

Corporate Governance Report 2020

SEK is a Swedish credit market institution, with its seat in Stockholm, Sweden. SEK is wholly owned by the Swedish state and under the administration of the Swedish Ministry of Enterprise and Innovation.

The government considers SEK a key actor in the state's promotion of the Swedish export industry and in the realization of the government's export strategy.

Corporate governance at SEK is based on Swedish law and the applicable Swedish and international regulations, including the international guidelines adopted by SEK.

The owner's governance of SEK is executed through the state's ownership policy for state-owned companies 2020 and owner instruction and, as for all Swedish limited companies, through the Swedish Companies Act (*aktiebolagslagen (2005:551)*) its Articles of Association, general meeting of shareholders, its Board and its CEO. In addition to its effort to operate responsibly, SEK complies with international sustainability guidelines.

The state's ownership policy and guidelines for companies with state ownership

On February 27, 2020, the Swedish Government adopted a new ownership policy for state-owned companies. In the state's ownership policy, the government details its mission and objectives, the applicable frameworks and its position on key policy issues pertaining to corporate governance at all state-owned companies. The state's ownership policy includes the government's guidelines for external reporting and guidelines for terms of employment for senior executives. Moreover, the state's ownership policy means that the Swedish Corporate Governance Code (the "Code") shall be applied.

As set out in the state's ownership policy, *inter alia*, as a state-owned company, SEK is to set a positive example for

sustainable business. For governance pertaining to sustainability, see Sustainability Note 4.

State-owned companies are subject to more substantial information requirements regarding sustainability reporting and, therefore, are to apply such regulations as the GRI Sustainability Reporting Guidelines or other international frameworks for sustainability reporting.

The Code

The Code is part of the Swedish government's framework for corporate governance. SEK complies with the Code in line with the owner's guidelines.

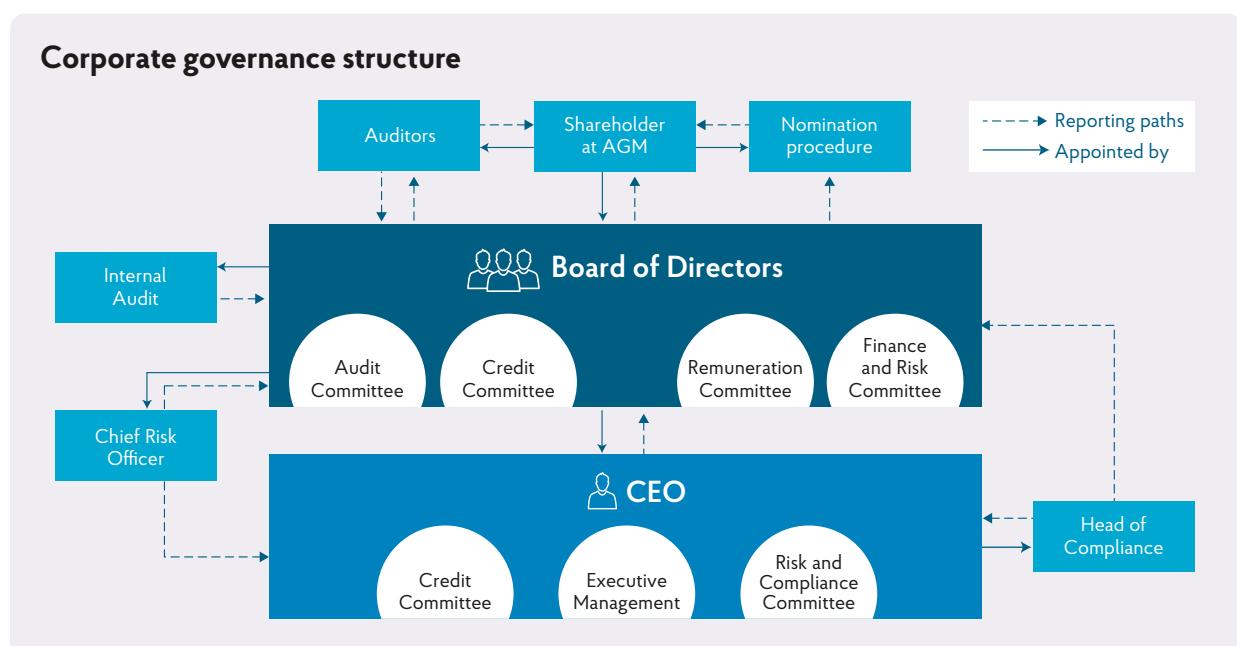
Deviations from the Code

SEK chooses to deviate from the Code in regard to certain aspects, in accordance with the Code's regulations regarding "comply or explain." The reason for such deviations is that SEK is wholly owned by the state and it is not a publicly listed company with diverse ownership. SEK's corporate governance deviated from the requirements of the Code on the following points in the 2020 fiscal year:

Nomination Committee. The nomination process for Directors and auditors adheres to the principles described in the state's ownership policy.

Chairman of the General Meeting. The nomination process for the Chairman of the General Meeting adheres to the principles described in the state's ownership policy.

The Board of Directors' independence from the owner. In accordance with the state's ownership policy, SEK does not disclose whether the Directors are independent in relation to the owner.



Owner instruction

The owner instruction states, *inter alia*, that SEK is to: (a) conduct lending operations on commercial and sustainable terms, within the scope of the objects set out in the Articles of Association, with the aim of promoting the Swedish export industry by offering financing solutions that directly or indirectly promote Swedish exports; (b) provide export credits, including the officially supported credits (CIRR loans); (c) in periods when the market can not satisfactorily provide financing to the Swedish export industry, constitute a tool whereby the government can take separate measures to ensure that such financing can be provided; and (d) 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, SEK is to comply with international frameworks, such as the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles, and observe the OECD's Recommendation of the Council on Sustainable Lending Practices and Officially Supported Export Credits. Accordingly, SEK's sustainability work is integrated into its corporate governance.

The owner instruction sets further requirements for the reporting and control of SEK's administration of the CIRR system under the specially commissioned public policy assignment from the government. The socioeconomic value of this can be evaluated in part by measuring the added value that SEK generates in terms of export credits, of which CIRRs comprise a part, and in part through the company conducting a stakeholder dialogue.

Articles of Association

SEK's Articles of Association regulate such issues as the operating targets of the company. The Articles of Association does not include any provisions for the appointment or removal of Directors, except for a provision stipulating that the Chairman of the Board is to be appointed by the general meeting of shareholders and the maximum and minimum number of Directors. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting that will address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting. SEK's Articles of Association do not contain any limitations on the number of votes that the shareholder can cast at a general meeting of shareholders.

General meeting of shareholders

Annual General Meeting

SEK's Annual General Meeting was held on March 26, 2020. External parties were entitled to attend the meeting. The minutes of the Annual General Meeting are available at www.sek.se.

The Annual General Meeting re-elected the following Directors: Lars Linder-Aronson, Cecilia Ardström, Anna Brandt, Reinhold Geijer, Hanna Lagercrantz, Hans Larsson, Eva Nilsagård and Ulla Nilsson. Lars Linder-Aronson was re-elected Chairman of the Board by the Annual General Meeting.

The Annual General Meeting adopted the Annual Report for 2019 submitted by the Board and the CEO, and discharged the Board and the CEO from liability for the fiscal year 2019. The owner resolved, given the current circumstances, to abstain from a dividend.

In addition, the Annual General Meeting resolved on unchanged guidelines for the remuneration of senior executives, see also under note 5 of the Annual Report, as well as the state's ownership policy, the government's Guidelines for external reporting in state-owned companies, and the government's Guidelines for remuneration and other terms of employment for senior executives in state-owned companies as adopted by the government on February 27, 2020.

The Board of Directors

The Board's composition and nomination procedure

The nomination procedure for Directors complies with the state's ownership policy and is conducted and coordinated by the Division for State-owned companies at the Swedish Ministry of Enterprise and Innovation. A working group analyzes the skills requirements based on the composition of the Board as well as the company's operations, status, future challenges and completed Board of Directors training. Any recruitment needs are then established and the recruitment process initiated. The state's ownership policy sets out that the government seeks to achieve an even gender balance and the target is a minimum of 40 percent board representation for both women and men. Boards with six to eight directors elected by the general meeting of shareholders must include at least three persons of each gender. Directors are to be selected from a broad recruitment base with the aim of utilizing the expertise of women and men, as well as of individuals with various backgrounds and experience. Discrimination based on gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual preference or age is prohibited.

SEK carries out a suitability assessment of Directors and senior executives pursuant to the regulatory framework issued by the European Banking Authority (EBA). SEK's assessment of potential new Directors is based on the owner having identified the candidate in question according to a job specification. The owner is informed of the outcome following SEK's assessment. When the procedure is complete, the nominations are disclosed publicly in accordance with the provisions of the Code.

The Articles of Association stipulate that the Board is to comprise no less than six and no more than eight Directors. Directors are elected each year at the Annual General Meeting to serve until the end of the following Annual General Meeting. The CEO is not a Director. The Board of Directors consists of five women and three men. The names, ages, and main education of the Directors, and the number of Board and Committee meetings held during the year are presented on pages 48 and 52–53. None of the Directors or the CEO hold shares or financial instruments issued by SEK.

Chairman of the Board

The Chairman of the Board is elected by the annual general meeting of shareholders. Should the Chairman resign from the assignment during the term of office, the Board is to elect a new Chairman from within its ranks to serve until the end of the general meeting that elects a new Chairman. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating the annual evaluation of the

Board's and the CEO's work. The Chairman ensures that the Board receives adequate information and decision data for its work by, inter alia, informing the Board about what has transpired from contact with the owner. The Chairman also ensures that the Board receives the requisite training for the Board work to function efficiently, and checks that Board decisions are implemented.

The Board and its working methods

The Board is responsible for the organization and the administration of SEK's affairs of which sustainability forms an integral part. The Board is also tasked with ensuring that the company's financial statements, including sustainability reporting, are prepared in accordance with applicable legislation, accounting standards and other requirements. The Board must continually assess SEK's financial position and ensure

that SEK is structured in such a way that its accounting, management of funds and SEK's other financial circumstances are governed by satisfactory controls. The Board adopts the operating targets and strategies for the operations, and issues general internal regulations in policies and instructions. The Board ensures that an efficient system is in place to monitor and control SEK's operations. In addition, the Board is tasked with appointing, and dismissing if necessary, the CEO and the Chief Risk Officer, and deciding on the remuneration of these individuals and other members of executive management.

The Board's work follows the rules of procedure and the Board's annual plan, which are adopted each year at the statutory Board meeting. The Board of Directors met on 12 occasions in 2020. The CEO attends all Board meetings except those addressing matters in which there is a conflict of interest, such as when evaluating the CEO's work.

Attendance at Board and committee meetings in 2020

| | Total | Board of Directors | Remuneration Committee | Finance and Risk Committee | Credit Committee | Audit Committee |
|----------------------------------|-------|--------------------|------------------------|----------------------------|------------------|-----------------|
| Number of meetings | 52 | 12 | 5 | 9 | 19 | 7 |
| Lars Linder-Aronson ¹ | 47 | 12 | 5 | 9 | 19 | 2 |
| Cecilia Ardström ² | 28 | 12 | 0 | 9 | 0 | 7 |
| Anna Brandt | 31 | 12 | 0 | 0 | 19 | 0 |
| Reinhold Geijer | 36 | 12 | 5 | 0 | 19 | 0 |
| Hanna Lagercrantz ³ | 26 | 12 | 5 | 7 | 0 | 2 |
| Hans Larsson ⁴ | 26 | 12 | 0 | 9 | 0 | 5 |
| Eva Nilsagård | 24 | 12 | 5 | 0 | 0 | 7 |
| Ulla Nilsson ⁵ | 38 | 12 | 0 | 2 | 19 | 5 |

1 Lars Linder-Aronson stepped down from the Audit Committee on March 26, 2020.

2 Cecilia Ardström resigned as a Chairman of the Finance and Risk Committee on March 26, 2020.

3 Hanna Lagercrantz was elected as a member of the Finance and Risk Committee on March 26, 2020 and on the same day she stepped down from the Audit Committee.

4 Hans Larsson was elected as a Chariman of the Finance and Risk Committee on March 26, 2020 and on the same day he was elected as a member of the Audit Committee.

5 Ulla Nilsson was elected as a member of the Audit Committee on March 26, 2020 and on the same day she stepped down from the Finance and Risk Committee.

Board's work during the year

The COVID-19 pandemic, that broke out in the spring of 2020, impacted the work of the company and of the Board during the year. A tangible result of this has been that a large share of the year's meetings have been held digitally. Another direct consequence was that in November 2020, the planned Board trip to New York and Washington was postponed.

When the crisis was at its worst, during the spring of 2020, much of the Board's time was devoted to monitoring the impact of the crisis on SEK's lending, but also its borrowing capacity and risk monitoring. The Board approved, for example, the utilization of the credit facility that SEK has with the Swedish National Debt Office. In June 2020, the Board also made a decision to amend the current business plan since the original business plan, that was adopted in autumn 2019, was broadly outdated six months after it was devised due to the major changes to conditions that the pandemic had led to.

In addition to matters that were more or less attributable

to the ongoing COVID-19 pandemic, the Board has managed customary matters but also gone into more depth with certain issues. The Board's strategy days during summer 2020 were devoted to such matters as the company's vision and core values as well as for the company's expanded initiative for transition credits. In addition, sustainability issues were addressed at a number of meetings, and the Board has promoted proposals to adjust the company's risk appetite so that transactions that involve financing the extraction and exploration of coal will cease. In autumn 2020, the Board followed up on the company's IT faculties and how the investments that have been made to strengthen IT capacity have developed.

In 2020, the Board of Directors also held specific training courses. The themes taken up included capital issues from a broader perspective, the design and function of the recovery plan and a review of the IBOR reform (transition to essentially risk-free rates) and SEK's efforts to adjust to the changes that this entails.

The Board established the following committees. The Board's rules of procedure include establishing annual instructions for all of its committees. The minutes from each committee are reported at Board meetings by the respective committee's chairman.

Remuneration Committee

Lars Linder-Aronson (Chairman), Reinhold Geijer, Hanna Lagercrantz and Eva Nilsagård



In addition to regular matters, the Remuneration Committee has devoted more time to issues that address the skills supply and competence development during the year, and how to ensure that the organization is efficient in reaching its objectives.

- Prepare matters relating to employment terms and conditions, salaries, pensions and other benefits for the CEO and the management, and general issues relating to salaries, pensions and other benefits.
- Prepare proposals regarding the remuneration policy for decision by the Board.
- Prepare proposals on salaries for other individuals in management positions for whom the Board determines the terms of remuneration.
- Evaluate compliance with the Annual General Meeting's resolutions on remuneration.

Finance and Risk Committee

Hans Larsson (Chairman), Cecilia Ardström, Hanna Lagercrantz and Lars Linder-Aronson



In the autumn, when the markets reacted most markedly, the Committee carefully monitored the company's capacity to finance the increasing client demand and the general risk scenario. During the year, the Committee also devoted extra time on reviewing the company's limit structure, and prepared questions that address changes to SEK's internal ratings based methodology

- Ensure that the company can identify, measure, manage, report internally and control the risks to which it is or can be expected to be exposed.
- Prepare matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues where sustainability risk is a component, as well as regarding overall issues concerning the company's financial operations.
- Set limits for such risk and capital-related matters that the Board delegates to the Committee to determine, and to establish measurement methods and limits concerning market and liquidity risk, in addition to models for valuing financial instruments.

Credit Committee

Ulla Nilsson (Chairman), Anna Brandt, Reinhold Geijer and Lars Linder-Aronson



The Credit Committee decided 95 cases (2019: 58) over the year. The Committee is the final instance for credit decisions with the exception of credit decisions that are of fundamental or otherwise significant importance to the company, which are determined by the Board. No such cases arose in 2020. During the year, much of the Committee's time was spent monitoring elevated credit risks in the wake of the COVID-19 pandemic and preparing decisions on credit provisions. The committee has also prepared questions that address SEK's focus on financing the transition.

- Ensure the Board's involvement in decision-making regarding credit risks.
- Prepare matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company, and also to take decisions regarding credits in accordance with the delegation rules determined by the Board and in which sustainability aspects are included.

Audit Committee

Cecilia Ardström (Chairman), Hans Larsson, Eva Nilsagård and Ulla Nilsson



In 2020, the Audit Committee has, in addition to the ongoing work concerning auditing, continued its focus on monitoring the company's efforts to strengthen internal controls. Additional time was devoted to the credit provisions that had been made.

- Monitor the company's financial reporting and submit recommendations and proposals aimed at assuring the reliability of the company's reporting.
- Monitor the efficiency of the company's internal control, internal audit and risk management in terms of the financial reporting.
- Evaluate the audit process and inform the Board of the results and, through the Chairman of the Board, to inform the company's owner about the results of the evaluation.
- Keep informed about the audit of the annual accounts and the consolidated financial statements, as well as the conclusions of the Supervisory Board of Public Accountants' quality control.
- Assist in the preparation of proposals regarding the selection of auditors for resolution by the general meeting of shareholders.

Policy documents

In 2020, SEK's Board and committees adopted the following policies and instructions:

Document

- The Board's rules of procedure
- Code of Conduct
- Sustainable Business Policy
- Risk Policy
- Credit Policy
- Instruction for the CEO
- Instruction for the Chief Risk Officer, CRO
- Instruction for the Internal Audit function
- Instruction for the Compliance function
- Limits for market risk
- Limits for liquidity risk
- HR policy
- Credit Instruction
- Audit instruction

Chief Executive Officer

Catrin Fransson has been the CEO of SEK since the 2014 Annual General Meeting. Catrin Fransson was born in 1962 and has an MSc in Economics and Business from Luleå University of Technology. The Board of Directors has established an instruction for the CEO's work. The CEO is responsible for day-to-day management of business operations in accordance with the Board's guidelines, established policies and instructions. The executive management (EM) is tasked with supporting the CEO in the operational management of the company.

The CEO has appointed a Risk and Compliance Committee (RCC), which has the main task of acting as a consultative body supporting the CEO on risk-related questions and questions pertaining to regulatory compliance. The RCC is tasked with preparing questions pertaining to risk and regulatory compliance, and which are to be addressed or decided by the Finance and Risk Committee, the Audit Committee or the Board. Moreover, the RCC is responsible for following up risk reports, deviations from planned measures due to identified deficiencies, and for the implementation of new and amended regulations. The internal audit function is co-opted to all of the RCC's meetings.

According to the Credit Instruction, all decisions pertaining to credits/exposures are taken by not less than two employees jointly. Accordingly, the CEO may not take any unilateral credit decision. The Board's Credit Committee has instead delegated the mandate to the company's Credit Committee (CC). The CEO is Chairman of the CC and the Committee is to be comprised of the members appointed by the Board's Credit Committee. For the CC to be quorate three members must participate in the meeting. Decisions by the CC must be unanimously. In the case of disagreement, the case is referred to the Board's Credit Committee for decision.

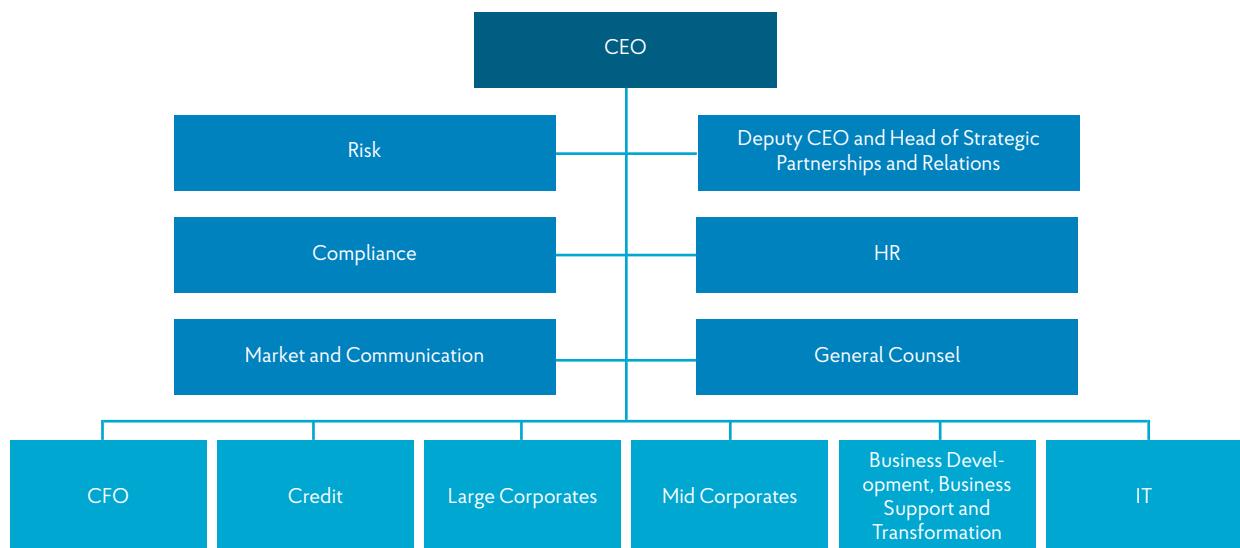
Organization

Effective from January 1, 2021, SEK has implemented a new organization aimed at reaching business goals and ensuring increased selling power. Large Corporates and Mid Corporates have been replaced by the Customer relations and Structured finance functions. The sustainability analysis has moved from Credit to Legal, with the Legal function changing name to Legal and Sustainability Analysis.

Evaluation of the work of the Board of Directors and the CEO
A separate assessment of the work of the Board and CEO is carried out once a year under the leadership of the Chairman. The results of this assessment were reported to the Board and, by the Board's Chairman, to the owner. An evaluation is also performed by the owner in conjunction with the nomination of Directors. The evaluation for 2020 was conducted with particular focus on the assessment that is to be made of the Board of Directors' suitability as a group in accordance with the regulations issued by the EBA.

Remuneration of the Board of Directors and senior executives

Information regarding remuneration of the Board, CEO and executive management and the Board's proposals to the Annual General Meeting are presented in Note 5 of this Annual Report.



Internal governance, control and risk management

The Board is responsible for SEK's internal governance and control. Effective internal control is built on a sound culture regarding risk, effective internal processes and procedures, as well as the proper functioning of the control environment through operationally integrated internal controls. The functions for compliance, risk and internal audit monitor the management of operational risk, and compliance with policy documents. All managers in each area of responsibility have an obligation to ensure that the operation for which they are responsible is conducted with good internal governance and control.

Compliance function

The compliance function assignment comprises identifying risks that the company may not meet its obligations according to legislation, regulations and other rules that apply to its operations requiring permits. The compliance function shall also assess the appropriateness of the measures taken to mitigate these risks. The compliance function is independent of the business operations and reports directly to the CEO. Within the framework of its assignment, the function monitors and controls the function of compliance with external and internal rules, provides advice and support to the business on compliance-related issues, and informs and trains the relevant executives. Reporting is made continuously to the CEO and quarterly in written and verbal form to the Board and the CEO. The scope and direction of the compliance function's work is established in an annual plan determined by the Board of Directors.

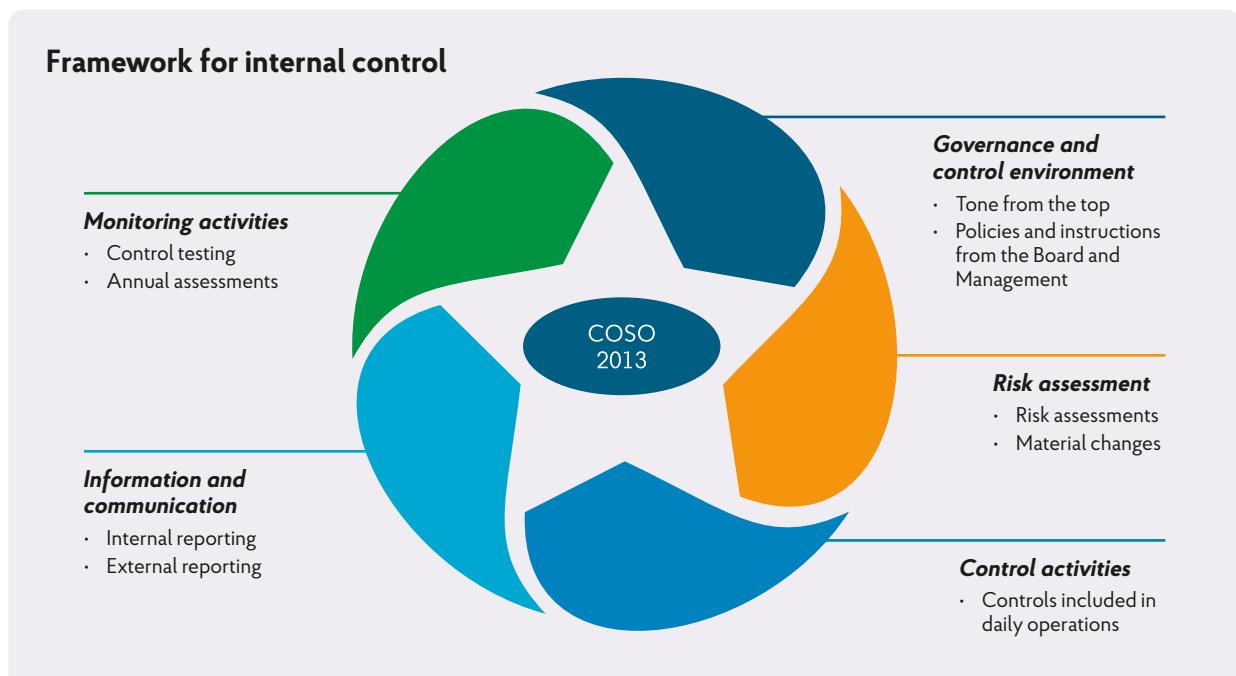
Risk function

The risk function is assigned responsibility for ensuring compliance with the overall approach and the internal rules for risk management at the company, as well as monitoring compliance with the decisions of the Board and the CEO

regarding risk management and control. The assignment also includes monitoring that the company's business operations and support functions manage risk in a satisfactory manner. The Risk function is to monitor that all material risks to which SEK is exposed, or can expect to be exposed to, are identified and managed by the relevant functions. In addition, the Risk function is to check that the company has adequate ability to, as quickly as possible, collect and automatically collate data for the company's material and measurable risks and check that the IT systems that support the collation can meet various analysis requirements. The Risk function is to comprise individuals with sufficient knowledge of methods and procedures to manage risks, and of markets and products, to be able to provide relevant and independent information, analyses and expert opinions about the company's risks. The person responsible for the independent risk control function is the CRO, who reports directly to the CEO, and reports regularly to the Board of Directors and the CEO.

Internal audit

SEK has an independent internal audit function that reviews the company's internal governance and control. The Board establishes the auditing assignment each year by means of an audit plan, which takes into account the mandatory audits required by applicable legislation. The assignment involves checking and assessing whether the company's risk management, governance, control, reporting and management processes and regulatory compliance are effective and suitable. The internal audit reports its observations to the Board and the CEO. As of 2019, the external party conducting the internal audit is Deloitte. The appointment of an external party to perform the internal audit provides SEK with access to significant and extensive capabilities for auditing the company's regulatory compliance, particularly capital adequacy, including audits of ICAAP and the company's IRB model.



Code of Conduct

It is the responsibility of the CEO to establish guidelines so that all employees understand the requirement for maintaining ethical values and the role of each individual in such work, as regulated in part by the Code of Conduct, which is adopted each year by the Board, and confirmed in writing by all employees. The Code of Conduct demands integrity and ethical conduct and is communicated to employees through annual training sessions. Suspected conduct that could involve or lead to a breach of the law, unethical behavior, infringement or suspected breach of the Code of Conduct must be reported. These types of breaches can also be reported anonymously via SEK's whistleblower system, which is managed by a third party. SEK's Code of Conduct is available at www.sek.se.

Internal governance, control and risk management with regard to financial reporting

To ensure correct and reliable financial reporting, SEK has developed a management system for financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control (2013 version). This internal control framework is divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

Governance and control environment

The governance and control environment comprises, for example, the attitude from the management, as well as policies and instructions from the Board of Directors and executive management. For a strong internal control environment, it is important that the Board of Directors and executive management indicate the significance of good internal control and that there are relevant and appropriate policies and instructions in the area.

Risk assessment

SEK performs an annual risk assessment at management, function and process level. The aim is to identify, document and quantify the consequences and probability of events occurring that could entail that SEK's targets cannot be achieved or errors in the financial reporting. The company carries out regular risk assessments during the year in the event of material changes for the company.

Control activities

Controls have been designed based on identified risks to prevent, detect and correct errors and discrepancies.

The controls are conducted as company-wide controls, as general IT controls and at transaction level. Company-wide controls include instructions and procedures regarding authorizations, powers and responsibilities relating to credit granting, and monitoring of compliance. General IT controls include change management, back-up procedures and rights.

Transaction-based controls, whether manual or automated, are carried out to manage the risk of errors occurring in financial reporting. Such controls include reconciliations and analyses. Processes and controls are documented in the form of flow charts and descriptions of individual control activities, which specify who executes a particular control, how it is implemented and how implementation of the control is to be documented.

Information and communication

Policies, instructions, guidelines and operating procedures are continually updated and communicated to the staff via relevant channels, primarily via the intranet, internal training and personnel meetings. Formal and informal communication between staff and management is promoted by the small number of employees and their geographic location, primarily at one office.

Monitoring activities

Monitoring and testing of control activities are carried out on an ongoing basis throughout the year to ensure that risks are taken into account and managed satisfactorily. Testing is carried out by staff who are independent of the implementation of controls and who are capable of evaluating the implementation of controls. Measures to address any deficiencies are monitored by the Risk and Compliance Committee and the Audit Committee. The executive management has also established controls to ensure that appropriate measures are taken in response to the recommendations made by the internal audit function and by the auditors elected by the Annual General Meeting.

SEK is a foreign private issuer as defined by US regulations and is therefore also affected by the US Sarbanes-Oxley Act (SOX). SOX requires the executive management to assess and comment, each year, on the efficiency of the internal control of financial reporting based on the testing of internal controls. No corresponding expression of opinion is required of the company's auditors for the category of companies to which SEK belongs under the US regulatory framework. The executive management has assessed the internal control of financial reporting in accordance with the rules applicable to foreign private issuers. At December 31, 2020, the conclusion was that effective and efficient controls were in place relating to internal control of financial reporting.

Auditors

The 2020 Annual General Meeting elected Öhrlings Price-waterhouseCoopers AB as auditor of the company, with auditor Authorized Public Accountant Anneli Granqvist as Principal Auditor and Authorized Public Accountant Peter Sott as co-signing auditor. The Swedish National Audit Office may appoint one or more auditors to participate in the annual audit. However, this did not occur in 2020.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. The company's auditors are always present at the meetings of the Audit Committee and were present at one Board meeting. The Board of Directors holds a meeting with the company's auditors at least once a year without the attendance of the CEO or any other member of the executive management. The Board also receives summary audit reports.