



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>		
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>		
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's internal ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service provider</p>		

RI TRANSPARENCY REPORT

2014/15

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 2014-15 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	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	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	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓						✓
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓						✓
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓						✓
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓						✓
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						✓
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	-	n/a		✓					
SAM 16	Disclosure of RI considerations	✓	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

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.

Basic Information

OO 01

Mandatory

Gateway/Peering

General

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 or endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Other, specify

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Sweden

OO 02.2

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

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

OO 02.3

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

FTE

39

OO 02.4

Additional information. [Optional]

We also have a regional office in Nairobi.

OO 03

Mandatory

Descriptive

General

OO 03.1

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

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

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	503	000	000
Currency	SEK				
Assets in USD			500	134	513

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

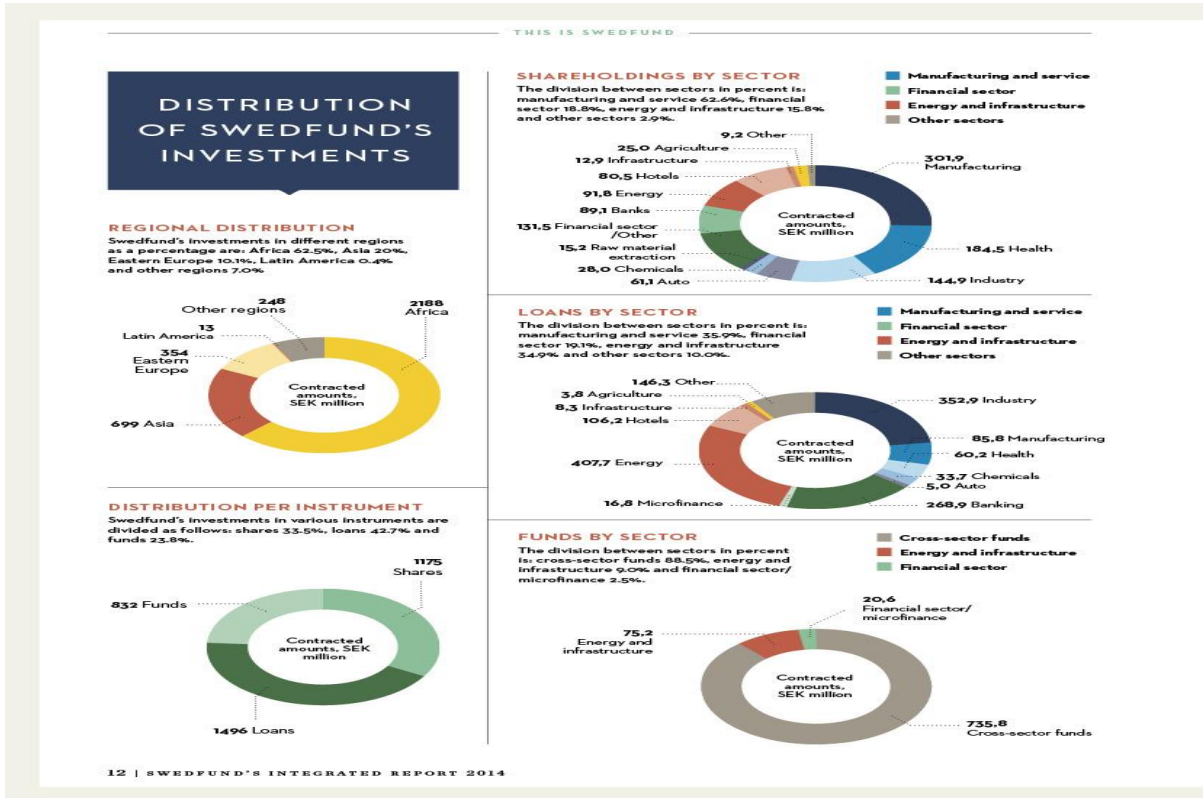
- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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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 broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

OO 06.2

Additional information. [Optional]

The graphs above are based on figures as of 31 December 2014. Contracted amounts refer to amounts that Swedfund is committed to pay in each investment. Payments are recorded in the balance sheet. Amounts not paid are recorded as contingent liabilities.

OO 07

Mandatory to Report Voluntary to Disclose

Peering

General

OO 07.1

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 07.2

Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08

Mandatory to Report Voluntary to Disclose

Peering

General

OO 08.1

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

Voluntary

Descriptive

General

THIS IS SWEDFUND - A DEVELOPMENT FINANCE INSTITUTION ASSIGNED TO REDUCE POVERTY

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. In 2014 Sweden's Ministry of Finance took over owner responsibility. From January 2015 Swedfund is managed by Sweden's Ministry of Enterprise and Innovation.

MISSION

Swedfund's mission is to contribute to poverty reduction through sustainable business. The company's role as a development financier focuses on development of the private sector in low- and middle-income countries, particularly countries south of the Sahara. Low-income and post-conflict countries are a priority. The goal of the company mirrors the goal of the Swedish international development cooperation to help create opportunities for poor people to improve their lives, as well as the goal of reform cooperation with Eastern Europe to help strengthen democracy, fair and sustainable development, and bring the Eastern European countries closer to the European Union and its fundamental values.

As a responsible, long-term investor, we are helping to create and develop viable and sustainable businesses in low- and middle-income countries, something that has positive effects on the society at large and contributes to improved living conditions for poor people. We contribute to sustainable entrepreneurship by:

- Providing risk capital in countries where commercial actors regard risk (real or perceived) as too high and/or where the financial infrastructure is missing.
- Contributing with our comprehensive experience of running a business in difficult markets that we at the same time actively participate in, to develop our portfolio companies' best practices in areas such as financial management and reporting, environment, human rights, working conditions, anti-corruption, business ethics, gender equality and diversity.

The mission - poverty reduction through sustainable business - therefore rests on three pillars: Impact on society, Sustainability and Financial Viability. These three pillars represent the necessary conditions that need to be fulfilled if Swedfund is to take part in an investment. The fact that these conditions exist in order to achieve satisfactory results in these areas is an absolute and non-amendable requirement. Our model of and approach to sustainable business is detailed below:

IMPACT ON SOCIETY

Impact on society includes partly the effects that our investments have on the development of the country's private sector and partly the impact on the society at large. Private sector development entails areas such as provision of better and cheaper products and services, increased competition and knowledge- and technology-building effects. Impact in a broader, socioeconomic sense implies for example job opportunities and increase in tax revenues of the country. Those effects can be of direct or indirect nature: e.g. job creation can directly occur in the company that we invest in, it can alternatively occur indirectly through induced job creation in the supply- and distribution chains. We assess our company's impact on society by estimating the expected development result before the investment is made. We then measure the development results throughout the time of our engagement as owners or creditors of the company (management phase), and we make a final review when we exit our investment.

Our most important result indicators for impact on society are:

- Jobs
- Tax
- Knowledge transfer

SUSTAINABILITY

Sustainability describes the investor's social and environment-related actions, but also includes issues relating to corporate management and ethics. We also use the term ESG (Environment, Social, Governance). Swedfund has an explicit focus on these issues in order to be able to help develop sustainable and responsible operations within a portfolio company. Sustainability is also assessed in the evaluation of the company. When it comes to environment, it can be about minimizing the impact on the climate, or introducing environmental management systems, while social issues could include matters such as workers' rights in the workplace or training activities. Corporate governance implies issues such as ethics or transparency. In our company, we pursue proactive sustainability efforts, including through contract formulation, ongoing activities with the Board, and through ESG-audits and advocacy dialogue. Swedfund also complies with international guidelines laid down by the UN and OECD, and develops policies that are in line with those guidelines.

Our most important sustainability parameters are:

- Environment
- Working conditions
- Business ethics and Anti-corruption

FINANCIAL VIABILITY

Financial Viability is a company's estimated and actual ability to be financially sustainable and successful. Profitability is essential for a business to survive and be able to contribute to the country's development in the long run by fulfilling its role as a credible producer in a market, by contributing to job creation, by paying taxes, etc. Swedfund evaluates potential investments through analysis of the company's financial and merchantable prerequisites. Furthermore, we require regular financial reporting from our portfolio companies and have a close dialogue with company management and other investors in order to accurately monitor the company's development, and at an early stage identify potential issues.

Our most important parameters within viability are:

- Growth
- Profitability

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 shall strive to ensure that its average pre-tax return on equity exceeds the average interest rate on Swedish central government debt of one-year maturity. Return shall be measured over rolling seven-year periods.

With our three pillars as a basis Swedfund adopted four Strategic Sustainability Goals in 2013

1. Impact on Society

Swedfund shall contribute to the creation of jobs with a good working environment and good employment terms.

2. Sustainability

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

3. Financial Viability

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

4. Anti-Corruption

Swedfund shall make proactive efforts to tackle corruption internally and within portfolio companies.

BRIEF HISTORY

Since it was formed in 1979, Swedfund has invested SEK 5.2 billion in 252 companies and funds in markets in Africa, Asia, Latin America, the Middle East and the Baltic countries. Swedfund previously invested significantly in Eastern Europe. Today Swedfund's role is better suited to the poorest countries in Africa and to some extent in Asia. At the end of 2014 Swedfund had 65 investments in companies and funds in 25 countries, of which half were in Africa.

HOW SWEDFUND WORKS

We are a proactive owner in our portfolio companies and funds. The following are key to our strategic perspective:

GEOGRAPHY

We will further focus our geographic concentration of investing activities in Africa, especially sub-Saharan Africa.

SECTORS

Prioritised sectors include manufacturing industry and the service sector, financial institutions such as banks and insurance companies, as well as the energy sector including renewable energy.

INVESTMENT PARTNERS

Swedfund aims to invest together with partners that have the right strength and skills in terms of financial and structural resources.

FINANCING FORM

Swedfund will continue to focus on the owner role so that we retain influence on the company's development through contracts and proactive work on the board of directors.

INVESTMENT SIZE

Swedfund will aim in future to increase the average investment level to around SEK 60 million per investment.

More details about Swedfund's strategic activity can be found in Swedfund's Integrated Report for 2013.

SWEDFUND'S REQUIREMENTS CONCERNING PORTFOLIO COMPANIES

- The company must comply with all legal and regulatory requirements in the areas of law in which it operates.
- The company must comply with the European Development Finance Institutions (EDFI) / Swedfund Exclusion List.
- Over time, the company must work to meet international standards and norms for best practice, including the following:
 - a. IFC Performance Standards and Environmental, Health and Safety Guidelines
 - b. The Universal Declaration of Human Rights (UN 1948)
 - c. OECD i) Guidelines for Multinational Enterprises ii) Guidelines on Corporate Governance of State-owned Enterprises iii) Convention on Combating Bribery of Foreign officials in international business transactions
 - d. ILO Core Conventions and Basic Terms and Conditions of Employment
 - e. United Nations "Protect, Respect and Remedy" Framework for Business and Human Rights and the Supporting Guiding Principles on Business and Human Rights
 - f. EDFI Harmonized Environmental and Social Standards
 - g. Children's Rights and Business Principles, developed by UN Global Compact, UNICEF and Save the Children
 - h. UN Global Compact
 - i. UN Principles for Responsible Investments
- The company must live up to high standards on anti-corruption and corporate governance.
- The company must appoint persons with appropriate training at management and operational level for the environment, occupational health and safety, social issues and corporate governance.
- The company must develop and implement environmental and social management systems.
- The company must submit an annual ESG report and development results report to Swedfund.
- The company must report in writing all serious environmental, health and related incidents, accidents or deaths within 72 hours after they occurred.
- The company must have correct and complete environmental, health and safety, and social information and ensure that this information is available during normal working hours for inspection by Swedfund or authorized representatives.

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.		
	<input checked="" type="checkbox"/> Private debt <input checked="" type="checkbox"/> Private equity <input checked="" type="checkbox"/> Other (1) <input type="checkbox"/> None of the above		
	'Other (1)' [as defined in OO 05]		
	Guarantees and Swedpartnership		

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Private equity
- None of the above

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Private Equity

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

- Private Equity

Closing module

- Closing module

Swedfund International AB

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Swedfunds responsible investment policy constitutes out of several policies and guidance documents that are based on the international commitments, guidelines and transparency measurements that Swedfund adheres to. In summary this is what we call Swedfunds Ethical Compass.

SWEDFUND'S ETHICAL COMPASS

POLICIES

- SWEDISH STATE'S OWNERSHIP POLICY AND GUIDELINES FOR STATE-OWNED COMPANIES
- SWEDFUND'S CODE OF CONDUCT
- SWEDFUND'S POLICY FOR SUSTAINABLE DEVELOPMENT
- SWEDFUND'S ANTI-CORRUPTION POLICY
- SWEDFUND'S POSITION ON CHILDREN'S RIGHTS

INTERNATIONAL COMMITMENTS

- UN PRINCIPLES FOR RESPONSIBLE INVESTMENT
- UN GLOBAL COMPACT
- THE EDFI PRINCIPLES ON RESPONSIBLE FINANCING
- THE WORLD BANK GROUP'S CORPORATE GOVERNANCE DEVELOPMENT FRAMEWORK
- EDFI EXCLUSION LIST

GUIDELINES OBSERVED BY SWEDFUND

- IFC PERFORMANCE STANDARDS on Environmental and Social Sustainability
- IFC ENVIRONMENTAL, HEALTH AND SAFETY GUIDELINES
- EDFI HARMONIZED ENVIRONMENTAL AND SOCIAL STANDARDS for Direct Investments, Financial Institutions and Fund Investments
- EDFI GUIDELINES for OFCs
- UN FRAMEWORK for Corporate Responsibility and Human Rights
- CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES, developed by UN Global Compact, UNICEF and Save the Children
- OECD GUIDELINES for Multinational Enterprises

- OECD CONVENTION on combating bribery of foreign public officials in international business transactions
- OECD GUIDELINES on Corporate Governance of State-owned Enterprises
- JOINT INTERNATIONAL FINANCE INSTITUTIONS COMMUNIQUÉ: Contributing to Creating More and Better Jobs

TRANSPARENCY MEASURES

- THE INTERNATIONAL FRAMEWORK FOR INTEGRATED REPORTING
- SWEDISH ANNUAL ACCOUNTS ACT
- GLOBAL REPORTING INITIATIVE (GRI)
- SUSTAINABILITY REPORTING GUIDELINES (G4)
- GLOBAL COMPACT COMMUNICATION ON PROGRESS (COP)
- PRINCIPLES FOR RESPONSIBLE INVESTMENT(PRI) REPORTING FRAMEWORK
- OPEN AID
- IFI's HARMONIZED DEVELOPMENT RESULTS INDICATORS FOR PRIVATE SECTOR INVESTMENT OPERATIONS
- GUIDELINES FOR EXTERNAL REPORTING FOR STATE-OWNED COMPANIES

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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http://www.swedfund.se/media/1319/swedfund_code_of_conduct.pdf

No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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Yes

Yes, all

Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Swedfund's Sustainability Policy	http://www.swedfund.se/media/1571/swedfunds_policy_for_sustainable_development_2014-12-03.pdf
Swedfund's Anti-Corruption Policy	http://www.swedfund.se/media/1129/swedfunds_anti-corruption_policy.pdf
Swedfund Postition on Child Rights	http://www.swedfund.se/media/1538/swedfunds_position_on_childrens_rights.pdf
WB Group's CG DF	http://www.worldbank.org/ifa/rosc_cg.html
EDFI Principles for Responsible Financing	http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf
EDFI Exclusion list	http://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf

No

OA 02.5	Additional information. [Optional]
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Swedfund's Code of Conduct summarises our core values and governing policies that are implemented through our internal manuals and routines. Further guidance on the basis for our core values are given in Swedfunds Ethical Compass which is presented under section OA 01.3 in this report.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<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

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Swedfund's Responsible Investment Policy covers all Swedfund's investments and claims adherence to Swedfund's Policy for Sustainable Development which constitutes part of the contract Swedfund signs with the portfolio companies.

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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During 2014 Swedfund has developed a policy for managing conflicts of interests in the investment process. The policy give instructions on how and when to report conflicts of intreset and also comprise of a self assessment form that the employees should fill in when necessary.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
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Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4

Additional information. [Optional]

Results from the Swedfund Portfolio Company Annual Sustainability Report which amongst others covers Swedfunds Strategic Sustainability Goals are reported annually in our Integrated Report. For further details please see section OA 06.3 in this report.

OA 06	Voluntary	Descriptive	General
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OA 06.1

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

- Add responsible investment objective 1

Objective 1	Impact on Society
Key performance indicators	Number of jobs, Taxes, Knowledge
Describe the progress achieved	Please see section OA 06.3 in this report.

- Add responsible investment objective 2

Objective 2	Sustainability
Key performance indicators	Environment, Working Conditions and Business Ethics & Anti-Corruption
Describe the progress achieved	Please see section OA 06.3 in this report. Swedfund Strategic Sustainability Target number 1, 2 & 4

- Add responsible investment objective 3

Objective 3	Financial viability
Key performance indicators	Return on Equity, Profitability
Describe the progress achieved	please see section OA 06.3 in this report.

OA 06.2 List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Impact on Society
Key performance indicators	Number of jobs, Taxes, Knowledge

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Sustainability
Key performance indicators	Environment, Working Conditions and Business Ethics & Anti-Corruptio

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Financial viability
Key performance indicators	Return on Equity, Profitability

OA 06.3 Additional information.

Question OA 06.1& Question OA 06.2

SWEDFUND'S STRATEGIC SUSTAINABILITY GOALS

From the big questions about sustainable development to Swedfund's contribution to sustainable business.

In recent years the struggle against global poverty has taken significant steps forward. Hundreds of millions of people have been lifted out of absolute poverty and the UN's millennium targets, that were to be met by 2015, are within reach in many countries. The creation of new jobs is central to helping poor countries to make progress. IFC's Joint International Finance Institutions communiqué. We are inundated with information and warnings about the results of new research. The issues can vary widely, from the risk of pandemics and global oil shortages, to concerns about rising sea levels or population increases. The UN's International Panel on Climate Change (IPCC), which employs 2,500 researchers, warned in its 2007 report that the climate is changing more rapidly and more dramatically than originally feared.

The theme for the UN's International Peace Day in 2013 was sustainable peace for a sustainable future. Peace, development, democracy and human rights are closely linked and are a precondition for successful global activities on sustainability and the environment. In this connection, corruption is also a scourge that must be beaten.

In the light of the above, Swedfund's board adopted four strategic sustainability targets in 2013 based on our mission - to reduce poverty - which remains one of the biggest challenges in the context of sustainable development that the world faces. Swedfund's contribution to reducing poverty comes from our involvement in the establishment of sustainable businesses, which is why sustainability targets are focused on Swedfund's investments.

1) IMPACT ON SOCIETY

Swedfund shall contribute to the creation of jobs with a good working environment and good employment terms. Presented below are the strategic sustainability targets for impact on society, indicators that in different ways describe the effect of investments on society in general.

Strategic Sustainability Target Indicator: Fulfilment of the ILO's core conventions and ILO Basic Terms and Conditions of Employment plus a growing number of jobs within Swedfund's portfolio companies.

Target: Fulfilment of ILO's Core Conventions in all companies within three years of the start of financing. On average for all of Swedfund's investments the number of jobs shall increase every year. This target will be continually verified as follows:

- Self- Assessment: An annual survey will be sent to the portfolio companies to check on compliance with the ILO's core conventions.
- Site visits: Swedfund's staff will annually visit at least one third of the total number of portfolio companies to verify target fulfilment by asking questions and making observations.
- Independent Checks: In a few special cases external consultants may be commissioned and their work may include checks of compliance with the ILO's core conventions.
- Reporting: Each investment shall report annually or more frequently on the number of full-time employees and contract-based employees in the business and Swedfund will in turn report aggregated results of direct job creation as well as an estimate of indirect job creation to senior managers and the board.

PROGRESS ACHIEVED

Sustainability targets: ILO'S Core Conventions

87: Freedom of association and protection of the right to organise 93%

98: Right to organise and collective bargaining 85%

29, 105: Abolition of forced labour and prohibition of forced and penalty labour 100%

138, 182: Minimum age and worst forms of child labour 100%

100: Equal remuneration 85%

111: Discrimination (employment and occupation) 89%

Comments

Swedfund's definition of compliance with the ILO core conventions is that the portfolio companies must answer yes to all (18) questions set in its own declaration. 20 (74%) of the 27 companies that responded follow the core conventions. Three of the seven companies that do not follow core conventions lack policies for equal pay and non-discrimination. Four companies do not allow union participation and collective bargaining. Several of these investments are located in countries where trade union rights and collective bargaining are not permitted or are controlled by the State. All seven funds say that they follow the ILO core conventions. 100% of the direct investments and fund investments that responded indicate compliance with ILO fundamental conditions of employment; Minimum wage, Work and Health, and Work and overtime. In future years Swedfund's advocacy in these issues will focus on the companies that did not complete a self-declaration.

Job Creation 2013-2014

1.5%

Comments

Average job growth in the 41 companies that were in Swedfund's portfolio in both 2013 and 2014, and where information on the number of staff is available, was 1.5 percent. Direct employment in the portfolio totalled 108,221 (104,390). The direct jobs also generate a large number of indirect jobs through supply and distribution. Swedfund has no estimates of, and does not account for the indirect jobs that are created. The World Bank's IFC investment agency estimates that the number of indirect jobs created in the IFC's portfolio companies is seven to 25 per direct job created. Many of these indirect jobs will benefit uneducated and poor people. Swedfund estimates that the impact on employment locally and overall is substantially larger than the jobs reported above.

Equality

25% Proportion of women employed

777 Number of women in senior posts

78 Number of women directors

Comments

2014 is the first year that Swedfund both measured and reported the proportion and number of women employed in portfolio companies including investment funds and their holdings, and the women in leadership posts and on company boards. This is part of efforts initiated to improve gender equality. There is therefore no comparative information from previous years. In coming years Swedfund will include comparative figures and percentages for the above indicators.

Estimated Tax per Region SEK M, aggregate for the portfolio

Africa 325,5

Eastern Europe 9,2

Asia 9,1

Europe 1,9

Global 1,1

Total 346,9

Estimated Tax per Country SEK M, aggregate for the portfolio

Africa* 195,7

Georgia 57,9

Ghana 50,4

Kenya 19,4

India 9,0

Russia 8,9

Serbia 1,9

Egypt 1,4

Global 1,1

Ethiopia 0,6

Ukraine 0,2

China 0,1

Belarus 0,1

Congo (DRC) 0,0

South Sudan 0,0

Total 346,9

* Other African countries did not report,

** Global refers to companies with activities in several countries and/or regions.

Comments

Portfolio companies' aggregate estimated tax amounted to SEK 347 million. This tax can be used in investor countries to finance social and economic infrastructure such as the building of schools, hospitals and utilities. Corporate tax payments represent an important addition to the often under-funded state budgets. Developing countries are unfortunately currently missing out on a significant source of tax revenue. This is a consequence of tax breaks for businesses and as a result of corporate tax planning. 2014 is the second year that Swedfund presents country-by-country reporting of tax. This reporting is a consequence of the dialogue on tax matters that began in 2013 with the civil society development organizations with which Swedfund also discusses how benefits can be addressed in future.

Private Sector Development and Knowledge Building

For competitive and sustainable businesses to develop and grow, it's not enough just to have capital and a good partner. An equally important component is the knowledge building that takes place at the portfolio company through Swedfund's proactive advocacy. Through participation in the work of the company's board, Swedfund can use its ownership in the company to contribute experience and know how in areas such as environmental issues, anti-corruption efforts and ESG improvements. Business expertise, strategic competence and organizational development are also important elements of knowledge building for the portfolio company. Knowledge building takes place at the strategic level, through work on the board and at operational level through site visits and the production of Action Plans. Furthermore, knowledge building can also develop at the technical level through the implementation of management systems for example. Companies that have a sustainable business model and an

ethical compass experience a better evolution in value. Swedfund's commitment contributes to the development of the company, which also has effects on the local and regional private sector. This can include the introduction of new production technology, supply of new services or goods, while general fulfilment of Swedfund's requirements also serves as a model for other businesses and organizations. Swedfund's portfolio companies help to raise the bar for other actors in the private sector. The effects cannot always be quantified but are still significant.

2) SUSTAINABILITY

Swedfund shall contribute to creating sustainable businesses in the world's poorest countries and be proactive with anti-corruption initiatives internally and within the portfolio companies. Strategic sustainability targets for ESG and anti-corruption are presented below along with the indicators that are considered significant for helping the companies reach targets and produce good results over time.

Strategic Sustainability Target Indicator: Implementation in all portfolio companies, and within Swedfund too, of a management system for sustainability issues, which include environmental issues and societal issues where relevant, and within all companies' Corporate Governance.

Targets: Management systems shall be implemented in each company within three years of the start of financing. These systems should define the seven following main points:

- Policy: A sustainability policy shall be established and adopted by the managers of the portfolio company.
- Identification of risks and impacts: A system or routine shall be established so that environmental and social risks can be identified at regular intervals.
- Results assessment: The company's results in identified risk and impact areas shall be measured and assessed continually in order to measure and improve results over time.
- Responsibility and competence: An individual within the management team shall have overall responsibility for sustainability issues. Competence in handling environmental and social issues shall be established and maintained through continual training of staff exposed to these areas.
- Emergency planning: Where the company's business is based at a fixed site, plans must be made for handling accidents and emergencies.
- Reporting: Reports shall be sent regularly and annually as a minimum to managers and directors within the portfolio company and to Swedfund.
- Stakeholders: Internal and external stakeholders shall be identified, be consulted in situations that affect them, and be given relevant information as appropriate.

PROGRESS ACHIEVED

Sustainability: ESG Management System

Sustainability policy 78 %

Identification of risks and impacts 78%

Responsibility and competence/ ESG manager 74%

Emergency readiness 93 %

Comments

Out of Swedfund's 27 direct investments, 11 report that they have management systems for environmental and social affairs, 5 have the key parts of such systems, while 11 have no system. To meet requirements for an approved management system, companies must respond yes to seven questions. Of those who have the management system, 6 have independently verified systems. Of the direct investments, 41% of portfolio companies report having the management system, compared with 32% last year. Of the 7 fund companies, 6 state in their self-assessment that they use management systems for environmental and social affairs. Swedfund has chosen to highlight 4 of 7 important parts of management systems for environmental and social affairs.

Comments

Sustainability or Environmental Policy

78% of the direct investments have a sustainability policy compared with 76% last year. 6 out of 7 fund companies have a sustainability policy. Swedfund's portfolio companies do a very wide range of different business, from manufacturing and services to banking and hotels. A lot of work remains for the portfolio companies to fully implement adopted policies. Smaller companies have chosen not to prioritise policy work. 6 companies and one fund still do not have any policies for the environment and sustainable business.

Identification of risks and Impacts

78% of Swedfund's direct investments perform a risk and impact analysis which forms the basis for decisions about measures the company must implement to reduce risks. The result indicates that Swedfund need to know more about why six companies have not performed a risk analysis and how Swedfund can provide support in this work.

Responsibility and Competence/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 74%, compared with 88% in 2013. 6 out of 7 funds have an ESG manager. The negative development since 2013 is explained by the increased number of investments that submit self-assessments and that a number of investments have ended. Not having an ESG manager is often due to lack of funds or resources. Swedfund sees a great possibility to make a difference through its advocacy.

Emergency Readiness

Fire precautions and fire drills are an important part of emergency readiness, and 2 portfolio companies report that they do not do this. One of them is establishing a system for it. That all portfolio companies have emergency readiness systems is a continued priority.

3) FINANCIAL VIABILITY

Swedfund shall contribute to the creation in the world's poorest countries of profitable companies over the long-term that are thereby financially viable. The following is a presentation of strategic sustainability targets and a report of key indicators at an aggregated level for the investment portfolio.

Strategic Sustainability Target Indicator: Return on equity.

Targets: Average return on equity before tax shall exceed the average interest rate for Swedish government debt over one year. Return shall be measured over rolling seven-year periods.

•Reporting: Reports shall be sent annually to Swedfund's management team and board.

This indicator is measured using Swedfund's financial results and position. A key component of the result is a valuation of the portfolio company. This valuation is based on the portfolio company's annual and quarterly reports.

PROGRESS ACHIEVED

Sustainability Target: Return on Equity, Swedfund 2014

Year's return on opening equity -1.81%

Average one-year interest on national debt 0.44%

Average return on opening equity over 7 years -2.36%

Average one-year interest on national debt over 7 years 1.29%

Swedfund's return on opening equity in 2014 and the average return over the period compared with interest on national debt in 2014 and over the period.

Comments

In 2014 several of Swedfund's portfolio companies were negatively affected by external events such as the security situation in several countries caused by war and conflict, currency collapse and the outbreak of Ebola in West Africa. Overall this meant that business could not proceed in line with the business plan, and this directly or indirectly affected the company's financial viability. Swedfund's results were directly affected and Swedfund did not achieve its targets for financial return as impairments were required in a number of the portfolio companies.

Sales of shares, dividends and the net amount of write-ups and impairment constitute the key parameters for Swedfund's earnings trend. Earnings for development finance companies vary considerably over the years depending on sales results and the investment phase that companies are in. Given the assignment, Swedfund's returns should be viewed over a longer time perspective.

Swedfund has accepted major strategic challenges, both in choice of geography (sub-Saharan), investment type (a large proportion of shares) and the choice of sector (large proportion of manufacturing and service industries). Swedfund and Swedfund's business partners are aware that investment in these countries in many cases constitutes a high risk and there is a high awareness of the need for perseverance. Potential adverse external factors represent a large risk and Swedfund will also in the future meet and manage challenges that can hit hard against financial viability. Swedfund's organization and processes are constantly developing, with the aim of formalizing risk management and detecting warning signs early. In order to generate long-term development results, in combination with a positive financial result, work has also started to build a more balanced portfolio with respect for risk, geography and instruments.

Profitability of Portfolio Companies

One of the prerequisites for achieving development results through business is that investments are financially viable, or profitable, over the long-term.

Profitability requires that the company survives, that there are opportunities for financing expansion and further development of the business, and that the company can afford to pay its employees and its taxes. It is therefore central for Swedfund to follow up and report on how the companies perform financially. It is preferable to do so separately for each business based on that company's specific circumstances on the market.

Monitoring is done internally and is an important part of the work of the investment manager.

Profit Margin in per cent (earnings after tax/turnover)

In 2012 the profit margins in the sample of portfolio companies varied from -18, % for the portfolio to + 38,2 %. 14 of the portfolio companies showed a positive profit margin whereas 6 showed a negative.

In 2013 the profit margins in the sample of portfolio companies varied from - 51,9% to + 71,9 %. 19 of the portfolio companies showed a positive profit margin whereas 2 showed a negative.

Comments

The sample for profitability measurement consists of 21 equity and loan investments of the 65 investments Swedfund had at the end of 2014 in its portfolio. Investments in 15 mutual funds and similar indirect investment structures have been excluded because it is primarily relevant to report on the underlying holdings. Where funds, as contracted with Swedfund, do not need to report a measure of profitability for individual underlying holdings, no such data is presented. 14 portfolio companies have been excluded because financial reporting for 2013 was deemed to be incomplete. Another six companies that have been dissolved in 2014 have been excluded. A further six portfolio companies were excluded since funding had not yet started or the companies are start-ups that have not yet generated income. Three outliers, for example, profit margins in thousands of per cent have also been excluded.

The companies' profitability is reported in terms of profit margin (profit after tax / turnover). The measurement is based on the latest available financial statements. The level of profit margin varies greatly between companies and is difficult to analyze given that the companies are very different. Some of the differences relate to the countries they operate in, maturity (new start-ups, older companies, etc.), level of risk for the business, industry, currency, markets and regulatory environment. The variation underscores the importance of Swedfund continuously monitoring the portfolio companies and in close cooperation with the portfolio companies following up and influencing their strategic business development. This will ensure that the companies achieve financial viability and continue to deliver development results over time, even after Swedfund exits as a financier.

4) ANTI-CORRUPTION

Swedfund shall make proactive efforts to tackle corruption internally and within portfolio companies.

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

Targets: Adoption and implementation of management system for handling anti-corruption issues shall be completed at Swedfund in 2014 and, for portfolio companies, within three years of the start of financing.

Implementation shall cover the following:

- Anti-Corruption Policy: Shall be established as origin for a management system devoted to anti-corruption issues.
- Responsibility: Appointment within management team.
- System: Processes, procedures or controls for detecting corruption.
- Competence: Identification and training of key staff (i.e. those most exposed).
- Reporting: Regular, minimum of annual reporting.

PROGRESS ACHIEVED

Sustainability Target: Anti-Corruption Management System

(Level of Implementation)

No 36%

Yes 40%

Partly 24%

Comments

The fight against corruption is an important issue for Swedfund and has been so for many years. Anti-corruption clauses are included in Swedfund's loan and shareholder agreement, in which the portfolio companies certify that they have not acted in a manner that can be described as corruption, and will not do so in future. 64%4 of the surveyed companies (27 in total) are judged to have adopted and implemented a management system. The reports obtained from the investment portfolio in 2014 will enable Swedfund to prioritize which investments will require more work during 2015 to ensure substantial improvements in anti-corruption efforts.

Anti-Corruption Management System (Implementation per Measured Area)

Anti-corruption policy 87%

Manager 59%

Competence 43%

System and processes 56%

Reporting 57 %

Comments

Adopting and implementing an anti-corruption policy is an important, and often the first, step towards taking effective action. Swedfund's portfolio companies shall agree under contract to adopt and execute an anti-corruption policy. To support the portfolio companies Swedfund has since 2012 supplied a Portfolio Company Anti-Corruption Policy Model. 87% of the reporting companies have a policy for anti-corruption. Adopting the policy is just the start or proactive efforts however. 2014 was the first year when Swedfund measured and reported the level of implementation of anti-corruption management systems. The focus of Swedfund's advocacy going forward will be to support the companies in the development of competence and the implementation of systems and processes.

Governance and human resources

OA 07	Voluntary	Descriptive	General
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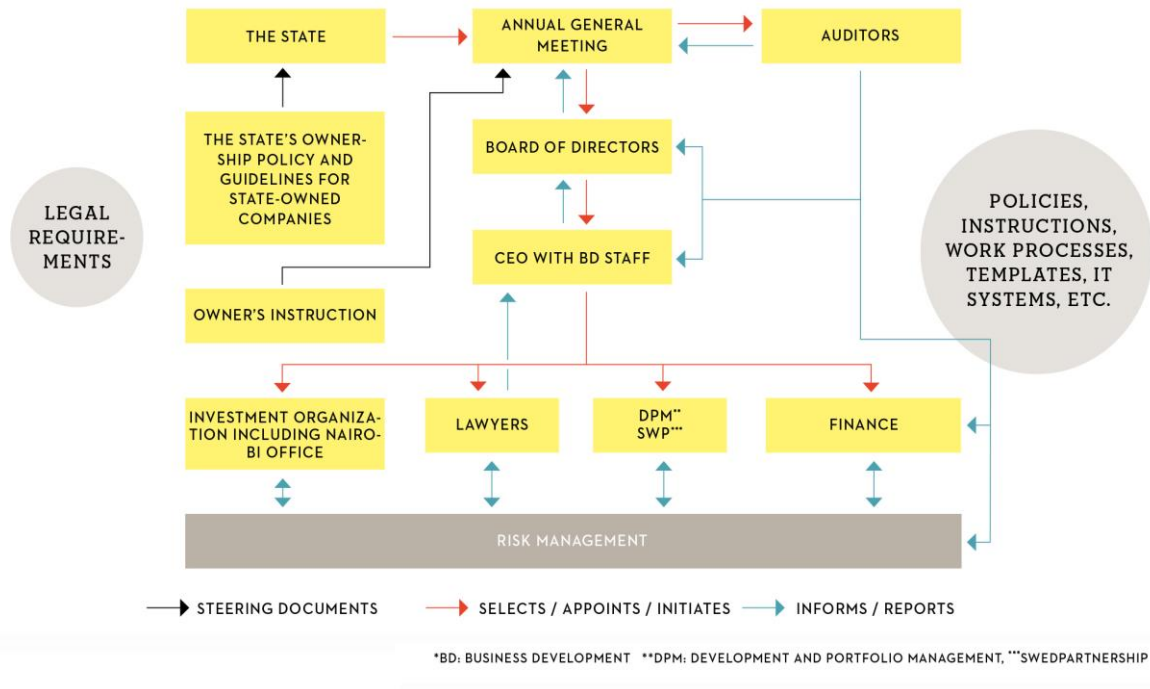
OA 07.1

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

The communication department works alongside the other departments to ensure transparent and correct communication of Swedfunds mission as an integrated part of Swedfunds risk management.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

STRUCTURE FOR CORPORATE GOVERNANCE - OVERVIEW



To upload the image click the Save button below

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

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
 - Other role, specify
 - Legal Counsel**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
 - Other role, specify
 - External ESG-consultants**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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26

OA 08.3	Additional information. [Optional]
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26 out of 39 in total, this includes personal in the Investment Organisation (16) as well as in Development and Portfolio Management/ESG (6) and Legal (4).

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	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

OA 09.2	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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Several Swedfund University; seminars and workshops covering topics that are relevant to our mission activities, and visits to portfolio companies.

- 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

OA 09.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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Swedfund do not pay any bonuses to any employee.

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	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.
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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]

Signatory since 2012

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- 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)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- 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
- 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]

We participate actively in most EDFI working groups.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

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

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

- Basic
- Moderate
- Advanced

- 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]

This is a network for harmonization of development results in which Swedfund participates.

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

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
- Other, specify

As an example Swedfund participated in a round table discussion arranged by EURODAD in Brussels.

No

OA 11.3

Additional information. [Optional]

OA 12

Voluntary

Additional Assessed

PRI 4,5,6

OA 12.1

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

Yes

- Yes, individually
- Yes, in collaboration with others

OA 12.2

Select the methods you have used.

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

Stakeholder dialogs on; Decent Work, Tax, Materiality in our Integrated Report.

OA 12.3

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

Yes, publicly available

No

No

OA 12.2 Other - Background information

Stakeholders who become dependent on conflict pose a dilemma in many countries where Swedfund's portfolio companies operate. These stakeholders can include businesses, investors, organizations (including civil society organizations) and the authorities. Dependency may lead to the intensification of the conflict, hinder development and create risks for society and commerce. Investors and businesses that identify and avoid these risks increase opportunities to improve impact on society.

STAKEHOLDER INTERVIEW - LOA BRYNJULFSDOTTIR

"Swedfund genuinely wants to achieve change"

Fair working conditions in developing countries are a key issue for international activities by LO, the Swedish Trade Union Confederation. LO welcomes the dialogue initiated by Swedfund about how trade union rights and social dialogue, along the lines of the Decent Work agenda, can be improved further in the company's investments.

Loa Brynjulfsdottir, head of international affairs at LO, sees several areas for dialogue and collaboration aimed at strengthening the situation for workers in Africa.

"It is clear that Swedfund really does want to achieve change and has high ambitions for trade union rights and fair terms and conditions at the companies Swedfund invests in," she says.

The Decent Work agenda comes from the International Labour Organization (ILO), which is tri-party group representing employees, employers and governments within the UN. The four cornerstones of the agenda are: full employment, trade union rights, social dialogue and a social safety net.

"Job creation is important and Swedfund can really make a difference by encouraging social dialogue and ensuring that when jobs are created, employees have rights. We are an international trade union, so in addition to supplying local contacts we understand the international instruments that can be used," says Loa Brynjulfsdottir.

Two concrete proposals for collaboration are already on the discussion table. LO is happy to provide its expertise in employment rights to give further support to issues connected with negotiations, trade union organization and living wage versus minimum wage in the data used by Swedfund to analyse and monitor its portfolio companies.

"We are also looking at the possibility of involving Swedfund in PANAF, our education programme, which we and the TCO have worked on for around 20 years and which includes workplace education in human rights in working life, negotiation techniques and conflict management together with worldwide trade unionists in several of the countries in which Swedfund is an investor."

Loa Brynjulfsdottir is convinced that greater transparency has helped create a different view of Swedfund.

"When you open up you do become vulnerable but it gives new opportunities for dialogue and collaboration, which makes the change positive. I hope that Swedfund follows up the positive dialogue we have started and goes from words to action. We have already seen the embryo of Swedfund's willingness to increase the integration of its work with human rights in the workplace throughout the entire investment chain."

Loa Brynjulfsdottir, head of international activities at LO, The Swedish Trade Union Confederation.

ESG issues in asset allocation

OA 13.1

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

Yes

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Other, specify

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

HOW AN INVESTMENT WORKS

The investment process from the first assessment to the exit is described below. During the past few years, Swedfund has done a lot to document best practices and to further develop areas that needed improvements. This is an ongoing work, and we continue to improve and develop our procedures based on requirements put upon us and on how we carry out our work.

Environment and sustainability expert Kristin Sjöblom is Senior Manager ESG Affairs at Swedfund. Together with colleagues in the ESG team she makes assessments of issues concerning the environment, social conditions and corporate governance, including a proposed action plan, in all of Swedfund's investment processes. "We perform an independent assessment, sometimes with the help of consultants, of the entire project and we develop preliminary terms and conditions for a contract. This may include appointing someone within the company who will take responsibility for the environmental and social issues," explains Kristin. Kristin Sjöblom is also a member of Swedfund's investment committee, which makes decisions about investments. "My role on the committee is saying yes or no to issues concerning ESG. All decisions must have a factual basis and refer to the ESG team's assessments. Most decisions are built on a consensus, but if we can't agree then Swedfund's CEO will make the decision to take the investment to the Board of directors."

INITIAL ASSESSMENT

Does the investment fit Swedfund's mission? In the initial assessment, consideration is given to the country, business, other partners and Swedfund's role in the investment. Will the investment lead to a noticeable impact on society? Will the project be sustainable and financially viable? After an initial assessment based on Swedfund's investment criteria, many could be written off for not meeting basic requirements, such as sector, country, etc.

AROUND 500 ASSESSMENTS PER YEAR

During the initial assessment Swedfund makes sure that a potential assessment is in line with Swedfund's ambitions and goals, and meets the investment criteria. Around 50 companies get through the first stage of the selection process during a year.

Does an investment prospect have the right conditions to lead to investment? Each year Swedfund makes around 400-500 assessments and the majority of incoming inquiries are usually companies that want to establish in developing countries and need to share risk with an experienced partner.

"Each new investment proposal is investigated using our checklist that cover four key questions - our ownership instructions, internal guidelines, the background of the strategic partner and the commercial soundness of the business plan," explains Anders Craft, Director Investment Operations at Swedfund.

In the first general selection a lot of companies are ruled out because they do not fall within Swedfund's assignment or fall outside the investment criteria used by Swedfund. The investment should have impact on society and the company must be able to develop sustainably and with financial viability.

To decide whether a project can be taken onto concept clearance, Swedfund usually works in project groups, with a Senior Investment Manager leading the project and taking advice on legal and ESG issues. Swedfund also brings in external consultants if there are complications about environmental or social issues, for example.

Every year around 50 prospects survive the initial assessment. Fewer than half go forward for screening and due diligence. During a risk assessment several variables will be assessed, such as an integrity check of the strategic partner if Swedfund does not know them previously. The potential portfolio company's environmental and social impacts will be assessed and categorised along with its corporate governance.

"Swedfund has an important assignment to explain the importance of our expectations within sustainability that the partner must live up to. In practice this can mean that there must be an individual at the portfolio company

that takes responsibility for ESG issues at operational and management levels, reporting to the board and owners about ESG," says Anders Craft.

He considers the greatest challenge in the initial assessment of a project is how well the strategic partner understands the local conditions.

"Is there functional infrastructure that gives access to a trained workforce? Are the necessary transport routes in place? Is there enough electricity? These are the questions that can be difficult to address for a new business but they are very important."

INITIAL ASSESSMENT OF SWEDFUND'S THREE CORNERSTONES

Societal development: Check of exclusion lists - selectable countries and sectors. Initial judgments of the most prominent social development effects.

Sustainability: Initial assessment of the extent of possible ESG risks done to categorise the risk in the investment.

Financial viability: Checks on the financial viability of the investment and potential for achieving the owner return targets for Swedfund.

Every year around 50 prospects survive the initial assessment. Fewer than half go forward for screening and due diligence.

IN ACCORDANCE WITH SWEDFUND'S POLICY FOR SUSTAINABLE DEVELOPMENT, PORTFOLIO COMPANIES SHALL:

- Conduct business in a sustainable and responsible manner with a long-term perspective and strive to adhere to international standards and internationally recognized human rights.
- Comply with legal and regulatory requirements in the jurisdictions where they operate.
- Adhere to applicable IFC Performance Standards.
- Strive to adhere to internationally acknowledged standards for business integrity, anti-corruption and corporate governance and have sound and clear corporate structures that do not contribute to tax evasion, money laundering or terrorist financing.
- Conduct a risk analysis of their supply chain and customers, and where significant risks or impacts are identified, commit to apply the above-mentioned standards.
- Adhere to Swedfund's Anticorruption Policy.
- Conduct on-going human rights due diligences in limited high risk circumstances, maintain an open dialogue and engage and consult with potentially affected stakeholders.
- Not support political parties, political organizations or their representatives.
- Strive for the total remuneration to their senior executives to be reasonable and well-considered.
- Provide information upon request from Swedfund on environmental, social and corporate governance issues including human rights and provide information on development results.
- Comply with Swedfund's requirements with respect to the monitoring of our investments.
- Our fund investments and financial institutions shall, in addition to all of the above, work over time to ensure that investments are made in accordance with UN Principles for Responsible Investment.

CONCEPT CLEARANCE

An assessment of the investment is made in relation to Swedfund's investment criteria. Swedfund's ESG team (Environment, Societal and Governance) is brought in and they categorise the project based on the environmental and social effects, as well as assessing risk in the project. A proposal is presented to the investment committee. The responsible Senior Investment Manager writes a memorandum - called concept clearance - that gives an overview of the investment and its potential ESG risks, and presents the project for the Investment Committee.

Concept clearance begins when there is high probability that a potential investment can be taken forward. Often the main difficulty is finding a sufficiently strong strategic partner.

If the Senior Investment Manager considers that a potential investment can be taken to the Swedfund Board, Concept clearance is initiated. The project is assessed against Swedfund's three cornerstone principles and investment criteria. Swedfund's ESG team also categorises the project based on environmental and social impacts and corporate governance.

"I write a brief summary that gives the background to the investment, how Swedfund received it and what we believe will be the results in terms of our three cornerstone principles," says Gunilla Nilsson, Senior Investment Manager at Swedfund.

The proposed investment, its potential ESG risks and opportunities, is then presented to the Swedfund investment committee who make an assessment and then reach a decision whether the project shall go to the next stage, due diligence.

Often the main difficulty in many project proposals is whether there is a strategic partner acceptable to Swedfund.

"Among other things a strategic partner should have practical experience of having performed similar investments previously; they should be a company with institutional depth rather than just being a group of individuals; and they should have the possibility to supply a significant share of the financing. And with consideration for Swedfund's focus on environmental and social issues and sound corporate governance, the partner should also be in agreement with Swedfund in these areas, and make any changes that are necessary."

In 2014 H&M and Swedfund entered into a partnership.

"It means that together we will look at the Ethiopian textile and clothing market in order to find interesting partners and suppliers for H&M's clothing production. This work has resulted in us taking a potential investment to our Screening phase," says Fredrik Wijkander, Senior Investment Manager at Swedfund, who is responsible for this business.

Partnership with H&M is a way to develop the textile and clothing industry in Ethiopia and thus create jobs with good working conditions that can lift people, especially women, out of poverty.

"On Swedfund's side we are now looking together with H&M at the possibility for investment in suppliers that we could make in future," says Fredrik Wijkander.

"IMPORTANT THAT THE STRATEGIC PARTNER HAS THE SAME VIEWS AS SWEDFUND"

DUE DILIGENCE

Business concept, market, financial history and forecast, other partners, legal aspects, development effects and ESG issues are analysed. Preliminary contract terms are discussed. Assessment of the different areas can run in parallel with more in-dept analysis as necessary. Period: Around six months. Due diligence runs throughout the entire investment process up to final disbursement.

FULL ASSESSMENT OF THE PROJECT

What are the company's market prospects and what will the investment cost? What are the financial forecasts? A full assessment, including in-depth evaluations, continues up until payments are made as part of the investment.

Several areas are investigated in parallel as part of Due diligence.

"As an investor we want to build an understanding of market demand for the company's products or services, and analyse the project's prospects in terms of financial viability. We look at all the legal aspects, the expected development effects as well as the current and future ESG and corporate governance results," explains Gunilla Nilsson, Senior Investment Manager at Swedfund.

Swedfund is seldom the sole external investor in a new investment. To assess the project and gain deeper knowledge a site visit will be made together with other possible investors, such as DFIs in other countries.

"We can benefit from each others' experience and get a feeling for the people in the project, finding out if they understand the industry and its challenges and have all the competence and personnel that are necessary," says Gunilla Nilsson.

Fidelity Bank, one of Swedfund's investments in Ghana's banking sector, was subject to Due Diligence in 2014. The project was assessed using the three cornerstone principles with a special focus on the financial viability of the project.

"We looked at the macroeconomic conditions and the market structure to understand the opportunities and risks in the country and the sector. For banks an important quality aspect is related to corporate governance, so special study is made of the bank's management team and directors, as well as control systems and policies for the work of the board, including anti-corruption measures," says Olga Perez, Senior Investment Manager.

An in-depth assessment is made of ESG risks.

"Banks provide financial solutions, so it is necessary to understand which customer segments are involved and their ESG risks."

Via the investment Swedfund will indirectly reach a large number of business customers.

"By providing financing the banks will be lending to customers investing in the private sector. There will thus be positive effects for domestic production, competence and technology development, jobs and tax revenues."

Part of Due diligence means performing Swedfund's Environmental and Social Assessment Questionnaire for the company. Once Due diligence is concluded, Swedfund will produce a list of requirements that must be met.

"An ESG Action Plan, with assessed risks and an action plan for minimising risk will be produced and included in the legal contract," adds Gunilla Nilsson.

"WE WANT TO GET A FEELING FOR THE PEOPLE IN THE PROJECT"

DUE DILIGENCE IN SWEDFUND'S CORE PRINCIPLES

Impact on Society: An extensive questionnaire is filled in and site visits made by Swedfund, co-investors and/or external experts.

Sustainability: An extensive questionnaire is filled in and site visits made by Swedfund, co-investors and/or external experts. Due diligence also covers human rights, children's rights and anti-corruption.

Financial viability: A detailed analysis is made of historic and forecast financial data.

"SWEDFUND'S ESG ACTION PLAN IS A KEY TOOL"

Swedfund's investments make a difference. For long-term sustainable and profitable company investments consideration for the environment and society are essential along with a good corporate culture. Swedfund's ESG Action Plan is a key tool - both for the investment decision and follow-up.

Kristin Sjöblom is Senior Manager ESG Affairs at Swedfund. Together with colleagues she has responsibility for evaluating environmental and social issues and corporate governance. In each investment and for each individual company that Swedfund finances with loans or share capital the ESG team establishes an ESG Action Plan of measures that will ensure that the company follows Swedfund's Sustainability Policy. Whilst Swedfund is a shareholder or lender to a portfolio company the responsible Senior Investment Manager will follow up the action plan and check compliance with the Sustainability Policy.

The first information Swedfund will look at is the extensive questionnaire that all prospective portfolio companies must answer.

"Based on their answers we can see how the company works today and how well they meet our requirements. Do we need to visit the company? What changes do they need to make to meet our requirements? They might not have an environment manager or personnel manager, or for example, is their purification plant good enough to meet emission demands?"

The action plan will contain a detailed description of what the portfolio company needs to do to receive financing. To ensure that demands are met Swedfund will establish a timetable and conditions for payments. A risk assessment will be made based on the UN Guiding Principles on Business and Human Rights.

"Human rights have been integrated for a long time now in our working methods regarding environmental and social issues, but we are now extending our work so that we can identify human rights risks separately based on the UN guidelines," says Kristin Sjöblom.

One question that must be raised immediately with company managers is employee rights to organise and negotiate collectively, which is a challenge in countries where joining a trade union could mean dismissal or even jail, says Kristin. Another priority issue is land investment, where it is important that people who own, use and live on land are compensated fairly, which can be complicated.

"Most of our investments are made south of the Sahara. In countries emerging from conflict or from dictatorship, land rights can be very difficult to handle."

Since 2010 Swedfund has continually tightened its sustainability requirements and its sustainability policy has been updated a couple of times. This means that Swedfund cannot set the same strict requirements for older portfolio companies as for new ones.

"We can only set the requirements that are stated in the contract we sign. For companies with older contracts we do try to raise the importance of human rights and children's rights and perhaps other issues that were not included in the contract."

The ESG team follow up the situation on site every year or every other year depending on the nature of the business. Follow-up can also be done by an investment manager at Swedfund who visits the company for a board meeting or financial follow-up. External consultants may be commissioned to ensure compliance with the ESG Action Plan. Action plans may include producing a risk analysis for the supplier chain, as clarified in Swedfund's new sustainability policy that was adopted in December 2014.

"We now do a risk assessment of the company's supplier chain. We set demands that the portfolio company must take responsibility for primary level suppliers, which means suppliers of goods, contracted cleaning firms or drivers, that they meet national legal requirements as a minimum."

SCREENING

In a more detailed analysis of the potential investment, Swedfund's three cornerstone principles - impact on

society, sustainability and financial viability - are considered. Other issues may be raised. The proposal is prepared prior to a decision by the Board. Period: Less than one month.

IN-DEPTH ANALYSIS AND EVALUATION

Does any part of the project need improving? What are the weaknesses? What results are expected? During Screening, the project is analysed and evaluated in depth. After that, preparations are made for a Board decision.

The Senior Investment Manager responsible for the project presents it together with project group members to the Swedfund investment committee.

"A PM is sent out before the meeting. We have an open discussion about the facts and the conclusions to see if the project has the right possibilities to match our expectations in terms of our three cornerstones. We also discuss whether the project has been sufficiently checked prior to being taken to the Board. Screening is a transparent internal dialogue during which we utilise each others' competence and experience," says Gunilla Nilsson, Senior Investment Manager at Swedfund.

A project will only go before the Board if it fulfils all of Swedfund's criteria.

"Business plan, risks, effects and action plan will all be discussed. Screening results in recommendation for continued handling of the project.

BOARD DECISION AND DISBURSEMENT

Swedfund's Board makes an investment decision after which a contract is negotiated. Period: around seven months (from start).

MEASURABLE CONTRACT REQUIREMENTS THAT WILL BE MONITORED

All investment decisions are made by Swedfund's Board. Before payments are made, a series of requirements stated in the contract must be met.

Before and during the Board meeting, Board members receive written and spoken information so that they can reach a decision about whether to move forward with the investment. In the final contract Swedfund will set out its ESG requirements and outline the financial challenges and assessed risks.

The requirements for reporting back to Swedfund will be stated to ensure continual follow-up during the investment period. Through annual monitoring of specific indicators, Swedfund will show what the investment generates in development results in terms of Impact on Society, Sustainability and Financial viability - Swedfund's three cornerstones.

"In the contract we will outline how the company must report back on specific matters for our annual follow-up. This might include stating how many employees are women, the trade union links, how much tax the company pays and how it approaches anti-corruption," says Petra Brantmark, Legal Counsel at Swedfund.

Non-compliance with the undertakings constitutes a contract infringement.

"As lenders we have the right to demand repayment of the loan if the borrower breaks the contract, but if we are shareholders then in general we have no alternative to just exiting from the contract," adds Anders Craft, Director Investment Operations at Swedfund.

Anders Craft considers that the key question prior to the final Board decision is forming an understanding about the potential partner and the management team.

"Does our partner understand the complexity of doing business in a developing country in Africa? Do they have financial resources and genuine commitment to meeting Swedfund's ESG demands?"

The time needed to reach a Board decision varies greatly, depending on the character of the due diligence process in individual cases. After the Board decision a contract must be signed within one year.

"Normally it mustn't take more than 12 months. If it goes beyond that we will present the project again to the Board so they can make a new decision whether to invest or not," explains Petra Brantmark.

Cash payments are made by Swedfund, in one or more instalments, when the partner is in agreement about the terms of the investment and this has been documented in a contract, and when all the requirements stated in the contract as conditions for payment have been met.

VALUE-CREATING ADVOCACY

Swedfund influences the portfolio company through board participation, exchange of experience and monitoring. Swedfund's overall commitment creates value during the management phase. Period: around 7-10 years.

How Swedfund Creates Value

During the management phase Swedfund exerts influence by supplying knowledge and leadership and by monitoring performance of the portfolio company. Swedfund appoints directors to the board with relevant backgrounds, sets requirements for financial reporting such as ESG reports while all the time ensuring that improvements are implemented.

When Swedfund's Board has taken an investment decision, the contract has been negotiated and the first payments have been made, value creation starts for the portfolio company. During the management phase, which may last for up to ten years, Swedfund introduces expertise to the company's board by adding skills and experience.

"Professional, proactive directors can create the conditions for sustainable business. Through our advocacy we can establish, together with the management team, what is needed to conduct the business profitably and sustainably. Our commitment gives us influence on board activities so we can also encourage a clear approach to ESG issues and this also provides a transfer of know how," says Ulf Tossman, Senior Investment Manager.

He describes the breadth of Swedfund's commitment in the portfolio company and the distribution among sectors. In Iraq, for example, Swedfund, in partnership with Scania, has helped train teachers in advanced engine technology, driver skills and English.

"It's important to teach drivers how to drive with minimum environmental impact. That will save more fuel than any of the technological development of future engines. It might sound trivial but it is very important and it's a simple way to make a difference," says Ulf Tossman.

Krsitin Sjöblom, Senior Manager ESG Affairs at Swedfund, together with the ESG team, supports the responsible Senior Investment Manager in monitoring the sustainability policy in the ESG Action Plan (ESG AP) that has been agreed.

"The ESG team is involved in everything from the first view of the project through due diligence and then we are on the investment committee deciding whether the project should be prepared for a final Board decision," explains Kristin Sjöblom.

The ESG team formulates the ESG AP, including measures that will ensure the company complies with the sustainability policy. The ESG AP is implemented in the daily routines of the portfolio company and compliance is monitored. Value-creating advocacy thus starts before a decision to invest is made. During the initial assessment Swedfund will address all the requirements that the partner is being asked to comply with, such as annual reporting on ESG issues.

"It's important to do a thorough analysis early on. During due diligence we will continue the ESG dialogue and form an opinion about what level of maturity the company has reached."

"PROFESSIONAL, PROACTIVE DIRECTORS CAN CREATE THE CONDITIONS FOR SUSTAINABLE BUSINESS"

DECISION POINTS FOR SWEDFUND'S THREE CORNERSTONES

Impact on Society: Annual or more frequent reporting to measure and evaluate societal development effects for the investment and Swedfund's portfolio in general. Monitoring to check how the company meets sustainability goals within agreed time.

Sustainability: Follow-up of ESG Action Plans, regular company visits, ESG audits, proactive work to continuously raise the level of sustainability at the company. Checking compliance with sustainability targets (for ESG and anti-corruption) within agreed time.

Financial viability: Regular quarterly reports, company visits, follow-up of strategic and operation and goals and 100-day plans.

Swedfund's ESG activities run from one to three years during the management phase during which the ESG action plan will be implemented. After this is finished, the aim will be to make continuous improvements. Policies will be monitored by Swedfund's ESG team who will visit every year or every second year to perform an audit, using local consultants as necessary. During the management phase the ESG will be following up development continually, which enables new ESG issues to be addressed.

"Has the company changed its suppliers or introduced new processes? As the business changes we will produce new plans to ensure continual improvement. Each visit or audit will be documented in a report with recommendations and a follow-up plan.

Monitoring of the ESG AP may also be done by the investment manager at Swedfund when visiting the company for a board meeting or a financial assessment.

"The ESG team has produced a special template for these visits, a site visit report, that our investment manager will complete after the visit. It will include asking questions about handling of waste and the risk of unprotected or underage workers," explains Kristin Sjöblom.

Site visit reports were developed in 2014 after a dozen or so such visits. They will be launched in 2015 in the form of an app on a computer tablet.

During the monitoring of ESG issues at the portfolio company, Kristin Sjöblom and her team implement improvement measures in parallel. In 2013 Swedfund arranged a couple of training courses for ESG managers at portfolio companies. In the spring 2015 there will be a workshop for around 25 participants from Kenya, Ethiopia and South Sudan, among other countries. In another project being conducted at two portfolio companies Swedfund is aiming to strengthen and promote career opportunities for women. This project is being performed in cooperation with a Swedish consulting firm, Wiminwest. A third project involves training for portfolio companies in children's rights.

"We have selected a series of portfolio companies in which we have seen through a risk analysis that there is a possibility that children are being used in the supply chain. We therefore want to increase understanding about how children's rights can be safeguarded," says Kristin Sjöblom.

Exerting influence through, for example, annual reports, site visits and monitoring is an essential part of Swedfund's role, as it is for all DFIs.

"But being able to offer the portfolio companies, based on identified risks, special training in ESG and women's rights, for example, is something we must put more resources into."

Large DFIs may have up to 900 portfolio companies they invest in. Swedfund is a small DFI, which means alternatives for value-creating advocacy will be different.

"A bigger DFI, for better or worse, will monitor its clients in a more standardised way. With our ESG team of just four people we get much closer to our investment and we get a better understanding of that the company is all about," says Kristin Sjöblom.

Ulf Tossman agrees that Swedfund has a good understanding of the business of its portfolio companies.

"We don't have the bottlenecks that larger organizations might have and we try to move faster in our processes. That gives us greater flexibility and quicker decision-making. Of course, we are just as dependent on high quality in our decisions as the big DFIs and we need complete information before making a decision."

Closer personal contacts with the ESG managers in the portfolio companies mean that Swedfund can identify important issues that might not emerge just through annual reporting, and make special interventions.

"WE HAVE GREAT FLEXIBILITY AND QUICK DECISION-MAKING. OF COURSE, WE ARE VERY DEPENDENT ON HIGH QUALITY IN OUR DECISIONS."

"We encourage the portfolio companies to bring up special areas themselves where they want to see improvements and thus contribute to development," says Kristin Sjöblom.

There are many challenges involved in value-creating advocacy. Corruption is common on several markets.

"Of course it's hard to run a business that competes with a local company that is dominated by a business culture where there is corruption," says Ulf Tossman.

He describes how Swedfund holds a dialogue with the portfolio company throughout the investment process. A consensus at board level and among managers about anti-corruption is critical for value creation.

"We explain our business ethics right at the start and how we expect business to be conducted in accordance with our policies. With the help of our internal and external systems for monitoring we ensure that there is continuous follow-up work so that the companies develop in the expected way.

From the ESG perspective Kristin Sjöblom considers that the main difficulty lies in portfolio companies who have not yet realized the importance of achieving genuine sustainability.

"The difficulty comes when they are not committed to these questions and have not allocated adequate resources," says Kristin Sjöblom.

For Swedfund it's important that the portfolio company appoints an ESG manager who will report on ESG issues.

"This person will be my partner at the portfolio company and will participate in our special courses or workshops. This is a platform where you can meet others in similar situations. Our work gets easier if we can help people to build networks."

Kristin Sjöblom and Ulf Tossman say that all the phases of the investment process are important, but it is during the management phase that Swedfund can really make a difference and create value.

"If value is not created by working with ESG issues then we will not achieve the difference we want to make. It won't matter how careful we were in due diligence or how many reports we write," says Kristin Sjöblom.

Ulf Tossman describes value-creating advocacy as an essential foundation when creating a sustainable and financially viable business that benefits the community.

"If we succeed with value-creating advocacy then we will have good prospects for making our exit from the business," he concludes.

"OUR WORK GETS EASIER IF WE CAN HELP ESG MANAGERS AT PORTFOLIO COMPANIES TO BUILD NETWORKS."

"IT IS DURING THE MANAGEMENT PHASE THAT SWEDFUND CAN REALLY MAKE A DIFFERENCE AND CREATE VALUE"

EXIT - A VIABLE BUSINESS FOR SALE

Swedfund sells its holding in the portfolio company and ends its involvement. Period: 3-6 months for a pre-planned exit with handover to existing owner. 6-12 months for sale to third party. After the exit, an exit report is made, which includes an analysis of development results, as well as a chapter with "lessons learned". We always do integrity check on the potential buyers in order to avoid contribution to money laundering when exiting a company. Preferably we want to find a buyer that will continue the work with ESG issues on the same level as Swedfund.

An exit occurs when a portfolio company can continue its development without Swedfund. Financial viability is the key to concluding an investment. The new owner must also meet Swedfund's ambitions, targets and other conditions in a signed contract.

Swedfund decides to exit from a portfolio company when it can continue with the same development without Swedfund's support.

"When the contracted terms and Swedfund's goals for the investment have been met, we sell our holding," explains Fredrik Wijkander, Senior Investment Manager at Swedfund.

Once the decision to sell the company has been taken an independent consultant will make an evaluation of the business and a buyer will be identified. Normally a decision on how to exit the business will already have been taken when Swedfund makes the initial investment. The best alternative is to sell the holding to the company's main owner.

"This is usually the best solution for ensuring continued sustainability and financial viability."

When selling to an external buyer the conditions are the same as when Swedfund entered the business initially. The buyer must meet Swedfund's ambitions, goal and investment terms. Swedfund also endeavours to make sure that the company can carry on doing business in accordance with Swedfund's requirements.

"When a third party buys our holding we assess the buyer to make sure their business activities are in agreement with Swedfund's values, which in turn increases the likelihood that the company will live on in accordance with our requirements. Once we have sold our share there is nothing left that we can control."

In 2014 Swedfund made an exit from Cimbenin, a cement company with a plant near Cotonou in Benin. This investment started in 1991 with share capital from Swedfund and Denmark's Investment Fund for Developing Countries (IFU). The main owner was Heidelberg Cement in Germany. Prior to the sale an evaluation was made by an external consultant in West Africa.

"During the autumn we began discussing with the main owner about a sale of our shares as we considered that the company was stable and at a high level in terms of sustainability and financial viability. Following constructive discussions and final negotiations in the autumn we reached a final agreement," recalls Fredrik Wijkander who was in charge of the exit.

Negotiations took a month and the process was concluded in December 2014.

At the end of an investment the Senior Investment Manager writes an exit report, detailing the history of the investment. There will also be a final assessment of the results achieved in Swedfund's three cornerstones.

"Cimbenin is an example of an investment in a difficult environment where we were part of Scandinavian investment group. A former state-owned cement company has developed into what is now an ISO certified plant employing over 100 people."

"HIGH LEVEL OF BOTH SUSTAINABILITY AND FINANCIAL VIABILITY"

DECISION POINTS FOR SWEDFUND'S THREE CORNERSTONES

Impact on Society: An analysis of achieved societal development effects based on indicators selected at the time of the investment. Achievement of sustainability targets is measured.

Sustainability: An analysis of achieved results in ESG areas is made. Achievement of sustainability targets is measured.

Financial viability: IRR (Internal Rate of Return) for Swedfund's investment is calculated and reported. Achievement of sustainability targets is measured.

REPORTING

Swedfund is reporting in compliance with GRI G4 Sustainability Reporting Guidelines and GRI G4 Sector Disclosures, Financial Services. As a signatory to UN Global Compact we are also reporting a Communication on Progress (COP), using UN Global Compact's Basic Guide, Active Level. Swedfund's Integrated Report 2014 is inspired by the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). In addition we also report to UN PRI and publish our Transparency Report on the web. Swedfund's Integrated Report for the year 2014 was for the first time subjected to an audit by Swedfund's appointed auditors. During previous years the non-financial parts of the IR were subjected to a limited review by the auditors.

No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
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	Area
--	------

Clean technology (including renewable energy)

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

- Private debt
- Private equity
- Other (1)

	Brief description of investment
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SWEDFUND INCREASES ITS CLIMATE COMMITMENT

In 2014 Swedfund increased its economic commitment to Interact Climate Change Facility (ICCF) by investing a further EUR 5 million in climate change projects in growth markets. Almost half of all projects financed by the ICCF are based on wind power.

In many growth economies demand for electricity is significantly larger than supply. As a result, both businesses and individuals are often forced to find their own energy solutions, for example in the form of small diesel generators for production or wood stoves for cooking. This hampers growth for the companies, which in turn limits their ability to create new jobs.

"Emerging markets risk being hit hard by climate change, but if measures can be implemented at an early stage they can have significant results. By providing long-term financing for sustainable investment in the world's poorest countries Swedfund can actively support development towards a more energy-efficient and climate-friendly global economy," says Gunilla Nilsson, Senior Investment Manager at Swedfund.

ICCF is financed by Swedfund and several other development financing institutions. The aim is to promote the use of environmental techniques as an important part of sustainable development. ICCF finances projects in renewable energy and energy efficiency in existing power generation plants. By demonstrating the economic viability of projects, ICCF also aims to act as a catalyst and attract additional financing for the development of sustainable energy in emerging markets.

MORE ABOUT ICCF

ICCF has signed agreements on investment worth around USD 275 million (31 December 2014), spread over 14 projects. Examples of projects include solar energy in India, energy efficiency in existing power generation in Ivory Coast and wind energy in India and Kenya. Up to half of all projects are based on wind power.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance

Asset class invested

- Private debt
- Private equity
- Other (1)

Brief description of investment

A Micro Finance Bank started by the NGO Hand in Hand in 2008. The bank will provide micro finance services to women entrepreneurs who have been organised in Self Help Groups and supported by Hand in Hand. Other investors are IFC and the Norwegian Microfinance Initiative.

- SME financing

Asset class invested

- Private debt
- Private equity
- Other (1)

Brief description of investment

Swedfund invests directly in companies that do business in a wide variety of countries. It's simpler to reach larger corporations and harder to reach the smaller ones. A small organization such as Swedfund cannot have a presence in every country. The solution is to work together with professional fund managers with a local presence who share Swedfund's values concerning sustainable business. One of the selected funds is Adenia, which originated in Mauritius, but is now active in Madagascar and West Africa. The reason Swedfund work with them is that they are committed to issues concerning the environment, ethics and governance while they also work closely with the communities where their investments are made. They do business in a responsible manner.

Adenia is also active in countries where there is great need of capital but where others are reluctant or unable to invest. The idea is that both organizations will now start to work together in joint ventures.

- Social enterprise / community investing
 - Affordable housing
 - Education
 - Global health
 - Water
 - Other area, specify
- No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
----------------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Private debt	For private debt the processes are identical to the processes for private equity.
Other (1) [as defined in Organisational Overview module]	For other asset classes the processes are identical to the processes for private equity.

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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- Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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NAIROBI WOMEN'S HOSPITAL

Business: Private healthcare organization in Kenya that owns and operates four fully equipped hospitals with a total of 260 beds plus two other clinics.

No. of employees: 403

Investment year: 2013

Swedfund's investment: USD 4 million (20% of the share capital).

Other owners: Dr Sam Thenya and Africa Health Fund.

Key development results: Jobs, high quality healthcare at low prices for low and middle income earners.

Swedfund's investment in the Nairobi Women's Hospital contributes to improved living standards for women. The aim is to secure health care for women and make the hospital financially viable.

Kenya's capital lies 1,800 metres above sea level. It's a modern business metropolis featuring both skyscrapers and its own national park. Nairobi, which means 'cold water' in the Maasai language, has over three million inhabitants of whom around 60% live in shantytowns. Next to one of them is the Nairobi Women's Hospital affiliate where Njoki Njuguna, 29, works as a midwife. "We give the women here courage, hope and encouragement. It is always a pleasure to see a mother give birth to a healthy baby, despite all the pain they go through," she says.

The hospital provides healthcare and midwife training to Kenyan women, who are low-to-medium income earners, and their families. **The particularly innovative in this investment** is the Gender Violence Recovery Centre (GVRC), which is supported by Plan International, German International Corporation (GIZ), Safaricom Foundation and Nairobi Women's Hospital, patients who have suffered gender-related violence are offered free healthcare and psychosocial support. GVRC also educates staff from other institutions that wish to offer similar services. "We help to improve the living standards of women, and therefore their families, because in Kenya it's women who look after families. Because of everything this hospital offers, my job feels very important to me," says Njoki Njuguna.

Nairobi Women's Hospital has over 600 employees with a variety of specialist knowledge. Around 90% of the work force are women. "Of course, we create job opportunities for women. Those who work here are highly qualified and very competent and they are passionate about making a difference," says Dr. Sam Thenya, hospital manager.

Since the hospital opened in 2001 it has expanded to meet growing demand for healthcare. Today there are six affiliates in Nairobi and there are plans to open more. "We are the leading private hospital in our sector and we aim to establish in all the major centres of Kenya and Africa in general. That's our vision and our mission," says Dr. Sam Thenya.

No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
---------	--

- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name

PwC Sweden

OA 19.3	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 can also be found in *Swedfund's Integrated Report 2014* which was subjected to an audit by Swedfund's appointed auditors; by PwC.

OA 19.4

Attach any relevant documents.

[Independent Auditor's Assurance Report_PwC PRI 1415_Swedfund.pdf](#)

No

Swedfund International AB

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1 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 Overarching Approach in this report.

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1 Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

Yes

No

SAM 03	Mandatory	Gateway	General
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SAM 03.1 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"/>

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
---------------	------------------	----------------------	----------------

SAM 10.1 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		
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, including PRI reporting	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>		
Other general aspects in your selection process, specify	<input 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

Please see section OA 13.2 in this report.

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
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SAM 11.1 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 or 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

Please see section OA 13.2 in this report.

Monitoring

SAM 12

Mandatory

Core Assessed

PRI 1-6

SAM 12.1

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, for example PRI-generated responsible investment 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 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 type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Outputs and outcomes

SAM 14	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 14.1 Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.

%

0

Communication

SAM 16	Mandatory	Core Assessed	PRI 6
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SAM 16.1 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 16.2

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 16.3

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 16.4

Additional information. [Optional]

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

Swedfund International AB

Reported Information

Public version

Direct – Private Equity

PRI disclaimer

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Overview

PE 01

Mandatory to Report Voluntary to Disclose

Peering

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%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Total	100%

PE 02

Mandatory to Report Voluntary to Disclose

Peering

General

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]

We always aim to take a Board seat in our portfolio companies.

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 OA 13.3 in this report.

PE 04	Mandatory	Core Assessed	PRI 2
--------------	------------------	----------------------	--------------

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 Overarching Approach 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 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. [Optional]

Please see section OA 13.2 in this report.

No

PE 08	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

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 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.

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 labor, 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 Systems

Anti-corruption Policy and procedures

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.

- 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.

We send out an ESG-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.

- Yes
 - In writing
 - Verbally/through dialogue
 - Other, specify

PE 11.2

Describe the nature of these improvements and their ESG coverage.

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.

No

PE 11.3

Additional information.

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

PE 12

Voluntary

Additional Assessed

PRI 1

PE 12.1

Indicate if ESG issues impacted your private equity investment selection processes during the reporting year.

- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- 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 investment selection process
- Other, specify
- We do not track this potential impact

Post-investment (monitoring and active ownership)

PE 13

Mandatory

Gateway/Core Assessed

PRI 2

PE 13.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 13.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >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.

ESG issues

Environmental

List up to three example targets of environmental issues

Environmental and Social Management System
Environmental and Social Policy or Sustainability Policy
Environmental and Social Manager and/or Officer

Social

List up to three example targets of social issues

ILO Core Conventions
ILO Basic Terms and Conditions of Employment

Governance

List up to three example targets of governance issues

Anti-Corruption Policy and Procedures

We do not set and/or monitor against targets

No

PE 14

Mandatory

Core Assessed

PRI 2

PE 14.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

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 06.3 in the Overarching Approach.

PE 15	Voluntary	Additional Assessed	PRI 2
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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.
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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
- None of the above

PE 15.2	Describe how your organisation contributes to the portfolio's management of ESG issues.
---------	---

Please see section OA 13.2 in this report.

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.
---------	---

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 frequent
- Semi annually
- Annually
- Every two years or less
- Ad-hoc, 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 Portfoli Company Annual Sustainability Report which is sent out to all equity portfolio companies annually.

PE 17	Voluntary	Additional Assessed	PRI 2
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PE 17.1	Indicate whether your organisation discloses information on ESG issues to potential buyers prior to exit for private equity investments.
---------	--

- We always include ESG issues in pre-exit information
- We include ESG issues in pre-exit information in the majority of cases
- We include ESG issues in pre-exit information in the minority of cases
- We do not include ESG issues in pre-exit information

PE 17.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
----------------	---

As described in section OA 13.2 in this report, we always do integrity check on the potential buyers in order to avoid contribution to money laundering when exiting a company. Preferably we want to find a buyer that will continue the work with ESG issues on the same or higher level as Swedfund.

Outputs and outcomes

PE 18	Voluntary	Additional Assessed	PRI 1,2
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PE 18.1	Indicate if your organisation measures whether your approach to ESG issues 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.
----------------	--

Through Swedfund Portfolio Company Sustainability Report which is sent out annually to all our portfolio companies.

PE 19	Voluntary	Descriptive	PRI 1,3
--------------	-----------	-------------	---------

PE 19.1	Provide examples of ESG issues that affected your private equity investments during the reporting year.
----------------	---

- Add Example 1

ESG issues	Governance and Anti-Corruption
Sector(s)	Manufacturing
Impact (or potential impact) on the investment	Few phenomena hinder social and economic development as corruption does. Corruption occurs in every country of the world and it hits especially hard in countries where people are vulnerable and poor - the very environments Swedfund works in.
Activities undertaken to influence the investment and its response	<p>ANTI-CORRUPTION IN PRACTICE</p> <p>All of the contracts that Swedfund signs clearly state zero tolerance for corruption and that Swedfund retains the right to withdraw from the company if there is evidence of corruption. In 2014 Swedfund dealt with a case that involved suspicions of corruption in a portfolio company on which Swedfund has a member of the board. During the year Swedfund established a process that acts like a schedule when suspicions of corruption emerge. In this particular case the tool was put to the test.</p> <p>"An investigation was started immediately by the crisis group that Swedfund established. It soon emerged that an external party would investigate the accusations. This resulted in a report that, even though it could not prove corruption had taken place, found that there were operational processes that could enable corruption in the company," says Fredrik Wijkander, Senior Investment Manager at Swedfund.</p> <p>The next step was to produce an Action Plan that in general aims to create the right conditions to ensure that similar events cannot happen again.</p> <p>Swedfund works proactively to fight corruption, together with a network of Swedish companies within Swedish Leadership of Sustainable Development, Swedfund helped to make anti-corruption part of the agenda for post-2015, which is formulating a new global development agenda, Sustainable Development Goals.</p>

- Add Example 2
- Add Example 3
- 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.
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- 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
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc, 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