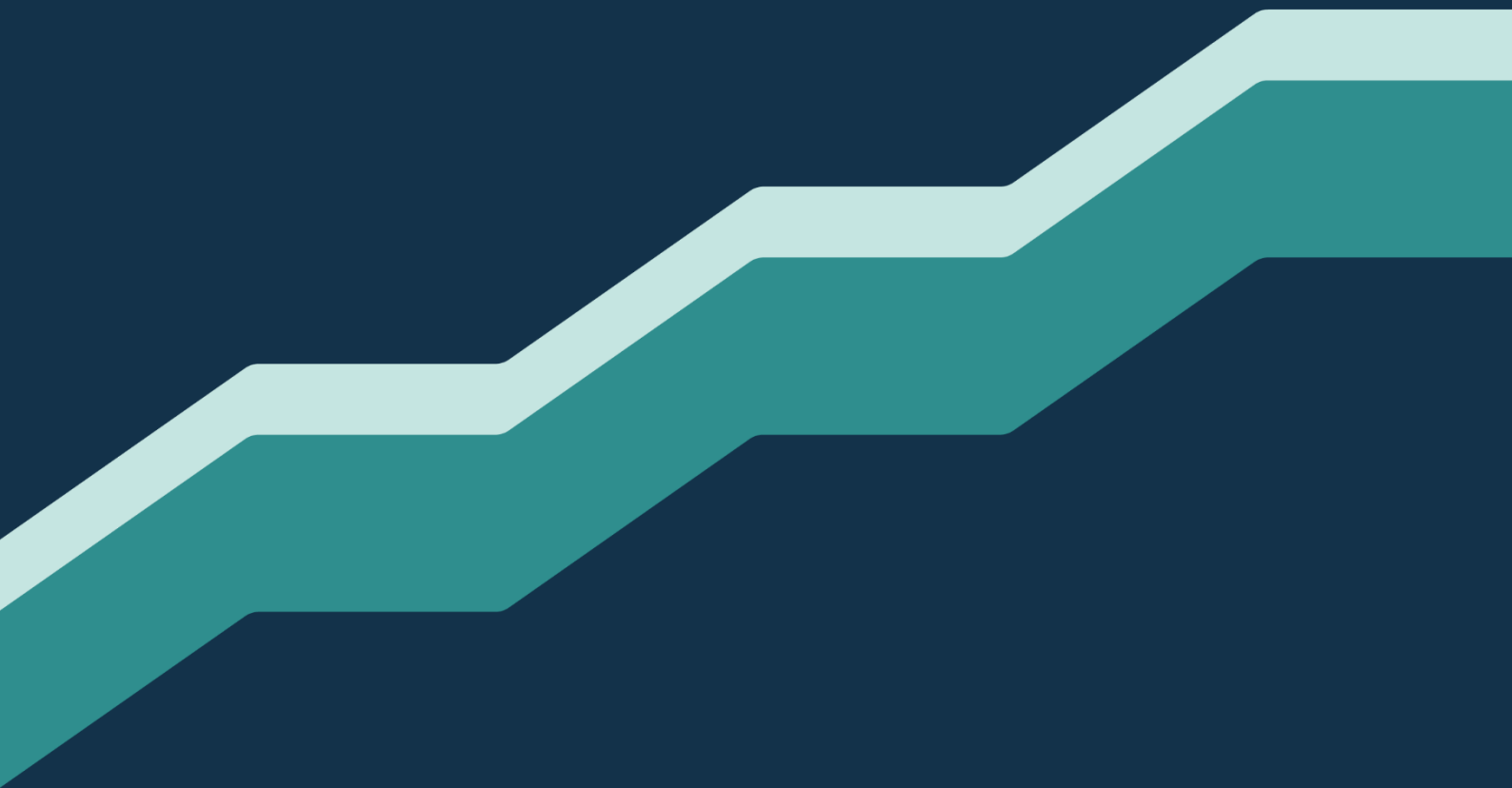


Swedfund

Swedfund's Tax Policy

2021-10-27



Swedfund's Tax Policy

As a development finance institution, our mission is to help reduce poverty by making sustainable investments in developing countries. Tax is a key issue and an important indicator for Swedfund. Profitable and growing companies generate tax revenues and jobs, giving the state more scope to finance welfare measures and economic growth, and ultimately to reduce poverty. That our portfolio companies act responsibly when it comes to tax and pay tax in the countries where economic activity occurs and value is created, and always in accordance with applicable laws, is essential to Swedfund.

Through this policy Swedfund acknowledges the need for combating tax evasion and corruption through strengthened national regulation and increased international cooperation, as well as the need to reduce opportunities for tax avoidance. Swedfund has committed to the goals of the OECD's Base Erosion and Profit Shifting (BEPS) project that aims to eliminate profit shifting, which erodes tax base and non-taxation due to asymmetry of tax regimes, as implemented in Swedish and EU regulation.

The purpose of this policy is to state how Swedfund addresses tax in its investment activities in relation to our stakeholders and investee companies.

Principles on tax

1. Swedfund shall pay taxes wherever it is liable.
2. Prior to making an investment, Swedfund shall evaluate the proposed financing structure in order to assess potentially harmful tax implications.
3. All company structures in which Swedfund invests must be transparent to Swedfund.
4. Swedfund may use holding company structures to achieve a tax neutral pooling of capital and to avoid double taxation of incomes. However, Swedfund shall not invest in company structures which are created for the sole purpose of shifting taxable profits from the countries in which the business is conducted to other jurisdictions, creating an unbalanced tax situation. Furthermore, Swedfund may not use holding company structures for the sole purpose of maximising beneficial tax outcomes by being able to apply a certain double taxation treaty (i.e. *treaty shopping*).
5. Swedfund shall not invest through intermediary jurisdictions which (i) have been assessed within the framework of the OECD Global Forum Peer Review Process and that have thereby not been approved in Phase 1 or been deemed Partially Compliant or Non-Compliant in Phase 2, or (ii) are included on the EU list of non-cooperative jurisdictions for tax purposes.

6. Swedfund shall in its investments promote a responsible corporate approach to tax practices and encourages its investee companies to make tax an item on the board agenda.
7. Swedfund does not consider it being tax avoidance to benefit from non-exclusive and publicly disclosed tax schemes issued by governments in various countries in order to attract investments in certain regions/industries. In such cases the tax benefits do not arise due to how Swedfund invests but are merely based on the fact that Swedfund invests.
8. Swedfund shall require its investee companies to be able to demonstrate their tax situation to Swedfund and to pay taxes required in the countries in which they operate.
9. The above principles shall govern Swedfund's work throughout the whole investment process and if a situation occurs in an existing project which would be in breach of the above principles, Swedfund shall use its influence to prompt such situation towards compliance with this policy.

One of Swedfund's indicators for measuring our impact on society is tax reported by our portfolio companies. Swedfund annually reports externally on corporate income tax reported by its portfolio companies, on a country-by-country basis (where possible).

Swedfund encourages its investee companies and investment partners, with operations in multiple countries, to (i) report tax on a country-by-country basis; and (ii) adopt a publicly available tax policy that refrains from aggressive tax planning and unbalanced profit shifting.

The management team of Swedfund is responsible for reviewing the Tax Policy on an annual basis.

This Tax Policy has been approved by the Board of Directors in Swedfund International AB on 27 October 2021.