

# Corporate Governance Report 2016

SEK is a Swedish public limited company, and credit market institution, domiciled 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 participant in the state's promotion of the Swedish export industry and in the realization of the government's export strategy.

The owner's governance of SEK is executed through the state's ownership policy and owner instruction and, as for all limited companies, through the Articles of Association, general meeting of shareholders, the Board and the CEO.

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

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") applies.

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, which primarily means that SEK is to:

- work strategically, integrate the issues 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; and
- comply with international guidelines in this area.

State-owned companies are subject to greater information requirements regarding sustainability reporting under the policy guidelines and, therefore, are to apply such regulations as the GRI Sustainability Reporting Guidelines. For further information on internal governance and control regarding sustainability, refer to page 54.

## The Code

The Code is part of the Swedish government's framework for corporate governance that supplements the state's ownership policy (for example, regarding financial reporting and remuneration of senior executives). 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 thus 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 2016 fiscal year:

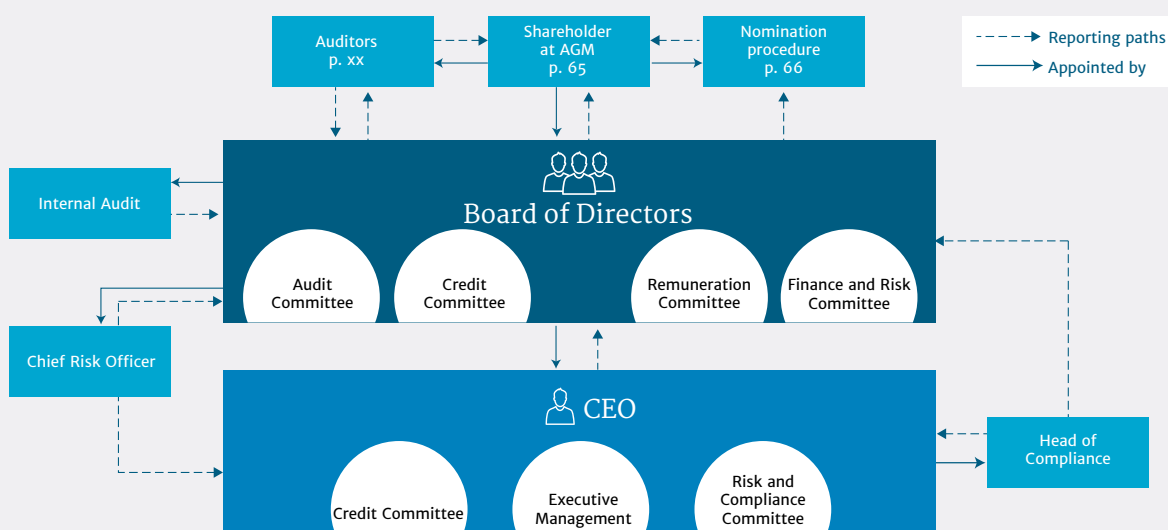
**Nomination Committee.** The nomination process for Board members adheres to the principles described in the state's ownership policy.

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

**Election of auditors.** The nomination process for auditors 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

## Corporate governance structure



not disclose whether members of the Board of Directors are independent in relation to the owner.

### **Owner instruction**

A new owner instruction was adopted at the Annual General Meeting on April 26, 2016. 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 of the company as 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 officially supported credits (CIRR loans); (c) in periods when the market cannot 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, anticorruption, 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 Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries.

The owner instruction sets further requirements for the reporting and following up 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 do not contain any provisions regulating the appointment or removal of Board members, 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 Board members. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting at which 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 a shareholder can cast at a general meeting of shareholders.

### **General meeting of shareholders**

#### ***Annual General Meeting***

SEK's Annual General Meeting was held on April 26, 2016. External parties were entitled to attend the Meeting. The minutes of the Annual General Meeting are available at [www.sek.se](http://www.sek.se).

The Annual General Meeting re-elected the following Board members: Lars Linder-Aronson, Cecilia Ardstrom, Jan Belfrage, Susanne Lithander, Lotta Mellstrom, Ulla Nilsson and Teppo Tauriainen. Magnus Uggla was elected as a new

member. Lars Linder-Aronson was re-elected Chairman of the Board by the Meeting.

The Annual General Meeting adopted the Annual Report 2015 submitted by the Board and the CEO, and discharged the Board and the CEO from liability for the 2015 fiscal year. The Annual General Meeting also resolved, in line with the Board's proposed appropriation of profits, to pay a dividend of Skr 356 million to the shareholder. The decision was in accordance with SEK's dividend policy.

Moreover, the Annual General Meeting resolved on unchanged guidelines for the remuneration of senior executives, see also under Note 5 of the Annual Report.

### ***Extraordinary General Meeting***

The company held an extraordinary general meeting on January 21, 2016, at which the meeting resolved in line with the shareholder's proposal to set SEK's total capital ratio, under normal conditions, at 1 to 3 percentage points in excess of the requirement announced by Swedish FSA.

### **The Board of Directors**

#### ***The Board's composition and nomination procedure***

The nomination procedure for Board members complies with the state's ownership policy and is conducted and coordinated by the Division for Corporate Governance and Analysis 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 training. Any recruitment needs are then established and the recruitment process initiated. It is important for the owner that the Board represents diversity and breadth in terms of age, gender, ethnic origin, industry experience, academic background and profession.

SEK carries out a suitability assessment of Board members and senior executives pursuant to the regulatory framework issued by the European Banking Authority (EBA). SEK's assessment of potential new Board members 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 members. Board members are elected each year at the Annual General Meeting to serve until the end of the following Annual General Meeting. SEK's Board of Directors comprises the eight members elected at the 2016 Annual General Meeting. The CEO is not a member of the Board. Four of the Board members are women and four are men. The names, ages, and main education of the Board members, and the number of Board and Committee meetings held during the year are presented on pages 52 and 55–57. None of the Board members or the CEO hold shares or financial instruments issued by SEK.

### ***Chairman of the Board***

The Chairman of the Board is elected by a general meeting of shareholders, unless the Chairman resigns from his/her assignment during his/her term of office, in which case the Board is to elect a new Chairman from within its ranks to serve until the end of the general meeting that is to elect

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 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. The Board is also tasked with ensuring that the company's financial statements are prepared in accordance with legislation, applicable 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 Chief Risk Officer and deciding on remuneration of these individuals and other members of executive management.

The Board's work follows the rules of procedure adopted each year at the statutory Board meeting and the Board's annual plan. The Board of Directors met on 12 occasions in 2016. 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.

#### **Evaluation of the work of the Board of Directors and the executive management**

A separate assessment of the work of the Board and executive management 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 Board members. The Chairman and Board members check assessments regularly during the year.

### **Board's work during the year**

Over the year, matters addressed by the Board included the following:

- Year-end report and annual report
- Annual reports from internal audit and regulatory compliance
- Review of SEK's remuneration system
- Adoption of the Pillar 3 report and risk strategy
- Client visit at SAAB AB in Linköping, Sweden, and at Skanska and banks in London, UK
- Project decisions
- Internal capital adequacy assessment process
- Notice of Annual General Meeting
- Decision on salary and benefits for CEO and senior executives
- Review of 2015 CEO and Board evaluations
- Statutory Board meeting
- Interim reports
- Review of the revised structure for internal rules
- Strategy meeting
- Review of outcome of employee survey
- Termination of the employee incentive system, which has been replaced with an employee benefit package.
- Review of succession plan for senior executives
- Issue of several new and revised governing documents
- Business plan
- Selection of external auditor
- Decision on business plan
- Board training

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), Susanne Lithander and Lotta Mellström



During the year, the Remuneration Committee invested substantial time in preparing the item regarding the replacement of the employee incentive scheme with new benefits. SEK has chosen to invest in employee benefits that promote health and well-being, and therefore expanded the benefits package to include the possibility of an extra health day as well as healthcare and medical insurance. The possibility of a limited amount of variable remuneration has been introduced for a few employees, those that work in positions with direct client contact or that generate business.

- 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.

### Credit Committee

Jan Belfrage (Chairman), Lars Linder-Aronson, Ulla Nilsson and Teppo Tauriainen



The Credit Committee decided 119 issues 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. In 2016, the Board made one such decision regarding a credit to the European Spallation Source (ESS). Moreover, the Credit Committee issued a new credit instruction in 2016.

- 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 make decisions regarding credits in accordance with the delegation rules determined by the Board.

### Finance and Risk Committee

Cecilia Ardrström (Chairman), Lars Linder-Aronson, Ulla Nilsson and Magnus Uggla



During the year, the Finance and Risk Committee devoted substantial effort to following up developments in the company's project to improve the measurement of market risk. Moreover, the Committee addressed a number of issues arising primarily from the EU's Crisis Management Directive.

- 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, 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.

### Audit Committee

Lotta Mellström (Chairman), Lars Linder-Aronson and Susanne Lithander



Over and above its customary tasks, the Audit Committee has addressed issues relating to the procurement of new auditors that was conducted. During the year, the Committee devoted substantial effort to following up developments in the company's project to adapt operations to the forthcoming financial reporting standard, IFRS 9.

- Monitor the company's financial reporting and to 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.

In 2016, SEK's Board and committees adopted the following policies and instructions:

Policy documents	Issued by
The Board's rules of procedure	The Board of Directors
Authorization and Delegation Rules	The Board of Directors
Financial Reporting Instruction	The Board of Directors
Risk Reporting Instruction	The Board of Directors
Code of Conduct	The Board of Directors
Sustainable Business Policy	The Board of Directors
Policy on Combating Money Laundering and Terrorist Financing	The Board of Directors
Internal Governance and Control Policy	The Board of Directors
Risk Policy	The Board of Directors
Finance Policy	The Board of Directors
Credit Policy	The Board of Directors
Remuneration Policy	The Board of Directors
Instruction for the CEO	The Board of Directors
Instruction for the Chief Risk Officer, CRO	The Board of Directors
Instruction for the Internal Audit function	The Board of Directors
Instruction for the Compliance function	The Board of Directors
Instruction for the assessment of the suitability of Board members, the CEO and senior executives	Remuneration Committee
Financing Strategy	Finance and Risk Committee
Liquidity Strategy	Finance and Risk Committee
Market risk limits	Finance and Risk Committee

### 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.

### 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.

### Conflicts of interest

Under the company's Internal Governance and Control Policy, each manager within the company is responsible for identifying, analyzing, rectifying and documenting any conflicts of interest within that manager's area of responsibility.

### 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.

### Control environment

The Board is responsible for internal governance and control. Part of the work of the Board is to establish, update and approve a number of fundamental policies that govern the company's operations (see the left table). The Board issues guidelines that create the prerequisites for an organizational structure with clear roles and responsibilities, procedures for attracting, developing and retaining employees, and a

### Attendance at Board and committee meetings in 2016

	Total	Board of Directors	Remuneration Committee	Finance and Risk Committee	Credit Committee	Audit Committee
Number of meetings	47	12	5	7	14	9
Lars Linder-Aronson	41	12	5	7	11	6
Cecilia Ardström	19	12	0	7	0	0
Jan Belfrage	24	11	0	0	13	0
Susanne Lithander	24	10	5	0	0	9
Lotta Mellström	26	12	5	0	0	9
Ulla Nilsson	29	10	0	7	12	0
Jan Roxendal	10	6	0	0	2	2
Teppo Tauriainen	23	11	0	0	12	0
Magnus Ugglä	10	6	0	4	0	0

Jan Roxendal stepped down from the Board on April 26, 2016. Jan participated in six meetings in 2016

Jan Roxendal stepped down from the Credit Committee on April 26, 2016. Jan participated in two meetings in 2016

Jan Roxendal stepped down from the Audit Committee on April 26, 2016. Jan participated in two meetings in 2016

Magnus Ugglä was elected as a member of the Board and the Finance and Risk Committee on April 26, 2016.

Lars Linder-Aronson was elected as a member of the Credit Committee and the Audit Committee on April 26, 2016



remuneration system that favors the effective management of operational risks. Using these cornerstones, internal rules, processes and structures are created that form the basis for internal governance and control throughout the organization. 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 to which all employees must adhere. 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 legislation. The assignment involves checking and assessing whether the company's risk management, governance, control, reporting and management processes and regulatory compliance are effective. The internal audit has reported its observations on an ongoing basis to the Board, the Audit Committee and the CEO, and has regularly informed the executive management. As of 2012, the Board commissioned an external party, KPMG, to be responsible for this independent internal audit. 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. The internal audit assignment includes liaising with the external auditors so that they are able to rely on the work carried out by the internal auditors, thereby ensuring that all material areas of risk have been audited.

#### **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. Risk assessment for financial reporting comprises identifying and evaluating material risks that may result in the goal of reliable financial reporting not being achieved in

terms of comprehensiveness, accuracy, valuation, reporting and risk of fraud. 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 thereby prevent, detect and correct errors and discrepancies.

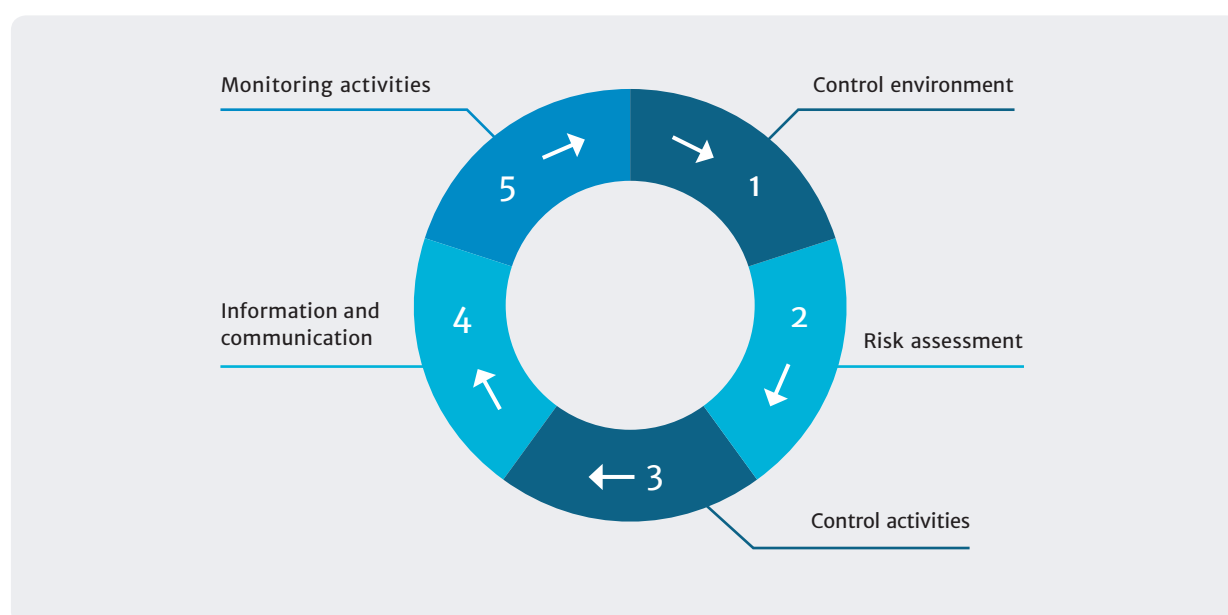
The controls are conducted at transaction level, as company-wide controls and as general IT controls. Company-wide controls include instructions and procedures regarding authorizations, powers and responsibilities relating to credit granting, and monitoring of compliance. SEK's accounting and financial reporting depends on complex IT systems. General IT controls include change management, back-up procedures and access 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 staff via relevant channels, primarily via the intranet, through 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.

The Board of Directors and the Audit Committee are continually provided with management reports on financial performance together with analyses of and commentaries on results, budgets and forecasts. The executive management's duties include assessing material accounting policies and other matters pertaining to financial reporting and address-



ing interim reports, year-end reports and annual reports prior to the Audit Committee being given the opportunity to present its views and the documents being submitted to the Board for approval.

The Board and the Audit Committee meet the auditors regularly and study the audit reports.

#### **Monitoring activities**

Internal audit, and the functions for compliance and risk monitor the management of operational risk and compliance with policy documents.

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 effectiveness of the internal control over financial reporting based on the testing of internal controls. However, 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 over financial reporting in accordance with the rules applicable to foreign private issuers. At December 31, 2016, the conclusion was that effective and efficient controls were in place relating to internal control over financial reporting.

#### **Auditors**

The 2016 Annual General Meeting elected Ernst & Young AB as auditor of the company, with Erik Åström as Auditor in Charge. The Swedish National Audit Office may appoint one or more auditors to participate in the annual audit. However, this did not occur in 2016.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. While examining the annual and interim accounts, the company's auditors participated at three Board meetings. 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.

The Board has decided to propose PwC as SEK's auditors for 2017 to the general meeting of shareholders.

#### **Internal governance and control — sustainability**

The Board is responsible for the organization and the administration of SEK's affairs in which sustainability issues form an integral part. The Board is also tasked with ensuring that the company's financial statements, including sustainability reporting, are prepared in accordance with legislation,

applicable accounting standards and other requirements. The Board adopts the operating targets and strategies for the operations, in which sustainability is one aspect, and issues general internal regulations in policies and instructions where sustainability issues are integrated. The Board has established committees, including the Finance and Risk Committee, which prepare matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues, where sustainability risk comprises one type of risk. The Credit Committee includes sustainability aspects when it prepares matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company, and also makes decisions regarding credits in accordance with the delegation rules determined by the Board. The Audit Committee monitors the company's financial reporting, including sustainability reporting, and submits recommendations and proposals aimed at assuring the reliability of the company's reporting. More information regarding SEK's policies is provided at [www.sek.se](http://www.sek.se).

SEK's mission entails financing projects and operations in countries with sustainability risks that may require management. Sustainability risk is the risk that SEK directly or indirectly negatively impacts its surroundings in terms of money laundering, financing of terrorism, environmental issues, anti-corruption, human rights, labor conditions or business ethics. The management of sustainability risks is detailed in Note 27.

In accordance with the owner instruction, 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 Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries. SEK applies the following international guidelines in its efforts to act responsibly: 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 and the OECD's conventions and guidelines on anti-corruption measures.

#### **Business ethics**

SEK promotes business and relationships that are characterized by good business ethics. SEK does not accept business transactions whose primary and main aims are for tax planning. Under certain circumstances, SEK may require additional tax transparency. SEK's Code of Conduct, which the Board adopts each year, provides support for governing the operations and is signed by the Board and employees every year. The Code 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 SEK's Code of Conduct must be reported. These types of breaches can also be reported anonymously via SEK's SpeakUp system, which is managed by a third party. For more information on our Code of Conduct, refer to [www.sek.se](http://www.sek.se).

***Money laundering and terrorism financing***

A basic requirement of any business transaction is that SEK obtains a level of KYC that meets the requirements in the applicable laws and regulations pertaining to money laundering and terrorism financing. In the case of any new business relationship, SEK collects and analyzes information pertaining to who represents the company, its ownership structure including its beneficial owner, politically vulnerable individuals and international sanctions. Moreover, SEK analyzes the country where the company is domiciled in terms of the country's capacity to deal with corruption, tax transparency and legislation regarding money laundering and terrorism financing.

***Anti-corruption***

SEK's principal exposure risk to corruption arises indirectly in connection with lending in countries and industries with a high risk of corruption. SEK takes a stand against all forms of corrupt behavior, and adheres to Swedish anti-bribery legislation, the Swedish Anti-corruption Institute's Code of Business Conduct as well as other international initiatives. SEK does not accept corruption in any form in the transactions the company finances. Suppliers and clients are expected to comply with SEK's expectations in this area.

***Human rights and labor conditions***

SEK's principal risk is of becoming linked to human rights violations, including labor conditions, when we lend to major projects or to exporters' customers in countries which have a high risk of human rights violations. Human rights, including the ILO's core conventions, pertaining to labor conditions must be respected in SEK's operations, and SEK will work to ensure they are respected by the company's suppliers and in operations financed by SEK. SEK refrains from any transactions where a material risk exists that human rights will be neglected, or where SEK assesses that the risks will not be managed in line with the UN's framework for business and human rights.

***Environmental concerns***

SEK's own operations have little negative environmental impact. Any potential negative environmental impact by SEK is mainly indirect through lending operations. SEK refrains from participating in transactions where the environmental impact is deemed unacceptable and inconsistent with international guidelines. SEK strives to reduce the environmental impact of its own operations and the impact connected with the company's transactions. Moreover, SEK uses carbon offset for the greenhouse gas emissions its operations produce.