

An aerial photograph of a dense forest, likely a coniferous forest, with a dirt road running horizontally through the center. The trees are in various shades of green, and some dead, greyish trees are visible. The overall scene is lush and natural.

Sustainable finance policy

SEK

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1. Introduction

AB Svensk Exportkredit's (SEK) mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. Sustainability is a central part of our operations and SEK, as a state-owned company, shall serve as a role model for corporate sustainability. This means that our operations should be conducted in a sustainable manner from an economic, environmental and social perspective that promotes sustainable development.

2. Purpose

The aim of this policy is to set out basic principles and positions for credit granting and liquidity investments, in order for SEK to:

- » serve as a role model in the area of sustainable finance, and
- » monitor international initiatives and guidelines that are aimed at achieving sustainable development and corporate sustainability.

This policy is part of SEK's sustainable finance framework. The positions and principles specified here are operationalized in other policy documents, guidance and methods for compliance with the principles in day-to-day activities.

3. Definitions

Sustainable terms means that projects and activities financed by SEK comply with local laws as well as international guidelines in the areas of environment, anti-corruption, human rights, labor and business ethics. The international guidelines that SEK incorporates are:

- » The Ten Principles of the UN Global Compact,
- » The OECD Guidelines for Multinational Enterprises,
- » The OECD Anti-Bribery Convention and related documents,
- » The UN Guiding Principles on Business and Human Rights,
- » The Equator Principles, or the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, and
- » The OECD Recommendation on Sustainable Lending Practices and Officially Supported Exports Credits.

Sustainability risk is the risk that SEK's lending operations or liquidity investments have a negative direct or indirect effect on their environment in the areas of ethics, anti-corruption,

environment and climate, human rights or labor. Human rights include the rights of the child, labor includes gender equality and diversity, and ethics include tax transparency.

ESG factors are environmental, social and governance-related factors that could potentially have a positive or negative effect on the financial position or solvency of SEK's counterparties and, ultimately, SEK's financial risks.

Green, social and sustainability-linked loans refer to the granting of credit to environmentally sustainable economic activities as defined in the EU Taxonomy and the Loan Market Association's guidance on green and social loans, as well as working capital linked to the borrower's sustainability performance according to the Loan Market Association's Sustainability Linked Loan Principles.

4. Principles and positions for sustainable finance

SEK has adopted ten principles and positions for sustainable finance.

Principle 1: SEK shall participate in transactions that are handled in a responsible and sustainable manner.

The lending activities conducted by SEK may entail indirect sustainability risks. To manage and reduce the risks, lending must, as a general principle, be based on sustainable loan terms. SEK may finance projects and activities in countries with high sustainability risks provided the project is deemed to make a positive contribution to sustainable development.

SEK shall refrain from participating in transactions where SEK considers the sustainability risks unacceptable and where SEK is unable to influence the situation positively or if information that is necessary for SEK is not, or is not expected to be, available. In some transactions, conflicts may arise between economic, environmental and social objectives. Such conflicts should be handled to the best of our ability, but with no significant harm to any of the objectives.

Principle 2: SEK's transactions and relationships shall be characterized by good business ethics.

Trust relationships are built on openness, integrity and ethical behavior. SEK does not accept commercial transactions with a tax avoidance purpose. Where applicable, SEK may request higher tax transparency to ensure the transaction meets the requirements.

Principle 3: SEK does not accept corruption or other financial crime in transactions financed by SEK.

SEK takes a stand against all forms of corruption and complies with Swedish anti-bribery legislation and The Swedish Anti-Corruption Institute's Code to prevent corruption in business and international initiatives and guidelines for combating corruption and other financial crime, as well as anti-corruption laws in the countries and jurisdictions in which SEK operates. Every SEK employee has a personal responsibility to not, either directly or indirectly, offer, promise, give, request or accept a bribe.

SEK shall have close control of the payment flows included in the financial transaction in which SEK participates, and transactions shall be carried out transparently vis-à-vis SEK and other stakeholders. Project companies or exporters that are exposed to corruption risk shall have effective risk-management procedures based on the local context, complexity and risk level of the transaction and also, where applicable, be able to demonstrate this through anti-corruption programs or in other relevant ways. SEK expects exporters to follow the Swedish Anti-corruption Institute's Code to Prevent Corruption in Business.

Principle 4: Human rights shall be respected in transactions financed by SEK.

Human rights, including the fundamental conventions of the International Labour Organization, ILO, shall be respected in activities financed by SEK. SEK supports freedom of association and the right to collective bargaining. SEK does not accept any form of forced labor, child labor, or discrimination in employment and occupation.

Transactions shall be managed in accordance with the UN Guiding Principles on Business and Human Rights. SEK pays particular attention to transactions in conflict-affected areas, and in countries and industries with severe risk of human rights violations. In such cases, SEK may require relevant party to conduct a human rights impact assessment. Special consideration is required when there is a risk of violation of the rights of the child.

Principle 5: SEK shall have a restrictive approach to transactions with a negative impact on the climate.

SEK shall gradually phase out fossil fuel financing. SEK does not finance coal mining, transport or storage of coal. SEK does not finance oil and gas exploration, production, transport or storage thereof. New coal- or gas-fired power plants are only financed in exceptional cases. SEK's approach to fossil fuels is set out in Appendix 1.

SEK may finance projects and activities with high GHG emissions where fossil-free alternatives have not yet been developed, such as mines and fossil fuels for industrial use, provided the project or operation is expected to make a positive contribution to the transition. When financing projects or activities with high GHG emissions, for example the activity's total life-cycle GHG emissions, lock-in effects and transition plans in line with the 1.5°C goal of the Paris Agreement should be taken into account.

Principle 6: SEK shall apply a risk-based approach to sustainability risk management.

SEK shall apply a risk-based approach to sustainability risk assessment. This means that analysis and measures shall be adapted to the risk profile for sustainability risks and be more detailed for transactions with high sustainability risk – regardless of buyer, country, transaction amount, credit period or type of financial product. The main focus of sustainability risk assessments is the activity where the product or service is to be used. For project-related financing, where applicable, also the capacity of the agency bank, as well as the project or construction company or the end user, to manage sustainability risks is evaluated.

For transactions with low sustainability risk, SEK expects the relevant party to meet sustainable loan terms in accordance with local law and international guidelines.

Every year, SEK shall complete comprehensive risk assessments within the sustainability area which shall form the basis for SEK's sustainability risk management.

Principle 7: SEK shall integrate ESG factors into credit assessments of counterparties.

SEK's financial position or capital situation could be adversely impacted by ESG factors impact on the operations and the credit ratings of SEK's counterparties. ESG factors shall therefore be integrated in SEK's assessment of a counterparty's credit rating in the short, medium or long term.

Principle 8: SEK shall work pro-actively to enable transactions that contribute to the UN Sustainable Development Goals and implementation of the Paris Agreement.

SEK offers green, social and sustainability-linked loans, with the aim to direct the financing towards sustainable alternatives and to accelerate the development of long-term sustainable business models for Swedish exporters and their customers.

Principle 9: SEK shall promote collaboration and dialog on sustainable finance.

Sustainable development requires collaboration. SEK shall engage actively with its clients exporters, banks, authorities and other players at national and international levels in order to create institutional and business conditions for Swedish export solutions to contribute to the UN Sustainable Development Goals and implementation of the Paris Agreement.

Principle 10: SEK shall promote openness and transparency.

SEK shall work to ensure that projects and activities financed by SEK are conducted in a transparent manner. SEK shall be transparent in relation to the legal obligation of professional secrecy, which means that information about SEK's relationships with other parties shall not be disclosed to unauthorized third parties.

Openness and transparency are conditions for sustainable finance. SEK shall strive to be at the forefront in respect of sustainability-related reporting. Every year, SEK shall compile a sustainability report that is quality-assured and certified by SEK's auditors, and report climate-related financial risks and opportunities based on the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and the applicable requirements of the European Banking Authority (EBA).

Appendix 1: SEK's approach to fossil fuels

The appendix clarifies SEK's position on credit granting in transactions related to fossil fuels.

Credits will not be granted for transactions where the product or service is intended for use in the following sectors or activities:

Fossil fuel	End-user's business activity	Phase of the activity (new project or existing operation ¹)	Exception
Coal	Exploration and extraction (coal for any type of use)	All	-
	Transportation ² and storage (coal for any type of use)	All	-
	Coal-fired power plants	All	The project or the specific operation has documented and realistic transition plans in line with the Paris Agreement's 1,5-degree target, rendering significant reductions in greenhouse gas emissions by 2030. E.g., through technology for so called carbon capture and storage (CCS) or other technology which reduces the emissions to corresponding levels.
	Operations which includes ³ coal-fired power plants where the primary purpose is to provide the industrial operation with power	All	See above
Oil and gas	Exploration, extraction and production	All	-
	Transportation ⁴ and storage	All	-

¹ In accordance with definitions in [OECD Common Approaches](#)

² Where the primary purpose is to transport coal.

³ As part of a specific operation, the project or an associated facility (in accordance with definitions in OECD Common Approaches).

⁴ Where the primary purpose is to transport oil or gas in the value chain up to a refinery or gas processing and in connection with production (LNG).

	Processing of gas and production of liquified natural gas (LNG)	New projects or larger expansion of existing operations	The project or the specific operations has documented and realistic transition plans in line with the Paris Agreement's 1,5-degree target, rendering significant reductions in greenhouse gas emissions by 2030. E.g., through technology for so called carbon capture and storage (CCS) or other technology which reduces the emissions to corresponding levels.
	Refineries	New projects or larger expansion of existing operations	See above
	Power plants, oil/gas	New projects or larger expansion of existing operations	See above
Other extraction related operations	Unconventional extraction methods and operations in sensitive areas ⁵	All	-

Transactions to fossil fuel-related operations will be handled in accordance with SEK's generally restrictive position on fossil fuel-related operations as well as SEK's adjustment of its credit granting to align with the 1.5 °C goal of the Paris Agreement, and not to create lock-in effects in fossil fuel dependency.

Transactions supporting significant environmental or safety improvement measures may be considered, provided that they do not create lock in effects in fossil fuel dependency.

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⁵ E.g. fracking and oil sand extraction, and in sensitive areas such as in the Arctic region

SEK

AB Svensk Exportkredit
Fleminggatan 20 · Box 194 · SE-101 23 Stockholm, Sweden
Tel: +46 8 613 83 00 · information@sek.se
www.sek.se