


This note outlines the activities SEK has completed in order to update its policies and internal processes to implement the Equator Principles since its' adoption thereof and up until 30 June 2021.

- SEK adopted Equator Principles in 2017. Since then, well proven routines and internal guidelines have been updated and complemented within SEK. During 2020, SEK updated its framework to align with Equator Principles IV.
- SEK has updated its governance, policies and guidelines on Environmental & Social and Human Rights (E&S) due diligence and monitoring to incorporate the requirements of both the OECD Common Approaches, and the Equator Principles. The governance, policies and guidelines sets out how SEK implements the OECD Common Approaches and Equator Principles, where the pre-transactional actions (scoping, screening, due diligence review), these aspects satisfy Equator Principles 1–8, and for post-issue monitoring, to satisfy Equator Principle 9. This reporting of our progress to date forms part of our obligations under Equator Principle 10 (Reporting and Transparency) and as articulated in Annex B of the Equator Principles.
- SEK has updated its internal processes and management systems to ensure the internal responsibilities are conducted with reference to the OECD Common Approaches and the Equator Principles.
- The Transaction Risk Analysis Team (“ARA”) staff and Sustainability Analyst(s)/Legal & Sustainability Analysis are professionally qualified to directly undertake and/or manage the necessary E&S due diligence and liaise with Project sponsors and/or exporters and SEK’s decision-makers. The ARA reports directly to the Head of Business Support. The Sustainability Analyst reports directly to General Counsel, Head of Legal and Sustainability Analysis.
- Since SEK’s adoption of the Equator Principles, SEK’s Business-teams and supporting units have conducted the Equator Principles-training program. Training and implementation of Equator Principles Loan Clauses have been undertaken with Legal Counsels.
- Since adopting the Equator Principles in 2017, SEK has provided, and continues to provide, internal training within SEK; Management, Client Relationship-team, Business-teams and supporting units, and other relevant staff, to raise awareness of the requirements of OECD Common Approaches, the Equator Principles and general E&S risk management.

Description of SEK’s organizational and governance structure for integrating Equator Principles

Organizational structure (responsibilities):		
	Head of Sustainability	<ul style="list-style-type: none"> Strategic relation with EPFI Member of SEK credit committee in decisions concerning A and B Projects
	Risk Department	<ul style="list-style-type: none"> Overall business risk analysis of sustainability risks Follows up on SEK’s compliance with its risk framework, including Equator Principles
	Business-units and Transaction Risk Analysis Team	<ul style="list-style-type: none"> Screening for sustainability risks and initial categorization of (A, B, C Projects) Suggests classification of A and B Projects Equator Principles-reporting
	Sustainability Analysts (Legal & Sustainability Analysis)	<ul style="list-style-type: none"> Coordinates practical cooperation with EPFI Approve categorization of A and B Projects Environmental and social assessments for A and B Projects, action plans and follow-up
	Legal counsels (Legal & Sustainability Analysis)	<ul style="list-style-type: none"> Sustainability covenants (including Equator Principles-covenants)

Risk governance structure

- Sustainability risks are defined as a risk type in SEK's overall risk management framework and included in the monthly risk report to the Board of Directors.
- Project-related sustainability risks are identified as one material sustainability risk in SEK's overall business risk analysis.
- According to SEK risk appetite and risk strategy for Project related risks, Projects should be in line with Equator Principles or OECD Common Approaches (as applicable).
- If a Project is deemed not to be in accordance with Equator Principles, it will be regarded as outside SEK risk appetite and reported to the Board of Directors.
- SEK's total Project portfolio in accordance with Equator Principles is followed up on a yearly basis and reported to the Board of Directors.

Description of SEK's internal process flow for identifying and managing transaction in line with the Equator Principles

1. For all lending transactions, a Transaction Team ("TT") is formed, consisting of (inter alia) the respective Transaction Manager/Client Executive, a Transaction Risk Analyst, a Credit Officer, a Legal Counsel, and, when relevant, a Sustainability Analyst.
2. When a new potential transaction is identified, the Business-units and ARA team identifies (inter alia) whether the transaction falls within the scope of the Equator Principles framework. ARA assesses the potential transaction in a structured and organized manner and obtains expertise Equator Principles-advice from a Sustainability Analyst throughout the whole process, if needed.
3. The screening and preliminary categorization (A, B or C) of transactions is carried out by the Transaction Risk Analyst, with expertise support and advice from Sustainability Analyst. If the Transaction Risk Analyst and Sustainability Analyst cannot agree on a category, the decision would be escalated to the Credit Committee.
4. All transactions that qualify within the Equator Principles scope and that are classified as A or B, needs to be presented in SEK's Credit Committee before potential approval. Credit memos contain a specific section dedicated to sustainability issues, where it is required to specify whether a transaction falls within the Equator Principles or OECD Common Approaches (as applicable) framework or not. Additional information, including covenants, is mandatory if transactions fall within the Equator Principles or OECD Common Approaches (as applicable) framework. The validation and approval process is performed within SEK's lending process.

This follows SEK's normal process for all types of lending transactions. Head of Sustainability takes part in SEK Credit Committee in decisions concerning A and B Projects.

5. After credit approval, relevant sustainability related covenants are documented in the loan documentation by the TT with applicable expertise and advice from Legal Counsel as well as Sustainability Analyst. In this way, processes and routines are put in place to ensure that relevant Equator Principles related covenants are correctly implemented and adhered to.
6. A lending transactions' continuing compliance with applicable standards and Equator Principles requirements is monitored by the TT and by the expertise advice from Sustainability Analyst and Legal Counsel, if necessary. The policies and processes implemented around Equator Principles are integrated in the general environmental and social risk policies within SEK. The monitoring and reporting requirements are recognized within SEK and implemented throughout the credit process and cycle.

Further information is available at: <https://www.sek.se/en/sustainability/>