3: Babylon - digital healthcare



Babylon is a digital healthcare service operating in the United Kingdom, Ireland and Rwanda. Combining mobile tech and artificial intelligence with medical expertise, **Babylon's mission is to make healthcare more accessible and affordable for people everywhere.**

Almost half of the global population has little access to quality healthcare. Yet irrespective of where we live, most of us have a mobile phone in our pocket. babylon combines the latest technology with the knowledge and experience of the best doctors to make healthcare simpler, better, and more accessible and affordable for people everywhere.

### SDG 8: Global Fashion Group - fashion



Global Fashion Group (GFG) is an online fashion destination for growth markets. GFG operates with five branded platforms, Lamoda, Dafiti, Zalora, The Iconic, and Namshi, offering over 3,000 international and local brands across 24 countries with a 1.9 billion population, addressing a fashion market estimated to be worth EUR 300bn.

GFG has issued guidelines to its operating entities on the responsible recruitment and employment of migrant labourers. Its Code of Conduct addresses employment practices, working conditions, environmental protection and compliance.

### SDG 16: BIMA - insurance



Milvik offers, under the brand BIMA, affordable and uniquely designed life and health insurance products via mobile phones. BIMA is active in 14 countries across Africa, Asia, Latin America and the Caribbean.

The largest life-insurance provider in Cambodia, BIMA, and the Anti-Corruption Unit (ACU), officially partnered to increase transparency in business practices, signing a memorandum of understanding at ACU headquarters. In a country where corrupt practices make up everyday life, disassembling Cambodia's culture of corruption is only possible with the cooperation of the private sector.



## GRI Index

Kinnevik's Sustainability Report refers to the calendar year 2017 and is prepared in accordance with the Global Reporting Initiative's ("GRI") guidelines for sustainability reporting, specifically Version G4 at the Core level in addition to relevant sections of GRI G4 Sector Disclosures for Financial Services. For a description of how we identified the Material Aspects, refer to page 31 of this report. This is Kinnevik's second Sustainability Report, and Kinnevik intends to continue this reporting on an annual basis. The Sustainability Report 2017 has been subject to a limited assurance review, see statement on page 41.

### DISCLOSURES ON MANAGEMENT APPROACH

#### *Economic (GRI Material Aspect; Economic Performance)*

Kinnevik recognizes that the key to long term sustainable growth and profitability is ensuring we operate in a responsible manner. Equally we believe that good sustainability performance is a prerequisite for good economic performance. We have allocated a portion of the short-term incentives of our investment team to be based on the GRC performance of their companies. Kinnevik has developed a structured program that continuously trains and upskills our investment team in sustainability and responsible investing.

#### *Environmental (GRI Material Aspect; Emissions)*

Kinnevik conducts a yearly greenhouse gas emissions estimate which quantifies the total greenhouse gases produced directly and indirectly by our operations. This is Kinnevik's second yearly estimate and it provides us with a tool to monitor, raise awareness and reduce our climate change impacts.

For more information about our emissions, see Kinnevik's Greenhouse Gas Report 2017 available on [www.kinnevik.com](http://www.kinnevik.com).

#### *Social (GRI Material Aspects; Employment, Training and Education, Diversity and Equal Opportunity, Investments, Product Responsibility Disclosures for the Financial Services Sector, Anti-corruption and Compliance)*

The small size of our organisation enables us to personalise career development and training opportunities for each employee. Ongoing assessments of employees' performance and success in meeting their objectives are key in order to ensure that Kinnevik offers the right personal development tools at an individual and group level. All employees participate in yearly performance reviews and have individual objectives that are reviewed twice a year.

During 2017, we updated our GRC Standards and introduced a framework to measure GRC performance in our companies. The GRC Committee and the Audit Committee receive periodic updates on compliance status with the material provisions of governing laws, regulations and guidelines. Kinnevik conducts mandatory annual compliance training for all employees, as well as periodic deep-dives on specific matters such as anti-corruption and supply chain.

Our Code of Conduct, Whistleblower Policy, Talent Management Policy and Employee handbook set out both our commitments and expectations towards our employees in the way we do business.



GRI INDICATOR	REPORTED (Y/N)	COMMENT	PAGE
G1-1	Chairman's statement about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Y	29
G1-3	Name of the organisation	Y	42
G1-4	Primary brands, products and services	Y	5-7
G1-5	Location of the organisation's headquarters	Y	42
G1-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Y	8-9
G1-7	Nature of ownership and legal form	Y	18-19, 42
G1-8	Markets served	Y	4, 8-9
G1-9	Scale of the organisation	Y	20, 35, 42
G1-10	Breakdown of workforce	Y	35
G1-11	Percentage of total employees covered by collective bargaining agreements	Y	No (zero) employees are covered by such agreements. However, freedom of assembly and association is clearly stated in our Code of Conduct.
G1-12	Organisation's supply chain	Y	Kinnevik's purchases include services and products to office operations in Stockholm and London and consultancy in the acquisition and sales processes as well as development procedures. Suppliers operate primarily in the Nordic countries and the UK.
G1-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	Y	No significant changes this year.
G1-14	Whether and how the precautionary principle is addressed by the organisation	Y	See Kinnevik's Corporate Responsibility Policy.
G1-15	External developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Y	UN Global Compact, GRI G4 Sustainability Reporting Guidelines and Our Impacts
G1-16	Memberships of associations and national or international advocacy organisations	Y	Stockholm Chamber of Commerce and Stockholm School of Economics
G1-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Y	21-22
G1-18	Process for defining the report content and the Aspect Boundaries	Y	10-11
G1-19	Material Aspects identified in the process for defining report content	Y	30-31
G1-20	For each material Aspect, the Aspect Boundary within the organisation	Y	Active ownership concerns our investor companies, and all other aspects concern Kinnevik's own operations.
G1-21	For each material Aspect, the Aspect Boundary outside the organisation	Y	See above.
G1-22	The effect of any restatements of information provided in previous reports	Y	No restatements have been made.
G1-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Y	No significant changes have been made.
G1-24	Stakeholder groups engaged by the organisation	Y	30
G1-25	Basis for identification and selection of stakeholders with whom to engage	Y	30
G1-26	Approach to stakeholder engagement	Y	Stakeholders have not been specifically consulted in preparation of the Sustainability Report 2017.
G1-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	Y	10
G1-28	Reporting period for information provided	Y	31
G1-29	Date of most recent previous report	Y	The Sustainability Report 2016 covers the sustainability performance of Kinnevik for the period 1 January to 31 December 2016.
G1-30	Reporting cycle	Y	11
G1-31	Contact point for questions regarding the report or its contents	Y	Loren Litzen, Director of Corporate Communications +46 8 562 001 83
G1-32	The 'in accordance' option the organisation has chosen, the GRI content index for the chosen option	Y	30
G1-33	Policy and current practice with regard to seeking external assurance for the report	Y	The Sustainability Report 2017 has been subject to a limited assurance review.
G1-34	Governance structure of the organisation, including committees of the highest governance body, any committees responsible for decision-making on economic, environmental and social impacts	Y	23-27, 35
G1-36	Organisation's values, principles, standards and norms of behaviour	Y	29, 35
G4-DMA	General Disclosures on Management Approach	Y	39
<b>ECONOMIC PERFORMANCE</b>			
G4-EC1	Direct economic value generated and distributed	Y	34
<b>EMISSIONS</b>			
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Y	Company-owned or long-term leased vehicles
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Y	Power consumption and district heating
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Y	Business trips by plane, train and taxi, office material/paper consumption and waste from properties
<b>EMPLOYMENT</b>			
G4-LA1	Total number and rates of new employee hires, and employee turnover by age group, gender and region	Y	35
<b>TRAINING AND EDUCATION</b>			
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Y	100% of employees
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender/age group, minority group membership, and other indicators of diversity	Y	25-27, 35
<b>INVESTMENTS</b>			
G4-IR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Y	All Kinnevik's new investments in private companies are subject to a sustainability due diligence process.
<b>SECTOR SPECIFIC INDICATORS - PRODUCT RESPONSIBILITY DISCLOSURES FOR THE FINANCIAL SERVICES SECTOR</b>			
G4-SS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	Y	All Kinnevik's larger investor companies are covered by the GRI standards.
<b>ANTI-CORRUPTION</b>			
G4-SO1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Y	All Kinnevik's larger investor companies are covered by the GRI standards.
G4-SO4	Communication and training on anti-corruption policies and procedures	Y	All Kinnevik's larger investor companies are covered by the GRI standards.
<b>COMPLIANCE</b>			
G4-SO8	Monetary value of fines and fees and total number of non-monetary sanctions for non-compliance with laws and regulations	Y	No fines or non-monetary sanctions were received during 2017.

## AUDITOR'S LIMITED ASSURANCE REPORT ON KINNEVIK AB'S SUSTAINABILITY REPORT

This is the translation of the auditor's report in Swedish.

TO KINNEVIK AB (PUBL)

### Introduction

We have been engaged by the Board of Directors of Kinnevik AB (publ) ("Kinnevik AB") to undertake a limited assurance engagement of the Kinnevik AB Sustainability Report for the year 2017. The Company has defined the scope of the Sustainability Report in the GRI index on pages 39-40.

### Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 39 in the Annual Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Kinnevik AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 28 March 2018

Deloitte AB

Jan Berntsson  
Authorized Public Accountant

Lennart Nordqvist  
Expert Member of FAR