




Discretionary		Gateway
<b>Reason for interaction</b> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To encourage corporate transition or identify the need to transition or <input checked="" type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other - specify		<b>Reason for interaction</b> <input checked="" type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input checked="" type="checkbox"/> To encourage corporate transition or identify the need to transition or <input checked="" type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other - specify
<b>Type of engagement</b> Individual/ internal staff engagements Collaborative engagements Service provider engagements	<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition or identify the need to transition or <input type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other - specify	<input type="checkbox"/> To support investment decisionmaking in & company's material ESG issues <input type="checkbox"/> To encourage corporate transition or identify the need to transition or <input type="checkbox"/> To engage investor ESG objectives <input type="checkbox"/> Other - specify

# RI TRANSPARENCY REPORT

2019

Swedfund International AB

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Usage restrictions

Public Transparency Reports are the intellectual property of PRI. In no case, can this report or any content of it be sold to other parties.

Third party organisations who have accessed Transparency reports outside of the Data Portal and intend to use those require the prior written consent of PRI (other than for internal use or research or for the sole benefit of the organisation whose report this refers to).

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the type that best describes your organisation or the services you provide.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Sweden

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

41

OO 02.4 Additional information. [Optional]

We also have a regional office in Nairobi, with 3 employees

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM

4,515,637,944 SEK

502,787,600 USD

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--	---------	---------

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	36	0
Private equity	24.6	39.4
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

00 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

00 06.1	Select how you would like to disclose your asset class mix.
---------	---

- as percentage breakdown
- as broad ranges

00 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
---------	---

- Yes
- No

00 06.5	Indicate whether your organisation uses fiduciary managers.
---------	---

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

00 06.6	Provide contextual information on your AUM asset class split. [Optional]
---------	--

Figures reported as of 31 Dec 2018. Contracted amounts refer to amounts that Swedfund is committed to invest in each investment project. Payments are recorded in the balance sheet. Amounts not disbursed are recorded as contingent liabilities.

00 07	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--	---------	---------

Private

00 08	Mandatory to Report, Voluntary to Disclose	Peering	General
-------	--	---------	---------

00 08.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.
---------	---

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)
[f] Private equity	<input checked="" type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input type="checkbox"/> >50%	<input type="checkbox"/> 0% <input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input checked="" type="checkbox"/> >50%	<b>100%</b>

00 09	Mandatory	Peering	General
-------	-----------	---------	---------

00 09.1	Indicate the breakdown of your organisation's AUM by market.
---------	--

0	Developed Markets
5	Emerging Markets
14	Frontier Markets
81	Other Markets

00 09.2	Additional information. [Optional]
---------	------------------------------------

Swedfund invests in businesses and in countries which, according to the OECD/DAC definition, qualify for development financing. Investments in low-income and post-conflict countries (DAC 1 and DAC 2) should be given priority, and DAC 4 in exceptional cases, primarily for renewable energy investments. Over 63% of Swedfund's investments are in Africa, primarily in Sub-saharan Africa. Please see Swedfund's Integrated Reporting 2018 for detailed information on the market division of Swedfund's portfolio.

The DAC List of ODA Recipients shows all countries and territories eligible to receive official development assistance (ODA). These consist of all low and

middle income countries based on gross national income (GNI) per capita as published by the World Bank, with the exception of G8 members, EU members, and countries with a firm date for entry into the EU. The list also includes all of the Least Developed Countries (LDCs) as defined by the United Nations (UN). (A significant number of countries Swedfund invests in are not included in MSCI's country classification, and thus a heavy exposure falls out on 'Other markets' according to this classification).

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1** Select the active ownership activities your organisation implemented in the reporting year.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 11.1** Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Private equity

- We address ESG incorporation.
- We do not do ESG incorporation.

**OO 11.2** Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Private equity	<div style="background-color: #0070C0; color: white; padding: 2px;">Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>

**OO 11.4** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

As a development finance institution, Swedfund has a special role to play both within Swedish aid and as a catalyst for achieving Agenda 2030. We invest in shares, provide loans and utilise funds as instruments to reach out to more small and medium-sized enterprises. Our business model is based on three pillars: Impact on society, Sustainability and financial viability. By establishing development targets and working closely with our portfolio companies, we can monitor developments and ensure that they evolve in the right direction.

**Impact on society** - Swedfund aims to help create jobs with a good working environment and good employment conditions.

- Job creation
- Tax
- Share of women in senior management
- CO2e emissions
- Additionality
- Overall impact/benefit

**Sustainability** - Swedfund aims to help create sustainable enterprises in the world's poorest countries.

- Environment/climate
- Human rights and working conditions
- Business ethics and anti-corruption

**Financial Viability** - Swedfund aims to help create enterprises that are profitable in the long-term and therefore financially viable in the world's poorest countries.

- Growth
- Profitability
- Return on equity

Regarding the selection, appointment and monitoring of investment managers Swedfund sets similar criteria as those for internally managed investments:

Investing in countries with less developed economies and enterprises brings with it major risks, particularly financial risks. We endeavour to manage these risks through a comprehensive investment process. The investment proposals that we receive are first reviewed, and those which match our investment strategy and criteria are then analysed in more detail.

Investment managers and analysts, working alongside experts in ESG, law and impact, conduct a thorough analysis. Business plans, investment partners, sustainable development (environment, employment conditions and anti-corruption) and impact on society are all analysed. The analysis is then reviewed by Swedfund's Investment Committee and the process is concluded with a decision by the board of directors. Each investment must achieve the goals set in our

three pillars: impact on society, sustainability and financial viability

**Swedfund encourages the following:**

- Adhere to internationally recognized standards for
  - sustainability;
  - business integrity
  - anticorruption;
  - corporate governance; and
  - human rights, for example: UN GC, IFC Performance Standards, OECD-guidelines for MNE
- Adopt and implement a whistleblowing service in order to make it easy to anonymously report serious irregularities.

**Swedfund requires the following:**

- Comply with legal and regulatory requirements.
- Comply with ILO's Core Conventions and ILO's Basic Terms and Conditions of Employment.
- Comply with the Harmonized EDFI Exclusion List.
- Adhere to applicable IFC Performance Standards.
- Adhere to Swedfund's requirements on anti-corruption.
- Provide ESG information (including human rights) and on development results, as requested by Swedfund.
- Comply with Swedfund's requirements with respect to Swedfund's monitoring of its investments.

For the detailed requirements, please find Swedfund's sustainability policy (SG 02.1). In addition to the above mentioned norms our RI policy also includes: EDFI Exclusion List, EDFI Guidelines for OFCs, EDFI Harmonized Environmental and Social Standards

For additional information on Swedfund's investment principles, overall investment strategy, and responsible investment approach please see SG 01.4 and SG 01.5.

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 12.1** Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules
<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance
RI implementation directly or via service providers
Direct - Fixed Income
<input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)
Direct - Other asset classes with dedicated modules
<input checked="" type="checkbox"/> Private Equity
RI implementation via external managers
Indirect - Selection, Appointment and Monitoring of External Managers
<input checked="" type="checkbox"/> Private Equity
Closing module
<input checked="" type="checkbox"/> Closing module

**OO 12.2** Additional information. [Optional]

In addition to the above listed activities, Swedfund also engages in the following:

**Swedpartnership**

Swedpartnership offers financial support to small and medium-sized Swedish enterprises to establish their business in a development or growth market where Swedfund operates. Swedpartnership is a separate entity from Swedfund's investment organisation. The aim with the financial support for establishment is to contribute to the creation of sustainable and profitable local businesses. The funds can be used for two activities: capacity building and investments in equipment and machinery. All activities that are funded must be aimed at the staff and operations of the local collaborating business. The funding helps to reduce the level of risk in the project and gives the Swedish SME company an opportunity to set aside the resources that are necessary to ensure a successful partnership. The funding takes the form of a loan that is written off after the project has been completed and approved. Swedpartnership evaluates and monitors the development results of the projects.

**Project Accelerator**

The project accelerator is a vital tool in our work to implement Agenda 2030 by contributing to the development and implementation of more sustainable projects in developing countries. The need is linked to the fact that too few projects are currently being developed, and the fact that the procurer sometimes lacks appropriate expertise or motivation and therefore fails to take into account sustainability considerations in procurement. Using the funding that Swedfund contributes, external expertise can be hired to support the local project owner. This way, the project accelerator helps to prevent countries from developing and building in expensive solutions and dependencies that are unsustainable in the long term, and contributes to better business opportunities for enterprises that offer sustainable and long-term profitable solutions.

Twelve projects have been initiated and are at various phases of commitment and levels of activity. Projects are generally preceded by extensive anchoring and preparation, and the actual initiative that Swedfund funds usually lasts between six and twelve months. During 2018, a project concerning the public transport system in Abidjan, the largest city in the Ivory Coast, was concluded. Efficient public transport is good for the environment and promotes economic development.

OO FI 01	Mandatory	Gateway	General
----------	-----------	---------	---------

**OO FI 01.1** Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Type	Passive	Active - quantitative	Active - fundamental & others	Total internally managed fixed income security
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

**OO FI 01.2** Additional information. [Optional]

Swedfund's investment strategy for private debt is the same as for investments in PE, direct and indirect managed. See module Strategy & Governance for our RI Strategy and our RI policies.

**OO FI 03** Mandatory Descriptive General

**OO FI 03.2** Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

**OO FI 03.3** Additional information. [Optional]

Swedfund invests in private debt and loans, not in securitised lending.

Private debt and loans in which Swedfund invest are not rated.

Swedfund does not invest in bonds. Neither companies (issuers) nor debt that Swedfund invests in are rated (only in very rare cases).

**OO PE 01** Mandatory Descriptive General

**OO PE 01.1** Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify (1)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%

Other investment strategy, specify (2)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total 100%	

OO PE 02	Mandatory to Report, Voluntary to Disclose	Descriptive	General
----------	--	-------------	---------

**OO PE 02.1** Indicate the level of ownership you typically hold in your private equity investments.

- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

**OO PE 02.2** Additional information. [Optional]

Swedfund continues to focus on the ownership role through which we can influence the company's development via the contracts and board representation.



**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

**SG 01.2** Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM

**SG 01.3** Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4** Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Swedfund is Sweden’s development finance institution. Through the Ministry for Foreign Affairs, the Swedish government has assigned Swedfund (corporate ID number 556436-2084) to be Sweden’s development finance institution for investments in poor countries.

Our mission is to reduce poverty through sustainable business. Our activities shall contribute towards achieving the goals for Sweden’s Policy for Global Development (PGD) and Agenda 2030

In collaboration with strategic partners, we shall participate in economically, socially and environmentally sustainable investments that create better conditions for people living in poverty and under repression. With our strategic partners, we shall participate in investments which are not considered to be realisable through purely commercial financing. The company’s activities shall promote progress towards equality. Our overarching and most important goal is to create jobs with good work environments and good working conditions.

**SG 01.5** Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Across all its investments, **Swedfund encourages the following:**

- Adhere to internationally recognized standards for (i) sustainability; (ii) business integrity; (iii) anticorruption; (iv) corporate governance; and (v) human rights. For example: UN GC, IFC Performance Standards, OECD-guidelines for MNE
- Adopt and implement a whistleblowing service in order to make it easy to anonymously report serious irregularities.

Across all its investments, **Swedfund requires the following:**

- Comply with legal and regulatory requirements.
- Comply with ILO’s Core Conventions and ILO’s Basic Terms and Conditions of Employment.
- Comply with the Harmonized EDFI Exclusion List.
- Adhere to applicable IFC Performance Standards.
- Adhere to Swedfund’s requirements on anti-corruption.
- Provide ESG information (including human rights) and on development results, as requested by Swedfund.
- Comply with Swedfund’s requirements with respect to Swedfund’s monitoring of its investments.

In addition to these requirements, Swedfund sets more long-term requirements in its direct investments regarding the supplier chain and human rights. For the full policy, see swedfund.se

In addition to the above mentioned norms our RI approach also includes:

- EDFI Exclusion List
- EDFI Guidelines for OFCs
- EDFI Harmonized Environmental and Social Standards
- The World bank group’s corporate governance development framework
- UN guiding principles on Business and Human Rights

Our business model is based on three pillars: Impact on society, Sustainability and financial viability. By establishing development targets and

working closely with our portfolio companies, we can monitor developments and ensure that they evolve in the right direction.

Impact on society - Swedfund aims to help create jobs with a good working environment and good employment conditions.

- Job creation
- Tax
- Share of women in senior management
- CO2e emissions
- Additionality
- Overall impact/benefit

Sustainability - Swedfund aims to help create sustainable enterprises in the world's poorest countries.

- Environment/climate
- Human rights and working conditions
- Business ethics and anti-corruption

Financial viability- Swedfund aims to help create enterprises that are profitable in the long-term and therefore financially viable in the world's poorest countries.

- Growth
- Profitability
- Return on equity

#### CRITICAL PARTS OF OUR BUSINESS MODEL

Our business model integrates the global goals through our three pillars. But it also manages risks, the inputs we make and the investments we take on.

#### RISK

As a development finance institution, risk is pivotal to our business. Swedfund invests in countries and areas where the risks are more numerous and potentially more serious than they are in developed markets. Accepting risk is part of our mission – to improve the living conditions of people in poverty by creating sustainable businesses and decent jobs in developing countries.

Swedfund invests in places in the world where, although there is strong need for foreign capital, private investors often consider the risks to be too high. Consequently, our greatest risks lie in our investments. Risk management is therefore an equally natural part of our business as it is in our portfolio companies.

The more sustainable and advanced companies Swedfund can join forces with and build, the better the outcomes for the community in which they operate. In its operations, Swedfund is exposed to many different factors that are difficult to influence. We manage risks at different levels: strategic, investment, operational and financial. Sound risk management is both a prerequisite for the business and a potential way of improving development results.

#### TIME PERSPECTIVE

We always invest with a long-term perspective, usually between 7 and 10 years. A vital long-term objective for our investments is that they must always contribute to realising Agenda 2030. Our strategic sustainability goals relate to a three-year period, which is the medium term for us. Our long-term approach and sustainability are the source of an important part of our additionality and enable us to act as a catalyst. Our long investment cycle also means that we have a portfolio, which combines investments from 2005 and onwards. Earlier investments were made in line with a partially different mission and our working methodology then also differed from our current approach.

#### GEOGRAPHY

Our mission is to invest in operations and countries which qualify for development financing in accordance with the OECD/DAC's definition. We prioritise investments in the least developed countries and in low-income countries, and also invest in post-conflict countries. We shall invest where the need is greatest, but our new owner directives also give us the opportunity in exceptional cases to invest in upper medium-income countries. One example of an exception may be investment in renewable energy in an upper middle-income country, with the aim of reducing CO2 emissions. This kind of investment benefits poorer countries, where climate change may have the most severe consequences.

Our sustainability focus areas

- Decent work
- Environment & Climate
- Gender Equality
- Anticorruption & Business Ethics
- Human Rights
- Tax

#### SECTORS

Our three priority investment sectors are Renewable energy, Financial institutions and Funds, and Healthcare

##### 1. Financial institutions & Funds

The finance sector is vital for a country's economic and social development. Lack of access to finance is one of the greatest limiting factors in businesses' ability to grow in developing countries. Swedfund finances banks and funds in under-financed markets, and this enables them to increase their financing and lending to businesses and entrepreneurs. Our ambition is to help build a finance sector which is inclusive with particular focus on women entrepreneurs and owners of small businesses.

##### 2. Energy & Climate

Entrepreneurs in developing countries cite deficiencies in electricity supply as another major obstacle in running and developing their operations. Swedfund invests in renewable energy since the development of climate-friendly energy is one way of accelerating progress towards Agenda 2030.

##### 3. Healthcare

During 2018, Swedfund adopted a new focus sector, Health. However, investments in the health sector have been taking place for many years and the encouraging development results that these investments have contributed to have led to health becoming a separate sector. Many of the investments within health are made in the form of share investments. In many cases, Swedfund is a shareholder who also plays an active role on the board of directors. This gives us an opportunity to support the enterprise's development by contributing our experience and special focus on sustainable development.

No

SG 01 CC

Voluntary

Descriptive

General

**SG 01.6 CC** Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

Within Swedfund's overall mission of contributing to poverty reduction by financing sustainable businesses in emerging markets, Swedfund will seek to minimize the negative climate impact of all our investments, both with respect to new investments, the current portfolio companies and our own operations. When evaluating a new investment opportunity Swedfund carefully considers climate risks and opportunities associated with that specific company, sector and market. Climate-related and environmental aspects are an integral part of Swedfund's ESG work and we apply IFC's Performance Standards in our investment processes and management. Swedfund will seek to minimize the negative climate impact inherent in each investment. The specific actions required to mitigate climate risks and to maximize climate opportunities are agreed upon in an Environmental, Social and Governance Action Plan (ESGAP) before we make an investment.

Swedfund's Board of Directors is responsible for defining and managing risks. By working actively within our three pillars, we strive to generate results and long-term value. At the same time, we manage all the risks arising in our investment operations.

Initiatives relating to the environment and climate form an integral part of the investment process based on Swedfund's sustainable development policy and separate stance regarding the environment and climate. Climate is one of two thematic areas to be considered before decisions are taken concerning new investments regardless of sector, geography or instrument. In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation. Swedfund also has a model to estimate CO2e, based on the GHG protocol to proactively measure, manage and report greenhouse gas emissions.

During the reporting year, Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments

Within "Energy" Swedfund only invest in renewable energy production and distribution. Swedfund recognizes that investments in Financial Institutions need to shift from supporting high to low carbon activities. An investment in a Financial Institution creates a multiplier effect as its capital flows are distributed to different parts of the economy and reaches thousands of clients across a number of sectors. When making investments in Financial Institutions, Swedfund will seek to support the financing of a broad range of climate change initiatives such as energy efficiency improvements, renewable energy, risk management and relevant insurance products. In general we recognize e.g. following climate related issues in our markets in the medium and long term: poverty, gradually rising sea levels, stronger tropical storms, extreme drought, more unpredictable rainfall, more extensive and longer-lasting heat waves, and gender differentiating effects.

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8 CC** Indicate the associated timescales linked to these risks and opportunities.

Swedfund does not do any short term investments. We handle medium (3 years) and long-term (7-10 year) investments with the same approach. Hence, in all investments Swedfund will seek to minimize the negative climate impact inherent in each investment.

No

**SG 01.9 CC** Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10 CC** Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

**Describe**

The following documents collectively formalise Swedfund's standpoint and organisation-wide strategy regarding climate/climate-related risks and opportunities

- Sustainability Policy
- Climate position paper
- Owner directives
- ESG toolkit
- Strategic sustainability targets

No

**SG 1.12 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

**specify**

Annual Integrated reporting and a Climate report on a three year basis to our owners to assess climate related risks and opportunities

**SG 02** **Mandatory** **Core Assessed** **PRI 6**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf">http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf">http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf">http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input type="checkbox"/> Fiduciary (or equivalent) duties	
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf">http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Screening / exclusions policy	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf">http://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input type="checkbox"/> We do not publicly disclose our investment policy documents	

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

<input checked="" type="checkbox"/> Your organisation's definition of ESG and/or responsible investment and it's relation to investments	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Your investment objectives that take ESG factors/real economy influence into account	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="https://www.swedfund.se/media/2016/swedfund-owners-instructions_2017-04-28.pdf">https://www.swedfund.se/media/2016/swedfund-owners-instructions_2017-04-28.pdf</a>
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Time horizon of your investment	

URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> ESG incorporation approaches	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment	
<input checked="" type="checkbox"/> Active ownership approaches	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf">http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf</a>
<input type="checkbox"/> Attachment	
<input type="checkbox"/> Reporting	
<input checked="" type="checkbox"/> Climate change	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="https://www.swedfund.se/media/2015/swedfunds-position-paper-on-climate-2017-10-27.pdf">https://www.swedfund.se/media/2015/swedfunds-position-paper-on-climate-2017-10-27.pdf</a>
<input type="checkbox"/> Attachment	
<input type="checkbox"/> We do not publicly disclose any investment policy components	

**SG 02.3** Additional information [Optional].

- Swedfund's Code of conduct: [http://www.swedfund.se/media/1319/swedfund\\_code\\_of\\_conduct.pdf](http://www.swedfund.se/media/1319/swedfund_code_of_conduct.pdf)
- Swedfund's Position on Children's Rights: <http://www.swedfund.se/media/1682/swedfunds-position-on-childrens-rights.pdf>
- EDFI Guidelines for offshore Financial: Centres, [http://www.swedfund.se/media/1125/summary\\_of\\_edfi\\_guidelines\\_ofcs\\_2011.pdf](http://www.swedfund.se/media/1125/summary_of_edfi_guidelines_ofcs_2011.pdf)
- Swedfund's Anti-Corruption Policy: [http://www.swedfund.se/media/1677/swedfunds\\_anti-corruption\\_policy.pdf](http://www.swedfund.se/media/1677/swedfunds_anti-corruption_policy.pdf)
- Swedfund's tax Policy [http://www.swedfund.se/media/1861/swedfund\\_tax\\_policy.pdf](http://www.swedfund.se/media/1861/swedfund_tax_policy.pdf)
- Swedfund's position on Climate Impact : <https://www.swedfund.se/media/2015/swedfunds-position-paper-on-climate-2017-10-27.pdf>
- Swedfund's ethical compass: <https://www.swedfund.se/media/2161/swedfund-ethical-compass.pdf>

SG 03	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

Swedfund has an obligation to identify and prevent conflicts of interest in the company's operations, based on Swedfund's Code of Conduct.

2014 Swedfund developed a policy for managing conflicts of interests. The policy instructs how and when to report conflicts and also comprise a self-assessment form that employees can fill in if necessary. Swedfund's IC addresses any potential conflicts of interest in the investment process.

Swedfund's procedures for conflicts of interest:

- Self-declarations from each employee is submitted continuously, annually at a minimum, and it is each individual's responsibility to immediately submit such declaration for revision to the General Counsel, CFO and the responsible legal counsel if a conflict of interest might have occurred.
- In case the review results in that the conflict of interest is material, the employee immediately is released from managing and decision-making in all relationship and communication between Swedfund and the external parties with which the conflict of interest exists.
- The self-declarations are filed by the legal department.
- Failure to declare conflicts of interest may be regarded as misconduct and may even be punishable.
- The above is also described in the staff handbook and referred to in the Investment Manual.

No

**SG 03.3** Additional information. [Optional]

Swedfund has an obligation to identify and prevent conflicts of interest in the company's operations, based on the following legislation and internationally accepted principles

- The Companies Act (2005:551)
- The Insider Act (1990: 1342); The Market Abuse Act (2005: 377)
- ILPA - Private Equity Principles
- EFFAS - ACIIA Principles of Ethical Conduct

- OECD - Managing Conflict of Interest in the Public Service
- CFA Institute - Code of Ethics and Standards of Professional Conduct

In addition to the above there is also so-called deli conflict of interest (Sw. delikatessjäv), i.e. situations where there is a risk of impartiality other than those specified in the law. Those consist of irrelevant considerations due to friendship or hostility. This situation can also arise in family situation, in relation to husband/ wife, or partner, children, grandchildren, siblings, parents, minors under guardianship, etc.

SG 04	Voluntary	Descriptive	General
SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.		
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
SG 04.2	Describe your process on managing incidents		
	<p>At Swedfund ESG Incidents mean any environmental, social or governance incident in relation to the project, including, but not limited to the death of a person, an accident causing an injury that requires medical attention and/or hospital care, adverse impact on human rights, fire, leakage of substances dangerous to human beings or the environment, labor strike, harassment, fraud, theft and corruption. The portfolio companies are contractually bound to report serious incidents to Swedfund in most cases within 72 hours of its occurrence. The reporting covers serious incidents at portfolio companies, as well as funds' portfolio companies. When serious incidents are reported, Swedfund follows up that appropriate actions have been taken. Depending on the circumstances, an action plan is drawn up by the portfolio company.</p>		

SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.		
	<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc basis <input type="checkbox"/> It is not set/reviewed		
SG 05.2	Additional information. [Optional]		
	<p>Swedfund measures portfolio companies adherence to Swedfund's Sustainability Targets. Fulfillment of the targets is a requirement within three years of the time of Swedfund's investment. Information is collected by a self-declaration from, Swedfund Portfolio Company Annual Sustainability, and the results are presented externally in Swedfund's annual Integrated Report.</p> <p>For the purpose of supporting the portfolio companies in their ESG work, in the implementation of ESGAP and in other development efforts to achieve the strategic sustainability goals, Swedfund makes site visits to portfolio companies. Site visits are also an important tool for checking compliance with our sustainability requirements and we carry out site visits to check on all three pillars.</p> <p>At the beginning of the year, a plan is drawn up for which portfolio companies are to be visited during the year. The selection of companies and the type of visit is based on the risk in the portfolio company's operation, our knowledge of the company's challenges and information from the companies through the annual Swedfund's Portfolio Company Sustainability Report, as well as previous audits or visits.</p> <p>Swedfund applies and distinguishes between three different types of visit: external audit which is carried out by an external consultant, internal audit which is carried out by Swedfund's own ESG team, as well as site visits which are less comprehensive than an internal audit, and which are carried out by the ESG team as a component of our active advocacy. Over and above the ESG team's visits, Swedfund's CEO, Investment Managers and Investment Analysts also visit our portfolio companies as part of our active advocacy within all three pillars.</p> <p>During the year ESG Managers carried out a total of 14 visits; 6 internal site visits to portfolio companies, 2 portfolio companies underwent an internal ESG audit by 6 by other external finance parties.</p>		

SG 06	Voluntary	Descriptive	General				
SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.						
	Responsible investment processes						
	<input checked="" type="checkbox"/> Provide training on ESG incorporation						
	<table border="1"> <tr> <td>Key performance indicator</td> </tr> <tr> <td>ESG Training for Swedfund employees – Basic training on IFC Performance Standards for new employees</td> </tr> <tr> <td>Progress achieved</td> </tr> <tr> <td> <p>Introduction of new employees includes a standard introduction to ESG including Swedfund's Ethical Compass, Strategic Sustainability Goals and ESG considerations in the investment process. The introduction module is completed with additional one to one ESG sessions depending on the role of the new employee, for example on the international frameworks Swedfund has adopted.</p> <p>During autumn 2018 we conducted a basic internal training on IFC Performance Standards for new Investment Analysts and Investment Managers. This training increases our investment staff's capacity to identify and assess ESG related risks and impacts in our potential investments and portfolio companies. We aim to continue knowledge building on IFC Performance Standards within our staff even during 2019.</p> </td> </tr> </table>			Key performance indicator	ESG Training for Swedfund employees – Basic training on IFC Performance Standards for new employees	Progress achieved	<p>Introduction of new employees includes a standard introduction to ESG including Swedfund's Ethical Compass, Strategic Sustainability Goals and ESG considerations in the investment process. The introduction module is completed with additional one to one ESG sessions depending on the role of the new employee, for example on the international frameworks Swedfund has adopted.</p> <p>During autumn 2018 we conducted a basic internal training on IFC Performance Standards for new Investment Analysts and Investment Managers. This training increases our investment staff's capacity to identify and assess ESG related risks and impacts in our potential investments and portfolio companies. We aim to continue knowledge building on IFC Performance Standards within our staff even during 2019.</p>
Key performance indicator							
ESG Training for Swedfund employees – Basic training on IFC Performance Standards for new employees							
Progress achieved							
<p>Introduction of new employees includes a standard introduction to ESG including Swedfund's Ethical Compass, Strategic Sustainability Goals and ESG considerations in the investment process. The introduction module is completed with additional one to one ESG sessions depending on the role of the new employee, for example on the international frameworks Swedfund has adopted.</p> <p>During autumn 2018 we conducted a basic internal training on IFC Performance Standards for new Investment Analysts and Investment Managers. This training increases our investment staff's capacity to identify and assess ESG related risks and impacts in our potential investments and portfolio companies. We aim to continue knowledge building on IFC Performance Standards within our staff even during 2019.</p>							
	<input checked="" type="checkbox"/> Provide training on ESG engagement						
	<table border="1"> <tr> <td>Key performance indicator</td> </tr> <tr> <td>Training of ESG matters for all employees in personnel meetings</td> </tr> </table>			Key performance indicator	Training of ESG matters for all employees in personnel meetings		
Key performance indicator							
Training of ESG matters for all employees in personnel meetings							

Progress achieved
<p>To enhance the engagement of all Swedfund's employees in ESG matters, we provided three internal trainings on ESG matters at our personnel meetings during 2018. The objective of the trainings was to introduce general ESG frameworks to all personnel, increase the organisations' knowledge on IFC Performance Standards and United Nation's Guiding Principles on Business and Human Rights as well as how we use these frameworks in our investment process.</p> <p>The first training provided an overview to the international frameworks and standards that Swedfund has adopted, such as Global Compact, OECD Guidelines for Multinational Companies, UNPRI and Sustainable Development Goals. Second training introduced briefly IFC Performance Standards, focusing on the most common standards and their application within healthcare sector. The third training provided introduction to internationally recognised Human Rights and how Swedfund is addressing these. All trainings were conducted internally by ESG Team.</p>

- Improved communication of ESG activities within the organisation

Key performance indicator
Further integration of ESG issues into investment organisation's meetings and personnel meetings
Progress achieved
<p>Swedfund has continued to further integrate ESG activities into the investment process and to communicate on ESG related issues within the organization in different ways during 2018: Swedfund conducted portfolio reviews and relevant ESG issues were discussed as a part of the standard agenda. In this way the management and the investment managers are aware of the current ESG status of the portfolio. In the same way ESG issues and updates are integrated into the weekly sector team meetings, as a representative from ESG team participates into these sector team meetings. Further, ESG is now also a part of the introduction for every new employee and ESG team conducts additional internal trainings when needed.</p>

- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator
Review of Policy for Sustainable Development and stakeholder dialogue on Swedfund's requirements to its investments
Progress achieved
<p>Swedfund's Policy for Sustainable Development was adopted by the Board in 2015. During 2018 Swedfund started a process to update the Policy, so that it would better reflect the updated sustainability agenda and stakeholder expectations. One of the main issues that needed to be addressed is Swedfund's approach to Human Rights and our requirements to our portfolio companies regarding Human Rights. The process of updating Policy for Sustainable Development was designed to be involving and consultative. In late 2018 Swedfund hosted a stakeholder dialogue on the Policy update for its key civil society organisations representing different ESG aspects, such as working conditions, Human Rights, environment and climate, and gender. The purpose of the consultation was to understand stakeholders' expectations on Swedfund's focus areas, desired ambition level and working procedures. Furthermore, the Policy draft was released for public consultation via our home page.</p>

- Improved ESG incorporation into investment decision making processes

Key performance indicator
Further development of Human Rights Assessment as a part of the investment process
Progress achieved
<p>During 2018 we have:</p> <ul style="list-style-type: none"> <li>• Completed two in-depth analyzes of human rights in companies in the exit phase;</li> <li>• Created and implemented a tool to identify the need for in-depth human rights analysis, so-called "trigger list";</li> <li>• Have started an internal human rights working group with representatives from different departments;</li> <li>• Have worked with external experts and other DFIs to clarify and develop our human rights work;</li> <li>• Have started to design and implement a grievance mechanism in accordance with the UN Guiding Principles on Business and Human Rights; and</li> <li>• Implemented an analysis of human rights risks and impacts as an integrated part of the investment process. Human Rights issues are included in investment agreements where applicable, at this stage for direct investments.</li> </ul>

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

Financial performance of investments
<input checked="" type="checkbox"/> Increase portfolio performance by consideration of ESG factors
Key performance indicator
Swedfund's investments shall be financially viable • Profitability • Growth • Return on Equity
Progress achieved
<p>Sustainable and long-term profitable companies create more positive development effects, such as decent jobs. One of Swedfund's targets is to ensure that our investments are financially viable. Swedfund monitors the financial performance of each company, on the basis of the companies' specific conditions in the markets in which they operate. The monitoring of each investment is carried out internally. With reference to each company's operation, and commercial secrecy in the investment agreements we have entered into, it is not possible for us to report key ratios at individual company level. Therefore, we have decided to report key ratios at an aggregate level for the companies, since this gives a picture of their performance.</p> <p>Financial viability of our portfolio companies</p> <p>Growth (including comparable direct investments): 4%</p> <p>Profit margin direct investments: 2%</p>

Profit margin return on average equity for FIs: 20%

Internal Rate of Return for Funds: 10%

Return on Equity (on average for comparable direct investments): 14%

Figures are based on latest available audited financial statements of companies in Swedfund's portfolio end of 2017. For more information regarding financial viability, calculation methodologies, and results analysis, see our Integrated Report 2018.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

#### ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio

##### Key performance indicator

Adhere to the ILOs Core conventions

##### Progress achieved

Regarding the status of adherence to ILO Core Conventions in Swedfund's portfolio, we have divided our portfolio companies in three categories, to better reflect our targets and requirements. The figures below present the share of the companies that adhere to ILO Core Conventions in each category at the end of 2017:

Portfolio companies less than three years in Swedfund's portfolio: 88%

Portfolio companies more than three years in Swedfund's portfolio: 77%

Portfolio companies in Exit phase: 50%

- Setting carbon reduction targets for portfolio

##### Key performance indicator

Carbon footprint

##### Progress achieved

Swedfund measures CO<sub>2</sub>e emissions for all portfolio companies. We have carried out an extensive analysis of the impact of our portfolio companies on climate and have built in model based on the Greenhouse Gas Protocol (the GHG protocol). The methodology is supporting the work we are carrying out with respect to the environment and climate, under which our portfolio companies have been reporting their water, electricity and energy consumption already for some time. To ensure that the data we receive in our model is as relevant as possible, we surveyed our direct investors through separate climate questionnaires when building the emission calculation model. We supplemented this information with the purchased sector data. Measuring climate data can pose challenges resulting from the fact that sector information is based on industrialised countries and not on developing countries, and the estimates included in the measuring methods.

Total CO<sub>2</sub>e emissions from Swedfund's portfolio in 2017 were about 24 thousand tons compared with about 35 thousand tons in 2016. For further information, please see our Integrated Reporting 2018.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

#### Other activities

- Joining and/or participation in RI initiatives

##### Key performance indicator

Applied and become active member of the GIIN

- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients

##### Key performance indicator

Case stories presented in annual Integrated Report to show how ESG is integrated

##### Progress achieved

Please refer to Swedfund's Integrated Report for 2018

- Other, specify (1)

##### other description (1)

Gender equality

##### Key performance indicator

Share of female employees / in management / in boards in our portfolio



	Progress achieved
	Share of female employees 2017: 40% (2016:42%, 2015: 33%) Share of women in management positions 25% (2016:22%, 2015: 21%) Share of women in boards 16% (2016:17%, 2015: 20%)  For the fourth consecutive year we are measuring and reporting the share of women employed in our portfolio companies (including investment funds and their holdings), and the women in management positions and on company Board of Directors in our Integrated Report 2018. For further information, please see our Integrated Reporting 2018. Disclosure is part of our work on gender equality.
<input checked="" type="checkbox"/>	Other, specify (2)
	other description (2)
	Job creation
	Key performance indicator
	A growing number of jobs within Swedfund's portfolio companies
	Progress achieved
	Net increase of number of jobs in our portfolio companies (comparable units) amounted to about 8600 jobs, 8%, between 2016 and 2017. Through its investments Swedfund supports a total of about 167 000 direct job opportunities (2016: about 121 000, 2015: about 106 000).  Direct jobs also generate a large number of indirect jobs. According to the model that Swedfund works with (aligned with CDC), each direct job opportunity generates an average of 7.5 indirect job opportunities.
<input type="checkbox"/>	Other, specify (3)
<input type="checkbox"/>	None of the above

SG 06.2	Additional information.
---------	-------------------------

Results achieved in relation to strategic sustainability targets

**Sustainability target: Adherence to ILO Core Conventions**

Regarding the status of adherence to ILO Core Conventions in Swedfund's portfolio, we have divided our portfolio companies in three categories, to better reflect our targets and requirements. The figures below present the share of the companies that adhere to ILO Core Conventions in each category at the end of 2017:

Portfolio companies less than three years in Swedfund's portfolio: 88%

Portfolio companies more than three years in Swedfund's portfolio: 77%

Portfolio companies in Exit phase: 50%

**Sustainability target: ESG Management System**

Swedfund aims to contribute to the creation of businesses which are viable in the long term, and therefore requires portfolio companies to establish a management system for environmental and social issues. In conjunction with the initial analysis of a prospective investment, an assessment is made to determine whether a management system is in place. If this is not the case, the scope to bring about improvements is evaluated. If Swedfund opts to proceed with an investment, the requirements for improvements are tied to the financial conditions for the disbursement of funds.

A sustainable development policy must be established and adopted by the management of the portfolio companies. The sustainable development policy lays the foundations for the way in which a business must approach sustainable development, and it is vital that it does not simply become a desk exercise, but is also implemented in the portfolio companies' operations. The implementation of a management system for sustainability issues is an important step to ensure that the policy is implemented and established.

To determine whether a portfolio company meets the strategic sustainability goal, Swedfund uses monitoring to determine whether the portfolio company has implemented a management system and, if so, whether it includes the relevant components:

- **SUSTAINABILITY POLICY** A sustainability policy must be established and adopted by the management of the portfolio companies.
- **IDENTIFICATION OF RISKS AND IMPACTS** A system/routine must be established in order to identify sustainability risks and the areas that are affected.
- **PERFORMANCE MANAGEMENT** The company's results within identified risks and impact areas must be continually monitored and evaluated in order to measure and improve results over time.
- **RESPONSIBILITY AND COMPETENCE** A member of the company's management team must have overall responsibility for sustainable development issues.
- **EMERGENCY PREPAREDNESS** In the case of fixed installations, action plans must have been established for accidents and disaster situations.
- **REPORTING** Reporting must take place regularly and at least annually both to the management and to the board of directors of the portfolio company, as well as to Swedfund.
- **STAKEHOLDERS** Internal and external stakeholders must be identified and consulted in situations which affect them and be given relevant information at appropriate times and intervals.

Regarding the status of implementation of Environmental and Social Management System (ESMS) in Swedfund's portfolio, we have divided our portfolio companies in three categories, to better reflect our targets and requirements. The figures below present the share of the companies that have implemented an ESMS in each category at the end of 2017:

Portfolio companies less than three years in Swedfund's portfolio: 94%

Portfolio companies more than three years in Swedfund's portfolio: 68%

Portfolio companies in Exit phase: 60%

For more information, see our Integrated Report 2018.

**Sustainability target: Anti-corruption Management System**

Swedfund's portfolio companies undertake in agreements to adopt and implement a management system to handle anti-corruption issues.

Regarding the status of implementation of anti-corruption management system in Swedfund's portfolio, we have divided our portfolio companies in three categories, to better reflect our targets and requirements. The figures below present the share of the companies that have implemented such a system in each category at the end of 2017:

Portfolio companies less than three years in Swedfund's portfolio: 78%

Portfolio companies more than three years in Swedfund's portfolio: 64%

SG 07	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

**SG 07.1** Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

**Select from the below internal roles**

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Portfolio Director
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

**Other description (1)**

- Legal Counsel
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

- Other role, specify (2)

**Other description (2)**

- External ESG-consultants
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
---------	---

**INVESTMENT PROCESS**

**Initial assessment**

Swedfund annually evaluates a wide variety of investment proposals. The initial assessment examines whether the proposal is consistent with our investment strategy and criteria, and how our investment can contribute to attainment of the global goals. We carry out an overall evaluation of the country, the business and its business plan, strategic partners and our potential role. In every investment that we make, our role must be additional, which means that we provide resources which are crucial to the development of the business that would otherwise not have been available.

**Concept clearance**

After the initial assessment, the investment team draws up a proposed decision, the "concept clearance", which is then presented to Swedfund's Investment Committee. Swedfund's Investment Committee, which has both an advisory and a decision-making role, decides whether to proceed with the investment proposal and carry out an in-depth analysis. The Investment Committee is chaired by Swedfund's CEO and includes an investment manager, a director of strategy & communication, a director of special operations, a chief lawyer and a senior expert in sustainable development. The investment Committee and the investment team discuss the key risks in the investment which must be analysed during the due diligence process.

**Due diligence**

If the committee decides to proceed, the investment proposal will proceed with a due diligence. A thorough analysis is then carried out in which many different factors are examined, including the business concept, business plan, market, financial history and forecast, investment calculation, partners, legal aspects, expected societal development results and sustainability risks and impacts, including the environment, employment conditions, human rights and corruption. During the due diligence phase, the investment team meets representatives of different functions of the company in order to gain a deeper understanding of the company and the processes, routines and documents that they have shared with Swedfund. If necessary, external expertise is hired to examine specific issues. Before the meeting, the company will be asked to complete a comprehensive questionnaire on environmental, social and corporate governance related issues. The due diligence process forms the basis for the information that is used in the decision-making process. This includes an ESG Action Plan (ESGAP), which sets out the applicable requirements and also forms part of the investment agreement. It describes the changes or actions that the company need to implement in order to meet Swedfund's sustainable development requirements.

**Screening**

When the due diligence process is completed, a screening meeting will take place during which the Investment Committee will decide whether the investment meets our requirements and is ready to be presented to Swedfund's board of directors. If the investment is not approved at this stage, it may be because new information came to light during the due diligence process. It is not uncommon for new questions to be raised, which the team then examines in the final stage of the due diligence process. From 2018 onwards, we have also established a clear strategy for exiting investments.

**Decision by the board of directors**

The initial phase is concluded with the investment team presenting the investment proposal to Swedfund's board of directors, which then reaches a decision. If the investment is given the go-ahead, an agreement will be negotiated. The investment agreement includes not only legal conditions, but also sustainability and reporting requirements.

**Active ownership**

Once the agreement has been signed and the funds have been disbursed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our portfolio companies, focusing on commercial and sustainability issues which were identified during the due diligence phase. During the period for active management, which usually extends over 7-12 years, an ongoing dialogue and close contact are maintained with the portfolio companies in order to monitor their performance, goal attainment and contractual conditions, both through visits, active board work and dialogue and through their annual report (the Swedfund Sustainability Report). Both internal audits and third-party audits are conducted. The Senior Investment Manager is responsible for following up and ensuring that the companies comply with the agreed conditions, relevant parts of our policies and ESGAP. Within a three-year period from the date of disbursement, companies must achieve Swedfund's strategic sustainability goals. To help companies attain these goals, we can allocate funds in the form of Technical Assistance (TA), which can for example be used for training or consultancy.

**Exit phase**

Swedfund is a long-term financing institution, but it is not a permanent owner. We end the investment and the partnership either through selling our shareholding, through repayment of the loan or through expiry of a fund's term.

The exit phase generally starts when Swedfund considers the goals that were established for the investment to have been achieved or when we cease to be 'additional'. Selling a portfolio company on the markets in which Swedfund operates is not the same as selling a company in Europe. Much more effort is required, as established processes are often lacking. In most cases, custom solutions are necessary in order to find a buyer and Swedfund often plays an active role in finding a solution in this context.

Ahead of the exit process, the portfolio company is analysed on the basis of Swedfund's three pillars. During this process, we consider whether further initiatives are necessary. An exit report is prepared for each closure, where we analyse what we have learned and what relevant knowledge and experiences we can take with us into future investments. The report will also clearly explain how the investment has taken into account our three pillars. Everything in one step to ensure a responsible exit.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
---------	--

23

SG 07.4	Additional information. [Optional]
---------	------------------------------------

23 out of 41 in total, this includes personal in the Investment Organisation and Legal function

SG 07 CC	Voluntary	Descriptive	General
----------	-----------	-------------	---------

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
------------	---

Board members or trustees
---------------------------

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
---

	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Other Chief-level staff or head of department</th> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Other Chief-level staff or head of department			<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																						
Other Chief-level staff or head of department																																											
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Portfolio managers</th> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Portfolio managers			<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																						
Portfolio managers																																											
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Investment analysts</th> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Investment analysts			<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																						
Investment analysts																																											
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Dedicated responsible investment staff</th> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Dedicated responsible investment staff			<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																						
Dedicated responsible investment staff																																											
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">External managers or service providers</th> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	External managers or service providers			<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																						
External managers or service providers																																											
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Other role, specify (1)</th> </tr> <tr> <td></td> <td> <table border="1"> <tr> <th colspan="2">Other description (1)</th> </tr> <tr> <td></td> <td>Legal counsel</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table> </td> </tr> <tr> <td></td> <td> <table border="1"> <tr> <th colspan="2">Other role, specify (2)</th> </tr> <tr> <td></td> <td> <table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table> </td> </tr> </table> </td> </tr> <tr> <td>SG 07.6 CC</td> <td> <p>For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.</p> <p>Swedfund's Board of Directors take the final investment decision, after which a legal agreement is negotiated. The Board has also approved and signed our (i) Sustainability Policy, (ii) Position Paper on Climate Impact and (iii) Report on Climate Risks and Opportunities</p> </td> </tr> <tr> <td>SG 07.7 CC</td> <td> <p>For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.</p> <p>Climate-related issues are assessed and managed the same way as any other issues as a part of the investment process, please see SG 07.2 for more detailed information.</p> </td> </tr> <tr> <td>SG 07.8 CC</td> <td> <p>Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.</p> <input checked="" type="checkbox"/> Incorporation of TCFD in Annual Report  <input type="checkbox"/> Incorporation of TCFD in regular client reporting  <input type="checkbox"/> Request that investment managers complete PRI Climate indicators  <input type="checkbox"/> Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide </td> </tr> <tr> <td>SG 08</td> <td>Voluntary</td> <td>Additional Assessed</td> <td>General</td> </tr> <tr> <td>SG 08.1</td> <td colspan="3">Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.</td> </tr> <tr> <td></td> <td colspan="3">Board members/Board of trustees</td> </tr> <tr> <td>SG 08.1b</td> <td colspan="3">RI in personal development and/or training plan</td> </tr> </table>	Other role, specify (1)			<table border="1"> <tr> <th colspan="2">Other description (1)</th> </tr> <tr> <td></td> <td>Legal counsel</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Other description (1)			Legal counsel		<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues		<table border="1"> <tr> <th colspan="2">Other role, specify (2)</th> </tr> <tr> <td></td> <td> <table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table> </td> </tr> </table>	Other role, specify (2)			<table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table>	Other description (2)			Other role, specify (2)	SG 07.6 CC	<p>For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.</p> <p>Swedfund's Board of Directors take the final investment decision, after which a legal agreement is negotiated. The Board has also approved and signed our (i) Sustainability Policy, (ii) Position Paper on Climate Impact and (iii) Report on Climate Risks and Opportunities</p>	SG 07.7 CC	<p>For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.</p> <p>Climate-related issues are assessed and managed the same way as any other issues as a part of the investment process, please see SG 07.2 for more detailed information.</p>	SG 07.8 CC	<p>Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.</p> <input checked="" type="checkbox"/> Incorporation of TCFD in Annual Report <input type="checkbox"/> Incorporation of TCFD in regular client reporting <input type="checkbox"/> Request that investment managers complete PRI Climate indicators <input type="checkbox"/> Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide	SG 08	Voluntary	Additional Assessed	General	SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.				Board members/Board of trustees			SG 08.1b	RI in personal development and/or training plan		
Other role, specify (1)																																											
	<table border="1"> <tr> <th colspan="2">Other description (1)</th> </tr> <tr> <td></td> <td>Legal counsel</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues  <input checked="" type="checkbox"/> Assessment and management of climate-related issues  <input type="checkbox"/> No responsibility for climate-related issues </td> </tr> </table>	Other description (1)			Legal counsel		<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																				
Other description (1)																																											
	Legal counsel																																										
	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues																																										
	<table border="1"> <tr> <th colspan="2">Other role, specify (2)</th> </tr> <tr> <td></td> <td> <table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table> </td> </tr> </table>	Other role, specify (2)			<table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table>	Other description (2)			Other role, specify (2)																																		
Other role, specify (2)																																											
	<table border="1"> <tr> <th colspan="2">Other description (2)</th> </tr> <tr> <td></td> <td>Other role, specify (2)</td> </tr> </table>	Other description (2)			Other role, specify (2)																																						
Other description (2)																																											
	Other role, specify (2)																																										
SG 07.6 CC	<p>For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.</p> <p>Swedfund's Board of Directors take the final investment decision, after which a legal agreement is negotiated. The Board has also approved and signed our (i) Sustainability Policy, (ii) Position Paper on Climate Impact and (iii) Report on Climate Risks and Opportunities</p>																																										
SG 07.7 CC	<p>For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.</p> <p>Climate-related issues are assessed and managed the same way as any other issues as a part of the investment process, please see SG 07.2 for more detailed information.</p>																																										
SG 07.8 CC	<p>Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.</p> <input checked="" type="checkbox"/> Incorporation of TCFD in Annual Report <input type="checkbox"/> Incorporation of TCFD in regular client reporting <input type="checkbox"/> Request that investment managers complete PRI Climate indicators <input type="checkbox"/> Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide																																										
SG 08	Voluntary	Additional Assessed	General																																								
SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.																																										
	Board members/Board of trustees																																										
SG 08.1b	RI in personal development and/or training plan																																										

Responsible investment included in personal development and/or training plan

**SG 08.2** Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

- The board visited Ghana together with the CEO and members from the senior leadership of Swedfund with the purpose to achieve greater knowledge about responsible investments and Swedfunds' work within its three pillars social impact, sustainability and financial viability (please see further details in O011.4). They increased their knowledge and skills within the field of private sector development, sector financial services and society at large.
- Swedfund's Board engaged in a session related to The United Nations Guiding Principles on Business and Human Rights (UNGPs) during which results of an external Human Rights study was presented to the Board.

None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Investment/portfolio Director

Portfolio managers

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Dedicated responsible investment staff

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

Legal Counsel

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3 Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Portfolio managers are responsible for the fulfillment of Swedfund's strategic Sustainability targets for each individual investment. The strategic sustainability targets should be fulfilled within three years from investment time which is followed up annually. On an aggregated portfolio level it is the Investment Directors who are responsible for the ESG performance and progress on the entire portfolio.

Please see section SG 05-06 for RI objectives & progress, and Swedfund's strategic sustainability goals. Please see section SG 07.2 for investment process.

Swedfund does not apply/pay bonuses.

SG 08.4 Describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.

Swedfund's owner directives states that it should focus equally on ESG factors as on impact and financial factors when conducting responsible investments. In December 2016, the owner directives were extended to for the first time include indicators on tax revenues, CO2 emissions, number of women in leading positions, additionality and requested reporting on these indicators on portfolio level. Swedfunds board composition changed with new board members in April 2017 having a solid background in ESG aspects and impact on society. ESG factors are included as one of three pillars in Swedfunds business model. When an investment is proposed to the board, ESG aspects of that investment is thoroughly described and evaluated. Evaluation of ESG aspects is a prerequisite for the board when deciding on a new investment. ESG factors are included as one of three pillars in Swedfunds business model. ESG-aspects are summarized in an ESGAP which is legally binding for the investees. Actions on the ESGAP is follow up regularly and the investee companies annually report on their work within the ESG-area which is reported in Swedfunds Integrated Report, where ESG-results are audited with the same level of authority as financial results. The Integrated Report is decided on by the board.

SG 09 Mandatory Core Assessed PRI 4,5

SG 09.1 Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)  
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
Swedfund is a member of the SDG Advisory Committee

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)

Your organisation's role in the initiative during the reporting period (see definitions)  
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]  
Swedfund is a member of the GIIN's Gender Lens Investing WG and has been a speaker at one of the WG's webinars on the topic of our Internal Impact framework and Gender work, in relation to the GIIN's Navigating Impact project

- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
Basic
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
Swedfund reports inspired by the Framework by the IIRC

- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

<b>Your organisation's role in the initiative during the reporting period (see definitions)</b>
Basic
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
Swedfund is a signatory and report in its annual report on progress towards UN GC.

- Other collaborative organisation/initiative, specify

European Development Finance Institutions (EDFI)

<b>Your organisation's role in the initiative during the reporting year (see definitions)</b>
Advanced
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
Swedfund is member of the European Development Finance Institutions (EDFI). As one out of 15 members we take an active role in the collaboration within EDFI. We actively participate in all the expert working groups: Environmental & Social (E&S), Development Effects (DE), Legal, CEO, HR, Communication and Corporate Governance.  <a href="http://www.edfi.be/">http://www.edfi.be/</a>

- Other collaborative organisation/initiative, specify

Gender finance collaborative

<b>Your organisation's role in the initiative during the reporting year (see definitions)</b>
Moderate
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
In 2018 Swedfund signed the joint statement for the commitment the collaborative, consisting of 14 Development Finance Institutions (DFIs) plus the European Investment Bank (EIB), supporting the development of shared financing principles, definitions and methodologies to promote the integration of "gender smart" decision-making into investment processes and operations.  During the reporting year Swedfund also organised the first in-person meeting of the Gender finance collaborative with the purpose to advance women empowerment through responsible investments

- Other collaborative organisation/initiative, specify

The Swedish Governments network for state owned companies; Sustainable Business.

<b>Your organisation's role in the initiative during the reporting year (see definitions)</b>
Moderate
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
We participate in the different workshops and seminars that are arranged for this group of state owned companies. As a consequence of this we, together with a few other companies, have taken the initiative to form a working group on the implementation on UN Guiding Principles.

- Other collaborative organisation/initiative, specify

IFI's Harmonized Development Results Indicators for Private Sector Investment Operations

<b>Your organisation's role in the initiative during the reporting year (see definitions)</b>
Moderate
<b>Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]</b>
Swedfund has participated in the initiative among 25 DFI/IFIs to harmonise results indicators for private sector investment operations.

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.			
26%			

SG 10	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

	Description
--	-------------

Through our Technical Assistance funding we have supported selected portfolio companies e.g in areas of environment and social management systems and gender equality (Women4Growth Programme, please see section PE 07.3). We have also published an anti-corruption management system for our portfolio companies including recommended e-learning on anti-corruption (please see SG 06)

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Provided input and/or collaborated with academia on RI related work

	Description
--	-------------

We have provided interviews to students on our responsible investment practices

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

	Description
--	-------------

Swedfund representatives regularly speak at various events (e.g investment forums, student events, network events) on our work with our three pillars (please see 00 11.4) and the impact gained through responsible investments, as well as through membership in SweSif (Sweden's Sustainable Investment Forum)

	Frequency of contribution
--	---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

	specify
--	---------

Continuous membership

Spoke publicly at events and conferences to promote responsible investment

	Description
--	-------------

Swedfund representatives regularly speak at various events (e.g investment forums, student events, network events) on our work with our three pillars (please see 00 11.4) and the impact gained through responsible investments.



Frequency of contribution	
<input type="radio"/>	Quarterly or more frequently
<input type="radio"/>	Biannually
<input type="radio"/>	Annually
<input type="radio"/>	Less frequently than annually
<input checked="" type="radio"/>	Ad hoc
<input type="radio"/>	Other

Wrote and published in-house research papers on responsible investment

Encouraged the adoption of the PRI

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description	
Participated in consultation with IFC regarding Impact management principles	

Frequency of contribution	
<input type="radio"/>	Quarterly or more frequently
<input type="radio"/>	Biannually
<input type="radio"/>	Annually
<input type="radio"/>	Less frequently than annually
<input checked="" type="radio"/>	Ad hoc
<input type="radio"/>	Other

Wrote and published articles on responsible investment in the media

Description	
Swedfund regularly publishes information on investment activities through its blog Swedfund Frankly <a href="http://swedfundfrankly.se/">http://swedfundfrankly.se/</a>	

Frequency of contribution	
<input checked="" type="radio"/>	Quarterly or more frequently
<input type="radio"/>	Biannually
<input type="radio"/>	Annually
<input type="radio"/>	Less frequently than annually
<input type="radio"/>	Ad hoc
<input type="radio"/>	Other

A member of PRI advisory committees/ working groups, specify

Description	
Member of PRI's SDG advisory committee Member of African private equity and venture capital Association's Sustainability committee (AUCA)	

Frequency of contribution	
<input type="radio"/>	Quarterly or more frequently
<input type="radio"/>	Biannually
<input type="radio"/>	Annually
<input type="radio"/>	Less frequently than annually
<input checked="" type="radio"/>	Ad hoc
<input type="radio"/>	Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description	
Swedfund's CEO sits in the board of Stockholm Sustainable Finance Centre	

Frequency of contribution	
<input type="radio"/>	Quarterly or more frequently
<input type="radio"/>	Biannually
<input type="radio"/>	Annually
<input type="radio"/>	Less frequently than annually
<input checked="" type="radio"/>	Ad hoc
<input type="radio"/>	Other

Other, specify

specify description	

Please refer to SG 10.3 below

Description
Please refer to SG 10.3 below
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input checked="" type="radio"/> Other
specify
Please refer to SG 10.3 below

No

**SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]**

- Swedfund has held bilateral stake-holder dialogues with civil society and parliamentarians organizations on topics related to responsible investments and Agenda 2030.
- Swedfund has held stakeholder dialogues on its annual Integrated Report and to discuss updates in Swedfund's sustainability policy. In connection with the dialogue, Swedfund published its draft sustainability policy on its web site inviting for comments.
- Swedfund has been invited to the Africa Department and to the Global Agenda Department at the Ministry of Foreign Affairs to speak of its work with Responsible investments, Swedfund's three pillars and Swedfund's work to advance Agenda 2030.
- Swedfund has participated in panel discussions on responsible investments, investments in Africa, the role of women as promoters of inclusive growth.
- Swedfund organised the first in-person meeting of the Gender Collaborative with the purpose to advance women empowerment through responsible investments.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
-------	-----------	---------------------	-----------

**SG 11.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.**

Yes

If yes
<input checked="" type="checkbox"/> Yes, individually <input type="checkbox"/> Yes, in collaboration with others

**SG 11.2 Select the methods you have used.**

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

**SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.**

Yes, publicly available

<http://www.regeringen.se/contentassets/8306a2b298b341fd842401a4ae5457ea/remissvar/swedfund-international-ab.pdf>

No

No

**SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.**

- Swedfund organized a panel discussion and invited State Secretary for Development Cooperations alongside civil society to discuss how to accelerate Agenda 2030 by responsible investments.
- At the annual meeting of European development finance institutions May 2018, public policy makers were invited to participate in a dialogue on how to promote responsible investments, blended finance and its importance for accelerating Agenda 2030.
- As part of the official Swedish delegation to the annual World Bank/IMF-meeting, Swedfund participated in side events, panels and bilateral meetings and could show that the company's priorities complies with the Swedish priorities: environmental and climate sustainability, equality and gender equality, combating capital and tax evasion, fair working conditions (decent work) and focus on the least developed countries (LDCs). Swedfund could illustrate this with practical examples from our activities: monitoring of the portfolio companies' compliance of the ILO's core conventions, climate investments (see SG 14.6), Women4Growth (see PE 07.3), country-by-country reporting tax.
- Swedfund has engaged with parliamentarians on its mission and its work to Advance Agenda 2030.
- Swedfund has participated in panel discussions on responsible investments, investments in Africa, the role of women as promoters of inclusive growth.

**SG 12.1** Indicate whether your organisation uses investment consultants.

Yes, we use investment consultants

**SG 12.2** Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.

We use investment consultants in our selection and appointment of external managers

**Asset class**

- Private equity (PE)
- Other asset classes

We use investment consultants in our monitoring of external managers

**Asset class**

- Private equity (PE)
- Other asset classes

We do not use investment consultants for selection, appointment and monitoring of external managers.

**SG 12.3** Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.

Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.

Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.

Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.

We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

**SG 12.4** Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services
- Investment policy development
- Strategic asset allocation
- Investment research

**Describe how responsible investment is incorporated**

In due diligence in due of e.g. human rights approach

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

No, we do not use investment consultants.

**SG 13.1** Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

Yes, to assess future ESG factors

Yes, to assess future climate-related risks and opportunities

**Describe**

Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them.

No, not to assess future ESG/climate-related issues

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration

- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Voluntary	Descriptive	General
----------	-----------	-------------	---------

**SG 13.4 CC** Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment
- Incorporation into investment analysis
- Inform active ownership
- Other

**specify**

Climate report to owners. Further details see below.

**Describe**

During the reporting year Swedfund produced a Climate report to assess climate related risks and opportunities. The report is a requirement from our owners, and is a part of a long-term strategy to monitor and proactively address climate related risks and opportunities. The analysis in the report analyses Swedfund's risk profile from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments. The reasoning and analysis in the report stems from theories around scenario pathways, as well as the rationale for future direction. A formalised scenario analysis according to a standardised methodology is however not applied in the report.

**SG 13.5 CC** Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6 CC** Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

**Describe**

Swedfund is a long-term investor and our commitments and considerations regarding climate impact are always made from a holistic and long-term perspective, including beyond the investment time-horizon.

Please refer to section SG 07.2 for further details on Swedfund's investment process, and SG 01.4 and SG 01.5 for mission and investment criteria

- No

**SG 13.7 CC** Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8 CC** Indicate the climate scenarios the organisation uses.

Provider	Scenario used	
IEA		
IEA		
IEA		
IEA		
IEA		
IRENA		
Greenpeace		
Institute for Sustainable Development		
Bloomberg		
IPCC		

IPCC		
IPCC		
IPCC		
Other	<input checked="" type="checkbox"/> Other (1)	Other (1) please specify: External local consultant
Other		
Other		

SG 14

Mandatory to Report, Voluntary to Disclose

Additional Assessed

PRI 1

**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)  
Gender equality

- Other, specify(2)

other description (2)  
Blending

- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description  
Within the broader concept of Energy Swedfund has chosen to focus primarily on renewable energy production and distribution

- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5** Additional information [Optional]

Swedfund strives to minimise negative climate impact in all its investments. Initiatives relating to the environment and climate form an integral part of the investment process based on Swedfund's sustainable development policy and separate stance regarding the environment and climate. Climate is one of two thematic areas to be considered before decisions are taken concerning new investments regardless of sector, geography or instrument. In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation.

## CO2-model

Swedfund uses a model to estimate CO2e which has been developed by an external supplier and is based on the Green House Gas Protocol (GHG Protocol). In the model, the CO2e exposure of investments is weighted based on Swedfund's owner stake in the portfolio company. In cases where Swedfund acted as lender, the determination of Swedfund's share is based on the outstanding loan's share of the portfolio company's balance sheet total and, in the case of lending to banks, the size of the loan relative to the bank's total borrowing. The calculation presented below consists of Swedfund's portfolio companies, including the underlying holdings of the funds and the co-financing facilities, a total of 156 investments in 2017 (147 investments in 2016). Emissions from Swedfund's portfolio amounted to 24 thousand tonnes in 2017 (2016: 35 thousand tonnes). Amongst Swedfund's investments, those which produce energy, including a gas-fired power station, have the greatest impact on the climate. These holdings account for approximately 60% of all emissions in the calculation. As Swedfund has opted to continue investing exclusively in renewable energy, CO2e exposure from Swedfund's investments is expected to decrease over time.

## Climate report

During the year Swedfund has also conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. To analyse how the climate risks that have been identified could impact Swedfund's financial position, Swedfund has developed a method to take into account of the climate risks and the requirements concerning mitigation that Swedfund imposes on portfolio holdings. The degree of impact on Swedfund's financial position is based on the reasoning that a low climate risk will entail a low financial risk, and correspondingly for medium and high climate risks. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments.

Swedfund's environment and climate risk profile is largely influenced by three factors: The region in which the activity takes place, the sector in which the activity is taking place and the size of Swedfund's shareholding or loan. The climate risks in Swedfund's focus regions, Africa and Asia, are relatively high at a general level. At the same time, the risk level in the three sectors in which Swedfund focuses its investments in are categorised as low, with the exception of investments in renewable energy. The choice of instruments further balances the risk, given Swedfund's management of environmental and climate-related risks during the screening prior to an investment, as well as measures during the active ownership phase.

The analysis shows that Swedfund's business model adequately addresses environmental and climate-related risks, partly through the work relating to the environment and climate being carried out within the portfolio companies. The focus sectors which have been established in the business model are sectors which have relatively low environmental and climate risk exposure, and by following the business model, the exposure of Swedfund's operations and investments to environmental and climate risks is maintained at a limited level. The exception is the energy sector, where the risk is considered to be medium.

At the same time, the Energy & Climate sector is the sector in which Swedfund has identified the greatest opportunity to have a positive impact through its decision to exclusively invest in renewable energy. The investments that Swedfund make in the world's poorest countries also help reduce the overall risk of climate change, partly through Swedfund's efforts to identify sustainable solutions through addressing and implementing measures aimed at the environmental and climate-related challenges that Swedfund is facing in the countries in which the company invests.

## Climate investment case from the past year - Climate Investor One

In June 2018, Swedfund invested USD 15 million in the CIO Construction Equity Fund. Access to sustainable energy is a prerequisite for effective poverty eradication, which is the overarching reason why Swedfund is investing heavily both in the sector itself and in broader climate investments. Another factor behind the investment in CIO is that we want to work to increase capital flows from the private sector for sustainable climate projects in developing countries, and we believe that Swedfund can act as a catalyst for private investment. It is hoped that CIO will be able to serve as a good example of how financing facilities can be structured in order to attract different types of capital and contribute to a marked increase in sustainable energy generation in developing countries.

What makes CIO unique is that it offers tailored financing throughout the life-cycle of a project, with the overarching aim of developing renewable energy generation at a faster pace. The facility is based on the knowledge that different stages of a project's life-cycle require different types of capital from different types of financing institutions. A structure has therefore been constructed for what is known as 'blending instruments', which consequently also means that different investors are able to participate according to their own risk profile. CIO encompasses three separate but operationally interlinked funds.

SG 14 CC	Voluntary	General
----------	-----------	---------

SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	All assets	Baseline and reporting	Compliance / non-compliance	GHG protocol
Carbon footprint (scope 1 and 2)	All assets	Monitoring and reporting	CO2e	GHG protocol
Portfolio carbon footprint	All assets	Monitoring and reporting	CO2e	GHG protocol
Total carbon emissions	All assets	Monitoring and reporting	CO2e	GHG protocol
Exposure to carbon-related assets	Minority of assets	Monitoring and reporting	CO2e	GHG protocol

SG 14.7 CC Describe in further detail the key targets.

Target type	Time Frame	Description	Attachments
Absolute target	Relevant target level to be set on company level within three years	Target level for compliance / non-compliance in portfolio	

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

✓ Process for climate-related risks is integrated into overall risk management

Please describe
Environmental and climate-related aspects are fully integrated in Swedfund's investment process and risk management. Within Swedfund's overall mission of contributing to poverty reduction by financing sustainable businesses in emerging markets, Swedfund will seek to minimize the negative

climate impact of all our investments, both with respect to new investments, the current portfolio companies and our own operations. When evaluating a new investment opportunity Swedfund carefully considers climate risks and opportunities associated with that specific company, sector and market. Climate-related and environmental aspects are an integral part of Swedfund's ESG work and we apply IFC's Performance Standards in our investment processes and management. Swedfund will seek to minimize the negative climate impact inherent in each investment. The specific actions required to mitigate climate risks and to maximize climate opportunities are agreed upon in an Environmental, Social and Governance Action Plan (ESGAP) before we make an investment. Swedfund is a long term investor and seek to minimize the negative climate impact inherent in each investment. Please see SG 01.8 CC for further on Swedfund's time-perspective for its investments, and SG 07.2 for out investment process with details on our investment/ESG process

Swedfund's Board of Directors is responsible for defining and managing risks. By working actively within our three pillars, we strive to generate results and long-term value. At the same time, we manage all the risks arising in our investment operations.

In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation. Swedfund also has a model to estimate CO2e, based on the GHG protocol to proactively measure, manage and report greenhouse gas emissions.

During the reporting year, Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments

Process for climate-related risks is not integrated into our overall risk management

**SG 14.9 CC** Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

Yes

Please describe

Integral parts of Swedfund's investment process and active ownership are ESG site visits, internal and external audits, Environmental, Social and Governance Action Plans (ESGAP) and technical assistance to support sustainable development

No, we do not engage

**SG 15** Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

No

[swedfund-owners-instructions\\_2017-04-28.pdf](#)

**SG 18** Voluntary Descriptive General

**SG 18.1** Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

**SG 18.2** Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

- Swedfund has started to implement its new business plan for 2018-2020. One innovative approach is that we have decided that the issue of women empowerment and climate should be streamlined throughout the portfolio, i.e. in every new investment these two themes should be analysed and followed-up through decided indicators.
- Swedfund has contributed to innovative partnerships to foster responsible investments in the worlds poorest countries by initiating stakeholder dialogues and learning opportunities for actors who do not usually meet such as state owned companies, civil society and politicians.
- Swedfund has conducted its Women4Growth program on one of its investments with the purpose to advance the role of women in the work force and ensuring that portfolio companies take full use of the potential of its female employees.
- Swedfund has analysed its portfolio companies and measured its CO2 emissions and identified portfolio companies and measures to be taken to reduce CO2 emissions.
- Swedfund has for the first time provided a climate risk analysis of its portfolio.
- Swedfund has initiated an overview of its Sustainability Policy in dialogue with stakeholders.

No

**SG 19** Mandatory Core Assessed PRI 2, 6

**SG 19.1** Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> How responsible investment considerations are included in manager selection, appointment and monitoring processes <input type="checkbox"/> Details of the responsible investment activities carried out by managers on your behalf <input checked="" type="checkbox"/> E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership <input checked="" type="checkbox"/> Other	
Specify	
Case studies of good ESG management and impact of selected portfolio companies successful fund managers	
Annually	
<a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a> <a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a>	

## Fixed income

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used	
Annually	
<a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a> <a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a>	

## Private equity

Do you disclose?	
<input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public	
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/> Yes <input type="radio"/> No	

Disclosure to public and URL	
Disclosure to public and URL	
<input checked="" type="checkbox"/> ESG information in relationship to our pre-investment activities <input checked="" type="checkbox"/> ESG information in relationship to our post-investment monitoring and ownership activities <input checked="" type="checkbox"/> Information on our portfolio companies' ESG performance <input type="checkbox"/> Other	
Annually	
<a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a> <a href="https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf">https://www.swedfund.se/media/2085/swedfund_integrated-report_2017_part-1-and-2.pdf</a>	



**SAM 02.1** Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	Private equity
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>

**SAM 02.2** Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

#### Strategy

	Private equity
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>
Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>
Assess the ESG definitions to be used	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

#### ESG people/oversight

	Private equity
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

#### Process/portfolio construction/investment valuation

	Private equity
Review the process for ensuring the quality of the ESG data used	<input type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input checked="" type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

<b>SAM 02.3</b>	<b>Indicate the selection process and its ESG/RI components</b>
<input checked="" type="checkbox"/> Review ESG/RI responses to RfP, RfI, DDQ etc. <input checked="" type="checkbox"/> Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ) <input checked="" type="checkbox"/> Review publicly available information on ESG/RI <input type="checkbox"/> Review assurance process on ESG/RI data and processes <input checked="" type="checkbox"/> Review PRI Transparency Reports <input checked="" type="checkbox"/> Request and discuss PRI Assessment Reports <input checked="" type="checkbox"/> Meetings with the potential shortlisted managers covering ESG/RI themes <input checked="" type="checkbox"/> Site visits to potential managers offices <input type="checkbox"/> Other, specify	

<b>SAM 02.4</b>	<b>When selecting external managers does your organisation set any of the following:</b>
	<b>Private equity</b>
ESG performance development targets	<input checked="" type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>
Other RI considerations	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

<b>SAM 02.5</b>	<b>Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]</b>
Swedfund's business model is based on three pillars: Impact on society, Sustainability and Financial viability. All investments are assessed based on the risk and potential in each respective pillar, which creates a joint basis for decision making. Please see more details on Swedfund's investment strategy, decision and selection process in SG 01.4, SG 01.5 and SG 07.2.	

<b>SAM 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
---------------	------------------	----------------------	--------------

<b>SAM 04.1</b>	<b>Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process</b>
<input type="checkbox"/> Sets standard benchmarks or ESG benchmarks <input checked="" type="checkbox"/> Defines ESG objectives and/ or ESG related exclusions/restrictions <input checked="" type="checkbox"/> Sets incentives and controls linked to the ESG objectives <input checked="" type="checkbox"/> Requires reporting on ESG objectives <input checked="" type="checkbox"/> Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify (2) <input type="checkbox"/> None of the above	

<b>SAM 04.2</b>	<b>Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.</b>
-----------------	--

	<b>Asset class</b>
<input checked="" type="checkbox"/> Private equity	
	<b>Benchmark</b>
<input checked="" type="checkbox"/> We do not set benchmarks	
	<b>ESG Objectives</b>
<input checked="" type="checkbox"/> ESG related strategy, specify We require our Fund Managers to have or develop a Policy for Sustainable Development including a commitment to ESG matters and demonstrate the commitment by nominating responsibility of ESG in the Board and/or Senior Management.	
<input checked="" type="checkbox"/> ESG related investment restrictions, specify We require our Fund Managers to exclude activities according to EDFI Harmonised Exclusion List ( <a href="https://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf">https://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf</a> )	
<input checked="" type="checkbox"/> ESG integration, specify Swedfund requires all of our portfolio companies (regardless the asset class) to implement an environmental and social management system including the following components, as applicable: <ul style="list-style-type: none"> <li>• Policy for Sustainable Development: Must be established and adopted by the management of the portfolio companies.</li> <li>• Identification of risks and impacts: A system/routine must be established in order to identify ESG risks and the areas that are affected.</li> <li>• Performance Management: Results within identified risks and impact areas must be monitored and evaluated in order to measure and improve results over time.</li> <li>• Responsibility and competence: A member of the company's management team must have overall responsibility for sustainable development issues.</li> <li>• Emergency preparedness plan: In</li> </ul>	

the case of fixed installations, action plans must have been established for accidents and disaster situations. \* Reporting must take place regularly and at least annually both to the management and to the Board of the portfolio company, as well as to Swedfund. • Stakeholders: Internal and external stakeholders must be identified and consulted in situations that affect them and be given relevant information at appropriate times and intervals.

Engagement, specify

Swedfund has possibility to provide Technical Assistance (TA) funding to its portfolio companies to improve quality of the investments e.g. within ESG matters. For example, in 2018, Swedfund cooperated with one of our Fund Managers, TLG, to provide a TA funding to Snapper Hill Clinic in Liberia (that is one of TLG's portfolio companies) to improve quality of healthcare.

Voting, specify

Promoting responsible investment

ESG specific improvements

Based on ESG due diligence findings Swedfund creates an ESG Action Plan that forms a part of investment agreement. The ESGAP includes specific activities that aim to improve the ESG management, minimise risks and leverage on opportunities of the Fund Manager.

ESG guidelines/regulation, principles/standards, specify

Swedfund requires its Fund Managers to commit to several ESG standards and principles, such as ILO Fundamental Principles and Rights at work and IFC Performance Standards. the complete list of requirements is included in our Policy for Sustainable Development (<https://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf>).

Other, specify

#### Incentives and controls

Fee based incentive

Communication and remedy of breaches

Termination

No fee/ breach of contract

#### Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

#### SAM 04.3 Indicate which of these actions your organisation might take if any of the requirements are not met

Discuss requirements not met and set project plan to rectify

Place investment manager on a "watch list"

Track and investigate reason for non-compliance

Re-negotiate fees

Failing all actions, terminate contract with the manager

Other, specify

Require action plan from manager

No actions are taken if any of the ESG requirements are not met

#### SAM 04.4 Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

Swedfund assess the Fund Manager's performance against Swedfund's strategic sustainability goals (#1 Compliance with ILO conventions; #2 Implementation of environmental and social management system; #3 Financial viability; and #4 Anti-corruption management system) as a part of due diligence process and monitor the performance annually.

SAM 05

Mandatory

Core Assessed

PRI 1

#### SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	Private equity
ESG objectives linked to investment strategy (with examples)	<input checked="" type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>

PRI Transparency Reports	<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

**SAM 05.2** When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	Private equity
ESG score	<input type="checkbox"/>
ESG weight	<input type="checkbox"/>
ESG performance minimum threshold	<input checked="" type="checkbox"/>
Real world economy targets	<input checked="" type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

If you select any 'Other' option(s), specify

**IFC performance standards:**  
[http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)

**SAM 08** Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

**SAM 08.1** Describe how you ensure that best RI practice is applied to managing your assets

Encourage improved RI practices with existing investment managers

Measures

Please refer to module SG (our investment policy, strategy and objectives and targets)

- Move assets over to investment managers with better RI practices
- Other, specify
- None of the above

**SAM 09** Mandatory Additional Assessed PRI 1,6

**SAM 09.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	Investing for Impact: Increasing access to renewable energy
Conducted by	Internal staff
Asset class	Private equity
Scope and process	Swedfund conducts an ESG due diligence in all of its fund investments to assess the level of ESG strategy, management, and performance of the fund manager. In addition, we assess the impacts of the fund manager's investment strategy.  In June 2018, Swedfund invested USD 15 million in the CIO Construction Equity Fund. Access to sustainable energy is a prerequisite for effective poverty eradication, which is the overarching reason why Swedfund is investing heavily both in the sector itself and in broader climate investments. Another factor behind the investment in CIO is that we want to work to increase capital flows from the private sector for sustainable climate projects in developing countries, and we believe that Swedfund can act as a catalyst for private investment. It is hoped that CIO will be able to serve as a good example of how financing facilities can be structured in order to attract different types of capital and contribute to a marked increase in sustainable energy generation in developing countries.
Outcomes	CIO is expected to create significant social and environmental impacts. The fund has a target of increasing the capacity of renewable energy with more than 1000 MW, which equals to energy consumption of 3.6 million Nigerian households, and contributing to the creation of more than 10 000 jobs. In addition, the fund aims to contribute to access to renewable energy for 7 million people. Annually, they estimate reduction of about 1.8 million tons of carbon emissions, which equals to about 350 000 cars.

- Add Example 2
- Add Example 3

- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- We are not able to provide examples

**FI 01.1** Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	100
	No incorporation strategies applied	0

**FI 01.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

When investing in debt, Swedfund follows the same investment process and criteria as for other direct investments, which includes compliance with Swedfund's Sustainability Policy, Anti-Corruption Policy and Exclusion list as well as Anti-Corruption Clauses in the contract. For further guidance please see SG in this report.

**FI 02.1** Indicate which ESG factors you systematically research as part of your analysis on issuers.

	Corporate (non-financial)
Environmental data	<input checked="" type="checkbox"/>
Social data	<input checked="" type="checkbox"/>
Governance data	<input checked="" type="checkbox"/>

**FI 02.2** Indicate what format your ESG information comes in and where you typically source it

- Raw ESG company data
  - ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – FI analyst, PM or risk team
  - Other, specify
- ESG factor specific analysis
  - ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – FI analyst, PM or risk team
  - Other, specify
- Issuer-level ESG analysis
  - ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – FI analyst, PM or risk team
  - Other, specify
- Sector-level ESG analysis
  - ESG research provider
  - Sell-side

- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Country-level ESG analysis
  - ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – FI analyst, PM or risk team
  - Other, specify

**FI 02.3** Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.

When investing in debt, Swedfund follows the same investment process and criteria as for the other direct investments, which includes compliance with Swedfund's Sustainability Policy, Anti-Corruption Policy and Exclusion list as well as Anti-Corruption Clauses in the contract. For further guidance please see Strategy and Governance in this report.

**FI 02.4** Additional information. [Optional]

Please see section PE 07 - PE 10 for information about type of ESG information that Swedfund considers during investment in private debt.

**FI 03** **Mandatory** **Additional Assessed** **PRI 1**

**FI 03.1** Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

specify description

Please see section SG 06 for information about investment process, ESGAP, audits. As well as PE 09 about ESG issues considered during DD

- None of the above

**FI 03.2** Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**FI 03.3** Additional information. [Optional]

Our investment activities are based on three pillars - Impact on society, Sustainability and Financial viability - and on long-term commitment and sustainability in our partnerships. These pillars support everything we do - from making a decision to invest, throughout the entire management phase, to regular measurement of results and finally an exit out of the investment. Please see OO 11.4 and SG 7 for more detailed information.

**FI 04** **Mandatory** **Gateway** **PRI 1**

**FI 04.1** Indicate the type of screening you conduct.

	Corporate (non-financial)
Negative/exclusionary screening	<input checked="" type="checkbox"/>
Positive/best-in-class screening	<input type="checkbox"/>
Norms-based screening	<input checked="" type="checkbox"/>

**FI 04.2** Describe your approach to screening for internally managed active fixed income

When investing in debt, Swedfund follows the same investment process and criteria as for the other direct investments, which includes compliance with Swedfund's Sustainability Policy, Anti-Corruption Policy and Exclusion list as well as as well as Anti-Corruption Clauses in the contract. For further guidance please see Strategy and Governance in its entirety for information about: exclusion list, Swedfund's Ethical Compass, international norms Swedfund adheres to, Swedfund's Sustainability Policy and more.

**FI 05** **Voluntary** **Additional Assessed** **PRI 1**

**FI 05.1** Provide examples of how ESG factors are included in your screening criteria.

Example 1

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental
<input checked="" type="checkbox"/> Social
<input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
<input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
Please refer to SG 07.2 for more detailed information about the investment process and screening requirements

- Example 2
- Example 3
- Example 4
- Example 5

FI 06	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

**FI 06.1** Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

Type of screening	Checks
<b>Negative/exclusionary screening?</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070c0; color: white; padding: 2px;">other description</div> <p>Please see section SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Please see section SG 07.2 about Swedfund's investment process</p> <input type="checkbox"/> None of the above
<b>Norms-based screening</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070c0; color: white; padding: 2px;">other description</div> <p>Please see section SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Please see section SG 07.2 about Swedfund's investment process</p> <input type="checkbox"/> None of the above

FI 07	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
-------	--	-------------	-------

**FI 07.1** Indicate what proportion of your thematic investments are:

- Green/SDG bonds linked to environmental goals
- Social/SDG bonds linked to social goals
- Sustainability/SDG bonds (combination of green and social linked to multiple SDG categories)
- Other

Specify
Swedfund does not invest in bonds but we encourage transparency and disclosure of information in all investments we do. Therefore we were recommended by the PRI to report on the section for bonds where applicable, although we do not invest in bonds. The disclosure principles under the green bonds principles can be applied to our investments. Please see the following sections: 00 11.4 about Swedfund's mission and investment



modell standing on three pillars. SG 01-02 about international norms applicable to all Swedfund's investments, including private equity. SG 05-06 about RI objectives and progress and reporting on Swedfund's Strategic Sustainability Goals. SG 07.2 about Swedfund's investment process, the use of ESG audits and action plans.

100%

**FI 07.2** Describe your organisation's approach to thematic fixed income investing

Swedfund does not invest in bonds but we encourage transparency and disclosure of information in all investments we do. Please refer to section OO 11.4 for more details around Swedfund's mission and business model based on the three pillars: Social impact, sustainability and financial viability - which is applied in all our engagements.

**FI 08** **Mandatory** **Core Assessed** **PRI 1**

**FI 08.1** Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles, Social Bond Principles, or Sustainability Bond Guidelines..

- We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects
- We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- Other, specify  
Swedfund does not invest in bonds, but the disclosure principles under the green bonds principles can be applied to all our investments.
- None of the above

**FI 08.2** Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.

Swedfund does not invest in bonds but we encourage transparency and disclosure of information in all investments we do. Therefore we were recommended by the PRI to report on the section for bonds where applicable, although we do not invest in bonds. The disclosure principles under the green bonds principles can be applied to all our investments. Please see the following sections: OO 11.4 about Swedfund's mission and investment model standing on three pillars. SG 01-02 about international norms applicable to all Swedfund's investments, including private equity. SG 05-06 about RI objectives and progress and reporting on Swedfund's Strategic Sustainability Goals. SG 07.2 about Swedfund's investment process, the use of ESG audits and action plans.

**FI 09** **Mandatory** **Additional Assessed** **PRI 1**

**FI 09.1** Indicate how you assess the environmental or social impact of your thematic investments.

- We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments
- We ensure independent audits are conducted on the environmental or social impact of our investments
- We have a proprietary system to measure environmental and social impact
- We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights
- Other, specify  
Please see OO11.4 and SG 01.4-5 about Swedfund's mission and business model and SG 01 about international norms
- None of the above

**FI 10** **Mandatory** **Descriptive** **PRI 1**

**FI 10.1** Describe your approach to integrating ESG into traditional financial analysis.

Please see section OO 11.3 about Swedfund's mission and investment model standing on three pillars.  
Please see section SG 01 about international norms applicable to all Swedfund's investments, including private equity.  
Please see section SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.  
Please see section SG 07 about Swedfund's investment process, the use of ESGAP and audit plans.

**FI 10.2** Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

**Corporate (non-financial)**  
Swedfund applies the same approach/principles regardless the type of investment, hence the same approach is applied for direct private debt and loan investments (fixed income) as for direct or indirect equity. Please refer to question FI 11.1 for further details

**FI 11** **Mandatory** **Core Assessed** **PRI 1**

**FI 11.1** Indicate how ESG information is typically used as part of your investment process.

	Corporate (non-financial)
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>
ESG analysis is used to adjust the internal credit assessments of issuers.	<input type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input checked="" type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input checked="" type="checkbox"/>
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input type="checkbox"/>

The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions.	<input checked="" type="checkbox"/>
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input checked="" type="checkbox"/>
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input type="checkbox"/>
Other, specify	<input type="checkbox"/>

**FI 11.2 Additional information [OPTIONAL]**

ESG is one of three pillars in Swedfund's investment model and is integrated through the whole investment cycle. Please refer to:  
 OO 11.4 about Swedfund's mission and business model standing on three pillars.  
 SG 01-02 about international norms applicable to all Swedfund's investments, including private equity.  
 SG 05-06 about RI objectives and progress and reporting on Swedfund's Strategic Sustainability Goals.  
 SG 07.2 about Swedfund's investment process, the use of ESG audits and action plans.

**FI 12 Mandatory Additional Assessed PRI 1**

**FI 12.1 Indicate the extent to which ESG issues are reviewed in your integration process.**

	Environment	Social	Governance
Corporate (non-financial)	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all

**FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.**

**Corporate (non-financial)**

Please refer to section:  
 OO 11.4 about Swedfund's mission and investment model standing on three pillars.  
 SG 01-02 about international norms applicable to all Swedfund's investments, including private equity.  
 SG 05-06 about RI objectives and progress and reporting on Swedfund's Strategic Sustainability Goals.  
 SG 07.2 about Swedfund's investment process, the use of ESG audits and action plans.

**FI 14 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2**

**FI 14.1 Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.**

Category	Proportion of assets
Corporate (non-financial)	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 26-50% <input type="checkbox"/> 5-25% <input type="checkbox"/> More than 0%, less than 5%
	<p><b>FI 14.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)</b></p> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue

**FI 14.3 Additional information.[OPTIONAL]**

We do engage with companies to whom we have provided debt to. Our engagement includes follow up on ESGAPs, audits, technical assistance and visits to the companies we have financed.  
 When providing debt through syndications to commercial banks for example the lead arranger is also in the lead of following up requirements with regards to ESG. This can include follow up on ESGAP, monitoring, reporting and audits.  
 Please see section SG 07 about Swedfund's investment process, the use of ESGAP and audit plans, which also applies for investments in private debt..

**FI 15 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2**

**FI 15.1 Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)**

Type of engagement	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>

Collaborative engagements	<input checked="" type="checkbox"/>
Service provider engagements	<input type="checkbox"/>

**FI 15.2** Indicate how your organisation prioritises engagements with issuers.

	Corporate (non-financial)
Size of holdings	<input type="checkbox"/>
Credit quality of the issuer	<input type="checkbox"/>
Duration of holdings	<input type="checkbox"/>
Quality of transparency on ESG	<input type="checkbox"/>
Specific markets and/or sectors	<input type="checkbox"/>
Specific ESG themes	<input type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>

If 'other' has been selected, please give a description

Engagement is adjusted in accordance with what was identified in Due diligence and what has been set out in the ESGAP.

**FI 15.3** Indicate when your organisation conducts engagements with issuers.

	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments.	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>

**FI 15.4** Indicate what your organisation conducts engagements with issuers on.

	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>

**FI 15.5** Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input checked="" type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input checked="" type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>

We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.

If 'other' has been selected, please give a description

ESG is an integrated part of Due Diligence. Potential deficiencies related to ESG issues are followed up in a ESGAP (Environmental Social Governance Action Plan), which is part of the loan agreement. Monitoring through Swedfund Sustainability Report (a self declaration for the company) is made on an annual basis. Based on the ESGAP and annual monitoring and in depth knowledge about the company (issuer) Swedfund undertakes audits (conducted by its own staff or external consultants) on a regular basis  
 Please see section SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.  
 Please see section SG 07 about Swedfund's investment process, the use of ESGAP and audit plans.  
 Senior Investment Managers are responsible for the ESG performance and improvements of the investments.

FI 15.6 Additional information.[OPTIONAL]

ESG is an integrated part of Due Diligence. Potential deficiencies related to ESG issues are followed up in a ESGAP (Environmental Social Governance Action Plan), which is part of the loan agreement. Monitoring through Swedfund Sustainability Report (a self declaration for the company) is made on an annual basis. Based on the ESGAP and annual monitoring and in depth knowledge about the company (issuer) Swedfund undertakes audits (conducted by its own staff or external consultants) on a regular basis  
 Please see section SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.  
 Please see section SG 07 about Swedfund's investment process, the use of ESGAP and audit plans.  
 Senior Investment Managers are responsible for the ESG performance and improvements of the investments.

FI 16 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

Yes

FI 16.2 Please attach or provide a URL to your fixed income engagement policy document. [Optional]

<https://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf>

No

FI 16.3 Additional information [OPTIONAL]

Please see section SG. Swedfund has specific ESG requirements and recommendations when doing investments in financial institutions. These are being described in our sustainability policy, see the URL above.

FI 17 Mandatory to Report, Voluntary to Disclose Additional Assessed General

FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

	Corporate (non-financial)
We measure whether incorporating ESG impacts portfolio risk.	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input checked="" type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

FI 17.2 Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

Please see section Strategy and Governance for RI objectives and progress, and Swedfund's Strategic Sustainability Goals.

FI 18 Voluntary Descriptive PRI 1,2

FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Corporate (non-financial)	
	ESG issue and explanation
	Improve management of ESG matters in order to comply with Swedfund's Strategic Sustainability Targets: <ul style="list-style-type: none"> <li>• Adherence to ILO Core Conventions</li> <li>• Implementation of ESG Management System</li> <li>• Implementation of Anti-Corruption Management System</li> </ul>
Engagement	
	Impact on investment decision or performance
	We have supported an issuer in developing an environmental and social management system with the help of technical assistance funding Please see section Strategy and Governance for further details on RI objectives and progress, and Swedfund's Strategic Sustainability Goals.

Example 2

- Example 3
- Example 4
- Example 5

PE 01	Voluntary	Descriptive	PRI 1-6
PE 01.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.		
	<p>Please see section 00 11.4 about Swedfund's mission and Business model based on the three pillars: Social impact, Sustainability, Financial viability</p> <p>Please see section SG 01 about international norms applied to all Swedfund's investments, including private equity.</p> <p>Please see section SG 05-06 about RI objectives, progress and Swedfund's Strategic Sustainability Goals.</p> <p>Please see section SG 07.2 about Swedfund's investment process, the use of ESG audits and ESG action plans</p>		
PE 02	Mandatory	Core Assessed	PRI 2
PE 02.1	Indicate whether your organisation's investment activities are guided by a responsible investment policy / follow responsible investment guidelines.		
	<input checked="" type="checkbox"/> Our investment activities are guided by a responsible investment policy		
PE 02.2	Describe how your organisation outlines expectations on staff and portfolio companies' approach towards ESG issues in investment activities.		
	<p>When investing in private equity, Swedfund follows the same investment process and criteria as for the other direct investments, which include e.g. compliance with Swedfund's</p> <ul style="list-style-type: none"> <li>• Swedfund's Policy for Sustainable Development</li> <li>• Anti-Corruption Policy</li> <li>• EDFI Exclusion list as well as,</li> <li>• Anti-Corruption Clauses in the Contract</li> </ul> <p>For further guidance please see the entire module Strategy and Governance in this report.</p>		
	<input type="checkbox"/> Our investment activities are not guided by a responsible investment policy <input type="checkbox"/> We do not have a responsible investment policy		
PE 05	Mandatory	Gateway	PRI 1
PE 05.1	During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.		
	<input checked="" type="checkbox"/> Yes		
PE 05.2	Describe your organisation's approach to incorporating ESG issues in private equity investment selection.		
	<p>Please see section 00 11.4 about Swedfund's mission and Business model based on the three pillars: Social impact, Sustainability, Financial viability</p> <p>Please see section SG 01 about international norms applied to all Swedfund's investments, including private equity.</p> <p>Please see section SG 05-06 about RI objectives, progress and Swedfund's Strategic Sustainability Goals.</p> <p>Please see section SG 07.2 about Swedfund's investment process, the use of ESG audits and ESG action plans</p>		
	<input type="checkbox"/> No		
PE 06	Mandatory	Core Assessed	PRI 1,3
PE 06.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.		
	<input checked="" type="checkbox"/> Raw data from target company <input type="checkbox"/> Benchmarks against other companies <input checked="" type="checkbox"/> Sector level data/benchmarks <input checked="" type="checkbox"/> Country level data/benchmarks <input checked="" type="checkbox"/> Reporting standards, industry codes and certifications <input checked="" type="checkbox"/> International initiatives, declarations or standards <input checked="" type="checkbox"/> Engagements with stakeholders (e.g. customers and suppliers) <input checked="" type="checkbox"/> Advice from external resources <input checked="" type="checkbox"/> Other, specify <p>Company Policies, Integrity Checks are examples of further assessments and information we require</p> <input type="checkbox"/> We do not track this information		
PE 06.2	Describe how this information is reported to, considered and documented by the Investment Committee or similar.		
	<p>We send out an ESG DD Questionnaire to all our potential investments, where Swedfund is a lead investor. Among core information is to understand the fund managers' attitude towards sustainable business and how they have integrated ESG considerations into their investment process. The questionnaire will be completed with site visit and external evaluations, where applicable, and finally the findings and draft action plans from ESG due diligence are documented in ESG PM and screening document that are presented to Investment Committee. The findings are summarised to a Board presentation.</p>		
PE 07	Voluntary	Additional Assessed	PRI 1,2
PE 07.1	During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?.		
	<input checked="" type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> If yes		

- Formally/through a post-investment action plan or value enhancement plan
- Verbally/through dialogue
- Other, specify

PE 07.2

Describe the nature of these improvements and provide examples (if any) from the reporting year

Compliance with ILO Core Conventions and Basic Terms and Conditions of Employment, implementation of Environmental Management and/or Social Management Systems as well as implementation of an Anti-Corruption Management System. All investment are assessed based on above mentioned criteria and any gaps identified are included in an ESG Action Plan that will be included in the contract. For more detailed information please refer to:

- OO 11.4 about Swedfunds mission and investment modell standing on three pillars.
- SG 01 about international norms applicable to all Swedfund's investments, including private equity.
- SG 05-06 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.
- SG 07.2 about Swedfund's investment process, the use of ESG audits and action plans

One person in the portfolio company's management shall have the ultimate responsibility for Sustainable Business Development. Competence to manage environmental and social issues as well as an Anti-Corruption policy should be implemented and maintained through continuous education for relevant staff.

During the reporting year, we have for example asked a fund manager to conduct a gender assessment and create a plan that would aim to improve the gender balance at the fund manager and in the portfolio.

- We do not set expectations for portfolio companies on ESG-related considerations

PE 07.3

Additional information. [OPTIONAL]

#### DECENT WORK

- Through investment in the private sector - where the majority of all jobs in our markets are generated - we help create more jobs.
- During our Due Diligence, we look at whether the company complies with the ILO's core conventions and the ILO's basic terms and conditions of employment. If deficiencies are identified, these are addressed through an ESGAP (Environmental Social Governance Action Plan), with a set target date for rectifying the situation. ESGAP forms a part of the investment agreement with the portfolio companies.
- By developing financially sustainable businesses, we create the conditions for continued and additional employment in companies that survive and progress.
- We measure the number of jobs in our portfolio companies, and one of our objectives is that they shall increase over time.

#### GENDER EQUALITY

- Swedfund invests in companies that have employing women as an explicit goal.
- We invest in banks, which focus on lending to women.
- In our Due Diligence when evaluating an investment, we analyse the company's approach to equality and non-discrimination, such as the availability of parental leave and equal pay for equal work. We start from the ILO's core conventions and the ILO's basic terms and conditions of employment.
- Through Women4Growth, a talent development programme for women employed in our portfolio companies, we make targeted interventions to strengthen them in a professional role and to further develop them to achieve leading positions.
- We set requirements and constantly measure key ratios linked to compliance with the ILO's core conventions and the ILO's basic terms and conditions of employment..and generequality in the form of proportion of female employees, female in leading positions and on the Board of Directors

This way we highlight women in our data. We know that what is measured is visible - and highlighting facts is the start of change!

#### THE ENVIRONMENT & CLIMATE

- In our Due Diligence in preparation for an investment, we analyse the company's resource utilisation and impact on the environment.
- We work actively to minimise resource use and negative environmental impact. We place requirements on the implementation of environmental and social management systems within three years from the date of the investment.
- Swedfund focuses in its investment in the production of renewable energy.
- DFIs fulfil an important role as sources of finance in the early stages of high-risk energy projects. In this, we act as catalysts and accelerate private investment within the renewable energy sector in Africa.
- We set requirements on and measure the degree of implementation of environmental and social management systems in our portfolio.
- We measure GWh of renewable electricity generated and monitor energy and water consumption of our direct investments.

#### TAX

- Tax forms part of Swedfund's Due Diligence. This means that, in preparation for an investment, we review the project and its structure from a tax perspective. Swedfund will not, for example, invest in corporate structures which lead to unjustified profit transfers from the operating country to another country, leading to an unbalanced tax situation. We also require that our portfolio companies submit reports on their tax situation. In the course of its normal activities, Swedfund will encourage its portfolio companies to act responsibly on taxation matters.
- Swedfund reports the taxes reported by portfolio companies in its annual report, and aims to record information on the amount of tax paid by the companies, using a harmonised definition.
- We also report the amount of tax which our portfolio companies declare in their annual reports in an aggregate country- by-country report.
- The Chief legal Counsel and Investment Managers are responsible for tax issues in portfolio companies.

#### HUMAN RIGHTS

- Swedfund's responsibility to respect human rights has been long enshrined in the guidelines and duties that guide us. These include Sweden's national action plan for business and human rights, the state's owners' policy, the UN's Global Compact and the OECD's guidelines. In 2014, we began the implementation of the UN Guiding Principles on Business and Human Rights.
- Human rights are an integral part of the Due Diligence which covers all our new investments

#### ANTI-CORRUPTION

- Swedfund aims for zero tolerance to all forms of corruption. There is a high prevalence of corruption in Swedfund's markets. In the event of a serious case of corruption, Swedfund ultimately has the right to withdraw from the investment.
- In every Due Diligence carried out on all new investments, corruption risks are analysed, as is the company's approach to combating corruption. For each direct investment, an ESG Action Plan is drawn up, with measures to ensure that the companies comply with Swedfund's Sustainability policy and Anti-corruption policy.
- To make things easier for the portfolio companies, Swedfund has produced a template for an anti-corruption policy, which portfolio companies are welcome to use.
- Education and skills development on anti-corruption issues, internally and in portfolio companies, are another important component of Swedfund's anti-corruption work.
- Swedfund requires that portfolio companies implement a management system in respect of anti-corruption issues. This is one of Swedfund's strategic sustainability goals.

PE 08	Voluntary	Additional Assessed	PRI 1
PE 08.1	Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.		
<input checked="" type="checkbox"/> ESG issues helped identify risks <input checked="" type="checkbox"/> ESG issues helped identify opportunities for value creation. <input checked="" type="checkbox"/> ESG issues led to the abandonment of potential investments. <input type="checkbox"/> ESG issues were considered but did not have an impact on the investment selection process <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not track this potential impact			
PE 08.2	Indicate how ESG issues impacted your private equity investment deals during the reporting year.		
<input type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid <input checked="" type="checkbox"/> ESG issues were included in the post-investment action plan/100 day plan <input checked="" type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants <input type="checkbox"/> ESG issues were considered but did not have an impact on the deal structuring process <input checked="" type="checkbox"/> Other, specify Influence through agreement of common ESG terms and references together with co-investors for the fund manager <input type="checkbox"/> We do not track this potential impact			
PE 08.3	Additional information. [OPTIONAL]		
ESG issues always impact the terms of our agreements through our requirements for our portfolio companies/investments to fulfill our Strategic Sustainability Targets. Please see SG 05-06.			

PE 09	Mandatory	Gateway/Core Assessed	PRI 2						
PE 09.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.								
<input checked="" type="checkbox"/> Yes									
PE 09.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.								
<input checked="" type="checkbox"/> >90% of portfolio companies <input type="checkbox"/> 51-90% of portfolio companies <input type="checkbox"/> 10-50% of portfolio companies <input type="checkbox"/> <10% of portfolio companies									
PE 09.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.								
<input checked="" type="checkbox"/> Environmental <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Example 1</td> <td>Implementation of ESG Management System. Please refer to section SG 05-06</td> </tr> </table> <input checked="" type="checkbox"/> Social <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Example 1</td> <td>Adherence to ILO Core Conventions, please refer to section SG 05-06</td> </tr> </table> <input checked="" type="checkbox"/> Governance <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Example 1</td> <td>Implementation of Anticorruption Management System. Please refer to section SG 05-06</td> </tr> </table> <input type="checkbox"/> We do not set and/or monitor against targets				Example 1	Implementation of ESG Management System. Please refer to section SG 05-06	Example 1	Adherence to ILO Core Conventions, please refer to section SG 05-06	Example 1	Implementation of Anticorruption Management System. Please refer to section SG 05-06
Example 1	Implementation of ESG Management System. Please refer to section SG 05-06								
Example 1	Adherence to ILO Core Conventions, please refer to section SG 05-06								
Example 1	Implementation of Anticorruption Management System. Please refer to section SG 05-06								
<input type="checkbox"/> No									

PE 10	Mandatory	Core Assessed	PRI 2
PE 10.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).		
<input checked="" type="checkbox"/> Yes			
PE 10.2	Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).		
<input type="checkbox"/> >90% of portfolio companies <input checked="" type="checkbox"/> 51-90% of portfolio companies <input type="checkbox"/> 10-50% of portfolio companies <input type="checkbox"/> <10% of portfolio companies <input type="checkbox"/> 0% of portfolio companies			



No

PE 10.3 Additional information. [Optional]

Please see section Strategy and Governance

PE 11	Voluntary	Additional Assessed	PRI 2
-------	-----------	---------------------	-------

PE 11.1 Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

- Allocate responsibility for ESG issues to board/senior management
  - >90% of portfolio companies
  - 51-90% of portfolio companies
  - 10-50% of portfolio companies
  - <10% of portfolio companies
  - We do not track this information
- Composition of board ensure ESG expertise
- Consider ESG issues in risk management processes
  - >90% of portfolio companies
  - 51-90% of portfolio companies
  - 10-50% of portfolio companies
  - <10% of portfolio companies
  - We do not track this information
- Define performance targets for applicable ESG issues in operations
- Identify and engage external parties or stakeholders that could add value or decrease risk through ESG issues
- Developing/implementing an environmental/social management system (ESMS) or similar
  - >90% of portfolio companies
  - 51-90% of portfolio companies
  - 10-50% of portfolio companies
  - <10% of portfolio companies
  - We do not track this information
- Other actions, specify
  - Emergency readiness (incl. in the ESMS)
  - >90% of portfolio companies
  - 51-90% of portfolio companies
  - 10-50% of portfolio companies
  - <10% of portfolio companies
  - We do not track this information
- None of the above

PE 11.2 Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.

Swedfund aims to contribute to the creation of businesses which are viable in the long term, and therefore requires portfolio companies to establish a management system for environmental and social issues. In conjunction with the initial analysis of a prospective investment, an assessment is made to determine whether a management system is in place. If this is not the case, the scope to bring about improvements is evaluated. If Swedfund opts to proceed with an investment, the requirements for improvements are tied to the financial conditions for the disbursement of funds.

A sustainable development policy must be established and adopted by the management of the portfolio companies. The sustainable development policy lays the foundations for the way in which a business must approach sustainable development, and it is vital that it does not simply become a desk exercise, but is also implemented in the portfolio companies' operations. The implementation of a management system for sustainability issues is an important step to ensure that the policy is implemented and established.

To determine whether a portfolio company meets the strategic sustainability goal, Swedfund uses monitoring to determine whether the portfolio company has implemented a management system and, if so, whether it includes the relevant components:

- SUSTAINABILITY POLICY A sustainability policy must be established and adopted by the management of the portfolio companies.
- IDENTIFICATION OF RISKS AND IMPACTS A system/routine must be established in order to identify sustainability risks and the areas that are affected.
- PERFORMANCE MANAGEMENT The company's results within identified risks and impact areas must be continually monitored and evaluated in order to measure and improve results over time.
- RESPONSIBILITY AND COMPETENCE A member of the company's management team must have overall responsibility for sustainable development issues.
- EMERGENCY PREPAREDNESS In the case of fixed installations, action plans must have been established for accidents and disaster situations.
- REPORTING Reporting must take place regularly and at least annually both to the management and to the board of directors of the portfolio company, as well as to Swedfund.
- STAKEHOLDERS Internal and external stakeholders must be identified and consulted in situations which affect them and be given relevant information at appropriate times and intervals.

PE 12	Voluntary	Descriptive	PRI 2,3
PE 12.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.		
<input checked="" type="checkbox"/> Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated <ul style="list-style-type: none"> <li><input type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input checked="" type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad-hoc/when requested, specify</li> </ul>			
<input checked="" type="checkbox"/> Standalone reports highlighting targets and/or KPIs covering ESG issues <ul style="list-style-type: none"> <li><input type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input checked="" type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad-hoc/when requested, specify</li> </ul>			
<input type="checkbox"/> Other, specify <input type="checkbox"/> No reporting on ESG issues requested and/or provided by portfolio companies			
PE 12.2	Describe what level of reporting you require from portfolio companies, and indicate what percentage of your assets are covered by ESG reporting.[OPTIONAL]		
ESG data is collected through Swedfund Portfolio Company Annual Sustainability Report which is sent out to all Swedfund's portfolio companies. The questionnaire is modified for Direct investments, Financial Institutions and Funds, to follow up on the companies performance in relation to ESG and Development effects.			

PE 13	Voluntary	Additional Assessed	PRI 2
PE 13.1	Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.		
<input checked="" type="checkbox"/> We included ESG issues in pre-exit information <input type="checkbox"/> We did not include ESG issues in pre-exit information <input type="checkbox"/> N/A, we did not have any exits in the reporting year			
PE 13.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.		
<p>Sometimes it is a challenge to make a partner adapt their activities to match Swedfund's requirements for sustainability and a positive impact on society. However, awareness and demands for sustainability are increasing. When Swedfund has decided to sell a portfolio company, it will be valued by an independent third party. The exit will be made on market conditions and there has to be a buyer. The best option is often to sell the shares to the company's main owner.</p> <p>No matter who the buyer is, the principles are the same as when Swedfund entered the deal: The buyer shall meet Swedfund's ambitions, goals and investment terms. If a third party buys our share, we will check the buyer to investigate that their activities are consistent with Swedfund's values. That increases the likelihood that the company will continue doing business in accordance with Swedfund's sustainability targets. What happens once Swedfund has sold the company is unfortunately not something we can control. However, there is an opportunity to provide specific funding to safeguard high ESG standard even after Swedfund's exit. Recently Swedfund has specifically developed our approach on Human Rights in an exit situation.</p>			

PE 14	Voluntary	Additional Assessed	PRI 1,2				
PE 14.1	Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.						
<input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts the financial performance of investments <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Describe the impact on:</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Financial performance of investments</td> <td> <input checked="" type="radio"/> Positive  <input type="radio"/> Negative  <input type="radio"/> No impact                 </td> </tr> </tbody> </table>				Describe the impact on:	Impact	Financial performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact
Describe the impact on:	Impact						
Financial performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact						
<input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts the ESG performance of investments <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Describe the impact on:</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>ESG performance of investments</td> <td> <input checked="" type="radio"/> Positive  <input type="radio"/> Negative  <input type="radio"/> No impact                 </td> </tr> </tbody> </table>				Describe the impact on:	Impact	ESG performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact
Describe the impact on:	Impact						
ESG performance of investments	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact						
<input type="checkbox"/> None of the above							
PE 14.2	Describe how you are able to determine these outcomes.						
Through Swedfund Portfolio Company Sustainability Reports, Annual Reports, and any other type of reporting, which we receive regularly from our portfolio companies. Based on this information as well as knowledge we can report on how they are performing in relation to our Sustainability Targets including							

**PE 15.1** Provide examples of ESG issues that you identified in your potential and/or existing private equity investments during the reporting year.

Add Example 1

Investment Stage	Due diligence
ESG issues	ESG issues
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Gender Equality <input type="checkbox"/> Governance
Sector(s)	Financial Institutions and Funds
Impact (or potential impact) on the investment	Increased gender equality with more females on management positions
Activities undertaken to influence the investment and its response	Through Women4Growth, a talent development programme for women employed in our portfolio companies, we make targeted interventions to strengthen them in a professional role and to further develop them to achieve leading positions. We identify the possibility and need for Women4Growth as a part of our ESG DD and monitor the gender specific metrics during the ownership.

Add Example 2

Investment Stage	Investment monitoring
ESG issues	ESG issues
	<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social Human rights - The right to health <input type="checkbox"/> Governance
Sector(s)	Manufacturing
Impact (or potential impact) on investment	When monitoring an investment, risks related to occupational health and safety, such as inadequate use of personal protective equipment (PPE), were identified
Activities undertaken to influence the investment and its response	The investment is being monitored very closely by Swedfund and external experts and there is a continuous dialogue with the management. Swedfund has requested the company to implement relevant activities and controls and further disbursements are dependent on improvements on this area.

Add Example 3

Investment Stage	Due diligence
ESG issues	ESG issues
	<input checked="" type="checkbox"/> Environmental Waste management <input type="checkbox"/> Social <input type="checkbox"/> Governance
Sector(s)	Energy and Climate

Impact (or potential impact) on investment	In carrying out Due Diligence on a new investment, we identified risks related to waste management, such as recycling of batteries and other solid waste.
Activities undertaken to influence the investment and its response	The due diligence resulted in activities in the Environmental, Social and Governance Action Plan (ESGAP). In addition, Swedfund provided Technical Assistance funding for an industry organisation to support a working group on e-waste with the aim of providing relevant guidelines and tools to help our portfolio companies.

- Add Example 4
- Add Example 5

**PE 15.2** Describe how you define and evaluate the materiality of ESG factors.

Please see section SG 07 about Swedfund's investment process, the use of ESGAP and audit plans.

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
<input checked="" type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input checked="" type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified</li> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above			
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
<input checked="" type="checkbox"/> Whole PRI Transparency Report was assured last year <input type="checkbox"/> Selected data was assured in last year's PRI Transparency Report <input type="checkbox"/> We did not assure last year's PRI Transparency report <input type="checkbox"/> None of the above, we were in our preparation year and did not report last year.			
CM1 02.2	Whole report was assured in last year's PRI Transparency Report		
Who has conducted the assurance			
EY Sweden			
Assurance standard used			
<input checked="" type="checkbox"/> ISAE/ ASEA 3000 <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input type="checkbox"/> AAF01/06 <input type="checkbox"/> AA1000AS <input type="checkbox"/> IFC performance standards <input type="checkbox"/> ASAE 3410 Assurance Engagements on Greenhouse Gas Statements. <input type="checkbox"/> National standard <input type="checkbox"/> Other			
Level of assurance sought			
<input checked="" type="checkbox"/> Limited or equivalent <input type="checkbox"/> Reasonable or equivalent			
Link to external assurance provider's report			
<a href="https://www.swedfund.se/media/2040/swedfund-unpri-auditors-assurance-report-2018.pdf">https://www.swedfund.se/media/2040/swedfund-unpri-auditors-assurance-report-2018.pdf</a>			
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input checked="" type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report			
CM1 03.3	Provide a link to the public report (such as a sustainability report that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the external assurance provider's report.		
<a href="https://www.swedfund.se/media/2200/swedfund-integrerad_redovisning-2018.pdf">https://www.swedfund.se/media/2200/swedfund-integrerad_redovisning-2018.pdf</a> <a href="https://www.swedfund.se/media/2193/swedfund-unpri-auditors-assurance-report-2019.pdf">https://www.swedfund.se/media/2193/swedfund-unpri-auditors-assurance-report-2019.pdf</a>			
<input checked="" type="checkbox"/> ESG audit of holdings			
CM1 03.4	Describe the process of external/third party ESG audit of holdings, including which data has been assured.		
<p>Swedfund carries out regular site visits and/or internal and third-party ESG audits as part of our commitment in the ESG area. Continuous monitoring also takes place during the ongoing dialogue with and visits to the portfolio companies by Swedfund's Investment Organisation including dedicated ESG professionals.</p> <p>Audits (internal and external) and site visits are primarily conducted with the purpose to monitor the ESG status of our portfolio companies and to support the companies in their ESG work, the implementation of Environmental, Social and Governance Action Plan (ESGAP) and improvements to achieve the strategic sustainability goals.</p> <p>Swedfund sets sustainability requirements in agreements and requires portfolio companies to submit annual sustainability reports. An ESGAP, and</p>			

the requirements which are formulated within it, forms part of the investment agreement.

The visits often result in an (updated) action list with specific actions and target dates, which are monitored by Swedfund's ESG Managers and the Senior Investment Manager with responsibility for the investment.

- Other, specify
- None of the above

CM1 05	Mandatory	Descriptive	General
--------	-----------	-------------	---------

CM1 05.1	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
----------	---

What data has been assured
----------------------------

- Financial and organisational data
- Data related to RI activities
- RI Policies
- RI Processes (e.g. engagement process)
- ESG operational data of the portfolio
- Other

Relevant modules
------------------

- Organisational Overview
- Strategy and Governance
- Indirect – Manager Selection, Appointment and Monitoring
- Direct - Fixed Income
- Direct – Private Equity

Who has conducted the assurance
---------------------------------

EY Sweden

Assurance standard used
-------------------------

- ISAE/ ASEA 3000
- ISAE 3402
- ISO standard
- AAF01/06
- AA1000AS
- IFC performance standards
- ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- National standard
- Other

Level of assurance sought
---------------------------

- Limited or equivalent
- Reasonable or equivalent

Please provide:
-----------------

<https://www.swedfund.se/media/2193/swedfund-unpri-auditors-assurance-report-2019.pdf>  
[https://www.swedfund.se/media/2200/swedfund-integrerad\\_redovisning-2018.pdf](https://www.swedfund.se/media/2200/swedfund-integrerad_redovisning-2018.pdf)

CM1 07	Mandatory	Descriptive	General
--------	-----------	-------------	---------

CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
----------	--

- CEO or other Chief-Level staff

Sign-off or review of responses
---------------------------------

- Sign-off
- Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)