



PRIVATE TRANSPARENCY REPORT

2023

Swedfund International AB

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2023 reporting period. It includes all responses (public and private) to core and plus indicators.

In response to signatory feedback, the PRI has not summarised your responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options that you selected are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------------------|---------------|
| SLS 1 | CORE | N/A | N/A | PUBLIC | Senior Leadership Statement | GENERAL |

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Swedfund International AB is Sweden's development finance institution and our mission is to fight poverty through sustainable investments in developing countries. We play a vital role in both development cooperation and the implementation of Agenda 2030 and we finance and develop sustainable companies in order to create jobs and improve access to socially important products and services. A well-developed private sector with jobs offering decent working conditions leads to stable communities and reduces poverty. Swedfund is a state-owned company which is managed by the Swedish Ministry of Finance. Its operations are financed by reflows from the portfolio and through capital injections from the development cooperation budget, for which the Swedish Ministry for Foreign Affairs is responsible for.

Swedfund was established in 1979 and has ever since provided equity and loans to businesses, financial institutions and funds in Africa, Asia, Latin America, the Middle East and Eastern Europe. At the end of 2022, Swedfund had 64 investments with 65 percent of the portfolio located in sub-Saharan Africa. Swedfund continues to invest in both Energy & Climate and Financial inclusion. Investments in the health sector were previously a separate sector, but during the year it was decided that health investments, together with investments in increased digitalisation, will be included as thematic aspects of a new sector called 'Sustainable enterprises'. The latest strategy review has also resulted in the Board of Directors approving the creation of a new sector, which focuses on investments in sustainable food systems.

This decision stemmed from a need to improve access to food and thereby highlight the importance of streamlining food supply, among others through investments in the supply chain, processing and logistics. In this area, there is also an opportunity to contribute to the sector's outcomes on climate and job creation. We invest directly in companies and indirectly through financial institutions and funds. Indirect investments are made because they are an effective tool for reaching out to SMEs, boosting lending to entrepreneurs and for use as a platform for mobilising private capital. Regardless of the country, sector or instrument in which we are operating, we work within a number of thematic areas: climate, women's economic empowerment and digitalisation.

Human rights are also a vital dimension which must permeate our investment activities in the process before we take a decision on a new investment and during the value creation period. Our business model is based on three pillars: impact on society, sustainability, and financial viability. By setting requirements for development results and working closely with our portfolio companies, we monitor and ensure that they develop in the right direction.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

2022 was marked by a number of interlinked crises. Russia's invasion of Ukraine has heightened uncertainty in the global economy and added to pandemic-related problems such as trade disruption and slowing economic growth. This is reinforcing pre-existing challenges in developing countries, such as poverty, food insecurity, inflation and high debt. At the same time, climate change is continuing unabated. Swedfund's mission, to reduce poverty through sustainable investments, is therefore more important now than ever before.

An example of the type of investment that is needed is Swedfund's investment in the Climate Investor Two fund, which invests in water, waste management and ocean-related projects. Swedfund carried out a total of 15 new investments within Energy & Climate, Financial inclusion and Health, with a value of SEK 2.1 billion. The value of Swedfund's contracted portfolio continued to grow and amounted to just over MSEK 8,400 at the turn of the year, which means that the value of the portfolio rose by almost MSEK 2,600 in 2022. This increase is the result of a high volume of new contracted investments and a positive effect on the value of the portfolio from currency translation and changes in the value of a number of holdings.

Given the challenges we have seen, it is a very positive sign that our total portfolio is contributing 333,000 jobs, that 61 percent of the portfolio companies have seen positive job growth, and that 100% of the holdings in the active value creation phase are fulfilling the ILO's Declaration on Fundamental Principles and Rights at Work.

A job is often what people need to escape from poverty, and a job in the formal sector also helps to create even more indirect jobs. Our portfolio is estimated to have contributed to 1.53 million indirect jobs. 57 percent of the portfolio meets the requirements for investing in women entrepreneurs, in companies with women in senior positions, with a high proportion of female employees or products and services targeting women. In the Energy & Climate sector, our investments supply energy to around three million households and companies. Approximately 450,000 SMEs gain access to loans through our investments in financial inclusion, and we have contributed to approximately six million patient visits through investments in the health sector. Through this type of impact, our investments have a ripple effect and contribute to sustainable and inclusive economic development.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

In 2023, Swedfund's CEO Maria Håkansson looks forward to continuing to develop the business together with the employees. A capital injection of MSEK 1,460, with MSEK 460 earmarked for climate investments, presents Swedfund with excellent opportunities to continue to deliver on the mission. Through the cooperation within EDFI, Swedfund has gained access to an EU guarantee framework to carry out investments in line with the priority areas set out in Global Gateway, renewable energy, digital infrastructure, climate and health. This will enable both Swedfund and other development finance institutions to further accelerate investments to meet the enormous needs that exist today, while at the same time ensuring that our efforts generate positive effects for the future and accelerate progress towards Agenda 2030.

Swedfund's business plan demonstrates a clear ambition to grow and act catalytically by mobilising capital from private investors to help meet the needs that we identify. Jobs must be created, women's economic empowerment strengthened and climate change limited. Swedfund has an ambitious vision to ensure that we deliver our mission. We have an effective business model with measurable indicators linked to our three pillars: impact on society, sustainability and financial viability, as well as selected goals in Agenda 2030. Our three pillars remain.

At the same time, we have supplemented our existing indicators with an additional indicator to measure the performance of the funds, within the pillar of financial viability. An essential part of Swedfund's mission is taking risks. Taking risks is closely linked to our desire to be both additional and catalytic, and to safeguard investments that would otherwise not have been realised. As uncertainty and assessed risk have increased, many private investors have now become more hesitant to invest in developing countries. This has heightened the importance of development finance institutions, while at the same time, it will also be crucial to lead the way in attracting investment and private capital to developing countries through cooperation with institutional investors.

Our aim is to contribute to the mobilisation of a higher proportion of capital for developing countries, which will enable us to accelerate the rate at which Agenda 2030 is implemented. We can achieve more and reach more people through partnerships.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Maria Håkansson

Position

CEO

Organisation's Name

Swedfund International AB

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| OO 1 | CORE | N/A | N/A | PUBLIC | Reporting year | GENERAL |

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

| | Date | Month | Year |
|--|------|-------|------|
| Year-end date of the 12-month period for PRI reporting purposes: | 31 | 12 | 2022 |

SUBSIDIARY INFORMATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------|---------------|
| OO 2 | CORE | N/A | OO 2.1 | PUBLIC | Subsidiary information | GENERAL |

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------|---------------|
| OO 4 | CORE | OO 3 | N/A | PUBLIC | All asset classes | GENERAL |

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 832,259,152.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|-----------------|---------------|
| OO 5 | CORE | OO 3 | Multiple indicators | PRIVATE | Asset breakdown | GENERAL |

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

| | (1) Percentage of Internally managed AUM | (2) Percentage of Externally managed AUM |
|--------------------|--|--|
| (A) Listed equity | 0% | 0% |
| (B) Fixed income | 26% | 13% |
| (C) Private equity | 11% | 50% |
| (D) Real estate | 0% | 0% |
| (E) Infrastructure | 0% | 0% |
| (F) Hedge funds | 0% | 0% |
| (G) Forestry | 0% | 0% |

| | | |
|-----------------------|----|----|
| (H) Farmland | 0% | 0% |
| (I) Other | 0% | 0% |
| (J) Off-balance sheet | 0% | 0% |

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| OO 5.1 | CORE | OO 5 | Multiple | PRIVATE | Asset breakdown: Externally managed assets | GENERAL |

Provide a further breakdown of your organisation's externally managed listed equity and/or fixed income AUM.

| | (2) Fixed income - SSA | (3) Fixed income - corporate | (4) Fixed income - securitised | (5) Fixed income - private debt |
|-------------|------------------------|------------------------------|--------------------------------|---------------------------------|
| (A) Active | 0% | 0% | 0% | 100% |
| (B) Passive | 0% | 0% | | |

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|-----------------|------------|--|---------------|
| OO 5.2 | CORE | OO 5, OO 5.1 | SAM 3, SAM 8 | PRIVATE | Asset breakdown: Externally managed assets | GENERAL |

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

| | (1) Segregated mandate(s) | (2) Pooled fund(s) or pooled investment(s) |
|---------------------------|---------------------------|--|
| (C) Fixed income - active | 0% | 100% |
| (E) Private equity | 0% | 100% |

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| OO 5.3 FI | CORE | OO 5 | Multiple | PRIVATE | Asset breakdown: Internally managed fixed income | GENERAL |

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA 0%

(D) Active – corporate 0%

(E) Securitised 0%

(F) Private debt 100%

ASSET BREAKDOWN: INTERNALLY MANAGED PRIVATE EQUITY

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| OO 5.3 PE | CORE | OO 5 | N/A | PRIVATE | Asset breakdown: Internally managed private equity | GENERAL |

Provide a further breakdown of your internally managed private equity AUM.

(A) Venture capital 0%

(B) Growth capital 100%

(C) (Leveraged) buy-out 0%

(D) Distressed, turnaround or special situations 0%

(E) Secondaries 0%

(F) Other 0%

MANAGEMENT BY PRI SIGNATORIES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------------------|---------------|
| OO 6 | CORE | OO 5 | N/A | PRIVATE | Management by PRI signatories | GENERAL |

What percentage of your organisation's externally managed assets are managed by PRI signatories?

50%

GEOGRAPHICAL BREAKDOWN

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|------------------------|------------|------------|------------------------|---------------|
| OO 7 | CORE | Multiple, see guidance | N/A | PUBLIC | Geographical breakdown | GENERAL |

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(E) Fixed income – private debt (11) >90 to <100%

(F) Private equity (11) >90 to <100%

STEWARDSHIP

STEWARDSHIP

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|------------------------|---------------------|------------|-------------|---------------|
| OO 8 | CORE | Multiple, see guidance | Multiple indicators | PUBLIC | Stewardship | GENERAL |

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

(3) Fixed income - active

(5) Private equity

(A) Yes, through internal staff



(B) Yes, through service providers



(C) Yes, through external managers



(D) We do not conduct stewardship



ESG INCORPORATION

INTERNALLY MANAGED ASSETS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|------------------------|---------------------|------------|---------------------------|---------------|
| OO 11 | CORE | Multiple, see guidance | Multiple indicators | PUBLIC | Internally managed assets | 1 |

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

| | | |
|---------------------------------|----------------------------------|-----------------------|
| (H) Fixed income - private debt | <input checked="" type="radio"/> | <input type="radio"/> |
| (I) Private equity | <input checked="" type="radio"/> | <input type="radio"/> |

EXTERNAL MANAGER SELECTION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|----------------------------|---------------|
| OO 12 | CORE | OO 5, OO 5.1 | Multiple indicators | PUBLIC | External manager selection | 1 |

For each externally managed asset class, does your organisation incorporate ESG factors when selecting external investment managers?

(1) Yes, we incorporate ESG factors when selecting external investment managers

(2) No, we do not incorporate ESG factors when selecting external investment managers

| | | |
|---------------------------|----------------------------------|-----------------------|
| (C) Fixed income - active | <input checked="" type="radio"/> | <input type="radio"/> |
| (E) Private equity | <input checked="" type="radio"/> | <input type="radio"/> |

EXTERNAL MANAGER APPOINTMENT

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|------------------------------|---------------|
| OO 13 | CORE | OO 5, OO 5.1 | Multiple indicators | PUBLIC | External manager appointment | 1 |

For each externally managed asset class, does your organisation incorporate ESG factors when appointing external investment managers?

(1) Yes, we incorporate ESG factors when appointing external investment managers

(2) No, we do not incorporate ESG factors when appointing external investment managers

| | | |
|---------------------------|----------------------------------|-----------------------|
| (C) Fixed income - active | <input checked="" type="radio"/> | <input type="radio"/> |
| (E) Private equity | <input checked="" type="radio"/> | <input type="radio"/> |

EXTERNAL MANAGER MONITORING

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|-----------------------------|---------------|
| OO 14 | CORE | OO 5, OO 5.1 | Multiple indicators | PUBLIC | External manager monitoring | 1 |

For each externally managed asset class, does your organisation incorporate ESG factors when monitoring external investment managers?

(1) Yes, we incorporate ESG factors when monitoring external investment managers

(2) No, we do not incorporate ESG factors when monitoring external investment managers

| | | |
|---------------------------|----------------------------------|-----------------------|
| (C) Fixed income - active | <input checked="" type="radio"/> | <input type="radio"/> |
| (E) Private equity | <input checked="" type="radio"/> | <input type="radio"/> |

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------------|---------------|
| OO 18 | CORE | OO 11–14 | OO 18.1 | PUBLIC | Labelling and marketing | 1 |

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|---------------------|---------------------|------------|-----------------------------------|---------------|
| OO 21 | CORE | Multiple indicators | Multiple indicators | PUBLIC | Summary of reporting requirements | GENERAL |

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

| Applicable modules | (1) Mandatory to report (pre-filled based on previous responses) | (2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module | (2.2) Voluntary to report. No, I want to opt-out of reporting on the module |
|--|--|---|---|
| Policy, Governance and Strategy | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Confidence Building Measures | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| (V) External manager selection, appointment and monitoring (SAM) – fixed income - active | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |

(X) External manager selection, appointment and monitoring (SAM)
– private equity



SUBMISSION INFORMATION

REPORT DISCLOSURE

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------|---------------|
| OO 32 | CORE | OO 3, OO 31 | N/A | PUBLIC | Report disclosure | GENERAL |

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|--|---------------|
| PGS 1 | CORE | OO 8, OO 9 | Multiple indicators | PUBLIC | Responsible investment policy elements | 1, 2 |

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (M) Other responsible investment elements not listed here

Specify:

Guidelines on reporting channels including Whistle-blowing Channel and Grievance Mechanism.

For further information, see

- Swedfund's Policy for Sustainable Development: https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

- Swedfund's Anti-Corruption Policy: https://www.swedfund.se/media/2567/swedfund_anti-corruption_policy.pdf

- Swedfund's Tax Policy: <https://www.swedfund.se/media/2513/swedfund-tax-policy-october-2021.pdf>

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------------------|------------|--|---------------|
| PGS 2 | CORE | PGS 1 | Multiple, see guidance | PUBLIC | Responsible investment policy elements | 1 |

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

For further information, see:

- Guiding Note on Climate: <https://www.swedfund.se/media/2493/swedfund-guiding-note-climate.pdf>

- Guiding Note on Human Rights: https://www.swedfund.se/media/2419/swedfund_guiding-note_human_rights_final.pdf

In addition, see also:

- Guiding Note on Gender Equality and Women's Empowerment: https://www.swedfund.se/media/2334/swedfund-guiding-note-gender_20200306.pdf

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 3 | CORE | PGS 1, PGS 2 | N/A | PUBLIC | Responsible investment policy elements | 6 |

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

- (B) Guidelines on environmental factors

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(C) Guidelines on social factors

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(D) Guidelines on governance factors

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(E) Guidelines on sustainability outcomes

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.swedfund.se/media/2493/swedfund-guiding-note-climate.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

https://www.swedfund.se/media/2419/swedfund_guiding-note_human_rights_final.pdf

(H) Specific guidelines on other systematic sustainability issues

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(J) Guidelines on exclusions

Add link:

https://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://www.swedfund.se/media/2246/swedfunds-code-of-conduct.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(P) Other responsible investment aspects not listed here

(Q) No elements of our formal responsible investment policy(ies) are publicly available

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 4 | PLUS | PGS 1 | N/A | PUBLIC | Responsible investment policy elements | 1 – 6 |

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

Swedfund Owner's instructions: https://www.swedfund.se/media/2290/swedfund-owners-instructions_2019-12-06.pdf
 Swedfund Policy for Sustainable Development: https://www.swedfund.se/media/2677/swedfund-policy-for-sustainable-development_2023.pdf

(B) No

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 5 | CORE | PGS 1 | N/A | PUBLIC | Responsible investment policy elements | 2 |

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

RESPONSIBLE INVESTMENT POLICY COVERAGE

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 8 | CORE | PGS 1 | N/A | PUBLIC | Responsible investment policy coverage | 1 |

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 9 | CORE | PGS 2 | N/A | PUBLIC | Responsible investment policy coverage | 1 |

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|-------------------|------------|------------|--|---------------|
| PGS 10 | CORE | OO 8, OO 9, PGS 1 | N/A | PUBLIC | Responsible investment policy coverage | 2 |

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(C) Private equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|----------------------------|---------------|
| PGS 11 | CORE | N/A | Multiple indicators | PUBLIC | Roles and responsibilities | 1 |

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Chief Sustainability Officer

- (C) Investment committee, or equivalent

Specify:

Management Team + Senior Advisor Special Operations

- (D) Head of department, or equivalent

Specify department:

Investing Department, ESG & Impact Department

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|----------------------|------------|------------|----------------------------|---------------|
| PGS 11.1 | CORE | PGS 1, PGS 2, PGS 11 | N/A | PUBLIC | Roles and responsibilities | 1, 2 |

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(1) Board members, trustees, or equivalent

(2) Senior executive-level staff, investment committee, head of department, or equivalent

| | | |
|--|-------------------------------------|-------------------------------------|
| (A) Overall approach to responsible investment | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) Guidelines on environmental, social and/or governance factors | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (C) Guidelines on sustainability outcomes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (D) Specific guidelines on climate change (may be part of guidelines on environmental factors) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (E) Specific guidelines on human rights (may be part of guidelines on social factors) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (F) Specific guidelines on other systematic sustainability issues | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (G) Guidelines tailored to the specific asset class(es) we hold | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (H) Guidelines on exclusions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (I) Guidelines on managing conflicts of interest related to responsible investment | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (J) Stewardship: Guidelines on engagement with investees | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (L) Stewardship: Guidelines on engagement with other key stakeholders | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

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| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| PGS 11.2 | CORE | N/A | N/A | PUBLIC | Roles and responsibilities | 1 – 6 |

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| PGS 12 | CORE | N/A | N/A | PUBLIC | Roles and responsibilities | 1 |

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

Chief Sustainability Officer, Director of ESG, Director of Impact, Director of Business Integrity, ESG Managers, Impact Managers and BI Managers

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

Fund managers have to assign specific roles to implement the responsible investment approach i.e. an ESG Manager.

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| PGS 13 | CORE | PGS 11 | N/A | PUBLIC | Roles and responsibilities | 1 |

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Describe: (Voluntary)

Swedfund's owner instructions include specific mission targets that include sustainability matters. As stated in the Corporate Governance report, it is the responsibility of the Board to integrate sustainable business into the company's business strategy and business development, and to establish strategic goals for sustainable value creation in accordance with the ownership policy. Reporting on progress towards owner's targets is included in the annual Integrated Report.

(B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| PGS 14 | CORE | PGS 11 | N/A | PUBLIC | Roles and responsibilities | 1 |

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

(1) KPIs are linked to compensation

(2) KPIs are not linked to compensation as these roles do not have variable compensation

(3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

Swedfund's strategy and targets include ESG and Impact matters. Swedfund's strategy and targets are included in the annual business plans that form a basis for executives' annual targets and evaluations. Swedfund does not provide incentives or bonuses to executives and applies the government's guidelines for employees in managerial positions regarding remuneration of senior executives.

(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| PGS 15 | PLUS | PGS 11 | N/A | PUBLIC | Roles and responsibilities | 1 |

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

| | (1) Board members, trustees or equivalent | (2) Senior executive-level staff, investment committee, head of department or equivalent |
|---|---|--|
| (A) Specific competence in climate change mitigation and adaptation | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) Specific competence in investors' responsibility to respect human rights | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (C) Specific competence in other systematic sustainability issues | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (D) The regular training of this senior leadership role does not include any of the above responsible investment competencies | <input type="checkbox"/> | <input type="checkbox"/> |

EXTERNAL REPORTING AND DISCLOSURES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| PGS 16 | CORE | N/A | N/A | PUBLIC | External reporting and disclosures | 6 |

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| PGS 17 | CORE | N/A | N/A | PUBLIC | External reporting and disclosures | 6 |

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures

(E) None of the above

Add link(s):

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| PGS 18 | PLUS | N/A | N/A | PUBLIC | External reporting and disclosures | 6 |

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

- (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
- (B) Disclosures against the European Union's Taxonomy
- (C) Disclosures against the CFA's ESG Disclosures Standard
- (D) Disclosures against other international standards, frameworks or regulations**

Specify:

Swedfund's Integrated Report 2022 is inspired by the International Integrated Reporting Council's (IIRC) framework, prepared in accordance with the Global Reporting Initiative's (GRI) guidelines, and includes Climate-related Financial Disclosures (TCFD) reporting. Global Compact reporting will be prepared via a separate online reporting tool.

Link to example of public disclosures

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

- (E) Disclosures against other international standards, frameworks or regulations
- (F) Disclosures against other international standards, frameworks or regulations
- (G) Disclosures against other international standards, frameworks or regulations

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------------|---------------|
| PGS 19 | CORE | N/A | N/A | PUBLIC | External reporting and disclosures | 6 |

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**

Add link(s):

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------|---------------|
| PGS 20 | CORE | N/A | N/A | PUBLIC | Capital allocation | 1 |

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------|---------------|
| PGS 21 | CORE | N/A | N/A | PUBLIC | Capital allocation | 1 |

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation

(D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

Specify: (Voluntary)

Investing in developing countries is associated with major risks. We endeavor 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, sustainability (environment, working conditions, anti-corruption and human rights) 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. Each investment is considered to have the prerequisites for achieving the goals set in our three pillars: impact on society, sustainability and financial viability. For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| PGS 22 | CORE | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(2) Fixed income

(3) Private equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|------------------|------------|------------|---|---------------|
| PGS 23 | PLUS | OO 5, OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

We engage continuously with our portfolio companies, focusing on the commercial and sustainable development matters, which were identified during the due diligence phase. The investment team is responsible for following up and ensuring that the companies comply with the agreed conditions, relevant parts of our policies and ESG & Impact Action Plans. Within a three-year period from the date of disbursement, companies must achieve Swedfund's strategic sustainability goals.

During the period when we act as a lender or the co-owner of a company or fund, which usually extends over 7-10 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, dialogue, through their annual monitoring report, or Technical Assistance support. In connection with fund investments, we can have a direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG initiatives and TA funds, to support the fund managers' work.

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| PGS 24 | CORE | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| PGS 24.1 | PLUS | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

As a relatively small development finance institution, cross-border partnerships are crucial for Swedfund to succeed in its mission and contribute to Agenda 2030. Entering into partnerships is an opportunity to grow, share knowledge and be additional. However, just as in any relationship, constant efforts are needed to build up confidence, realise the full potential of a partnership and understand the new partnerships that are necessary. In collaboration with strategic partners, we participate in investments which are not considered to be realisable through purely commercial financing. We provide loans for and invest in shares and funds to develop the private sector, create decent jobs and improve access to essential products and services, such as renewable energy and healthcare.

Swedfund is one of 15 European development finance institutions, known as DFIs. We carry out most of our investments together with our European partners. Our platform for cooperation is the organisation EDFI, which is led by a secretariat which coordinates the exchange of knowledge between our respective organisations and works to raise awareness of the important work of the EDFIs. In 2019, Swedfund CEO Maria Håkansson was elected to EDFI's Board. In addition, we actively participate in several expert working groups including Environmental & Social (E&S), Development Effects (DE), Legal, Investments, HR, Communication and Corporate Governance. We apply Harmonised EDFI Environmental and Social Standards in our investment process. We also collaborate with Civil Society Organisation around different topics including regular stakeholder dialogues or in depth partnerships around capacity building, such as collaboration on Sexual Exploitation and Abuse and Sexual Harassment together with Swedish women's right organization "Kvinna till Kvinna".

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|------------------|------------|------------|---|---------------|
| PGS 25 | PLUS | OO 5, OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff

Select from the list:

- 1
- 3
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

Select from the list:

- 2
- 3
- 4
- 5

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

(D) Informal or unstructured collaborations with investors or other entities

(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar

(F) We do not use any of these channels

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| PGS 27 | PLUS | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Swedfund is investing to contribute to its mission and to reach the mission goals set in the owner instructions. Each investment opportunity is assessed against the three pillars: impact on society, sustainability and financial viability. Active ownership, to support and monitor individual investments is a key to reach the mission targets. Once the agreement has been signed and the money disbursed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our portfolio companies, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. During the period when we act as a lender or the co-owner of a company or fund, which usually extends over 7–10 years, an ongoing dialogue and close contact are maintained with the portfolio companies in order to monitor risks and performance, goal attainment and contractual conditions, both through visits, active board work and dialogue and through their annual report.

Both internal audits and third party audits are conducted. In connection with fund investments, we can have direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG & Impact initiatives, and funds for Technical Assistance. Investment teams are responsible for following up and ensuring that the companies comply with the contracted conditions, relevant parts of our policies and ESG Action Plans. 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, which can for example be used for training or consultancy.

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| PGS 28 | PLUS | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Overall stewardship strategy | 2 |

If relevant, provide any further details on your organisation's overall stewardship strategy.

Swedfund is investing to contribute to its mission and to reach the mission goals set in the owner instructions. Each investment opportunity is assessed against the three pillars: impact on society, sustainability and financial viability. Active ownership, to support and monitor individual investments is a key to reach the mission targets, Once the agreement has been signed and the money disbursed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our portfolio companies, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. During the period when we act as a lender or the co-owner of a company or fund, which usually extends over 7–10 years, an ongoing dialogue and close contact are maintained with the portfolio companies in order to monitor risks and performance, goal attainment and contractual conditions, both through visits, active board work and dialogue and through their annual report.

Both internal audits and third party audits are conducted. In connection with fund investments, we can have direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG & Impact initiatives, and funds for Technical Assistance. Investment teams are responsible for following up and ensuring that the companies comply with the contracted conditions, relevant parts of our policies and ESG Action Plans. 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, which can for example be used for training or consultancy.

STEWARDSHIP: ESCALATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|-----------------|------------|------------|-------------------------|---------------|
| PGS 38 | PLUS | OO 8, OO 5.3 FI | N/A | PUBLIC | Stewardship: Escalation | 2 |

Describe your approach to escalation for your internally managed SSA and/or private debt fixed income assets.

(B) Private debt - Approach to escalation

We engage actively (individually and collectively, if applicable) and use our leverage to address the issue and come to a solution. If applicable, we can provide TA (technical assistance) funding to support in corrective actions. In the event of a breach, a number of contractual remedies are available to Swedfund. For further information, see PGS 28.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|--------------------|------------|--|---------------|
| PGS 39 | CORE | OO 8, OO 9 | PGS 39.1, PGS 39.2 | PUBLIC | Stewardship: Engagement with policy makers | 2 |

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
 - o (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 39.1 | CORE | PGS 39 | N/A | PUBLIC | Stewardship: Engagement with policy makers | 2 |

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

In our role as a state owned company, we are closely engaged with the governmental authorities on various aspects and the channels are formally regulated by our owner. We responded to policy consultations and participated in networks related to ESG-policy issues organized by the Foreign Ministry, the Ministry of Finance as well as other networks including the EDFI networking group that addressed among other topics the upcoming EU regulation on Sustainable Finance Agenda.

- (D) We engaged policy makers on our own initiative

Describe:

We engage policymakers on topics such as sustainable finance and investments in developing countries, where poverty is increasing due the multidimensional crisis.

- (E) Other methods

Describe:

We are organizing round table discussions on ESG and Impact topics to which we invite stakeholders and policymakers; we participate in seminars and other competence increasing events to advance sustainability issues; we promote our integrated report to increase knowledge of the value of reporting integrated to ensure delivery on all aspects of sustainable investments; we use active external communication to reach out and invite to a discussion of topics relevant for development finance.

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| PGS 39.2 | CORE | PGS 39 | N/A | PUBLIC | Stewardship: Engagement with policy makers | 2 |

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers**

Add link(s):

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------------|---------------|
| PGS 40 | PLUS | OO 8, OO 9 | N/A | PUBLIC | Stewardship: Examples | 2 |

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Climate change

(1) Led by

- (1) Internally led**
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors**
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Support for the development and implementation of a model for calculating greenhouse gas emissions for two fund managers and underlying portfolio companies in the energy sector.

(B) Example 2:

Title of stewardship activity:

Decent Work

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

A handbook for implementing the Decent Work agenda has been developed: the Good Practice Handbook on Decent Work. This offers practical guidance regarding compliance with international standards, as well as tools for improving the quality of working conditions. The handbook will be shared with our portfolio companies in 2023.

(C) Example 3:

Title of stewardship activity:

Gender Equality

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) **Social factors**
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) **Fixed income**
- (3) **Private equity**
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Support for a second round of the Female for Future programme for women employed by our portfolio companies in Kenya, Tanzania, Uganda, Ghana and elsewhere, in order to promote their advancement towards leadership and leadership positions.

(D) Example 4:

Title of stewardship activity:

Gender Equality

(1) Led by

- (1) Internally led
- (2) **External service provider led**
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) **Social factors**
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) **Fixed income**
- (3) **Private equity**
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Gender Lens Investing training has been developed in cooperation with the organisation Value for Women. On two occasions, participants from our fund managers and investment platforms have received practical guidance on how to draw up action plans in order to develop and strengthen the work to address gender equality aspects in investment activities.

(E) Example 5:

Title of stewardship activity:

- (1) Led by
 - o (1) Internally led
 - o (2) External service provider led
 - o (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
 - (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
 - (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 41 | CORE | N/A | PGS 41.1 | PUBLIC | Climate change | General |

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

As part of our review at the time of an investment, we analyse the company's potential climate risks, both physical and transition risks, based on the country's vulnerability to climate change and sector- and project-specific risks. We then work with our companies to help them assess and manage the effects of climate risks. With regard to physical climate risks, Swedfund is exposed to such risks through our portfolio companies which operate in countries that are already, and will continue to be, exposed to physical climate impacts, such as drought, higher temperatures, floods, erratic rainfall and other natural disasters. The sectors that are generally expected to be most affected by physical climate risks are transport, infrastructure and agriculture.

Swedfund has limited exposure to these high-risk sectors, as they are not focus sectors in our investment strategy. Physical assets in Swedfund's Energy & Climate sector may be affected by physical climate risks, and it is therefore becoming more common to incorporate climate risks into technical due diligence and construction. Sectors such as microfinance can be impacted indirectly by physical climate risks, as the income of many microfinance customers depends on agriculture, which is a sector with exposure to physical climate risks, such as droughts, rising sea levels, extreme weather events and floods. The transition risks, i.e. from the transition to a low-emission economy, in our portfolio are limited, as Swedfund has only invested in renewable energy production since 2014. For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>.

(B) Yes, beyond our standard planning horizon

(C) No, we have not identified climate-related risks and/or opportunities affecting our investments

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 41.1 | CORE | PGS 41 | N/A | PUBLIC | Climate change | General |

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

SDG 13, climate action, is one of five goals that Swedfund has a special focus on, and climate is a theme that permeates the entire operation, irrespective of the choice of instrument, geography or sector. Swedfund is a climate investor and, back in 2014, we decided to invest exclusively in renewable energy. Today, the Energy & Climate sector makes up almost 40 percent of the portfolio and, for 2023, Swedfund has received an earmarked capital injection for climate of MSEK 460. Swedfund's Project Accelerator is contributing to the green transition by assisting our investment countries in the transition from fossil to renewable and from traditional infrastructure to green solutions. Swedfund's investments contribute to the development of the private sector, where our portfolio companies are expected to live up to high social and environmental standards.

We exclusively invest in renewable energy sources and make broader climate investments, such as improvements in energy and resource efficiency, as these are key aspects of a sustainable transition. Green infrastructure, such as water and waste management, along with forests and other carbon sinks, are included in the sector. The climate crisis is creating an urgent need to help enhance the ability of developing countries to adapt to the effects of climate change. To help solve this, Swedfund has continued to broaden its strategy within the Energy & Climate sector by actively working to identify potential investments in water, waste and forestry.

Swedfund works actively with regard to the climate issue both throughout the investment process and with our portfolio companies. We have developed a climate lens, which means that all investments undergo an analysis in order to identify any significant climate risks, including both physical and conversion risks, as well as an analysis of the climate impact that the investment is expected to generate. Most of our portfolio companies have climate-related requirements in their investment agreements, and we work closely with the companies to assist them in driving the climate agenda themselves and adapting their operations to reduce the impact on the climate. Swedfund promotes active value creation among portfolio companies throughout the investment cycle.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 42 | PLUS | N/A | N/A | PUBLIC | Climate change | General |

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- (A) Coal
- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium

- (L) Agriculture, forestry, fishery
 - (M) Chemicals
 - (N) Construction and buildings
 - (O) Textile and leather
 - (P) Water
 - (Q) Other
- Specify:

Swedfund has committed to align with the goals of the Paris Agreement, which aims to limit global warming well below 2, preferably to 1.5 degrees Celsius compared to pre-industrial levels.

In line with this, Swedfund shall: i. invest in low emission pathways and climate resilient development; and ii. contribute towards net zero emissions. Since 2014, Swedfund has focused on renewable energy production and distribution, and no longer makes direct investments into fossil fuels.

Describe your strategy:

- o (R) We do not have a strategy addressing high-emitting sectors

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 43 | CORE | N/A | N/A | PUBLIC | Climate change | General |

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
 - (B) Yes, using the One Earth Climate Model scenario
 - (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
 - (D) Yes, using other scenarios
- Specify:

At portfolio level, we regularly evaluate how closely aligned our portfolio is with the Paris Agreement. The most recent evaluation was conducted in 2020 with the assistance of an external expert. Swedfund's investment portfolio showed a relatively strong alignment with the Paris Agreement: Ninety percent of our direct investments were considered to be in line with the Paris Agreement in both 2030 and 2045. Approximately 90 percent of indirect investments were considered to be aligned with the Paris Agreement in 2030, with the corresponding figure for 2045 being approximately 80 percent. The relatively high degree of alignment is the result of Swedfund's investment strategy.

The results also indicate that we must continue to invest in and accelerate the green transition of financial institutions, in order to align the portfolio even more closely with the Paris Agreement. The portfolio's alignment with the Paris Agreement will be determined regularly, but not annually, as our investment strategy and portfolio composition do not change significantly on an annual basis. We are closely monitoring the development of a common method for portfolio alignment with the Paris Agreement, which is being discussed amongst the European Development Finance Institutions (EDFI).

Further, in 2018, Swedfund undertook an assessment of physical and transition risks in our investment portfolio based on a 4 degree scenario.

The potential financial implications were considered. Swedfund invests in Sub-Saharan Africa and South/Southeast Asia, regions that are expected to be significantly affected by physical climate risks. The country vulnerability to physical risks in our investment markets is expected to be high under this scenario. However, the findings from this analysis showed that due to Swedfund's investment strategy, there is limited exposure to physical risks in the portfolio.

- o (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 44 | CORE | N/A | N/A | PUBLIC | Climate change | General |

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

We assess climate vulnerability and risks when evaluating potential new investment:

- Using an internal climate risk tool, potential physical and transition climate risks are screened in new investments;
- If physical risk hotspots are identified, a deeper analysis is performed using the World Bank Climate and Disaster Risk Screening Tool;
- If transition risk hotspots are identified, additional research is undertaken on the country's climate policies, regulations and potential risks for the sector;
- Adaptive actions should be discussed with the investee company and actions potentially included in the ESGAP.

We require all our investments, including external fund managers to assess climate impact and undertake efforts to combat climate change as appropriate to the size and nature of the business. The climate vulnerability and risk assessment is conducted also as applicable when selecting external managers.

For further information, see our Climate Guiding Note: <https://www.swedfund.se/media/2493/swedfund-guiding-note-climate.pdf>

(2) Describe how this process is integrated into your overall risk management

In its operations, Swedfund is exposed to a variety of risk factors, some of which are not easily influenced. We manage risks at different levels, (strategic, investment, financial, operational and climate risks) and good risk management is both a prerequisite for the operations and an enabler for improving development results. Swedfund's risk management framework is based around the risk policy that is adopted by the board of directors. See for further information our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

During the ownership phase, Swedfund seeks to create value in relation to the climate impact and risks in our underlying portfolio companies. Annual data on GHG emissions is collected from the companies' sustainability reports, where available, or otherwise estimated using Swedfund's portfolio emissions calculation model. The reported emissions levels are compared and assessed regularly against the Swedfund's climate targets and carbon budget. As part of active ownership, Swedfund will support its portfolio companies through technical assistance to support the implementation of the climate requirements in the ESG Action Plan, including efforts to reduce emissions, identify climate risks and support adaptation.

Swedfund's portfolio companies operate in developing countries, which contribute to a very low share of global emissions, and are small to medium-sized companies with a limited carbon footprint. Given this context, we think it is important that our focus at this stage is on activities to support emissions reductions, mitigate climate risks, and adapt to changing climate conditions. We strive to build greater understanding and competence among our portfolio companies on climate related goals and increase their knowledge and maturity to enable them to take the necessary actions and develop tools required to reinforce a climate- and environment friendly agenda.

For further information, see our Climate Guiding Note: <https://www.swedfund.se/media/2493/swedfund-guiding-note-climate.pdf>.

(2) Describe how this process is integrated into your overall risk management

In its operations, Swedfund is exposed to a variety of risk factors, some of which are not easily influenced. We manage risks at different levels, (strategic, investment, financial, operational and climate risks) and good risk management is both a prerequisite for the operation and an enabler for improving development results. Swedfund's risk management framework is based around the risk policy that is adopted by the board of directors. See further information for our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 45 | CORE | N/A | N/A | PUBLIC | Climate change | General |

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (B) Exposure to transition risk**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (C) Internal carbon price
- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>
- (E) Weighted average carbon intensity
- (F) Avoided emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

(J) Other metrics or variables

Specify:

Carbon emissions per invested Swedish Krona

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

(K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------|---------------|
| PGS 46 | CORE | N/A | N/A | PUBLIC | Climate change | General |

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

https://assets.website-files.com/6407144290c3f66380001c05/645b6ee4410a154b59116334_Swedfund%20-%20IR2022%20-%20Interactive%20Eng.pdf

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|-------------------------|---------------|
| PGS 47 | CORE | N/A | Multiple indicators | PUBLIC | Sustainability outcomes | 1, 2 |

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------------|---------------|
| PGS 47.1 | CORE | PGS 47 | N/A | PUBLIC | Sustainability outcomes | 1, 2 |

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)

Specify:

UN Global Compact, Operating Principles on Impact Management (OPIM) and IFC Performance Standards. IFC Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) is guided by the Convention on Biological Diversity.

- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)

- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------------|---------------|
| PGS 47.2 | CORE | PGS 47 | PGS 48 | PUBLIC | Sustainability outcomes | 1, 2 |

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|----------------|------------|-------------------------|---------------|
| PGS 48 | CORE | PGS 47.2 | PGS 48.1, SO 1 | PUBLIC | Sustainability outcomes | 1, 2 |

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------------|---------------|
| PGS 48.1 | PLUS | PGS 48 | N/A | PUBLIC | Sustainability outcomes | 1, 2 |

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons

- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

HUMAN RIGHTS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------|---------------|
| PGS 49 | PLUS | PGS 47 | PGS 49.1 | PUBLIC | Human rights | 1, 2 |

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

Human rights are included in Swedfund's Policy for Sustainable Development. This policy was revised in 2021 but retains the same focus on human rights. During 2020, a 'Guiding Note on Human Rights' was also published which describes how human rights are incorporated into Swedfund's investment activities. The aim of the process for evaluating human rights issues in investment activities is to identify, mitigate and account for negative impacts on human rights. The ambition is to apply this process in connection with decisions concerning new investments regularly during the value creation phase in the event of changes in circumstances and for companies in the exit phase.

Human rights and impacts are already taken into account at an early stage in the investment process by preparing an assessment of the project as regards human rights based on country, location, operating conditions, type of business and business partners. During the screening process, i.e. stage two of the analysis phase of a potential investment, a risk analysis is carried out during which human rights risks and impacts are analysed in more detail. When a contextual risk analysis is carried out at country and regional levels, we can identify risks associated with weak rule of law in the country concerned, indigenous peoples and/or minority groups in the region, etc.

The analysis is then continued at sector level, where we identify any risks associated with specific sectors, such as migrant workers or the use of large volumes of water. In the third step, the analysis is performed at project or investment level, where we identify any risks associated with insecure or unequal working conditions, etc. Swedfund then pursues a dialogue with the portfolio companies concerning the situation in the country concerned and any human rights violations that are occurring. Depending on the outcome of this analysis, a decision is then made as to whether or not a more detailed human rights analysis should be carried out.

This is carried out using internal resources or with the support of an external expert. The mitigation of identified risks and impacts is incorporated into the ESG Action Plan (ESGAP), which forms part of the investment agreement.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm

Explain how these activities were conducted:

For further information, see Swedfund's Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf> and Guiding Note on Human Rights: https://www.swedfund.se/media/2419/swedfund_guiding-note_human_rights_final.pdf - A specific case related to microfinance is included in Integrated Report 2022 starting from page 20.

(C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

Explain how these activities were conducted:

For further information, see Swedfund's Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf> and Guiding Note on Human Rights: https://www.swedfund.se/media/2419/swedfund_guiding-note_human_rights_final.pdf

(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

(E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------|---------------|
| PGS 49.1 | PLUS | PGS 49 | N/A | PUBLIC | Human rights | 1, 2 |

During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?

(A) Workers

Sector(s) for which each stakeholder group was included

- (1) Energy**
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance**
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(B) Communities

Sector(s) for which each stakeholder group was included

- (1) Energy**
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance**
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(C) Customers and end-users

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate
- (D) Other stakeholder groups

Specify:

Women

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------|---------------|
| PGS 49.2 | PLUS | PGS 47 | N/A | PUBLIC | Human rights | 1, 2 |

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

- (A) Corporate disclosures
 - (B) Media reports
 - (C) Reports and other information from NGOs and human rights institutions
 - (D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank
 - (E) Data provider scores or benchmarks
 - (F) Human rights violation alerts
 - (G) Sell-side research
 - (H) Investor networks or other investors
 - (I) Information provided directly by affected stakeholders or their representatives
 - (J) Social media analysis
 - (K) Other
- Specify:

Disclosures by the portfolio companies, media and social media reports, source inquiries, reports from different sources and stakeholders, stakeholder dialogues and consultations including Human Rights alerts, country reports, investor networks, etc. Swedfund conducts a thorough due diligence on every investment opportunity and monitors the current portfolio. Depending on the topic and associated risk level, different and multiple sources of information is used. For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

Provide further detail on how your organisation used these information sources:

For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------|---------------|
| PGS 50 | PLUS | PGS 47 | N/A | PUBLIC | Human rights | 1, 2 |

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

- (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities
- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

Explain why:

Swedfund operates in high risk environments, where rule of law might be weak and Human Rights violations or other incidents may happen. We conduct a thorough due diligence, monitor closely and actively engage with our investments. In order to facilitate transparency, Swedfund requires all portfolio companies to have their own reporting channel in accordance with the IFC Performance Standards. We also offer Swedfund's reporting channels – the whistleblowing service and complaints mechanism. During the reporting year, we have received a total of 44 serious incident reports, two reports via whistle-blowing channel and one via grievance mechanism. Where we identify adverse human right impacts that are directly linked to our operations through our business relationships, we will seek to work with our business partners to ensure that remediation occurs. For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

OVERALL APPROACH

EXTERNAL INVESTMENT MANAGERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|------------------------------|---------------|
| SAM 1 | CORE | OO 21 | N/A | PUBLIC | External investment managers | 4 |

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

(3) Fixed income (active)

(5) Private equity

Organisation

(A) Commitment to and experience in responsible investment



(B) Responsible investment policy(ies)



(C) Governance structure and senior-level oversight and accountability



People and Culture

(D) Adequate resourcing and incentives



(E) Staff competencies and experience in responsible investment



Investment Process

| | | |
|--|-------------------------------------|-------------------------------------|
| (F) Incorporation of material ESG factors in the investment process | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (G) Incorporation of risks connected to systematic sustainability issues in the investment process | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Stewardship | | |
| (I) Policy(ies) or guidelines on stewardship | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (J) Policy(ies) or guidelines on (proxy) voting | <input type="checkbox"/> | <input type="checkbox"/> |
| (K) Use of stewardship tools and activities | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (L) Incorporation of risks connected to systematic sustainability issues in stewardship practices | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (M) Involvement in collaborative engagement and stewardship initiatives | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (N) Engagement with policy makers and other non-investee stakeholders | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (O) Results of stewardship activities | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Performance and Reporting | | |
| (P) ESG disclosure in regular client reporting | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

(Q) Inclusion of ESG factors in contractual agreements

(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers

SERVICE PROVIDERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------------|---------------|
| SAM 2 | CORE | OO 21 | N/A | PUBLIC | Service providers | 4 |

Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?

- (A) Incorporation of their responsible investment policy into advisory services
- (B) Ability to accommodate our responsible investment policy
- (C) Level of staff's responsible investment expertise
- (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
- (E) Other
- (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
- (G) **Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers**

POOLED FUNDS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|---------------|------------|------------|--------------|---------------|
| SAM 3 | PLUS | OO 5.2, OO 21 | N/A | PUBLIC | Pooled funds | 4 |

If you invest in pooled funds, describe how you incorporate responsible investment aspects into the selection, appointment and/or monitoring of external investment managers.

Provide example(s) below

(A) Selection

The funds in which Swedfund invests are long-term and the managers we work with have a high level of expertise in the countries and sectors we are focusing on. This gives us an excellent opportunity to exert an influence and contribute co-financing. We often invest in funds together with other development finance institutions. The fund instrument enables us to share risk and contributes to a better spread of risk in the portfolio. The fund instrument also facilitates the mobilisation of private capital and ensures that Swedfund acts catalytically.

We require fund managers to meet similar sustainability criteria than our direct investments, set in our Policy for Sustainable Development. By requiring fund managers to implement an environment and social management system and system for anti-corruption, we facilitate the fund managers to impose similar requirements to their underlying holdings than imposed by Swedfund on our own direct investments. By setting out these requirements and supporting the sustainability work in particular, we help the fund's portfolio companies to strengthen their work relating to sustainability. For Swedfund to invest in a fund, it is also a condition that the structure of the fund is transparent and that the fund investment is a good fit with Swedfund's direct investments.

(B)
Appointment

Each fund manager is assessed from the three pillars - impact on society, sustainability and financial viability - and any gaps identified are being included in the ESG Action Plan that becomes a part of the investment agreement alongside with other requirements.

(C) Monitoring

Active ownership, to support and monitor individual investments is a key to reach Swedfund's mission targets. Once the investment agreement has been signed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our fund managers, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. During the period when we act as LP of a fund, an ongoing dialogue and close contact are maintained in order to monitor risks and performance, goal attainment and contractual conditions. This can be done through LPAC, sustainability committees, through visits and ongoing dialogue and through annual monitoring report. Swedfund may also have direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG & Impact initiatives, and funds for Technical Assistance. Investment teams are responsible for following up and ensuring that the funds comply with the contracted conditions, relevant parts of our policies and ESG Action Plans. Within a three year period from the date of disbursement, the funds must achieve Swedfund's strategic sustainability goals. To help companies attain these goals, we can allocate funds in the form of Technical Assistance, which can for example be used for training or consultancy.

SELECTION

RESPONSIBLE INVESTMENT PRACTICES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|----------------------------------|---------------|
| SAM 4 | CORE | OO 12, OO 21 | SAM 5, SAM 6, SAM 7 | PUBLIC | Responsible investment practices | General |

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

- (A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year
 - (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
 - (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------------|---------------|
| SAM 5 | CORE | SAM 4 | N/A | PUBLIC | Responsible investment practices | 4 |

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

Organisation

- (A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)
 - Select from dropdown list
 - (1) for all of our mandates
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)
 - Select from dropdown list
 - (1) for all of our mandates
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Performance and Reporting

(I) ESG disclosure in regular client reporting

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(J) Inclusion of ESG factors in contractual agreements

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

- (K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

STEWARDSHIP

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------|---------------|
| SAM 6 | CORE | OO 8, SAM 4 | N/A | PUBLIC | Stewardship | 4 |

During the reporting year, which aspects of the stewardship approach did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

- (A) The alignment of their policy(ies) or guidelines on stewardship with the investment mandate**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (B) Evidence of how they implemented their stewardship objectives, including the effectiveness of their activities**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (C) Their participation in collaborative engagements and stewardship initiatives**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (D) Details of their engagements with companies or issuers on risks connected to systematic sustainability issues**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (E) Details of their engagement activities with policy makers
- (F) Their escalation process and the escalation tools included in their policy on stewardship**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (G) We did not review and evaluate any of the above aspects of the stewardship approach when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

MONITORING

RESPONSIBLE INVESTMENT PRACTICES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------------|---------------|
| SAM 9 | CORE | OO 14, OO 21 | N/A | PUBLIC | Responsible investment practices | 4 |

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

(3) Fixed income (active)

(5) Private equity

Organisation

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)



(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)



(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)



People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)



(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)

Performance and Reporting

(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)

(J) Inclusion of ESG factors in contractual agreements

(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year

o

o

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------------|---------------|
| SAM 11 | PLUS | OO 14, OO 21 | N/A | PUBLIC | Responsible investment practices | 1 |

Describe an innovative practice you adopted as part of monitoring your external investment managers' responsible investment practices in a specific asset class during the reporting year.

Swedfund collaborates actively with its fund managers on different sustainability related themes, often with support of technical assistance funding.

One concrete example of this is Women4Growth programme that has been implemented in different portfolio companies across a range of sectors and regions. The programme has been developed and supplemented by, among other things, a mentorship module, an intranet for participants and alumni, and an innovation module for fund managers. Swedfund has also supported women from fund's underlying holdings to participate in the Female for Future programme in order to promote their advancement towards leadership and leadership positions. Further, Gender Lens Investing training has been developed in cooperation with the organisation Value for Women. On two occasions, participants from our fund managers and investment platforms have received practical guidance on how to draw up action plans in order to develop and strengthen the work to address gender equality aspects in investment activities.

Within climate, Swedfund has approved technical assistance funds to fund managers with the aim of increasing capacity and developing the methodology for implementing a model for calculating the climate impact of the funds and underlying portfolio companies, as well as exposure to physical climate risks.

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------------|---------------|
| SAM 12 | CORE | OO 14, OO 21 | N/A | PUBLIC | Responsible investment practices | 1 |

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

(3) Fixed income (active)**(5) Private equity**

| | | |
|---------------------------|-------------------------------------|-------------------------------------|
| (A) At least annually | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) Less than once a year | <input type="checkbox"/> | <input type="checkbox"/> |
| (C) On an ad hoc basis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

STEWARDSHIP

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-------------|---------------|
| SAM 13 | CORE | OO 8, OO 21 | N/A | PUBLIC | Stewardship | 1, 2 |

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' stewardship practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

(3) Fixed income (active)**(5) Private equity**

| | | |
|--|-------------------------------------|-------------------------------------|
| (A) Any changes in their policy(ies) or guidelines on stewardship | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) The degree of implementation of their policy(ies) or guidelines on stewardship | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (C) How they prioritise material ESG factors | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (D) How they prioritise risks connected to systematic sustainability issues | <input type="checkbox"/> | <input type="checkbox"/> |
| (E) Their investment team's level of involvement in stewardship activities | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| | | |
|---|-------------------------------------|-------------------------------------|
| (F) Whether the results of stewardship actions were fed back into the investment process and decisions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (I) Whether they participated in collaborative engagements and stewardship initiatives | <input type="checkbox"/> | <input type="checkbox"/> |
| (J) Whether they had an active role in collaborative engagements and stewardship initiatives | <input type="checkbox"/> | <input type="checkbox"/> |
| (K) Other | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (L) We did not monitor our external investment managers' stewardship practices during the reporting year | <input type="radio"/> | <input type="radio"/> |

(K) Other - Specify:

Implementation of grievance mechanisms accessible to all stakeholders.

ENGAGEMENT AND ESCALATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---------------------------|---------------|
| SAM 15 | PLUS | OO 14, OO 21 | N/A | PUBLIC | Engagement and escalation | 4 |

Describe how your organisation engaged with external investment managers to improve their responsible investment practices during the reporting year.

Fund managers have to comply with Swedfund's Policy for Sustainable Development. If during the due diligence phase of the fund it becomes clear the fund does not comply yet with all requirements, an ESG Action Plan (ESGAP) is created setting out the improvements that the fund manager needs to make in order to meet Swedfund's sustainability requirements. To help fund managers to attain these goals, we can allocate funds in the form of technical assistance, which can for example be used for training or consultancy. Furthermore, to further improve fund manager's responsible investment practices Swedfund developed a handbook for the Decent Work agenda, which offers practical guidance regarding compliance with international standards. Swedfund collaborates actively with fund managers to support them within various sustainability areas, see examples on gender and climate at SAM 11.

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---------------------------|---------------|
| SAM 16 | CORE | OO 14, OO 21 | N/A | PUBLIC | Engagement and escalation | 4 |

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

| | (3) Fixed income (active) | (5) Private equity |
|--|-------------------------------------|-------------------------------------|
| (A) Engagement with their investment professionals, investment committee or other representatives | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (B) Notification about their placement on a watch list or relationship coming under review | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| (C) Reduction of capital allocation to the external investment managers until any concerns have been rectified | <input type="checkbox"/> | <input type="checkbox"/> |

(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination

(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified

(F) Other

(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring

(F) Other - Specify:

We engage actively, either by ourselves or collectively with other investors, to address the concerns. If needed, Swedfund can deploy Technical Assistance funding to support the corrective actions needed.

VERIFICATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------|---------------|
| SAM 17 | CORE | OO 14, OO 21 | N/A | PUBLIC | Verification | 1 |

For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?

(3) Fixed income (active)

(5) Private equity

(A) We checked that the information reported was verified through a third-party assurance process

(B) We checked that the information reported was verified by an independent third party

(C) We checked for evidence of internal monitoring or compliance

(D) Other

(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|--------------------|------------|--|---------------|
| SO 1 | PLUS | PGS 48 | SO 2, SO 2.1, SO 3 | PUBLIC | Setting targets on sustainability outcomes | 1, 2 |

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

Increased gender equality in the investment portfolio

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Decent working conditions

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(C) Sustainability outcome #3

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(D) Sustainability outcome #4

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

All portfolio companies shall develop and implement an environmental and social management system

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(E) Sustainability outcome #5

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

All portfolio companies shall develop and implement an anti-corruption management system

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|--------------------|------------|--|---------------|
| SO 2 | PLUS | SO 1 | SO 2.1, SO 4, SO 5 | PUBLIC | Setting targets on sustainability outcomes | 1 |

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

| | |
|---|--|
| (A1) Sustainability Outcome #1: | Increased gender equality in the investment portfolio |
| (1) Target name | Investments in gender equality |
| (2) Baseline year | 2019 |
| (3) Target to be met by | |
| (4) Methodology | 2X Challenge criteria |
| (5) Metric used (if relevant) | Proportion (%) of portfolio companies that meet at least one 2X criteria |
| (6) Absolute or intensity-based (if relevant) | |
| (7) Baseline level or amount (if relevant): | 52% |

(8) Target level or amount (if relevant) Increased gender equality in the Company's investment portfolio in terms of 2x-Challenge criteria or comparable criteria shall be met in not less than 60% of the Company's investments not later than three years from the date of investment.

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(A2) Sustainability Outcome #1: Target details

(A2) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Target name Increase of women in workplaces

(2) Baseline year

(3) Target to be met by

(4) Methodology Change in the proportion of women in Boards, senior management and the overall workforce of portfolio companies between years

(5) Metric used (if relevant) Proportion (%) of women on boards, in senior positions and in total workforce

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant) Increase

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(B1) Sustainability Outcome #2: Target details

| | |
|--|---|
| (B1) Sustainability Outcome #2: | Decent working conditions |
| (1) Target name | Decent work |
| (2) Baseline year | |
| (3) Target to be met by | |
| (4) Methodology | Decent working conditions in accordance with the ILO's Declaration on Fundamental Principles and Rights at Work shall be provided by all the company's investments within no more than three years from the date of investment. |
| (5) Metric used (if relevant) | Proportion (%) of investments complying with the ILO's Declaration on Fundamental Principles and Rights at Work |
| (6) Absolute or intensity-based (if relevant) | |
| (7) Baseline level or amount (if relevant): | |
| (8) Target level or amount (if relevant) | 100% |
| (9) Percentage of total AUM covered in your baseline year for target setting | 100% |
| (10) Do you also have a longer-term target for this? | |

(B2) Sustainability Outcome #2: Target details

| | |
|---------------------------------|--|
| (B2) Sustainability Outcome #2: | Decent working conditions |
| (1) Target name | Majority of investments to increase number of jobs |
| (2) Baseline year | |

(3) Target to be met by

(4) Methodology Change in the number of direct jobs of portfolio companies between years

(5) Metric used (if relevant) Number of direct jobs in the portfolio.
Number and proportion (%) of companies showing growth in direct jobs.
Number of indirect jobs in the portfolio.

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant) Growth. More than 50%.

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Target name Climate neutral portfolio

(2) Baseline year

(3) Target to be met by 2045

(4) Methodology PCAF

(5) Metric used (if relevant) Total CO2e emissions per scope

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

The company's investment portfolio shall be climate-neutral by 2045, meaning that GHG emissions from the portfolio shall be net zero as defined by the IPCC.

(9) Percentage of total AUM covered in your baseline year for target setting

100%

(10) Do you also have a longer-term target for this?

(C2) Sustainability Outcome #3: Target details

(C2) Sustainability Outcome #3:

By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Target name

Decreasing emissions

(2) Baseline year

2020

(3) Target to be met by

(4) Methodology

PCAF

(5) Metric used (if relevant)

Total CO2e per invested krona

(6) Absolute or intensity-based (if relevant)

(2) Intensity-based

(7) Baseline level or amount (if relevant):

34.5 tCO2e per invested MSEK

(8) Target level or amount (if relevant)

Decreasing

(9) Percentage of total AUM covered in your baseline year for target setting

100%

(10) Do you also have a longer-term target for this?

(D1) Sustainability Outcome #4: Target details

(D1) Sustainability Outcome #4: All portfolio companies shall develop and implement an environmental and social management system

(1) Target name 100% portfolio companies to develop an ESMS

(2) Baseline year

(3) Target to be met by

(4) Methodology Assessment of ESMS development and implementation of the portfolio companies

(5) Metric used (if relevant) Proportion (%) of investments that have implemented environmental and social management systems

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant) 100%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

(E1) Sustainability Outcome #5: Target details

(E1) Sustainability Outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

(1) Target name 100% portfolio companies to develop an ACMS

(2) Baseline year

(3) Target to be met by

(4) Methodology Assessment of ACMS development and implementation of the portfolio companies

(5) Metric used (if relevant) Proportion (%) of investments that have implemented anti-corruption management systems

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant) 100%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this?

FOCUS: SETTING NET-ZERO TARGETS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------------------|------------|---------------------------------|---------------|
| SO 3 | PLUS | SO 1 | Multiple, see guidance | PUBLIC | Focus: Setting net-zero targets | General |

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

TRACKING PROGRESS AGAINST TARGETS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------------------------|---------------|
| SO 4 | PLUS | SO 2 | SO 4.1 | PUBLIC | Tracking progress against targets | 1 |

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1: Increased gender equality in the investment portfolio

Target name: Investments in gender equality

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(A2) Sustainability outcome #1:

(A2) Sustainability outcome #1: Increased gender equality in the investment portfolio

Target name: Increase of women in workplaces

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: Decent working conditions

Target name: Decent work

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(B2) Sustainability outcome #2:

(B2) Sustainability outcome #2: Decent working conditions

Target name: Majority of investments to increase number of jobs

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(C1) Sustainability outcome #3:

(C1) Sustainability outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

Target name: Climate neutral portfolio

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(C2) Sustainability outcome #3:

(C2) Sustainability outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

Target name: Decreasing emissions

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(D1) Sustainability outcome #4:

(D1) Sustainability outcome #4: All portfolio companies shall develop and implement an environmental and social management system

Target name: 100% portfolio companies to develop an ESMS

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

(E1) Sustainability outcome #5:

(E1) Sustainability outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

Target name: 100% portfolio companies to develop an ACMS

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------------------------|---------------|
| SO 4.1 | PLUS | SO 4 | N/A | PUBLIC | Tracking progress against targets | 1 |

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Target name: Investments in gender equality

(2) Target to be met by

| | |
|--|---|
| (3) Metric used (if relevant) | Proportion (%) of portfolio companies that meet at least one 2X criteria |
| (4) Current level or amount (if relevant) | 57% |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(A2) Sustainability outcome #1: Target details

| | |
|--|---|
| (A2) Sustainability outcome #1: | Increased gender equality in the investment portfolio |
| (1) Target name | Increase of women in workplaces |
| (2) Target to be met by | |
| (3) Metric used (if relevant) | Proportion (%) of women on boards, in senior positions and in total workforce |
| (4) Current level or amount (if relevant) | Boards: 16% Senior Management: 28% Employees: 33% |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(B1) Sustainability Outcome #2: Target details

| | |
|---------------------------------|---------------------------|
| (B1) Sustainability Outcome #2: | Decent working conditions |
| (1) Target name | Decent work |
| (2) Target to be met by | |

| | |
|---|---|
| (3) Metric used (if relevant) | Proportion (%) of investments complying with the ILO's Declaration on Fundamental Principles and Rights at Work |
| (4) Current level or amount (if relevant) | Investments held for less than 3 years: 85% Investments held for more than 3 years: 100% Investments in exit phase: 36% |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |
| (B2) Sustainability Outcome #2: Target details | |
| (B2) Sustainability Outcome #2: | Decent working conditions |
| (1) Target name | Majority of investments to increase number of jobs |
| (2) Target to be met by | |
| (3) Metric used (if relevant) | Number of direct jobs in the portfolio. Number and proportion (%) of companies showing growth in direct jobs. Number of indirect jobs in the portfolio. |
| (4) Current level or amount (if relevant) | Number of direct jobs in the portfolio: 333 000 Number and proportion (%) of companies showing growth in direct jobs: 61% Number of indirect jobs in the portfolio: 1.5 M |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(C1) Sustainability Outcome #3: Target details

| | |
|--|---|
| (C1) Sustainability Outcome #3: | By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time. |
| (1) Target name | Climate neutral portfolio |
| (2) Target to be met by | 2045 |
| (3) Metric used (if relevant) | Total CO2e emissions per scope |
| (4) Current level or amount (if relevant) | Total CO2e emissions: 114 thousand tonnes |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(C2) Sustainability Outcome #3: Target details

| | |
|--|---|
| (C2) Sustainability Outcome #3: | By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time. |
| (1) Target name | Decreasing emissions |
| (2) Target to be met by | |
| (3) Metric used (if relevant) | Total CO2e per invested krona |
| (4) Current level or amount (if relevant) | 28.9 tCO2e per invested MSEK |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(D1) Sustainability Outcome #4: Target details

| | |
|--|--|
| (D1) Sustainability Outcome #4: | All portfolio companies shall develop and implement an environmental and social management system |
| (1) Target name | 100% portfolio companies to develop an ESMS |
| (2) Target to be met by | |
| (3) Metric used (if relevant) | Proportion (%) of investments that have implemented environmental and social management systems |
| (4) Current level or amount (if relevant) | Investments held for less than 3 years: 85% Investments held for more than 3 years: 92% Investments in exit phase: 36% |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

(E1) Sustainability Outcome #5: Target details

| | |
|--|--|
| (E1) Sustainability Outcome #5: | All portfolio companies shall develop and implement an anti-corruption management system |
| (1) Target name | 100% portfolio companies to develop an ACMS |
| (2) Target to be met by | |
| (3) Metric used (if relevant) | Proportion (%) of investments that have implemented anti-corruption management systems |
| (4) Current level or amount (if relevant) | Investments held for less than 3 years: 70% Investments held for more than 3 years: 88% Investments in exit phase: 27% |
| (5) Other qualitative or quantitative progress | See our Integrated Report 2022: https://ir.swedfund.se/ |
| (6) Methodology for tracking progress | Annual data collection and sustainability reporting. |

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| SO 5 | PLUS | SO 2 | Multiple | PUBLIC | Levers used to take action on sustainability outcomes | 1, 2, 5 |

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets**
 Select from drop down list:
 - (1) Individually**
 - (2) With other investors or stakeholders**
- (B) Stewardship: engagement with external investment managers**
 Select from drop down list:
 - (1) Individually**
 - (2) With other investors or stakeholders**
- (C) Stewardship: engagement with policy makers**
 Select from drop down list:
 - (1) Individually**
 - (2) With other investors or stakeholders**
- (D) Stewardship: engagement with other key stakeholders**
 Select from drop down list:
 - (1) Individually**
 - (2) With other investors or stakeholders**
- (E) Capital allocation**
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------|---------------|
| SO 6 | PLUS | SO 5 | N/A | PUBLIC | Capital allocation | 1 |

During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Capital allocation activities used

(2) Sector allocation

(2) Explain through an example

During 2022, Swedfund opted to invest and focus our development work on three sectors: Energy & Climate, Financial inclusion and Health. Pooling resources and specialist expertise in limited and selected areas both boosts the effectiveness of our operation and improves our development results.

We have a Theory of Change for each sector, which forms our starting point when we analyse an investment and identify the direct and indirect development impacts. We have also developed sector-specific indicators for impact measurement.

In the Energy & Climate sector, we exclusively invest in renewable energy sources and make broader climate investments, such as improvements in energy and resource efficiency, as these are key aspects of a sustainable transition. Green infrastructure, such as water and waste management, along with forests and other carbon sinks, are included in the sector.

Swedfund's investments in Financial inclusion are made in financial institutions and microfinance institutions. This is an effective way of reaching out to businesses which we would otherwise find it difficult to reach. Financial institutions such as banks perform a socially important function. Our investment helps to develop the work of the institution in relation to sustainability and corporate governance, both vital factors in achieving inclusive growth. Swedfund invests in microfinance institutions, which provide microloans to entrepreneurs, small businesses and people on low incomes. As regards microfinance institutions,

we require them to comply with Customer Protection Principles (CPP), which certifies that they are actively working in accordance with the principles of responsible credit and management. For example, pricing must be transparent, excessive debt must be avoided, debt recovery must be carried out in a responsible manner, and privacy must be respected. Swedfund also uses the fund instrument to reach out to more enterprises and contribute to job creation. The fund can offer share capital or provide loans to privately owned companies. Swedfund invests in general healthcare, specialist care, pharmaceutical production, pharmaceutical distribution and ehealth. We are working in a variety of ways to identify business models and partners which will enable us to reach more people, given the urgent needs that exist. At the same time, the right conditions are being created to ensure that medical expertise is retained and developed in the country and can be passed on to other healthcare institutions.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Capital allocation activities used

(2) Explain through an example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Decent working conditions

(1) Capital allocation activities used

(2) Explain through an example

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Capital allocation activities used

(2) Explain through an example

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4:

All portfolio companies shall develop and implement an environmental and social management system

(1) Capital allocation activities used

(2) Explain through an example

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5:

All portfolio companies shall develop and implement an anti-corruption management system

(1) Capital allocation activities used

(2) Explain through an example

STEWARDSHIP WITH INVESTEEES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| SO 8 | PLUS | SO 5 | N/A | PUBLIC | Stewardship with investees | 2 |

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

Swedfund is investing to contribute to its mission and to reach the mission goals set in the owner instructions. Each investment opportunity is assessed against the three pillars: impact on society, sustainability and financial viability. Active ownership, to support and monitor individual investments is a key to reach the mission targets. Once the agreement has been signed and the money disbursed, the work that was begun earlier during the investment phase will continue.

We work actively and continuously with our portfolio companies, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. During the period when we act as a lender or the co-owner of a company or fund, which usually extends over 7–10 years, an ongoing dialogue and close contact are maintained with the portfolio companies in order to monitor risks and performance, goal attainment and contractual conditions, both through visits, active board work and dialogue and through their annual report.

Both internal audits and third party audits are conducted. In connection with fund investments, we can have direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG & Impact initiatives, and funds for Technical Assistance. Investment teams are responsible for following up and ensuring that the companies comply with the contracted conditions, relevant parts of our policies and ESG Action Plans.

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, which can for example be used for training or consultancy.

(2) Stewardship tools or activities used

- (1) Engagement
- (4) Nominating directors to the board
- (5) Leveraging roles on the board or board committees (e.g. nomination committees)
- (6) Taking roles on investee boards
- (7) Working directly with portfolio companies and/or real asset management teams

(3) Example

For further information, see our Integrated Report 2022:
<https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Increased gender equality in the investment portfolio

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Decent working conditions

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: All portfolio companies shall develop and implement an environmental and social management system

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| SO 9 | PLUS | SO 5 | N/A | PUBLIC | Stewardship with investees | 2 |

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

- (A) We prioritise the most strategically important companies in our portfolio.
- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.
- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.
- (D) Other

Describe:

Swedfund is investing to contribute to its mission and to reach the mission goals set in the owner instructions. Each investment opportunity is assessed against the three pillars: impact on society, sustainability and financial viability. Active ownership, to support and monitor individual investments is a key to reach the mission targets. Once the agreement has been signed and the money disbursed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our portfolio companies, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. Investment teams are responsible for following up and ensuring that the companies comply with the contracted conditions, relevant parts of our policies and ESG Action Plans. Within a three year period from the date of disbursement, companies must achieve Swedfund's strategic sustainability goals.

Select from the list:

- 1
- 2
- 3
- 4

STEWARDSHIP WITH EXTERNAL INVESTMENT MANAGERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| SO 10 | PLUS | OO 5, SO 5 | N/A | PUBLIC | Stewardship with external investment managers | 2 |

During the reporting year, how did your organisation, or the external service providers acting on your behalf, engage with external investment managers to ensure that they take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

Swedfund is investing to contribute to its mission and to reach the mission goals set in the owner instructions. Each investment opportunity is assessed against the three pillars: impact on society, sustainability and financial viability. Active ownership, to support and monitor individual investments is a key to reach the mission targets.

Once the agreement has been signed and the money disbursed, the work that was begun earlier during the investment phase will continue. We work actively and continuously with our portfolio companies, focusing on the commercial, risk and sustainability issues, which were identified during the due diligence phase. During the period when we act as a lender or the co-owner of a company or fund, which usually extends over 7–10 years, an ongoing dialogue and close contact are maintained with the portfolio companies in order to monitor risks and performance, goal attainment and contractual conditions, both through visits, active board work and dialogue and through their annual report.

Both internal audits and third party audits are conducted. In connection with fund investments, we can have direct contact with the underlying holdings of the funds, e.g. through visits, analyses, ESG & Impact initiatives, and funds for Technical Assistance. Investment teams are responsible for following up and ensuring that the companies comply with the contracted conditions, relevant parts of our policies and ESG Action Plans.

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, which can for example be used for training or consultancy.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Describe your approach

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Decent working conditions

(1) Describe your approach

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Describe your approach

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: All portfolio companies shall develop and implement an environmental and social management system

(1) Describe your approach

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

(1) Describe your approach

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--|---------------|
| SO 11 | PLUS | SO 5 | N/A | PUBLIC | Stewardship: Engagement with policy makers | 2 |

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

We respond to policy consultations and participate in networks on ESG-policy issues organized by the Foreign Ministry, the Ministry of Finance as well as other networks organized by stakeholders such as the EDFI (European Development Finance Institution) networking group on EU Sustainable Finance Agenda. We are an active member of EDFI and GIIN (Global impact investor network) and provide technical expertise and support the development of new policies, frameworks etc.

Our CEO is on the board of both organisations. We also contribute with advise on the strategic objectives of other organisations. In our role as a state owned company, we are closely engaged with the governmental authorities on various aspects and the channels are formally regulated by our owners. We are organizing round table discussions on ESG_topics to which we invite stake holders and policymakers; we participate in seminars and other competence increasing events to advance sustainability issues; we promote our integrated report to increase knowledge of the value of reporting integrated to ensure delivery on all aspects of sustainable investments; we use active external communication to reach out and invite to a discussion of topics relevant for development finance.

(2) Engagement tools or activities used

(2) We responded to policy consultations
 (3) We provided technical input via government- or regulator-backed working groups
 (4) We engaged policy makers on our own initiative

(3) Example(s) of policies engaged on

EU Sustainable Finance Agenda

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Decent working conditions

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: All portfolio companies shall develop and implement an environmental and social management system

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|---|---------------|
| SO 12 | PLUS | SO 5 | N/A | PUBLIC | Stewardship: Engagement with other key stakeholders | 2, 5 |

Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?

(A) Across all sustainability outcomes

| | |
|------------------------------|--|
| (1) Key stakeholders engaged | (1) Standard setters (2) Reporting bodies (5) Auditors (6) External service providers (e.g. proxy advisers, investment consultants, data providers) (7) Academia (8) NGOs (9) Other key stakeholders |
|------------------------------|--|

(2) Provide further detail on your engagement

Well-developed partnerships with other actors, as well as active value creation are prerequisites for continuing to accelerate development. Swedfund is one of the 15 members of the Association of European Development Finance Institutions (EDFI). At strategic level, the EDFI's agenda is harmonised with the UN Sustainable Development Goals. We often work together and more than half of all investments are made with one or multiple other development finance institutions. Acting as an investor with other like-minded organisations is important in order to bring about change and displacement. Swedfund also works in partnership with other organisations, including civil society organisations, development banks and other business partners, as well as traditional aid organisations. For further information, see our Integrated Report 2022: <https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf>

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: Increased gender equality in the investment portfolio

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Decent working conditions

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: By 2045, the company's investment portfolio shall be climate-neutral. The total release of greenhouse gases per invested krona shall accordingly decline over time.

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: All portfolio companies shall develop and implement an environmental and social management system

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(F) Sustainability Outcome #5:

(F) Sustainability Outcome #5: All portfolio companies shall develop and implement an anti-corruption management system

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

STEWARDSHIP: COLLABORATION

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|----------------------------|---------------|
| SO 13 | PLUS | SO 5 | N/A | PUBLIC | Stewardship: Collaboration | 2 |

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

| | |
|---|--|
| (1) Name of the initiative | Through the investment in Serengeti Energy, Swedfund is contributing capital to energy projects in the early growth phase |
| (2) Indicate how your organisation contributed to this collaborative initiative | (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) |
| (3) Provide further detail on your participation in this collaborative initiative | In 2022, Swedfund invested in Serengeti Energy (Serengeti), an independent energy producer that develops, builds, owns and operates small and medium-sized renewable energy projects in sub-Saharan Africa to supply electricity to the national grids. For Swedfund, the role as a shareholder in Serengeti means that we have a seat on both the Board of Directors and the Investment Committee. This presents us with an excellent opportunity to influence the direction that the company takes. Swedfund is also contributing to the development of their processes regarding the environment, climate, biodiversity and gender equality. For further information, see our Integrated Report 2022: https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf |

(B) Initiative #2

| | |
|---|---|
| (1) Name of the initiative | Investors Integrity Forum |
| (2) Indicate how your organisation contributed to this collaborative initiative | (C) We publicly endorsed the initiative |
| (3) Provide further detail on your participation in this collaborative initiative | In partnership with Transparency International Sweden and five other Swedish investors (Folksam, the First Swedish National Pension Fund, SEB Investment Management, Skandia and the Church of Sweden), we have continued the collaboration within the framework of the Investors Integrity Forum, which is a platform where investors and Transparency International Sverige can jointly pursue key issues relating to corruption risks, acquire and disseminate knowledge, and promote transparency, integrity and accountability. For further information, see our Integrated Report 2022: https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf |

(C) Initiative #3

| | |
|---|---|
| (1) Name of the initiative | Women 4 Growth |
| (2) Indicate how your organisation contributed to this collaborative initiative | (D) We provided pro bono advice, research or training |
| (3) Provide further detail on your participation in this collaborative initiative | In 2022, Women4Growth has been implemented in six portfolio companies across a range of sectors and regions. The programme has been developed and supplemented by, among other things, a mentorship module, an intranet for participants and alumni, and an innovation module for fund managers. For further information, see our Integrated Report 2022: https://www.swedfund.se/media/2663/swedfund-integrated-report-2022-index.pdf |

(D) Initiative #4

| | |
|---|--|
| (1) Name of the initiative | Adaptation & Resilience Investors Collaborative initiative |
| (2) Indicate how your organisation contributed to this collaborative initiative | (C) We publicly endorsed the initiative |
| (3) Provide further detail on your participation in this collaborative initiative | Within the G7 Adaptation & Resilience Investors Collaborative initiative, we have participated in working groups concerning physical climate risk assessment, in order to identify investable projects in climate adaptation and resilience, and to follow up investments in climate adaptation. |

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|---------------------|------------|--|---------------|
| CBM 1 | CORE | N/A | Multiple indicators | PUBLIC | Approach to confidence-building measures | 6 |

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - (H) We did not verify the information submitted in our PRI report this reporting year

THIRD-PARTY EXTERNAL ASSURANCE

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------------------|---------------|
| CBM 2 | CORE | OO 21, CBM 1 | N/A | PUBLIC | Third-party external assurance | 6 |

For which responsible investment processes and/or data did your organisation conduct third-party external assurance?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured
- (B) Manager selection, appointment and monitoring

Select from dropdown list:

- (1) Data assured
- (2) Processes assured
- (3) Processes and data assured

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|--------------------------------|---------------|
| CBM 3 | PLUS | CBM 1 | N/A | PUBLIC | Third-party external assurance | 6 |

Provide details of the third-party external assurance process regarding the information submitted in your PRI report.

(1) Description of the third-party external assurance process

Ernst & Young AB conducted a limited assurance engagement according to the ISAE 3000 standard. The review is limited to the current report and historical information. Ernst & Young AB is a professional service firm providing assurance (which includes financial audit), tax, consulting and advisory services to its clients.

(2) Assurance standard(s) used by the third-party assurance provider

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability; specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402 Assurance Reports on Controls at a Service Organisation
- (L) AAF 01/20
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ISO 14065:2020 General principles and requirements for bodies validating and verifying environmental information
- (P) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- (Q) PCAF
- (R) NGER audit framework (National Greenhouse and Energy Reporting)
- (S) Auditor's proprietary assurance framework for assuring RI-related information
- (T) Other greenhouse gas emissions assurance standard; specify:

(3) Third-party external assurance provider's report that contains the assurance conclusion

<https://reporting.unpri.org/file/23EE594E-482C-4DF6-86FA-029FF13A4678/>

INTERNAL REVIEW

| Indicator | Type of indicator | Dependent on | Gateway to | Disclosure | Subsection | PRI Principle |
|-----------|-------------------|--------------|------------|------------|-----------------|---------------|
| CBM 6 | CORE | CBM 1 | N/A | PUBLIC | Internal review | 6 |

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
 - Sections of PRI report reviewed
 - (1) the entire report**
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year