



## **NOTICE TO ATTEND THE ANNUAL GENERAL MEETING**

**The Shareholders of Kinnevik AB (publ) are hereby invited to the Annual General Meeting on Monday 8 May 2017 at 10.00 a.m. CET at Hotel Rival, Mariatorget 3 in Stockholm.**

### **NOTICE ETC.**

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Tuesday 2 May 2017,
- give notice of their attendance no later than Tuesday 2 May 2017. Notice to attend is to be made on the company's website at [www.kinnevik.com](http://www.kinnevik.com), by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "Kinnevik's AGM", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Shareholders shall in their notice to attend state name, personal identification number or company registration number, address, phone number and advisors, if applicable. Shareholders whose shares are registered in the names of nominees must temporarily re-register such shares in their own name in order to be entitled to attend the Annual General Meeting. In order for such re-registration to be completed on Tuesday 2 May 2017 the shareholder must inform their nominees well before that day. Shareholders attending by a proxy or a representative should send documents of authorisation to the mail address above well before the Annual General Meeting. A template proxy form is available on the company's website [www.kinnevik.com](http://www.kinnevik.com). Shareholders cannot vote or, in other way, attend the Annual General Meeting by remote access.

## PROPOSED AGENDA

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Remarks by the Chairman of the Board.
8. Presentation by the Chief Executive Officer.
9. Presentation of the parent company's Annual Report and the Auditor's Report and of the Group Annual Report and the Group Auditor's Report.
10. Resolution on the adoption of the Profit and Loss Statement and the Balance Sheet and of the Group Profit and Loss Statement and the Group Balance Sheet.
11. Resolution on the proposed treatment of the company's earnings as stated in the adopted Balance Sheet.
12. Resolution on the discharge of liability of the members of the Board and the Chief Executive Officer.
13. Resolutions on:
  - (a) amendments of the Articles of Association, and
  - (b) determination of the number of members of the Board.
14. Determination of the remuneration to the Board and the auditor.
15. Election of Board members:
  - (a) Tom Boardman (re-election, proposed by the Nomination Committee).
  - (b) Anders Borg (re-election, proposed by the Nomination Committee).
  - (c) Dame Amelia Fawcett (re-election, proposed by the Nomination Committee).
  - (d) Wilhelm Klingspor (re-election, proposed by the Nomination Committee).
  - (e) Lothar Lanz (re-election, proposed by the Nomination Committee).
  - (f) Erik Mitteregger (re-election, proposed by the Nomination Committee).
  - (g) Mario Queiroz (re-election, proposed by the Nomination Committee).
  - (h) John Shakeshaft (re-election, proposed by the Nomination Committee).
  - (i) Cristina Stenbeck (re-election, proposed by the Nomination Committee).
  - (j) Cynthia Gordon (new election, proposed by the Nomination Committee).
  - (k) Henrik Poulsen (new election, proposed by the Nomination Committee).
16. Election of the Chairman of the Board.
17. Determination of the number of Auditors and election of Auditor.
18. Approval of the procedure of the Nomination Committee.
19. Resolution regarding guidelines for remuneration for senior executives.
20. Resolution regarding a long-term, share based, incentive plan, including resolutions regarding:
  - (a) adoption of the plan,
  - (b) authorisation for the Board to resolve on a new issue of Class C shares,
  - (c) authorisation for the Board to resolve to repurchase Class C shares, and
  - (d) transfer of own Class B shares to the participants in the plan.
21. Resolution regarding a long-term, cash based, incentive plan.
22. Resolution to authorise the Board to resolve on repurchase of own shares.
23. Resolution on amendments of the Articles of Association.
24. Resolution regarding shareholder Thorwald Arvidsson's proposals (a)-(r).
25. Closing of the Annual General Meeting.

## **RESOLUTIONS PROPOSED BY THE NOMINATION COMMITTEE**

### **Election of Chairman of the Annual General Meeting (item 2)**

The Nomination Committee proposes that Wilhelm Lünig, member of the Swedish Bar Association, is elected to be the Chairman of the Annual General Meeting.

### **Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 13, 15(a)-(k) and 16)**

The Nomination Committee proposes that the Board shall consist of eleven members.

The Nomination Committee proposes that, for the period until the close of the next Annual General Meeting, Tom Boardman, Anders Borg, Dame Amelia Fawcett, Wilhelm Klingspor, Lothar Lanz, Erik Mitteregger, Mario Queiroz, John Shakeshaft and Cristina Stenbeck shall be re-elected as members of the Board and that Cynthia Gordon and Henrik Poulsen shall be elected as new members of the Board.

The Nomination Committee proposes that Tom Boardman shall be re-elected as the Chairman of the Board.

### **Determination of the remuneration to the Board and the auditor (item 14)**

The Nomination Committee proposes remuneration to the Board with a total amount of SEK 10,205,000 (2016: 8,525,000).

The proposed remuneration for ordinary Board work for the period until the end of the next Annual General Meeting amounts to a total of SEK 8,900,000 (2016: 7,400,000) and shall be allocated in accordance with the following:

- SEK 2,300,000 (2016: 2,100,000) to the Chairman of the Board,
- SEK 1,100,000 (2016: 1,000,000) to each of the two Deputy Chairmen of the Board, and
- SEK 550,000 (unchanged) to each of the eight other members of the Board.

The proposed remuneration for work within the committees of the Board for the period until the end of the next Annual General Meeting amounts to a total of SEK 1,305,000 (2016: 1,125,000) and shall be allocated in accordance with the following:

- SEK 220,000 (2016: 200,000) to the Chairman of the Audit Committee and SEK 120,000 (2016: 100,000) to each of the other three members,
- SEK 150,000 (2016: 125,000) to the Chairman of the Remuneration Committee and SEK 100,000 (2016: 75,000) to each of the other three members, and
- SEK 125,000 (unchanged) to the Chairman of the GRC Committee and SEK 75,000 (unchanged) to the other two members.

The Nomination Committee further proposes that Dame Amelia Fawcett and Erik Mitteregger shall receive extra remuneration in the amount of SEK 75,000 each, for extraordinary services related to the Remuneration Committee's work during 2016.

The Nomination Committee proposes that the auditor shall be paid in accordance with approved invoices.

### **Determination of the number of Auditors and election of Auditor (item 17)**

In accordance with the Audit Committee's recommendation, the Nomination Committee proposes that the company shall have one registered accounting firm as auditor, and that the registered accounting firm Deloitte AB shall be re-elected as auditor until the close of the 2021 Annual General Meeting. Deloitte AB has informed Kinnevik that the authorised public accountant Jan Berntsson will continue as auditor-in-charge if Deloitte is re-elected as auditor.

### **Approval of the procedure of the Nomination Committee (item 18)**

The Nomination Committee proposes that the work of preparing proposals to the 2018 Annual General Meeting regarding the Board and auditor, in the case that an auditor should be elected, and their remuneration, Chairman of the Annual General Meeting and the procedure for the Nomination Committee shall be performed by a Nomination Committee.

The Nomination Committee will be formed during September 2017 in consultation with the largest shareholders

of the company as per 31 August 2017. The Nomination Committee will consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. Cristina Stenbeck will be a member of the Committee and will also act as its convener. The members of the Committee will appoint the Committee Chairman at their first meeting.

The Nomination Committee is appointed for a term of office commencing at the time of its formation in September 2017 and ending when a new Nomination Committee is formed. If a member resigns during the Committee term, the Nomination Committee may choose to appoint a new member. The shareholder that appointed the resigning member shall in such case be asked to appoint a new member, provided that the shareholder still is one of the largest shareholders in the company. If that shareholder declines participation on the Nomination Committee, the Committee may choose to ask the next largest shareholder to participate. In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the 2018 Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the company, and to charge the company with costs for recruitment consultants and related travel if deemed necessary.

## RESOLUTIONS PROPOSED BY THE BOARD

### Dividend (item 11)

The Board proposes a dividend of SEK 8.00 per share and that the record date for dividend shall be on Friday 12 May 2017. If the Annual General Meeting resolves in accordance with the proposal, the dividend is estimated to be paid out to the shareholders on Wednesday 17 May 2017.

The last trading day in the Kinnevik share including the right to receive dividend will be Wednesday 10 May 2017, and the first trading day in the Kinnevik share not including a right to receive dividend will be Thursday 11 May 2017.

### Amendment of the Articles of Association (item 13(a))

The Nomination Committee has informed the Board of its intention to increase the number of Board members in Kinnevik. Therefore the Board proposes that Kinnevik's Articles of Association is amended to increase the number of Board members that may be elected by the General Meeting (from nine to twelve).

*Current wording*

The Board of Directors shall consist of no less than three and no more than *nine* Directors elected by the General Meeting.

*Proposed wording*

The Board of Directors shall consist of no less than three and no more than *twelve* Directors elected by the General Meeting.

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### Guidelines for remuneration for senior executives (item 19)

The Board proposes the following guidelines for remuneration to the Chief Executive Officer and the other persons in the executive management of Kinnevik (the "Senior Executives"), as well as Members of the Board to the extent they are remunerated outside their Board duties.

The objectives of Kinnevik's remuneration guidelines are to offer competitive compensation to attract, motivate and retain key employees. The aim is to create incentives for the Senior Executives to execute strategic plans and deliver excellent operating results and to align their incentives with the interests of the shareholders. The intention is that all Senior Executives shall have a significant long-term shareholding in the company.

The remuneration for the Senior Executives shall consist of an annual fixed salary, short-term variable remuneration paid in cash ("STI"), the possibility to participate in long-term (i) share or share price related incentive plans or (ii) cash based incentive plans ("LTI"), pension and other customary benefits. Kinnevik regularly carries out a remuneration benchmarking exercise to ensure that it is aware of the relevant benchmarks for key positions.

- The fixed salary is reviewed each year and is based on the Senior Executive's competence, area of responsibility and market benchmarks.
- The STI shall be based on performance in relation to established targets. The targets shall be individual and measurable as well as linked to specific performances, processes and transactions. The STI can amount to a maximum of 100 percent of the fixed salary. Payment of part of the STI is conditional upon a portion of it being invested in Kinnevik shares, until the Senior Executive has a shareholding in Kinnevik corresponding to his or her annual fixed salary, net after taxes.
- The LTI shall require an own investment by Senior Executive and ensure a long-term commitment to the development of Kinnevik. The long-term share or share price related incentive plans, shall be linked to certain pre-determined performance criteria, based on Kinnevik's share price and value growth. The long-term, cash based, incentive plans shall be linked to pre-determined levels for the value growth of Kinnevik's private portfolio.
- Other benefits may include a company car, housing benefits for expatriated Senior Executives for a limited period of time, as well as other customary benefits. Other benefits shall not constitute a significant part of total remuneration. The Senior Executives may also be offered health care insurances.
- The Senior Executives are offered defined contribution pension solutions, with premiums amounting to a maximum of 30 percent of the fixed salary, these premiums are paid to insurance companies. Senior Executives that are non-Swedish residents may be offered, if it is approved by the Board, cash based pension solutions corresponding to the premiums that otherwise would have been paid to insurance companies.
- In the event notice of termination of employment is served by the company, the Chief Executive Officer is entitled to salary for a period of a maximum of 18 months and the other Senior Executives are entitled to salary for a period of a maximum of 12 months.

Board Members, elected at General Meetings, in certain cases may receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

In special circumstances, the Board may deviate from the above guidelines. In such a case, the Board is obligated to give account for the appearance of, and the reason for, the deviation at the following Annual General Meeting.

#### *Information about existing guidelines and remuneration for the Senior Executives*

For further information regarding the existing guidelines and remuneration for the Senior Executives paid out during 2016, please refer to Kinnevik's 2016 Annual Report, Note 16 for the Group.

In accordance with the Swedish Corporate Governance Code Rule 9.1, the Remuneration Committee monitors and evaluates the application of the guidelines for remuneration for the Senior Executives resolved by the Annual General Meeting. The company's auditor has, in accordance with the Swedish Companies Act Ch. 8 Sec. 54, provided a report regarding compliance with the guidelines for remuneration for the Senior Executives during 2016.

#### **Long-term, share based, incentive plan (item 20)**

The Board proposes a long-term, share based, incentive plan for Kinnevik employees ("LTIP 2017").

The objective of LTIP 2017 is, to link a portion of the employees' remuneration to the long-term value growth of Kinnevik and the Kinnevik share, and thereby align their interests with those of shareholders. In addition, LTIP 2017 will be an important tool for Kinnevik to recruit, motivate and retain the best talents for Kinnevik; this is vital in order for Kinnevik to achieve long-term value growth for its shareholders.

LTIP 2017 is based on the same structure as the share based incentive plans adopted during 2008-2016 (except for 2014), and has the same performance criteria as the 2016 plan.

## ***Adoption of the plan (item 20(a))***

### *LTIP 2017 in brief*

Kinnevik employees (except the participants in the proposed, cash based, incentive plan under item 21) will be entitled to participate in LTIP 2017. Participation requires a personal investment in Kinnevik shares. Based on competence, area of responsibility and personal investment in Kinnevik shares, the participants will be granted rights to receive Kinnevik Class B shares, free of charge, subject to the terms and conditions of LTIP 2017 (the "Share Awards"). If the participant throughout the term of LTIP 2017, ending after the release of Kinnevik's interim financial report for the period January-March 2020 (i) is employed by Kinnevik or an associated company and (ii) has retained the Kinnevik shares, and (iii) the performance-based conditions for the Share Awards during 1 April 2017 – 31 March 2020 (the "Measurement Period") have been reached, Kinnevik will award the participants Kinnevik Class B shares.

The maximum number of Kinnevik Class B shares that may vest under LTIP 2017 will be limited to 380,000 (including compensation for paid dividends and other value transfers to the shareholders) representing approximately 0.14 percent of the outstanding shares and 0.06 percent of the outstanding votes.

### *Participants in LTIP 2017*

All employees in Kinnevik (except the participants in the proposed incentive plan under item 21), approximately 32 persons, will be entitled to participate in LTIP 2017.

### *Personal investment in Kinnevik shares*

In order to participate in LTIP 2017, the employees are required to invest in Kinnevik shares and to allocate such shares to LTIP 2017 (the "Investment Shares"). The Investment Shares may either be shares acquired for LTIP 2017 or shares already held (which are not allocated to one of the 2014-2016 long-term incentive plans). If the participant has inside information, and is therefore prevented from purchasing Kinnevik shares when giving notice of participation in LTIP 2017, the Investment Shares must be acquired as soon as possible, but no later than prior to the 2018 Annual General Meeting.

### *Terms and conditions for the Share Awards*

All Share Awards shall be governed by the following terms and conditions:

- Share Awards are granted free of charge after the 2017 Annual General Meeting and will vest after the release of Kinnevik's interim financial report for the period January-March 2020 (the "Vesting Period").
- One (1) Share Award entitles the participant to receive one (1) Kinnevik Class B share, as long as the participant throughout the Vesting Period (i) is employed by Kinnevik or an associated company and (ii) has retained the Investment Shares, and (iii) as long as the relevant performance criterion for the Share Award has been reached. Exceptions to the condition that the participant must be employed throughout the Vesting Period can be approved by the Board in certain cases, including, but not limited to, death, disability, retirement, divestiture by Kinnevik of the company in which the participant is employed, and if the participant's age (years) and term of employment (years) in aggregate exceed 60.
- Share Awards may not be transferred or pledged.
- In order to align the participants' and shareholders' interests Kinnevik will pay compensation for dividends and other value transfers to the shareholders by increasing the number of shares that each Share Award entitles the participant to receive.

The Share Awards are divided into three Series (A-C). The number of shares that vest is based on the participant's competence, area of responsibility, own investment and on the level of fulfilment of the following defined performance criteria applicable for the Share Awards:

- |                 |  |
|-----------------|--|
| <i>Series A</i> | Kinnevik's total shareholder return on the Class B share ("TSR") during the Measurement Period exceeding 0 percent as entry level.   |
| <i>Series B</i> | Kinnevik's average annual total shareholder return on the Class B share (TSR) during the Measurement Period being 5 percent as entry level and 15 percent or higher as the stretch target. |

*Series C* Average annual net asset value development (adjusted for dividend payments, other value transfers to the shareholders and repurchase of own shares) during the Measurement Period being 5 percent as entry level and 15 percent or higher as the stretch target.

If the entry level is reached, 100 percent of the Series A Share Awards and 20 percent of Series B and C Share Awards will vest. If the stretch target is reached for Series B or C, all Share Awards in that series vest. If the performance level for Series B or C is between the entry level and stretch target, Share Awards in that series will vest on a linear basis. If the entry level is not reached for a series, all Share Awards in that series will lapse.

Information about the outcome of LTIP 2017 will be presented in the Annual Report for 2020.

#### *Allocation*

LTIP 2017 is proposed to comprise up to 40,200 Investment Shares entitling participants to receive, in aggregate, up to 314,200 Share Awards. In accordance with the above principles and assumptions, LTIP 2017 in principle will comprise up to the following number of Investment Shares and Share Awards for different participants:

- one employee can allocate up to 5,000 Investment Shares. Each Investment Share entitles this employee to receive 1 Share Award of Series A and 4.5 Share Awards of Series B and C, respectively. In total 10 Share Awards for each Investment Share;
- up to two employees can allocate up to 3,000 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 3.5 Share Awards of Series B and C, respectively. In total 8 Share Awards for each Investment Share;
- approximately five employees can allocate up to 2,000 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 3.5 Share Awards of Series B and C, respectively. In total 8 Share Awards for each Investment Share;
- approximately three employees can allocate up to 1,500 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 3.5 Share Awards of Series B and C, respectively. In total 8 Share Awards for each Investment Share;
- approximately six employees can allocate up to 1,000 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 3.5 Share Awards of Series B and C, respectively. In total 8 Share Awards for each Investment Share;
- approximately nine employees can allocate up to 700 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 2.5 Share Awards of Series B and C, respectively. In total 6 Share Awards for each Investment Share; and
- approximately six employees can allocate up to 400 Investment Shares each. Each Investment Share entitles these employees to receive 1 Share Award of Series A and 2.5 Share Awards of Series B and C, respectively. In total 6 Share Awards for each Investment Share.

#### *Scope, costs and effects on important key ratios*

LTIP 2017 will be accounted for in accordance with IFRS 2 which stipulates that the Share Awards are to be recorded as a personnel expense in the income statement during the Vesting Period. Based on the assumptions of a share price of SEK 234.60 (closing share price of the Kinnevik Class B share on 22 March 2017), a maximum participation, an annual employee turnover of 10 percent, an average fulfilment of performance conditions (Series B and C) of approximately 50 percent and full vesting of the Series A Share Awards, the cost for the LTIP 2017, excluding social security costs, is estimated to be approximately SEK 28.0m. The cost will be allocated over the Vesting Period.

The estimated social security costs will also be recorded as a personnel expense by current reservations. The social security costs are estimated at around SEK 12.9m using the assumptions set out above, an average social security tax rate of approximately 26 percent and an annual share price increase of 10 percent on the Kinnevik Class B share during the Vesting Period.

The participant's maximum profit per Share Award is limited to SEK 711 (including possible compensation that the participants receive for dividends paid to shareholders). This maximum profit corresponds to approximately three times the average closing share price of the Kinnevik Class B share during February 2016. If the value of the Kinnevik Class B share at vesting exceeds SEK 711 the number of shares each Share Award entitles the

participant to receive will be reduced accordingly.

The maximum dilution is no more than 0.14 percent in terms of shares outstanding, 0.06 percent in terms of votes, and 0.08 percent in terms of costs for LTIP 2017 as defined in IFRS 2 in relation to Kinnevik's market capitalisation.

If the maximum profit of SEK 711 per Share Award is reached, all Investment Shares are retained and the fulfilment of the performance criteria is 100 percent, the maximum cost of LTIP 2017 as defined in IFRS 2 is approximately SEK 50.8m, and the maximum social security cost is approximately SEK 62.0m.

Recalculation of final allotments of shares to the participants shall take place in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

The costs and dilution are expected to have only a marginal effect on key ratios of Kinnevik.

#### *Preparation and administration*

The Board, or the Remuneration Committee, shall be responsible for preparing the detailed terms and conditions of LTIP 2017. The Board shall be authorised to make adjustments to meet foreign regulations or market conditions and, in connection with delivery of shares to participants, offer cash settlement in order to cover the participant's taxation costs upon vesting. The Board also may make certain other adjustments, including deciding to reduce the allotment of shares for all participants, or for certain categories of participants, covered by the LTIP 2017, if material changes occur within Kinnevik or in the market that, in the Board's assessment, mean that the terms and conditions for the allotment of shares under LTIP 2017 no longer fulfil the main objectives of LTIP 2017.

#### *Delivery of shares to the participants under LTIP 2017*

To secure the undertakings to deliver shares to the participants the Board proposes that the Board is authorised to resolve on a directed issue of Class C shares, and immediately following the issue repurchase the Class C shares in accordance with item 20(b) and (c) or as an alternative repurchase Class B shares in accordance with item 22. Any repurchased Class C shares will be reclassified into Class B shares.

Delivery of Kinnevik shares, subject to the terms and conditions of LTIP 2017, will be made by transfer, free of charge, of Class B shares to the participants during 2020 in accordance with item 20(d).

#### *Preparation of the proposal*

Kinnevik's Remuneration Committee has prepared LTIP 2017 in consultation with external advisors and major shareholders. LTIP 2017 has been reviewed at meetings of the Board during the end of 2016 and the first months of 2017.

#### *Information regarding other incentive programmes in Kinnevik*

Please refer to the 2016 Annual Report, Note 16, and the company's website [www.kinnevik.com](http://www.kinnevik.com), for information regarding Kinnevik's on-going share or share price related incentive programmes.

#### ***Authorisation for the Board to resolve on a new issue of Class C shares (item 20(b))***

The Board proposes that, during the period until the next Annual General Meeting, the Board shall be authorised to increase the company's share capital by not more than SEK 38.000 by a new issue of not more than 380,000 Class C shares, each with a quota value of SEK 0.10. With deviation of the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the quota value that shall be paid in cash.

The purpose of the authorisation and the reason for deviating from the shareholders' preferential rights is to ensure delivery of shares to participants in LTIP 2017.

#### ***Authorisation for the Board to resolve to repurchase Class C shares (item 20(c))***

The Board proposes that during the period until the next Annual General Meeting the Board shall be authorised to repurchase Class C shares. The repurchase may only be effected through an offer directed to all holders of Class C shares in Kinnevik. The repurchase may be effected at a purchase price corresponding to not less than SEK 0.10 and not more than SEK 0.11. Payment for the repurchased Class C shares shall be made in cash.

The purpose of the repurchase is to ensure the delivery of shares to the participants in LTIP 2017.



### ***Transfer of own Class B shares to the participants in the plan (item 20(d))***

The Board proposes that up to 380,000 Class B shares, including compensation for dividends and other value transfers, held by Kinnevik may be transferred free of charge to the participants in LTIP 2017, subject to the terms and conditions of LTIP 2017, as set out in item 20(a).

The number of shares that may be transferred to the participants shall be subject to recalculation in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

### ***Long-term, cash based, incentive plan (item 21)***

The Board proposes a new long-term, cash based incentive plan for Kinnevik employees that have a direct impact on, and are working almost exclusively with, the value creation in Kinnevik's private portfolio ("VCPP 2017"). The participants in VCPP 2017 will not be entitled to participate in LTIP 2017.

The objective of VCPP 2017 is to link the remuneration and incentives for the participants to the creation of long-term value growth of Kinnevik's private portfolio. Kinnevik's Board is of the opinion that VCPP 2017 will be an important tool for Kinnevik to motivate and retain the best talents to manage its private portfolio, and that it will be vital in order for Kinnevik to achieve the long-term targets for its private portfolio.

#### *VCPP 2017; structure in brief and participation*

The VCPP 2017 is a long-term, cash based, incentive plan, based on the performance of Kinnevik's private portfolio that will be carried out through the issuance of non-transferrable synthetic options (the "Options"). Settling of the Options will be made in cash and will not increase the number of shares in Kinnevik.

Kinnevik senior investment professionals that have a direct impact on, and work almost exclusively with, the private portfolio (in total 6 persons) will be entitled to participate in VCPP 2017. Based on seniority and responsibilities, such employees will be offered to purchase the Options at market value. Kinnevik will subsidise the purchase of the Options. Five years after the day of issuance, the Options will entitle the holder to a cash payment, if the Value Growth (as defined below) of the private portfolio has reached the entry performance level. The Options will have no value for the holder if the entry level is not reached.

The Board shall be responsible for the detailed design and management of the VCPP 2017, the main terms and conditions however shall be in accordance with the Annual General Meeting's resolution.

#### *Main conditions of the Options*

Each Option entitles the holder to a right to, at the end of the Option's five-year term, receive a cash amount from Kinnevik of SEK 1m multiplied by a *value creation multiple*.

The value creation multiple will be based on the IRR, i.e. the internal rate of return, expressed as the annual equivalent return on a given investment, (the "Value Growth"), of the private portfolio comprising Kinnevik's unlisted companies as per 31 March 2017 (the "Private Portfolio").

The Value Growth will be determined through valuations of the Private Portfolio at launch, as per 31 March 2017 (the "Start Date"), and at close, as per 31 March 2022 (the "End Date"), by using the net asset value statements in Kinnevik's financial reports for the periods January-March 2017 and January-March 2022, respectively and adjusted for relevant transactions during the period. For the purpose of calculating the Value Growth in the Private Portfolio during the term of VCPP 2017:

- Kinnevik's capital contributions to the Private Portfolio shall be deducted;
- Dividends and returns from divestments in the Private Portfolio to Kinnevik shall be added; and
- Investments in new unlisted companies after the Start Date shall not be included in the Private Portfolio.

The value of Kinnevik's unlisted companies is calculated by using recognised valuation methods. Please refer to page 56 in Kinnevik's 2016 Annual Report for information regarding the valuation of Kinnevik's unlisted companies.

The participants will be required to purchase Options at market value. The value per Option shall be calculated by an independent valuation institute by using the Monte Carlo method, and is estimated to be around SEK 91,000 for each Option.

In accordance with the principles above, Kinnevik can issue in total up to 55 Options to the participants in VCPP 2017, distributed as follows:

- 2 Senior Executives in Kinnevik can, at market value, in total purchase up to 30 Options; and
- 4 other members of the Investment team in Kinnevik can, at market value, in total purchase up to 25 Options.

Kinnevik will subsidise the purchase of Options by granting the participants a cash compensation corresponding to 50 percent, net after taxes, of the Option premium paid by the participant. Such subsidy will be paid out at the time of purchase of the Options. If the participant leaves Kinnevik during the term of VCPP 2017, (i) Kinnevik may under certain circumstances reclaim the subsidy, in whole or in part and (ii) the participant will as a main rule keep the Options but Kinnevik may under limited circumstances repurchase the Options at the lower of the fair market value and paid premiums.

The entry threshold for the VCPP 2017 shall be a Value Growth of 8 percent, and the VCPP 2017 is capped at a Value Growth of approximately 25 percent. If the Value Growth is 8 percent, the value creation multiple will be 0.46 (entitling the holder to a cash payment of SEK 460,000 for each Option), and if the Value Growth is 25 percent the value creation multiple will be 2 (entitling the holder to the maximum cash payment of SEK 2m for each Option). Any cash payment from Kinnevik to the Option holders will be made after the End Date (during April 2022).

The issue of Options will take place by the entering into an agreement between Kinnevik and the employee, principally on the terms set out above.

#### *Scope and costs*

The Options will be transferred to the participants at market value. Accordingly, the maximum initial cost for Kinnevik for VCPP 2017 is the subsidy to the participants of SEK 2.5m, based on a maximum investment by the participants that would give rise to a maximum cost for Kinnevik of SEK 5.2m including social security costs.

The future cost, or revenue, attributable to the VCPP 2017 for Kinnevik depends on the value creation of the Private Portfolio. If the Value Growth of the Private Portfolio during the VCPP 2017 is less than 8 percent, the Options will become worthless and the paid premiums (reduced by paid subsidies) will become a revenue for Kinnevik. If the Value Growth of the Private Portfolio during the VCPP 2017 exceeds 8 percent, the Options will have a value. The VCPP 2017 will be based on the reported net asset value of the Private Portfolio as per the Start Date, which will be published by Kinnevik on 27 April 2017. As an indication of the participants maximum share of the value creation, the total value of the issued Options (including the subsidy) will be a maximum of 0.5 percent of the value creation in the Private Portfolio during the term of VCPP 2017 (based on the reported net asset value of the Private Portfolio as of 31 December 2016, SEK 12,176m).

Payment to the Option holders will be made in April 2022. Assuming a Value Growth of 25 percent is achieved during the term of VCPP 2017, the maximum costs attributable to VCPP 2017, is SEK 125m (assuming full up-take and no personnel turn-over, including subsidies as well as social security costs).

#### *Preparation and administration etc.*

VCPP 2017 has been prepared by the Remuneration Committee, together with external advisors and adopted by the Board. The Board, or the Remuneration Committee, shall resolve upon the employees to be invited to purchase the Options as well as the detailed terms of the agreements to subsequently be entered into with the participants. Further, the Remuneration Committee will be responsible for the detailed design and management of VCPP 2017 within the framework of the main terms and guidelines as resolved by the 2017 Annual General Meeting. The Board shall be authorised to make certain adjustments to the VCPP 2017, including a right to reduce the cash payment that each Option is entitled to, and reclaim cash compensation that have been paid out, on the basis of information or valuations of the Private Portfolio which proves to be manifestly misstated.

#### **Authorisation for the Board to resolve on repurchase of own shares (item 22)**

The Board proposes that the Board is authorised to pass a resolution on repurchasing the company's own shares, for cancellation of shares through a reduction of the share capital, but also in order to secure delivery of Class B shares to the participants in the company's long-term, share based, incentive plans, in accordance with the following conditions:

- The repurchase of Class A shares and/or Class B shares shall take place on Nasdaq Stockholm.

- The repurchase of Class A shares and/or Class B shares may take place on one or more occasions during the period up until the next Annual General Meeting.
- So many Class A shares and/or Class B shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 percent of the total number of shares in the company.
- The repurchase of Class A shares and/or Class B shares at Nasdaq Stockholm may occur at a price per share within the share price interval registered at that time, where the share price interval means the difference between the highest buying price and the lowest selling price.
- It is the from time to time lowest priced available shares that shall be repurchased by the company.
- Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board more options in its efforts to deliver long-term shareholder value and total return as well as an alternative method to hedge delivery of shares to the participants under the share based incentive plans.

### **Amendment of the Articles of Association (item 23)**

In addition to the proposed changes of the Articles of Association under item 13(a), the Board proposes that Kinnevik's Articles of Association is amended to better reflect Kinnevik's current investment operations and investment portfolio compositions, as well as an adjustment due to legislative changes.

#### *Current wording*

The object of the Company's business shall be to own and manage real property and movables, primarily through investments within the following business sectors:

- (a) Telecom and services operations,
- (b) E-commerce and other online services,
- (c) Media,
- (d) Financial operations within insurance, microfinancing as well as other financing operations, with the necessary licenses or authorizations from authorities where relevant
- (e) Pulp, paper and packaging as well as forestry operations and energy production, with focus on renewable energy,
- (f) Agriculture, and
- (g) Renewable energy.

Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses.

#### **§ 2, second paragraph**

#### *Proposed wording*

The object of the Company's business shall be to own and manage real property and movables, primarily through investments within the following business sectors; *E-commerce & Marketplaces, Communications, Media and Entertainment, Financial Services, Healthcare as well as investments in other digital consumer businesses.* Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses.

#### **§ 10**

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the *Central Securities Depositories and Financial Instruments Accounts Act (1998:1479)* or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

## **RESOLUTIONS PROPOSED BY THE SHAREHOLDERS**

### **Proposals from shareholder Thorwald Arvidsson (item 24(a)-(r))**

Shareholder Thorwald Arvidsson proposes that the meeting resolves to:

- (a) adopt a zero tolerance policy regarding accidents at work for both the company and its portfolio companies;
- (b) instruct the Board to set up a working group to implement this zero tolerance policy;
- (c) submit a report of the results in writing each year to the Annual General Meeting, as a suggestion, by including the report in the printed version of the Annual Report;
- (d) adopt a vision on absolute equality between men and women on all levels within both the company and its portfolio companies;
- (e) instruct the Board to set up a working group with the task of implementing this vision in the long-term and closely monitor the development both regarding equality and ethnicity;
- (f) submit a report in writing each year to the Annual General Meeting, as a suggestion, by including the report in the printed version of the Annual Report;
- (g) instruct the Board to take necessary actions to set up a shareholders' association in the company;
- (h) disallow members of the Board to invoice their Board remuneration through a legal person, Swedish or foreign;
- (i) instruct the Nomination Committee that during the performance of their tasks they shall pay particular attention to questions related to ethics, gender and ethnicity;
- (j) in relation to item (h) above, instruct the Board to approach the competent authority, the Swedish Tax Agency or the Swedish government to draw their attention to the desirability of changes in the regulation in this area, in order to prevent tax evasion;
- (k) amend the Articles of Association (§4 last paragraph) in the following way. Shares of series A as well as series B and series C, shall entitle to (1) vote;
- (l) instruct the Board to approach the Swedish government, and draw the government's attention to the desirability of changing the Swedish Companies Act in order to abolish the possibility to have differentiated voting powers in Swedish limited liability companies;
- (m) amend the Articles of Association (§6) by adding two new paragraphs in accordance with the following. Former ministers of state may not be elected as members of the Board until two (2) years have passed since he/she resigned from the assignment. Other full-time politicians, paid by public resources, may not be elected as members of the Board until one (1) year has passed from the time that he/she resigned from the assignment, if not extraordinary reasons justify a different conclusion;
- (n) instruct the Board to approach the Swedish government and draw its attention to the need for a national provision regarding so called cooling off periods for politicians;
- (o) instruct the Board to prepare a proposal regarding representation on the Board and Nomination Committees for the small and medium sized shareholders to be resolved upon at the 2018 Annual General Meeting;
- (p) instruct the Board to approach the Swedish government and draw the government's attention to the desirability of a reform in this area;
- (q) carry out a special examination of the internal as well as the external entertainment in the company; and
- (r) instruct the Board to prepare a proposal of a policy in this area, a policy that shall be modest, to be resolved upon at the 2018 Annual General Meeting.

## MISCELLANEOUS

### Shares and votes

There are a total number of 275,466,638 shares in the company, whereof 41,157,144 A shares and 234,309,494 B shares. The total number of votes for all issued shares in the company is 645,880,934. The company currently holds 350,479 B shares, which cannot be represented at the Annual General Meeting.

**Special majority requirements and conditions with respect to the proposed resolutions in items 13(a), 20(b)-(d), 22 and 23, 24(k), (m) and (q)**

Valid resolutions to:

- amend the Articles of Association under items 13(a), 23 and 24(m),
- authorise the Board to issue and repurchase Class C shares under items 20(b) and (c), and
- authorise the Board to repurchase own Class A and/or B shares under item 22,

requires support by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

A valid resolution regarding the proposed transfer of own B shares to the participants in LTIP 2017 under item 20(d) requires that the proposal is supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the Annual General Meeting. The resolutions under items 20(a)-(d) are conditional upon each other.

A valid resolution to amend the Articles of Association under item 24(k) requires support by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting as well as one-half of all the Class A shares in the Company and not less than nine-tenths of the Class A shares represented at the Annual General Meeting.

In order for a resolution under item 24(q) to result in special examination it is required that the proposal is supported by shareholders holding either at least one-tenth of all shares in the company or at least one-third of the shares represented at the Annual General Meeting.

#### **Authorisation**

The Board, or the person that the Board may appoint, shall be authorised to make the minor adjustments in the resolutions adopted by the Annual General Meeting as may be required in connection with registration at the Swedish Companies Registration Office and Euroclear Sweden.

#### **Documentation**

The Nomination Committee's motivated statement explaining its proposals regarding the Board and information about the proposed members of the Board are available at the company's website [www.kinnevik.com](http://www.kinnevik.com).

The Annual Report, the Board's report of the results of the Remuneration Committee's evaluation according to the Swedish Corporate Governance Code (including the Board's account for deviating from the guidelines for remuneration for Senior Executives during 2016), the Auditor's statement pursuant to Ch 8 Sec 54 of the Swedish Companies Act, the reasoned statement of the Board pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Swedish Companies Act, the proposed Articles of Association are available at the company's website [www.kinnevik.com](http://www.kinnevik.com), at the company's office at Skeppsbron 18 in Stockholm and will be sent to those shareholders who so request and state their postal address or email address.

The same address and telephone number can be used for ordering the documentation as for the notice to attend, see above.

#### **Shareholders' right to request information**

The Board and the Chief Executive Officer shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

Stockholm, April 2017

KINNEVIK AB (PUBL)

THE BOARD OF DIRECTORS

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#### **Other information**

Schedule for the Meeting:

The doors open for shareholders at 9.00 a.m. CET.

The Annual General Meeting commences at 10.00 a.m. CET.

### **Interpretation**

The Annual General Meeting will mainly be held in Swedish. As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided.

**For further information, visit [www.kinnevik.com](http://www.kinnevik.com) or contact:**

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