

Corporate governance report

CORPORATE GOVERNANCE IN SWEDFUND

Swedfund is a limited company wholly owned by the Swedish Government with a public policy assignment, which is set out in the Owner Instructions. According to the mission, Swedfund must contribute to attainment of the goal set out in Sweden's Global Development Policy of fair and sustainable global development and, together with strategic partners, contribute to investments which are not deemed to be realisable solely through commercial financing. Swedfund must ensure that the investments are sustainable from an economic, environmental, climate and societal perspective. The Owner Instructions set out a number of mission goals for the organisation. These are described in more detail in the Directors' Report under the Portfolio companies' results on pages 66-85

Both external and internal regulations form the basis for Swedfund's governance. The board of directors has established guidelines for the company's operations with the aim of providing guidance for the organisation and its employees. Swedfund applies the Swedish Code of Corporate Governance ("the Code") and presents non-conformities for the financial year below. The main reason behind such non-conformities is Swedfund's ownership circumstances, with Swedfund being a wholly state-owned company and thus not a listed company with dispersed ownership. The company's auditors have conducted a statutory review of the corporate governance report.

The state's ownership policy, the owner instructions for the company, the articles of association and the goals established by the general meeting and the board of directors govern the operation. Swedfund's strategy and policy documents form the starting point for the implementation of the mission. Swedfund's policies form a key part of the company's values and are continually being incorporated into working methods and agreements. Read more about the further development of policies on pages 64-65. The training of Swedfund staff and external board members amongst the portfolio companies is ongoing. The company is also affiliated to a number of international conventions and regulations which impact on the working methods that are followed in different ways.

CODE OF CONDUCT

The Code of Conduct forms part of the state's corporate governance framework. Swedfund follows the Code of Conduct in accordance with the owner's guidelines.

DEVIATIONS FROM THE CODE OF CONDUCT

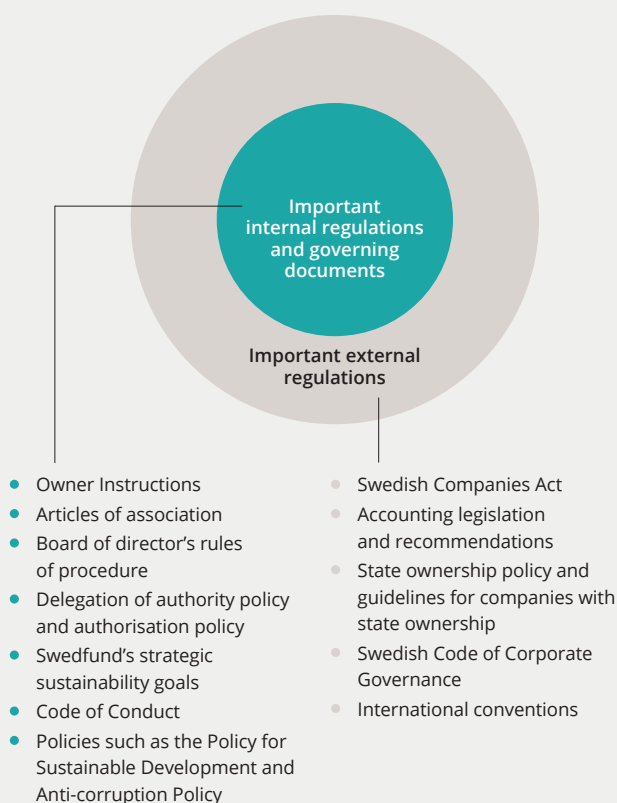
Swedfund deviated from the provisions of the Code of Conduct during the 2020 financial year with regard to the following points:

- (i) Nomination committee. Due to its ownership structure, Swedfund has no nomination committee. Instead, the nomination process for board members, election of a chair for meetings and appointment of auditors is based on a separate process for state-owned companies.
- (ii) The board of directors' independence in relation to the owner. In accordance with the state's ownership policy, Swedfund does not report whether or not board members are independent of the owner.
- (iii) Remuneration committee. The board of directors has instead opted to perform this task.

CORPORATE GOVERNANCE AMONGST THE PORTFOLIO COMPANIES

As regards equity investments, Swedfund normally has a role as a minority shareholder, but normally endeavour to ensure that it holds a board position. In connection with fund investments, Swedfund is often represented on the fund's advisory board. Through active ownership based on the three pillars, governance and follow-up take place through, amongst other things, board work, self-evaluations and ESG

Governing documents



advocacy work. The management of Swedfund's investments involves incorporating the company's policies in investment agreements as and when appropriate. Information on the development of the portfolio companies is obtained through regular owner dialogues, the follow-up of annual reports and other agreed information.

Swedfund strives to maintain an active dialogue with various stakeholders such as owners, business partners, civil society organisations, trade unions and media representatives. For further information, read Swedfund's stakeholder and materiality analysis on pages 142-143.

VOTES AND OWNERS

Swedfund is a limited liability company which is wholly owned by the Swedish government. The general meeting is the supreme decision-making body within Swedfund, and it is through participation in this meeting that the Swedish state exerts its influence on the company. The Ministry of Enterprise and Innovation is responsible for managing the state's ownership of Swedfund, while the Ministry of Foreign Affairs is responsible for the company's aid policy. Invitations to the annual general meeting and extraordinary general meetings at which matters concerning amendment of the articles of association are to be considered must be distributed no earlier than six weeks and no later than four weeks prior to the meeting. Invitations are issued through publication in the Postal and Inrikestidningar gazette and on Swedfund's website. A Member of Parliament has the right to be present at the meeting and to ask the company questions during the meeting. The meetings are also normally open to the general public.

THE TASKS OF THE ANNUAL GENERAL MEETING INCLUDE REACHING DECISIONS CONCERNING:

- Adoption of the income statement and balance sheet
- Appropriation of the company's profit or loss
- Discharge from liability for the board of directors and the CEO
- Election of the board of directors, chair of the board and auditors
- Determination of fees to the board of directors and auditors

- Amendments to the articles of association
- Owner Instructions for the organisation, including mission goals and financial goals
- Guidelines for remuneration to senior executives

ANNUAL GENERAL MEETING 2020

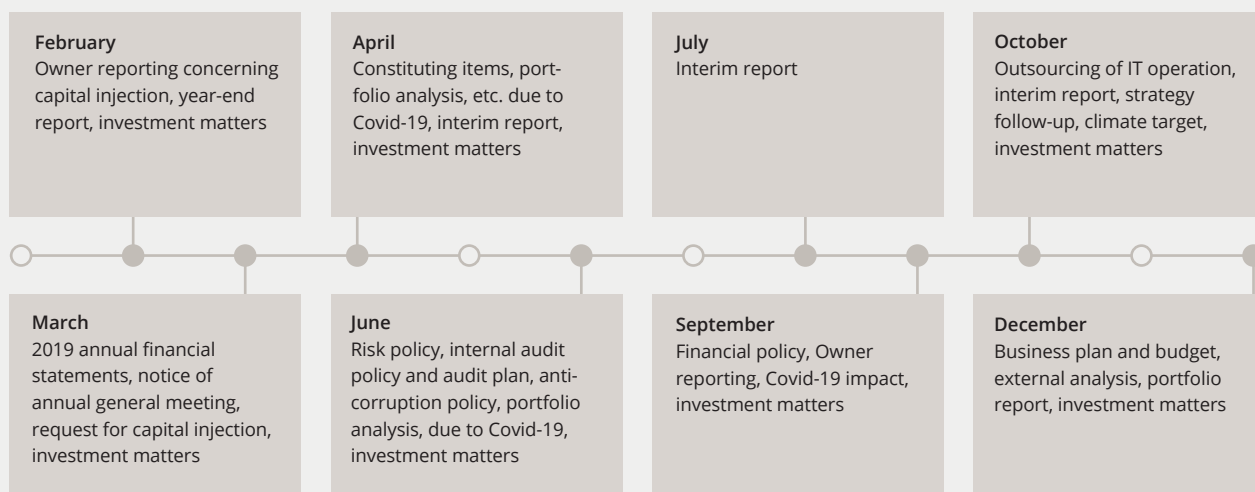
Swedfund's annual general meeting was held on 22 April 2020. As a result of the special circumstances linked to the ongoing pandemic, the majority of participants attended the meeting by video link. Prior to the meeting, it had also been resolved and announced through the notice of the meeting that the public would not be granted access to the annual general meeting due to the risk of spreading Covid-19. Minutes from annual general meetings are available on Swedfund's website. At this year's annual general meeting, all eight members were re-elected, and Göran Barsby was re-elected by the meeting as chair of the board. Ernst & Young AB was re-elected as auditor by the annual general meeting, with lead auditor Jennifer Rock-Baley. In addition, the annual general meeting adopted the income statement and balance sheet as of 31 December 2019 and discharged the members of the board of directors and the CEO from liability for the 2019 financial year. The annual general meeting also presented proposals for appropriation of the profit, as well as proposals concerning guidelines for the remuneration of the senior management.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

According to the articles of association, the board of directors must consist of at least six and no more than nine members without deputies. The annual general meeting shall appoint the chair of the board. If the chair leaves his or her post during their term of office, the board of directors must elect a chair from amongst its members for the period through until the end of the general meeting when the new chair is elected by the meeting. As of 31 December 2020, the board of directors consisted of eight members, including three women

Key issues for the board of directors during 2020



Attendance at board of directors and audit committee meetings during 2020

Member	Position	Board of directors meetings	Audit committee meetings
Göran Barsby	Chair of the board and audit committee (to April 2020 inclusive)	10/10	2/6
Torgny Holmgren	Member of the board	10/10	6/6
Catrina Ingelstam	Board member and chair of the audit committee (from April 2020 inclusive)	10/10	4/6
Daniel Kristiansson	Member of the board	10/10	5/6
Fredrik Arp	Member of the board	10/10	
Kerstin Borglin	Member of the board	9/10	
Mikael Sandström	Member of the board	10/10	
Roshi Motman	Member of the board	9/10	

and five men. No member of Swedfund's executive management is a member of the board of directors. Information about the members of the board of directors is given on pages 136-137.

The board of directors is required to continuously assess the company's financial situation, and ensure that the company achieves the established goals and manages its resources appropriately. The board of directors must ensure that the company's organisation is such that accounting, financial management and the company's financial circumstances generally are subject to satisfactory controls. The board of directors must ensure that the company has effective systems in place for monitoring and controlling the company's operations, and shall keep itself informed and evaluate how the company's internal control systems are functioning. The board of directors is responsible for establishing goals and a strategy for the company's operations. It is the responsibility of the board of directors to integrate sustainable business into the company's business strategy and business development, and to establish strategic goals for sustainable value creation in accordance with the ownership policy. The board of directors is responsible for the company's risk management and compliance. This means that the board of directors is responsible for ensuring that risks associated with the company's operations are continually identified, analysed and managed appropriately, and that there is adequate control over the company's compliance with laws and other rules that apply to the company's operations. The board of directors is also responsible for establishing, implementing and following up the policy documents and other forms of governing documents relevant to the organisation, such as the rules of procedure of the board of directors and the audit committee, and the CEO's instructions. Amongst other things, these policy documents set out how responsibilities and authorities are delegated between the board of directors, the chair of the board and the CEO.

The board of directors has established an audit committee whose duties are aimed at the quality assurance of Swedfund's external reporting, and ensuring that the company has appropriate risk management in place, that established principles for external reporting and internal control are complied with, and that Swedfund undergoes qualified, effective and independent auditing. The audit committee consists of three board members appointed annually by the board of directors. Since the 2020 annual general meeting, the audit committee has consisted of Catrina Ingelstam (Chairman), Daniel Kristiansson and Torgny Holmgren.

RESPONSIBILITIES AND DUTIES OF THE BOARD OF DIRECTORS

The board of directors is responsible for maximising the development of value in Swedfund, and for ensuring that the operation is managed in accordance with the mission and goals set out in the Owner Instructions relating to development that is sustainable from a financial, social, environmental and climate-related perspective. The board of directors is responsible for the company's organisation and management of its affairs in the interests of the company and the shareholder. The board of directors is responsible for ensuring that the company acts as a role model within the field of sustainable business and also otherwise operates in a manner that is worthy of public confidence. The board of directors appoints the chief executive officer (CEO) and determines the salary and other benefits of the CEO.

CHAIR OF THE BOARD

The chair is responsible for annually evaluating the work of the board of directors and for ensuring that the evaluation is reported as and when relevant to the owner's nomination administrator. The 2020 board evaluation was conducted with the support of external advisors and involved individual interviews with the board of directors and certain members of the company's management team, as well as a collective evaluation of the board's work and expertise. As and when necessary, the chair participates in connection with important contacts and represents the company in relation to ownership matters. The chair of the board is also responsible for maintaining contact with representatives of the company's owners with the aim of coordinating his or her views with these representatives when the company must make particularly important decisions.

THE WORK OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE DURING 2020

The board of directors met on ten occasions during 2020. Amongst other matters, the meetings considered investment cases and the business operation based on the three pillars (impact on society, sustainability and financial viability), annual and interim financial statements and related reports, strategy and business plan, mission goals, budgets, policy issues, organisational and staffing issues, and evaluation of the work of the board of directors and the CEO. As a result of the ongoing pandemic, much of the board's focus has centred on protecting the existing investment portfolio through a range of initiatives and measures.

The audit committee met on six occasions during 2020. Amongst other things, the audit committee prepared issues regarding interim reports and the integrated report for 2019 (including the annual report, sustainability and corporate governance report), internal control, preparation of the new risk policy and updated financial policy, instructions for the newly established internal audit function and audit plans for internal and external auditing.

CHIEF EXECUTIVE OFFICER

Maria Håkansson was born in 1970 and took up the position of CEO of Swedfund in 2018. The CEO is responsible for the ongoing management and coordination of the company's operations with the care and to the extent necessary to perform these tasks in accordance with applicable legislation, the articles of association, the CEO's instructions and the board of directors' instructions and the state's ownership policy. The CEO signs on behalf of the company's with regard to the ongoing administration of the company within the adopted budget. Decisions within the CEO's own decision-making remit are reported to the board of directors at the next meeting. When a member of the management group signs on behalf of the company, this is also reported at the next meeting. Services with a value of up to SEK 200,000 can be ordered by heads of department without the CEO's approval within the framework of the annual budget.

AUDITORS

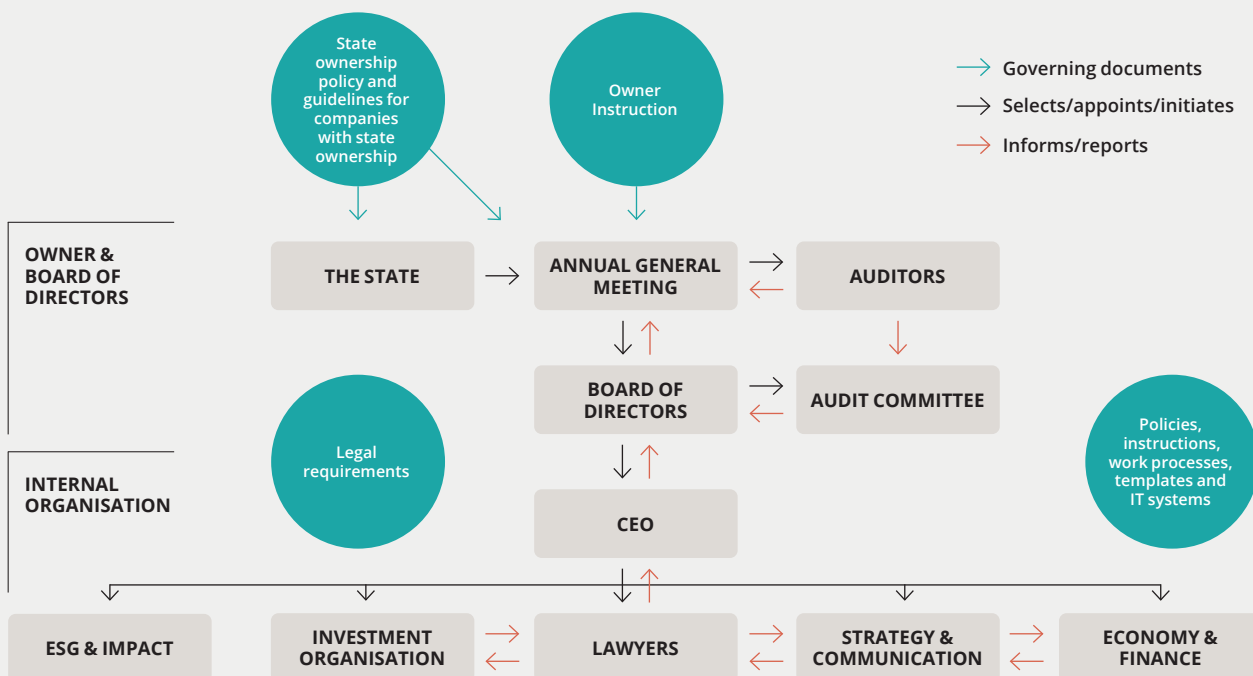
The state's ownership policy states that responsibility for the election of elected auditors in state-owned companies always rests with the owner. Proposals for the election of auditors and approval of auditors' fees in companies with state ownership are submitted by the board of directors. Auditors are normally appointed for a term of one year at a time.

The auditors are accountable to the owner at the general meeting and submit audit reports concerning Swedfund's integrated reports and the board of directors' management. The auditors submit a summary report on the audit to the board of directors and the audit committee partly in connection with the performance audit and the general review of the interim report for January to September and partly in connection with the audit of the annual financial statements.

ORGANISATION

Management work is coordinated by a management team based on Swedfund's organisation. At the year-end, the management group comprising a total of eight people consisted of the CEO, Chief Legal Counsel, Chief Financial Officer, Director of Strategy and Communication, Director of Investment Operations (acting), Director of ESG & Impact, Director of Business Development and Special Operations and the Head of Administration. The role of the management group is to prepare and implement strategies and business plans, manage corporate governance and organisational issues, and follow up Swedfund's financial development and initiatives relating to sustainability.

Corporate governance structure



REMUNERATION OF SENIOR EXECUTIVES

Swedfund applies the government's guidelines for employees in managerial positions. The remuneration conditions for the CEO and other senior executives are presented in Note 6 (page 106).

INTERNAL CONTROL REGARDING FINANCIAL REPORTING

Under the Companies Act and the Code, the board of directors is responsible for ensuring that the company has good internal controls in place. This report has been prepared in accordance with Chapter 6 Section 6 of the Swedish Annual Accounts Act, and Articles 7.3 - 7.4 of the Code, and is limited to the internal controls regarding financial reporting.

Swedfund prepares an annual integrated report inspired by the framework of the International Integrated Reporting Council's (IIRC). Sustainability information is integrated with the financial information in the report and vice versa. The financial reports and internal control of the company thus also includes the sustainability report.

Effective board work forms the basis for good internal control. Swedfund's internal controls can be described based on the following five main areas.

GOVERNANCE AND CONTROL ENVIRONMENT

The basis for internal controls regarding financial reporting is the control environment. The board of directors has overall responsibility for financial reporting. Every year, the board of directors adopts a set of written rules of procedure for its work, and specifies the division of work between the board of directors on the one hand and the CEO and the audit committee on the other.

The audit committee appointed by the board of directors is tasked with preparing matters for decisions by the board. The audit committee works according to an annual schedule and is responsible for monitoring and quality assurance of the company's financial reports. This task covers areas such as the effectiveness of the company's internal control and assessments of estimates and reported values which could impact on the quality of financial reports. The audit committee also keeps itself informed concerning the auditing of the annual integrated reporting (including the annual report and reports regarding corporate governance and sustainability) and the management through regular attendance of the committee's meetings by the company's auditors. Swedfund's CEO and CFO are co-opted to the committee's meetings, but the committee's members are also in regular contact with these executives.

One aspect of the board of directors' work is to prepare, update and approve a number of fundamental policies which govern the company's work (see pages 64-65). The board of directors issues guidelines which set out the conditions for an organisational structure with the clear delegation of powers and responsibilities documented in a set of instructions for the work of the CEO and in a policy concerning the delegation of authority. Based on these, internal rules, processes and structures are created which form the basis for internal governance and control throughout the organisation. Financial policy, risk policy, accounting and reporting instructions and an investment manual set out the framework and provide guidance in key areas for the company's financial reporting.

The competence of the employees and the core values that the board of directors and the management operate on the basis of and communicate also form a significant part of the control environment. The CEO is tasked with establishing guidelines to ensure that all employees understand the requirements regarding the maintenance of ethical values and the role of the individual in this task, which is partly governed by the Code of Conduct, which all employees are required to follow.

RISK ASSESSMENT

There may be a risk of material misstatement in the financial statements in connection with the accounting and valuation of assets, liabilities, income and expenses, or deviations from information requirements. The valuation of shares and loans with a credit loss assessment are the items identified by the company as having a high degree of assessment, and these items are in focus for preparation by the audit committee and the review of the external audit. Other risks relating to financial reporting include fraud, loss or misappropriation of assets, or undue favouring of other parties at the company's expense. Accounting and financial reporting policies and directives and associated processes cover areas of particular importance in order to promote accurate and complete accounting, reporting and information provision at the right time.

Identified risk types are managed through well-defined business processes with integrated risk management measures, as well as through the clear division of responsibility and tasks, and an appropriate decision-making policy. This means that specific approval is required for investments and other important transactions to ensure that assets are managed appropriately. The company's financial risks are managed in accordance with the board of directors' established risk policy and financial policy, and reporting concerning financial risks takes place on a quarterly basis.

In connection with the evaluation of new investments, detailed analyses (due diligence) are carried out of factors such as developments in financial results and position. Based on the assessment of financial risks, the terms of the investment contracts are also included as and where necessary in order to reduce risk exposure.

Read more about Swedfund's management of financial risks in Note 21 and about Swedfund's other risks on pages 48-51.

CONTROL ACTIVITIES

To ensure that financial reports present a true and fair picture of the business and maintain the desired level of quality, Swedfund's processes include various control activities. These control activities involve every level of the organisation, from the board of directors and the management to other employees, and are intended to prevent, detect and correct any errors and non-conformities.

Results are followed up with respect to budgets and/or forecasts on a monthly basis, along with liquidity monitoring. Examples of other control activities within Swedfund's operation include the approval and control of different types of accounting transactions, reconciliations, analysis of key ratios and relationships, as well as other follow-up of financial information. The analytical follow-up is carried out on an ongoing basis by the corporate management and the finance function.

In addition to this, portfolio company reviews are conducted quarterly for each sector, where portfolio holdings are evaluated based on the three pillars of impact on society, sustainability and financial viability. These meetings are attended by the management group with the responsible investment manager as rapporteur.

Swedfund has developed an investment process to ensure that high levels of quality are maintained during the preparation of investment cases. In connection with the evaluation of new investments, a special process has been established where an investment committee, comprising the management group and the person responsible for the specific project, evaluates a potential investment in two stages before it is presented to the board of directors for a final decision.

The process of active ownership amongst the portfolio companies involves the investment organisation taking responsibility for continually monitoring financial developments by obtaining and analysing financial reports, conducting visits and actively participating in board work. Part of the aim of this is to ensure the assessment of developments in the value of investments, which are in turn reflected in Swedfund's income statement and balance sheet.

Internal control and the management of the company are evaluated annually by the company's external auditors. Given the expected growth in investment volumes, the size of the portfolio and organisation, the board of directors decided at the end of December 2019 to also establish a special audit function in the form of an internal audit unit. In 2020, the internal audit function was established and carried out its first audit activities. The audit committee will regularly receive feedback on completed control activities and prepare a draft audit plan for approval by the board of directors.

INFORMATION AND COMMUNICATION

The company's information and communication channels must contribute to full and accurate financial reporting at the right time. All Swedfund employees have access to the company's policies, guidelines and manuals. During regular information meetings with employees, the importance of applying the rules and processes that exist is stressed, and the associated resultant changes are described in more detail. Within the company's various departments, reviews and updates are carried out concerning the application of these documents on an ongoing basis as and when necessary. Formal and informal communication between employees and management is facilitated by the fact that the employees are small in number and largely geographically concentrated on one office.

The board of directors and the audit committee regularly review the management's reports concerning financial developments with analyses and comments on outcomes, budgets and forecasts. The board of directors also regularly receives detailed portfolio reports which present developments for each investment and in the portfolio.

Swedfund also has a whistleblower function that can be used in the event of suspected irregularities by executives within Swedfund and its portfolio companies. This function can be used in connection with suspected cases of corruption, accounting errors, deficiencies in internal control or other doubts which could seriously harm the company's interests or the health and safety of individuals. During

the year, Swedfund also established a Complaints Mechanism, which can be used to draw attention to issues linked to Swedfund and Swedfund's portfolio companies

FOLLOW-UP

Control activities are monitored on an ongoing basis by Swedfund's corporate management and employees to ensure that risks have been appropriately taken into account and managed. Amongst other things, these procedures include the monitoring of results against budgets and forecasts, portfolio analyses and the follow-up of key performance indicators. Policy documents and other documents are evaluated on an annual basis. The company's financial situation is considered at each board meeting. Interim reports and annual integrated reports are submitted to the audit committee for preparation, and to the board of directors for approval.

The audit committee carries out preparations for the board of director's evaluation of the information provided by the corporate management and the company's auditors. The responsibilities of the audit committee also include ensuring that, on behalf of the board of directors, action is taken concerning deficiencies and proposed measures that have emerged from the external audit concerning financial reporting and internal control.

Every year, the audit committee reviews the internal and external auditors' audit plans and considers the auditors' observations on an ongoing basis. The board of directors and the audit committee also receive summary audit reports. The company's external auditors attended one board meeting and five meetings of the audit committee. At least once a year, the board of directors meets the company's auditors without the CEO or any other member of the management group present.

As of 31 December 2020, the assessment is that the control activities relating to internal control of the financial reporting are adequate.

Audit report

To the Annual General Meeting of Swedfund International AB, org. no. 556436-2084

Report on the Annual Report

OPINION

We have audited the annual report of Swedfund International AB for the 2020 financial year, with the exception of the corporate governance report on pages 129-137. The company's annual report is included on pages 66-128 of this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and in all material respects gives a true and fair picture of Swedfund International AB's financial position as of 31 December 2020 and of its financial results and cash flow for the year in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and the Swedish Financial Reporting Board and its recommendation RFR 2 and the Swedish Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 129-137. The directors' report is consistent with the other parts of the annual report.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet.

BASIS FOR OUR OPINION

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted audit practice in Sweden. Our responsibility according to these standards is described in more detail under 'The auditor's responsibilities' section. We are independent in relation to Swedfund International AB in accordance with generally accepted accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and effective as a basis for our opinions.

INFORMATION OTHER THAN THE ANNUAL REPORT

This document also contains information other than the annual report and can be found on pages 1-65 and 129-137. The board of directors and the CEO are responsible for this other information.

Our opinions regarding the annual report do not cover this information, and we give no opinion with assurance regarding this other information.

In connection with our audit of the annual report, it is our responsibility to read the information that is identified above and to consider whether the information is materially inconsistent with the annual report and the consolidated financial statements. In this review, we also take into account knowledge we have otherwise acquired during the audit and assess whether the information otherwise appears to contain material errors.

If, based on the work that has been carried out concerning this information, we conclude that the other information contains material misstatements, we are required to report this. We have nothing to report in this respect.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The board of directors and CEO are responsible for the preparation of the annual accounts and for ensuring that they give a true and fair picture in accordance with the Swedish Annual Accounts Act and IFRS as adopted by the EU and the Swedish Financial Reporting Board and its recommendation RFR 2. The board of directors and CEO are also responsible for the internal controls that they deem necessary for the preparation of an annual report that is free from material misstatement, whether due to irregularities or error.

In the preparation of the annual report, the board of directors and CEO are responsible for assessing whether the company constitutes a going concern. Where applicable, they provide information on circumstances that could affect the ability of the company to continue as a going concern.

THE AUDITOR'S RESPONSIBILITIES

Our objective is to obtain a reasonable degree of assurance that the annual reports as a whole is free from material misstatement, whether due to irregularities or error, and to provide an audit report containing our opinions. Reasonable assurance is a high degree of certainty, but not a guarantee, that an audit conducted in accordance with ISA and generally accepted audit practice in Sweden will always discover any material misstatement which exists. Errors may arise as a result of irregularities or error and are considered to be material if they can reasonably be expected to influence financial decisions taken by users on the basis of the annual accounts, whether individually or collectively.

As part of an audit in accordance with ISA, we exercise professional judgement and adopt a professionally sceptical attitude throughout the audit. In addition:

- we identify and assess the risks of material misstatement in the annual report, whether due to irregularities or error, formulate and carry out audit measures, partly on the basis of these risks, and obtain audit evidence that is sufficient and appropriate to form the basis for our opinions. The risk of not detecting a material misstatement arising from irregularities is greater than for a material misstatement arising from an error, as irregularities may include collusion, falsification, deliberate omissions, erroneous information or the disregarding of internal controls.

- we gain an understanding of the aspects of the company's internal control that are important for our audit in order to formulate audit measures appropriate to the circumstances, but not to express an opinion on the effectiveness of the internal control.
- we evaluate the appropriateness of the accounting policies applied and the reasonableness of the estimates used by the board of directors and the CEO in the accounts and related information.
- we reach a conclusion regarding the appropriateness of the assumption of the board of directors and the CEO that the company is a going concern in connection with the preparation of the annual report. We also conclude, based on the audit evidence that has been obtained, whether there are any material factors of uncertainty relating to such events or circumstances that could lead to significant doubt about the company's ability to continue operating as a going concern. If we conclude that a material factor of uncertainty exists, in the auditor's report, we must draw attention to the information contained in the annual report regarding the material factor of uncertainty or, if such information is insufficient, modify our opinion concerning the annual report. Our conclusions are based on the audit evidence that has been obtained up until the date of the audit report. However, future events or circumstances may mean that a company can no longer continue to operate.
- we evaluate the overall presentation, structure and content of the annual report, including the information, and whether the annual report reflects the underlying transactions and events in a manner that gives a true and fair picture.

We are required to inform the board of directors of the planned scope, direction and timing of the audit. We must also provide information on significant observations made during the audit, including any significant deficiencies in internal controls that we have identified.

Report on other requirements in accordance with laws and other statutes

OPINION

In addition to our audit of the annual report, we have also conducted an audit of the management by the board of directors and the CEO of Swedfund International AB for the 2020 financial year and of the proposed appropriation of the company's profit or loss.

We recommend that the annual general meeting appropriate the loss in accordance with the proposal in the directors' report and discharge the members of the board of directors and the CEO from liability for the financial year.

BASIS FOR OUR OPINION

We conducted the audit in accordance with generally accepted audit practice in Sweden. Our responsibility in accordance with this is described in more detail in Auditor's responsibility. We are independent in relation to Swedfund International AB in accordance with generally accepted accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and effective as a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The board of directors is responsible for the recommendations regarding the appropriation of the company's profit or loss. If a dividend is proposed, this includes, but is not limited to, an assessment of whether the dividend is justifiable given the requirements that the company's operations, scope and risks impose on the company's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organisation and for managing the company's affairs. This includes, inter alia, continually assessing the company's financial situation and ensuring that the company's organisation is such that accounting, fund management and the company's financial matters are otherwise subject to satisfactory control. The CEO is responsible for ongoing management in accordance with the board of directors' guidelines and instructions and for implementing the measures that are necessary to ensure that the company's accounting is carried out in accordance with applicable laws and to ensure that funds are managed in an appropriate manner.

THE AUDITOR'S RESPONSIBILITIES

Our aim regarding the audit of the management, and thereby our statement concerning discharge from liability, is to obtain audit evidence in order to assess with a reasonable degree of assurance whether any member of the board of directors or the CEO has in any material regard:

- acted or failed to act in a manner which could cause the company to become liable to pay compensation, or
- otherwise acted in a manner which is contrary to the Companies Act, the Annual Accounts Act or the articles of association.

Our aim regarding the audit of the recommended appropriation of the company's profit or loss, and therefore our opinion regarding this, is to determine with reasonable assurance whether the recommendation is consistent with the Companies Act.

Reasonable assurance is a high degree of certainty, but not a guarantee, that an audit conducted in accordance with generally accepted audit practice in Sweden will always discover actions or omissions which could cause the company to become liable to pay compensation, or recommendations regarding appropriation of the company's profit or loss to be inconsistent with the Companies Act.

As part of an audit conducted in accordance with ISA, we exercise professional judgement and adopt a professionally sceptical attitude throughout the audit. The review of the management and the recommended appropriation of the company's profit or loss is primarily based on the audit of the financial statements. The additional audit actions that are carried out are based on our professional assessment of risk and materiality. This means that we focus the audit on measures, areas and circumstances that are of material importance to the business and where deviations and infringements would be of particular significance for the company's situation. We review and

examine decisions that have been taken, information that has been used in decisions, measures that have been implemented and other circumstances relevant to our statement concerning discharge from liability. As a basis for our statement concerning the board of directors' recommendation regarding appropriation of the company's profit or loss, we have examined whether the proposal is consistent with the Companies Act.

THE AUDITOR'S REVIEW OF THE CORPORATE GOVERNANCE REPORT

The board of directors is responsible for the corporate governance report for the 2020 financial year on pages 129-137 and for ensuring that the report is prepared in accordance with the "State Ownership Policy and Guidelines for Companies with State Ownership" (the ownership policy).

Our audit was conducted in accordance with FAR's statement RevU 16 The Auditor's review of the corporate governance report. This means that our review of the corporate governance report has a different focus and a significantly smaller scope compared with that of an audit conducted in accordance with the International Standards on Auditing and generally accepted audit practice in Sweden. We believe that this review provides us with a sufficient basis for our opinions.

A corporate governance report has been prepared. The information that is mandatory under the ownership policy is consistent with the annual report and the consolidated financial statements.

Stockholm, 24 March 2021

Ernst & Young AB

Jennifer Rock-Baley
State-authorized public accountant