



VEF

The emerging market fintech investor

Sustainability report 2024

Sustainability report

Sustainability highlights 2024



SEK 500 mln

Remains allocated to portfolio companies under the Sustainability Bond Framework



+22 mln

consumers and MSMEs** served to date by VEF portfolio companies***



100%

of portfolio companies formally committed to VEF ESG Principles and Responsible Finance Principles



160 mln loans

and **USD 10 bln** of credit disbursed to date by VEF portfolio companies***



72%

of VEF portfolio value is in impactful companies*

“Companies addressing challenges like financial inclusion and inequality or actively supporting the green transition not only contribute to the well-being of the communities they serve, but also present a compelling growth investment case.”

- Helena Caan Mattsson, General Counsel and Head of Sustainability

* Impactful companies are defined as companies contributing to financial inclusion, fairness, wellness, enablement and access to renewable energy
 ** Micro, small and medium sized enterprises
 *** Including data from exited portfolio company, Jumo, until June 2023 as VEF was a shareholder at that time

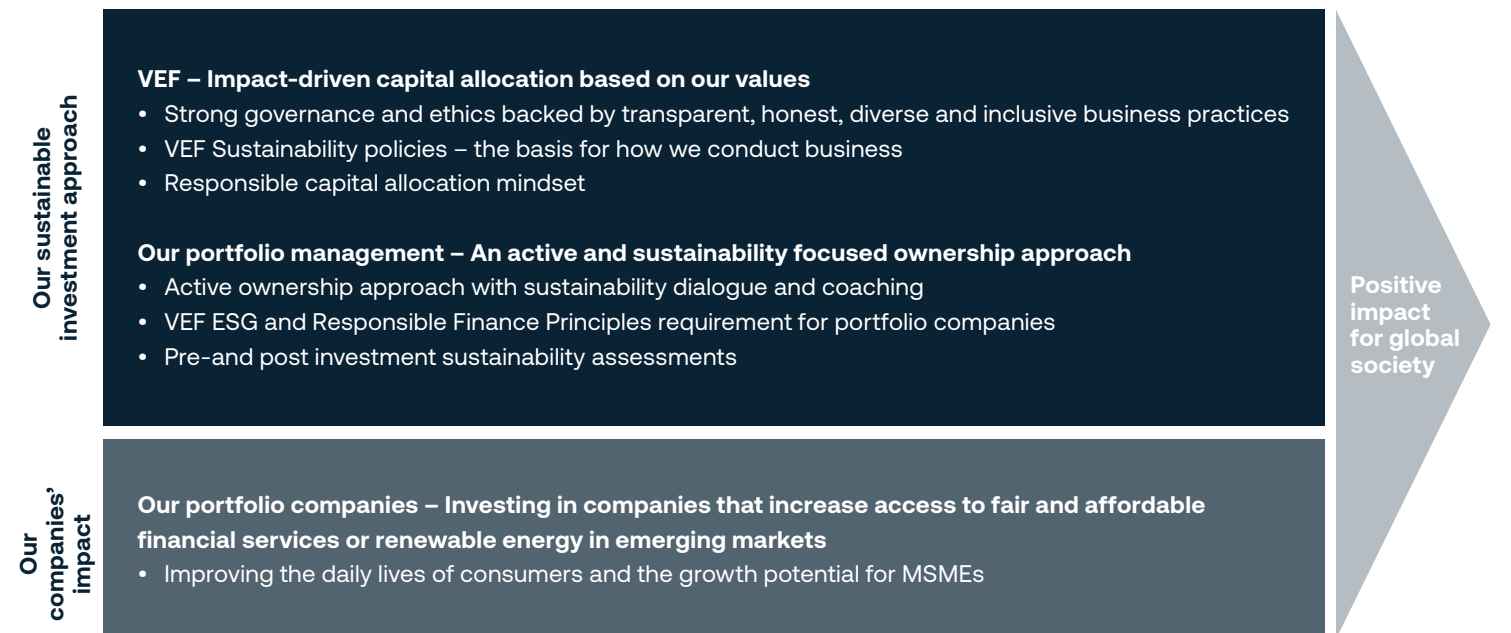
Our sustainability vision

VEF’s mission is to create long-term sustainable value for our shareholders by investing in the future of finance across emerging markets. We believe our sustainable investment approach creates value both for the communities we invest in and for investors. A strong sustainability strategy, backed by our company values, supports us to fulfil our mission and goals as a company. Our key value and guidance in our investments is our ever-present mantra, **“if it’s not ethical, it’s not scalable”**.

VEF, as an investment company, seeks to lead by example. We have adopted a strong set of sustainability principles that we live by (see page 12 below). We prioritize and focus on robust governance practices and being a diverse and inclusive company. Our contribution to and impact on society is foremost through the business of our portfolio companies. Therefore, it is of great importance that we ensure that they conduct their businesses based on strong governance and business ethics.

By allocating capital to companies that transform their local markets, we play an important role as an enabler of sustainable development in emerging markets. Through our sustainable investment approach, based on robust governance and business ethics as well as active ownership, we create conditions for our portfolio to grow and spread ethical financial services in underserved markets.

We contribute to sustainable development in emerging markets



Investing in companies that transform their local markets – our sustainability strategy

Our sustainability strategy is to invest in companies that transform their local markets. Early on, we realized that business ethics is a precondition for scalability in our markets. Simply put – if it's not ethical, it's not scalable. By investing in companies that positively impact their customers, are value-add in their lives and contribute to their local markets, our investments will in turn create the most value for our investors.

Our sustainability strategy and efforts remain focused on three key areas, identified as the most material to our business and investment focus of investing in emerging markets in private fintech companies at growth stage.

- **Fintech for inclusion, fairness, wellness and the green transition**
- **Responsible finance**
- **Governance and business ethics**

Sustainability mission: Investing in companies that transform their local markets

Focus areas	Fintech for inclusion, fairness, wellness and the green transition	Responsible finance	Governance & Business Ethics
Priorities	<ul style="list-style-type: none"> • Improve access to financial services for consumers and MSMEs in emerging markets • Improve the financial fairness, health and wellbeing for consumers and MSMEs in emerging markets 	<ul style="list-style-type: none"> • Fair and transparent consumer practices • Data privacy and security • Responsible lending and prevention of over indebtedness 	<ul style="list-style-type: none"> • Sound governance practices • Regulatory compliance • Anti –corruption and AML • General business ethics
Our goals	<ul style="list-style-type: none"> • Invest for increased access to fair and affordable financial products • Invest for increased access to renewable energy 	<ul style="list-style-type: none"> • All portfolio companies conducting responsible finance businesses 	<ul style="list-style-type: none"> • VEF's organization and all portfolio companies to have strong governance routines and high business ethical conduct
Our targets	<ul style="list-style-type: none"> • +50% of portfolio value in impactful companies • Targets related to impacted number of consumers and MSMEs to be set in 2024 	<ul style="list-style-type: none"> • 100% of portfolio companies committed to VEF's Responsible Finance Principles • Zero (0) incidents of unethical finance practices 	<ul style="list-style-type: none"> • Zero (0) ESG-related incidents* in our own operations and at portfolio companies • 100% of portfolio companies committed to VEF's ESG Principles • 100% of portfolio companies to have business ethical policies, including anti-corruption and anti-bribery
Fulfilment of goals	<ul style="list-style-type: none"> • 72% of portfolio in impactful companies 	<ul style="list-style-type: none"> • 100% of portfolio companies committed to VEF's Responsible Finance Principles • Zero (0) incidents of unethical finance practices 	<ul style="list-style-type: none"> • Zero (0) ESG-related incidents* in our own operations and at portfolio companies • 100% of portfolio companies committed to VEF's ESG Principles • 100% of portfolio companies to have business ethical policies, including anti-corruption and anti-bribery

* Eg. corruption, money laundering, human rights violations, data privacy breaches and violations of ESG regulations or environmental regulations.



An active and sustainability-focused investment approach

VEF takes pride in the truly sustainability-focused approach to investing we have. Our investment decision-making and portfolio management process is based on two core beliefs:

1. the power of active shareholding, to ensure strong governance and responsible business practices; and
2. sustainability as a fundamental part of business.

We have a strong sustainability focus throughout the whole investment process and life of the investment.

A hands-on and sustainability integrated investment process

We have an investment process backed by thorough sustainability and impact analysis.

The investment team is responsible for the sourcing and pipeline work at VEF. They are well-trained in our core sustainability principles and how to assess whether a potential investment lives up to VEF's sustainability and ethical standards. The Head of Sustainability is an integral part of the investment process and involved in all new investments from start to finish. Before any new investment is completed, a thorough due diligence covering commercial, financial, legal and sustainability matters is conducted in-house by the investment and legal/sustainability teams. The sustainability assessment is designed to minimize any risks as well as mitigate any potential

negative impact our portfolio companies may have on society. A sustainability-risk assessment both before and during the lifetime of our investments is critical to remain an attractive long-term investment option. Where a potential investment has major sustainability-related issues that are not possible to overcome, such investment will not meet VEF's investment criteria and will not be completed.

An active and sustainability focused owner

With our active shareholding approach, we seize the opportunity to be a sustainability partner to our portfolio companies and ensure that our values and ethical principles are trickled down to them. We typically have board representation, allowing us to be active, supportive, engaging, and close to the companies. We spend time on the ground with our companies multiple times a year across the VEF team, and in between those on the ground meetings, we are never further away than a Zoom call. We have set a minimum standard for all our portfolio companies with the VEF ESG Principles and VEF Responsible Finance Principles (see page 12 below) and require all portfolio companies to formally commit to these.

We conduct a yearly sustainability and compliance assessment of portfolio companies, including collecting data directly from the portfolio companies to ensure that we are up to date with any sustainability issues that may arise and to track their progress.

Sustainability focus throughout the whole investment process and life of the investment

Pre-investment		Post investment	
Sourcing phase	Investment phase	On boarding phase	Value creation phase
<ul style="list-style-type: none"> • Relationship building with companies and their founders • Sourcing with a sustainability lense – "If it's not ethical, it's not scalable" 	<ul style="list-style-type: none"> • Investment team commercial due-diligence, integrating sustainability considerations at high level (such as, responsible finance- and impact assessment) • Detailed sustainability and impact due-diligence focused on our focus areas conducted by VEF sustainability team in collaboration with investment team • Ensuring board representation as member or observer 	<ul style="list-style-type: none"> • Formal commitment to VEF ESG and Responsible Finance Principles • Initial assessment of sustainability gaps 	<ul style="list-style-type: none"> • Active ownership through board representation and regular contact • Time on the ground with team and founders • Continuous dialogue and sustainability coaching • Annual post-investment sustainability assessment and sustainability data collection

Fintech driving impact

VEF's largest and most meaningful contribution to emerging markets is the positive impact the portfolio companies can have on society by providing access to financial products to consumers and MSMEs in these markets. VEF can make a difference by allocating capital to companies that contribute to development of society and the lives of consumers and MSMEs in the emerging world.

Fintech for financial inclusion, wellness and fairness

In large parts of the world, financial services for consumers and MSMEs¹ are either unavailable, of poor quality and/or discriminately expensive. 1.4 bln adults globally remain unbanked and many of those are in our core markets, including India, Pakistan and Indonesia.² Fintech companies providing digital financial services, such as mobile wallets, electronic payments, fintech apps, digital credit services, etc. can reach people and businesses previously excluded from these services and can support positive change in emerging markets.³ Digital financial services have been recognized as critical for accelerating financial inclusion, in particular in emerging markets.⁴

“Financial inclusion is improving fastest in the economies that have – or are building – a digitally-enabled financial system.”

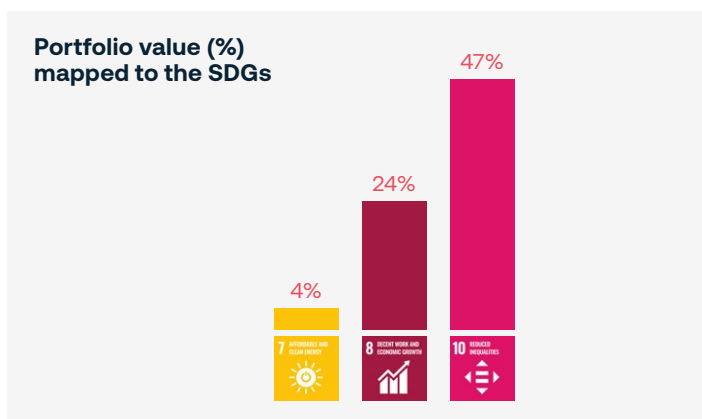
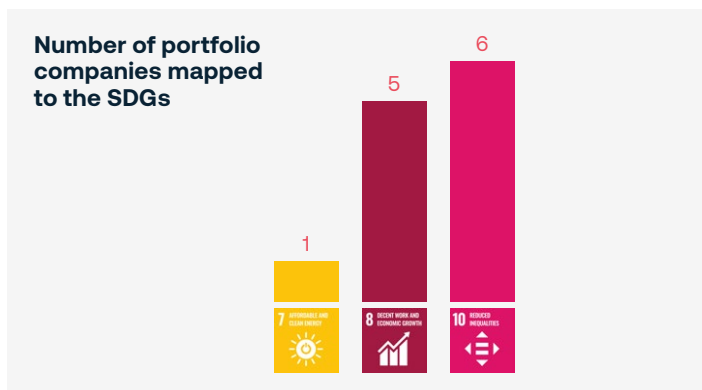
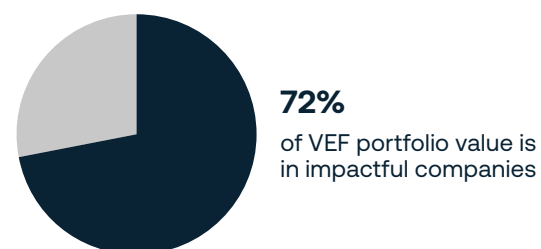
– The 2023 Global Financial Inclusion Index

Fintech for the green transition

Improving access to renewable energy in emerging markets is key for the transition to a carbon-free society. As emerging markets are home to over 60% of the global population, and are expected to account for almost 80% of the global growth in electricity demand going forward (given increasing populations, economic development and rising incomes), it will not be possible to achieve net zero without including these markets.⁵ Fintech companies can play a pivotal role by unlocking access to financial solutions that allow and enable investing in renewable energy sources, particularly for consumers.

Our companies transform their local markets

From Brazil to Mexico, India, Pakistan and beyond, our portfolio companies increase access to financial services and contribute to financial inclusion, wellness and fairness or the green transition in emerging markets. By targeting underserved consumers and MSMEs, our portfolio companies improve access to financial products. Through digital solutions they reach many consumers and MSMEs previously excluded and improve financial fairness, health, and wellbeing in their markets. On the next page, there is a short introduction to some of portfolio companies that have a business model that contribute to positive impact according to our definition of impactful investing. You can read more about the businesses of each one of these in the section Investment portfolio on pages 45–53 in the Annual Report 2024.



1. Defined as per the IFC definition: IFC's Definitions of Targeted Sectors
 2. Global Findex Database 2021 reports increases in financial inclusion around the world during the COVID-19 pandemic (worldbank.org)
 3. Digital-Financial-Services.pdf (worldbank.org)
 4. Global Financial Inclusion Index 2023 (principal.com)
 5. IEA Outlook 2023 – Report

Konfio

Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico, offering working capital loans, credit cards and digital payments solutions, through three core offerings: credit, payments and SaaS. SMEs have historically been underserved by traditional banks in Mexico, and thus have poor access to financial services – with only two out of ten businesses having access to formal credit. With their 100% digital process, Konfio has the ability to reach SMEs across all of Mexico, including remote and rural areas.

Impact theme: Improve access to financial products for underserved MSMEs



SDG 8.3

Impact:

- Served +48k MSMEs with loans to date
- Originated 83k loans to date
- 23% are sole proprietors
- 26% are female owned businesses
- 14% of business owners are below 35 years
- For 77% of customers during 2024 their credit with Konfio was their first business loan

Mahaana

Mahaana is Pakistan's first digital wealth management company, building a platform to allow working class Pakistanis to better invest their savings and pensions.

Impact theme: Improve access to financial products for underserved people



SDG 10.2

Impact:

- Mahaana is targeting blue collar workers in Pakistan who are massively underserved when it comes to financial services in Pakistan

Creditas

Latin America's leading digital lending company focusing on leveraging collateral for more affordable rates to consumers.

Impact thesis: Improve financial fairness, health and wellbeing of consumers

Consumers in Brazil pay some of the highest interest rates in the world for unsecured credit, while access to secured credit is limited for average consumers.



SDG 10.2

abhi

Financial wellness company offering early wage access to employees in Pakistan.

Impact thesis: Improve access to financial products for underserved consumers and MSMEs

Only 21% of the adult population have a bank account, and as little as 2% of adults and 7% of MSMEs receive formal credit from financial institutions.



SDG 8.3



SDG 10.2

Rupeek

Rupeek is one of India's leading asset-backed digital lending platforms focused on gold-secured loans. Through its digital lending platform, Rupeek offers low interest rate doorstep and branch gold-secured loans and gold-backed credit cards to consumers in India. Rupeek is building products to make credit accessible to Indian households in a fair and convenient manner.

Impact theme: Improve access to financial products for underserved people and MSMEs and financial fairness, health and wellbeing for consumers and MSMEs



SDG 8.3



SDG 10.2

Impact:

- Consumers and MSMEs in India are massively underserved by traditional banks and have limited access to affordable credit
- +178k unique customers to date
- Originated c. 686k loans and c. USD 2.34 bln in total to date

Solfácil

Solfácil is building a digital ecosystem for solar energy adoption in Brazil, allowing consumers to access financing for the purchase of solar panels. Brazil has some of the highest electricity costs in the world, and financing the installation of a solar system is estimated to be several times cheaper than a fully conventional supply across its lifetime.

Impact theme: Improve access to renewable energy sources



SDG 7.2

Impact:

- Through its platform, Solfácil contributes to the access and spread of renewable energy in Brazil.
- Served more than 112k customers with solar financing to date

transferGo

Provides low-cost digital money transfer services to migrants. Customers pay up to 90% less compared to traditional banks.

Impact thesis: Improve financial fairness, health and wellbeing for consumers

Migrant workers sending money to their families in their home markets often pay high transaction costs for remittance services from traditional banks.



SDG 10.c

VEF Sustainability bonds – a commitment to impact

Since 2022, our sustainability bonds have been a large and important step to deploy our impact strategy by allocating capital that support the focus areas for our sustainability work. We are convinced that the selected themes – financial inclusion, financial fairness and wellness, financial infrastructure and enablement and renewable energy – are attractive both from a business return and societal impact perspective.

Our first sustainability bond was announced in April 2022, with an issuance of SEK 500 mln in sustainability bonds under our Sustainability Bond Framework (aligned with the internationally recognized sustainable bond principles of the International Capital Markets Association (ICMA)). In November 2023 we renewed the Sustainability Bond Framework and issued new SEK 500 mln in sustainability bonds and cancelled our old bonds.





VEF remains committed to invest capital in companies that contribute to prioritized sustainability challenges in emerging markets.

In April 2024, we issued our second Impact and Allocation Report, showing that the funds from the bonds remain fully allocated to companies contributing to the financial inclusion, fairness and wellness or green transition in emerging markets. You can read our second Sustainability Bond Impact and Allocation Report [here](#). Our next impact and allocation report will be released in April 2025.



Photo: Axp Photography (Unsplash.com)

Sustainability Bond Framework – Eligible Sustainability Investment Categories

	Details	Target population	Sustainability Bond Principles aligned category
 Financial inclusion	Improved access to the following financial products: <ul style="list-style-type: none"> Savings Insurance Loans Payments 	Underserved people and MSMEs in emerging and frontier markets	<ul style="list-style-type: none"> Access to essential services Employment generation Socioeconomic advancement and empowerment
 Financial fairness and wellness	Improve financial fairness, health and wellbeing, through: <ul style="list-style-type: none"> Lowering the price of financial products Improved access to a broader array of financial products Transparent fee structures and other cost implications of products transparency 	Emerging and frontier markets where the offer of financial products is limited and underdeveloped in several aspects	<ul style="list-style-type: none"> Access to essential services Socioeconomic advancement and empowerment
 Financial infrastructure and enablement	Development of services related to financial infrastructure buildout in areas such as payments	Underserved consumers and MSMEs in emerging and frontier markets, where the financial infrastructure does not support financial services to be accessed	<ul style="list-style-type: none"> Access to essential services Socioeconomic advancement and empowerment
 Renewable energy	Improve access to affordable renewable energy sources through financing and distribution solutions offering private individuals the opportunity to install solar cells		<ul style="list-style-type: none"> Renewable energy

Sustainability bond allocation April 2024

The gross proceeds from issued sustainability bonds were used to finance and refinance VEF's investments in companies that derive 90% or more of their revenues from one or several sustainable finance categories

	SEK 244 mln	
	SEK 181 mln	
	SEK 64 mln	
	SEK 10 mln	

Additional sustainability notes

Framework and scope of the sustainability report

VEF has issued sustainability reports on a voluntary basis since 2020. We believe in the importance of communicating our progress and giving our stakeholders insight into how we work with and progress in sustainability matters. As we will become subject to mandatory EU reporting requirements in the coming years, we will adjust our reporting and approach to comply with these requirements. In the meantime, we will remain focused on the key sustainability areas that we have focused on for the past several years and gradually increase the scope of our reporting.

VEF's sustainability report consists of the section "Sustainability report" (pages 34–41) and this section "Additional sustainability notes" (pages 100–107) of the Annual Report for 2024. This report has been prepared in accordance with the GRI Standards: Core option, and the requirements in the EU-directive on non-financial reporting (2014/95/EU). VEF's sustainability report also fulfils the requirements in the Swedish Annual Accounts Act. The direct scope of this report is VEF's own operations and not the portfolio companies' operations. However, certain data related to portfolio companies is set out in various places in the report. We have also taken steps to align our sustainability report with the new regulatory requirements under the EU Corporate Sustainability Reporting Directive (CSRD).

The content and topics of the sustainability report are based on VEF's analysis of what sustainability related topics that are material to VEF's business as set out below.

Stakeholder engagement and materiality analysis

To define our material topics, we initiated a materiality analysis in 2021, identifying the sustainability topics that are most material to VEF based on their potential impact on VEF but also the impact VEF may have on society through these topics. Each year we revisit the materiality assessment and revise our list of material topics if needed. This year we have not made any changes to the list.

The material topics have been identified through discussions with key stakeholders, the board, management as well as peer and industry benchmarks. The materiality analysis has allowed us to identify where we have a direct as well as an indirect impact, acknowledging that there are aspects that we can control more than others. Combining the impact assessment and the learnings from our stakeholder dialogues, we have identified a list

of material topics, both from a risk as well as opportunity perspective, defining the scope for VEF's sustainability strategy both internally and in relation to our portfolio companies.

We started our more formal stakeholder engagement in 2021 and have continued to engage with stakeholders since then. We identified our stakeholders with the help of sustainability experts in 2021 who mapped our stakeholders in accordance with AA1000SES, based on their interest and potential impact from and on our operations. Our key stakeholders are our employees, board of directors, management, portfolio companies, and investors. We have engaged with these in different ways over the year and leading up to this sustainability report, including through regular communication, interviews, workshops, financial reporting, investor meetings and roadshows, and dedicated dialogues focused on sustainability.

Out of our broader list of material topics, we have during the last several years focused specifically on three areas (see also page 36 in the Annual Report 2024), 1) Fintech for financial inclusion, fairness, wellness and the green transition, 2) Responsible finance and 3) Governance and business ethics. These have been chosen as most relevant given that we invest in emerging markets and specifically in private fintech companies in growth stage. As our investment strategy is very thematic and geographically specified, the assessment of sustainability related risks is largely the same for all portfolio companies. Generally, the risks are related to governance, business ethics, data privacy and security and customer related behavior (irresponsible finance activities). Not all companies face all of these risks, but broadly these are the relevant themes and thus the reason why we have chosen these areas as key focus for our sustainability work.

We have initiated the process for a double materiality assessment (i.e. analyzing and understanding how VEF impacts sustainability matters, as well as how sustainability matters may impact VEF) but has postponed the majority of the work while awaiting additional EU-guidelines for LSMEs (listed SMEs like VEF). We will put a time plan in place once it has been determined what reporting obligations LSMEs will have under the CSRD.

VEF material topics

Key material topics

- Fintech for inclusion, fairness, wellness and the green transition
- Responsible finance and consumer practices
- Business ethics & Governance

Additional material topics

- Transparent sustainability communication and reporting
- Human rights
- Promote equality, diversity, and inclusion
- Attract, retain and develop employees
- Ensure well-being and work-life balance among employees
- Reduce climate impact and resource consumption from VEF operations

VEF sustainability management and governance

The Board of VEF has the ultimate responsibility for setting the sustainability framework for VEF. At least once a year the sustainability progress and roadmap are presented and discussed with the full board. The CEO and the Head of Sustainability are responsible for ensuring that the sustainability framework is implemented and executed in accordance with the overall strategy of the Company. The Board of VEF evaluates, updates, and adopts multiple policies on an annual basis to ensure that we continuously conduct business ethically and sustainably. Management has further implemented guidelines and practices to ensure compliance with VEF's various policies and sustainability principles. Our CEO, together with the Board, is responsible for ensuring internal compliance with all policies and that relevant and updated policies are in place when needed. The Board is also responsible for ensuring that no conflicts of interest arise and, if they do, are mitigated. No conflicts of interest arose in 2024.

VEF has not yet formed a formal sustainability committee. As the organization is small it has been determined that there is not yet a need to formalize this. However, there is an informal sustainability committee where the Head of Sustainability regularly discuss sustainability matters, including setting VEF's sustainability roadmap, with the audit committee and in particular the Chair of the audit committee, as well as the CEO.

Sustainability related policies

VEF's Sustainability Policy and Code of Conduct sets out our core values and principles and acts as a framework for our sustainability standards, including accepted behaviour at VEF regarding human rights, anti-corruption, and diversity and inclusion. The policy recognizes the importance of following international standards for business conduct

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. All employees at VEF are bound to follow this policy. Through active shareholding, we also strive and work to instil these values and guidelines in our portfolio companies, especially through the VEF ESG Principles (see page 12 below).

Our Responsible Investment and Shareholding Policy sets out our expectations on and how we work with portfolio companies when it comes to sustainability matters.

The Board of Directors adopts multiple sustainability related policies on a yearly basis including:

- Sustainability Policy and Code of Conduct
- Responsible Investment and Shareholding Policy
- Information- and Insider Policies
- Investment Policy
- Anti-corruption Policy
- Sanctions and AML Policy

With these policies as basis, the management team has adopted detailed guidelines to further guide the team, including:

- People Guideline
- Guidelines for the sourcing and investment processes
- Responsible Finance Framework
- Risk management guideline
- Data privacy guideline
- Supplier guideline
- Whistleblower guideline

VEF ESG Principles

We have adopted several ESG principles that we follow in our own operations. Our goal is also for all portfolio companies to sign and adhere to our ESG principles.

Environment	<ul style="list-style-type: none"> • Improve environmental impact • Comply with environmental laws and regulations • Measure climate footprint
Social	<ul style="list-style-type: none"> • Respect for people and human rights • Comply with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises • Healthy and safe working environments • Fair and reasonable working conditions • Employee wellbeing, equality and diversity • Zero tolerance for discrimination • Responsible finance practices
Governance	<ul style="list-style-type: none"> • Compliance with laws and regulations • High business ethics, zero tolerance for corruption, money laundering and fraud • Handle personal data responsibly, securely and in accordance with law • Accuracy of financial and non-financial reporting • Adequate financial control and risk assessment

VEF Responsible Finance Principles

VEF has implemented a Responsible Finance Framework based on our mantra “*If it’s not ethical, it’s not scalable*”, which includes VEF’s Responsible Finance Principles, a detailed guideline for what the principles mean and how to implement them in policies and processes at portfolio company level. The principles guide our investment decisions and how we manage our portfolio.

1. Provide responsible, fair, and transparent financial products
2. Have clear and understandable terms and conditions
3. Work to prevent over-indebtedness
4. Provide accessible and clear customer service in a timely and responsive manner
5. Handle personal data responsibly, securely and in accordance with law
6. Promote digital financial literacy and awareness initiatives

Investment process and portfolio management

Our Responsible Investment and Shareholding Policy outlines the sustainability principles for our investment process and our commitment to sustainability in our investment strategy. It also sets out our expectations on our portfolio companies when it comes to sustainability. We have multiple policies, guidelines, and tools for managing our portfolio, the pre- and post-investment assessments as well as tools that we can share with the portfolio companies. We require all our portfolio companies to formally commit to comply with our ESG and Responsible Finance Principles. Our Head of Sustainability is responsible for general compliance with policies and

guidelines related to the investment process and portfolio management. She reports directly to the CEO.

Responsible and impactful investing

We divide our investments into two different sustainable investment categories: Responsible Investing and Impactful Investing. All our investments fulfil the criteria of being responsible investments, but according to our own definition they are not all impactful investments. With that said, 100% of VEF’s portfolio is responsibly managed and a sustainability assessment is made prior to all new investments. We also conducted a sustainability assessment of 100% of portfolio companies on a yearly basis. 100% of portfolio companies are subject to active ownership, management and engagement.

Responsible Investing

At VEF, this means taking into account sustainability factors pre- and post- investing, excludes and avoids investments with negative sustainability impact.

- Takes into account sustainability factors, mainly social and governance
- Assessment of risks and opportunities
- Assessment of sustainability status of portfolio companies
- Fulfils VEF’s ESG criteria
- Fulfils VEF’s Responsible Finance criteria
- Eliminates harmful activities and fulfils VEF’s exclusion criteria
- Mandatory for all our investments

Impactful Investing

At VEF, this means portfolio companies solving for prioritized problems in society for underserved target groups and/or addressing the climate change.

- Provides positive impact on a prioritized societal problem in one of VEF impact themes:
 - Improve access to financial products for underserved people and MSMEs in emerging markets
 - Improve the financial fairness, health and wellbeing for people and MSMEs in emerging markets
 - Improve access to renewable energy sources through financing and distribution solutions in emerging markets

Sound governance and high business ethical conduct

At the core of running a sustainable company is having a sound governance model. Sound governance means having an organisation with high integrity, with proper control functions, a clear division of duties between board and management and an alignment of interest between shareholders, board members, management and other employees. In this lays also the conduct of honest and transparent business. As a company listed on Nasdaq Stockholm, having a sound governance model and practices is absolute key. You can read more about VEF’s governance structure in the Corporate Governance Report on pages 92–98 in the Annual Report 2024.

We work with our portfolio companies to ensure that they also have sound governance practices and guide them where needed.

At VEF, we take a clear stance against all forms of economic crimes and poor business ethics. We have zero tolerance for bribes, corruption, money laundering, and other forms of illicit and unethical practices, both in relation to our own and our portfolio companies’ businesses. The VEF anti-corruption policy, which has been communicated to all employees and directors of VEF, stipulates the correct behaviour relating to interaction with business partners and other parties. It contains guidelines concerning gifts, benefits, and hospitality as well as compensation to business partners and potential influence on portfolio companies. 100% of VEF employees have received training and information regarding our anti-corruption and money laundering policies during 2024.

Human rights

Human rights is one of our material topics and respecting human rights is one of VEF’s key sustainability values and we require our portfolio companies to formally commit to respecting human rights. We particularly recognize the importance of freedom of association, elimination of discrimination, the importance of providing healthy, safe and harassment free working conditions and complying

with other labor rights. We have had no human rights violation incident during the year.

Whistleblower program

VEF has a whistleblower policy that includes all employees at VEF. Any employee is obligated to report suspected and/or confirmed unethical or unlawful behaviour according to our Sustainability Policy and Code of Conduct to the closest manager, the CEO, or the Chairman of the Board. The policy includes clear instructions on how such reports should be handled. Our policy is to treat any reports confidentially and without any retaliation towards reporting individuals. We have not had any reports of misconduct in 2024.

Anyone, both employees as well as external third parties, can anonymously make reports 24/7 via our website. Any such reports will be received by the legal and compliance team at VEF and will be forwarded to either the Chairman of the board or the CEO, as appropriate, and will be handled confidentially.

All employees are being informed about how to make a report proactively on a yearly basis and have been informed about this during 2024.

Value chain ethics

We recognize the importance of choosing our business partners and suppliers with care to ensure that our value chain upholds our business standard. VEF has a Supplier Guideline, including a Code of Conduct, routines for assessment of new material suppliers, periodical reviews of suppliers and compliance with VEF’s Code of Conduct as well as actions in case of non-compliance with VEF’s Code of Conduct. In the past year, we have assessed our suppliers to determine whether we have any high-risk suppliers from a sustainability perspective. As all our material suppliers consists of consultants (financial, legal, audit, tax or IT), office suppliers, banking partners and other similar suppliers, we have concluded that we do not have any high-risk suppliers from a sustainability perspective. We are however exposed to risk with regards to our downstream value chain, as our portfolio companies operate in markets that are more exposed to human and labor rights issues, as well as issues with regards to ethical business practices. We have not identified any non-compliance with our Supplier Guidelines during the past year.

Industry involvement

We are members of Venture ESG, a community-based non-profit organisation from VCs for VCs to support the ecosystem with meaningful ESG integration, and the National Advisory Board for Impact Investing.

The VEF Team

Diversity, Equality and Inclusion

One of VEF's most important assets is people. Being a small investment firm, having the right people and giving them the best platform to stand on and grow from, is absolute key to our success. We strongly believe that innovation and success, come out of bringing people together from different backgrounds, with different ideas, strengths, and experiences and having an inclusive culture. Diversity is key to adapting to a fast-paced international economy and understanding the local and regional markets where we invest, allowing us to make the best investment decisions but also building long-term sustainable operations. VEF management is responsible for ensuring that VEF has a diverse team and inclusive and equal work environment. VEF prides itself on being an inclusive, equal and diverse workplace, where we strive towards improved diversity, both from a gender perspective and also more generally. At year end, 33% of the employees, 50% of the Board, and 33% of the management team were women.

We strive to have a culture that promotes openness, inclusion and transparency as well as having a flat organization. All of this contributes to a collaborative culture and sets the platform for maximizing the sharing of ideas for the growth of VEF as a company, but also each employee. As we have a small team and flat organization style, all employees have quick and regular access to management and the investment decisions process. We believe that is one of our strengths as an investment company as it allows room for everyone to contribute and share their thoughts and ideas.

Matters within Human Resources are in general managed by our People Guideline. As stated in our Sustainability Policy and Code of Conduct and our People Guideline, we have zero tolerance towards discrimination, and there were no (0) such incidents reported during 2024. VEF recruits, promotes, and compensates based on merit, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership, or political opinion.

Professional development and wellbeing

As one of our most valuable assets is our staff, with a wide array of competencies and experiences, it is important that we provide the best opportunities for professional development and wellbeing. We have yearly performance reviews, which are held between the employee and the CEO and/or their immediate supervisor. 100% of employees have had performance reviews in 2024.

We also see the importance in developing new skills and gaining new knowledge. Professional development, courses, and conferences are, in general, emphasized and encouraged as set out in our People Guideline, but

is an individual responsibility for our employees. Internal knowledge initiatives during the year included training and participating in conferences related to sustainability, fintech, venture capital, finance, accounting, legal, and tax. Currently, VEF does not have a general approach to evaluating professional development initiatives but rather evaluates these before and after each activity. We are looking to put this process in print in our People Guideline.

We have not had any incidents of long-term sickness, injuries or accidents during 2024 (0 in 2023).

Composition of governance bodies and employees

	Male	Female	Age <30	Age 30-50	Age 50<	Independent	Non-independent
Board	50%	50%	0%	50%	50%	80%	20% ¹
Managers	67%	33%	0%	100%	0%	N/A	N/A
Employees	67%	33%	11%	89%	0%	N/A	N/A

1. The CEO, David Nangle, is the only non-independent board member

Employment type

	Permanent	Temporary	Full-time	Part-time	Total
Male	6	0	6	0	6
Female	3	0	3	0	3
Total	9	0	9	0	9

Employment location

	Permanent	Temporary
Sweden	3	0
UK	4	0
Ireland	2	0
Total	9	0

New employees and employee turnover

	Male	Female	Age <30	Age 30-50	Age 50<
New employees	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Employee turnover	0 (0%)	1 (10%)	1 (10%)	0 (0%)	0 (0%)

CEO pay ratio

	2024	2023
CEO to FTE	457%	462%

Environmental impact

We recognize the importance of being contributors to a more environmentally sustainable world and the potential risks environmental issues may have on us and our portfolio companies. However, we believe ours and our portfolio companies' environmental impact and risks are limited given the service-oriented nature of our respective businesses. The nature of our operations also means that we have a limited supply chain (mostly consultants and subletters) with limited impact on the environment through our upstream supply chain. Most of our direct environmental impact comes from business travel, office energy usage and indirectly from our portfolio companies and their use of energy and by extension emissions of greenhouse gases. Our Sustainability Policy and Code of Conduct, govern how we manage our environmental impact.

The following are some measures we take to reduce our impact:

- Almost fully work digitally to reduce physical office footprint
- Strive towards using work equipment as long as possible
- Limit air travel where possible by e.g. doing multi-purpose trips and avoid non-essential travel

We lease two of our offices at business centers and sub-lease one office. Therefore, it is difficult for us to actively work with energy savings. However, our largest office in Stockholm uses energy from 100% renewable energy sources.

MWh	2024	2023	2022
Total amount of electricity, offices ²	9.6	8.5	6.9
Renewable energy usage (% of total usage)	100% for Stockholm office, no information from other offices	100% for Stockholm office, no information from other offices	Not measured

2. Includes offices in Sweden, Ireland and UK.

Greenhouse gas emissions

Tonnes CO ₂ e	2024	2023	2022
Direct emissions (Scope 1)	0.0	0.0	0.0
Indirect emissions (Scope 2): Office electricity	2.0	1.7	1.7
Other indirect emissions (Scope 3): Business travel and Scope 3.3 Energy	98.5	75.7	89.2
Total	100.5	77.4	90.9

Emission factors used to calculate air travel are based on passenger-kilometer data and DEFRA 2023 emission factors. Location-based emission factors for IEA 2024 are used for calculating emissions from office electricity and IEA for scope 3.3. For the energy consumption in Sweden, an estimate based on the percentage of number of employees compared to total number of people in that office since no VEF-specific consumption data was available. Consumption for the London office is estimated for December since actual data was not available prior to publication of this report.

Other environmental impact

Given the nature of VEF's business and the type of companies we invest in, we have limited environmental impact other than greenhouse gas emissions.

Environmental impact areas

	Impact
Exposure to companies active in the fossil fuel sector	None
Activities negatively affecting biodiversity sensitive areas	None
Hazardous waste	None

Environmental goals

We measure some of our impact, such as energy consumption and greenhouse gas emissions, since several years and will continue to expand our environmental reporting in-line with the requirements in the CSRD and ESRS as well as ask our portfolio companies to measure theirs if there will be such requirements. We commit to reduce our environmental impact where we can, and we request that our portfolio companies do as well. As VEF's (as well as our portfolio companies') environmental impact is limited, we have not yet set any specific measurable goals and targets. In 2023 we decided to postpone setting specific targets and work on that simultaneously as we set our new reporting roadmap in connection with the mandatory reporting requirements under CSRD. We have initiated dialogues with some of our larger portfolio companies around this and will continue the discussions in 2025.

GRI Index

Statement of use	VEF AB (publ)
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

Disclosure	Page number in Annual Report	Omission/Comment
GRI 2: General Disclosures		
The organization and its reporting practices		
2-1 Organizational details		VEF AB (publ)
2-2 Entities included in the organization's sustainability reporting		VEF AB (publ), VEF Cyprus Limited, VEF Fintech Ireland Limited and VEF UK Ltd.
2-3 Reporting period, frequency and contact point		2024.01.01–2024.12.31, annual, Helena Caan Mattsson, General legal counsel and Head of Sustainability, helena@vef.vc
2-4 Restatements of information		No restatements
2-5 External assurance		This sustainability report has not been assured by an external assurance
Activities and workers		
2-6 Activities, value chain and other business relationships	6-9	Annual Report: The emerging market fintech investor
2-7 Employees	104	The VEF Team
2-8 Workers who are not employees	104	The VEF Team
Governance		
2-9 Governance structure and composition	92	Corporate Governance
2-10 Nomination and selection of the highest governance body	92-93	Corporate Governance
2-11 Chair of the highest governance body	93	Board of Directors
2-12 Role of the highest governance body in overseeing the management of impacts	101	VEF sustainability management and governance
2-13 Delegation of responsibility for managing impacts	101	VEF sustainability management and governance
2-14 Role of the highest governance body in sustainability reporting	101	VEF sustainability management and governance
2-15 Conflicts of interest	101	VEF sustainability management and governance
2-16 Communication of critical concerns	103	Whistleblower program
2-17 Collective knowledge of the highest governance body	95-96	Board of Directors
2-18 Evaluation of the performance of the highest governance body	94	Evaluation of the Board, the CEO and management
2-19 Remuneration policies	95	Remuneration
2-20 Process to determine remuneration	95	Remuneration
2-21 Annual total compensation ratio	104	The VEF team
Strategy, policies and practices		
2-22 Statement on sustainable development strategy	10-14	Management report
2-23 Policy commitments	101	Sustainability related policies
2-24 Embedding policy commitments	101	VEF sustainability management and governance
2-25 Processes to remediate negative impacts	37	An active and sustainability-focused investment approach. Such processes only exist to a certain extent today. These will be developed and reported on in 2025.
2-26 Mechanisms for seeking advice and raising concerns	103	Whistleblower program
2-27 Compliance with laws and regulations	103	Sound governance and high business ethical conduct
2-28 Membership associations	103	Industry involvement
Stakeholder engagement		
2-29 Approach to stakeholder engagement	100	Stakeholder engagement and materiality analysis
2-30 Collective bargaining agreements		We do not apply collective bargaining agreement, hence no (0%) of employees are covered by this in 2024.

GRI Index (continued)

Disclosure	Page number in Annual Report	Omission/Comment
GRI 3: Material Topics		
3-1 Process to determine material topics	100	Stakeholder engagement and materiality analysis
3-2 List of material topics	101	Table Material topics
GRI 200 Economic Standard Series		
Indirect Economic Impact		
3-3 Management of material topics	37	An active and sustainability-focused investment approach
GRI 203: Indirect Economic Impacts		
203-2 Significant indirect economic impacts	34	Sustainability highlights 2024
Anti-corruption		
3-3 Management of material topics	103	Sound governance and high business ethical conduct
GRI 205: Anti-corruption		
205-3 Confirmed incidents of corruption and actions taken	36	Our sustainability vision
GRI 300 Environmental Standards		
Energy		
3-3 Management of material topics	105	Environmental impact
GRI 302: Energy		
302-1 Energy consumption within the organization	105	Environmental impact
Emissions		
3-3 Management of material topics	105	Environmental impact
GRI 305: Emissions		
305-1 Direct (Scope 1) GHG emissions	105	Environmental impact
305-2 Energy indirect (Scope 2) GHG emissions	105	Environmental impact
305-3 Other indirect (Scope 3) GHG emissions	105	Environmental impact
GRI 400 Social Standards		
Employment		
3-3 Management of material topics	104	The VEF team
GRI 401: Employment		
401-1 New employee hires and employee turnover	104	The VEF team
Training and Education		
3-3 Management of material topics	104	Professional development and wellbeing
GRI 404: Training and Education		
404-3 Percentage of employees receiving regular performance and career development reviews	104	Professional development and wellbeing
Diversity and Equal Opportunity		
3-3 Management of material topics	104	The VEF team
GRI 405: Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	104	The VEF team
Non-discrimination		
3-3 Management of material topics	104	The VEF team
GRI 406: Non-discrimination		
406-1 Incidents of discrimination and corrective actions taken	104	The VEF team

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The logo for VEF, consisting of the letters 'V', 'E', and 'F' in a bold, white, sans-serif font. The 'V' has a distinctive shape with a small gap at the bottom, and the 'E' and 'F' are also stylized with rounded, blocky forms.

The emerging market fintech investor