



CLIMATE TRANSPARENCY REPORT

2019

Swedfund International AB

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-D6B5BCB1-1C80-4B72-93C7-9B56BB1190AA/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Swedfund International AB
Signatory Category	Development finance institution
Signatory Type	Asset Owner
Size	US\$ 0.1 - 0.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2012
Region	Europe
Country	Sweden
Disclosure of Voluntary Indicators	94% from 38 Voluntary indicators

Swedfund International AB

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

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

SG 01.1

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

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

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

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Swedfund is Sweden's development finance institution. Through the Ministry for Foreign Affairs, the Swedish government has assigned Swedfund (corporate ID number 556436-2084) to be Sweden's development finance institution for investments in poor countries.

Our mission is to reduce poverty through sustainable business. Our activities shall contribute towards achieving the goals for Sweden's Policy for Global Development (PGD) and Agenda 2030

In collaboration with strategic partners, we shall participate in economically, socially and environmentally sustainable investments that create better conditions for people living in poverty and under repression. With our strategic partners, we shall participate in investments which are not considered to be realisable through purely commercial financing. The company's activities shall promote progress towards equality. Our overarching and most important goal is to create jobs with good work environments and good working conditions.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Across all its investments, **Swedfund encourages the following:**

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

Across all its investments, **Swedfund requires the following:**

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

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

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

- EDFI Exclusion List
- EDFI Guidelines for OFCs
- EDFI Harmonized Environmental and Social Standards
- The World bank group's corporate governance development framework
- UN guiding principles on Business and Human Rights

Our business model is based on three pillars: Impact on society, Sustainability and financial viability. By establishing development targets and working closely with our portfolio companies, we can monitor developments and ensure that they evolve in the right direction.

Impact on society - Swedfund aims to help create jobs with a good working environment and good employment conditions.

- Job creation
- Tax
- Share of women in senior management

- CO2e emissions
- Additionality
- Overall impact/benefit

Sustainability - Swedfund aims to help create sustainable enterprises in the world's poorest countries.

- Environment/climate
- Human rights and working conditions
- Business ethics and anti-corruption

Financial viability- Swedfund aims to help create enterprises that are profitable in the long-term and therefore financially viable in the world's poorest countries.

- Growth
- Profitability
- Return on equity

CRITICAL PARTS OF OUR BUSINESS MODEL

Our business model integrates the global goals through our three pillars. But it also manages risks, the inputs we make and the investments we take on.

RISK

As a development finance institution, risk is pivotal to our business. Swedfund invests in countries and areas where the risks are more numerous and potentially more serious than they are in developed markets. Accepting risk is part of our mission - to improve the living conditions of people in poverty by creating sustainable businesses and decent jobs in developing countries.

Swedfund invests in places in the world where, although there is strong need for foreign capital, private investors often consider the risks to be too high. Consequently, our greatest risks lie in our investments. Risk management is therefore an equally natural part of our business as it is in our portfolio companies.

The more sustainable and advanced companies Swedfund can join forces with and build, the better the outcomes for the community in which they operate. In its operations, Swedfund is exposed to many different factors that are difficult to influence. We manage risks at different levels: strategic, investment, operational and financial. Sound risk management is both a prerequisite for the business and a potential way of improving development results.

TIME PERSPECTIVE

We always invest with a long-term perspective, usually between 7 and 10 years. A vital long-term objective for our investments is that they must always contribute to realising Agenda 2030. Our strategic sustainability goals relate to a three-year period, which is the medium term for us. Our long-term approach and sustainability are the source of an important part of our additionality and enable us to act as a catalyst. Our long investment cycle also means that we have a portfolio, which combines investments from 2005 and onwards. Earlier investments were made in line with a partially different mission and our working methodology then also differed from our current approach.

GEOGRAPHY

Our mission is to invest in operations and countries which qualify for development financing in accordance with the OECD/DAC's definition. We prioritise investments in the least developed countries and in low-income countries, and also invest in post-conflict countries. We shall invest where the need is greatest, but our new owner directives also give us the opportunity in exceptional cases to invest in upper medium-income countries. One example of an exception may be investment in renewable energy in an upper middle-income country, with the aim of reducing CO2emissions. This kind of investment benefits poorer countries, where climate change may have the most severe consequences.

Our sustainability focus areas

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

SECTORS

Our three priority investment sectors are Renewable energy, Financial institutions and Funds, and Healthcare

1. Financial institutions & Funds

The finance sector is vital for a country's economic and social development. Lack of access to finance is one of the greatest limiting factors in businesses' ability to grow in developing countries. Swedfund finances banks and funds in under-financed markets, and this enables them to increase their financing and lending to businesses and entrepreneurs. Our ambition is to help build a finance sector which is inclusive with particular focus on women entrepreneurs and owners of small businesses.

2. Energy & Climate

Entrepreneurs in developing countries cite deficiencies in electricity supply as another major obstacle in running and developing their operations. Swedfund invests in renewable energy since the development of climate-friendly energy is one way of accelerating progress towards Agenda 2030.

3. Healthcare

During 2018, Swedfund adopted a new focus sector, Health. However, investments in the health sector have been taking place for many years and the encouraging development results that these investments have contributed to have led to health becoming a separate sector. Many of the investments within health are made in the form of share investments. In many cases, Swedfund is a shareholder who also plays an active role on the board of directors. This gives us an opportunity to support the enterprise's development by contributing our experience and special focus on sustainable development.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Within Swedfund's overall mission of contributing to poverty reduction by financing sustainable businesses in emerging markets, Swedfund will seek to minimize the negative climate impact of all our investments, both with respect to new investments, the current portfolio companies and our own operations. When evaluating a new investment opportunity Swedfund carefully considers climate risks and opportunities associated with that specific company, sector and market. Climate-related and environmental aspects are an integral part of Swedfund's ESG work and we apply IFC's Performance Standards in our investment processes and management. Swedfund will seek to minimize the negative climate impact inherent in each investment. The specific actions required to mitigate climate risks and to maximize climate opportunities are agreed upon in an Environmental, Social and Governance Action Plan (ESGAP) before we make an investment.

Swedfund's Board of Directors is responsible for defining and managing risks. By working actively within our three pillars, we strive to generate results and long-term value. At the same time, we manage all the risks arising in our investment operations.

Initiatives relating to the environment and climate form an integral part of the investment process based on Swedfund's sustainable development policy and separate stance regarding the environment and climate. Climate is one of two thematic areas to be considered before decisions are taken concerning new investments regardless of sector, geography or instrument. In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation. Swedfund also has a model to estimate CO₂e, based on the GHG protocol to proactively measure, manage and report greenhouse gas emissions.

During the reporting year, Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO₂e emissions from investments

Within "Energy" Swedfund only invest in renewable energy production and distribution. Swedfund recognizes

that investments in Financial Institutions need to shift from supporting high to low carbon activities. An investment in a Financial Institution creates a multiplier effect as its capital flows are distributed to different parts of the economy and reaches thousands of clients across a number of sectors. When making investments in Financial Institutions, Swedfund will seek to support the financing of a broad range of climate change initiatives such as energy efficiency improvements, renewable energy, risk management and relevant insurance products. In general we recognize e.g. following climate related issues in our markets in the medium and long term: poverty, gradually rising sea levels, stronger tropical storms, extreme drought, more unpredictable rainfall, more extensive and longer-lasting heat waves, and gender differentiating effects.

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8
CC**

Indicate the associated timescales linked to these risks and opportunities.

Swedfund does not do any short term investments. We handle medium (3 years) and long-term (7-10 year) investments with the same approach. Hence, in all investments Swedfund will seek to minimize the negative climate impact inherent in each investment.

No

**SG 01.9
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

The following documents collectively formalise Swedfund's standpoint and organisation-wide strategy regarding climate/climate-related risks and opportunities

- Sustainability Policy
- Climate position paper
- Owner directives
- ESG toolkit
- Strategic sustainability targets

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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Annual Integrated reporting and a Climate report on a three year basis to our owners to assess climate related risks and opportunities

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

	URL
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{hyperlink:http://www.swedfund.se/media/1123/edfi_principles_responsible_financing-signed_copy_09-05-07.pdf}

- Attachment (will be made public)

- Formalised guidelines on social factors

	URL/Attachment
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- URL

URL

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

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines

URL/Attachment

- URL

URL

{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

- Attachment (will be made public)
- Sector specific RI guidelines

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:http://www.swedfund.se/media/1122/harmonized_edfi_exclusion_list_2012.pdf}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.swedfund.se/media/2016/swedfund-owners-instructions_2017-04-28.pdf}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://www.swedfund.se/media/1643/swedfund-policy-for-sustainable-development-2015-09-02.pdf}

Attachment

Reporting

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.swedfund.se/media/2015/swedfunds-position-paper-on-climate-2017-10-27.pdf}

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

- Swedfund's Code of conduct: http://www.swedfund.se/media/1319/swedfund_code_of_conduct.pdf
- Swedfund's Position on Children's Rights: <http://www.swedfund.se/media/1682/swedfunds-position-on-childrens-rights.pdf>
- EDFI Guidelines for offshore Financial: Centres, http://www.swedfund.se/media/1125/summary_of_edfi_guidelines-_ofcs_2011.pdf
- Swedfund's Anti-Corruption Policy: http://www.swedfund.se/media/1677/swedfunds_anti-corruption_policy.pdf
- Swedfund's tax Policy http://www.swedfund.se/media/1861/swedfund_tax_policy.pdf
- Swedfund's position on Climate Impact : <https://www.swedfund.se/media/2015/swedfunds-position-paper-on-climate-2017-10-27.pdf>
- Swedfund's ethical compass: <https://www.swedfund.se/media/2161/swedfund-ethical-compass.pdf>

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5
CC

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

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

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Legal counsel

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Other description (2)

Other role, specify (2)

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Swedfund's Board of Directors take the final investment decision, after which a legal agreement is negotiated. The Board has also approved and signed our (i) Sustainability Policy, (ii) Position Paper on Climate Impact and (iii) Report on Climate Risks and Opportunities

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Climate-related issues are assessed and managed the same way as any other issues as a part of the investment process, please see SG 07.2 for more detailed information.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

Describe

Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them.

No, not to assess future ESG/climate-related issues

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment
- Incorporation into investment analysis
- Inform active ownership
- Other

specify

Climate report to owners. Further details see below.

Describe

During the reporting year Swedfund produced a Climate report to assess climate related risks and opportunities. The report is a requirement from our owners, and is a part of a long-term strategy to monitor and proactively address climate related risks and opportunities. The analysis in the report analyses Swedfund's risk profile from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments. The reasoning and analysis in the report stems from theories around scenario pathways, as well as the rationale for future direction. A formalised scenario analysis according to a standardised methodology is however not applied in the report.

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

Swedfund is a long-term investor and our commitments and considerations regarding climate impact are always made from a holistic and long-term perspective, including beyond the investment time-horizon.

Please refer to section SG 07.2 for further details on Swedfund's investment process, and SG 01.4 and SG 01.5 for mission and investment criteria

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #cccccc; padding: 5px; border: 1px solid #000;">Other (1) please specify:</div> External local consultant
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Gender equality

- Other, specify(2)

other description (2)

Blending

- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Within the broader concept of Energy Swedfund has chosen to focus primarily on renewable energy production and distribution

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5

Additional information [Optional]

Swedfund strives to minimise negative climate impact in all its investments. Initiatives relating to the environment and climate form an integral part of the investment process based on Swedfund's sustainable development policy and separate stance regarding the environment and climate. Climate is one of two thematic areas to be considered before decisions are taken concerning new investments regardless of sector, geography or instrument. In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation.

CO2-model

Swedfund uses a model to estimate CO₂e which has been developed by an external supplier and is based on the Green House Gas Protocol (GHG Protocol). In the model, the CO₂e exposure of investments is weighted based on Swedfund's owner stake in the portfolio company. In cases where Swedfund acted as lender, the determination of Swedfund's share is based on the outstanding loan's share of the portfolio company's balance sheet total and, in the case of lending to banks, the size of the loan relative to the bank's total borrowing. The calculation presented below consists of Swedfund's portfolio companies, including the underlying holdings of the funds and the co-financing facilities, a total of 156 investments in 2017 (147 investments in 2016). Emissions from Swedfund's portfolio amounted to 24 thousand tonnes in 2017 (2016: 35 thousand tonnes). Amongst Swedfund's investments, those which produce energy, including a gas-fired power station, have the greatest impact on the climate. These holdings account for approximately 60% of all emissions in the calculation. As Swedfund has opted to continue investing exclusively in renewable energy, CO₂e exposure from Swedfund's investments is expected to decrease over time.

Climate report

During the year Swedfund has also conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. To analyse how the climate risks that have been identified could impact Swedfund's financial position, Swedfund has developed a method to take into account of the climate risks and the requirements concerning mitigation that Swedfund imposes on portfolio holdings. The degree of impact on Swedfund's financial position is based on the reasoning that a low climate risk will entail a low financial risk, and correspondingly for medium and high climate risks. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to. "Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO₂e emissions from investments.

Swedfund's environment and climate risk profile is largely influenced by three factors: The region in which the activity takes place, the sector in which the activity is taking place and the size of Swedfund's shareholding or loan. The climate risks in Swedfund's focus regions, Africa and Asia, are relatively high at a general level. At the same time, the risk level in the three sectors in which Swedfund focuses its investments in are categorised as

low , with the exception of investments in renewable energy. The choice of instruments further balances the risk, given Swedfund's management of environmental and climate-related risks during the screening prior to an investment, as well as measures during the active ownership phase.

The analysis shows that Swedfund's business model adequately addresses environmental and climate-related risks, partly through the work relating to the environment and climate being carried out within the portfolio companies. The focus sectors which have been established in the business model are sectors which have relatively low environmental and climate risk exposure, and by following the business model, the exposure of Swedfund's operations and investments to environmental and climate risks is maintained at a limited level. The exception is the energy sector, where the risk is considered to be medium.

At the same time, the Energy & Climate sector is the sector in which Swedfund has identified the greatest opportunity to have a positive impact through its decision to exclusively invest in renewable energy. The investments that Swedfund make in the world's poorest countries also help reduce the overall risk of climate change, partly through Swedfund's efforts to identify sustainable solutions through addressing and implementing measures aimed at the environmental and climate-related challenges that Swedfund is facing in the countries in which the company invests.

Climate investment case from the past year - Climate Investor One

In June 2018, Swedfund invested USD 15 million in the CIO Construction Equity Fund. Access to sustainable energy is a prerequisite for effective poverty eradication, which is the overarching reason why Swedfund is investing heavily both in the sector itself and in broader climate investments. Another factor behind the investment in CIO is that we want to work to increase capital flows from the private sector for sustainable climate projects in developing countries, and we believe that Swedfund can act as a catalyst for private investment. It is hoped that CIO will be able to serve as a good example of how financing facilities can be structured in order to attract different types of capital and contribute to a marked increase in sustainable energy generation in developing countries.

What makes CIO unique is that it offers tailored financing throughout the life-cycle of a project, with the overarching aim of developing renewable energy generation at a faster pace. The facility is based on the knowledge that different stages of a project's life-cycle require different types of capital from different types of financing institutions. A structure has therefore been constructed for what is known as 'blending instruments', which consequently also means that different investors are able to participate according to their own risk profile. CIO encompasses three separate but operationally interlinked funds.

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Baseline and reporting	Compliance / non-compliance	GHG protocol
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring and reporting	CO2e	GHG protocol
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring and reporting	CO2e	GHG protocol
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring and reporting	CO2e	GHG protocol
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Monitoring and reporting	CO2e	GHG protocol

**SG 14.7
CC**

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	Relevant target level to be set on company level within three years	Target level for compliance / non-compliance in portfolio	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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☉ Process for climate-related risks is integrated into overall risk management

Please describe

Environmental and climate-related aspects are fully integrated in Swedfund's investment process and risk management. Within Swedfund's overall mission of contributing to poverty reduction by financing sustainable businesses in emerging markets, Swedfund will seek to minimize the negative climate impact of all our investments, both with respect to new investments, the current portfolio companies and our own operations. When evaluating a new investment opportunity Swedfund carefully considers climate risks and opportunities associated with that specific company, sector and market. Climate-related and environmental aspects are an integral part of Swedfund's ESG work and we apply IFC's Performance Standards in our investment processes and management. Swedfund will seek to minimize the negative climate impact inherent in each investment. The specific actions required to mitigate climate risks and to maximize climate opportunities are agreed upon in an Environmental, Social and Governance Action Plan (ESGAP) before we make an investment. Swedfund is a long term investor and seek to minimize the negative climate impact inherent in each investment. Please see SG 01.8 CC for further on Swedfund's time-perspective for its investments, and SG 07.2 for out investment process with details on our investment/ESG process

Swedfund's Board of Directors is responsible for defining and managing risks. By working actively within our three pillars, we strive to generate results and long-term value. At the same time, we manage all the risks arising in our investment operations.

In 2015, Swedfund decided to focus solely on investments in renewable energy, thus excluding investments in fossil energy generation. Swedfund also has a model to estimate CO₂e, based on the GHG protocol to proactively measure, manage and report greenhouse gas emissions.

During the reporting year, Swedfund has conducted an analysis of how climate and environmental risks impact Swedfund's investments and, in turn, how they can impact Swedfund's financial position. The analysis summarises the key environmental risks in the investment portfolio and how Swedfund works to manage and mitigate them. Swedfund's risk profile is analysed from a "top-down" and "bottom-up" approach. "Top-down" analyses and categorises the external climate risks the portfolio is exposed to.

"Bottom-up" includes Swedfund's investment process, i.e. the identification and management of environmental and climate-related risks in the portfolio, as well as CO2e emissions from investments

Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

Please describe

Integral parts of Swedfund's investment process and active ownership are ESG site visits, internal and external audits, Environmental, Social and Governance Action Plans (ESGAP) and technical assistance to support sustainable development

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

No

SG 15.4	Please attach any supporting information you wish to include. [OPTIONAL]
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[File 1:swedfund-owners-instructions_2017-04-28.pdf](#)