

# Sustainability notes

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## Note 1. Information about the Sustainability Report

### Sustainability Report in accordance with the Swedish Annual Accounts Act

SEK's Sustainability Report is integrated into the company's annual report. The sustainability information is integrated together with other information in the Report of the Directors, Financial Statements and Notes and Sustainability Notes.

For a description of the business model, see page 6-7. The Sustainability policy and the results of policy can be found under Targets and outcomes on page 22-24, in Note 26 and Sustainability Note 4-10. Sustainability risks are described in the Risk and capital management section, see pages 35-36, in Note 26 and in Sustainability Note 4-9. Performance indicators are reported under Targets and outcomes on pages 22-24, under Key performance indicators on page 30, and in Sustainability Note 5-10.

### GRI

SEK's Sustainability Report pertains to the 2022 calendar year and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The report also applies the relevant sections of the GRI Sector Supplement for Financial Services. The complete GRI index with selected indicators for material topics is provided in Sustainability Note 13.

SEK's latest Sustainability Report covered the 2021 calendar year and was published in February 2022. This report regarding 2022 was made public on February 28, 2023.

### TCFD

In Sustainability Note 6, SEK presents information on SEK climate-related risks and opportunities in accordance to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

### Scope and boundaries of the Sustainability Report

SEK's Sustainability Report comprises the Consolidated Group. SEK reports on its governance and management of social and environmental risks in its lending in accordance with the GRI's Sector Supplement for Financial Services. Accounting policies pertaining to individual indicators are stated in conjunction with the reporting of the respective indicator. For more information, please contact SEK's Head of Sustainability.

The Swedish Banking and Financing Business Act regulates the reporting of information relating to individual transactions. SEK plays an active part in the development of increased transparency in the banking sector regarding sustainability topics. SEK applies international guidelines for transparency regarding lending. The guidelines that are mainly relevant to SEK are the Equator Principles and TCFD for transparency regarding project-related financing and climate-related risks in lending.

### Precautionary principle

SEK follows the precautionary principle with sustainability risks comprising a risk type within the Group's risk framework.

### Changes in the Sustainability Report

SEK has during the year worked with mapping and clarifying the reporting principles for the sustainability information, which have been explained under Sustainability Note 12. In addition, SEK have worked further with the integration between financial- and sustainability reporting. The following material changes have been made in the 2022 Sustainability Report. A new sustainability note, financial crime prevention, has been added. In addition to this, SEK's process for managing sustainability risks in the lending process have been clarified, and updated due to GRI 2021 have been implemented.

### Policy for external assurance

In accordance with the owner policy, external assurance is provided by the company's auditors.

## Note 2. Stakeholders

Stakeholders are the groups or individuals who affect or are affected by SEK's operations. SEK's most central stakeholder groups are identified by SEK's Management together with the establishment of SEK's materiality analysis according to GRI. The stakeholder groups represent the various forms of capital that are important for and which are affected by SEK's business model, see page 6-7.

### Stakeholder dialogue 2022

SEK uses various forums for stakeholder dialogue: employee and customer surveys carried out every two years (latest 2022); and meetings with investors and companies regarding green and sustainable financing takes place continuously. During the year, SEK has conducted dialogue in various formats, including a customer and employee survey.

In addition to this, SEK engaged in dialogue with several investors during the issuing under SEK Sustainability Bond where sustainability was a central point and issues such as data needs, impact measurement and management of sustainability risks were raised.

A large share of the work SEK has conducted during 2022 has been preparing for coming regulatory requirements for sustainability reporting. The structured stakeholder dialogue which is conducted to provide input for the materiality assessment has however been postponed. SEK is planning to conduct an in depth stakeholder dialogue under the implementation of CSRD.

### Stakeholder analysis

The table shows the stakeholders identified by the management as the most significant, how the dialogue with them is conducted and what topics they highlighted as important for SEK to prioritize. The general expectations displayed in the table are a considered assessment of stakeholder dialogs conducted in prior years with the addition of the subjects brought up in 2022.

Stakeholders	Dialogue form	Key topics in 2022	General expectations
Swedish government (owner)	Owner policy, mission, owner instruction, Board representation, regular discussions and meetings, and network meetings.	The government has imposed on the export credit system, restrictions in terms of financing the exploration and extraction of fossil fuels and wishes to review how the Swedish and international export credit systems will contribute to a clear transition and sharply reduced greenhouse gas emissions. Moving forward, it is considered important to perform a climate calculation of the lending portfolio. The Swedish government, through the Ministry for Foreign Affairs, has joined the Export Finance for Future (E3F) coalition to promote and support a shift in investment patterns toward climate-neutral and climate-resilient export projects.	Behave responsibly and leverage business opportunities leading to generate sustainable value. Collaborate with other government actors within "Team Sweden". Adapt the export credit system over time to the Paris Agreement.
Swedish exporters	Client dialogues, meetings and surveys, export and sustainability topics, network meetings and delegations.	Proactive financing solutions for international and domestic transition projects. Restrictions for the financing of fossil fuels are based on regulatory requirements.	Distinct and reasonable sustainability requirements. Proactive financing of transition projects. Restrictions in sustainability areas should primarily be driven in the OECD to achieve equal conditions.
Investors	Meetings, conferences, investor presentations and financial statements.	Increased demand for Green bonds and bonds related to the UN Sustainable Development Goals in Agenda 2030. Transition towards activities classified as green according to the EU taxonomy for sustainable activities.	Collaboration on sustainability topics. Transparency and integrity of sustainability criteria. Issue green, social and sustainability-linked bonds as well as bonds linked to the global Sustainable Development Goals and the EU taxonomy.
NGOs and civil society	Meetings, round table discussions, questionnaire on sustainability topics and reports.	Civil society emphasize that restrictions for the financing of fossil-based operations should be introduced. They also believe that export credits can play a vital role in promoting the energy transition in countries with limited resources. SEK should set clear demands regarding anti-corruption and human rights in international projects.	Act responsibly and transparently. Clear expectations on exporters to manage sustainability issues in complex regions. Refrain from financing of fossil-related power generation.
Employees	Discussions, meetings, employee survey and workplace dialogues with trade unions.	Adjusting to a flexible way of working, i.e. the hybrid workplace (office and remote). Focus has been on working flexibly and finding a balance between work and leisure time.	A responsible employer who promotes sustainability, offers a good working environment and ensures good conditions to do good work, including good development opportunities.

### Note 3. Materiality analysis

SEK employs a combination of internal and external factors to determine which sustainability topics are most material and what information should therefore be included in the Sustainability Report. These factors include SEK's mission and sustainability-related context, topics highlighted by stakeholders, societal expectations and SEK's influence on suppliers and clients.

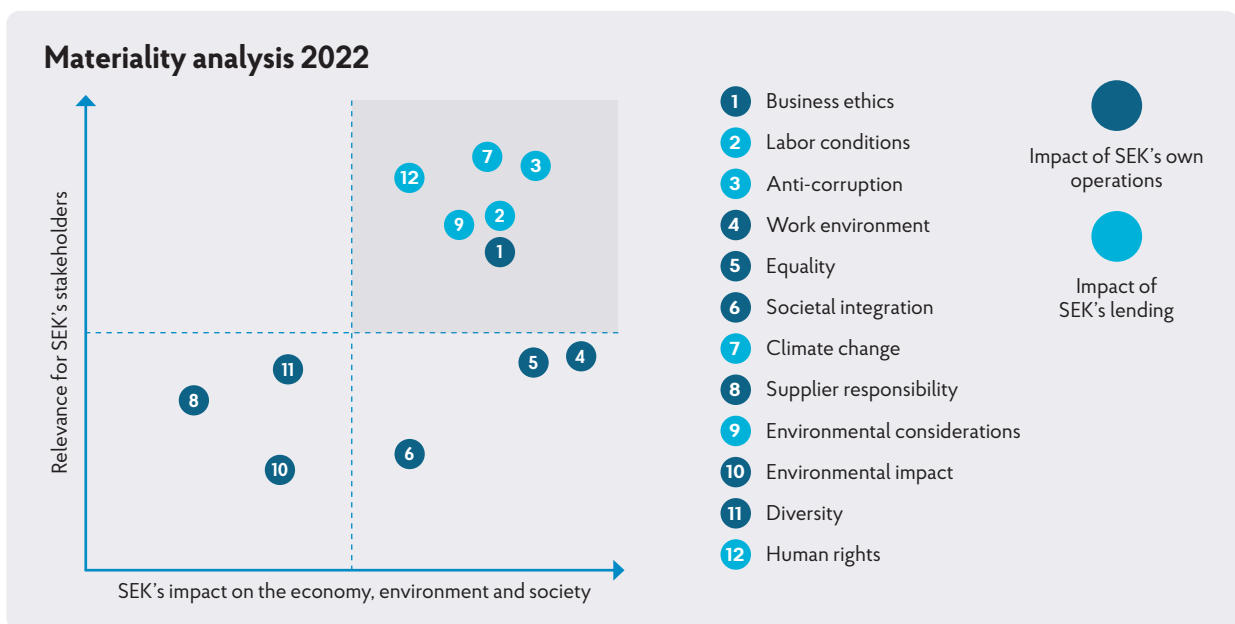
#### Method

SEK defines potential sustainability topics based on the circumstances under which SEK operates and on the stakeholder dialogue. SEK's management then determines and assigns priority to the material sus-

tainability topics. This prioritization is agreed on the basis of what is deemed reasonable based on SEK's impact on the economy, environment and society, the stakeholders' expectations, as well as SEK's ability to act. SEK reports the results of sustainability work on the material topics based on the Global Reporting Initiative's (GRI) guidelines.

In the 2022 Sustainability Report, no changes were made to the materiality analysis.

The diagram below illustrates SEK's most material sustainability topics and their relationship with each other. For a description of the material sustainability topics, see Sustainability Note 5–11.



## Note 4. Management approach

### Owner

The owner's governance of sustainability is executed through the state's ownership policy and owner instruction, and through the Articles of Association, the general meeting of shareholders, the Board and the CEO.

As set out in the State's ownership policy, as a state-owned company, SEK is to set a positive example for sustainable business, which primarily means that SEK is to:

- work strategically, integrate the topics in its business strategy and adopt strategic sustainability targets
- work transparently in matters concerning material risks and opportunities and maintain an active dialog with the company's stakeholders in society
- work together with other companies and relevant organizations
- comply with international guidelines in the area of sustainability

According to the owner instruction, SEK shall:

"...promote compliance with international guidelines within the area of sustainable business relating to the environment, anti-corruption, human rights, labor conditions and business ethics. Where relevant when making credit assessments, comply with international frameworks, such as the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles, and observe the OECD's Recommendation of the Council on Sustainable Lending Practices and Officially Supported Export Credits."

### The Board of Directors

The Board of Directors is ultimately responsible for ensuring that active and forward-looking sustainability work is conducted at SEK. The Board resolves on a sustainability strategy and goals in conjunction with the business plan and risk strategy, which include addressing sustainability risks. The Board continuously monitors and evaluates SEK's sustainability work. In late 2021, the Board adopted SEK's "Sustainable finance policy", which stipulates basic principles for SEK's lending. The policy provides clearer and more ambitious guidance for SEK's operations, e.g. by ceasing financing of the exploration of fossil fuels. See the policy in its entirety at [www.SEK.se](http://www.SEK.se). In addition to the policy, SEK also has during 2021 adopted several long-term goals linked to sustainability, climate and sustainable financing that has been calibrated in 2022. These are described in more detail in Sustainability Note 6.

### Organization and division of responsibility

In 2022 SEK has implemented a reorganization which consolidated the structure of sustainability efforts under management of a central function. SEK's organization regarding the company's sustainability work is described in SEK's Corporate Governance Report 2022.

### International sustainable business guidelines

The international sustainability guidelines that govern SEK's operations are the following: The Equator Principles, the Ten Principles in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises, the OECD's Conventions and Guidelines within Anti-corruption, the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, and the OECD's Recommendation of the Council on Sustainable Lending Practices and Officially Supported Export Credits. SEK stands behind the UN Sustainable development goals and works to contribute to the goals through SEK's financing. In addition, SEK is also working to reduce potential negative impacts on the targets.

### Networks in sustainable business

Through collaboration with different organizations, SEK can share experience and discuss challenges and solutions for various sustainability-related issues. SEK participates in the following networks:

- Sustainable business network for state-owned companies
- The Equator Principles
- The OECD's working groups for Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence
- ICC Sweden's CSR reference group
- UN Global Compact's Swedish network
- Enact, sustainability reporting network

In 2016, SEK joined the Fossil Free Sweden initiative, which aims to showcase participants that, through their operations, contribute to solving climate issues and to reaching the goal of a fossil-free society. SEK's activities to contribute to the initiative includes among other things, financing of transition projects and a financing strategy to support Fossil Free Sweden's roadmap.

### Policy documents

SEK's policy documents lay the foundation for the company's work to accelerate the transition and to ensure sustainability aspects are included and considered in the operations. SEK's Sustainability finance policy sets out the fundamental principles for SEK's credit granting and liquidity investments. The business plan lays the foundation and sets the direction for SEK's sustainability work, and towards the agenda of being a force in the transition. These policies stipulate a long term direction for SEK towards a more sustainable business and portfolio, and limits activities or businesses that is not in, or deemed to be able to transition into being in accordance to SEK's policies and mission. Sustainability risks are an integral part of SEK's risk policy and related documents, see page 35-36. SEK's risk appetite and risk policy sets out the conditions for whether SEK can, or cannot, enter deals based on a risk perspective. Included in this is requirements on good governance and social issues such as human rights and working conditions. The instruction for managing sustainability risk stipulates how sustainability risks are identified and managed within the organization. SEK's most central part of the business is the credit granting, however SEK also sets requirements for sustainability aspects in the purchasing process as well as in the own operations. These are included in the code of conduct, supplier code of conduct, and personnel policy.

SEK's policy documents are central to the business, and is implemented through internal rules, method statements and statements of procedures, to ensure that the policies are implemented in the operations. The board of directors are ultimately responsible for approving the policies.

### Activities in 2022

During 2022, SEK has worked with continuous evaluation of the long-term targets that was set in 2021. The focus has been on definitions and methods to measure progress, as well as to continuously ensure that SEK's ambitions and definitions within sustainability are up to date, taking into account a quickly developing outside world. In addition to this, SEK has worked on preparing the organization for the regulatory changes and additions within sustainability and ESG, read more under sustainability note 6 for more information regarding this.

### Managing sustainability risks in SEK's lending

Sustainability risk is defined in SEK's Risk Policy as the risk that SEK's operations directly or indirectly impact their environment negatively with respect to business ethics, corruption, climate and the environment, human rights and labor conditions. Human rights includes the child rights perspective; labor conditions encompasses gender equality and diversity; and ethics includes tax transparency. SEK's managing of sustainability risks is governed by the Board's risk appetite concerning sustainability risk and the CEO's instructions for the management of sustainability risks.

SEK's process for managing sustainability risks is a part of the regular credit analysis process, which is further described on page 35-36 and 114. The efforts are dynamic and based on risk, for example a higher degree of risks identified would trigger a deeper analysis. The process is described further on the next page.

### Managing sustainability risks in SEK's procurement process

A well-functioning procurement process is very important if SEK is to conduct cost-efficient operations and to ensure that supplies meet SEK's sustainable business requirements. All of SEK's suppliers must commit to complying with SEK's Code of Conduct for Suppliers or demonstrate that they have an equivalent approach. In 2022, SEK procured products and services to a value of around Skr 373 million. The greatest cost items for procurements are office hire, IT systems, consultancy services, market data and legal counsel. SEK has approximately 780 suppliers, of which 600 are based in Sweden, the remainder of which are predominantly based in Europe or the US.

## SEK's process for managing sustainability risks

### Initial screening

When a business enquiry is received, any potential sustainability risks are identified using the compiled information about the transaction. Such information includes, inter alia, the purpose of the financial and commercial transaction, the parties to the transaction as well as their location, the payment flows linked to the transaction, the goods or services being exported, and the end use of the goods or services, including said end use's geographical locations. SEK must gradually cease financing fossil fuels and does not finance coal mines, coal power, coal transport or new oil power plants.



### In-depth analysis of sustainability risk and capacity

Potential sustainability risks are identified and assessed based on levels for the country, counterparty or transaction. Countries are assessed according to the risk of corruption, negative impact on human rights and the risk of money laundering, terrorist financing and tax jurisdiction. Checks are conducted as part of know your customer, including checks of ownership and checks against international sanction lists, as well as whether the counterparty has been involved in sustainability-related incidents that could indicate a deficient capacity to manage sustainability risks. If the assessment identifies an elevated sustainability risk, an in-depth assessment is conducted by a sustainability analyst. This entails assessment of the parties' capacity to manage identified sustainability risks, whether said sustainability risks are within SEK's risk appetite for sustainability risks and recommends the setting of required actions will enable sustainability risks to be managed pursuant to SEK's risk appetite for sustainability risks during the term of the credit.

#### Decision point

Based on analysis of whether or not SEK should participate in the transaction



### Outcome 2022

In 2022, 1,049 transactions have undergone initial screening and increased sustainability risk has been identified in 87 cases. In-depth corruption analysis has been carried out for 31 transactions in the countries of Angola, Brazil, DR Congo, Ivory Coast, Indonesia, Mexico, Thailand and Vietnam. In-depth human rights analysis has been carried out for 44 transactions in the countries Angola, DR Congo, Ivory Coast, Mexico, Poland, Saudi Arabia, Slovakia, Thailand, Turkey and Vietnam. During the year, in-depth analysis took place for 12 A and B projects in the countries Angola, Brazil, the Ivory Coast, Finland, Ghana, Iraq, China, Sweden and Turkey. In accordance with guidelines for project-related financing, sustainability requirements have been included in the credit agreement, read more under sustainability note 10, project-related financing.



### How are transactions followed up?

Category A and B projects are reported, whereby sustainability analysts follow up management of the sustainability clauses in the credit agreement during the term of the loan agreement. Non-compliance with the agreed conditions results in the initiation of a dialogue with and requirements being set for the borrower by preparing an action plan to manage risks and deviations, which are monitored on an ongoing basis. Other non-project-related transactions are continually monitored through Adverse media searching as well as in the event of an occurrence that entails invoking covenants in the loan agreement.

#### Decision point

Decision on whether SEK should continue the transaction or not



### Board evaluation

Each quarter, SEK assesses and reports risk levels for sustainability risk to the Board. The functions for compliance, risk and internal audit monitor the management of operational risk pursuant to SEK's risk appetite, compliance with policy documents, and that preventative and investigative controls function for the purpose of managing identified risks.

## Note 5. Sustainability labeled loans

SEK's offer in sustainable financing is: green, social and sustainability-linked loans. The table displays SEK's sustainability-labeled loans according to SEK's framework. Financing comprises the foundation of SEK's operations and is the aspect where SEK exerts the greatest opportunity to influence. SEK has adopted several long-term goals with the aim of being a force for transition in the area of credit granting. These are described in more detail in Sustainability Note 6.

### Green loans

SEK offers green loans that promote the transition to a climate-smart economy. Green loans are categorized according to the "SEK Sustainability Bond Framework" and "SEK Green Bond Framework", SEK's framework for green bonds. Green loans are financed via SEK's green bonds. SEK has targets regarding green loans, read more in Sustainability Note 6.

### Sustainability-linked loans

Sustainability-linked loans are working capital used to promote the borrower's sustainability work, which in turn supports environmentally and socially sustainable economic activities and growth. SEK's sustainability-linked loans are based on ICMA's standards for sustainability-linked loans.

### Social loans

SEK's social loans address social challenges for an identified target group. The requirements for social loans are stated in "SEK Sustainability Bond Framework".

### Management approach and reporting

All frameworks for SEK's sustainability-labeled loans can be found at [www.sek.se](http://www.sek.se).

SEK measures the indirect environmental impact of green loans, in terms of greenhouse gas emissions, based on the method stated in the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting, November 2015 and in accordance with "SEK Sustainability Bond Framework" and "SEK Green Bond Framework". The estimated reduction in reported greenhouse gas emissions is based on calculations received by SEK from project owners, exporters or from environmental reports prepared in connection with the project. The estimates are prepared on a project basis, using the year when the project was completed, and are reported in proportion to SEK's share of the total project financing.

Skr mn (unless otherwise indicated)	2022	2021
<b>Green loans</b>		
Total volume <sup>1</sup>	29,483	35,106
<i>of which loans in the balance sheet</i>	25,900	17,993
<i>share of total loans in the balance sheet</i>	9.5%	7.5%
New lending	7,350	11,530
<i>of which committed but undisbursed</i>	2,858	8,310
<i>of which guarantees</i>	725	150
New green borrowing	9,001	6,100
Outstanding green borrowing	19,109	12,032
Annual CO <sub>2</sub> e reductions from green projects (tons CO <sub>2</sub> e)	>5,750,605	>5,240,000
<b>Social loans</b>		
Total volume <sup>1</sup>	3,206	1,904
<i>of which loans in the balance sheet</i>	1,095	0
<i>share of total loans in the balance sheet</i>	0.4%	0%
New lending	3,800	1,904
<i>of which committed but undisbursed</i>	2,111	1,904
<b>Sustainability-linked loans</b>		
Total volume <sup>1</sup>	5,654	1,690
<i>of which loans in the balance sheet</i>	5,654	1,546
<i>share of total loans in the balance sheet</i>	2.1%	0.5%
New lending	3,265	1,690
<i>of which committed but undisbursed</i>	-	145
<b>Total sustainability labeled volume</b>	<b>38,343</b>	<b>38,701</b>
<b>Total sustainability labeled loans in the balance sheet</b>	<b>32,649</b>	<b>19,539</b>
<b>Share of total loans in the balance sheet</b>	<b>12%</b>	<b>8%</b>
<b>Total loans in the balance sheet</b>	<b>273,448</b>	<b>237,224</b>

<sup>1</sup> Total volume includes loans in the balance sheet, as well as committed but undisbursed loans and guarantees.



## Note 6. Climate-related risks and opportunities

In this note, SEK discloses information about climate-related risks and opportunities according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As a credit institution, SEK is exposed to climate-related risks and opportunities through its lending and other financial intermediary activities as well as through its own operations. It is primarily in SEK's lending and borrowing transactions that significant climate-related financial and non-financial risks and opportunities arise in SEK's business model. SEK's direct carbon footprint is essentially limited to business travel and the head office. By analyzing and presenting the financial impact of climate-related risks on SEK (impact-in) as well as the impact that SEK through its operations has on the climate (impact-out), SEK applies a double materiality perspective to climate-related risks, which is also a central element of this note.

### Climate-related financial and non-financial risks

Different climate-related factors can have a positive or negative financial impact on companies, countries or individuals.

Climate-related financial risks are divided into two categories: transition risks and physical risks. Transition risks are risks that arise in businesses for example as the result of, changes to policies, laws and regulations, technological changes and behavioral changes. Physical risks pertain to risks that businesses are exposed to as the result of acute climate-related factors/events, such as extreme weather and chronic changes in climate patterns such as rising sea levels.

The causal chains that explain how climate-related factors and risks impact companies like SEK through their counterparties are called transmission channels. Transmission channels for example include: lower profitability, higher costs for regulatory compliance, increased legal costs, lower household purchasing power, increased operational costs, impairment losses, difficult or expensive insurance cover, difficult to obtain or expensive financing, supply chain disruptions and the displacement of labor.

Transmission channels can affect SEK's traditional risks, that is credit risk, market risk, operational risk, concentration risk, strategic risk and reputational risk. Currently, SEK identifies, analyzes and manages climate-related financial risks primarily through the company's credit process.

SEK defines climate-related non-financial risk (impact-out) as the risk of SEK's activities directly or indirectly have a negative impact on the climate. This risk primarily arises as the result of lending to fossil fuel assets and fossil fuel related assets and projects as well as to other activities with high levels of emissions. SEK adheres to the Equator Principles and the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, which are based on the sustainability standards of the International Finance Corporation (IFC) and which include thresholds for greenhouse gas emissions for project-related financing.

### Development in the regulatory environment

Several new regulations have been implemented to integrate climate-related risks, and opportunities, in the regulations governing the financial sector. Additional regulations are being developed and will be implemented further on. The Supervisory Framework (Guidelines for the Supervisory Review and Evaluation Process) and the regulations on internal governance have been updated, and further guidelines and best practice interpretations of the regulations are in pipeline. In short, management of climate-related risks and opportunities must be integrated into existing business practices and risk frameworks, reported and disclosed.

SEK has developed internal rules and processes to integrate climate-related risks and opportunities. The work is still ongoing and includes integration into the business strategy, products, reporting, risk classification, systems and disclosure routines. In addition to the information contained in these sustainability notes there is information on climate-related risks in SEK's pillar 3 report.

### The export credit system

The export credit system, together with private banks and investors, plays a key role in enabling climate investments in domestic production and renewable energy systems as well as in financing Sweden's export offering to major global transition projects.

SEK is part of the Swedish export credit system and a significant part of SEK's international lending operations are guaranteed by the

Swedish Export Credit Agency (EKN). Climate-related issues in SEK's business model are therefore linked to the Swedish export credit system. For Sweden's 2019 export and investment strategy, the government expressed that Sweden must drive international and European regulation for, inter alia, export credits and other public trade finance to contribute to sustainability and the realization of the goals set by the Paris Agreement.

In 2020, EKN was commissioned by the government to review how the Swedish and international export credit systems can contribute to a clear climate transition and reduce greenhouse gas emissions, in line with the Paris Agreement. In the same year, EKN – together with the Swedish Export Credit Corporation (SEK) – submitted a report to the government which presented an analysis of how export financing can contribute to the climate transition. The report confirmed that the actions of EKN and SEK could act as catalysts to drive change in international regulations and the actions taken by other countries and individual companies. It also described how SEK's credit granting and EKN's guarantees can be adapted to the goals of the Paris Agreement by ceasing to support exports for the extraction of fossil fuels, by stimulating transactions that contribute to the climate transition and by considering lock-in effects and transition opportunities in export transactions.

In light of the above, SEK and EKN have begun joint efforts to adapt the export credit system to the Paris Agreement. As part of these efforts and in the form of the Swedish export credit system, SEK and EKN have also begun collaborating on preparing a joint climate report.

### SEK's and EKN's joint scientific climate council

To raise the level of expertise of the export credit system on climate issues and to connect this to scientific findings, SEK and EKN established a joint scientific climate council in 2021 consisting of four climate researchers.

The climate council acts as a specialist advisory body with the aim of guiding the Swedish export credit system, meaning EKN and SEK's operations. More specifically, the climate council acts as an advisory strategic support to SEK and EKN to assist aligning the Swedish export credit system with the Paris Agreement's 1.5°C goal and when it comes to other fundamental strategic policy positions. Examples of topics that have been addressed in the climate council include the role of natural gas for the energy transition of low- and middle-income countries, and how the updating of countries' and companies' undertakings, including the IPCC's reports, should impact the direction of the Swedish and international export credit systems. The focus of the climate council's work is the global climate system, and the impact of export financing on global GHG emissions rather than focusing on domestic or consumption-based GHG emissions in Sweden. The climate council has no operational role in the company's decision processes for individual business transactions. For more information, refer to [www.sek.se](http://www.sek.se).

### Governance of climate-related risks and opportunities

SEK's climate-related work is integrated into the company's overall corporate governance procedures. The company's sustainability work, which includes climate-related elements, is primarily governed by the state's ownership policy and guidelines for state-owned companies, as well as the owner's instructions. Guiding the company's sustainability work where climate-related elements are included are international rules and guidelines.

#### The State's ownership policy

As set out in the State's ownership policy, as a state-owned company, SEK shall set a positive example for sustainable business, which primarily means that the company is to:

- work strategically, integrate the topics in our business strategy and adopt strategic sustainability targets;
- work transparently in matters concerning material risks and opportunities and maintain an active dialog with the company's stakeholders in society;
- work together with other companies and relevant organizations; and
- comply with international guidelines in the area of sustainability.

#### The Board of Directors' review of climate-related risks and opportunities

The Board of Directors is ultimately responsible for ensuring that active and forward-looking sustainable development work is con-

ducted within SEK. The governance of climate-related issues is an integral part of SEK's strategy and business planning, and of SEK's risk framework and credit decisions. Ultimately, the Board of Directors decides strategy and goals as well as policy documents such as the Sustainable Finance Policy, Risk Policy and Credit Policy.

#### SEK's climate targets

To contribute to a clear climate transition and reduce greenhouse gas emissions, in line with the Paris Agreement, SEK's Board of Directors have adopted the following climate-related long-term operating targets:

- SEK's balance sheet shall reach net zero greenhouse gas emissions by 2045;
- The share of green loans in SEK's lending portfolio shall increase to 50 percent by 2030; and
- SEK's own operations shall be climate neutral by 2030.

For details about the measurement and follow up of targets, refer to the section Metrics and Targets below.

#### Sustainable finance policy

The Board of Directors resolves on the "Sustainable finance policy", which stipulates the basic sustainability-linked principles and positions for credit granting and liquidity investment. Principle 5 in the policy states that SEK shall have a restrictive approach regarding transactions with negative impact on the climate. Principle 7 states that SEK shall integrate ESG-factors in the credit assessment of counterparties, and principle 8 stipulates that SEK must work proactively to enable businesses that contributes to the fulfillment of the UN's Sustainable Development Goals, as well as the Paris Agreement. See additional information in Sustainability Note 4.

#### Risk policy

SEK's Risk Policy stipulates the main features of SEK's framework for risk management. The policy defines the guidelines for how the company is to efficiently and appropriately identify, measure, govern, report and exercise control of the material risks (including sustainability risks and climate-related risks) that the company is exposed to or expects to be exposed to.

#### Risk appetite

Operational governance and the managing of sustainability risks is also governed by the Board's risk appetite concerning sustainability risk, which also includes climate related risks.

#### Credit Policy

The Credit Policy sets the preconditions for SEK's lending transactions and credit risk management and is based on the Risk Policy issued by the Board. The Credit Policy sets out that credit granting must also be aligned with SEK's mission based on its owner instruction. SEK exercises overall control of its credit risks pursuant to a number of fundamental principles, including SEK's risk appetite for sustainability and its Sustainable Finance Policy. The Credit Policy states specifically that credit granting must be on sustainable terms and based on in-depth knowledge of SEK's counterparties and business transactions. Compliance and sustainability risks that include climate-related components must be identified, analyzed and managed prior to granting credit.

#### Management's role in assessing and managing climate-related risks and opportunities

Management assesses and manages climate-related issues as an integrated part of the company's risk management, business strategy and planning process. The CEO's "Instruction for the management of sustainability risk" describe the managerial responsibility for assessing and managing climate-related risks and opportunities.

#### Control, monitoring and reporting

SEK checks and monitors compliance with capital targets, risk appetite, limits, risk management and internal and external regulations to ensure that risk exposures are kept at an acceptable level and that risk management is effective and appropriate.

The company reports on the current risk situation, on the use of capital and on related matters to the CEO, the Finance and Risk Committee and the Board, at least once each quarter. Climate-related com-

ponents, as part of the work with credit granting and sustainability, are included in these processes.

#### Strategy for climate-related risks and opportunities

SEK has integrated the management of climate-related factors into its business model, strategy and financial planning. Moreover, SEK has extended the horizon for its strategic planning to at least ten years so as to ensure that the company identifies climate-related risks that often materialize in the long term. SEK's strategic work to reach its set targets and to manage climate-related risks and opportunities consists of the following main activities:

- Limit and cease lending to fossil fuels;
- Engage the operations in clients' transitions; and
- Increase the share of green lending.

#### Limit and cease lending to fossil fuels

An important component of SEK's climate-related strategy to reduce GHG emissions, and to thereby reduce financial and non-financial climate-related risks, is to limit and then cease lending to fossil fuel assets. These limitations are stipulated in SEK's "Sustainable Finance Policy" and in the Board's Risk appetite. Pursuant to this policy, SEK will gradually phase out fossil fuel financing. SEK does not finance coal mining, coal-fired power, coal transportation or new oil-fired power plants. After December 31, 2022, oil and gas exploration or production is no longer financed. New gas-fired power plants are only financed in exceptional cases during a transitional period. SEK may finance projects and activities with high GHG emissions where fossil-free alternatives have not yet been developed, such as fossil fuels for industrial use, provided the project is expected to make a positive contribution to the transition over time. 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 are taken into account.

#### Engage the operations in clients' climate transitions

To be a driving force in the transition, SEK must continuously improve its understanding and management of climate risks as well as work actively on solutions for high-emitting assets. SEK works strategically to increase its outreach to key industries for the climate transition and prioritizes clients with high potential to reduce GHG emissions.

By offering financing solutions to companies that are realigning their operations based on science-based climate targets, SEK can help enable the transition and reduce climate-related risks. To this end, SEK offers, inter alia, sustainability-linked loans aimed at contributing positively to adapting a company's entire operations to the climate transition.

#### Increase the share of green lending

To direct investments toward more sustainable operations and thus contribute to the goals of the Paris Agreement, SEK has set targets concerning lending on green assets. The requirements for classification as a green asset are set out in the "SEK Sustainability Bond Framework," which adheres to the EU Taxonomy for environmentally sustainable economic activities. Green assets are described in more detail in Sustainability Note 5.

#### The export credit system's shared strategy for promoting the climate transition

SEK has also prepared a shared strategy and action plan, together with EKN, to align the export credit system with the goals of the Paris Agreement. The shared climate commitment of the export credit system forms the basis for these efforts to align the system with the Paris Agreement. The export credit system's joint formulated strategy consists of:

- A shared position related to cease financing and granting guarantees for fossil fuels (collaboration with exporters/clients);
- Incentivize export transactions that promote the climate transition (collaboration with exporters/clients);
- Finance the green transition in Sweden;
- Establish a joint scientific climate council;
- Increase international collaboration; and
- Increase the export credit system's transparency through a joint climate report.

One of the action plan's key components entails increasing transparency with the aim of providing the export credit system's principals, the export industry, the general public and other stakeholders with insight into how the system's credits and guarantees impact the climate, both positively and negatively, as well as the shared actions being worked on to strengthen the competitiveness of the export industry and drive the climate transition forward.

### Risk Management

SEK's processes for identifying, analyzing, assessing and managing climate-related financial and non-financial risks are integrated with the management of other operational risks. Climate-related risks are part of SEK's risk framework in which financial climate-related risks are indirectly included in credit risk (impact-in) while non-financial climate-related risks are analyzed within the framework of sustainability risk (impact-out).

#### Method for identifying financial climate-related risks

Financial transition risks are identified through climate-related scenario analyses and stress tests and through analyzing ESG factors in the credit rating process. For a more detailed description of the management of sustainability risk, refer to Sustainability Note 4.

In accordance with future regulatory requirements, SEK has also started development of a method for calculating and reporting the company's scope 3 emissions, that is the company's financed GHG emissions. This is crucial for SEK's ability to measure and follow up on climate-related targets. The method being analyzed for this purpose is known as the portfolio adjustment method and, when fully developed, will enable SEK to continuously monitor how aligned the portfolio exposures are with emissions-related targets.

#### Analysis of exposures sensitive to climate-related risks

At least once each quarter, SEK's risk function follows up exposures that are exposed/sensitive to climate-related risks and reports on these to management and the Board. The method used for this purpose will be developed in the coming years. Refer to the table of exposures exposed/sensitive to climate-related risks in the Metrics and Targets section below.

#### ESG factors in the credit rating process

SEK has a process for the identification, evaluation and assessment of ESG factors (including climate-related financial risks) within the framework of SEK's rating process. In November 2021, SEK reported the updated method including underlying work processes to the Swedish FSA so that ESG factors (including climate-related transitional and physical financial risks) would be more clearly included in the credit rating process for SEK's corporate counterparties. The revised methodology, work processes and structure were implemented during the year and have enabled more efficient and appropriate analysis. The ambition is to further develop this work in the coming years.

#### The resilience of SEK's strategy and business model in different scenario analyses

Climate-related scenario analyses and stress tests are conducted to identify transition risks and to assess how these risks could impact the operations that SEK finances as well as SEK's financial position and capital ratio.

This year's scenario analyses and stress tests for transition risk are based on two scenarios that have been developed by the International Energy Agency's (IEA) "World Energy Outlook": "Stated Policies Scenario" and the "Net Zero by 2050 Scenario." The Net Zero Scenario represents a large and fast transition in the energy sector with the objective of limiting the average global temperature increase to a maximum of 1.5°C. Stress tests are conducted by applying estimated negative or positive changes in companies' credit ratings (rating), due to climate-related transition risks identified in respective climate scenarios, and further analyzing the effect of these changes on the lending portfolio's capital ratio. See the table of sectors with the greatest change in rating below. When performing stress tests, SEK has made a simplified assumption that the current lending portfolio will be extended and prevail over a short-, mid- and long-term basis. Work with scenario analyses and stress tests contribute to increased knowledge about sustainability and the connection to risks and opportunities in own operations. The analyses also help SEK understand how a combination of climate-related risks can affect the company's transactions, strategies and financial position over time.

The outcome of the year's stress tests shows limited impact on SEK's financial position due to climate-related transition risks. The table below shows the estimated long-term negative impact (more than ten years) on SEK's total capital ratio in absolute percentage terms, if SEK's lending were to remain constant and remain exposed to the two different climate scenarios. Some sectors such as "Coal, Oil and Gas," "Electric Utilities," "Independent Power Producers and Traders" and "Metals and Mining" are assessed as particularly sensitive to long-term transition risks.

Potential change in SEK's total capital ratio in a 10 year perspective	2022	2021
Stated Policies Scenario	-0%	-1%
Net Zero Scenario	-2%	n.a.

Table with the sectors that have the greatest change in rating migration in the Net Zero scenario:

Time aspect	Medium term		
	Short term (< 3 years)	(3-10 years)	Long term (> 10 years)
Oil, Gas & Consumable Fuels	-1	-3	-5
Electric utilities, Independent Power producers & Entry traders	-1	-2	-2
Automobiles	-3	-2	-1
Construction & Engineering	0	-1	0
Paper & Forest	0	-1	-2
Metals & Mining	0	-2	-1
Shipping	0	-2	-1

#### Exposure to sectors that are sensitive to physical risks

Increasing global warming means that companies financed by SEK are and will most likely be exposed to physical climate risks, such as increased temperatures, floods, water shortages and other disruptions, which may impact on the companies' repayment capacity and thus entail a financial risk for SEK.

In the 2022 stress test, SEK has chosen to only include transition risks since these are currently considered to be the most relevant for SEK to analyze due to the need for a rapid transition to meet the goals of the Paris Agreement. Accordingly, physical climate-related risks, such as a 4°C scenario, are not included. Instead, physical risk analysis has been further developed during the year with the aim of identifying exposures in SEK's lending portfolio that may potentially be exposed to physical climate-related risks (as well as to be able to report pursuant to updated Pillar 3 requirements). The work has involved mapping the exposure of geographical areas to physical risks and any potential impact this could have on SEK's exposures. Acute and chronic factors have both been taken into account and have resulted in a comprehensive methodology to identify those countries significantly at risk of being affected by climate-related events, and thus also having a potential financial impact on SEK. As qualitative data becomes more available, this methodology will be refined in future years. For further information, please refer to SEK's Pillar 3 report.

#### Process of identifying, assessing and managing climate-related (impact-out) risks

Lending and liquidity transactions are screened by SEK to identify those with a high risk of climate impact. A more in-depth analysis is conducted for those transactions where a high risk of negative climate impact is identified. These transactions are also assessed by a sustainability analyst to ensure that the transaction is within SEK's risk appetite. The following parameters indicate increased climate-related risk:

- fossil fuel and fossil fuel related activities;
- other sectors exposed to transition or physical climate-related risk;
- transactions linked to the mining industry in complex markets; and
- projects and project-related finance.

Fossil fuel and fossil fuel related activities include fossil fuel prospecting, extraction, and transport of fossil fuels. Fossil energy generation encompasses coal fired power plants and industrial activities based on coal fired power and other energy generation from fossil fuel. Fossil fuels means energy from coal, oil, natural gas and oil shale.



### Costs for climate-related measures

In 2022, SEK drove forward a prioritized IT project to follow up ESG factors in lending, which led to increased costs in 2022.

In terms of the measures taken to reduce the company's direct climate impact, the saving of resources, for example in terms of reduced use of paper and reduced traveling in some cases, may have reduced SEK's costs. No separate calculation of the actual cost reduction has been completed since the amount is not considered material.

Finally, the impact on total Swedish exports from not offering export financing to projects or businesses relating to the extraction and exploration of fossil fuels is assessed to be relatively limited from a national perspective.

### Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities are disclosed below.

#### SEK's climate-related operating targets

SEK's operating targets are described in more detail below.

**Target 1: SEK's balance sheet shall reach net zero greenhouse gas emissions by 2045.**

To reach this target, SEK assesses that the financing of fossil assets initially needs to be limited and subsequently discontinued. In addition, risks and exposure to other sectors that are exposed to transition and physical risk are analyzed in order to, if assessed needed, form strategies that limit potential risk related to these sectors.

SEK has started a work to analyze a method for calculating financed greenhouse gas emissions (scope-3). The work will be developed in the coming years. The final purpose of the work is to be able to analyze how well aligned SEK's exposures are with the goals of the Paris Agreement. The work will also form the basis for SEK's continued strategic efforts

**Target 2: The share of green loans in SEK's lending portfolio shall increase to 50 percent by 2030.**

SEK's long-term target is to significantly increase the share of green loans in the lending portfolio, and during the year SEK continued evaluation of the development of the company's lending portfolio as well as of the availability of activities and projects that can be classified as green in real economic terms. Moreover, SEK faces potentially conflicting targets, as SEK's mission includes financing strategic business important to the Swedish government, which does not always meet SEK's green lending criteria. An increase in the volume of these transactions may make it more difficult for SEK to achieve the target of a 50 percent green lending portfolio. Furthermore, in the real economy, it is often not necessarily the actors with green activities that are most in need of financing, but actors with credible transition plans to sustainable business models. In light of the projections for new lending and availability of green loans, SEK has recalibrated interim targets for 2022 and 2023, while the targets for 2024 remain firm.

The short-term targets for green loans are:

- 11 percent green loans in the lending portfolio as of 2022.
- 17 percent green loans in the lending portfolio as of 2023.
- 25 percent green loans in the lending portfolio as of 2024.

SEK presents the follow-up of green loans and bonds in Sustainability Note 5. SEK's mission includes financing strategic business important to the Swedish government, which does not always meet SEK's green

lending criteria. An increase in the volume of these transactions may make it more difficult for SEK to achieve the target of a 50 percent green lending portfolio.

**Target 3: SEK's own operations shall be net zero by 2030.**

The table "SEK's climate impact" presents SEK's follow-up of the company's calculated greenhouse gas emissions.

#### Classification of climate-related exposures

To achieve set targets, SEK follows up the company's exposure to assets that could be exposed to climate-related risks. SEK's method for classifying exposures in SEK's lending portfolio that are sensitive to climate-related risks is based on the sector term "carbon asset risk framework" developed by the World Resources Institute (WRI) and UNEP Finance Initiative (UNEP-FI). The framework comprises four different groups of fossil-dependent assets and a description of which sectors relate to the respective groups. SEK has mapped exposures within these sectors based on the Global Industry Classification Standard (GICS). See table "Carbon asset class" below. SEK has chosen to present assets that are not classed as fossil fuel but that have a direct connection to coal, oil and gas in a separate table.

#### Carbon asset class

(WRI and UNEP-FI Portfolio Carbon Initiative)

<b>1. Fossil fuel assets</b>	Coal & Consumable fuels
	Integrated Oil & Gas
	Oil & Gas Exploration & Production
	Other Oil and & Gas
<b>2. Fossil fuel dependent infrastructure</b>	Highways & Railtracks
	Utilities
<b>3. High-carbon assets facing shift to low-carbon technologies</b>	Airplanes, Aerospace & Defence
	Automobile Manufacturers
	Electrical Equipment
	Marine
	Paper & Forest Products
<b>4. High-carbon assets without low carbon competitors</b>	Construction & Engineering
	Construction Materials
	Metals & Mining

#### Climate-related exposures

To ensure that the operations comply with the limits set out in SEK's "Sustainable Finance Policy" and in the Board's "Risk appetite", exposures that could be exposed to climate-related risks are monitored and reported. A compilation of current exposures is presented in the following tables.

In the table "Sectors exposed to transition risk and other assets," SEK's exposure (gross and net) to assets that are or could be exposed to financial or non-financial climate-related risk is disclosed pursuant to the WRI's allocation to key sectors and SEK's internal classification described above. Non-financial climate-related risk refers only to assets linked to the fossil assets: coal; oil and gas. In total, gross exposures to these assets amount to Skr 4.3 billion (refers to Fossil-fuel asset class 1 in the table "Sectors exposed to transition risk" and all

#### Sectors exposed to transition risk and other assets

	2022				2021			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Skr bn	%	Skr bn	%	Skr bn	%	Skr bn	%
<b>Fossil fuel assets (linked to sectors)</b>								
Fossil fuel assets (Carbon Asset Class 1)	4.0	0.9	0.7	0.2	1.2	0.3	0.1	0.0
Other assets that could be exposed to transition risks (Carbon Asset Class 2-4)	74.2	16.9	40.9	9.3	55.2	14.8	34.7	9.3
Assets in other sectors not classified as exposed to transition risks	360.0	82.2	396.6	90.5	316.1	84.9	337.7	90.7

**Sectors sensitive to transition risk, gross exposure**

Sectors	2022		2021	
	Skr bn	%	Skr bn	%
Paper & Forest Products	16.0	3.7	14.0	3.8
Automobile- & -Flight industry <sup>1</sup>	11.5	2.6	14.5	3.9
Electric Utilities & Power Producers	18.9	4.3	10.0	2.7
Metals & Mining's	9.0	2.0	6.8	1.8
Oil & Gas, Exploration & Production	4.0	0.9	1.2	0.3
Construction & Engineering	11.4	2.6	3.8	1.0
Other sectors sensitive to transition risk	7.4	1.7	6.1	1.6
<b>Total</b>	<b>78.2</b>	<b>17.8</b>	<b>56.4</b>	<b>15.1</b>

<sup>1</sup> Flight industry including Aerospace & Defence

**Other fossil fuel related assets, gross exposure**

Fossil fuel related assets (not linked to sectors above)	2022		2021	
	Skr bn	%	Skr bn	%
Natural gas projects & assets	0.1	0.0	0.2	0.1
Oil and petrol assets	0.1	0.0	0.2	0.1
<b>Transportation potentially used in coal mines</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>

assets in the table "Other fossil fuel related assets"). Gross exposures increased during the year as a result of SEK participating in the finance of one project that, in the long term, is expected to positively contribute to the transition. The aim of the finance is to promote green industrial investments and increase the share of renewable fuel.

The table "Sectors sensitive to transition risk, gross exposure" is based on the TCFD recommendations and internal assessment of rating migrations (refer to the table under the strategy section). The table illustrates which sectors, in addition to the fossil sectors of coal, oil and gas, are deemed most sensitive to transition risk. Examples of possible risk drivers include increased pricing of greenhouse gas emissions, changing customer behavior, costs on transition to lower emission technology or unsuccessful investments in new technologies. The volumes show SEK's exposure in these sectors but do not necessarily illustrate the risk of the underlying business/transaction.

SEK's gross exposure to fossil fuel related assets that are not included in the sector codes coal, oil and gas are presented in the table "Other fossil fuel related assets, gross exposure.

**Climate impact of SEK's operations**

SEK's direct climate and environmental impact primarily derives from SEK's office in Stockholm and business travel. SEK's direct impact is not classified as a material sustainability topic. The travel policy stipulates that any business travel must be motivated and use the most cost-efficient and sustainable method possible. Transportation should

**SEK's direct climate impact**

Climate impact from SEK's operations in tonnes of CO <sub>2</sub> e	2022	2021	2020	2019	2018
Total GHG emissions	325	129	165	381	415
Direct GHG emissions scope 1	-	-	-	0	16
Indirect GHG emissions energy usage scope 2 <sup>1</sup>	7	15	9	16	33
Other indirect greenhouse gas emissions scope 3	318	114	156	365	366
Emissions per employee	1.23	0.51	0.65	1.56	1.74

<sup>1</sup> Calculated with the market-based method.

be chosen so as to minimize environmental impact. In 2022 most of the COVID-19 restrictions were lifted across the globe. This has a direct impact on SEK's travel emissions which has increased during the year. SEK strives to reduce its environmental footprint and has set the target that SEK's own operations shall have net zero emissions by 2030.

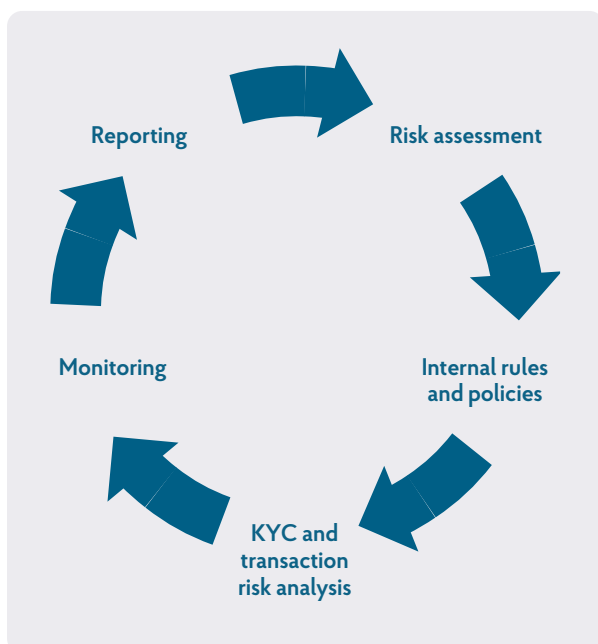
Reporting of the direct environmental effects of SEK's operations, in terms of emissions, are measured according to the GHG Protocol. The method states how the various emissions should be categorized and ranked based on SEK's share of the emission source. The GHG Protocol categorizes emissions according to three scopes with control declining as scope increases. Climate reporting for SEK's own operations utilizes the number of annual full-time equivalents (FTEs) at the end of the year, which was 283 for 2022. SEK climate compensates for the total GHG emissions included in the scope of reporting. Scope 2 includes electricity and district heating for SEK's offices, and Scope 3 includes business trips, commuting, logistics and office material. For more information on SEK's own emissions, refer to [www.sek.se/en](http://www.sek.se/en).

**Environmental and climate impact from SEK's portfolio**

SEK has started work to in accordance with upcoming regulatory requirements develop a method for calculating and report scope 3 emissions regarding the counterparties and activities that SEK finances (so-called "Category 15: investments"). Given the high complexity, the work and implementation of a methodology for calculations of scope 3 emissions will be developed further in coming years.

## Note 7. Financial crime prevention

SEK's systematic efforts to combat financial crime, which include money laundering and terrorist financing, is based on the Act on Measures against Money Laundering and Terrorist Financing Act on Measures against Money Laundering and the Swedish FSA's regulations. SEK works within the areas:



### Risk assessment

SEK conducts a general risk assessment each year that includes an assessment based on the type of financial products and services offered, the customers and distribution channels used and the countries to which SEK lends. The general risk assessment forms the basis for SEK's procedures, guidelines and other measures to combat money laundering and terrorist financing, and is continuously updated when the risk outlook changes, for example when new products are offered to SEK's clients.

### Internal rules and policies

SEK has an anti-corruption policy in place that is issued by the Board of Directors as well as an instruction issued by the CEO that governs efforts to prevent financial crime. All employees, consultants and others, who similarly perform tasks relevant to preventing the operations being used for money laundering or terrorist financing, receive regular training and information on regulatory changes and on new trends and patterns as well as on methods that can be used for money laundering and terrorist financing.

### Know your customer (KYC) and transaction risk analysis

When a business enquiry is received, SEK carries out know your customer (KYC) and sustainability assessments on the parties in the deal. A basic requirement of any business transaction is that SEK obtains a level of KYC that meets the requirements in the applicable laws and regulations pertaining to money laundering and terrorist financing. These include checks of representatives, the actual beneficial owner, ownership structure, sanctions and negative developments. The KYC process includes setting a client risk class pursuant to a risk-based approach based on the general risk assessment. A transaction risk analysis of the financial transaction is conducted to assess the risk of financial crime and, in the event of high risk, more stringent measures are applied to manage the risk.

### Monitoring

Ongoing monitoring is conducted through continuously analyzing the information gathered in the KYC process, assessing whether it is sufficient and up to date, and whether the client's assessed risk class has changed. Moreover, the client's transactions are also checked to see if the client's behavior meets expectations or whether any discrepancies exist.

The functions for compliance, risk and internal audit monitor that risks in SEK's operations are managed, policy documents adhered to, and that SEK's preventative and investigative controls function for the purpose of managing identified risks.

### Reporting

SEK's executive management and Board receive quarterly reports containing a description of risk management and any identified shortcomings.

SEK has a reporting process for suspected money laundering to the Swedish FSA and the Financial Intelligence Unit of the Swedish Police. Suspected irregularities can be reported through SEK's whistleblower system. Read more about SEK's whistleblower system on page 43.

## Note 8. Anti-corruption and business ethics

Active anti-corruption work and business ethics in international trade and export financing are important components in preventing economic crimes and creating conditions for sustainable growth in the world. As a government financier, SEK has a key role to play in placing demands and ensuring that international guidelines, see Sustainability Note 4, are followed by companies using export financing and by its own employees. SEK's goal is that all lending transactions shall be evaluated regarding corruption risks. Risk situations are undergoing in-depth analysis.

### Policy and risk appetite

In 2022, the board adopted a new anti-corruption policy to further clarify SEK's position in the area and provide guidelines in the work against corruption. SEK's anti-corruption policy complies with Swedish bribery legislation as well as national and international initiatives aimed to fight corruption and other financial crime. SEK operates its lending globally and complies with anti-corruption legislation in the countries and jurisdictions where the company operates. The guidelines for SEK's work are the Institute against Bribery (IMM) Code against corruption in business, the OECD's convention against corruption with related documents and the OECD's guidelines for multinational companies. SEK's policy against corruption makes clear a number of positions that the company acts according to: SEK does not accept that anyone within SEK, or anyone who in one way or another represents SEK, is involved in any form of corruption or bribery that could affect SEK's decision, process or handling of a case. No employee or representative of SEK may, directly or indirectly, offer, promise, give, ask for or accept a bribe. Business decisions must be made on business grounds and no gift or representation, which can be perceived as improper or which includes any form of expected consideration, may be given or received. SEK does not accept that corruption occurs in the deals that SEK finances. SEK takes a stand against nepotism and is not involved in sponsorship or donations to political parties. SEK's measures to counter corruption and other financial crime include issuing and communicating codes of conduct, conducting overall risk assessment to identify the risk of corruption and taking risk-based measures to prevent risks from materializing, performing risk-based assessments in customer and supplier relationships, ensure that SEK provides an opportunity to anonymously report suspected corruption, regularly train employees and follow up and control compliance.

According to SEK's risk appetite for corruption risks when lending in complex markets, which are countries with a high degree of corruption or other financial crime, means that the exporter or other actor for whom the financing is intended must have the capacity to handle corruption risks in accordance with international guidelines. See also Sustainability Note 4.

### Elevated risk

An elevated risk of corruption is present if any of the following risk indicators are present:

- lending to defense and construction industries in complex markets;
- financing of projects with public buyers in complex markets;
- an exporter who uses agents in underlying transactions in complex markets;
- distributors, EPC companies or exporters who have acted as an intermediary in complex markets;
- suspicion about the transaction chain as a result of figures/quantities changing in different sections for which SEK could operate lending in a part of a larger transaction chain;
- transactions with a connection to countries with particularly high risk of corruption.

A complex market is used to describe countries with a high risk of corruption or high risk of human rights violations.

### Transactions with elevated corruption risk in 2021

New transactions have been carried out in the following countries which are assessed as complex markets: Angola, Brazil, DR Congo, Ivory Coast, Indonesia, Mexico, Thailand and Vietnam. All of these transactions are assessed to comply with international anti-corruption guidelines after in-depth analyses by sustainability analysts and lawyers.

### Training

SEK has carried out an update of the company's code of conduct, which has been communicated to all employees, managers and management, as well as to hired staff and consultants through annual internal training where participation was 98 percent. SEK's board members have undergone training in anti-corruption during the year. Targeted training have been provided to business- and client facing managers through an external provider.

For further information on SEK's work against corruption see [www.sek.se](http://www.sek.se)

## Note 9. Labor standards and human rights in international business

Respect for labor standards and human rights in international business is a requirement for sustainable growth in the world. As a government financier, SEK has a key role in setting requirements vis-à-vis exporters' compliance with the UN Guidelines for Companies and Human Rights, the OECD Guidelines for Multinational Enterprises and, for projects in project-related financing, OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles.

### Policy and risk appetite

SEK applies the UN Guiding Principles on Business and Human Rights, including the ILO Core Conventions. When doing business in areas of conflict and countries and industries at particularly high risk of breaches of human rights, these are given particular attention. In such instances, SEK can demand that companies conduct a consequence analysis regarding human rights. Particular consideration is needed when there is a risk of the violation of children's rights.

SEK refrains from any transactions where a considerable risk exists that human rights will not be respected, and where SEK assesses that the risks will not be managed in line with the UN Guiding Principles on Business and Human Rights.

For lending in complex markets, the exporters or other market participants covered by the financing must have the capacity to manage human rights risks in line with international guidelines. For more, see Sustainability Note 4.

## Note 10. Project-related financing

In the financing of international projects, risk situations can arise in all material sustainability topics.

### Policy and risk appetite

SEK applies the Equator Principles to manage sustainability risks in conjunction with project-related financing or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

The Equator Principles and the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence are based on the sustainability standards of the International Finance Corporation (IFC), which must have been met or are expected to be met for project-related financing.

SEK is a member of and participates in the development work on the Equator Principles.

In accordance with SEK's risk appetite, in project-related financing, the company must comply with the Equator Principles or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

In projects or project-related financing in accordance with OECD's Common Approaches and the Equator Principles, terms and conditions should be included concerning the management of environmental and social risks. Monitoring of sustainability risks for relevant contracted transactions is conducted provided SEK has exposure outstanding for these.

### Elevated risk.

An elevated sustainability risk for labor conditions and human rights is believed to be present if any of the following risk indicators are present:

- major projects (refer to project-related financing, Sustainability Note 8).
- mining operations in complex markets;
- operations or exports to operations in areas of conflict;
- telecom operators or telecom equipment in countries under repressive, authoritarian rule;
- gene technology for countries under repressive, authoritarian rule;
- operations or export to countries in which human rights violations are at particularly high risk.
- Defense equipment.

A complex market is used to describe countries with a high risk of corruption or high risk of human rights violations.

### Transactions with elevated risk in 2021

New transactions with increased risk where in-depth analysis has been carried out in the following countries: Angola, DR Congo, Ivory Coast, Mexico, Poland, Saudi Arabia, Slovakia, Thailand, Turkey and Vietnam. All of these transactions are judged to comply with international guidelines for human rights.

For existing transactions that no longer align with SEK's risk appetite, SEK will based on the opportunities available take measures to influence and to report deviations to the Board.

### Elevated risk

Elevated project-related sustainability risk is believed to be present in the event of the following risk indicators:

- Projects and project-related financing for category A projects; or
- category B projects

Projects are categorized according to the definition found in the Equator Principles or OECD Common Approaches.

### Project related financing 2022

New project-related lending transactions in 2021 are deemed to comply with the Equator Principles or the OECD's guidelines for social and environmental considerations in state-supported export credits.

During 2022, SEK granted six A projects in: Brazil, Ivory Coast, Finland, Ghana and Sweden and six B projects in: Angola, Finland, Ghana, Iraq, China and Turkey and one C project in: the USA. For a definition of the A/B/C project and a full report submitted to the Equator Principles Association, see [www.sek.se](http://www.sek.se).

During the year, 4 out of a total of 77 projects were identified as potentially falling outside SEK's risk appetite. Actions were taken by establishing action plans, among other things.

	2022	2021	2020	2019	2018
Loans granted to category A projects (number)	6	3	4	1	1
Loans granted to category B projects (number)	6	8	5	2	5

## Note 11. Economic and societal effects of SEK's lending in Sweden

SEK's lending has indirect impacts in Sweden, including GDP growth and jobs created by export transactions.

### Method

The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated using sector-based multipliers developed by Statistics Sweden, according to the SNI 2007 standard. The multipliers on which

the calculations are based data from 2017. This model calculates the Swedish content in an export order or in an investment. During 2022, new lending has increased, see further note 5, which explains the differences in indirect impact between 2021 and 2022. SEK finances many different types of transactions and not all of them necessarily fit this model precisely. These calculations can therefore only be made at a general level and the results should be interpreted with caution.

Indirect impact	2022	2021	2020	2019	2018
Contribution to Sweden's GDP (Skr mn)	93,000	52,000	80,000	51,000	36,000
Contribution to jobs in Sweden (number)	111,000	65,000	87,000	51,000	48,000



## Note 12. Reporting principles

Since 2007, SEK has reported in accordance with the GRI standards on the basis of the topics identified as material for SEK's operations. SEK has focused on integrating sustainability reporting into its financial reporting during the year. The systems used and the accounting policies applied for sustainability reporting are set out below. Information with reference to the Swedish Annual Accounts Act, GRI, TCFD, scope and boundaries as well as any changes in the sustainability report can be found in Sustainability Note 1.

### Sustainability Note 5:

The information in this section is taken from SEK's system for financial reporting. SEK's sustainability labeled loans are reported using SEK's accounting policies for financial reporting. SEK measures the indirect environmental impact of green loans, in terms of emissions, based on the method stated in the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting, November 2015 and in accordance with the "SEK Sustainability Bond Framework" and "SEK Green Bond Framework." The estimated reduction in reported greenhouse gas emissions is based on calculations received by SEK from project owners, exporters or from environmental reports prepared in connection with the project. The estimates are prepared on a project basis, using the year when the project was completed, and are reported in proportion to SEK's share of the total project financing.

### Sustainability Note 6:

SEK's climate-related risks and opportunities according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In this note, SEK reports the company's GHG emissions pursuant to the TCFD's recommendations and the GHG Protocol. Refer to the 2022 Climate Report for information about the consolidation method, system boundaries, delimitations and assumptions related to SEK's emissions.

### Sustainability Note 7:

The information in this section is taken from SEK's policies and methodological working papers linked to financial crime.

### Sustainability Note 8:

The information in this section is taken from SEK's system for financial reporting and internal risk reports.

### Sustainability Note 9:

The information in this section is taken from SEK's system for financial reporting and internal risk reports.

### Sustainability Note 10:

The information in this section is taken from SEK's system for financial reporting and internal risk reports. The note includes the number of new projects with a risk class of A or B that have had a settlement date during the fiscal year.

### Sustainability Note 11:

The information is based on SEK's new lending as well as on factors obtained from Statistics Sweden.

Through SEK's lending, an indirect impact is created in Sweden among other things through export business contributing to GDP growth and job opportunities. The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated by multipliers developed by Statistics Sweden at industry level according to SNI 2007. The model calculates the Swedish content of an export order or an investment. SEK finances many different things types of business and not all of them necessarily fit the model with accuracy. The calculations can therefore only be made on an overall level and the results should be interpreted cautiously.

## Note 13. GRI content index

Standards and disclosures that SEK reports in its Annual and Sustainability Report in accordance with the Global Reporting Initiative standards and Sector Supplement for Financial Services, are listed below. As part of SEK's participation in the UN Global Compact (UNGC) SEK is submitting its Communication on Progress for 2022 below.

Standard Disclosure	Content	Page number	UN GC principle
<b>GRI 1: Foundation</b>			
Statement of use	SEK has reported in accordance with the GRI standards for the period 1 January 2022 – 31 December 2022		
GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI sector standards	None currently available		
<b>GRI 2: General Disclosures</b>			
2-1	Organizational details	57	
2-2	Entities included in the organization's sustainability reporting	657	
2-3	Reporting period, frequency and contact point	117	
2-4	Restatements of information	117	
2-5	External assurance	117, 139	
2-6	Activities, value chain, and other business relationships	10-16, 28, 105-107, 119	
2-7	Employees	20, 23, 75	
2-8	Workers who are not employees	20, 23, 75	
2-9	Governance structure and composition	37-41, 44-45	
2-10	Nomination and selection of the highest governance body	38	
2-11	Chair of the highest governance body	44-57	
2-12	Role of the highest governance body in overseeing the management of impacts	40, 119-120	
2-13	Delegation of responsibility for managing impacts	41	
2-14	Role of the highest governance body in sustainability reporting	40, 117	
2-15	Conflicts of interest	42-57	
2-16	Communication of critical concerns	43	
2-17	Collective knowledge of the highest governance body	38	
2-18	Evaluation of the performance of the highest governance body	38	
2-19	Remuneration policies	68-74	
2-20	Process to determine remuneration	68-74	
2-21	Annual total compensation ratio	68	
2-22	Statement on sustainable development strategy	3-6	
2-23	Policy commitments	19, 117, 119-120, 131	
2-24	Embedding policy commitments	119-120, 128-129	

Standard Disclosure	Content	Page number	UN GC principle
2-25	Processes to remediate negative impacts	43, 114, 119-120, 127	
2-26	Mechanisms for seeking advice and raising concerns	42-43	
2-27	Compliance with laws and regulations	42-43	
2-28	Membership associations	119	
2-29	Approach to stakeholder engagement	117-119	
2-30	Collective bargaining agreements	75	
<b>GRI 3: Material Topics</b>			
3-1	Process to determine material topics	117-118	
3-2	List of material topics	121	
3-3	Management of material topics	See each material topic	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>			
3-3	Management of material topic	119, 122-126	
201-1	Direct economic value generated and distributed	52-54, 74-76, 82	
201-2	Financial implications and other risks and opportunities due to climate change	122-126	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>			
3-3	Management of material topic	6, 8-13, 117-120, 128-130	
203-2	Significant indirect economic impacts	7-9, 14-15, 17, 129	
<b>GRI 205: ANTI-CORRUPTION 2016</b>			
3-3	Management of material topic	19, 21, 36, 117-119, 127-128	10
205-1	Operations assessed for risks related to corruption	120, 127-128	10
205-2	Communication and training about anti-corruption policies and procedures	20-21, 127-128	10
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>			
3-3	Management of material topic	20-21, 36-38, 41, 114, 119	3
405-1	Diversity of governance bodies and employees	21, 44-45, 75	
<b>GRI G4: SECTOR-SUPPLEMENT FOR FINANCIAL SERVICES</b>			
3-3	Management of material topic	117, 119, 122-126	
FS6	Lending portfolio broken down by region and sector	10-14, 28, 58, 105-107, 114	
FS8	Products with environmental benefits	12-13, 17-18, 23, 30, 58, 121	