

VEF

Sustainability Policy

Sustainability Policy and Code of Conduct

1 Introduction and purpose

The Board of Directors of VEF AB (publ) (“**VEF**” or the “**Company**”) has adopted this policy to ensure that the business of VEF is conducted in a socially responsible manner. VEF is committed to being a responsible member of the communities in which we operate and recognizes the mutual benefits of engaging and building relationships with those communities. VEF believes that respect for human rights is central to good corporate citizenship. We aim to be commercial and fair, to maintain our integrity and professionalism and to respect the needs of investors, employees, suppliers, the local communities and the businesses in which we invest. Sustainability and environmental, social and governance (**ESG**) matters are a fundamental part of our business strategy, in particular social and governance matters.

The purpose of this policy, together with the Responsible Investment and Shareholding Policy as well as all other corporate policies of VEF, is to set out the framework for our sustainability standards and work as well as the standards for how employees, board members and other representatives of VEF shall conduct business on behalf of VEF. This Sustainability policy and Code of Conduct applies to all the members of the Board of Directors, employees and any other person representing or acting on behalf of VEF.

2 Responsibilities

VEF’s management is responsible for developing, implementing and maintaining an adequate compliance program, including a system of internal controls to ensure the detection and prevention of breaches against the Company’s Code of Conduct, other policies as well as other misconduct.

The Board of Directors is ultimately responsible for:

- evaluating management’s identification of misconduct and breaches;
- evaluation and implementation of an adequate compliance program and internal controls;
- reinforcing the “tone at the top” by actively supporting and promoting the compliance program and continuously following up the progress of the compliance program; and
- initiating or conducting special investigations, when required.

3 VEF core values

At VEF, we live by a set of core values that form the basis for our business conduct:

1. **Stewardship:** We are an active and responsible shareholder and we take corporate governance very seriously, both with regards to how we conduct our business and how portfolio companies conduct theirs.
2. **Integrity in everything we do:** We are transparent, open, honest, fair and ethical towards all stakeholders: our investors, employees, investments, suppliers and the communities served.
3. **Respect for people and diversity:** We seek diversity of thought and background and respect the individual. Innovation and success, come out of bringing people together from different backgrounds, with different ideas, strengths and experiences.
4. **Positively impact the world:** We strive to make returns by positive social impact – participate in the creation of economic opportunities for those without, advance new technologies and business models that are sustainable and improve financial intermediation.

4 Manage risk and creating value

Working with sustainability is both a way to manage risks within the business but also a possibility for value creation and furthering society. As an investor in early stage private fintech companies in emerging and frontier markets, risk is a natural part of our business and managing risk is key to ensure long-term value creation for our investors. At the same time, addressing sustainability related challenges can be a way to create value for society and our investors.

VEF’s sustainability strategy and work, as well as this policy aims to recognize and address both of these aspects.

5 Sustainability in three dimensions

VEF addresses sustainability on three levels: 1) sustainability at VEF as a company, 2) sustainable portfolio management and 3) sustainability impact through our portfolio companies.

5.1 Sustainability at VEF as a company

VEF is a small company with few employees, but we recognize the value and importance of conducting our business at a high standard and in accordance with our key sustainability principles as well as the importance of setting ambitious sustainability goals to allow long-term and sustainable growth as an investment company. VEF is also listed on Nasdaq Stockholm, and as a listed investment company it is key for us to have the trust of the market and our investors.

5.2 Sustainable portfolio management

One of VEF's core values is **Stewardship**, meaning that we are an active and responsible shareholder, and that we take corporate governance very seriously, both with regards to how we conduct our business and how portfolio companies conduct theirs. Working actively with sustainability and ESG matters is key to high and long-term value creation.

We shall work actively to ensure that all portfolio companies conduct business in compliance with our sustainability principles to allow long-term sustainable growth. One of our core principles is *"If it's not ethical, it's not scalable"*. We truly believe this is fundamental criteria for long-term scalability and success even if there may be short-term winnings for less ethical business models and conduct.

VEF's Responsible Investment and Shareholding Policy sets out additional details on how VEF shall ensure that the portfolio is managed in a sustainable manner.

5.3 Sustainability impact through our portfolio

VEF's biggest and most meaningful impact on society is through our portfolio companies. We shall strive to ensure that our portfolio companies have a positive societal impact. This can be by participating in the creation of economic opportunities for those without, advancing new technologies and business models that are sustainable, improve financial intermediation as well as contribute to the financial inclusion of those previously un- or under served.

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 by e.g. reducing inequalities, and contributing to economic growth.

6 Key sustainability areas

To ensure that VEF's sustainability strategy is impactful and focused on the most material and relevant sustainability risks and opportunities, 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 deemed especially relevant looking at both sustainability risks and opportunities. The first one is key for VEF as a listed investment company and upholding trust with our stakeholders.

6.1 Good governance and business ethics

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

VEF believes in always maintaining good business ethics and all employees of VEF are to behave accordingly. Good business ethics mean honesty and integrity. VEF is committed to comply with the laws, regulations and rules applicable to the business and to conduct business in accordance with established best practice in each of the countries in which VEF operates.

VEF observes high standards of ethical and business conduct and has zero tolerance for any corrupt or fraudulent business practices. VEF shall comply with applicable trade control and sanctions laws and regulations in each country in which VEF does business. In addition, VEF shall not directly or indirectly enter into business relationships with parties that could potentially be engaged in money laundering and/or terrorist financing.

6.2 Responsible finance

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

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 portfolio companies conduct 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.

Additional details related to VEF's policies and principles on responsible finance are set out in the Responsible Investment and Shareholding Policy.

6.3 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. 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. VEF strives to direct investments towards companies that have a positive impact on society, which includes companies contributing to financial inclusion and wellness, while staying true to our mandate of providing healthy returns for our investors.

7 VEF Sustainability principles and code of conduct

VEF believes in the importance of addressing sustainability more broadly and the following sustainability principles shall be adhered to by the subjects of this policy.

7.1 Respect for people and human rights

VEF respects human rights and is committed to following the UN Guiding Principles on Business and Human Rights. Respect for people is one of our core values and we commit to offering a safe and healthy work place with fair and reasonable working conditions and to ensure non-discrimination and no harassment of any form. VEF shall comply with applicable laws, regulations, agreements, and industry standards in relation to inter alia maximum working hours and compensation including relevant minimum living wages.

VEF rejects all forms of forced or child labor.

7.2 Corruption, fraud, money laundering and other misconduct

VEF is committed to protecting its assets and proprietary information and prohibits corruption, bribery and unfair anti-competitive actions. Such actions distort markets and hamper economic, social and democratic development. VEF shall not (directly or indirectly) offer or give any undue payment or any undue benefit of any kind to any person or entity, or persons closely linked to them, that lacks a legitimate business purpose or could be considered as improperly inducing such person or entity to act in the interest of VEF. VEF shall not solicit or accept any undue payment or any undue benefit of any kind that lacks

a legitimate business purpose or could be considered as improperly inducing us to act in the interest of the giver.

VEF's policy prohibits fraud and establishes procedures to be followed concerning the recognition, reporting and investigation of suspected fraud. Fraud includes, but is not limited to dishonest or fraudulent acts, embezzlement, misappropriation of Company, employee, customer, partner or supplier assets, unauthorized handling or reporting of Company transactions, disclosure of confidential and proprietary information to outside parties and falsification of Company records or financial statements for personal or other reasons.

Directors and employees of VEF and any other person representing or acting on behalf of VEF are obligated to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste of Company assets by directors and employees are prohibited since such actions and conduct have a direct and negative impact on the Company's profitability. All company assets shall only be used for the legitimate business purposes of the Company.

Directors and employees of VEF and any other person representing or acting on behalf of VEF should be aware of, and disclose, such personal responsibilities, interests or relations so that conflicts of interest are avoided. A conflict of interest can emerge when personal responsibilities, interests or relationships interfere with, or appear to interfere with, professional responsibilities, interests or relationships. These include, for example, own investments or business engagements, the use of insider information or other confidential information for personal gain, as well as the promotion of related parties.

7.3 Diversity, inclusion, equality and non-discrimination

VEF prides itself on being an equal and diverse workplace where there is no tolerance for any type of discrimination and with the ambition to have the highest level of respect and trust. One of VEF's core values is to seek diversity of thought and background and respect the individual. Innovation and success, come out of bringing people together from different backgrounds, with different ideas, strengths and experiences. VEF recruits, promotes and compensates based on merit and all employees shall have equal opportunities based on competencies, experience and performance, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership or political opinion.

7.4 Information sharing, transparency and confidentiality

VEF recognizes the importance of communicating openly with shareholders, potential investors, and the general public, as well as other stakeholders. VEF shall provide accurate, reliable and timely information, and abide by laws and regulations applicable to a company listed on Nasdaq Stockholm.

VEF is fully committed to communicating in a transparent way and will not restrict public disclosure of information, except where the information is of a commercially sensitive or confidential nature.

VEF has clear and extensive information policies and adequate processes to ensure highest quality when it comes to information sharing, transparency and confidentiality. VEF also has insider- and information policies to ensure compliance with applicable laws and regulations and to ensure VEF's continued good reputation with the public and the capital markets.

Employees of VEF are regularly confined with confidential information related to the business of the Company, such as financial reports, strategies, business plans, information related to portfolio companies, financial position etc. All employees are bound by strict confidentiality agreements and are obligated to keep confidential information secure.

7.5 Financial risk management

VEF is bound to strict accounting principles and standards and to report financial information and issue financial reports timely as a company listed on Nasdaq Stockholm. VEF shall have accurate and complete accounting and reporting that complies with applicable laws, regulations, accounting standards and norms. VEF therefore must have appropriate and adequate internal controls and processes to ensure compliance with all applicable accounting and financial reporting laws and regulations. It is key for VEF to maintain flawless practices in this regard to uphold the confidence and trust of all stakeholders.

VEF works closely with the Company's auditors to constantly improve the processes and to ensure continuous high level of quality in the accounting and financial reporting.

7.6 Privacy and data protection

VEF recognizes the importance of data protection and is committed to always maintaining appropriate safeguards as required by applicable law to ensure the integrity and security of personal data. VEF shall adopt a specific policy in relation to privacy and data protection. Employee and third-party personal data shall be kept confidential and secure in compliance with applicable data protection laws and regulations.

7.7 Respect for the environment

Given the nature of the business, the impact on the environment is deemed low. However, VEF is committed to reduce its environmental impact, including greenhouse gas emissions, and to use natural resources and energy efficiently where possible given the nature of the Company's business. VEF shall strive to prevent, reduce and mitigate any harmful effects on the environments and natural resources from its own operations. VEF shall encourage portfolio companies to make a similar commitment and to measure their climate footprint, including greenhouse gas emissions, and to assess any other climate related impacts from their operations.

VEF shall comply with any applicable environmental laws and regulations.

VEF monitors its environmental impact and reports on this on an annual basis in the Company's annual sustainability report. VEF shall as a minimum monitor and report environmental impact in accordance with applicable laws and regulations.

8 Global initiatives and guidelines

We recognize the importance of following international standards for business conduct and human rights and specifically the principles of the UN Global Compact, but also the OECD Guidelines for Multinational Enterprises, the ILO's core conventions, and the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which address freedom of association and collective bargaining, forced labor, child labor, and non-discrimination. VEF shall specifically also take into consideration the SDGs when investing in portfolio companies as further set out in the Responsible Investment and Shareholding Policy.

9 Breaches of the policy and other misconduct

VEF commits to investigate all reports of suspected misconduct made in good faith. VEF prohibits all forms of intimidation or retaliation against a reporting person.

Any employee who knows or has a reason to believe that this policy has been breached or misconduct has occurred is responsible for immediately notifying his/her supervisor, the CEO or the Chairman of the Board of Directors. It is expected that employees will fully cooperate during the course of investigations and make all reasonable efforts to be available to assist with any investigations.

The Board of Directors has primary responsibility for the investigation of all suspected misconduct.

The Board of Directors and all participants in an investigation of misconduct shall treat all information received confidentially and the privacy of the individual making the report will be protected. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. However, the circumstances of the misconduct may be used for educational purposes without disclosing the identity of the person(s) involved.

VEF shall in the annual corporate governance report include information about any such reports of breaches or misconduct.

VEF

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