



LEA 02	Disclosures	Monetary	Non-Monetary	Gateway	Principles PRI 1,2,3
<p>By providing investors with timely and relevant information, companies can help investors make more informed decisions and better understand the risks and opportunities associated with their investments. This information can also help companies to identify and address the needs of their stakeholders.</p> <p>Companies should disclose information on the following areas:</p> <ul style="list-style-type: none"> Environmental impact Social and human rights Governance Climate change Anti-corruption and bribery Product safety and quality Customer privacy Employee relations Supplier relations Community relations Stakeholder engagement Materiality Reporting practices Assurance Other relevant information 	<p>Individual staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company's interests <input checked="" type="checkbox"/> To influence corporate practice or identify the need for a material change <input checked="" type="checkbox"/> To engage in non-monetary ESG activities <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate practice or identify the need for a material change <input type="checkbox"/> To engage in non-monetary ESG activities <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate practice or identify the need for a material change <input type="checkbox"/> To engage in non-monetary ESG activities <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities 	<p>Individual staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company's interests <input checked="" type="checkbox"/> To influence corporate practice or identify the need for a material change <input checked="" type="checkbox"/> To engage in non-monetary ESG activities <input checked="" type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate practice or identify the need for a material change <input type="checkbox"/> To engage in non-monetary ESG activities <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities <input type="checkbox"/> To support investment decision-making in & company's interests <input type="checkbox"/> To influence corporate practice or identify the need for a material change <input type="checkbox"/> To engage in non-monetary ESG activities <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in non-monetary ESG activities 	<p>Principles PRI 1,2,3</p>

RI TRANSPARENCY REPORT

2016

Swedfund International AB

About this report

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

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	🔒	n/a							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	n/a							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Public							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Public							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Public	✓						
SG 12	Long term investment risks and opportunity	✓	Public	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 14	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Public							✓
SG 18	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
SAM 04	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 05	Selection processes (LE and FI)	🔒	n/a	✓						✓
SAM 06	Appointment considerations (LE and FI)	🔒	n/a				✓			
SAM 07	Monitoring processes (LE and FI)	🔒	n/a	✓						
SAM 08	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 09	Selection processes (PE, PR and INF)	✓	Public	✓						✓
SAM 10	Appointment considerations (PE, PR and INF)	✓	Public				✓			
SAM 11	Monitoring processes (PE, PR and INF)	✓	Public	✓						✓
SAM 12	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						✓
SAM 13	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 14	Disclosure of RI considerations	✓	Public							✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	🔒	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Private	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	✓	Public	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	✓	Public	✓						
FI 12	Thematic investing - themed bond processes	✓	Public	✓						
FI 13	Thematic investing - assessing impact	✓	Public	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	🔒	n/a	✓						
FI 18	Engagement overview and coverage	✓	Private		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓				✓	

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	🔒	n/a	✓			✓		✓	
PE 06	Formal commitments to RI	🔒	n/a				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Public	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 11	Encouraging improvements in investees	✓	Public	✓	✓					
PE 12	ESG issues impact in selection process	✓	Public	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Public	✓	✓					
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	🔒	n/a							✓

Swedfund International AB

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the category which best represents your primary activity.

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

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Sweden

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

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

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

FTE

36

OO 02.4 Additional information. [Optional]

We also have a regional office in Nairobi.

OO 03	Mandatory	Descriptive	General
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OO 03.1

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

- Yes
 No

OO 04**Mandatory****Gateway/Peering****General****OO 04.1**

Indicate the year end date for your reporting year.

31/12/2015

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		3	456	000	000
Currency	SEK				
Assets in USD			405	714	651

OO 06**Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	44.3	0
Private equity	29.3	26.4
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

OO 06.2 Publish our asset class mix as per attached image [Optional].

OO 06.3 Additional information. [Optional]

The figures are as of 31 December 2015. Contracted amounts refer to amounts that Swedfund is committed to invest in each investment project. Payments are recorded in the balance sheet. Amounts not disbursed are recorded as contingent liabilities.

OO 07 Mandatory to Report Voluntary to Disclose Gateway General

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	SSA	0
	Corporate (financial)	0
	Corporate (non-financial)	100
	Securitized	0
	Total	100%

OO 08 Mandatory to Report Voluntary to Disclose Peering General

OO 08.1

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

	% of externally managed assets
Segregated mandate(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	100%

OO 09

Mandatory to Report Voluntary to Disclose

Peering

General

OO 09.1

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

Market breakdown	% of AUM
Developed Markets	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %

OO 09.2

Additional information. [Optional]

Swedfund invests in businesses and in countries which, according to the OECD/DAC definition, qualify for development financing. Investments in low-income and post-conflict countries should be given priority.

OO 10

Voluntary

Descriptive

General

Our assignment: Reducing poverty through sustainable business

Through the Ministry for Foreign Affairs, Sweden's government has assigned Swedfund (organization no. 556436-2084) to be Sweden's development finance institution for investments in poor countries. The company was formed in 1979 and is state owned. From January 2015 Swedfund is managed by Sweden's Ministry of Enterprise and Innovation.

Our goals

Our activities shall contribute towards achieving the goals for Sweden's Policy for Global Development (PGU). In collaboration with strategic partners we shall participate in economically, socially and environmentally sustainable investments that create better conditions for people living in poverty and under repression. The company's activities shall promote the development of gender equality. Our overall and most important goal is creating jobs in good working environments with good employment conditions. Return on equity should exceed the average interest rate on Swedish central government debt of one-year maturity. Return shall be measured over rolling seven-year periods.

New guidelines in 2015

Swedfund's owner instructions were updated at the AGM held in April 2015. It was made clearer that activities shall promote the development of greater gender equality and contribute to development that is sustainable for the environment and climate. During the year Swedfund continued to develop activities in the field of climate change. This included starting the formulation of a climate strategy that will be launched in 2016. We have also adapted the Women4Growth talent programme for even more of our portfolio companies.

Our Pillars

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

IMPACT ON SOCIETY: Job creation, Tax and Capacity/knowledge building

SUSTAINABILITY (ESG): Environment/climate, Employment terms, Business ethics and anti-corruption

FINANCIAL VIABILITY: Growth, Profitability, Return on equity

Our time perspective

As investors, we always have a long-term perspective, remaining active as a rule between seven and ten years. Our strategic sustainability goals run over three years, the medium-term for us. The long-term goal for us is to achieve results and help to realize the UN's new global goals for sustainable development by 2030.

OUR 4 STRATEGIC SUSTAINABILITY GOALS

IMPACT ON SOCIETY: We shall contribute to the creation of jobs with a good working environment and good employment terms.

SUSTAINABILITY: We shall contribute to the creation of long-term sustainable companies in the world's poorest countries.

FINANCIAL VIABILITY: We shall contribute to the creation in the world's poorest countries of profitable companies over the long-term that are thereby financially viable.

ANTI-CORRUPTION: We shall make proactive efforts to tackle corruption internally and within portfolio companies.

Our sustainability focus areas

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

The basis for our mission, poverty reduction through sustainable business, is to analyze and manage business opportunities and risks in a number of fundamental sustainability dimensions. Through our portfolio companies and our active ownership, we can promote a positive development in these areas. In this manner, we also help to realize the global goals for a sustainable development.

OUR SECTORS

We invest in three strategically selected main sectors. We consider this to be the best way to create new jobs and thus contribute to reducing poverty. Through our investments and our portfolio companies we help to develop the private sector in the countries in which we are active.

Manufacturing and services

There is a great need to develop manufacturing industry and the services sector in Africa, especially in Sub-Saharan Africa. This includes sectors such as healthcare, hotels and various types of manufacturing. Investing in these sectors creates jobs while the businesses themselves create added value in the countries where they operate. Investments in manufacturing and services contribute to achieving the Sustainable Development Goals: SDG 8 Decent work and economic growth, SDG 9 Innovation and Infrastructure and SDG 12 Responsible consumption and production.

Financial institutions and funds

Investments in funds and banks create the right conditions for entrepreneurs and companies to grow and create jobs. Access to financing is one of the great limits on the capability of companies to grow in poor countries. Swedfund contributes to support these companies and to develop financial markets by financing funds and banks so they, in turn, can increase financing and loans to businesses and entrepreneurs and extend the services that assist financing. The outcome is increased access to affordable financial services for more and more people.

Investments in financial institutions and funds contribute to achieving the Sustainable Development Goals: SDG 8 Decent work and economic growth and SDG 9 Innovation and Infrastructure.

Energy

Business people in developing countries say that the lack of electricity supplies is the single biggest obstacle to doing business. Swedfund focuses on investments in renewable energy but also invests in energy efficiency, i.e. investment in existing infrastructure provided that the requirements in Swedfund's three pillars are met. Investments in the energy sector contribute to achieving the SDG 7 Affordable and Clean energy.

Swedfund's Policy for Sustainable Development - requirements for Portfolio Companies

Across its three forms of investment, Swedfund encourages the following:

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

Across its three forms of investment, Swedfund requires the following:

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

Gateway asset class implementation indicators

OO 12	Mandatory	Gateway	General
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OO 12.1

Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- Fixed income – corporate (non-financial)
- Private equity
- None of the above

OO 12.2

Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Private equity
- None of the above

OO 12.3

Additional information. [Optional]

Swedpartnership

Swedpartnership is a separate programme offering financial support for new establishments of Swedish SMEs in developing and emerging markets.

Swedpartnership provides financial support to small and medium-sized enterprises. The aid, is intended for the transfer of expertise and investments in machinery and equipment, making it possible for companies putting the resources needed to assure the quality of its investment and its business cooperation. The purpose of Swedpartnership is to contribute to the creation of sustainable and viable companies in developing and emerging markets.

Swedfund International AB

Reported Information

Public version

Strategy and Governance

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Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

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

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

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

SG 01.3

Indicate what norms have you used to develop your RI policy.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

other (1) description

IFC Performance Standards on Environmental and Social Sustainability
and IFC Environmental Health and Safety Guidelines

- Other, specify (2)

other (2) description

OECD Convention on combating bribery of foreign public officials in international business transactions

Other, specify (3)

other (3) description

The World Bank's Group's Corporate Governance Development Framework

None of the above

SG 01.4 Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].

SWEDFUND'S SUSTAINABILITY POLICY

Across its three forms of investment, Swedfund encourages the following:

▶ Adhere to internationally recognized standards for (i) sustainability; (ii) business integrity; (iii) anti-corruption; (iv) corporate governance; and (v) human rights.

For example: UN GC, IFC Performance Standards, OECD-guidelines for MNE

▶ Adopt and implement a whistleblowing service in order to make it easy to anonymously report serious irregularities.

Across its three forms of investment, Swedfund requires the following:

▶ Comply with legal and regulatory requirements.

▶ Comply with ILO's Core Conventions and ILO's Basic Terms and Conditions of Employment.

▶ Comply with the Harmonized EDFI Exclusion List.

▶ Adhere to applicable IFC Performance Standards.

▶ Adhere to Swedfund's requirements on anti-corruption.

▶ Provide ESG-information (including human rights) and on development results, as requested by Swedfund.

▶ Comply with Swedfund's requirements with respect to Swedfund's monitoring of its investments.

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

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

EDFI Exclusion List, EDFI Guidelines for OFCs, EDFI Harmonized Environmental and Social Standards

No

SG 01.5 Additional information [Optional].

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

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

Policy setting out your overall approach

URL

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

Attachment [Optional]

[swedfund-policy-for-sustainable-development-2015-09-02.pdf](#)

- Formalised guidelines on environmental factors

URL

http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf

Attachment [Optional]

[edfi_principles_responsible_financing-signed_copy_09-05-07.pdf](#)

- Formalised guidelines on social factors

URL

http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf

Attachment [Optional]

[edfi_principles_responsible_financing-signed_copy_09-05-07.pdf](#)

- Formalised guidelines on corporate governance factors

URL

http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf

Attachment [Optional]

[edfi_principles_responsible_financing-signed_copy_09-05-07.pdf](#)

- Asset class-specific guidelines

URL

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

Attachment [Optional]

[swedfund-policy-for-sustainable-development-2015-09-02.pdf](#)

Sector specific RI guidelines

URL

http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf

Attachment [Optional]

[edfi_principles_responsible_financing-signed_copy_09-05-07.pdf](#)

Screening / exclusions policy

URL

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

Attachment [Optional]

[harmonized_edfi_exclusion_list_2012.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Additional information [Optional].

- Swedfund's Code of conduct: http://www.swedfund.se/media/1319/swedfund_code_of_conduct.pdf
- Swedfund's Position on Children's Rights: <http://www.swedfund.se/media/1682/swedfunds-position-on-childrens-rights.pdf>
- EDFI Guidelines for offshore Financial: Centres, http://www.swedfund.se/media/1125/summary_of_edfi_guidelines-_ofcs_2011.pdf
- Swedfund's Anti-Corruption Policy: http://www.swedfund.se/media/1677/swedfunds_anti-corruption_policy.pdf

SG 03	Mandatory	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2

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

During 2014 Swedfund developed a policy for managing conflicts of interests in the investment process. The policy give instructions on how and when to report conflicts of interest and also comprise of a self assessment form that the employees should fill in when necessary. Swedfund Investment Committee address any potential conflicts of interest in the investment process.

No

SG 03.3

Additional information. [Optional]

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

- The Companies Act (2005:551)
- The Insider Act (1990: 1342); The Market Abuse Act (2005: 377)
- ILPA - Private Equity Principles
- EFFAS - ACIIA Principles of Ethical Conduct
- OECD - Managing Conflict of Interest in the Public Service
- CFA Institute - Code of Ethics and Standards of Professional Conduct

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

Swedfund's procedures for dealing with conflicts of interest:

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

Objectives and strategies**SG 04****Mandatory****Gateway/Core Assessed****General**

SG 04.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 04.2

Additional information. [Optional]

Swedfund measures portfolio companies adherence to Swedfund's Sustainability Targets. Fulfillment of the targets is a requirement within three years of the time of Swedfund's investment. Information is collected by a self-declaration from, Swedfund Portfolio Company Annual Sustainability, and the results are presented externally in Swedfund's annual Integrated Report. For further details please see section SG 05.1 - 05.2 in this report.

Each year an audit plan is developed that states which portfolio companies will be visited during the year. The purpose of the audit is to help the company implement changes to achieve the strategic sustainability goals and make other improvements identified at the time of investment and during the annual self-declaration (Swedfund's Portfolio Company Sustainability Report).

The selection of companies and the format for visits is based on the risk in the portfolio company's business, our knowledge of the company's challenges, information that Swedfund obtains from the companies through self-declarations and the date of previous visits or audits. The audit is done either with external consultants or through a site visit by Swedfund's ESG managers. The audit plan for 2015 covered six companies (2014: 10 audits, 2013: 5 audits), with three companies being audited by external consultant and three companies being audited by the Swedfund ESG team. During the year an audit of one company's supplier chain was conducted as part of the project to implement children's rights. This audit was conducted in December 2015 and January 2016. The audit resulted in a list of specific actions and target dates to be followed up by Swedfund's ESG managers and Senior Investment Manager with responsibility for the investment.

SG 05	Voluntary	Descriptive	General
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SG 05.1

List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

- Provide training on ESG incorporation

Key performance indicator

ESG-training for Swedfund employees

Progress achieved

In 2015 one training course was held in IFC Performance Standards, in Stockholm for all of Swedfund's employees. The sustainability work of Swedfund and other European Development Finance Institutions is based on IFC Performance Standards.

- Provide training on ESG engagement

Key performance indicator

ESG-training for Swedfund employees

Progress achieved

In 2015 one training course was held in IFC Performance Standards, in Stockholm for all of Swedfund's employees. The sustainability work of Swedfund and other European Development Finance Institutions is based on IFC Performance Standards.

- Improved communication of ESG activities within the organisation
- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator

ESG- training for Portfolio companies

Progress achieved

In 2015, a training course was held in IFC Performance Standards, in Nairobi in cooperation with Norfund (the Norwegian DFI), primarily for portfolio companies and fund companies but also for personnel from Swedfund's and Norfund's local offices. The sustainability work of Swedfund and other European Development Finance Institutions is based on IFC Performance Standards.

- Improved ESG incorporation into investment decision making processes

Key performance indicator

Update of Swedfund's Sustainability Policy

Progress achieved

In September 2015, Swedfund's board adopted an updated sustainability policy, which forms an integral part of the Code of Conduct. The Sustainability Policy describes Swedfund's commitments and the expectations and demands we place on partners in order to achieve our aims in our Sustainability (ESG) pillar. The updates to the Sustainability Policy mean no fundamental changes or new commitments. The main changes consist of: 1) clarification of what we mean by 'encourage' and what we mean by 'require'; 2) clarification of the difference in requirements between the following three forms of financing a) direct investments, b) financial institutions and funds, c) Swedpartnership; 3) clarification of the implicit requirements in IFC Performance Standards. The updated Sustainability Policy's main contribution is thus to clarify - for internal as well as external stakeholders and partners - Swedfund's commitments to, and expectations of, its partners regarding sustainability issues.

In 2015, responsibility for anti-corruption issues was made clearer, both internally within Swedfund and during implementation at the portfolio companies, along with related processes. An analysis of how anti-corruption work can be further strengthened was initiated in 2015.

- Other, specify (1)

Implementation of UN Guiding Principles on Business and Human Rights

Key performance indicator

Investment cases with Human Rights risks addressed

Progress achieved

Content concerning human rights was extended in the Sustainability policy in 2015. In practical terms this meant that the meaning of the reference to UNGP concerning Due diligence focused on human rights in "limited high risk circumstances" was specified and the introduction of requirements for all portfolio companies to set up a complaints mechanism. These issues was integrated in the Sustainability Policy, instead of having a separate Human Rights Policy. The Sustainability Policy is included in our investment agreements, which make our starting point stronger and our requirements clearer.

To ensure that we meet UN Guiding Principles on Business and Human Rights, we are now reviewing our internal processes. Human rights are an integral part of our Due diligence allour new investments.

During the year we worked more extensively on the following human rights risks:

- ▶ Risks related to land acquisition were identified. An in-depth study of compensation was conducted and a livelihood restoration plan was set up.
- ▶ Risks related to customer privacy were identified, with the result that specific requirements were included in the final agreement.
- ▶ Risks related to child labour were identified at supplier level. A decision for an extensive supply chain audit was taken.

Other, specify (2)

Other, specify (3)

Financial performance of investments

Increase portfolio performance by consideration of ESG factors

Other, specify (1)

other description (1)

Financial Viability of portfolio companies

Key performance indicator

Profitability
Growth
Resturn on Equity

Progress achieved

Swedfund shall contribute to creating long-term profitable and thereby financially viable businesses in the world's poorest countries.

One of the prerequisites for achieving development results through private enterprise is that investments are financially viable, i.e. profitable. It is therefore central for Swedfund to follow up and report on how the investments perform financially. It is preferable to do so separately for each business based on that company's specific circumstances on the market in which they are active. Monitoring of each individual investment is done internally and is an important part of the work of the investment manager.

Because of the different nature of each company's business we are unable to report key figures on the individual company level. We have however, decided to report indicators at the aggregate level as this gives a picture of the development of the companies as a whole.

SALES GROWTH (percentage change in sales from 2013 to 2014)

shares 14%

loans 20%

PROFIT MARGIN (profit after tax/sales)

shares 7%

loans -1%
 RETURN ON EQUITY (profit after tax/equity, opening balance)
 shares 5%
 loans 3%

- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

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

Key performance indicator

Strategic Sustainability Goal - Adherence to ILO Core Conventions
 Job creation and number of jobs
 Gender equality
 Taxes

Progress achieved

Strategic Sustainability Goal - Adherence to ILO Core Conventions
 18 (79%) of the 24 companies that responded follow the ILO core conventions.
 Job creation and number of jobs
 Average job growth in the 27 companies that were in Swedfund's portfolio in both 2014 and 2015, and where information on the number of staff is available, was 3.7 per cent (1.5 per cent in 2014).
 Through its investment, Swedfund contributes to supporting 111,993 jobs¹ (2014: 108,221; 2013: 104,390).
 Taxes
 Tax paid by portfolio companies was equivalent to SEK 502 million (2013: SEK 347 million, 2012: SEK 367 million). Information for 2015 includes reports from 16 direct investments and 5 fund investments and their holdings. Around 76 per cent of the reported tax derives from 67 underlying holdings in Swedfund's fund investments.
 Gender equality
 The proportion of women employed was 18 per cent (2014: 25 per cent), the percentage of women in management positions 21 per cent (2014: 777 women) and the number of women on company boards 68 (2014: 78 women). Due to the lack of information we cannot report the percentage of women on the boards of portfolio companies.

- Setting carbon targets for portfolio
- Other, specify (1)

Other description (1)

TARGET: Implementation of ESG management systems at each company within three years of the start of financing.

Key performance indicator

INDICATOR: Implementation in all portfolio companies and at Swedfund itself of ESG management systems which, where relevant, cover environmental and social issues, and corporate governance

Progress achieved

To determine if a portfolio company meets the sustainability target, Swedfund checks if the company has implemented a management system and whether it contains the components that are relevant. This helps identify opportunities for improvement. Ten questions are asked about the following components of a management system:

- Policy
- Identification of risks and impact
- Result assessments
- Responsibilities and skills
- Emergencies
- Reporting
- Stakeholders

Out of Swedfund's 24 (27) direct investments, 12 report that they have management systems for environmental and social affairs, an improvement on last year.

Other, specify (2)

Other description (2)

TARGET Fulfilment of ILO's core conventions and ILO's basic terms and conditions of employment in all companies within three years of the start of information

Key performance indicator

INDICATOR: Fulfilment of the ILO's core conventions and ILO Basic Terms and Conditions of Employment

Progress achieved

16 specific questions are asked to determine if a portfolio company fulfils the ILO's core conventions and ILO's basic terms and conditions of employment. This means Swedfund covers the key areas of the ILO core conventions and ILO basic terms and conditions of employment and hence possible areas for improvement can be identified and Swedfund can proactively advocate to achieve its targets. Questions are asked about the following areas:

- Trade union rights, ILO 87, 98
- Minimum pay, ILO 26, 131
- Enforced labour, ILO 29, 105
- Child labour, ILO 182
- Occupational safety and health, ILO 155
- Equal remuneration, ILO 100
- Discrimination, ILO 111
- Minimum age, ILO 138
- Working hours and overtime, ILO 1

18 (79%) of the 24 companies that responded follow the ILO core conventions.

Other, specify (3)

Other description (3)

TARGET: Adoption and implementation of a management system for handling anti-corruption issues shall be completed at Swedfund in 2014 and among portfolio companies within three

Key performance indicator

Adoption and implementation internally and at portfolio companies of management system for handling anti-corruption issues.

Progress achieved

To determine if a portfolio company meets the sustainability target, Swedfund checks if the company has implemented a management system that contains relevant components. This enables areas of improvement to be identified. Nine questions are asked in the following areas of an anti-corruption management system.

Anti-corruption policy: Shall be established as starting point for anti-corruption management system.

Responsibility: Manager in senior management team.

System: Processes, procedures or checks to detect corruption.

Competence: Identification and training of key individuals (those most exposed to corruption).

Reporting: Regular, annual report as minimum.

79 per cent of reporting companies have a policy and a person responsible for implementation of the policy. See below for more information about results for 2015.

Other activities

- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative
- Documentation of best practice case studies

Key performance indicator

Case studies published

Progress achieved

Swedfund provided case studies to UN Global Compact SDG Industry Matrix Financial Services. The cases illustrated how different investments and ESG- engagement contribute to the SDGs.

https://www.unglobalcompact.org/docs/email_downloads/2015_10_20_LEAD/SDG%20Industry%20Matrix%20-%20Financial%20Services_FINAL.pdf

- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)

other description (1)

TARGET: On average for all of Swedfund's investments the number of jobs shall increase every year.

Key performance indicator

INDICATOR: A growing number of jobs within Swedfund's portfolio companies.

Progress achieved

JOB CREATION 2014-2015 was 3.7%

Average job growth in the 27 companies that were in Swedfund's portfolio in both 2014 and 2015, and where information on the number of staff is available, was 3.7 per cent (1.5 per cent in 2014).

Through its investment, Swedfund contributes to supporting 111,993 jobs¹ (2014: 108,221; 2013: 104,390).

Direct jobs also generate a large number of indirect jobs. Swedfund has no estimates of, and does not account for the indirect jobs that are created, but in 2016 we will introduce a model for calculating indirect jobs. The World Bank's investment organization IFC estimates that the number of indirect jobs created in the IFC's portfolio companies is 7-25 per direct job created. Many of these indirect jobs benefit uneducated and poor people. Swedfund estimates that the impact on employment locally and overall is substantially larger than the jobs reported above.

Other, specify (2)

other description (2)

GENDER EQUALITY

Key performance indicator

Percentage female employees
Percentage of females on mgmt positions

Progress achieved

GENDER EQUALITY

18% Proportion of women employed

21% Proportion of women in management positions

For the second year we are reporting the proportion of women employed in portfolio companies including investment funds and their holdings, and the women in management positions and on company boards. The proportion of women employed was 18 per cent (2014: 25 per cent), the percentage of women in management positions 21 per cent (2014: 777 women) Disclosure is part of an initiated work on gender equality.

Other, specify (3)

other description (3)

Tax

Key performance indicator

INDICATOR: Tax reported by our portfolio companies

Progress achieved

Tax paid by portfolio companies was equivalent to SEK 502 million (2013: SEK 347 million, 2012: SEK 367 million). Information for 2015 includes reports from 16 direct investments and 5 fund investments and their holdings. (Of totally 63 companies and funds in the portfolio 39 reports results of which 17 report negative results. 22 companies report positive results of which one company have no reported tax.)

Around 76 per cent of the reported tax derives from 67 underlying holdings in Swedfund's fund investments. These companies are generally larger and possibly more mature than many of Swedfund's direct investments.

2015 is the third year that Swedfund is presenting country-by-country reporting of tax. The presentation is a consequence of dialogue on tax issues started in 2013, with civil society organizations. Swedfund's involvement in the issue has continued since then. T

This is how Swedfund works with

Tax is part of our Due diligence. Prior to making an investment we check any structures in place to make sure that they are sound. We measure the taxes paid by the portfolio company and endeavour to report details of the amount of tax paid, in accordance with a harmonised definition. We also perform country-by-country reporting.

SG 05.2

Additional information.

Additional information on progress/results achieved regarding Swedfund's Sustainability Targets listed above:

Sustainability Target: Adherence to ILO Core Conventions

18 (79%) of the 24 companies that responded follow the ILO core conventions. This year four companies reported higher overtime than the previous year, above the ILO recommendation, something we will follow up the reasons for in our advocacy dialogue with these companies. Four companies reported in 2014 that they do not allow union participation and collective bargaining. In 2015 Swedfund checked on this area of non-compliance and in 2015 one company reported that they do not permit trade union participation while two stated they do not permit collective bargaining. These companies are located in countries where trade union rights and collective bargaining are not permitted.

Swedfund is trying to influence the portfolio companies to offer employees the opportunity to meet during working hours, by monitoring dialogue and during the site visit. Two of the portfolio companies do not have policies for equal pay, while two companies did not respond to the question. Two companies do not have policies for non-discrimination, and one company has not responded. These issues will be followed up in the dialogue with the companies. All of the ten funds that filled in the self-declaration for 2015 stated that they observe ILO core conventions and ILO basic employment conditions.

Sustainability Target: ESG Management System

Out of Swedfund's 24 (27) direct investments, 12 report that they have management systems for environmental and social affairs, an improvement on last year. To meet requirements for an approved management system, companies must respond to 10 questions. 12 (5) companies have key parts of a management system while 8 (11) lack important parts of such a system. Of those who have the management system, 7 (6) have independently verified systems. Of the 10 (7) reporting fund companies, 8 (6) state in their self-assessment that they use management systems for environmental and social affairs. The two funds without management systems are older investments and management demands were not made at the start of the fund. One of these funds reports that it will implement a management system in the coming year. Swedfund has chosen to highlight four important parts of management systems for environmental and social affairs and illustrated them below.

SUSTAINABILITY OR ENVIRONMENT POLICY

96 per cent of the reporting direct-investments have a sustainability policy compared with 78 per cent last year. One direct investment and two fund companies still do not have a sustainability policy, which is a significant improvement on the previous year. Swedfund's portfolio companies do a very wide range of different business, in different manufacturing and services sectors. Swedfund's advocacy has contributed to the fact that most portfolio companies and fund companies have now adopted sustainability or environment policies. However work must still be done to implement adopted policies.

IDENTIFICATION OF RISKS AND IMPACTS

63 per cent of Swedfund's direct investments report that they perform a risk and impact analysis of their activities, which is a reduction on the previous year (78 per cent). The risk and impact analysis forms the basis for decisions about measures the company must implement to reduce risks. Portfolio companies that reported in previous years

that they performed such an analysis have now stated that they do not identify risks and impact, and Swedfund will follow up these matters with these portfolio companies. It is important that a risk and impact analysis is a continual process. We need to improve and clarify our communication on this matter with portfolio companies as we see that many portfolio companies perform risk analysis but still do not report it.

ESG MANAGER

The portfolio companies report that ESG responsibility rests at board level, management level or at the operational level. Responsibility for these issues is often part of general management responsibility in the company, as reflected in the results. The share of direct investments that have an ESG manager is 79 per cent, compared with 74 per cent in 2014, 13 per cent have no such manager and 8 per cent did not respond. 89 per cent of the reporting funds have an ESG manager. The positive increase is explained by the fact that new funds often have a dedicated ESG manager. During the year we worked proactively with one of the two older funds to develop policy, environmental and social management systems and appointment of an ESG manager.

EMERGENCY READINESS

Fire precautions and fire drills are an important part of emergency readiness, and all the portfolio companies report that they perform them. One of them is establishing a system for it. That all portfolio companies have emergency readiness systems is a continued priority.

During the year, we have conducted dialogue with the two companies that lacked emergency readiness systems last year. Swedfund checks continuously that portfolio companies have emergency readiness systems, not just in terms of fire precautions and fire drills but also to ensure that practical implementation of the systems and processes exist, such as evacuation drills.

Sustainability target: Anti-corruption management system

Swedfund's portfolio companies undertake to adopt and implement a management system to deal with anti-corruption issues. An important and often initial step in pursuing proactive anti-corruption work is to define and implement an anti-corruption policy. 79 per cent of reporting companies have a policy and a person responsible for implementation of the policy. To support portfolio companies, Swedfund has since 2012 provided a Portfolio Company Anti-Corruption Policy Model that portfolio companies can base their own activities on. 2015 is the second year that Swedfund has measured and reported the degree of implementation of anti-corruption management systems. As the graph shows, more portfolio companies have now implemented the policy, developed competence, appointed managers with responsibility for anti-corruption issues, and developed systems and processes for reporting and follow-up. But several companies did not respond, indicating the absence of a management system for anti-corruption issues.

Governance and human resources

SG 06

Mandatory

Core Assessed

General

SG 06.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify

Portfolio Director

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify

Legal Counsel

Other description (1)

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify

Other description (2)

External ESG-consultants

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

SG 06.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Different forms of value-creating capital are the input into Swedfund's integrated business model. By investing in and building (through our activities) sustainable and profitable companies, we aim to achieve long-term sustainable results in our three pillars - impact on society, sustainability (for Swedfund, sustainability is the same as ESG) and financial viability. The reduction of poverty through sustainable business is our overall goal.

Our employees have knowledge in finance, investment, ESG (Environmental, Social and Governance), law, specific sectors and the intangible values learnt over many years developing Swedfund's business model, management systems and processes.

INITIAL ASSESSMENT

During an initial selection an assessment is made of the country, company, strategic partner and Swedfund's role in the investment. Each new investment proposal is judged against Swedfund checklist, which includes testing the strengths of the company's business plan, and against the list of excluded industries.

CONCEPT CLEARANCE

An assessment of the investment is made on the basis of Swedfund's three pillars - Impact on society, Sustainability and Financial viability. Approval must be granted before the investment continues.

DUE DILIGENCE

Business concept, market, financial history and forecast, investment calculation, other partners, legal aspects, expected development results and ESG issues are all analyzed. The different areas are assessed in parallel with more in-depth analysis as needed. What are the company's market conditions? What are the financial projections? Assessments continue until investment money is paid out.

SCREENING

During in-depth analysis of the potential investment it is assessed against Swedfund's three pillars. Additional issues may arise. If approval is given, the proposal is prepared for a board decision.

BOARD DECISION

Based on Swedfund's three pillars, Swedfund's board makes an investment decision, whereupon a contract will be negotiated.

VALUE-CREATING ADVOCACY

Swedfund works with the portfolio companies and influences them through board involvement, exchanges of experience and follow-up. This means work focused on strategic direction/development, profitability, growth, sustainability, etc. In our investment process we manage risks while creating and protecting values. Every year or second year, the Swedfund ESG team makes site visits or audits, working with local consultants as necessary. The Swedfund ESG team formulates an ESG Action Plan (AP), including actions to ensure that the portfolio companies follow Swedfund's policies. The ESG AP is implemented in the portfolio company's operating procedures and is monitored. In this way, value-creation advocacy work starts before go-ahead on the investment is decided.

EXIT

When a portfolio company can continue with the same development without Swedfund's involvement, an exit is made. Swedfund sells its holding in the portfolio company and ends its involvement. An internal exit report is written, presenting an analysis of the investment results and lessons drawn.

ESGAP

Swedfund's ESG team is responsible for the evaluation of environmental, social issues, corporate governance and anti-corruption in the portfolio companies. For each portfolio company that Swedfund invests in, an ESG Action Plan (ESGAP) is established and implemented. This plan contains measures to ensure that companies comply with our Sustainability Policy and our Anti-Corruption Policy. The action plan contains detailed descriptions of what the company needs to do to receive funding and the company approves it. The risk that human rights will be disregarded is also analyzed, based on UN Guiding Principles on Business and Human Rights.

We follow up compliance with the Action Plan during our ongoing dialogue with the company, in board work and through the company's annual self-declaration (Swedfund Portfolio Company Sustainability Report) to Swedfund. This gives us a good idea of what questions should be prioritized in the future and how well the company lives up to our requirements. The action plan may also require the portfolio companies to do a risk analysis of their supply chain and take corrective action if necessary.

We regularly make site visits and/or do audits to follow up implementation of the ESG Action Plan. We adopted a Sustainability Policy in 2010 which we then updated in 2013, 2014 2015. This means that Swedfund cannot set the same requirements for older portfolio companies that it sets for new ones. In companies with older contracts, we try anyway to highlight the importance of issues that may not be included in our agreements. For business ventures that are sustainable and profitable over the long term, an ESG Action Plan is an important tool, both for the investment decisions and for follow-up.

Audit plan

Each year an audit plan is developed that states which portfolio companies will be visited during the year. The purpose of the audit is to help the company implement changes to achieve the strategic sustainability goals and make other improvements identified at the time of investment and during the annual self-declaration (Swedfund's Portfolio Company Sustainability Report).

The selection of companies and the format for visits is based on the risk in the portfolio company's business, our knowledge of the company's challenges, information that Swedfund obtains from the companies through self-declarations and the date of previous visits or audits. The audit is done either with external consultants or through a site visit by Swedfund's ESG managers. The audit plan for 2015 covered six companies (2014: 10 audits, 2013: 5

audits), with three companies being audited by external consultant and three companies being audited by the Swedfund ESG team. During the year an audit of one company's supplier chain was conducted as part of the project to implement children's rights. This audit was conducted in December 2015 and January 2016. The audit resulted in a list of specific actions and target dates to be followed up by Swedfund's ESG managers and Senior Investment Manager with responsibility for the investment.

SG 06.3	Indicate the number of dedicated responsible investment staff your organisation has.
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Number	
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20

SG 06.4	Additional information. [Optional]
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20 out of 36 in total, this includes personal in the Investment Organisation (11) as well as in Development and Portfolio Management/ESG (5) and Legal (4).

SG 07	Voluntary	Additional Assessed	General
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SG 07.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

- Responsible investment included in personal development and/or training plan

SG 07.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.
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Internal workshops and training within the programme "Swedfund University":

- In 2015, two training courses were held in IFC Performance Standards, one in Stockholm for all of Swedfund's employees and a second in Nairobi in cooperation with Norfund, primarily for portfolio companies and fund companies but also for personnel from Swedfund's and Norfund's local offices. The sustainability work of Swedfund and other European Development Finance Institutions is based on IFC Performance Standards.
- In 2015 employees at Swedfund received training in preventing conflict of interest via an online course entitled "The Fight Against Corruption" developed in collaboration with UN Global Compact and the UN Office on Drugs and Crime.
- In 2014 and 2015 Swedfund also conducted on site in Nairobi, a course in Anti-Corruption and Business Integrity for twenty portfolio companies in Kenya, Ethiopia and South Sudan.
- Within the frame of Swedfund University external speakers were invited to speak about different subjects related to responsible investments: On the occasion of Global Compact 15 years, a presentation of the report IMPACT, transforming business, changing the world.
- Workshop about the OECD BEPS initiative
- AP4 presentation on implementation of Sustainable Investment.
-

- None of the above

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

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

Other C-level staff or head of department

Portfolio Director

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

Portfolio managers

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

Investment analysts

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

Dedicated responsible investment staff

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

Other role

Legal Counsel

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

SG 07.3

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

Portfolio Managers are responsible for the fulfillment of Swedfund's strategic Sustainability Targets for each individual investment. The strategic sustainability targets should be fulfilled within three years from investment time which is followed up annually. On an aggregated portfolio level it is Head of departments that are responsible for the ESG-performance and progress of the entire portfolio.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Swedfund do not pay any bonuses to any employee.

Promoting responsible investment

SG 08

Mandatory

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 08.1

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

Select all that apply

- Principles for Responsible Investment

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Swedfund held a presentation for a UN PRI time on Swedfund's approach to the Sustainable Development Goals.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Swedfund provided UN GC with examples from our investment activities on the UN GC SDG Industry Matrix Financial Services. The examples illustrates how our investments and ESG-activities in the portfolio companies contribute in realizing the SDGs.
https://www.unglobalcompact.org/docs/email_downloads/2015_10_20_LEAD/SDG%20Industry%20Matrix%20-%20Financial%20Services_FINAL.pdf

- Other collaborative organisation/initiative, specify
European Development Finance Institutions (EDFI)

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Swedfund is member of the European Development Finance Institutions (EDFI). As one out of 15 members we take an active role in the collaboration within EDFI. We actively participate in all the expert working groups: Environmental & Social (E&S), Development Effects (DE), Legal, HR, Communication. In 2015 Swedfund hosted the bi-annual working group meeting for E&S and DE as well as the annual meeting for the CEOs of the organisations.

<http://www.edfi.be/>

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
The Swedish Governments network for state owned companies; Sustainable Business.

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We participate in the different workshops and seminars that are arranged for this group of state owned companies. As a consequence of this we, together with a few other companies, have taken the initiative to form a working group on the implementation on UN Guiding Principles.

Other collaborative organisation/initiative, specify

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

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

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Swedfund has participated in the initiative among 25 DFI/IFIs to harmonise results indicators for private sector investment operations. During 2015 the second phase of the harmonisation was finalized. <https://indicators.ifipartnership.org/>

SG 09	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 09.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 09.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

specify description

Please refer to SG 09.3 below

No

SG 09.3

Additional information. [Optional]

- In 2015 Swedfund CEO was elected as a member to UN Global Entrepreneurs Council. Through this role Swedfund's CEO promotes responsible investments as crucial driver for entrepreneurship and job creation.
- As part of the official Swedish delegation to Financing for Development Swedfund participated in side events, panels and bilateral meetings and could show that the company's priorities complies with the Swedish priorities: environmental and climate sustainability, equality and gender equality, combating capital and tax evasion, fair working conditions (decent work) and focus on the least developed countries (LDCs). Swedfund could illustrate this with practical examples from our activities: monitoring of the portfolio companies' compliance of the ILO's core conventions, climate investments through ICCF, Women4Growth, country-by-country reporting tax, partnership with H& M and Scania, etc.
- Participation in the tax committee, speeches in parliament, participation in seminar on tax evasion, organized by ForumSyd and CSR Sweden, meeting on tax evasion, organized by Concord and participation in "The Tax Dialogue on Corporate Responsibility" organized by Ibis, Christian Aid and Share Action.
- Stakeholder dialogue on human rights. Minutes from the meeting available on swedfundfrankly.se
- Stakeholder dialogue on Swedfund's results reporting (Integrated report). Minutes available on swedfundfrankly.se

Implementation not in other modules

SG 11

Voluntary

Descriptive

PRI 1

SG 11.1

Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- Yes
- No

SG 11.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- Yes
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Sector weightings
 - Other, specify
- No

SG 11.3	Additional information.
----------------	-------------------------

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

FINANCING FORMS

Financing forms include loans, shares or investment in funds. The choice of instrument depends on the portfolio company's financing needs. Swedfund continues to focus on the ownership role through which we can influence the company's development via the contracts it signs and the work of its board. Swedfund aims to increase the average level of investment to about SEK 60 million per investment.

SECTORS

Prioritised sectors include manufacturing, services, financial institutions, such as banks and mutual funds, renewable energy.

GEOGRAPHY

Swedfund invests in businesses and in countries which, according to the OECD/DAC definition, qualify for development financing. Investments in low-income and post-conflict countries should be given priority.

SG 12	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
--------------	--	--------------------	--------------

SG 12.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you consider.
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- Changing demographics
- Climate change

SG 12.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Swedfund in became involved in The Electrification Financing Partnership with H &M for a sustainable textile industry in Ethiopia. Partnership with Scania for biogasproduction.

None of the above

SG 12.3

Indicate which of the following tools you use to manage emissions risks and opportunities

- Carbon footprinting
- Scenario testing
- Disclosure on emissions risk to clients/trustees/management/beneficiaries
- Target setting for emissions risk reduction
- Encourage internal and/or external portfolio managers to monitor emissions risk
- Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- Other, specify
- None of the above

Resource scarcity

Technology developments

Other, specify(1)

Other, specify(2)

None of the above

SG 12.5

Additional information [Optional]

The Swedish government is supporting Swedfund with a capital contribution of SEK 400 million in 2016 aimed at promoting investment in sustainable solutions for the environment and climate that will lead to a switch to renewable energy. The government is also proposing capital contributions of SEK 400 million annually for 2017-2018.

ELECTRIFI

Access to sustainable electricity and energy services for everyone is important - both from a climate perspective and to achieve inclusive and equitable economic growth. To improve the supply of electricity and help to mitigate the worst effects of climate change, which mainly affects the world's poor, Swedfund in 2015 became involved in The Electrification Financing Initiative (ElectriFI) that focuses on sustainable electricity supplies in developing countries.

ElectriFI will support investments in renewable energy with a focus on rural electrification.

This EU initiative invests mainly in the private sector although the venture also benefits public institutions. Partners from the local private sector will participate together with civil society organizations.

ElectriFI, which is a collaboration with members of European Development Finance Institutions (EDFI) and the European Commission, will receive initial funding of around EUR 75 million.

ElectriFI was launched at COP21 in Paris on 4 December 2015. electrifi.org.

Radisson Nairobi

Swedfund made an additional investment Radisson Blu Hotel Nairobi (The investment decision was taken in 2008) as stealthily opened the fourth quarter 2015. The reason? site employs many under 25 years and is Furthermore, a hub for tourism and drives investments in the sector. Visitors pay in hard currency, and spending on goods and services. The hotel is Green Key-certified with solar panels on the roof and a closed drainage with purification where 95 percent of the water recycled. It creates 350 direct jobs, of which about 45 percent are women. Hotel operator Rezidor which places great emphasis on labor law issues, such as the continuous training of personnel, equal pay, overtime pay, parental leave, etc.

H&M

In 2015 Swedfund announced a partnership with H&M to contribute in building a sustainable textile industry in Ethiopia. Water management, waste management, decent work are important parts of the partnership.

Partnership with Scania

In the spring of 2015, Scania and Swedfund announced a partnership to develop the production of biogas as a vehicle fuel in the Indian city of Nagpur. Biogas will be produced, in cooperation with local companies, made from the sludge from one of the city's wastewater treatment plant. Nagpur is participating in the Indian government's investments to improve the environment and transport in the country's 100 largest cities. The initiative will contribute to the country's conversion to renewable fuels and the solution to the problems of pollution, and create new jobs.

CLIMATE STRATEGY

In 2015 Swedfund initiated to formulate a climate strategy that will be launched in 2016.

SG 13	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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SG 13.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 13.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
---------	--

	% of total AUM
--	----------------

100

SG 13.3	Please specify which thematic area(s) you invest in and provide a brief description.
---------	--

	Area
--	------

Clean technology (including renewable energy)

	Asset class invested
--	----------------------

Fixed income - Corporate (non-financial)

Private equity

	Brief description of investment
--	---------------------------------

Please see section OO 10.1 for information about investments in Energy sector.

Please see section SG 12.5 for information on Electrifi.

Green buildings

Asset class invested

- Fixed income - Corporate (non-financial)
- Private equity

Brief description of investment

Please see section SG 12.5 for information about Green-key certified Radisson BLU Hotel Nairobi

- Sustainable forestry
- Sustainable agriculture
- Microfinance

Asset class invested

- Fixed income - Corporate (non-financial)
- Private equity

Brief description of investment

Investment in Acleda Bank, Cambodia

Only 10 percent of Cambodia's population have access to financial services in the formal system. Cambodia about a million SME companies is expected to generate 75 percent of the country's jobs. Cambodia's banking (market share of approximately 20 percent) has a strong focus on the social and economic development. The loan, which is part of a syndication, enabling the bank's continued expansion in rural areas and thus contribute to increase employment and demand, and the structure of domestic production

- SME financing

Asset class invested

- Fixed income - Corporate (non-financial)
- Private equity

Brief description of investment

Please refer to section OO 10.1 and information on our investments in the financial sector (FIs and Funds).

In 2015 Swedfund invested in National Bank (NMB), Tanzania, one of Tanzania's largest banks, with 2.5 million customers, is done through a syndicated loan led by the Dutch DFlen FMO. The aim is to increase the bank lending to small and medium-sized enterprises and business with a focus on agro-industry. The funds thus helps to create jobs in Tanzania where the finance market for banks is limited and the private sector, in turn, is dependent on financing from local banks to grow and create jobs.

In 2015 Swedfund invested in Ecobank, Nigeria. Full Assortment Bank is ranked as number six in Nigeria and the country's second largest branch network. The bank offers products and services to large corporate clients, small and medium-sized enterprises and private customers. The funding to Ecobank will have positive multiplier effects and enables growth in bank lending, which supports private sector development in the region. Swedfund loan is part of a syndicated loan led by the Dutch DFI FMO.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

	Asset class invested
--	----------------------

- Fixed income - Corporate (non-financial)
- Private equity

	Brief description of investment
--	---------------------------------

Healthcare is central to development for all societies and requires large investments both in public and private healthcare to meet future challenges. Swedfund currently has six investments (same number in 2014) in the health sector across various medical disciplines (primary care, cardiovascular surgery, cancer treatment, multi-specialty hospital and a hospital with a focus on women's health). The number of patients treated in these activities amounted to 957,000 (840,000) during 2015. The figure for 2014 was based on reporting from four of the six Swedfund investments in the healthcare sector. In 2015 information was not submitted by two businesses, but in the four reporting companies the number of patients treated has increased.

- Water

	Asset class invested
--	----------------------

- Fixed income - Corporate (non-financial)
- Private equity

	Brief description of investment
--	---------------------------------

Please refer to section SG 12.5 for information about partnership with H&M.

- Other area, specify

No

SG 13.4	Additional information [Optional].
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Swedfund's three Pillars is integrated in all types of investments that Swedfund undertake. All our investments should contribute to results within all three pillars - Impact on Society, Sustainability(ESG) and Financial Viability. Consequently we strive for positive environmental and social impact in all the investments we make, no matter in what sector, please refer to the above examples. Please refer to the following sections for more information on how we address environmental and social themes in all our investments:

OO 10.1 about Swedfund's mission and investment model standing on three pillars.

SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

Innovation

SG 17	Voluntary	Descriptive	General
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SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 17.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Please refer to section SG 12.5 and our partnership with H&M to contribute to establish a sustainable textile industry in Ethiopia. Swedfund as an owner and H&M as a buyer have aligned interest and requirements when it comes to the integration of good ESG practices into the textile producer that Swedfund will invest in.

Please refer to section SG 12.5 and the information about our partnership with Scania.

STAKEHOLDER INTERVIEW: ÅSA PETTERSSON, HEAD OF PUBLIC AND SUSTAINABILITY AFFAIRS AT SCANIA

"We needed a partner who understands sustainable investments"

To reduce carbon emissions you need a market for sustainable transport. That's why truck and bus manufacturer Scania entered into a partnership with Swedfund to produce biogas at a sewage plant in the Indian city of Nagpur, which is investing in a public transport system powered by biogas.

"Transport accounts for a quarter of the global emissions of carbon dioxide. Transport is our business. To solve the transport needs we must sever the link between transportation and carbon emissions, not least in developing countries because that is where the big changes are occurring and the need is greatest," says Åsa Pettersson, Head of Public and Sustainability Affairs at Scania.

Investing in biogas production to ensure access to climate-neutral fuel is a completely new kind of business for Scania, which does not usually take responsibility for putting infrastructure for fuel in place.

"In order to succeed, we needed a partner who understood India and sustainable investment. It has been extremely important for us that Swedfund has such clear requirements for investment in terms of sustainability. It is also an important part of quality assurance when we choose a local Indian partner," says Åsa Pettersson.

The partnership began in spring 2015, and by 2016 Scania will be manufacturing buses run on biogas produced from the sludge from the local sewage treatment plant in Nagpur.

"Our hope is to identify similar successful solutions in the markets where both we and Swedfund are active. We see this as win-win-win. All the parties gain through cooperation, establishing sustainable solutions and helping the local community to develop in a sustainable manner."

Women for growth

There is a strong link between greater gender equality and reduced poverty. Swedfund's talent programme, Women4Growth, works proactively with gender equality by inspiring women and strengthening them in their professional activity. One of the first participants in the project, Mercury Kivuva from Kenya, is responsible for ten Java House cafés in Nairobi.

As the manager of several Java House cafés in Nairobi, Mercury Kivuva visits at least two of the chain's establishments every day in the capital of Kenya.

"I check the kitchen, the quality of what is being served, hygiene, and generally make sure that everything is working like it should," she explains.

At the start of 2015 she was one of 20 participants from two of Swedfund's portfolio companies in Kenya - Nairobi Java House and clothes company Deacons - chosen for Swedfund's talent programme, Women4Growth.

"For two days we identified our own capability to achieve our goals. But the activities were not only about understanding our own opportunities. We were also finding out how that can have a positive impact on my company and colleagues," says Mercury Kivuva, who started in the business as a chef and has worked her way up to her current managerial position.

WOMEN4GROWTH, made Mercury Kivuva stronger and more secure in her professional role.

"It has made me more aware that I can create better synergies. By encouraging others to take on difficult tasks that enable them to believe in themselves, I have been able to help them grow into new professional roles."

"Compliance with ILO core conventions on equal pay for equal work and non-discrimination is part of our assessment, from a gender perspective, of new portfolio companies. It is also part of our strategic sustainability goals. We monitor this annually and we measure the percentage of women employees and women in leading positions and on boards," says Karin Thorsson, ESG Manager at Swedfund and responsible for Women4Growth.

The ambition is to develop Women4Growth as an umbrella concept where different types of gender equality programmes will be included.

"We need to identify requirements. In some portfolio companies, for example, it might be important to design products and services specifically for women.

Various reports show that there is a clear link between greater gender equality and poverty reduction. Efforts to promote gender equality do not need to be about changing standards or behaviour. It can also mean influencing women's development in other ways and increasing women's share of economic power.

"Supporting energy companies that provide electricity to more households frees up time for women. Investing in financial institutions that give loans to women entrepreneurs also makes a difference," says Karin Thorsson.

Mercury Kivuva believes that Kenya is already on the right track to achieving greater gender equality.

"I have a 9-year-old daughter and I am convinced that she will grow up in a different Kenya to the one I grew up in. We live in a society that is being transformed and where there are greater opportunities for women to achieve their goals as long as they are smart and work hard. It is increasingly about talent and ability, even though women must still work harder than men to achieve higher positions in the workplace."

This is how Swedfund works with GENDER EQUALITY

As part of Due diligence work prior to an investment, we review various aspects of the company's work on gender equality, such as parental leave. In our assessment of a company, our starting point is the International Labour Organisation's (ILO) core conventions on equal pay for equal work and non-discrimination. For all new investments since 2014 we require that the core conventions are respected within three years from the start of financing. In addition to the proportion of women employees in the business, portfolio companies also report the proportion of women in senior positions and on boards.

No

SG 17.3

Additional information.

STAKEHOLDER INTERVIEW SOFIA FALK, CEO OF WIMINVEST

"Gender equality is one way to do better business"

Carry on investing in women. An increased focus on women in the labour market creates growth and contributes to the development of a sustainable society, says Sofia Falk, the founder of Wiminvest, whose business concept is to help companies support talented women so they can reach operational management positions and in the long-term move into senior management positions and onto the boards of directors.

Commissioned by Swedfund, Sofia Falk developed a talent programme that has been implemented as part of Swedfund's Women4Growth concept.

"When more women work, the economy grows. Having a gender equality filter on all investment may lead to investment in more types of products and services, and make an even greater difference on Swedfund's markets," says Sofia, who welcomes Swedfund's commitment to greater gender equality.

Plenty of evidence points to significant economic gains when women in African businesses have the opportunities to develop their full potential on the labour market.

"The important thing is to put the issue under the microscope. If it's not on the agenda, nothing will happen. Through Women4Growth, Swedfund can change the rules in the areas where they are active and make gender equality another way just to do better business," she says.

Sofia would like to see more Women4Growth workshops.

"In countries where men are the norm, women think they have nothing to contribute. If we can encourage and support talented and unique women, they will become catalysts improving gender equality and making the

workplace more inclusive. The biggest challenge for Swedfund is getting portfolio companies to realise that gender equality is vital for business development and innovation.

Sofia Falk started Wiminvest so that by talking about business benefits and strategic gains she would inspire others to see that greater equality leads to better financial results. Since 2008 Wiminvest has worked with over 40 global companies and helped them in the process of promoting more women into operational management positions.

Assurance of responses

SG 18	Voluntary	Additional Assessed	General
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SG 18.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

SG 18.2	Indicate who has reviewed, validated and/or assured your reported information.
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- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name
Ernst & Young AB
- Other, specify

SG 18.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
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All information in this report derives from Swedfund's Integrated Report 2015. Information reported in the UN PRI reporting tool has been subject to a general review by Swedfund's auditors Ernst & Young AB. Please see attachment of Independent Auditor's Limited Assurance Report.

All information in this report can also be found in *Swedfund's Integrated Report 2015* which was subject to an audit by Swedfund's appointed auditors; by Ernst & Young AB. Please refer to section SG18.5 for more information about Swedfund's Integrated report 2015. Attached is the Swedfund's Integrated Report 2015, in Swedish, not available in English version until end of April 2016.

Through active ownership, site visits, Due diligence processes, audits etc we have in-depth knowledge about our investments. Through ESG-audit and site visits we verify ESG-information that the companies self-declare to Swedfund on an annual basis. Financial data from our portfolio companies derive from audited annual financial reports.

SG 18.4	Attach any relevant documents.
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[Swedfund IR15.zip](#)

[Independent Auditor's Limited Assurance Report.pdf](#)

No

Swedfund's annual report for 2015, which the UN PRI reporting is based on, is a totally integrated report in which the sustainability-related information in the directors' report is fully integrated with financial data, and vice versa. This structure means that this report is formulated in line with the International Integrated Reporting Council's (IIRC) Framework. Swedfund complies with the Government Offices of Sweden's Guidelines for external reporting for state-owned companies. The entire annual report is subject to verification with a reasonable level of reliability, i.e. auditing.

The Board has signed the integrated report and publishes it in its entirety.

We apply version G4 of the Global Reporting Initiative's (GRI) sustainability reporting framework, as well as GRI G4 Sector Disclosures, Financial Services, core level.

Following Swedfund's adoption in 2012 of the UN Global Compact, Swedfund reports on its implementation of the Global Compact's 10 principles in an annual Communication on Progress (COP). The first COP was submitted in April 2013. In Swedfund's Integrated report 2015 we are integrating our fourth COP.

Swedfund International AB

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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

Overview

SAM 01	Mandatory	Core Assessed	PRI 4
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SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use fiduciary managers
- No

SAM 02	Mandatory	Gateway	General
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SAM 02.1 Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

When investing in funds, Swedfund follow the same investment process and criteria as for the other direct investments, which include compliance with Swedfund's Code of Conduct, Sustainability Policy, Anti-Corruption Policy and Exclusion list as well as Anti-Corruption Clauses in the contract.

For further guidance please see description of RI objectives and progress in module SG section 01.1 - 01.5 and 05.1 - 05.2 . These descriptions apply to externally managed assets as well.

Private equity (PE), property (PR) and infrastructure (INF)

Selection

SAM 09	Mandatory	Core Assessed	PRI 1-6
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SAM 09.1 In your manager selection process for the following assets, indicate whether your organisation and/or your investment consultant typically take any of the following actions.

General

	PE		
Used the PRI's LP DDQ during discussions with managers as part of your selection process	<input type="checkbox"/>		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, excluding PRI reporting	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation, specify in 09.2	<input checked="" type="checkbox"/>		
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

SUSTAINABILITY (ESG)

Environmental and social responsibility along with good business ethics and good corporate governance are the prerequisites for sustainable and profitable company investments over the long term. Swedfund's ESG Action Plan is a key tool - both for the investment decision and monitoring. In each investment and for each individual company that Swedfund finances with loans or share capital an ESG Action Plan of measures is established that will ensure that the company follows Swedfund's Sustainability Policy. The Action Plan and compliance with the Sustainability Policy are followed up regularly.

Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

Please see section SG 01.3 - 01.5 about international norms applicable also to Swedfund's indirect managed investment.

Please see section SG 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

SAM 09.2

Provide additional information on how weighting of ESG factors in your manager evaluation are applied.

Please see the above question. According to our Strategic Sustainability Goals the fund manager must have a ESG Management System implemented, at least within three years from the time of Swedfund's investment. Absence of important components in the ESG management system will be addressed in the ESGAP which is part of the investment agreement.

SAM 09.3

Provide additional information relevant to your organisation's selection approach for non-listed assets. [Optional]

The majority of Swedfund's investments are in non-listed assets. See all information in SAM 09.2 plus the additional information. The same RI approach and integration of ESG factors apply for all our direct and indirect investments.

Appointment

SAM 10	Voluntary	Additional Assessed	PRI 4
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SAM 10.1 When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

	PE		
Acting in accordance with your organisation's overall investment beliefs on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Acting in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Acting in accordance with your organisation's overall policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Other general RI considerations in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment selection in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment monitoring in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Reporting

	PE		
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>		
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

Swedfund's ESG Action Plan is a key tool - both for the investment decision and monitoring. In each of Swedfund's investments, financed with loans or e an ESG Action Plan of measures is established that will ensure that the company follows Swedfund's Sustainability Policy.

The Action Plan is part of the investment agreement and compliance with the Sustainability Policy are followed up regularly.

According to our Strategic Sustainability Goals the fund manager must have a ESG Management System implemented, at least within three years from the time of Swedfund's investment. Absence of important components in the ESG management system will be addressed in the ESGAP which is part of the investment agreement. measures is established that will ensure that the company follows Swedfund's Sustainability Policy.

Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

Please see seciton SG 01.3 - 01.5 about international norms applicable also to Swedfund's indirect managed investment.

Please see section SG 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

ON PARTNERSHIPS FOR FORMAL BANKING SERVICES

The lack of infrastructure for banking services makes it difficult for people to save money and make payments securely. In 2015 therefore, Swedfund invested SEK 65 million in Apis Growth Fund I, which focuses on financial services companies in growth markets where many people do not have access to formal credit or banking services.

One way to help people gain access to secure banking services is to invest in funds like the newly established private equity asset manager, Apis Partners, a strong partner for innovative investment in financial services, including in countries where people lack access to formal credit and banking services.

"Swedfund played a key role in helping us define our framework for ESG and gave us valuable feedback about how we could improve our ESG Due diligence process. Their focus on corporate governance in particular was of great help and we view Swedfund as one of our most important ESG partners," explains Ravi Bhatt, Investment Associate and ESG and Impact Officer at Apis.

Of the 2.5 billion adults who currently do not have access to banking services, 2.2 billion live in growth countries in Africa and Asia. Technical solutions make it possible for more individuals to get access to the formal sector for financial services.

As incomes increase in these growth markets, the demand for financial services is expected to expand along with the need for innovative and cost-effective solutions.

With its first fund, APIS is committed to raising a total of USD 250 million for investments in the financial sector in Africa and Asia. Although Swedfund is one of the smaller financiers it is considered to be an important partner, especially in ESG issues, says Ravi Bhatt.

For Apis, ESG is not only a risk management tool but also a key concept for value creation. The Fund's focus is on investment in companies that offer financial services, often through technical solutions and innovative business models, such as mobile payment services, savings, credit and insurance. The fund's first investments were carried out in December 2015.

"We completed our first two transactions in December 2015 and January 2016. The first, MicroCred, is a group of micro, small and medium-sized lending institutions operating in Africa and Asia. The second, EPS, is an independent distributor of ATMs in Asia. We also have a strong pipeline of companies active in financial inclusion within various financial services in Africa and Asia," says Ravi Bhatt.

For Swedfund the aim of the investment is to contribute to continued expansion and development in these growth markets.

"Historically there has generally been a lack of investment in infrastructure that makes it possible to distribute products and services such as bank account withdrawals or deposits in banks or ATMs. This directly affects people's ability to save, make secure payments or access other simple services," says John Kristensen, Senior Investment Manager, Financial Institutions and Head of Fund Investments at Swedfund.

Products and solutions focused on Fintech - innovative technology solutions in the financial sector - are important tools that give poor people better opportunities to build up savings and use other financial services in emerging markets.

"The team at Apis possess a valuable combination of expertise in developing markets, the financial sector and financial technology. For Swedfund this represents a unique opportunity to strengthen our expertise in Fintech via a strong partner," says John Kristensen.

SUSTAINABILITY (ESG)

Environmental and social responsibility along with good business ethics and good corporate governance are the prerequisites for sustainable and profitable company investments over the long term. Swedfund's ESG Action Plan is a key tool - both for the investment decision and monitoring. In each investment and for each individual company that Swedfund finances with loans or share capital an ESG Action Plan of measures is established that will ensure that the company follows Swedfund's Sustainability Policy. The Action Plan and compliance with the Sustainability Policy are followed up regularly.

Monitoring

SAM 11.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:
-----------------	--

General

	PE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review manager's responsible investment reporting excluding PRI	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input checked="" type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input checked="" type="checkbox"/>		
Other general aspects of your monitoring, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input checked="" type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

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

Please see section SG 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Adherence to Swedfund's Strategic Sustainability Goals are also monitored for fund investees.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP, audit plans annual Sustainability reports which for indirect managed funds includes the underlying investees.

SAM 11.2

Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

See the above question.

Outputs and outcomes

SAM 12

Mandatory to Report Voluntary to Disclose

Descriptive

PRI 1-6

SAM 12.1

Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.

%

10

SAM 13

Voluntary

Descriptive

PRI 2

SAM 13.1

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

Add Example 1

Topic or issue	ON PARTNERSHIPS FOR FORMAL BANKING SERVICES
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Private equity
Scope and process	Defining Apis' framework for ESG and giving feedback about how the fund's ESG Due diligence process could be improved.
Outcomes	Their focus on corporate governance in particular was of great help and we view Swedfund as one of our most important ESG partners. See Section SAM

Add Example 2

Topic or issue	Monitoring of ESG implementation into investees
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Private equity
Scope and process	Please see section SG 06.2 for applicable information about Swedfund's investments process, ESGAP and annual monitoring through the Fund and investee annual report.
Outcomes	See SG 05.2 about development and ESG results for investments in funds and their investees.

Add Example 3

Add Example 4

Add Example 5

SAM 13.2

Additional information.

The lack of infrastructure for banking services makes it difficult for people to save money and make payments securely. In 2015 therefore, Swedfund invested SEK 65 million in Apis Growth Fund I, which focuses on financial services companies in growth markets where many people do not have access to formal credit or banking services.

One way to help people gain access to secure banking services is to invest in funds like the newly established private equity asset manager, Apis Partners, a strong partner for innovative investment in financial services, including in countries where people lack access to formal credit and banking services.

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"The team at Apis possess a valuable combination of expertise in developing markets, the financial sector and financial technology. For Swedfund this represents a unique opportunity to strengthen our expertise in Fintech via a strong partner," says John Kristensen.

Communication

SAM 14

Mandatory

Core Assessed

PRI 6

SAM 14.1

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

Yes, we disclose information publicly

provide URL

<http://www.swedfund.se>

provide URL

<http://www.swedfundfrankly.se>

SAM 14.2

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

- Yes
 No

SAM 14.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

Information	Public	Clients/beneficiaries
How responsible investment considerations are included in manager selection, appointment and monitoring processes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Details of the responsible investment activities carried out by managers on your behalf	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify below	<input type="checkbox"/>	<input type="checkbox"/>

- Yes, we disclose information to clients/beneficiaries only
 We do not proactively disclose information to the public and/or clients/beneficiaries

SAM 14.4

Additional information. [Optional]

Swedfund publicly disclose information about the investment cases on Swedfund's website and blog and news are published on Mynewsdesk. <http://www.mynewsdesk.com/swedfund>.

Swedfund's Integrated report 2015 includes an interview with ESG staff from the Apis fund in which Swedfund has invested in. Please see section SAM 10.2 for this interview.

Swedfund International AB

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

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

Overview

FI 01	Mandatory to Report Voluntary to Disclose	Gateway	General
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FI 01.1 Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Corporate (non-financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%

FI 01.2 Additional information. [Optional]

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

FI 03	Mandatory to Report Voluntary to Disclose	Descriptive	General
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FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments between investment grade or high-yield securities.

Corporate (non-financial)	High-yield	100
	Investment grade	0
	Total	100%

FI 03.3

Additional information. [Optional]

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

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

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

We were advised by UN PRI staff to mark "High Yield" although the definition is not really applicable to Swedfund's investment in private debt.

ESG incorporation in actively managed fixed income

Implementation processes

FI 04

Mandatory

Gateway

PRI 1

FI 04.1

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

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

FI 04.2 Describe your primary reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

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

FI 06	Mandatory	Additional Assessed	PRI 1
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FI 06.1 Indicate how you ensure that your ESG research process is robust:

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify

specify description

Please see section SG 06.2 for information about investment process, ESGAP, audits. As well as PE 09.1 about ESG issues considered during DD.

- None of the above

FI 06.2 Describe how your ESG information or analysis is shared among your investment team.

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

FI 06.3 Additional information. [Optional]

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

Please see section SG 06.2 for more information.

(A) Implementation: Screening

FI 07	Mandatory	Gateway	PRI 1
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FI 07.1 Indicate the type of screening you conduct.

Select all that apply

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

FI 07.2 Describe the type of screening you apply to your internally managed active fixed income

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

FI 08 **Mandatory** **Descriptive** **PRI 1**

Corporate (non-financial)

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

FI 08.2 Describe your approach to ESG-based negative screening of certain issuers from your investable universe.

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

Swedfund adheres to Harmonized EDFI Exclusion list. See information about the exclusion list.

The reasons for applying this exclusion list is ethical and based on perceived risks in the areas covered. We do not believe that these areas of operations or aspects contribute to a long term sustainable value creation, thus they do not contribute to realizing the Sustainable Development Goals.

FI 08.3 Additional information. [Optional]

Harmonized EDFI Exclusion List According to The European Development Finance Institution (EDFI) "Principles for Responsible Financing", EDFI members have mutually agreed on the following Harmonized EDFI Exclusion List for co-financed projects: EDFI Members will not finance any activity, production, use, distribution, business or trade involving:

1. Forced labor¹ or child labor
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as: ozone depleting substances, PCB's

(Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals; wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).

3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.

4. Destruction of High Conservation Value areas

5. Radioactive materials⁵ and unbounded asbestos fibers.

6. Pornography and/or prostitution

7. Racist and/or anti-democratic media ⁸. In the event that any of the following products form a substantial part of a project's primary financed business activities

6 : a) Alcoholic Beverages (except beer and wine); b) Tobacco; c) Weapons and munitions; or d) Gambling, casinos and equivalent enterprises.

FI 09	Voluntary	Additional Assessed	PRI 1
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FI 09.1	Provide examples of how ESG factors are included in your screening criteria.
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Example 1

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental
<input checked="" type="checkbox"/> Social
<input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
<input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
<p>Our investment activities are based on three pillars - Impact on society, Sustainability and Financial viability - and on long-term commitment and sustainability in our partnerships. These pillars support everything we do - from making a decision to invest, throughout the entire management phase, to regular measurement of results and finally an exit out of the investment. Our second pillar - sustainability covers ESG:</p> <p>Environment/climate, Employment terms a Business ethics and anti-corruption</p> <p>Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.</p>

Example 2

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental
<input checked="" type="checkbox"/> Social
<input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
<input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Example 3

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input checked="" type="checkbox"/> Environmental
<input checked="" type="checkbox"/> Social
<input checked="" type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
<input checked="" type="checkbox"/> Norms-based
Description of how ESG factors are used as the screening criteria
Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

Example 4

Example 5

INITIAL ASSESSMENT

During an initial selection an assessment is made of the country, company, strategic partner and Swedfund's role in the investment. Each new investment proposal is judged against Swedfund checklist, which includes testing the strengths of the company's business plan, and against the list of excluded industries.

CONCEPT CLEARANCE

An assessment of the investment is made on the basis of Swedfund's three pillars - Impact on society, Sustainability and Financial viability. Approval must be granted before the investment continues.

DUE DILIGENCE

Business concept, market, financial history and forecast, investment calculation, other partners, legal aspects, expected development results and ESG issues are all analyzed. The different areas are assessed in parallel with more in-depth analysis as needed. What are the company's market conditions? What are the financial projections? Assessments continue until investment money is paid out.

SCREENING

During in-depth analysis of the potential investment it is assessed against Swedfund's three pillars. Additional issues may arise. If approval is given, the proposal is prepared for a board decision.

BOARD DECISION

Based on Swedfund's three pillars, Swedfund's board makes an investment decision, whereupon a contract will be negotiated.

VALUE-CREATING ADVOCACY

Swedfund works with the portfolio companies and influences them through board involvement, exchanges of experience and follow-up. This means work focused on strategic direction/development, profitability, growth, sustainability, etc. In our investment process we manage risks while creating and protecting values. Every year or second year, the Swedfund ESG team makes site visits or audits, working with local consultants as necessary. The Swedfund ESG team formulates an ESG Action Plan (AP), including actions to ensure that the portfolio companies follow Swedfund's policies. The ESG AP is implemented in the portfolio company's operating procedures and is monitored. In this way, value-creation advocacy work starts before go-ahead on the investment is decided.

EXIT

When a portfolio company can continue with the same development without Swedfund's involvement, an exit is made. Swedfund sells its holding in the portfolio company and ends its involvement. An internal exit report is written, presenting an analysis of the investment results and lessons drawn.

ESGAP

Swedfund's ESG team is responsible for the evaluation of environmental, social issues, corporate governance and anti-corruption in the portfolio companies. For each portfolio company that Swedfund invests in, an ESG Action Plan (ESGAP) is established and implemented. This plan contains measures to ensure that companies comply with our Sustainability Policy and our Anti-Corruption Policy. The action plan contains detailed descriptions of what the company needs to do to receive funding and the company approves it. The risk that human rights will be disregarded is also analyzed, based on UN Guiding Principles on Business and Human Rights.

We follow up compliance with the Action Plan during our ongoing dialogue with the company, in board work and through the company's annual self-declaration (Swedfund Portfolio Company Sustainability Report) to Swedfund. This gives us a good idea of what questions should be prioritized in the future and how well the company lives up to our requirements. The action plan may also require the portfolio companies to do a risk analysis of their supply chain and take corrective action if necessary.

We regularly make site visits and/or do audits to follow up implementation of the ESG Action Plan. We adopted a Sustainability Policy in 2010 which we then updated in 2013, 2014 2015. This means that Swedfund cannot set the same requirements for older portfolio companies that it sets for new ones. In companies with older contracts, we try anyway to highlight the importance of issues that may not be included in our agreements. For business ventures that are sustainable and profitable over the long term, an ESG Action Plan is an important tool, both for the investment decisions and for follow-up.

FI 10	Mandatory	Core Assessed	PRI 1
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FI 10.1 Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

Type of screening	Checks	
	Negative/exclusionary screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0072bc; color: white; padding: 2px; margin-top: 5px;">other description</div> <p>Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Please see section SG 06.2 about Swedfund's investment process,</p> <input type="checkbox"/> None of the above
	Norms-based screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0072bc; color: white; padding: 2px; margin-top: 5px;">other description</div> <p>Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Please see section SG 06.2 about Swedfund's investment process,</p> <input type="checkbox"/> None of the above

(B) Implementation: Thematic

FI 11	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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FI 11.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- Environmentally themed funds
- Socially themed funds
- Combination of themes

FI 11.2	Indicate whether you invest in 'green' or 'climate' bonds
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- Yes
- No

FI 11.3	Indicate whether you apply criteria (your own or those of a third party) to decide whether a bond can be considered a 'green' bond.
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- Yes
- No

FI 11.4	Describe your organisation's approach to all sustainability-themed fixed income investing and the criteria you apply to determine whether a bond can be considered for a thematic fund, mandate or similar.
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Our investment activities are based on three pillars - Impact on society, Sustainability and Financial viability - and on long-term commitment and sustainability in our partnerships. These pillars support everything we do - from making a decision to invest, throughout the entire management phase, to regular measurement of results and finally an exit out of the investment. Our second pillar - sustainability covers ESG: Environment/climate, Employment terms a Business ethics and anti-corruption.

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

We do not invest in bonds.

FI 12	Mandatory	Core Assessed	PRI 1
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FI 12.1	Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles:
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- We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects
- We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- Other, specify
We do not invest in green bonds but we encourage transparency and disclosure of information by the companies we invest in.
- None of the above

FI 12.2	Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.
----------------	--

See additional information below.

FI 12.3	Additional information. [Optional]
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We were recommended by UN PRI to report on the above section although we do not invest in green bonds or bonds at all.

The disclosure principles under the green bonds principles can be applied to our investments also. Please see the following sections:

OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

SG 01.3 - 01.5 about international norms applicable to all Swedfund's investments, including private quity.

SG 05.1- 05.2 about RI objectives and progress and reporting on Swedfund's Strategic Sustainability Goals.

SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

FI 13	Mandatory	Additional Assessed	PRI 1
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FI 13.1	Indicate how you assess the environmental or social impact of your thematic investments
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- We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments
- We ensure independent audits are conducted on the environmental or social impact of our investments
- We have a proprietary system to measure environmental and social impact
- We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights
- Other, specify

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Please see section SG 06.2 about Swedfund's investment process,

- None of the above

FI 13.2	Additional information. [Optional]
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Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

Please see section SG 01.3 - 01.5 about international norms applicable to all Swedfund's investments, including private quity.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

(C) Implementation: Integration

FI 14	Mandatory	Descriptive	PRI 1
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FI 14.1 Describe your approach to integrating ESG into traditional financial analysis.

Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.
 Please see section SG 01.3 - 01.5 about international norms applicable to all Swedfund's investments, including private quity.
 Please see section SG 05.1- 05.2 about Swedfund's RI objectives and progress, as well as Swedfund's Strategic Sustainability Targets.
 Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

Corporate (non-financial)

Swedfund has the same approach to direct private debt and loan investments (according to UN PRI - fixed income) as when investeing in direct or indirect equity. See asnwer to question FI 14.1

FI 15 **Mandatory** **Core Assessed** **PRI 1**

FI 15.1 Indicate how ESG information is typically used as part of your investment process.

Select all that apply

			Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis			<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions			<input type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions			<input checked="" type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment			<input checked="" type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings			<input checked="" type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar			<input checked="" type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring			<input checked="" type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents			<input checked="" type="checkbox"/>	
Other, specify			<input type="checkbox"/>	

FI 15.2	Additional information [OPTIONAL]
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ESG is one of three pillars in Swedfund's investment model and is integrated through the whole investment cycle. Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

FI 16	Mandatory	Additional Assessed	PRI 1
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FI 16.1	Indicate the extent to which ESG issues are reviewed in your integration process.
----------------	---

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

FI 16.2	Additional information [OPTIONAL]
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ESG is one of three pillars in Swedfund's investment model and is integrated through the whole investment cycle, from Due Dilligence, investment decision, investmen management, monitoring and exit.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

FI 16.3	Additional information.[OPTIONAL]
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OUR PILLARS

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

INITIAL ASSESSMENT

During an initial selection an assessment is made of the country, company, strategic partner and Swedfund's role in the investment. Each new investment proposal is judged against Swedfund checklist, which includes testing the strengths of the company's business plan, and against the list of excluded industries.

CONCEPT CLEARANCE

An assessment of the investment is made on the basis of Swedfund's three pillars - Impact on society, Sustainability and Financial viability. Approval must be granted before the investment continues.

DUE DILIGENCE

Business concept, market, financial history and forecast, investment calculation, other partners, legal aspects, expected development results and ESG issues are all analyzed. The different areas are assessed in parallel with more in-depth analysis as needed. What are the company's market conditions? What are the financial projections? Assessments continue until investment money is paid out.

SCREENING

During in-depth analysis of the potential investment it is assessed against Swedfund's three pillars. Additional issues may arise. If approval is given, the proposal is prepared for a board decision.

BOARD DECISION

Based on Swedfund's three pillars, Swedfund's board makes an investment decision, whereupon a contract will be negotiated.

VALUE-CREATING ADVOCACY

Swedfund works with the portfolio companies and influences them through board involvement, exchanges of experience and follow-up. This means work focused on strategic direction/development, profitability, growth, sustainability, etc. In our investment process we manage risks while creating and protecting values. Every year or second year, the Swedfund ESG team makes site visits or audits, working with local consultants as necessary. The Swedfund ESG team formulates an ESG Action Plan (AP), including actions to ensure that the portfolio companies follow Swedfund's policies. The ESG AP is implemented in the portfolio company's operating procedures and is monitored. In this way, value-creation advocacy work starts before go-ahead on the investment is decided.

EXIT

When a portfolio company can continue with the same development without Swedfund's involvement, an exit is made. Swedfund sells its holding in the portfolio company and ends its involvement. An internal exit report is written, presenting an analysis of the investment results and lessons drawn.

HUMAN RIGHTS

To ensure that we meet UN Guiding Principles on Business and Human Rights, we are now reviewing our internal processes. Human rights are already an integral part of our Due diligence covering all our new investments. In 2016 we intend to clarify procedures around extended Due diligence with regard to human rights.

Our process

1. We do a preliminary risk assessment related to human rights. Here we take into account the country, part of the country, the sector and specific, project-related risks.
2. We identify and document possible risks to check on negative consequences for human rights.
3. We make a decision on whether it is necessary to do separate Due diligence focusing on human rights.
4. We develop an action plan to prevent, mitigate and manage negative consequences for human rights.

Fixed income - Engagement

FI 19	Mandatory to Report	Voluntary to Disclose	Additional Assessed	PRI 1,2
FI 19.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)			

Select all that apply

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

FI 19.2

Indicate how your organisation prioritises engagements with issuers

Select all that apply

		Corporate (non-financial)	
Based on potential materiality of ESG factors		<input checked="" type="checkbox"/>	
Based on systemic risks to global portfolios		<input type="checkbox"/>	
Based on our exposure (holdings) to ESG risks		<input type="checkbox"/>	
Other, describe		<input checked="" type="checkbox"/>	

FI 19.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

		Corporate (non-financial)	
Engagements are conducted pre-investment		<input checked="" type="checkbox"/>	
Engagements are conducted post-investment		<input checked="" type="checkbox"/>	
Other, describe		<input type="checkbox"/>	

FI 19.4

Indicate how your organisation conducts engagements with issuers.

Select all that apply

			Corporate (non-financial)
We systematically engage prior to ESG-related divestments			<input type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities			<input checked="" type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer			<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together			<input checked="" type="checkbox"/>
Other, describe			<input type="checkbox"/>

FI 19.5

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

			Corporate (non-financial)
We conduct engagements with individual issuers			<input checked="" type="checkbox"/>
We conduct engagements across sectors and industries			<input type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)			<input checked="" type="checkbox"/>
Other, describe			<input type="checkbox"/>

FI 19.6

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

			Corporate (non-financial)	
We have a systematic process to ensure the outcomes of engagements are made available			<input checked="" type="checkbox"/>	
We occasionally make the outcomes of engagements available			<input type="checkbox"/>	
Other, describe			<input checked="" type="checkbox"/>	
We do not make this information available			<input type="checkbox"/>	

FI 19.7	Additional information.[OPTIONAL]
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ESG is an integrated part of Due Diligence. Potential deficiencies related to ESG issues are followed up in a ESGAP (Environmental Social Governance Action Plan) which is part of the loan agreement. Monitoring through Swedfund Sustainability Report (a self declaration for the company) is made on an annual basis. Based on the ESGAP and annual monitoring and in depth knowledge about the company (issuer) Swedfund undertakes audits (conducted by its own staff or external consultants) on a regular basis (every 2-3 year).

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

Senior Investment Managers (or PM) are responsible for the ESG performance and improvements of the investments.

FI 20	Mandatory to Report Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 20.1	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.
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- Yes
- No

FI 20.3	Additional information [OPTIONAL]
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Please see section Strategy and Governance 01.4 and 04.1.

Outputs and outcomes

FI 21	Mandatory to Report Voluntary to Disclose	Additional Assessed	General
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FI 21.1	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.
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Select all that apply

			Corporate (non-financial)	
We measure whether incorporating ESG impacts funds' reputation			<input type="checkbox"/>	
We measure whether incorporating ESG impacts financial returns			<input type="checkbox"/>	
We measure whether incorporating ESG impacts risk			<input checked="" type="checkbox"/>	
We measure whether incorporating ESG impacts funds' ESG performance			<input checked="" type="checkbox"/>	
None of the above			<input type="checkbox"/>	

FI 21.2

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

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

FI 22	Voluntary	Descriptive	PRI 1,2
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FI 22.1

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

Example 1

Type of fixed income
<input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
<p>Swedfund's Strategic Sustainability Targets:</p> <ul style="list-style-type: none"> • Adherence to ILO Core Conventions • Implementation of ESG Management System • Implementation of Anti-Corruption Management System
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement
Impact on investment decision or performance
Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

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

Communication

FI 23	Mandatory	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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We disclose it publicly

	Provide URL
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<http://swedfund.se>

Provide URL

<http://www.swedfundfrankly.se>

FI 23.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

FI 23.3

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

FI 23.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

FI 23.7

Additional information. [Optional]

At www.swedfund.se several of our governing policies are disclosed publicly: Swedfund's Sustainability Policy, Swedfund's Code of conduct, Swedfund's Anti-corruption Policy, Harmonized EDFI Exclusion list etc. Please see section SG 01.5 for our Ethical Compass which also is disclosed on our webpage.

Our annual report is an Integrated report in which sustainability (ESG) / non-financial reporting is integrated with the traditional financial report. In this report we report on the results for Swedfund's Strategic Sustainability Targets. Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals. Swedfund also publishes quarterly reports describing RI activities in our portfolio companies.

Swedfund International AB

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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

Overview

PE 01

Mandatory to Report Voluntary to Disclose

Descriptive

General

PE 01.1

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

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)	
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Growth capital	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Other investment strategy, specify		<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Other investment strategy, specify		<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total	100%	

PE 02	Mandatory to Report Voluntary to Disclose	Descriptive	General
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PE 02.1 Indicate the level of ownership you typically hold in your private equity investments.

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

PE 02.2 Additional information. [Optional]

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

PE 03	Voluntary	Descriptive	PRI 1-6
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PE 03.1 Provide a brief overview of your organisation's approach to responsible investment in private equity.

Please see section OO 10.1 about Swedfund's mission and investment model standing on three pillars.

Please see section SG 01.3 - 01.5 about international norms applicable to all Swedfund's investments, including private equity.

Please see section SG 05.1 - 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

PE 04	Mandatory	Core Assessed	PRI 2
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PE 04.1 Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

- Our investment guidelines do refer to responsible investment

PE 04.2 Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

When investing private equity, Swedfund follow the same investment process and criteria as for the other direct investments, which include compliance with Swedfund's Code of Conduct, Swedfund's Policy for Sustainable Development, Anti Corruption Policy and EDFI Exclusion list as well as Anti-Corruption Clauses in the Contract. For further guidance please see the entire module Strategy and Governance in this report.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1
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PE 07.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

Please see section SG 01.3 - 01.5 about international norms applicable to all Swedfund's investments, including private equity.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

No

PE 08	Voluntary	Descriptive	PRI 1
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PE 08.1

Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the private equity investment selection process.

Internal staff

Specify role

ESG Senior Managers

Specify role

ESG Managers

Specify role

Legal Counsel

External resources

- Environmental advisors
- Social advisors
- Corporate governance advisors
- Regulatory and/or legal advisors
- Other, specify type of advisors/roles

No use of internal or external advice on ESG issues

PE 08.2

Additional information.

Our employees have knowledge in finance, investment, ESG (Environmental, Social and Governance), law, specific sectors and the intangible values learnt over many years developing Swedfund's business model, management systems and processes.

VALUE-CREATING ADVOCACY

Swedfund works with the portfolio companies and influences them through board involvement, exchanges of experience and follow-up. This means work focused on strategic direction/development, profitability, growth, sustainability, etc. In our investment process we manage risks while creating and protecting values. Every year or second year, the Swedfund ESG team makes site visits or audits, working with local consultants as necessary. The Swedfund ESG team formulates an ESG Action Plan (AP), including actions to ensure that the portfolio companies follow Swedfund's policies. The ESG AP is implemented in the portfolio company's operating procedures and is monitored. In this way, value-creation advocacy work starts before go-ahead on the investment is decided.

PE 09	Mandatory	Core Assessed	PRI 1,3
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PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
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ESG issues

Environmental

List up to three typical examples of environmental issues

Environmental Permits
 Emissions to Air and Water, Waste Management
 Use of Natural Resources

Social

List up to three typical examples of social issues
--

working conditions incl working time, overtime, wages, child labour and forced labour, health and safety
 Land use, lease process and tenure
 Community safety and Grievance mechanism

Governance

List up to three typical examples of governance issues
--

Training
 Environmental and Social Management System
 Anti-Corruption Policy and procedures

PE 09.2	Additional information. [Optional]
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Please see SG 05.1 - 05.2 regarding our Sustainability Targets for further description of ESG issues in focus.

PE 10	Voluntary	Additional Assessed	PRI 1,3
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PE 10.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
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- Raw data from target company
- Benchmarks against other companies
- Sector level data/benchmarks
- Country level data/benchmarks
- Reporting standards, industry codes and certifications
- International initiatives, declarations or standards
- Engagements with stakeholders (e.g. customers and suppliers)
- Advice from external resources
- Other, specify

Company Policies, Integrity Checks are examples on information we require and investigations that we do.

We do not track this information

PE 10.2	Additional information.
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We send out an ESG DD Questionnaire that we send out to all our potential investments where Swedfund is lead investor. Among core information is to understand the companies attitude towards sustainable business.

PE 11	Voluntary	Additional Assessed	PRI 1,2
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PE 11.1	During deal structuring, indicate if your organisation typically encourages continuous improvements from potential investees with regard to their management of ESG issues.
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- Yes
 - In writing
 - Verbally/through dialogue
 - Other, specify

PE 11.2	Describe the nature of these improvements and their ESG coverage.
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Compliance with ILO Core Conventions and Basic Terms and Conditions of Employment, implementation of Environmental Management and/or Social Management Systems as well as implementation of an Anti-Corruption Management System.

Please see section OO 10.1 about Swedfunds mission and investment modell standing on three pillars.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals.

Please see section SG 06.2 about Swedfund's investment process and how improvements with regard to ESG issues are encouraged throughout the investment process, through the use of ESGAP, audit plans etc.

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

- No

To determine whether a portfolio company complies with the ILO core conventions and the ILO's basic terms and conditions of employment, we perform surveys and site visits each year to verify and audit activities. This is how we ensure that portfolio companies comply with the key areas in the ILO core conventions and the ILO's basic terms and conditions of employment. Areas for improvement will be identified and we can perform proactive advocacy in order to achieve objectives.

DECENT JOBS FOR MORE PEOPLE

New employment opportunities create pathways out of poverty, but improved living conditions are not created by any old job. It's important that employment is offered with decent terms. Using the ILO core conventions as a benchmark, Swedfund works proactively to improve employment terms in its portfolio companies.

Safe and secure jobs, regulated working hours, compensation for overtime and rights for employees to organize. Those are some of the core conventions established by the International Labour organization ILO. The concept of Decent Work also includes the elimination of child labour, a minimum age for work, demands for gender equality and prevention of discrimination.

Safe transport to and from work and help with childcare are some of the important issues for female-dominated industries. Laws and regulations regulating decent working conditions must be followed if an investment is to contribute to the development of a sustainable society.

"Even though many countries have ratified the core conventions, in many cases the authorities are not checking that companies comply with them. So we have to work extra hard on these issues," says Kristin Sjöblom, Senior Manager ESG Affairs at Swedfund.

One example is the survey Swedfund made in Ethiopia to compare the level of wages in some portfolio companies with the wage structure in their sector. The survey showed that wages in one of the portfolio companies was significantly lower than average. The result was a pay review and then higher wages for employees.

"There are an incredible number of creative ways to calculate remuneration. The information we collect in our annual survey comes from management. A salary might look good on paper, but when commissions, gratuities, or food supplements are stripped away the basic wage may be far lower than it should be," says Kristin Sjöblom.

The example also shows how important both internal and external audits are. When Swedfund's staff visit the companies they review payslips and time records to check how many hours employees are working and what compensation they receive.

"We talk to employees and union representatives to obtain our own picture."

Long working days with a lot of overtime is common. Because of the generally low wages in developing countries there is often a desire to work overtime. Even when employees work statutory working hours they often take additional jobs to make ends meet.

"The ability to organize in a trade union often looks better on paper than in reality, even if employers never say they will prevent trade union activity. Despite the challenges, we can do a lot more here with our advocacy work," says Kristin Sjöblom.

TAX BUILDS THE COUNTRY

Tax is decisive for sustainable development and helps countries to be independent. But money has to be paid in the right country. Through increased focus on tax and on country-by-country accounting, Swedfund works to ensure that tax revenues are paid in the countries where portfolio companies do business.

Healthcare, education and transport. Tax revenues create the right conditions for countries to build for themselves the infrastructure for key social functions that form the base for sustainable development. However, the Mbeki panel (A UN body, The High Level Panel on Illicit Financial Flows) reports that Africa loses out on an estimated USD 50 billion every year due to illegal flows of money that includes things like corruption, money-laundering and illegal tax avoidance.

"According to the Mbeki panel, that amount corresponds roughly to what Africa has received in aid over the same period. It is therefore extremely important that Swedfund makes sure that the portfolio companies pay the right amount of tax in the countries where they operate," says Petra Brantmark, Legal Counsel, at Swedfund.

It's not easy to establish how much of the illicit flows are down to tax evasion.

Many people consider that law makers should establish rules that state what types of tax planning may be permitted.

"As a Swedish development finance institution we consider that we have to go further than this. It's not sufficient to rest on what is legal. Tax is part of our Due diligence. If we detect structures that mean companies in whom we

intend to invest will pay less tax in a country they do business in than what they should be paying, then there must be strong legitimate reasons not related to tax that will mean that we accept such a structure."

The owner directive states that Swedfund shall only invest in sound and transparent corporate structures that do not lead to tax avoidance. Neither may investment be made in intermediary jurisdictions that have been tested in the OECD Global Forum Peer Review Process and been rejected in phase one or received non-compliant or partly-compliant status in phase two.

Demanding full responsibility in tax payments and transparent accounting of tax are issues that are creeping higher and higher up the international agenda.

"A lot has happened in recent years. The borders of acceptability have shifted. In a perfect world we would not only disclose the corporate tax paid by portfolio companies but also other taxes paid by the business. That information is not easily accessible and at present we cannot verify it. However, through our country-by-country reporting of tax we have come further than many others," says Karin Askelöf, Senior Manager ESG Affairs at Swedfund.

"In the countries where we operate there are many challenges relating to the lack of effective taxation structures. It is therefore important to continue building strong institutions that can manage the taxes generated by investments and businesses."

PE 12	Voluntary	Additional Assessed	PRI 1
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PE 12.1	Indicate how ESG issues impacted your private equity investment selection processes during the reporting year.
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- ESG issues helped identify risks
- ESG issues helped identify opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- We do not track this potential impact

PE 12.2	Indicate how ESG issues impacted your private equity investment deal structuring processes during the reporting year.
----------------	---

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- We do not track this potential impact

PE 12.3	Additional information.
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ESG issues always impacts the terms of our agreements through our requirements for our portfolio companies/investments to fulfill our Strategic Sustainability Targets. Please see SG 05.1 - 05.2.

Post-investment (monitoring and active ownership)

PE 13	Mandatory	Gateway/Core Assessed	PRI 2
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PE 13.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
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Yes

PE 13.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
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- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
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ESG issues

Environmental

	List up to three example targets of environmental issues
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Implementation of ESG Mgmt System Please refer to SG 05.1 - 05.2.

Social

	List up to three example targets of social issues
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Adherence to ILO Core conventions. Please refer to SG 05.1 - 05.2.

Governance

	List up to three example targets of governance issues
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Implementation of Anti-corruption Mgmt system. Please refer to SG 05.1 - 05.2.

We do not set and/or monitor against targets

No

PE 14	Mandatory	Core Assessed	PRI 2
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PE 14.1	Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).
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Yes

PE 14.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

- No

PE 14.3

Additional information. [Optional]

Please see section 5.1 - 5.2 in Strategy and Governance module.

PE 15

Voluntary

Additional Assessed

PRI 2

PE 15.1

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

Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise
- Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations
- Define when engagements with stakeholders should be carried out to discuss ESG issues
- Other actions, specify

Implemented by percentage of portfolio companies

Emergency readiness

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- We do not track this information

(in terms of total number of portfolio companies)

- None of the above

PE 15.2	Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.
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The above stated percentages are based on the following sample of portfolio companies:

Out of Swedfund's 24 (27) direct investments, 12 report that they have management systems for environmental and social affairs, an improvement on last year.

Please see section SG 05.1- 05.2 about RI objectives and progress and Swedfund's Strategic Sustainability Goals and the results for 2015.

Please see section SG 06.2 about Swedfund's investment process, the use of ESGAP and audit plans.

PE 15.3	Additional information.
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PE 16	Voluntary	Descriptive	PRI 2,3
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PE 16.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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Type of reporting

- Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated
- Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify
- Other, specify
- No reporting on ESG issues requested and/or provided by portfolio companies

PE 16.2

Additional information.

ESG data is collected through Swedfund Portfolio Company Annual Sustainability Report which is sent out to all Swedfund's portfolio companies annually. The questionnaire covers about 160 questions to follow up on the companies performance in relation to ESG and Development effects.

PE 17

Voluntary

Additional Assessed

PRI 2

PE 17.1

Indicate whether during the reporting year your organisation disclosed information on ESG issues to potential buyers prior to exit for private equity investments.

- We included ESG issues in pre-exit information
- We did not include ESG issues in pre-exit information
- N/A, we did not have any exits in the reporting year

PE 17.2

Apart from disclosure, describe how your organisation considers ESG issues at exit.

Sometimes it is a challenge to make a partner adapt their activities to match Swedfund's requirements for sustainability and a positive impact on society. However, demands for sustainability are increasing, not least from customers.

"The textile industry is one example where we see a clear change. International customers will not buy the goods if it cannot be proved that production is sustainable. When customers make sustainability demands, it is easier for us to convince our partners that sustainable manufacturing is a prerequisite for financial viability," says Fredrik Wijkander.

When Swedfund has decided to sell a portfolio company it is valued by an independent third party. The exit is made on market conditions, but there has to be a buyer. The best option is usually to sell the shareholding to the company's main owner.

"Exit is often settled before we even enter the investment. The agreement is reciprocal - our partners may ask to buy us out and we ask that they buy us out. The risk otherwise is that we will be left with the company for a very long time."

No matter who the buyer is, the principle is the same as when Swedfund entered the deal. The buyer must meet Swedfund's ambitions, goals and investment terms. If a third party buys our share we check the buyer to ensure that their activities are consistent with Swedfund's values. That increases the likelihood that the company will continue doing business in accordance with Swedfund's criteria.

"What happens once we have sold the company is unfortunately not something we can control. However, there is the opportunity to provide specific funding to safeguard a high ESG standard. Revenues from sales are reinvested in other companies. If we succeed in our ambition of creating financially viable companies there will be more new investment."

We continually monitor our portfolio companies and influence the strategic development of their business through close cooperation. The aim is to achieve financial viability and continue to deliver development results over time, even after Swedfund's exit. Monitoring is done through interim reports, following up strategic and operational targets and implementation of 100-day plans.

Outputs and outcomes

PE 18	Voluntary	Additional Assessed	PRI 1,2
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PE 18.1	Indicate whether your organisation measures how your approach to responsible investment in Private Equity investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Impact
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

- None of the above

PE 18.2	Describe how you are able to determine these outcomes.
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Through Swedfund Portfolio Company Sustainability Report which is sent out annually to all our portfolio companies. Based on this information as well as knowledge we can report on how they are performing in relation to our Sustainability Targets. Please refer to SG 5.1-5.2.

PE 19	Voluntary	Descriptive	PRI 1,2
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PE 19.1	Provide examples of ESG issues that affected your private equity investments during the reporting year.
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- Add Example 1

ESG issues	Gender equality
Sector(s)	Service
Impact (or potential impact) on the investment	There is a strong link between greater gender equality and reduced poverty. Swedfund's talent programme, Women4Growth, works proactively with gender equality by inspiring women and strengthening them in their professional activity.
Activities undertaken to influence the investment and its response	<p>WOMEN4GROWTH, which Swedfund implemented in collaboration with the Swedish Wiminwest consulting firm, made Mercury Kivuva stronger and more secure in her professional role.</p> <p>"It has made me more aware that I can create better synergies. By encouraging others to take on difficult tasks that enable them to believe in themselves, I have been able to help them grow into new professional roles."</p> <p>During 2016 Swedfund will continue with the talent programme in other portfolio companies that have the ambition and the desire to focus on their female employees.</p> <p>"Compliance with ILO core conventions on equal pay for equal work and non-discrimination is part of our assessment, from a gender perspective, of new portfolio companies. It is also part of our strategic sustainability goals. We monitor this annually and we measure the percentage of women employees and women in leading positions and on boards," says Karin Thorsson, ESG Manager at Swedfund and responsible for Women4Growth.</p>

Add Example 2

ESG issues	Supply chain risks
Sector(s)	Manufacturing & Service
Impact (or potential impact) on investment	Supply chain audit undertaken 2015/2016. Results not yet known. See comment below.
Activities undertaken to influence the investment and its response	In an existing investment, risks related to child labour were identified at supplier level. We therefore took the decision to implement a more extensive supply chain audit of the company in 2016. This was a consequence of our work to implement the principle of children's rights.

Add Example 3

ESG issues	Land acquisition
Sector(s)	Manufacturing & Services
Impact (or potential impact) on investment	A livelihood restoration plan was set up for the people affected by the project
Activities undertaken to influence the investment and its response	During Due diligence of a new investment, risks related to land acquisition were identified. Consequently, an in-depth study of compensation was conducted and a livelihood restoration plan was set up for the people affected by the project.

Add Example 4

Add Example 5

Communication

PE 20	Mandatory	Core Assessed	PRI 6
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PE 20.1 Indicate whether your organisation proactively discloses ESG information on your private equity investments.

Disclose publicly

provide URL

<http://www.swedfund.se>

provide URL

<http://swedfundfrankly.se>

PE 20.2 Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries.

Yes

PE 20.3 Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

ESG information is reported annually as well as ad hoc.

PE 20.4

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

PE 20.7

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]

- No
- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries