

SWEDFUND'S POLICY FOR SUSTAINABLE DEVELOPMENTⁱ

MANDATE

Swedfund is a Development Finance Institution owned by the Swedish state. Swedfund's overall objective within the framework of Sweden's policy for global developmentⁱⁱ is to promote sustainable development through investing in sustainable businesses in developing countries in Africa, Asia and Latin America as well as in Eastern Europe (non EU members).

Our investments are intended to bring broad economic, social and environmental benefits for countries and communities. Our investments as well as our activities should minimize negative impacts on people and on the environment. Hence, we promote compliance with international best practice regarding human rights, environmental and social development, business integrity and corporate governance.

GUIDELINES

General activities:

- Our activities and our investee companies must comply with legal and regulatory requirements in jurisdictions they operate.
- We will observe a preventive and precautionary approach regarding the environmental and social impacts of our investment activities, by applying international standardsⁱⁱⁱ. We are committed to continuously improve the management of Environmental, Social and Governance matters (ESG).
- We will provide transparent and accountable information on our activities, while taking into account confidentiality requirements.
- An assessment (ex-ante) and evaluation (ex-post) of the development effects^{iv} will be carried out for each investment.

Our requirements in investee companies:

- Our investee companies must work over time to meet international standards and best practice norms concerning human rights, workers rights, environmental sustainability and occupational health and safety^v.
- We encourage our investee companies to promote the same standards throughout their supply chain.
- Our investee companies must comply with high standards for business integrity and corporate governance^{vi}.
- We require that our investee companies provide information on the development effects.
- We encourage our investee companies to establish an open dialogue with their stakeholders.

IMPLEMENTATION

- Our Policy for Sustainable Development will be implemented through our management system that provides a structure for continuous improvement and will be independently audited.
- Our investee companies will commit to our Policy for Sustainable Development through contractual agreements and monitoring by Swedfund or, in the case of co-investments, by another lead investor that adhere to the same standards.
- We will publish an annual Sustainability Report that provides information on how we and our investee companies comply with our Policy for Sustainable Development.

i) Swedfund promotes sustainable development through investments in companies that are economically, socially and environmentally sustainable.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Commission/WCED). This policy replaces Swedfund's former Code of Best Practice and Environmental Policy.

ii) Sweden's Policy for Global Development

iii) EDFI Principles for Responsible Finance and associated procedures

iv) Development Effects explained (to be developed further 2010)

v) Requirements include Universal Declaration of Human Rights and the ILO's Fundamental Conventions. Best Practice Standards include the EDFI principles for Responsible Financing, the IFC Performance Standards and IFC's Environmental, Health & Safety Guidelines.

vi) Such as stated in the OECD Principles of Corporate Governance and the EDFI Approach Statement on Corporate Governance

