Responsible Investment and Shareholding Policy

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1 Introduction and purpose

VEF's purpose is to create long term sustainable value for our shareholders by investing in the future of finance across the emerging world. Our investment decision making process is driven by a strong belief in: (1) sustainability as a fundamental part of business and (2) the power of active shareholding, to ensure strong governance and responsible business practices.

VEF fundamentally believes that working actively with sustainability and environmental, social and governance (**ESG**) matters is key to high and sustainable profits and essential if companies are to be run in the shareholders' best interests over the long-term. VEF invests in those companies that we believe will be able to contribute to VEF's overall goal of achieving good investment returns.

A sustainability strategy is often essential for building a strong trademark and preserving a company's good reputation. This, in turn, is vital for safeguarding a company's long-term supply of capital, often key to attract and retain the best employees but also a way to attract and retain customers.

VEF exclusively invests in emerging and frontier markets, and some of the markets we invest in are considered high-risk from a social and governance perspective (e.g., corruption, money-laundering, compliance with laws, labour laws and human rights). It is therefore key that we have a clear and proper process to identify risks within relevant social and governance areas prior to investing and during the lifetime of our investments. By being an active shareholder VEF can work to ensure that our values and ethical principles are filtered down to the portfolio companies.

The purpose of this policy is to outline the sustainability principles for VEF's investment process and our commitment to sustainability in our investment strategy. It also sets out our expectations on and how we work with portfolio companies when it comes to sustainability, in particular social and governance matters.

2 Values and principles

VEF has a value-based approach to investments and our main strategy is to deliver high returns to our shareholders in the long-term. We commit to integrate sustainability considerations when we invest to ensure that all investments will have a long-term and sustainable possibility to grow and yield high returns.

VEF is also a firm believer in the importance of investing in businesses with a positive societal impact that supports one or more of the United Nations Sustainable Development Goals (SDG) and the role fintech companies in emerging markets can play in this. While VEF is not an explicit impact investor, an inherent part of what we do as fintech investors in emerging and frontier markets is enabling the financial inclusion of underserved people and businesses through our portfolio companies.

3 Sustainability in the investment process and with portfolio companies

VEF has a two-step process for integrating sustainability considerations in our investment activities.

(a) Pre-investment analysis: This is focused on exposure to sustainability risks and how well these risks are identified and managed as well as identifying value creating opportunities related to sustainability, prior to finalizing any new investments. A sustainability due diligence shall always be conducted and documented in connection with investments in new portfolio companies. The analysis shall include both a negative screening for unethical businesses but also a broader ESG assessment to ensure that all investments have a long-term and sustainable possibility to scale. Where an investment has material sustainability risks or deficiencies with limited possibility to overcome those and improve, such investment will not meet the investment criteria of VEF and shall not be completed.

The purpose is not just to mitigate risks but also to identify opportunities to improve sustainability matters in portfolio companies and to understand whether there are any value creating opportunities related to sustainability matters.

(b) Post-investment analysis and follow-up: VEF conducts periodical sustainability analysis of portfolio companies to ensure that we are up to date with any sustainability issues that may arise, but also to track their progress on sustainability matters and their impact opportunities. We shall ensure that we are well informed about sustainability risks that arise in portfolio companies and how the portfolio companies manage these risks. VEF should encourage and support portfolio companies to identify gaps in their sustainability strategy. We should act proactively, where possible and appropriate, to ensure that portfolio companies adopt and implement appropriate policies, systems of internal monitoring and control and other routines as may be appropriate to ensure compliance with our sustainability standards.

Our investments are typically in the early stages of the business life cycle, meaning that they may not have yet developed proper sustainability policies and practices. However, we expect to see devotion and commitment from portfolio companies to build on and improve their sustainability work as they mature and grow. The board of directors of each portfolio company is responsible for developing the sustainability strategy and ensuring its implementation. As we have representation on those boards and are typically a sizable and active minority shareholder, we can influent, assist and support this work.

4 Key sustainability areas

To ensure that VEF's sustainability strategy is impactful and focused on the most material sustainability risks and opportunities relevant to its business, VEF shall in particular focus on three key areas. These areas are identified based on VEF's specific investment strategy and the fact that we invest in high growth fintech companies in emerging markets, all three are deemed especially relevant looking at both sustainability risks and opportunities.

4.1 Good governance and business ethics

Maintain a good governance structure, including compliance with laws and regulations, an appropriate organizational structure, protection of shareholder and investor rights, solid control and risk management processes, reliable financial reporting, transparency and recognition of the importance of diversity.

VEF believes in always maintaining good business ethics in all its dealings and expect portfolio companies to conduct themselves at the same high standard. Good business ethics mean honesty and integrity.

Portfolio companies shall commit to comply with the laws, regulations and rules applicable to the business and to conduct business in accordance with established best practice in their markets and internationally.

Portfolio companies shall observe high standards of ethical and business conduct and have a zero tolerance policy for any corrupt or fraudulent business practices as well as comply with applicable trade control and sanctions laws and regulations. In addition, portfolio companies shall not directly or indirectly enter into business relationships with parties that could potentially be engaged in money laundering and/or terrorist financing.

4.2 Responsible finance

VEF shall work for and promote responsible finance practices within its portfolio, keeping in mind our principle *"If it's not ethical, it's not scalable"*.

As part of conducting business ethically, portfolio companies shall observe responsible finance practices. This includes fair and transparent consumer practices, pricing and terms, ethical handling of personal data, prevention of over-indebtedness and responsible lending activities. Ensuring that the business has responsible finance practices is both risk minimization, but also an opportunity for portfolio companies to attract customers, employees and investors when conducting the business at a higher standard than peers in their markets.

VEF is committed to implement and further the Investor Guidelines of the Responsible Finance Forum and promote responsible investing and practices within the digital finance industry, see https://globalrff.org/. VEF is committed to help and guide portfolio companies to improve their practices as wells as interact with the wider investment community to collaborate on the furthering of responsible finance practices.

VEF shall have a detailed responsible finance framework that sets out additional details and guidelines for VEF and the investment process as well as for portfolio companies. All employees in the investment team at VEF shall undergo training on a yearly basis to ensure that they are aware of the details of the responsible finance framework.

4.3 Financial inclusion and wellness

VEF is a strong believer in the important role fintech companies in emerging markets play when it comes to financial inclusion and wellness of consumers and MSMEs in emerging markets. Fintech companies can provide access to financial services to those that previously have lacked access, have been greatly underserved by traditional service providers or only has access to badly priced or structured financial products.

While VEF is not an explicit impact investor, an inherent part of what we do as fintech investors in emerging and frontier markets is enabling the financial inclusion of underserved people and businesses through our portfolio companies. We recognize the importance of this and the role our capital can play in achieving the United Nations Sustainable Development Goals (SDG) through our portfolio companies. VEF therefore strives to direct investments towards companies that have a positive impact on society, while staying true to our mandate of providing healthy returns for our investors.

5 Sustainability standards for portfolio companies

In addition to the key sustainability areas set out in section 4 above, VEF has identified certain sustainability and environmental, social and governance (**ESG**) principles for portfolio companies that we believe are the most material given the type of companies and geographies we invest in:

5.1 Environment

- Respect the environment. Even though our portfolio companies may have limited negative impact on the environment given the nature of their business, we expect them to strive to improve their impact on the environment as appropriate given the nature of their respective businesses.
- As a minimum, portfolio companies shall comply with any applicable environmental laws and regulations.
- Portfolio companies are encouraged to measure their climate footprint, including greenhouse gas emissions, and to assess any other climate related impacts from their operations as well as impact on their operations on a yearly basis.

5.2 Social

- Respect for people and human rights and uphold internationally proclaimed human rights and labour rights principles as well as reject the use of any form of forced, child or compulsory labour.
- Provide healthy and safe working environments with fair and reasonable working conditions, including compliance with applicable labor laws, such as maximum working hours and minimum living wages.
- Promote employee wellbeing, equality and diversity and have zero tolerance for discrimination.
- Ensure that personal data is protected and secure and commit to always maintain appropriate safeguards as required by applicable law to ensure the integrity and security of personal data.
- Contribute positively to the societies and communities in which they operate. Participate in the creation of economic opportunities for those without, advance new technologies and business models that are sustainable and improve financial intermediation.

5.3 Governance

- Comply with applicable laws and regulations.
- Maintain a high level of business ethics, including zero tolerance for corruption, bribery, money laundering and fraud.
- Adopt policies for anti-corruption, AML, compliance with international trade control and sanctions laws and regulations as appropriate depending on business model.
- Ensure that financial and non-financial reporting is accurate, complete and gives a true and fair view of the company.
- Maintain processes and policies for ensuring adequate financial control and risk assessment.

Where a portfolio company does not actively work to achieve these principles, VEF will support and work alongside the portfolio company to assist in setting up processes and policies.

6 Exclusion criteria

VEF believes that investing in businesses with unethical business methods or products/services is bad for business and in conflict with our mission to create long-term sustainable value for shareholders. VEF avoids investing in companies that have a negative ESG impact on society and the environment and where there is no or limited possibility to overcome or improve such limitations. This includes, but is not limited to, unethical financial services companies or financial services companies whose primary business is to serve companies in unethical industries. For the avoidance of doubt, VEF shall not invest in companies that conduct, or derive a material part of its revenues from, businesses within the following industries:

- Alcohol
- Tobacco
- Pornography
- Weapons
- Fossil fuel
- Gambling

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