

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 pages 16-17. Sustainability policy and the results of policy can be found in sustainability notes 4-8, note 26 and Targets and outcomes, page 14. A description of sustainability risks can be found in the risk section, pages 36-41, note 26, and in the sustainability notes 5-8. The result indicators can be found in Targets and outcome, page 14, Key performance indicators, page 31, and in the sustainability notes 5 and 9.

GRI

SEK's Sustainability Report pertains to the 2020 calendar year and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. 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 on pages 128-129. SEK's latest Sustainability Report for SEK covered the 2019 calendar year and was published in February 2020.

TCFD

In 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 entire 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

The following material changes have been made in the 2020 Sustainability Report. Reporting on management approach has expanded. In Sustainability Note 6, the definition of fossil assets has been expanded to also include assets in sectors that are not classed as fossil assets but that have a connection to oil, gas and coal, for example, transportation. Otherwise, no significant changes were made for the reporting period regarding material sustainability topics contained in the report.

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 pages 16-17.

Stakeholder dialogue 2020

The stakeholder dialogue 2020 primarily encompassed climate issues related to the Swedish Export Credit Agency's (EKN) assignment by the government to review how the Swedish and international export finance systems will contribute to a clear transition and sharply reduced greenhouse gas emissions. (See Ref. No. UD2020/03704/FH). Work on the assignment took place in working groups with expert advisers from EKN and SEK. The working groups collected opinions from related participants, including related companies, authorities, trade and industry organizations, other stakeholder organizations and scientists.

In conclusion, the stakeholders highlighted the following areas:

- EKN and SEK should assume a role as catalysts for the financing of international and domestic transition projects.
- Civil organizations argue for restrictions for export credits for the financing of fossil-based operations.
- Export companies highlight the need for improved conditions for international and domestic transition projects.

The assignment was re-submitted to the government in September 2020 (Ref. No. D20/03463). The stakeholder dialogue 2020 also included pulse surveys which were continually conducted with SEK personnel to capture new requirements as a result of COVID-19. Furthermore, during autumn 2020, masters students at Örebro University analyzed SEK's communication and governance of sustainability topics.

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 recorded in the table are a considered assessment of stakeholder dialogs conducted in prior years with the addition of the subjects brought up in 2020.

Stakeholders	Dialogue form	Key topics in 2020	General expectations
Swedish government (owner)	Owner policy, mission, owner instruction, Board representation, regular discussions and meetings, and network meetings.	The government introduces restrictions to finance for the exploration and extraction of fossil fuels and wishes to review how the Swedish and international export finance systems will contribute to a clear transition and sharply reduced greenhouse gas emissions.	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	Customer meetings, client survey, sustainability topics questionnaire and delegations.	Proactive financing solutions for international and domestic transition projects. Restrictions for the financing of fossil fuels should primarily be driven in the OECD.	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 with exporters in other countries.
Investors	Meetings, conferences, investor presentations and financial statements.	Green bonds and bonds related to Agenda 2030.	Collaboration on sustainability topics. Issue of green bonds and bonds links to the global Sustainable Development Goals.
NGOs and civil society	Meetings, 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.	Act responsibly and transparently. Clear expectations on exporters to manage sustainability issues in complex regions. Refrain from financing coal related projects and phase out financing of fossil extraction and power generation.
Employees	Discussions, meetings, employee survey and workplace dialogues with trade unions.	COVID-19 has impacted the work environment. Issues such as maintaining a better work-life balance have become more important to manage.	Good work environment, development opportunities, engaging duties and responsible behavior.

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

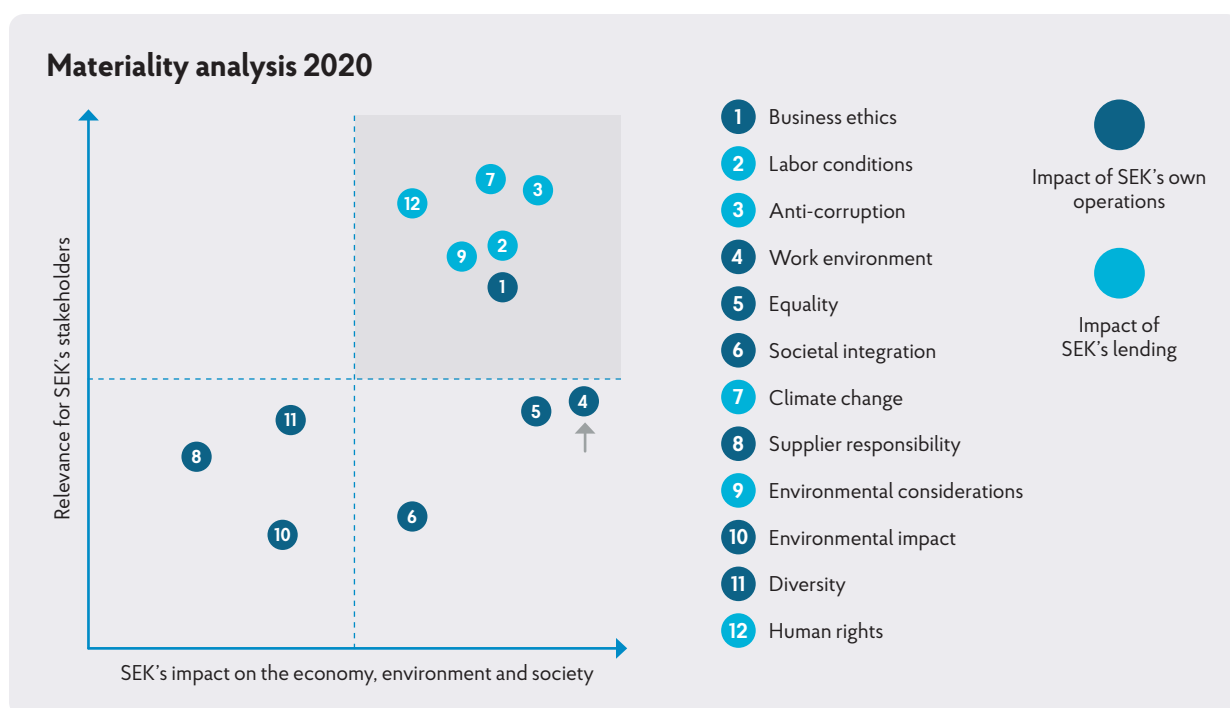
SEK defines potential sustainability topics based on the circumstances under which SEK operates and on the stakeholder dialogue. SEK's management then determines and assigns priority to the material sustainability topics. This prioritization is agreed on the basis of what is

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 2020 Sustainability Report, the following changes were made to the materiality analysis:

- Sustainability topic 4 "work environment" was deemed to have become increasingly important due to the COVID-19 pandemic.

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 notes 5–8.



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 Practises and Officially Supported Export Credits."

The Board of Directors

The Board of Directors is ultimately responsible for ensuring that active and forward-looking sustainable development work is conducted within the company. 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.

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 Practises and Officially Supported Export Credits.

Organization and division of responsibility

The executive management controls and decides on priorities and strategic choices relating to sustainability work in accordance with the approved business strategy.

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.
- Transparency International Business Group
- ICC Sweden's CSR reference group
- UN Global Compact's Swedish network
- Enact, sustainability reporting network

Policy documents

SEK has a Sustainable Business Policy. This includes, for example, SEK's material topics; anti-corruption and business ethics, environmental and climate impact, as well as labor standards and human rights, see each respective note. Sustainability risks are integrated in SEK risk policy and related documents, see risk section on page 38. Instructions for the management of sustainability risk reflect how sustainability risks have been identified and are handled within the organization.

Managing sustainability risks

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 as described below

SEK manages sustainability risks for its lending, using a risk based approach, by the following steps:

- identifying sustainability risks in the financial transaction and in the underlying business;
- carrying out assessments of the capacity of the parties to manage identified sustainability risks;
- assessing whether or not sustainability risks are within SEK's risk appetite for sustainability risks;
- carrying out an in-depth sustainability review for elevated sustainability risks (see respective note); and
- setting requirements and monitoring to ensure that sustainability risks are managed pursuant to SEK's risk appetite for sustainability risks during the loan's tenor.

For new lending transactions, the following information is normally obtained:

- the purpose of the financial and commercial transaction;
- parties of the financial and commercial transaction and the location of the parties;
- cash flows of the financial and commercial transaction;
- the good or service that is being exported and the end user of the good or service;
- whether or not the commercial transaction comprises projects or project-related financing in accordance with OECD's Common Approaches and the Equator Principles;
- the geographical location of the end user of the good or service;
- whether or not the borrower is a public institution in a country classified by the IMF/World Bank as a low-income country (an IDA eligible country); and
- if the commercial transaction concerns fossil energy extraction or is a fossil fuel project.

An in-depth sustainability review is carried out of:

- projects and project-related financing for category A and B projects; and
- elevated risks for human rights violations or corruption risks

Activities in 2020

A major revision of the CEO's instruction for managing sustainability risks was carried out with the primary aim of clarifying the management of sustainability risks.

Note 5. 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. All lending transactions is evaluated regarding corruption risks. Risk situations are undergoing in depth-analysis.

Policy and risk appetite

SEK complies with Swedish bribery legislation and international initiatives that aim to fight corruption and other financial crime and comply with anti-corruption legislation in the countries and jurisdictions in which the company operates. SEK follows the Code to Prevent Corruption in Business as compiled by the Swedish Anti-corruption Institute.

Business decisions are to be made on business grounds and no gift or representation is to be provided that could be perceived as improper or entailing some form of expected service in return.

No form of extortion or bribery, including improper offers of payments to or from employees, organizations or public officials is tolerated. Any such behavior may lead to legal action as well as the termination of employment, assignment or business relationship.

For lending in complex markets, the exporters or other market participants covered by the financing must have the capacity to manage corruption risks in line with international guidelines.

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; or
- financing of projects with public buyers in complex markets; or
- an exporter who uses agents in underlying transactions in complex markets; or
- distributors, EPC companies or exporters who have acted as an intermediary in complex markets; or
- 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; or
- transactions with a connection to countries with particularly high risk of corruption.

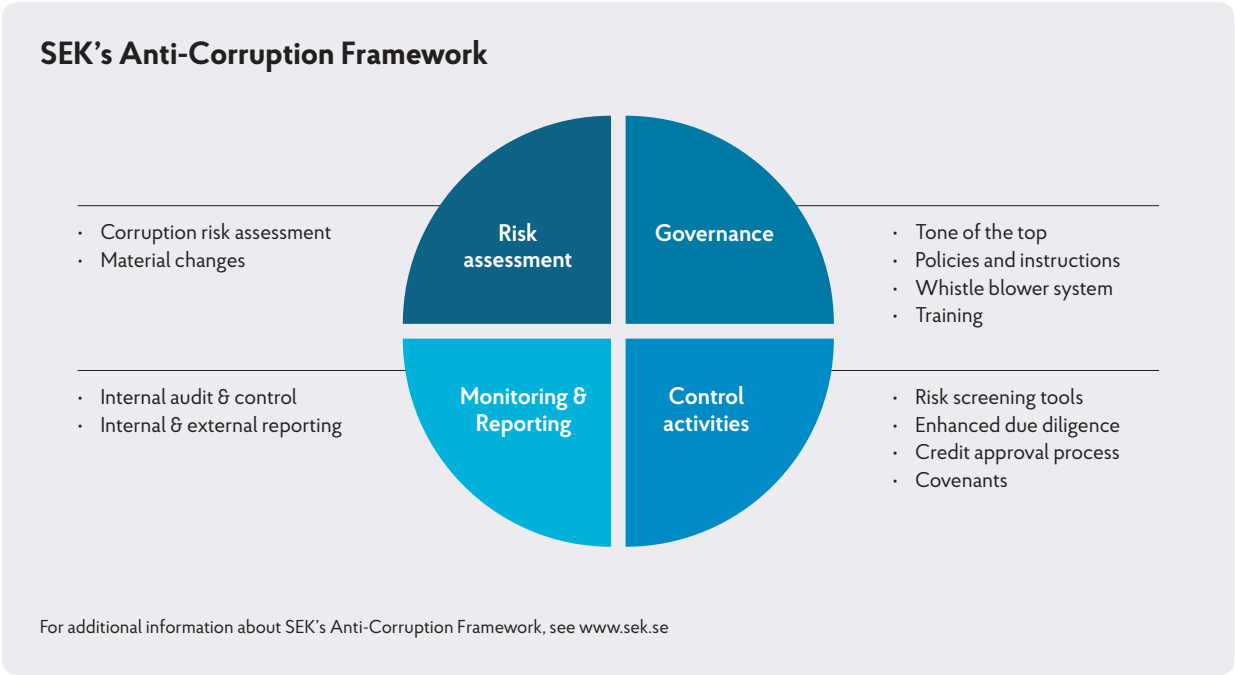
A complex market is used to describe countries with a high risk of corruption or high risk of human rights violations.

Transactions with elevated corruption risk in 2020

New transactions were made in the following countries that are classified as complex markets: Angola, Ivory coast, Indonesia, China, Democratic Republic of the Congo, Mexico, Sri Lanka, Thailand and Vietnam. All of these transactions are evaluated to comply with international anti-corruption guidelines.

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 100%. SEK’s board members have undergone training in anti-corruption in previous years but not in 2020.



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) and the EU Non-Financial Reporting Directive ("NFRD"), including the Supplement on reporting climate-related information (2019/C 209/01), which should be read together with relevant national legislation, in which the directive 2014/95/EU (NFRD) is incorporated, and if needed, the directive.

This is SEK's second climate-related disclosure pursuant to the TCFD with the ambition to continuously improve the understanding of the climate-related financial risks and opportunities as well as the potential impact that SEK's business activities have on the environment.

According to the NFRD, a company is required to disclose information on environmental issues, social responsibility and employee matters, respect for human rights, and bribery and anti-corruption, to the extent that such information is necessary to obtain an understanding of the company's development, performance and position as well as the impact of its activities. Climate-related information can be considered to fall into the category of environmental matters.

In practice the NFRD has a double materiality perspective: The reference to the company's "development, performance and position" indicates financial materiality, in the broad sense of affecting the value of the company. Climate-related information should be reported if it is necessary for the understanding of the company's financial development, result and position. The reference to "impact of the company's activities" indicates environmental and social (i.e. non-financial) materiality. Climate-related information should be reported if it is necessary for obtaining an understanding of the external impacts of the company.

SEK has defined climate change as a material topic in accordance with the GRI guidelines (see materiality analysis in Sustainability Note 3). Further, SEK adheres to the UN's Sustainable Development Goals and one of the goals that SEK has decided to focus on is Goal 13, Climate action (see further description in Sustainability Note 11).

Context and materiality

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. However, it is mainly from lending and funding activities that climate-related risks and opportunities emerge as material in SEK's business model, both from a financial and non-financial i.e. environmental perspective. Direct environmental impacts from SEK's own operations are limited and mainly related to business travel and to the head office in Stockholm.

SEK is a state-owned credit institution and part of the Swedish export financing system. A major part of SEK's international lending activities are guaranteed by the Export Credit Guarantee Board (EKN). Therefore, climate-related issues in SEK's business model are interconnected with the Swedish export credit system. In the Swedish Exports and Investment Strategy 2019, the Swedish government contends that Sweden should push to ensure that the international and European regulatory frameworks for e.g. export credits and other public financing of trade contribute to sustainability and the fulfilment of the Paris Agreement. Further, the Government has commissioned the Swedish Export Credit Agency (EKN) to review, in consultation with the Swedish Export Credit Corporation (SEK), how the Swedish and international system for export financing can contribute to a clear transition and strong decrease in emissions of greenhouse gases. Based on the above EKN and SEK have jointly developed a shared plan for the Swedish Export Credit System to contribute to the climate transition (see further description in the Strategy section).

Core elements of the disclosures

In this note, SEK follows the TCFD recommendations using the following four core elements:

- **Governance**, discloses SEK's governance pertaining to climate-related risks and opportunities;
- **Strategy**, presents the actual and potential impacts of climate-related risks and opportunities on the business, strategy, and financial planning, where such information is material;
- **Risk management**, discloses the processes used to identify, assess and manage climate-related risks; and
- **Metrics and Targets**, report the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

Throughout these core elements, climate-related information is disclosed from a double materiality perspective.

Governance

The governance of climate-related issues (which is included in SEK's overall sustainability policy) is integrated into SEK's strategy, business planning and business objectives as well as into the risk framework and the credit process. SEK's policies and guidelines for climate-related risks are expressed as a risk appetite and handled in the CEO's "Instructions for managing sustainability risks", see Sustainability Note 4 "Management approach". Climate-related opportunities are addressed in the business plan.

SEK's policy in regards to climate-related risks and opportunities

- SEK shall refrain from participating in transactions where the environmental or climate impact is deemed unacceptable and inconsistent with international guidelines;
- SEK shall contribute to the transition to a low-carbon economy by striving to increase lending on products and services that lead to sustainable development;
- SEK shall strive to reduce the direct environmental impact of its own operations;
- SEK expects that suppliers to the company and the projects and transactions that SEK finances are conducted in an environmentally sustainable way.

SEK risk appetite for climate-related risks stipulates that:

- lending to coal-fired power plants is not permitted;
- lending to fossil energy generation must not exceed 5 percent of SEK's total lending;
- environmental and climate-related risks in project-related financing must be aligned with international guidelines.

SEK has also decided to stop the financing of:

- extraction, exploration, combustion and transportation of coal and unconventional methods for the extraction of oil and natural gas from 1 January 2021; and
- extraction and exploration of oil and natural gas from 1 January 2022.

SEK's Board's oversight of climate-related risks and opportunities

The Board of Directors continuously monitors and evaluates SEK's climate-related work. The following reporting is performed by the Company and evaluated by the Board:

- the effect of climate-related transition risks (SEK loan portfolio) on SEK's financial position;
- sustainability risks (including climate-related risks) of SEK's project-related financing;
- transactions outside of SEK risk appetite concerning climate-related risks.

Furthermore, SEK's "Sustainable Business Policy" and "Risk Policy" (which includes the risk appetite for climate-related risks) are updated and adopted at least on an annual basis.

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

SEK's management assesses and manages climate-related issues as an integral part of SEK risk management framework, business strategy and planning process.

SEK's "Instruction for sustainability risks", outlines management's responsibility for assessing and managing climate-related risks.

SEK's committees have the following responsibilities regarding climate-related risks:

- lending and investment transactions with high climate-related risks (see the section on Risk management) have to be approved by SEK's credit committee (the Head of Sustainability has to participate as member of the committee);
- all transaction with the risk of being outside of SEK's risk appetite must be approved by the Board's credit committee; and
- decisions on green lending are taken by SEK's Head of Sustainability together with either the CEO's Credit Committee or SEK's Vice President.

Strategy

The purpose of SEK's climate-related strategy is to limit climate-related risks and to work with the climate-related opportunities which can contribute to the global transition but also to the financial development of the Company.

Climate-related financial risk consists of two categories: transition risk and physical risk. Transition risks, relates to the adjustment to a low emission economy for example through policy, legal, technology, and market changes. Physical risk relates to the physical impact of climate change including event-driven acute physical risk for example extreme weather and longer-term shifts in climate patterns, such as rising sea levels. Climate-related non-financial risk in SEK's business emerges mainly from lending to fossil fuel assets and projects.

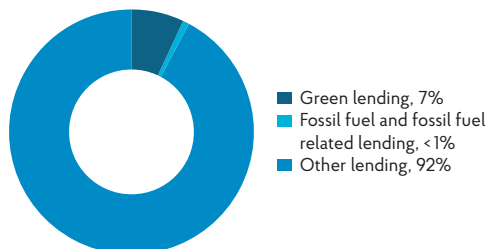
Climate-related risk can be converted into opportunities by companies offering products and services that contribute to climate change mitigation or adaptation. SEK's climate-related opportunities consist of lending to green projects and assets and through issuing green bonds.

Lending to fossil fuel assets, fossil fuel related assets and green assets

SEK has a method for classifying exposures in the Company's loan portfolio, see details under the section "Metrics and Targets". Fossil fuel assets are assets within the coal, oil and gas sector. These assets have a potential material risk of becoming stranded as a result of the energy transition. Assets which are not classified as fossil fuel assets but which have a direct link to the coal, oil and gas sector are classified by SEK as fossil fuel related assets. Both fossil fuel assets and fossil fuel related assets carry risks associated with an abrupt adjustment to a low-carbon economy, either due to changing policy or consumer preferences. Green assets are green loans, which have been classified as green according to SEK's framework for green bonds.

The following chart describes the relative proportion of SEK's lending to fossil fuel and fossil fuel related assets and green lending in relation to other lending (for more details and definitions see the Metrics and Target section below).

Fossil fuel lending, fossil fuel related lending and green lending in relation to other lending.



Exposure to sectors sensitive to transition risks

In addition to fossil fuel and fossil fuel related assets, the sectors in the table below are assessed by SEK, using the TCFD recommendations, as being most sensitive to transition risk. The impact at client level could depend on factors such as geography, operational factors and business strategy. If the client has relevant climate-related mitigation

strategies in place, there are also climate-related opportunities within these sectors.

Impact of climate-related risks and opportunities on SEK's business model and strategy

Climate change entails risks and opportunities for Swedish exports and export financing. Changes in international demand patterns due to the transition to a climate neutral world economy could create medium-term risks but also opportunities if the interest for Swedish solutions and technology in large international projects increases. The transition to a low carbon export industry and climate neutral infrastructure in Sweden will become important factors for the future success of the Swedish export industry (as identified in the Swedish Export and trade strategy 2019).

Seen from an international perspective, the share of fossil fuel transactions pertaining to the extraction of coal and oil is low in SEK's lending portfolio. Export finance to operations and projects for the extraction of natural gas is also limited, albeit relatively larger.

Overall, SEK has identified the following potential climate-related issues as important for the Company's mission and long-term business strategy:

- managing climate transition risks in the lending portfolio;
- limiting exposure to fossil fuel assets and fossil fuel related assets; and
- expanding green loans and bonds.

In SEK's business plan for 2021-2023, the transition to a climate neutral economy is one of five focus areas. In the plan, the management has expanded the focus on climate-related business opportunities for example increased issues of green loans and green bonds to meet demand related to climate transition from the export industry. In regard to financing international transition projects, SEK has identified and prioritized four areas in Sweden where the demand and business potentials are expected to increase. These areas are:

Transportation	Smart cities	Energy	Shipping
• Transportation industry	• The recycling industry	• Renewable	• Swedish and foreign ship-owners
• Rolling stock/public transportation	• Digitalization	• Mining and minerals	
		• Petroleum and biofuels	

Resilience of SEK's strategy and business model in a 2°C or lower scenario

SEK conducts climate-related stress tests in order to identify potential negative changes in SEK's financial situation and capital ratio due to climate transition risks not managed by corporates in the current loan portfolio. When performing the stress test, SEK assumed that the current loan portfolio will be extended and prevail over a 10-15-year time period.

The stress tests are based on two scenarios developed by the International Energy Agency's (IEA's), "World Energy Outlook": the "Stated Policies Scenario" and the "Sustainable Development Scenario". The Sustainable Development Scenario represents an energy path determined by the objective of limiting the average global temperature increase to a maximum of approximately 1.8 °C. In the 2020 stress test, SEK only includes climate-related transition risks, as these

Sectors sensitive to transition risk

Gross exposure		2020		Examples of potential impact for clients in these sectors may include
Sectors	Skr bn	%		
Paper & Forest Products	11.7	3.3		<ul style="list-style-type: none"> • Increased pricing of GHG emissions • Changing customer behavior • Mandates on and regulations of existing products and services • Stigmatization of sector • Increased stakeholder concern on negative stakeholder feedback • Costs on transition to lower emission technology • Substitution of existing products and services with lower emission options • Unsuccessful investments in new technologies
Automobiles & Airlines	10.0	2.8		
Electric Utilities & Power Producers	9.8	2.7		
Metals & Mining's	9.6	2.7		
Other sectors sensitive to transmission risk	13.5	3.8		
Total	54.6	15.3		

are currently assessed to be most relevant for SEK's business. Physical climate risk (for example in the form of a 4 °C scenario) is not included. The outcome of the 2020 stress test shows limited impact on SEK's financial situation due to climate-related transition risk. The tables below show the estimated long-term negative impact (more than 10 years) on SEK's total capital relation in absolute percentage terms, if SEK's lending were to remain constant and remain exposed to the two different climate scenarios stated below. Some sectors that are particularly sensitive to long-term transition risks are, for example, "Oil, Gas and Consumable Fuels", "Electric Utilities", "Independent Power Producers and Energy Traders" and "Metals and Mining".

Stated Policies Scenario	2020	2019
Potential change in SEK's total capital ratio in a 10 year perspective	-1%	-1%

Sustainable Development Scenario (approximately 1,8 degrees Celsius)	2020	2019
Potential change in SEK's total capital ratio in a 10 year perspective	-2%	-2%

The Swedish Export Credit System's proposed strategy for an Export Credit System which contributes to the climate transition

In 2020, EKN and SEK presented the report "An export finance system that contributes to the climate transition" (Ref. No. D20/03463). The report outlines a common strategy and the following eight proposals to (over time) align the Swedish export credit system with the Paris Agreement.

1. EKN's and SEK's approach for transactions with operations with high greenhouse gas "GHG" emissions, asides from operations that conduct the extraction and exploration of fossil fuels, will place more importance on projects and operations that are in line with the Paris agreement's 1.5 °C goal.
2. The Swedish export finance system should, as a minimum requirement, be able to match other export credit institutions within the EU when it concerns transactions that contribute to the climate transition to make it possible for competition to occur on equal terms.
3. EKN will examine the possibility of providing guarantees to environmental and climate investments in Sweden that can contribute to the climate transition in those cases where there exists a direct or indirect connection to Swedish exports
4. EKN will, primarily in collaboration with the Swedish Energy Agency and Almi Business Sweden, but also other relevant bodies, develop information for Swedish SMEs whose products and services have high export potential and can contribute to the global climate transition.
5. EKN and SEK will further develop their reporting and strengthen the analysis of climate-related risks and opportunities in their respective operations.
6. EKN and SEK have commenced efforts to further increase the transparency of the Swedish export finance system on business, sector and portfolio levels primarily concerning the sustainability and climate areas.
7. EKN and Sida should be tasked with a joint assignment to, in consultation with SEK, Swedfund and Business Sweden as well as other relevant companies, prepare tangible proposals to increasingly leverage existing potential synergies between the export finance system and the Swedish development collaboration based on current goals.
8. EKN and SEK will establish a joint climate council. The council will operate as a general knowledge resource for EKN and SEK and assist with expertise in issues that, for example, concern climate research and the development of international regulations and reporting standards connected to the goals of the Paris Agreement.

Risk Management

This section describes the risk management processes for identifying, assessing and managing climate-related risks. Risks encompass both the risk of a negative impact on SEK from a financial perspective and the risk of a negative impact on the climate (double materiality). Financial risk is here limited to credit risk.

Processes for identifying, assessing and managing climate-related credit risk

Climate-related financial risks are identified, assessed and managed by SEK. Stress test are conducted by applying estimated negative or positive changes in credit ratings due to climate-related transition risks to SEK's credit portfolio. The effect of climate-related transition risk is calculated on the credit performance of the loan portfolio based on different climate scenarios as stated in the Strategy section above. The table shows the relative change in rating scores in the Sustainable Development Scenario (approximately 1,8 °C).

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

ESG factors in the credit rating process

During 2020, SEK has piloted a process for ESG factors (including climate-related financial risks) to be integrated in the credit rating procedure of each individual counterparty. The ambition is to implement the process during 2021.

Processes for identifying, assessing and managing environmental risks

Lending and liquidity investment transactions are screened by SEK to identify those with high risk for environmental impact/climate-related risk, which are then subjected to in-depth examination. Transactions with high environmental impacts are also assessed by a sustainability analyst to ensure that the transaction is within the SEK risk appetite (see Sustainability Note 4). The following parameters indicate an increased climate-related risk:

- fossil fuel and fossil fuel related activities;
- sectors with significant 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, transports and energy generation. 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

Currently SEK has not booked any increased costs but acknowledges that this can change as the climate-related requirements constantly increases.

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 travelling in some cases may have reduced SEK's costs.

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

Metrics and Targets

To increase transparency and comparability, SEK discloses relevant metrics and targets.

Climate-related exposures

The underlying method for classifying exposures in SEK's lending portfolio that are sensitive to climate-related risks is based on the

sector term "carbon asset risks" developed by the World Resources Institute (WRI) and UNEP Finance Initiative (UNEP-FI). Four different carbon asset risks relate to the Global Industry Classification Standard (mapped to GICS codes within SEK).

Carbon asset class

(WRI and UNEP-FI Portfolio Carbon Initiative)

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

In the table below, SEK's exposure (gross and net) to assets that are or could be exposed to financial and non-financial climate-related risk is disclosed. Non-financial climate-related risk refers only to assets within the sectors coal, oil and gas. In total, gross exposures to these

assets amount to SEK 2.1 billion (refers to Fossil-fuel asset class 1 in the table "Sectors exposed to transition risk" and all assets in the table "Other fossil fuel-related assets")

Assets exposed to climate related transition risk and other assets

	2020				2019			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
Fossil fuel assets (linked to sectors)	Skr bn	%	Skr bn	%	Skr bn	%	Skr bn	%
Fossil fuel assets (Carbon Asset Class 1)	1.2	0.3	0.1	0.0	1.8	0.5	0.2	0.1
Other assets that could be exposed to transition risks Carbon Asset Class 2-4)	53.4	14.9	34.7	9.7	51.7	14.9	31.1	8.9
Assets in other sectors not classified as exposed to transition risks	304.9	84.8	324.7	90.3	294.0	84.6	316.2	91.0

SEK's gross exposure to fossil fuel related assets that are not included in the sector codes classification above is presented below. In these assets the financing concerns another sector such as transportation or states with an indirect link to fossil fuel assets as specified below.

Fossil fuel related assets

	2020	
	Gross exposure	
	Skr bn	%
Natural gas projects & assets	0.2	0.1
Oil and petrol assets	0.2	0.1
Transportation potentially used in coal mines	0.2	0.1

Green loans and bonds

SEK offers green loans that promote the transition to a low-carbon economy. Green loans are categorized according to SEK's framework for green bonds and financed using SEK's green bonds. The reduction in carbon dioxide emissions is estimated for the green loans.

SEK's framework for green bonds contains eight categories with certain further limitations. SEK's framework for green bonds can be found at www.sek.se.

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 2012 and in accordance with SEK's

Framework for Green Bonds, September 2014. The estimated reduction in reported carbon dioxide 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.

The following table shows the outcome of SEK's new lending of green loans, green bonds and yearly carbon dioxide reduction from the underlying green projects.

New green assets, green bonds and annual carbon dioxide reduction

Skr mn	2020	2019	2018	2017	2016
New lending green loans	10,827	3,063	2,044	2,385	3,334
Volume of green bonds issued during the year	5,100	1,000	-	-	-
Annual carbon dioxide reductions from green projects (tons CO ₂ e)	>5,211,000	>4,615,000	>4,615,000	>4,615,000	>4,638,000

SEK has set specific targets in the business plan 2021-2023 to increase the number of new green loans in accordance to the description below.

Target green loans

Skr mn	2023	2022	2021	2020	2019	2018
Target for new green loans	45	35	30	12	10	-
Actual number of new green loans	-	-	-	11	9	14

Climate impact of SEK's operations

SEK's direct climate and environmental impact primarily derives from SEK's office in Stockholm and business travel. Based on the materiality analysis, SEK's direct impact is not classified as a material sustainability topic. SEK works actively with environmental issues in the procurement of products and services. The travel policy stipulates that any business travel must be motivated and use the most cost-efficient and eco-friendly method possible. Transportation should be chosen so as to minimize environmental impact. Where possible, only The Swan (Nordic ecolabel) hotels are used in Sweden. In 2020, the carbon footprint from business travel decreased. Renewable energy sources are used to heat SEK's offices, and all paper products have the "EU Ecolabel" or Swan ecolabel. The emissions from heat consumption has decreased by around 63 percent since 2008, when SEK started to measure the climate impact of its own operations.

Direct environmental and climate impact reporting in terms of emissions from SEK's operations, 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.

Emission data for Company cars has been gathered by reporting mileages; for electricity and district heating from meter readings; and for couriers through statistics on deliveries. Data for business travel has been received from travel agents and standard values have been applied for supplies and commuting. Climate reporting for SEK's own operations utilizes the number of annual full-time equivalents (FTEs) at the end of the year, which was 253 for 2020. SEK climate compensates for the total emissions related to office space and travel.

For additional information regarding the calculation of the climate impact, please see the Tricorona Climate calculation Report on www.sek.se.

SEK's direct climate impact

Climate impact from our operations in tonnes of CO ₂ e	2020	2019	2018	2017	2016
Total GHG emissions	165	381	415	440	402
Direct GHG emissions scope 1	-	0	16	16	15
Indirect GHG emissions energy usage scope 2 ¹	9	16	33	25	25
Other indirect greenhouse gas emissions scope 3	156	365	366	400	363
Emissions per employee	0.65	1.56	1.74	1.76	1.57

1 Calculated with the market-based method.

Note 7. Labor standards and human rights in international business

Respect for labour 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.

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; or
- operations or exports to operations in areas of conflict; or
- telecom operators or telecom equipment in countries under repressive, authoritarian rule; or
- gene technology for countries under repressive, authoritarian rule; or
- operations or export to countries in which human rights violations are at particularly high risk.

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 2020

New transactions were implemented in the following countries that are classified as complex markets: Angola, India, China, Democratic Republic of the Congo, Saudi Arabia, Tanzania, Thailand, Turkey and Vietnam. All of these transactions are deemed to comply with international guidelines on human rights.

Note 8. Environmental and social considerations in 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.

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 2020

New project-related lending transactions in 2020 are deemed to comply with the Equator Principles or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

During the year, 5 out of a total of 60 existing projects were reported which were potentially outside SEK's risk appetite. Measures were undertaken, including through the establishment of action plans. In 2020, SEK granted four A-project in the UK, Democratic Republic of the Congo, Chile and Sweden, as well as five B-project in the Ivory coast, Sweden and Denmark. For a definition of A/B/C projects and a complete report submitted to the Equator Principles' secretariat, refer to www.sek.se.

	2020	2019	2018	2017	2016
Percentage of all new lending subjected to environmental and societal review, including human rights, labor conditions and anti-corruption	100%	100%	100%	100%	100%
Loans granted to category A projects (number)	4	1	1	2	1
Loans granted to category B projects (number)	5	2	5	4	5

Note 9. 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. The increased indirect impact calculated in 2020 was due to increased lending volumes.

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. 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	2020	2019	2018	2017	2016
Contribution to Sweden's GDP (Skr mn)	80,000	51,000	36,000	51,000	33,000
Contribution to jobs in Sweden (number)	87,000	51,000	48,000	65,000	44,000

Note 10. 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 2020 below. In addition to reporting in line with the GRI Standards and the UNGC, reports on activities within the framework of the UN's Sustainable Development Goals and the Fossil Free Sweden initiative. See sustainability notes 11 and 12.

Standard Disclosure	Content	Page number	UN GC principle
GRI 102: GENERAL DISCLOSURES 2016			
102-1	Name of the organization	Page 64	
102-2	Activities, brands, products and services	Pages 22-23	
102-3	Location of headquarter	Page 64	
102-4	Location of operations	Page 64	
102-5	Ownership and legal form	Page 45	
102-6	Markets served	Pages 20-23, 26-27, 111, 113	
102-7	Scale of the organization	Pages 34-37, 64, 81	
102-8	Information on employees and other workers	Page 10-11, 31, 81	
102-9	Supply chain	Page 31	
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary principle or approach	Page 122	
102-12	External initiatives	Page 45	
102-13	Membership of associations	Page 124	
102-14	Statement from senior decision-maker	Pages 6-7, 44	
102-15	Key impacts, risks and opportunities	Pages 8-9, 16, 42-43, 126-130	
102-16	Values, principles, standards and norms of behavior	Page 51, 124	
102-17	Mechanisms for advice and concerns about ethics	Page 51	
102-18	Governance structure	Pages 45-51	
102-32	Highest governance body's role in sustainability reporting	Page 124	
102-40	List of stakeholder groups	Page 122-123	
102-41	Collective bargaining agreements	Page 79	
102-42	Identifying and selecting stakeholders	Page 122-123	
102-43	Approach to stakeholder engagement	Page 122-123	
102-44	Key topics and concerns raised	Page 123	
102-45	Entities included in the consolidated financial statements	Page 64	
102-46	Defining report content and topic boundaries	Page 122-123	
102-47	List of material topics	Page 123	
102-48	Restatements of information	Page 122	
102-49	Changes in reporting	Page 122	
102-50	Reporting period	Page 122	
102-51	Date of most recent report	Page 122	
102-52	Reporting cycle	Page 122	
102-53	Contact point for questions regarding the report	Page 122	
102-54	Claims of reporting in accordance with the GRI Standards	Page 122	
102-55	GRI-index	Page 132-133	
102-56	External assurance	Pages 122, 139	

Standard Disclosure	Content	Page number	UN GC principle
MATERIAL TOPICS			
GRI 201: ECONOMIC PERFORMANCE 2016			
103-1,103-2,103-3	Management approach	Page 124, 126-128	
201-1	Costs for climate-related measures	Page 128	
201-2	Financial implications and other risks and opportunities due to climate change	Page 127-128	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
103-1,103-2,103-3	Management approach	Page 6, 12-14, 122-124, 132	
203-2	Significant indirect economic impacts	Page 12, 17, 19, 131	
GRI 205: ANTI-CORRUPTION 2016			
103-1,103-2,103-3	Management approach	Pages 120, 124	10
205-1	Operations assessed for risks related to corruption	Pages 120, 124-125	10
205-2	Communication and training about anti-corruption policies and procedures	Page 31, 33, 125	10
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
103-1,103-2,103-3	Management approach	Pages 31, 46	3
405-1	Diversity of governance bodies and employees	Pages 19, 31, 33, 81	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
103-1,103-2,103-3	Management approach	Pages 29, 120, 124, 130	1, 2, 4, 5, 6
412-3	Credit decisions that have been subject to human rights reviews or impact assessments	Pages 120, 130	2
GRI G4: SECTOR-SUPPLEMENT FOR FINANCIAL SERVICES			
103-1,103-2,103-3	Management approach	Pages 124, 126-130	
FS6	Lending portfolio broken down by region and sector	Pages 26-27, 65, 111-113, 120	
FS8	Products with environmental benefits	Pages 23, 30, 33, 65, 130	

Note 11. The UN's Sustainable Development Goals

SEK adheres to the Sustainable Development Goals. SEK does so in various ways both as an export finance institution and as an employer. We have been active in green financing since 2015 and are constantly broadening our sustainable financing offerings. Our focus on integrating sustainability risk management into our risk framework helps us to reduce potential negative impacts that certain business activities might have on the realization of the SDGs. This SDG report is a first step for SEK to disclose how our business relate to the SDGs. Here we outline new and ongoing activities and cooperation during 2019 SEK conducts to address selected SDGs.

Sustainability Development Goal and Targets	Activities 2020
 <p>11.2 Affordable and sustainable transport systems 11.6 Reduce the environmental impact of cities</p>	<ul style="list-style-type: none"> • Team Sweden Smart City Working Group • Industry-led partnership between India and Sweden for smart and sustainable cities • SEK & EKN loan commitment USD 2 billion for sustainable cities in India
 <p>7.2 Increase global percentage of renewable energy 7.A Promote access to investments in clean energy 7.B Expand and upgrade energy services for developing countries</p>	<ul style="list-style-type: none"> • Commitment 2019 to support the transition to a climate neutral economy in Sweden • Team Sweden initiative to address large international transition projects • Green bond issuance • Green offerings and green pricing introduced in 2019
	
 <p>16:5 Substantially reduce corruption and bribery</p>	<ul style="list-style-type: none"> • Team Sweden anti-corruption working group • Team Sweden human rights working group
 <p>17:17 Encourage effective partnerships</p>	<ul style="list-style-type: none"> • Equator principles and OECD's common approaches for environmental and social due diligence • Member in Transparency Business Group • Projects for improved sustainability information, a cooperation between academia, government agencies, business and the financial sector

Note 12. The Fossil Free Sweden initiative

The Fossil Free Sweden initiative aims to showcase participants that, through their operations, contribute to solving climate issues and to reaching the goal of a fossil-free society. In 2016, SEK joined the Fossil Free Sweden initiative and participated in network meetings during the year. The following activities support the initiative.



SEK's activities

- Green loans
- Green bonds
- Own fossil free operations through carbon offsetting