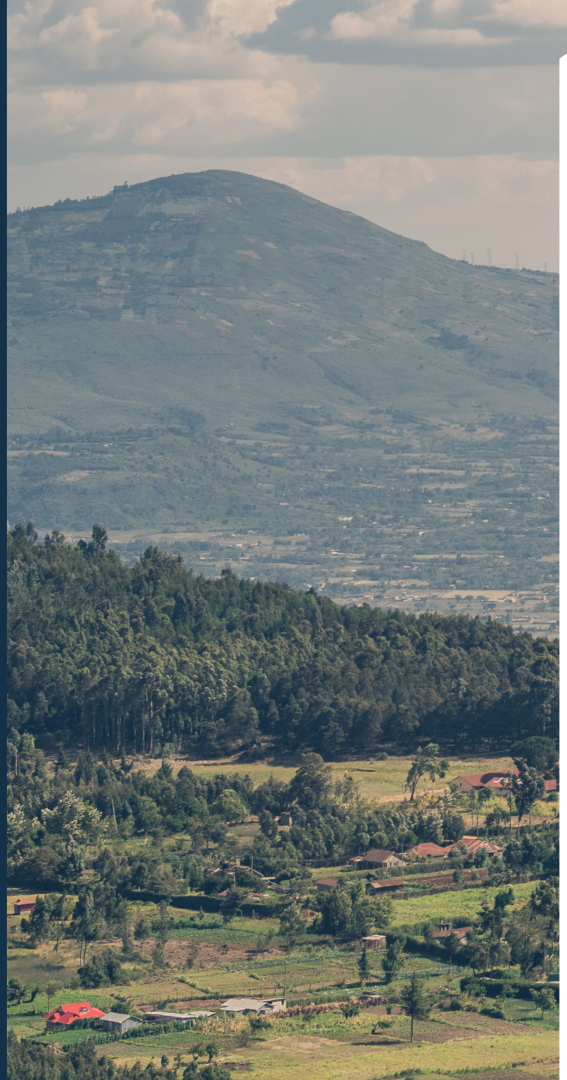
Swedfund



Swedfund Sustainability Bond Framework

March 2026





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About Swedfund

Swedfund is Sweden's development finance institution (DFI), established in 1979. It is a state-owned company under the stewardship of the Swedish Ministry of Finance and the Ministry of Foreign affairs. Swedfund's operations are funded through reflows from our investment portfolio and capital injections from the government's development cooperation budget.



Guided by the 2030 Agenda and the UN Sustainable Development Goals (SDGs), Swedfund's mission is to reduce poverty through sustainable investments in the private sector in developing countries. These investments create jobs with decent working conditions, strengthen local economies, promote gender equality, and increase access to essential goods and services, including food, healthcare, electricity, financial services, insurance and digitalisation.

For over 40 years, Swedfund has transformed challenges into opportunities. Political support for Swedfund has remained strong, as demonstrated by consistent mission targets since 2019 and increased annual capital injections – from SEK 400 million in 2016 to SEK 1.8 billion in 2025.

Swedfund's portfolio continues to deliver stable growth, generating returns and delivering measurable results for sustainable local development. By 2025, the investment portfolio had reached SEK 14 billion. In line with Swedfund's articles of association, all reflows are reinvested, and no profits are distributed as dividends. This approach, combined with robust financial management, ensures a strong financial position to maximise long-term impact.

Mission to create impact where it is needed the most

Swedfund invests for sustainable growth in the world's most vulnerable, while often at the same time promising and dynamic, regions. Today, approximately 700 million people worldwide live in extreme poverty, earning less than USD 2.15 per day. Poverty is not only about a lack of income - it also encompasses limited access to essential goods and services, such as food, electricity, sustainable infrastructure, and digital connectivity. At the same time, some of the fastest-growing economies are in Africa and Asia - regions that, despite their vulnerability, are characterised by dynamic growth and entrepreneurship. These regions hold significant opportunities in areas such as renewable energy, digitalisation, agribusiness and more.

Swedfund's business model and track record demonstrate that sustainable investments with stable returns are achievable, even in complex geographies. Almost 40 percent of the portfolio consists of investments in climate mitigation, adaptation and resilience - key components in the development of inclusive and sustainable communities. Swedfund invests exclusively in developing countries with a primary focus on investments in Africa, South and Southeast Asia, and Ukraine. At present, 63% of the investment portfolio is directed toward Africa, where development needs are the greatest.

Swedfund provides investments through equity and loan instruments, either directly to companies and financial institutions or indirectly via investment platforms. With extensive experience in risk management, combined with our expertise and local presence, Swedfund creates the right conditions for capital mobilisation.

Our mission objectives

Socially sustainable investments

100%

Compliance by all of the Company's investments with decent working conditions in accordance with the ILO Declaration on Fundamental Principles and Rights at Work within no more than three years from the date of investment.

>60%

Greater gender equality in the Company's investment portfolio in terms of the 2X Criteria or comparable criteria to be met in no less than 60 percent of the Company's investments no later than three years from the date of investment.

Mission objectives aligned with the Sustainable Development Goals



The Company's additional role

>30%

The Company's investment portfolio is to mobilise no less than 30 percent of private capital.

Environment and climate-related sustainable investments

2045

The Company's investment portfolio is to be climate-neutral by 2045, meaning that GHG emissions from the portfolio must be net zero as defined by the IPCC. The portfolio's total GHG emissions per Swedish krona invested must therefore decrease over time, with 2020 as the base year.

Economically sustainable investments

60%

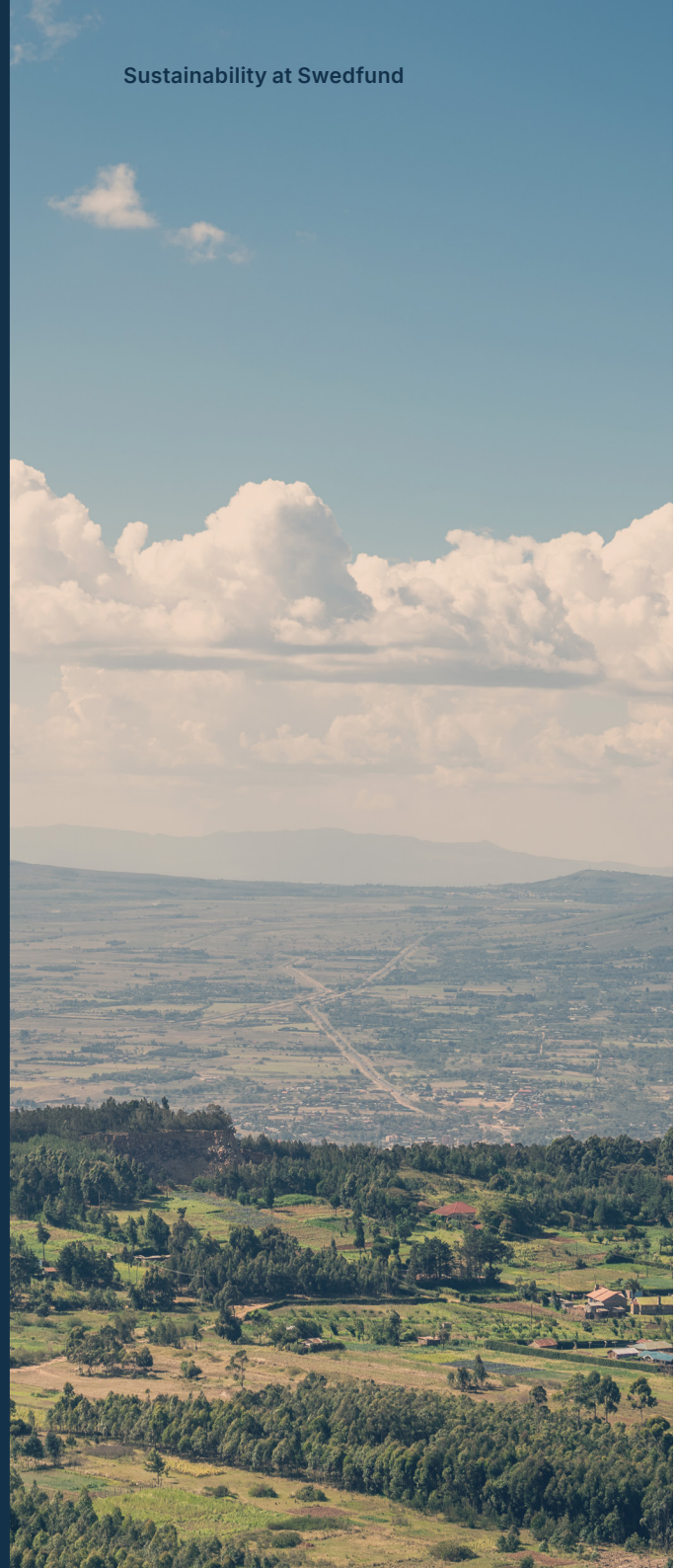
Turnover and profitability to increase in at least 60 percent of the Company's investments during the holding period, where a base year corresponds to the investment year.

Our financial objective

>0

in operating profit

Operating profit to be greater than zero over a five-year period.



Sustainability at Swedfund

Swedfund's operating model outlines how we create value when carrying out the mission to reduce poverty through sustainable investments in developing countries. Built on six core components (as detailed in Figure 1), the model guides our efforts to create sustainable value and contribute to the 2030 Agenda.

Swedfund has a public policy assignment with specific mission objectives centred on sustainable value creation and the 2030 Agenda. Rooted in the UN Sustainable Development Goals (UN SDGs), it prioritises reducing inequality and climate impact, and promoting decent work, women's economic empowerment, and capital mobilisation. Detailed mission objectives for each of these focus areas are presented on the previous page. In addition to these objectives, Swedfund has established several portfolio targets to measure and monitor the impact and financial viability of its investments. The mission and strategy also align with the Swedish government's ownership policy for state-owned companies, Swedfund's public policy assignment, and the needs in developing countries.

Swedfund's mission is to be additional, meaning that we enable investments and impact that would not otherwise have been realised. We assess additionality in accordance with the OECD DAC's definition[1], which encompasses financial and value additionality.

For Swedfund, financial additionality means targeting underserved geographies and sectors, providing terms that are difficult to access in the market, and mobilizing capital effectively. Under value additionality, we assess and enhance an investment's capacity to create value through the management of sustainability risks and aim to align private sector investments to unlocking opportunities for growth, addressing inequalities and advancing positive societal impact.

Taking risks is central to the mission as a DFI. By assuming risks and showcasing opportunities, Swedfund create conditions for mobilising capital through sustainable investments that deliver both impact and financial returns. Our risk management focuses on optimising risk in alignment with our mission and business model, rather than simply minimising it in all cases.

1 The OECD DAC defines additionality as the extent to which a development finance intervention adds value beyond what would otherwise have occurred without it. Additionality can be categorised into two types: financial additionality, which refers to the mobilisation of financial resources that would not have been available otherwise, and development additionality, which refers to the contribution to development outcomes that would not have been achieved without the intervention.

1 Mission

OUR MISSION is to help reduce poverty by making sustainable investments in developing countries. We are guided by the 2030 Agenda for Sustainable Development, our mission objectives and theory of change, and our business plan describes our strategy for fulfiling our mission.

2 Strategy

OUR BUSINESS PLAN outlines the choices we make and activities we engage in to deliver on our mission.

- **Geography**
- **Sector**
- **Instrument**

3 Sectors for greatest impact

THREE SECTORS have been identified within which we believe we have the best chance to address our key themes and deliver on the 2030 Agenda: Energy & Climate, Financial Inclusion and Food Systems.

4 Business model

OUR PILLARS Impact on society, Sustainability and Financial viability form the foundation of our business model and underpin our value creation and performance measurement.

5 Our capital

OUR CAPITAL is tied to requirements and support in the form of financial capital, expertise and technical assistance, EU guarantees, partners and networks.

6 Results and performance monitoring

WE MEASURE development impact through our indicators, which are based on our public policy assignment and mission objectives.



Figure 1: Swedfund's operating model outlines how we create value while fulfilling our mission to reduce poverty through sustainable investments in developing countries.

Strategy and business model

Swedfund's business plan outlines a clear strategy to achieve our mission by targeting specific SDGs, geographies, sectors and instruments to maximise our impact.

Impact is also the starting point for every investment, and the aim of the strategy is to triple Swedfund's contribution to 2030.

Swedfund focuses on accelerating the delivery by focusing on the following four key SDGs:

- **Gender Equality (SDG 5)**
- **Economic Growth and Job Creation (SDG 8)**
- **Reduced Inequality (SDG 10)**
- **Climate Change (SDG 13)**

In addition, Swedfund invests in digital business models and enabling environment such as digital infrastructure, aiming to advance sustainable and inclusive digitalisation.



Swedfund's business model is centred on creating impact within three pillars: Impact on society, Sustainability and Financial viability. These pillars are equally important and guide every step of the investment process, from the initial assessment during the investment phase and the active ownership phase, to the follow-up of results and the final exit from the investment.

Geographically, the strategy prioritises Africa, South and Southeast Asia, and Ukraine. Swedfund's regional offices in Nairobi – Kenya, Abidjan – Côte d'Ivoire and Kyiv – Ukraine, as well as the local presence in Bangkok – Thailand, play a vital role in implementing the strategy by understanding local contexts and market conditions, as well as sourcing new investments and supporting sustainable value creation.

The organisation has strong expertise within energy, infrastructure, climate, digitalisation, financial inclusion (including support for small & medium sized enterprises), and food systems. Swedfund's in-house impact and ESG teams are well equipped to analyse and mitigate risks, contributing to long-term value creation. Investment teams include experts in impact, ESG, financial analysis, negotiations and contextual knowledge supported by Swedfund's regional offices. Swedfund makes investments in both equity and debt and have access to risk-decreasing instruments like guarantees.

Swedfund's performance in relation to the investment portfolio, mission objectives and other stated objectives, as well as contribution to the 2030 Agenda is reported in a comprehensive and award-winning integrated annual report, where portfolio companies' sustainability, impact and financial results are audited with equal authority. Results for all three pillars are illustrated using a number of indicators to measure the impact of investments. Transparency, competence and structure are essential elements, and both internal and external auditing are used to ensure that we are on the right track.



Impact on society

Swedfund assesses how investments and projects can contribute to impact on society based on our theories of change. The investments are designed to create the desired development impact, such as inclusive economic growth, private sector development and strengthening of local communities.

We measure performance based on the following indicators:

- Jobs
- Gender equality and women's economic empowerment
- Climate impact
- Tax revenue

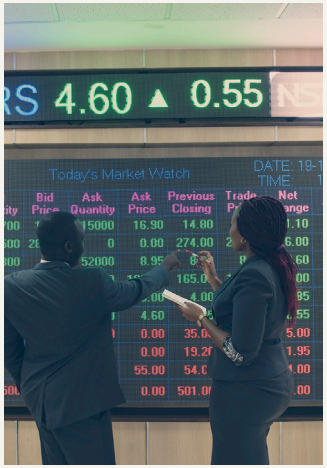


Sustainability

To contribute to the creation of businesses sustainable in the long-term, our investments and projects must increase the number of jobs with decent working conditions, comply with international standards, implement management systems to manage environmental and social risks, ensure that human rights are respected and work proactively on business integrity.

We measure performance based on the following indicators:

- Decent working conditions
- Management system for environmental and social issues, including human rights
- Management system for business integrity



Financial viability

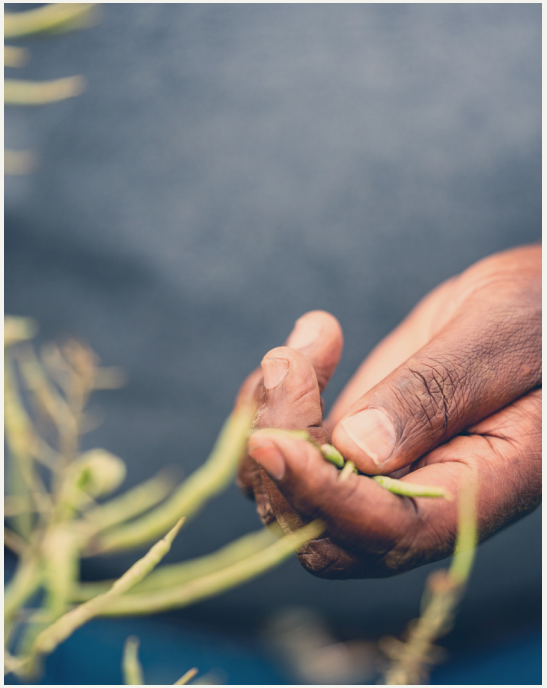
We must contribute to profitable and financially sustainable enterprises as well as long-term financing solutions for public project owners. Business enterprises and projects that are financially viable can grow, contribute to the creation of more jobs with decent working conditions, increase their tax base and strengthen women's economic empowerment.

We measure performance based on the following indicators:

- Turnover and profitability
- Fund IRR
- Capital mobilisation

Ethical compass and commitments

Swedfund's ethical compass comprises the policies, international commitments, guidelines, and transparency commitments that guide the work and define requirements for all investments. It ensures contribution to sustainable development and has been shaped by Swedfund's mission and insights gained through close dialogue with the owner, partners, and other stakeholders. Key policies, such as the Code of Conduct, Policy for Sustainable Development, Business Integrity Policy and Tax Policy, are adopted by the Board of Directors and shared with stakeholders via Swedfund's website. These policies go beyond legal compliance, reflecting the commitment to voluntary international guidelines, and are essential to Swedfund's mission as a responsible investor.



Swedfund integrates these commitments into the investment processes. Requirements set out in the UN Guiding Principles on Business and Human Rights (UNGP), the ILO Declaration on Fundamental Principles and Rights at Work, and the IFC Performance Standards are integral for ensuring respect of human rights, including labour rights and the promotion of decent work. In line with the requirements of the UNGP, Swedfund implements a human rights due diligence process to identify, prevent, mitigate, and account for how it addresses its impacts on human rights and engage and consult with potentially affected stakeholders. The process is largely embedded in the environmental and social management system. Swedfund also works with portfolio companies to strengthen their human rights and decent work efforts and compliance, aiming for 100% adherence to the ILO Declaration on Fundamental Principles and Rights at Work within three years of investment. This commitment extends not only to promoting equal opportunities but also to ensuring workplaces are free from discrimination, violence and harassment, in line with the ILO Convention No.190 (C190).

In advancing gender equality and women's economic empowerment, Swedfund applies a gender lens across its investment processes to guide decision-making, value creation, and risk management. Swedfund aims to increase gender equality in its portfolio by using the 2X Criteria Framework[2] to identify and evaluate investments that promote women's entrepreneurship and ownership, leadership and employment opportunities, as well as access to capital, products and services that contribute to economic empowerment and equality. As mandated by its owner, Swedfund's mission objective is for 60% of its portfolio companies to meet at least one 2X Criteria within three years of investment. Additionally, Swedfund qualifies investments for the 2X Challenge based on full alignment with the 2X Criteria Framework and acknowledges progress among portfolio companies that are far from meeting the 2X Criteria but have implemented basic safeguards.

Swedfund's climate investments align with the Paris Agreement and global climate goals. Our strategy focuses on low-emission pathways and climate-resilient development, aiming for a climate-neutral portfolio by 2045 and a reduction in GHG emissions per invested SEK over time. Paris alignment is an important milestone in the portfolio's development towards climate neutrality. As a result of Swedfund's investment strategy, 97% of direct investments and 91% of indirect investments are already aligned with the Paris Agreement (latest assessment in 2025). Additionally, Swedfund has modelled the development of its portfolio towards climate neutrality using three different scenarios, estimating that 20–30% of the portfolio could be climate neutral by 2030. To fulfil its climate commitments, Swedfund focuses on investments in low-emission solutions, supports emissions reductions within its portfolio companies, and plans to invest in carbon removal initiatives, including Nature-Based solutions.

2 The 2X criteria are a global framework for evaluating investments that promote women's entrepreneurship, leadership, employment, and access to capital, products, and services, fostering economic empowerment and gender equality. Initially launched by the G7, it has become an industry standard for advancing gender equality among financiers, companies, and stakeholders worldwide.

Our climate financing builds on the Multilateral Development Bank (MDB) Common Principles, OECD Rio Markers for climate, and is inspired by the EU Taxonomy to ensure significant contributions without causing harm to other environmental objectives. Swedfund promotes climate mitigation through investments in fossil-free energy, energy efficiency, and emission reductions, while avoiding fossil energy investments. Swedfund also supports investments in climate change adaptation and resilience, fostering development that addresses the adverse impacts of climate change and enhances the ability to recover from them. As part of the commitment as a TCFD signatory, Swedfund continuously assess and manage climate risks, work to reduce operational emissions, and improve climate-related reporting.

Recognising the link between climate and nature, Swedfund integrates biodiversity protection into its investments, aiming to reduce nature and biodiversity loss and achieve net gains. It aligns with the Kunming-Montreal Global Biodiversity Framework and applies IFC Performance Standards to minimise risks while pursuing co-benefits. Biodiversity efforts are tracked using Multilateral Development Bank principles and OECD Rio Markers, with additional guidance from the Taskforce for Nature-related Disclosures to manage nature-related risks and opportunities. Through these integrated commitments, Swedfund ensures its investments contribute to sustainable and inclusive development.

Ethical compass provides guidance

Swedfund policies

- Code of Conduct
- Policy for Sustainable Development
- Business Integrity Policy
- Tax Policy
- Transparency and Disclosure Policy

International commitments

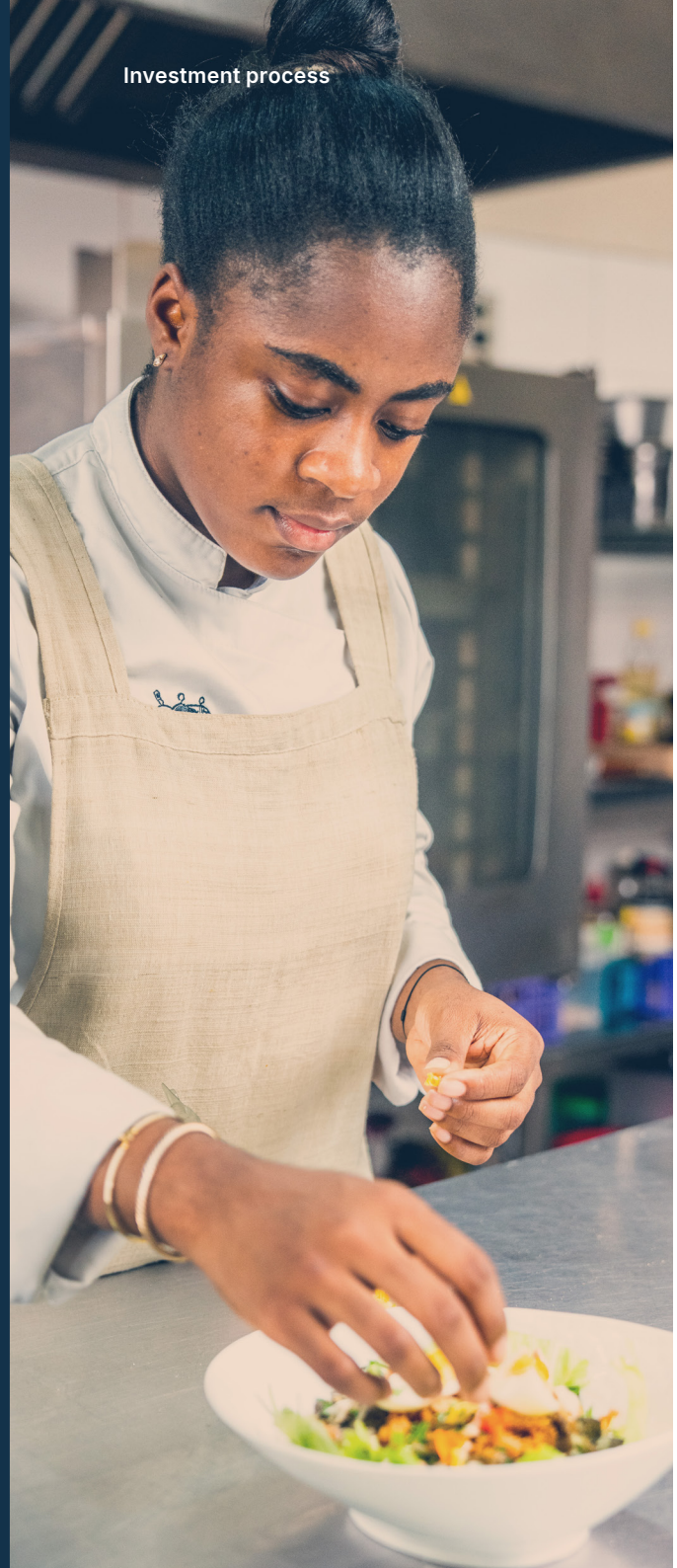
- UN Global Compact
- UN Principles for Responsible Investment (UNPRI)
- EDFI Principles on Responsible Financing
- World Bank Framework for Corporate Governance Development
- EDFI Exclusion Lists
- 2X Challenge – Financing for Women
- EDFI Statement on Climate and Energy Finance
- Paris Development Banks Statement on Gender Equality and Women's Empowerment
- Taskforce on Nature-related Financial Disclosures (TNFD) Forum

Guidelines

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- IFC Operating Principles for Impact Management
- IFC Performance Standards on Environmental and Social Sustainability
- IFC Environmental, Health and Safety Guidelines
- EDFI Harmonised Environmental and Social Standards for direct investments, financial institutions and fund investments
- EDFI Guidelines for OFCs

Transparency commitments

- The International Framework for Integrated Reporting
- Global Reporting Initiative (GRI) Standards
- UN Global Compact Communication on Progress (CoP)
- UN Principles for Responsible Investment (UNPRI)
- Open Aid
- IFI Harmonized Development Results Indicators for Private Sector Investment Operations
- Task Force on Climate-Related Financial Disclosures (TCFD)
- OECD DAC PSI Reporting



Investment process

Investing for sustainable growth in developing countries offers considerable opportunities for value creation while at the same time involving significant risks. Swedfund manages these risks through a comprehensive investment process that applies consistently across sectors, instruments, and investment types - whether direct or indirect investments. At the same time, the investment process is designed to ensure alignment with Swedfund's mission objectives and the UN SDGs.

Transaction phase

The process begins with an initial assessment, where opportunities are evaluated against our strategy, criteria, and Swedfund's additionality framework, while considering local needs. Investments are also evaluated using our Theory of Change framework (further described on the next page), which analyses how a potential investment can drive change and generate both direct and indirect development impacts. Each of our priority sectors has a tailored Theory of Change, supported by key performance indicators to effectively measure impact.

Following the initial assessment, a concept clearance proposal is prepared by the investment team and presented to Swedfund's Investment Committee, which identifies key opportunities and risks across the three pillars to be analysed during the due diligence process. During due diligence, a comprehensive analysis of the investee is initiated, covering areas such as business model, market potential, financials, sustainability risks, societal impact, and business integrity insights. The process includes in-depth engagement with the investee, input from regional offices, and external expertise where needed. A key outcome is the ESG Action Plan, which outlines the sustainability improvements required by the investee to meet Swedfund's standards. Once due diligence is complete, a screening meeting with the Investment Committee determines if the investment meets Swedfund's requirements for presentation to the Board of Directors. The Board, or the CEO in certain cases, makes the final decision. If approved, a contract is negotiated, incorporating sustainability and reporting obligations.

Active ownership

During the active ownership phase, Swedfund works closely with portfolio companies to support value creation opportunities and address commercial, risk, and sustainability issues identified during the due diligence process. This phase typically lasts 7-10 years, during which Swedfund maintains regular dialogue, conducts site visits, participates in board work where relevant, and reviews annual status reports to monitor risks, results, objectives, and compliance with contractual obligations. Both internal and external audits are conducted. For indirect investments, such as platforms and funds, Swedfund may engage directly with underlying holdings through visits, analyses, and ESG initiatives, supported by technical assistance and reports. For debt financing, the tenor is typically

around five years, during which Swedfund engages with the borrower through ongoing monitoring of financial performance, compliance, and delivery on ESG deliverables and impact metrics. The regional offices play a vital role in supporting active ownership throughout the process.

Swedfund's investment management ensure that investees comply with Swedfund's policies, ESG Action Plan, and contractual conditions. Portfolio companies are expected to meet Swedfund's strategic sustainability objectives within three years, and technical assistance, such as training or consultancy, may be provided to help achieve these goals.

For investments facing significant challenges, Swedfund's Special Operations team steps in to conduct in-depth analyses and develop action plans to address issues such as poor market conditions, governance problems, or conflicts. This dedicated team offers targeted support in areas such as financing, strategy, or ESG, bringing fresh perspectives and focused efforts to stabilise and improve the investment. Swedfund also often collaborates closely with other DFIs by investing alongside each other, harmonising impact frameworks, and other joint development initiatives. These partnerships allow Swedfund to leverage capital, expertise, and shared goals for greater impact.

Exit phase

As a long-term investor, Swedfund exits investments when objectives are achieved or when its role as an additional resource is no longer needed. Prior to exiting, Swedfund assesses the investee against the three pillars to determine if further actions are required.

When there is potential to achieve greater long-term impact, Swedfund may decide to retain the investment and refinance facilities instead of exiting. An exit report is prepared to evaluate results, document lessons learned, and assess how the investment met Swedfund's requirements and contributed to its objectives.



Theory of change

CHALLENGE



INPUT

Swedfund contributes with...

- Capital (icl. mobilised capital)
- Competence and knowledge
- Project accelerator funding
- Technical assistance funding
- Partnerships

ACTIVITY

... in sustainable businesses/ projects in developing countries

- Active ownership within our three pillars impact on society, sustainability and financial viability (within Swedfund's strategy[3])

OUTPUT

To achieve measurable results...[4]

- Growing number of decent jobs
- Improved access to essential products and services
- Improved equality in workplaces
- Reduced environmental footprint
- Increased local income generation incl. local processing
- Increase in digital business models and enabling environment
- Growth of sustainable companies with good governance
- Increased capital mobilisation
- Sustainable and bankable projects
- Improved critical infrastructure

OUTCOME

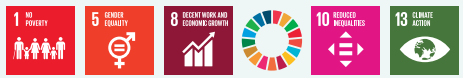
... to enable development effects building on local needs

- Sustainable private sector development and growth
- More resilient and prosperous local communities
- Inclusive development and economic growth
- Accelerated climate change mitigation, adaption and resilience

IMPACT

... supporting poverty reduction

- Contribute to Agenda 2030



DIRECT EFFECTS — INDIRECT EFFECTS

3 Spec. geography, sectors and instruments.
4 Illustrated in the impact dashboard.

Rationale for Swedfund's Sustainability Bond Framework

Swedfund's mission is to reduce poverty through sustainable investments in developing countries. These investments address key development challenges while helping overcome perceptions of high investment risks in these regions. To unlock capital flows, there is a pressing need for deeper knowledge of local markets, better risk-sharing mechanisms, improved risk management, and clearly defined investment opportunities. While risks in developing countries vary, data indicates that credit loss rates are often lower than expected. By leveraging risk-sharing structures and instruments, Swedfund can create more opportunities for investments and mobilise additional private capital. Alongside financial returns, Swedfund's investments deliver demonstration effects, fostering positive, long-term, and sustainable development impacts.

It is part of Swedfund's mission targets to contribute to capital mobilisation, and Swedfund has been mobilising on average 30 percent on portfolio level annually. Swedfund's long experience in managing risk together with its expertise and local presence create the conditions to be an effective channel for capital mobilisation.

Establishing this Sustainability Bond Framework represents a further step in Swedfund's mission to scale impact and strengthen alignment between local needs and investment opportunities. The Framework aligns with market best practices, including the International Capital Market Association's (ICMA) Green Bond Principles (2025), Social Bond Principles (2025), and Sustainability Bond Guidelines (2021).

It is structured around the four core components of these Principles, as well as their recommendation for external review:

1) Use of Proceeds
2) Process for Project Evaluation and Selection
3) Management of Proceeds
4) Reporting

The Framework enables Swedfund to raise capital through the issuance of Use of Proceeds bonds in the following formats (collectively referred to as 'Sustainability Bonds'):

- **Green bonds:** to finance and/or refinance eligible projects for the purpose of contributing to climate change mitigation, adaptation, nature and improved resilience ('Green Projects'),
- **Social bonds:** to finance and/or refinance eligible projects that promote improved living conditions for underserved groups ('Social Projects'),
- **Sustainability bonds:** to finance and/or refinance a mix of eligible Green and Social Projects, or
- **Category-specific bonds:** to finance and/or refinance a subset of Green or Social Projects within specific categories defined in this Framework, highlighting particular environmental or social challenges in targeted areas.

Swedfund developed the framework in collaboration with Danske Bank, and Moody's has provided a second party opinion, which is publicly available on our website.



Use of proceeds

Allocation of net proceeds

An amount equal to the net proceeds from Sustainability Bonds issued by Swedfund will be used to finance or refinance, in whole or in part, Green and Social Projects that align with the eligibility criteria outlined in the following pages, as determined by Swedfund. Net proceeds will be allocated to eligible Green and Social Projects within 24 months of the issuance date of the Sustainability Bond. These projects can take the form of loans, mezzanine financing, or equity investments, made directly or indirectly in companies, funds, platforms, financial institutions or via other financial intermediaries. Collectively, these Green and Social Projects will form a portfolio of assets eligible for financing and refinancing with Sustainability Bonds.



The approach for allocating bond proceeds to Green and Social Projects will depend on whether the investment is dedicated to a direct project, provided directly as growth capital to a company, or made indirectly to a fund/platform or financial institution, in accordance with the following:

- **Direct projects:** 100% of Swedfund's investment qualifies for inclusion in the eligible Green and Social Project portfolio, based on the project's eligible capital and operational expenditures.
- **Growth company:** 100% of Swedfund's investment qualifies if at least 90%[5] of the company's revenue is derived from activities defined in the eligible Green or Social Project categories.
- **Investment in a fund/platform[6] with a mandate aligned with the Framework:** 100% of Swedfund's investment qualifies if the fund's mandate is fully aligned with the eligibility criteria of the Framework, or if Swedfund's investment is specifically structured to align with the Framework's eligibility criteria. This alignment will be documented through contractual provisions and transparently reported based on Swedfund's attributable use and measurable impacts.
- **Investment in a fund/platform[6] with no explicit mandate for the use of the funds:** the percentage of Swedfund's investment that qualifies for the eligible Green and Social Project portfolio will be proportional to the share of the fund's overall portfolio that aligns with the eligibility criteria of the Framework. Swedfund will apply a transparent allocation and attribution methodology to identify the portion of the investment linked to Framework-aligned activities.
- **Investment in a financial institution:** 100% of Swedfund's investment qualifies if either:
  i. A use-of-proceeds requirement applies to the loan, meaning the funds are on-lent for a specific purpose aligned with the Framework (e.g. renewable energy companies) or to pre-defined groups of borrowers (e.g. MSMEs and women); or
  ii. The relevant mandate of the financial institution is to at least 90%[7] dedicated to investing in or on-lending to borrowers, entities or activities that align with the eligibility criteria of the Framework (e.g. a microfinance institution).

5 The company's overall activities must comply with the exclusion criteria of the Framework and must not contradict its overall objectives.
6 The fund/platform's overall activities must comply with the exclusion criteria of the Framework and must not contradict its overall objectives.
7 The financial institution's overall activities must comply with the exclusion criteria of the Framework and must not contradict its overall objectives.

Financing and refinancing

Sustainability Bond net proceeds can finance both existing and new Eligible Projects financed by Swedfund. New financing is defined as allocated amounts to Green or Social Projects financed within the reporting year, and refinancing is defined as allocated amounts to projects financed prior to the reporting year. The distribution between new financing and refinancing will be reported in the annual Sustainability Bond Impact Report.

Exclusions

Sustainability Bond net proceeds will not be allocated to activities excluded under the Harmonized EDFI (European Development Finance Institutions) Exclusion List, the EDFI Fossil Fuels Exclusion List, and Swedfund's Owner Instructions on fossil energy. These exclusions cover activities related to, among others, tobacco, controversial weapons, pornography, racist and/or anti-democratic media, forced or child labour, destruction of high conservation value areas, and the exploration, extraction, production and trading of coal, oil, and fossil gas.

Swedfund's investments

Swedfund has several financial instruments for our investments: equity, loans and access to EU guarantees. We make direct and indirect investments through equity and loans. Additionally, our investments can be complemented with technical assistance funds, a strategic grant tool used to enhance the quality and performance of portfolio companies in alignment with our mission and goals. These funds prioritise initiatives linked to development impact, gender equality, and sustainability, including environmental and climate considerations, decent working conditions, business ethics, and business integrity. Technical assistance funds are not covered under this Framework.

The following investment types form the basis for our portfolio of Green and Social Projects:

Equity

Swedfund invests as a minority shareholder, often holding a board seat to influence decisions and actively contribute to the governance, sustainability practices, and strategic direction of the investee company or fund. In cases where we co-invest with our partners, we can have board representation via the partner. We aim to be long-term investors but exit when our involvement is no longer needed. We retain shares as long as we can make a positive impact, particularly in sustainability and societal benefits. When selling, we assess the new shareholder's ability to maintain sustainable operations.

Loans

Loans generally offer lower risk than equity investments and follow a predictable structure with repayment terms and interest. Sustainability and reporting requirements are agreed upon upfront and included in the loan agreement. Loans (either direct or via financial institutions) are effective for supporting small and medium-sized businesses and entrepreneurs, creating income generation capabilities through microfinance and contributing to growth and penetration of digital business models as well as facilitating climate initiatives.

Indirect investments

Swedfund invests through funds and platforms to provide SMEs with access to loans or equity, as well as thematic funds focusing on e.g. SMEs, digitalisation, forestry, climate, renewable energy and healthcare. Collaborating with expert, often regionally based, managers, allows Swedfund to reach more small companies, share risk, diversify the portfolio and mobilise private capital. By requiring fund managers to adopt Swedfund's sustainability standards, we help funds improve their practices and align with international standards. Swedfund often participates in the LPAC (Limited Partner Advisory Committee), a group of representatives from the largest investors, as well as the E&S (Environmental and Social) Committee of the fund, and may exercise an opt-out right for investments that do not meet our criteria, such as specific geographies or sectors.

Overarching eligibility criteria for all investments

The following pages will provide an overview of the eligibility criteria for each project category. As overarching eligibility criteria, all investments must adhere to the environmental and social requirements outlined in our Policy for Sustainable Development[8] and requirements detailed in our Business Integrity Policy[9] and Tax Policy[10]. While the policy may be updated periodically, the overarching criteria for portfolio companies can be summarised as follows:

- Comply with legal and regulatory requirements in their jurisdictions.
- Adhere to the Harmonized EDFI Exclusion List, EDFI Fossil Fuels Exclusion List, and Swedfund's Owner Instructions on fossil energy.
- Establish and maintain an Environmental and Social Management System with responsibility assigned to a designated representative. This system must be implemented within three years from the date of investment.
- Establish and maintain a Business Integrity Management System with responsibility assigned to a designated representative. This system must be implemented within three years from the date of investment. Comply with Swedfund's requirements regarding responsible taxation, anti-money laundering, and the prevention of financing terrorism.
- Adhere to the IFC Performance Standards and IFC EHS Guidelines.
- Respect internationally recognised human rights in line with the UN Guiding Principles on Business and Human Rights.
- Provide working conditions aligned with the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Basic Terms and Conditions of Employment, and the ILO Violence and Harassment Convention.
- Integrate a gender perspective to all investments and throughout the investment process, as relevant and appropriate to the size and focus of the business, to (i) prevent and respond to risks related to gender-based discrimination, violence and sexual exploitation, abuse and harassment (SEAH), and (ii) contribute to increasing women's empowerment and gender equality in line with the 2X Criteria.
- Conduct an assessment of material climate, nature and biodiversity impacts and risks of the project/activity and undertake measures to reduce negative impacts and to the extent possible enhance positive contributions as relevant and appropriate to the size and focus of the business.

For investments in financial institutions and funds, Swedfund requires these entities to establish management systems that incorporates the above-mentioned standards and applies them to their clients or portfolio companies in a manner appropriate to the size and nature of their business. In co-investments with other DFIs or investors, Swedfund applies the EDFI Harmonized Standards as a minimum. Alternatively, Swedfund may agree to similar standards provided they meet its requirements.

Additionally, all investments are assessed using Swedfund's Theory of Change to evaluate direct and indirect development impacts. Desired and realistically achievable outcomes are contractually committed in the agreement. Swedfund's sector-specific Theory of change models are outlined in Appendix.

Geographic focus

Swedfund invests in operations and countries eligible for development cooperation in accordance with OECD/DAC guidelines. Investments in low-income countries and lower middle-income countries are prioritised. Investments in upper middle-income countries, as defined by OECD/DAC, are limited and should focus on the green and digital transition, effective reduction of emissions, and capital mobilisation.

EU Taxonomy alignment

The EU Taxonomy Regulation is a classification system for sustainable finance, designed to serve as a basis for assessing whether an investment is environmentally sustainable. It is a key tool for achieving the EU's climate goals and supporting the green growth strategy outlined in the European Green Deal. Swedfund's climate finance definition is inspired by the EU Taxonomy's definitions and safeguards. However, the EU Taxonomy' criteria are not directly applicable to investments outside the EU, where Swedfund's investments are made. Consequently, the criteria are applied where relevant and applicable. Swedfund's climate financing is primarily based on frameworks that are more globally suitable and tailored to developing countries, such as the MDB Common Principles. Further details on our approach to assessing Green Projects are provided in the introduction text on the next page.

8 https://www.swedfund.se/media/uigf5aj3/swedfund-policy-for-sustainable-development_2025.pdf
9 https://www.swedfund.se/media/bnpbpgz5/swedfunds-business-integrity-policy-2024.pdf
10 https://www.swedfund.se/media/0wbfyygh/swedfund-tax-policy.pdf



Green Project categories

Climate change is a major global challenge and a significant barrier to development. It disproportionately impacts developing countries, vulnerable groups, and, in many contexts, women, while negatively affecting businesses, livelihoods, and sustainable growth. Effectively addressing climate change can reduce inequality and must align with goals for poverty reduction, sustainable development, just transition, and gender equality.

Swedfund is committed to aligning with the goals of the Paris Agreement, which aims to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. To support this, Swedfund will: (i) invest in low emission pathways and climate resilient development; and (ii) contribute towards net zero emissions.

Swedfund applies a climate lens to all investments, systematically integrating climate considerations to:

- Identify relevant climate risks in investments and the portfolio;
- Manage material climate impacts of investments and the portfolio; and
- Identify opportunities to support investments in combating climate change in developing countries.

To evaluate and minimise climate, nature, and biodiversity risks, the IFC Performance Standards are applied throughout Swedfund's investment process and management.

Swedfund's definition of climate and nature finance is based on the MDB Common Principles for Tracking Climate Mitigation and Adaptation Finance and the MDB Common Principles for Tracking Nature Positive Finance. It also incorporates the OECD Rio Markers for Climate and Biodiversity and draws inspiration from the EU Taxonomy to ensure significant contributions without harming other environmental objectives. Together with Swedfund's investment process, these frameworks ensure that Green Projects financed under the framework meet criteria that contribute to the goals of the Paris Agreement, avoid the risk of locking in emissive technologies over long periods, and/or help halt and reverse nature loss. Eligible Green Projects will contribute materially to one or more of the following green objectives:

- Climate change mitigation
- Pollution prevention and control
- Biodiversity and nature
- Sustainable water and wastewater management
- Climate change adaptation and resilience

Green Project category	Eligibility criteria	SDG contribution
Renewable energy (Climate change mitigation)	• **Solar power:** Solar power technologies such as photovoltaics and solar thermal technology. • **Wind power:** Onshore or offshore wind power projects. • **Hydro power:** Facilities generating electricity from hydropower, where the facility is a run-of-river plant without an artificial reservoir. • **Bioenergy** – Facilities used for electricity generation or heating/cooling generation from bioenergy based on sustainably sourced waste-based materials and/or by-products from the forestry/agricultural industry. Sustainably sourced means that the feedstock used by the bioenergy production facility should be traceable, originate from FSC/PEFC-certified sources, and prioritise local sourcing to minimise transport-related emissions. – Facilities producing biofuel, biogas, biochar and/or biomass based on sustainably sourced waste-based materials and/or by-products from the forestry/agricultural industry. • **Measures to facilitate the integration of renewable energy technologies** – Storage facilities for electricity, thermal energy and hydrogen, designed to store energy for later use and helping to manage the intermittency of renewable energy sources. – Investments in transmission and distribution systems supporting the delivery of very-low-carbon electricity, enabling the integration of additional renewable energy into the grid, or supporting smaller, independent energy systems (such as minigrids) that are based on renewable energy. – Information and communications technology enabling the effective management and distribution of renewable energy, such as smart grid technology.	
Energy efficiency[11] (Climate change mitigation)	• Upgrade, retrofits and improvements of energy production and storage that demonstrate substantial reductions in energy consumption or GHG emissions compared to the pre-investment situation. • Measures, technologies, goods or services that demonstrate substantial reductions in the carbon footprint or energy consumption of the project/process compared to the GHG emissions from a corresponding fossil fuel-based alternative or the pre-investment situation. Examples include the installation of solar hybrid systems, heat pumps, and energy-efficient lighting; optimisation of industrial processes; reduction of heat loss and enhancement of waste heat recovery; and innovations that lower emissions intensity, improve process performance, or enable efficient use of materials or energy.	
Waste management and emission reduction (Pollution prevention and control)	• **Waste-to-biogas:** Facilities[12] dedicated to the treatment of sewage sludge or separately collected bio-waste through anaerobic digestion or composting, resulting in the production and utilisation of biogas. The feedstock should be sourced locally to minimise transportation emissions. • **Waste-to-energy:** Waste-to-energy facilities using municipal solid waste as feedstock and where the waste incineration process follows a waste hierarchy, ensuring that as much of the waste as possible is reused and recycled before being converted to energy. These facilities can use a mix of different sustainable energy sources, such as sustainably sourced biomass/fuels derived from waste or by-products, municipal waste, water-thermal energy, and recovered energy.	

11 Energy-efficiency investments related to fossil fuel production or fossil-intensive industrial activities are excluded.
12 A monitoring and contingency plan should always be in place to minimise potential methane leakage at the facility, and the produced biogas is used for the following purposes: (i) directly for the generation of electricity or heat, (ii) upgraded to bio-methane for injection in the natural gas grid, or (iii) used as vehicle fuel or as feedstock in chemical industry.

Green Project category	Eligibility criteria	SDG contribution
Clean transportation (Climate change mitigation)	• **Public transport:** Fully electric driven public transportation systems such as metro, buses, trains, trams or ferries. • **Passenger transport:** Fully electric driven vehicles such as passenger cars, motorbikes and commercial vehicles. • **Supporting infrastructure:** Charging infrastructure for electric driven vehicles and electrified railways.	
Environmentally sustainable management of living natural resources and land use (Biodiversity and nature)	• **Sustainable forests and forestry:** management of forests, commercial plantations and related wood industries, such as saw mills and plywood mills, where the forest or biomass used in the production is, or will be certified within three years of investment, in accordance with the Forest Stewardship Council (FSC) and/or Programme for the Endorsement of Forest Certification (PEFC) standards or other relevant and applicable standard. • **Protection, restoration and improvement of biodiversity, ecosystems and nature resilience:** – Activities that support the creation, conservation, and restoration of terrestrial, freshwater and marine ecosystems, as well as populations of related fauna and flora species. Examples include projects such as reforestation, afforestation, revegetation, wetland, peatland, mangrove, and other blue carbon ecosystem restoration, sustainable agroforestry, and regenerative agriculture. – Measures to manage and increase the proportion of green and blue spaces in the urban environment for the purpose of contributing to biodiversity, recreation, equalizing temperatures, cleaning the air and reducing noise.	
Sustainable water and wastewater management	• **Lower-carbon and resource-efficient water supply:** construction, extension, and renewal of systems, as well as measures and technologies aimed at substantial improvements in energy efficiency, water savings, and reductions in GHG emissions, such as projects replacing tanker use or local coping mechanisms with piped utility water supply systems, replacement of leaking pipes, or the deployment of low-energy consumption technologies or equipment. • **Lower-carbon and resource-efficient wastewater management:** construction, extension, and renewal of systems, as well as measures and technologies aimed at substantial improvements in energy efficiency, water savings, and reductions in GHG emissions and pollution through enhanced wastewater treatment. Example projects include treatment systems designed to remove biochemical oxygen demand (BOD) and reduce methane or nitrous oxide emissions through improved wastewater collection and treatment. • **Sustainable water management:** storm water management structures and urban drainage systems dedicated to mitigating pollution and flood hazards.	
Climate change adaptation and resilience	• Adaptation activities that integrate measures to manage physical climate risks and ensure the project's objectives are realised despite these risks, such as adjustments or improvements to help the project withstand current and future impacts of climate change. • Adaptation activities that directly reduce physical climate risks and enhance the adaptive capacity of the system in which the activity takes place, based on a robust understanding of the climate risks faced by the system. • Adaptation activities that address the underlying causes of climate vulnerability at the systemic level and/or remove barriers to adaptation – such as gaps in knowledge, capacity, technology, or regulation – while creating enabling conditions for policy, infrastructure, natural asset improvements, and capacity building.	

Social Project categories

In accordance with the Social Bond Principles, the target population(s) intended to benefit from the positive social outcomes of the Social Projects – i.e. the lives the project aims to impact – should be clearly defined for each Social Project category. These populations are typically groups that are particularly burdened by social challenges and underserved due to limited access to essential services, resources, or opportunities. Examples include individuals living below the poverty line, the unemployed, low-income populations, women entrepreneurs, as well as Micro, Small and Medium Enterprises (MSMEs). In some cases, however, the target population(s) may be reached by addressing the general public. This applies when the social outcomes of the project are widely distributed and benefit society as a whole. Examples include investing in i) enhanced access to formal financing and associated economic empowerment in fragile and conflict afflicted situations like Somalia or South Sudan, ii) sustainable food systems to address widespread issues such as food security, malnutrition and poor living conditions for farmers, or iii) upgrading water infrastructure to provide safe and reliable access to clean water for a large portion of the population.



Target population for Swedfund's Social Projects

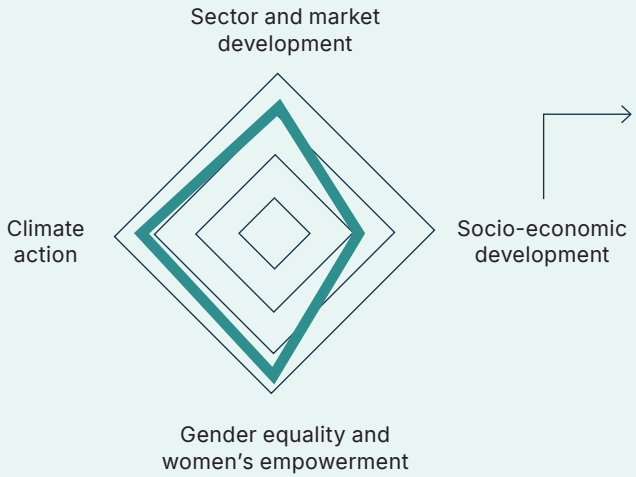
The overarching purpose of the Social Projects defined under this Framework is to contribute to poverty reduction and improve living conditions for underserved groups in developing countries who lack adequate access to essential goods and services. Swedfund invests exclusively in countries eligible for development assistance as defined by OECD's Development Assistance Committee (DAC), with priority given to investments in low-income countries and lower middle-income countries. Depending on the context and the specific service or product provided, underserved groups may include the unbanked or underbanked, individuals with limited or no connectivity, the undernourished, the unemployed, populations with low and/or unstable incomes, rural communities, and vulnerable groups such as youth and women with limited access to certain services.

The overarching purpose of the Social Projects defined under this Framework is to contribute to poverty reduction and improve living conditions for underserved groups.

Each Social Project is evaluated based on its potential to create a positive impact for the identified target population, guided by Swedfund's Theory of Change models outlined in the Appendix. Swedfund uses an Impact Rating Tool to assess the potential development impact of each investment throughout the investment process – from concept clearance to portfolio management and exit. The tool evaluates (potential) investments on key impact themes aligned with Swedfund's Theory of Change, combining both general indicators relevant to all investments with sector-specific indicators tailored to Swedfund's focus sectors. The tool supports decision-making and helps balance portfolio impact.

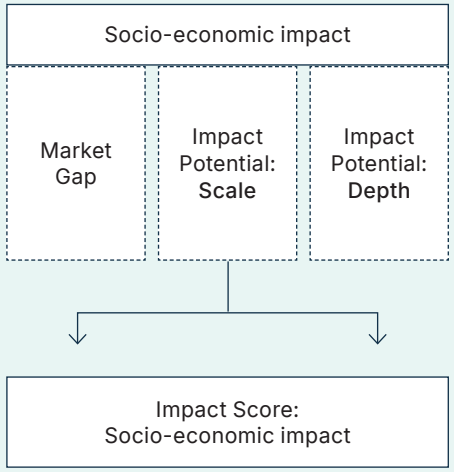
Overview of Swedfund's Impact Rating Tool

The four outcomes of Swedfund's ToC are used as key focus areas)



What, who

The analysis of each focus area is based on scale and depth of impact and Market gap via Swedfund's KPIs and macro-economic data



How much, contribution

Impact score can be seen separately for each key focus area and as a total score

Impact measurement	
Sector and market development	1.50
Socio-economic development	2.65
Gender equality and women empowerment	2.28
Climate action	0.80
Total impact score	1.81
Impact	Good

Impact score from 0-3: 0 lowest, 3 highest

Impact categories:
Low, Satisfactory, Good, Exceptional

Social Project category	Eligibility criteria	Target population(s)	SDG contribution
Access to essential services	**Financial inclusion** • Financing for financial institutions exclusively dedicated to on-lending, investments, and/or providing insurance to underserved groups, including individuals, households and enterprises with limited or no access to mainstream financial services, as outlined in the target population definition to the right. • Financing for fintech companies, microfinance institutions, and credit funds that generate at least 90% of their revenues from investing in or providing financial services to underserved groups (as outlined to the right). Institutions providing microloans are required to comply with Customer Protection Principles to ensure active promotion of responsible lending and management practices. These include transparent pricing, avoiding excessive indebtedness, collecting debt responsibly, and respecting personal integrity.	**Rationale:** Lack of adequate formal financing, particularly for certain segments, which hinders economic opportunities, growth, and equality. **Target populations:** Underserved groups in developing countries, Low-Income Countries (LICs) and countries in fragile and conflict-affected situations[14] with limited access to financial or insurance products, such as MSMEs, women-owned enterprises, women, youth, and individuals or households with low incomes or living in rural areas.	
	Access to digital technology and solutions • Enabling environment for digitalisation: investments aimed at addressing the lack of efficient and sustainable digital infrastructure and adequate digital skills. Examples of projects include broadband networks, cable data transmission, IT servers, data centres and cloud technology, as well as digital skills solutions such as educational platforms and initiatives to enhance digital literacy. • Digital business models: investments in digital business models where digital technology is at the core (such as AI solutions and digitally embedded finance solutions) or disruptive/transformative/innovative models leveraging digital technology to accelerate sustainable development (such as Cleantech, Agritech and Fintech). All projects are assessed based on their contribution to improving access to sustainable and inclusive digitalisation with the potential to accelerate development. Sustainable digitalisation refers to digital infrastructure and solutions that are cost- and energy efficient, ethical, sustainable, and respectful of people and the planet. Inclusive digitalisation ensures that digital technologies and their benefits are accessible to everyone, regardless of socio-economic status, geographical location, gender, age, or abilities.	**Rationale:** Digitalisation has the potential to drive economic growth by creating business opportunities, jobs, increasing productivity and enabling access to global markets. However, unequal access to digital services excludes billions, particularly in developing countries and among women, rural, and older individuals. To ensure inclusive digitalisation benefits, technologies must be accessible to all, regardless of socio-economic status, location, gender, age, or abilities. Innovative digital business models, such as those leveraging AI, can further accelerate digitalisation, enhance efficiency and drive productivity in developing societies. Extending these technologies to vulnerable communities is crucial for fostering equitable progress. **Target populations:** Underserved groups in developing countries, LICs, and countries in fragile and conflict-affected situations with limited access to connectivity or digital solutions.	
	Access to safe and effective healthcare and related services • Products and services aimed at improving access to safe, quality and/or affordable healthcare. • Products and services aimed at improving women's right to make their own informed decisions regarding sexual relations, contraceptive use and reproductive healthcare, for example relating to menstrual health and hygiene. All projects are assessed based on their contribution to improving access for underserved groups with limited access to safe, quality and/or affordable healthcare. This evaluation considers the project's impact on: (i) the availability of previously scarce or unavailable products and services, through increased or new access for customers and end-users, ii) the reliability of the products or services, through improved quality, stability and frequency of supply, or iii) the affordability of products or services, through reduced prices for customers and end-users.	**Rationale:** Access to safe and effective healthcare improves health and quality of life, reduces infant and maternal mortality, and boosts economic development through increased productivity. **Target populations:** Underserved groups in developing countries, LICs, and countries in fragile and conflict-affected situations with limited access to safe, quality and affordable healthcare.	

14 Countries included in the World Bank Group's list of countries with high levels of institutional and social fragility or countries affected by violent conflict.

Social Project category	Eligibility criteria	Target population(s)	SDG contribution
Affordable basic infrastructure	• **Drinking water infrastructure:** solutions and technologies for water collection, treatment and supply to ensure broad access to safe and reliable drinking water. • **Wastewater infrastructure:** solutions and technologies for the collection and treatment of wastewater to reduce pollution, prevent the spread of waterborne diseases, and safeguard water sources. • **Social infrastructure:** investments in the construction or retrofitting of public service buildings, student-, social or affordable housing, schools, hospitals, and other community facilities, to promote sustainable, inclusive urban growth and strengthen community resilience.	**Rationale:** The build-out of social infrastructure is critical for building sustainable communities,especially in emerging markets where existing systems are often insufficient or undersized. Growing urban populations and inadequate financing put further pressure on communities' public services, including schools, hospitals, and social and student housing. Access to clean water and sanitation reduces the incidence of waterborne diseases and can improve general public health, thereby helping to reduce inequalities and promote social inclusion. **Target population:** Underserved groups in developing countries, LICs, and countries in fragile and conflict-affected situations with limited access to adequate and affordable housing as well as essential services such as clean water and sanitation. Some projects may specifically cater to underserved groups such as women, children or the elderly.	 
Food security and sustainable food systems	• Food and agricultural value chain projects that are aligned with and/or adopt relevant food system principles, standards, or certifications, including the UN FAO Principles for Responsible Investment in Agriculture and Food Systems and the Roundtable on Sustainable Palm Oil, as applicable to the value chain and sector, and with the ultimate goal of improving the productivity of agriculture in a sustainable manner, decrease waste, creating formal jobs and increased food security. Agricultural projects may include investments in input products, agriculture/primary production, warehousing and logistics, local manufacturing and processing, as well as trade, distribution and sales of agricultural products.	**Rationale:** Globally, three billion people cannot afford a nutritious diet, and over 800 million are undernourished. Despite favourable agricultural conditions, Africa imports up to 65% of its food. Smallholder farmers, who contribute up to 90% of food production in some countries in Southern Africa, often face low and unstable incomes and lack resources and support to grow sustainably and overcome barriers to access markets. Moreover, limited food processing results in significant waste, while food security is further undermined by climate change, geopolitical challenges, conflict, and population growth. Investments in increasing food production, reducing waste, and improving sustainability across the value chain are essential for creating formal jobs, fostering economic empowerment and social resilience, and enhancing food security through greater production and resource efficiency. **Target population:** Improved livelihoods for underserved groups in developing countries, LICs, and countries in fragile and conflict-affected situations by enhancing income and resilience for local populations through the processing of raw materials and moving up the value chain.	 
Employment generation	• Investments in MSMEs[15] aimed at contributing to the development and growth of the private sector to create and maintain decent jobs and increase tax revenues in the country. The investee companies must comply with decent working conditions in accordance with the ILO Declaration on Fundamental Principles and Rights at Work within no more than three years, from the date of investment.	**Rationale:** By 2030, 600 million jobs must be created to address the needs of a growing, young population. These should be productive jobs in the formal sector with decent working conditions. With 90% of jobs generated by the private sector, investments are crucial to help businesses grow, create employment, and boost tax revenues. SMEs, however, often struggle to access the capital needed to expand and improve productivity. **Target group:** MSMEs in developing countries, LICs, and countries in fragile and conflict-affected situations, particularly those relevant for creating jobs for women, youth, individuals with low incomes, or those living in rural areas, as well as MSMEs owned or led by such groups.	

15 Swedfund applies the IFC definition for MSMEs, except in investments involving the EU Guarantee, where the EU SME definition is used instead.

Social Project category	Eligibility criteria	Target population(s)	SDG contribution
Socioeconomic advancement and empowerment	• Investments in companies that align with the Basic 2X ESG and minimum Governance & Accountability criteria as well at least one of the 2X Criteria for gender-lens investing to promote women's economic empowerment, outlined as follows: i. Entrepreneurship and ownership: The company is founded by a woman, or women ownership is at least 51% ii. Leadership: At least 30% of senior management, the board, or the investment committee are women (depending on country- and sector-specific thresholds) iii. Employment: Women make up at least 30-50% of the workforce (depending on country and sector-specific thresholds), and the company has at least one quality-related employment indicator in place beyond compliance iv. Supply chain: The company demonstrates a commitment to women in its supply chain is in place and has at least one quality-related supply chain indicator in place beyond compliance v. Products and services: The company offers product(s) or services(s) that enhance the well-being of women or girls and/or promote gender equity • Investments through financial intermediaries that align with the 2X criteria also through their portfolios.	**Rationale:** There is a significant gap in economic empowerment between women and men. Gender equality is not only a matter of fairness but also a prerequisite for sustainable development. Research shows that increased gender equality enhances economic productivity, reduces poverty, and strengthens social cohesion. According to World Bank estimates, global income per capita could be almost 20% higher if women participated in the labour market under the same conditions and to the same extent as men. **Target group:** Women as owners, employees and consumers in developing countries.	

Process for project evaluation and selection

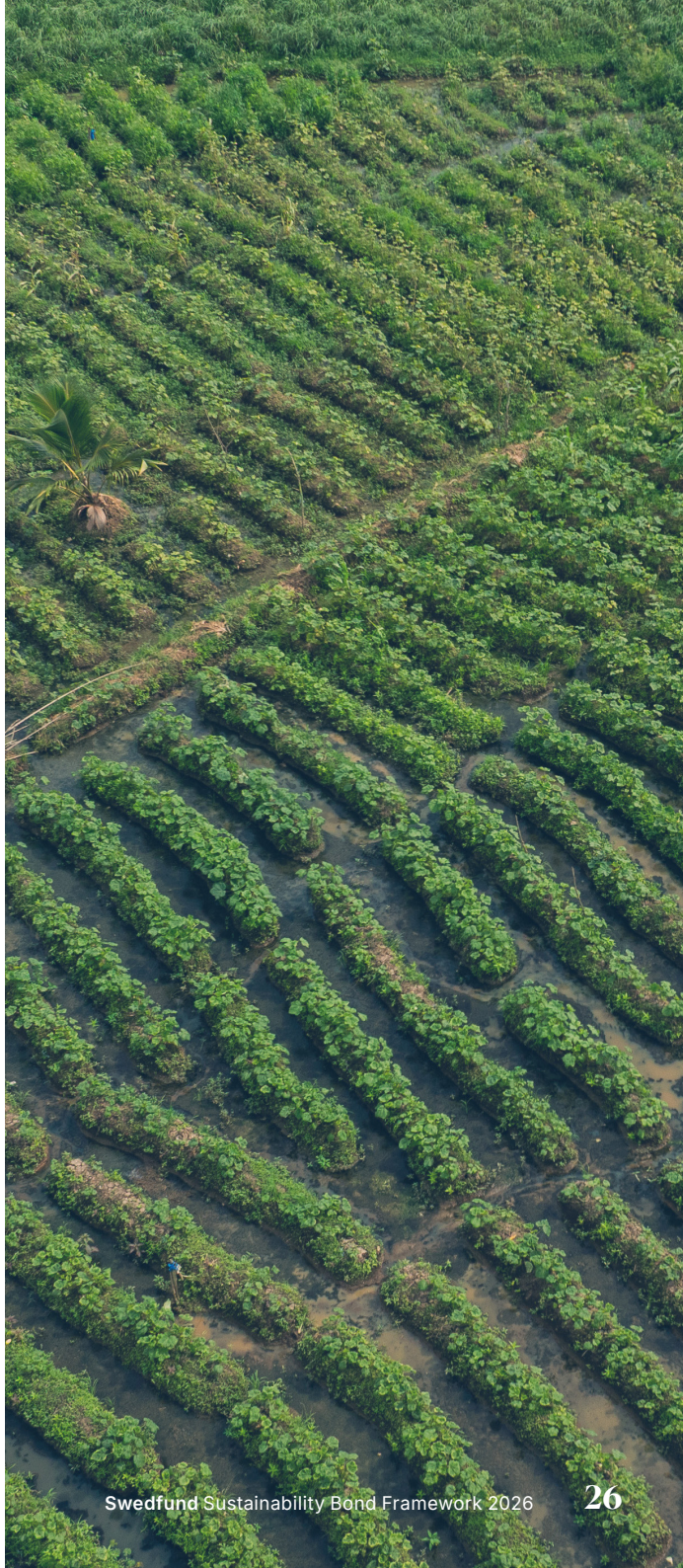
Swedfund's investment process, as outlined in the Background section of this Framework, follows the same structured phases regardless of sector, financial instrument, or whether the investment is direct or indirect. This process includes assessing and addressing environmental and social risks, which are continuously monitored throughout the investment's lifecycle until exit.

Evaluation and selection of green and social projects

The project evaluation and selection process ensures that an amount equivalent to the net proceeds from sustainability bonds is allocated to Green and Social Projects eligible under this Framework. In addition to meeting Swedfund's general investment requirements and standard due diligence process, Green and Social Projects must comply with the eligibility criteria outlined in the Use of Proceeds section. Swedfund has established a Sustainability Bond Committee to oversee this process, which includes the following steps:

i. Representatives within Swedfund evaluate potential Green and Social Projects for compliance with the eligibility criteria and their associated environmental or social benefits.
ii. A list of nominated Green and Social Projects is presented to the Sustainability Bond Committee, which has the sole authority to approve projects as green or social in line with the Framework's eligibility criteria. Approved projects are tracked in a dedicated 'Sustainability Register', and allocation of net proceeds requires a consensus decision by the committee. All decisions are documented and filed.

The Sustainability Bond Committee comprises representatives from the finance, sustainability, and strategy departments, as well as relevant specialists within the organisation when needed. It convenes at least annually and retains the right to exclude any previously funded project if it no longer meets the eligibility criteria. If a project is sold or otherwise loses its eligibility, the funds will follow the Management of Proceeds procedure until reallocated to other eligible projects. Additionally, the committee is responsible for preparing the annual reports on the allocation and impact of the net proceeds raised through Sustainability Bonds.





Management of proceeds

Tracking of net proceeds

The net proceeds from Sustainability Bonds will be managed according to a portfolio approach. Swedfund will use a Sustainability Register to track the allocation of net proceeds from Sustainability Bonds to eligible Green or Social Projects. The purpose of the register is to ensure that an amount equivalent to the net proceeds only support the financing of Green or Social Projects or is used to repay any Sustainability Bonds outstanding. The Sustainability Register will form the basis for the impact and allocation reporting.

As long as Sustainability Bonds are outstanding, the balance of proceeds will be adjusted at least on an annual basis, to match allocations to eligible Green or Social Projects (re)financed during this period. In the event a project has been sold or is no longer eligible, Swedfund commits to substitute the project as soon as practical, on a best effort basis. Swedfund's ambition is for the total value of the Sustainability Register to always exceed the total value of the Sustainability Bonds outstanding.

Temporary holdings

The balance of unallocated net proceeds will be held in the liquidity reserve and be managed in line with Swedfund's treasury management policies. The maximum period that net proceeds may be unallocated is 24 months.

Exclusions

Temporary holdings will not be placed in entities whose business plans focus on fossil energy production, fossil fuel infrastructure, nuclear energy generation, or potentially environmentally harmful resource extraction (e.g. rare earth elements or fossil fuels), as well as gambling or tobacco. Additionally, activities excluded under the Harmonized EDFI Exclusion List, the EDFI Fossil Fuels Exclusion List, and Swedfund's Owner Instructions on fossil energy, are not eligible.

Reporting

Swedfund will annually, until the bonds reach maturity or full allocation, and in the event of any material developments, provide investors with a publicly available report (a 'Sustainability Bond Impact Report') describing the allocation of proceeds and the environmental and social impact of the projects financed. The report will be made available on our website together with this Framework.

Allocation reporting

Allocation reporting will include the following information:

- A summary of sustainability bond developments
- Nominal amount of outstanding sustainability bonds
- The balance of the Sustainability Projects in the Sustainability Register (including any temporary investments and sustainability bond repayments)
- Relative share of new financing versus refinancing
- The total aggregated proportion of net proceeds used per Green and Social Project Category

Impact reporting

Impact reporting under this Framework aims to disclose the outcomes of the Green and Social Projects financed, based on Swedfund's financing share of each project.

The report will, where feasible, include relevant descriptions of the methodology, baselines, and assumptions used in the impact calculations. Since Swedfund may finance numerous smaller projects within the same project category, the impact report will present aggregated results.

The impacts of the projects will be monitored and reported using both common performance indicators and project-specific indicators. Common indicators, which apply to all projects regardless of category, are aligned with Swedfund's overarching objectives. Project specific indicators, on the other hand, will vary depending on the type of project. Where applicable, the impact report will reference the indicators listed in the table on the next page. Results are reported with a one-year lag, meaning they reflect outcomes from two years prior to the relevant impact report.



Project category	Example impact indicators
Renewable energy	• Installed renewable energy capacity (kW) • Annual renewable energy generation (MWh) • Annual avoided emissions (tCO2e)
Energy efficiency	• Annual energy use reduced/avoided (MWh or GWh or %)
Waste management and emission reduction	• Annual reduction or avoidance of pollutants (e.g. tonnes of nitrogen oxide emissions) • Quantity of recycled material (tonnes per year • Energy generation (MWh per year) • GHG emissions avoided (tonnes per year)
Clean transportation	• Number of vehicles financed • Number of charging points installed or upgraded • Passenger km in new means of transportation
Environmentally sustainable management of living natural resources and land use	• Forest area under certified sustainable forest management (hectares) • Net carbon sequestration (tonnes per year) (if available) • Area of habitat or ecosystem protected/conserved/restored/managed
Sustainable water and wastewater management	• Volume of water saved/avoided, recycled/reused, or reduced (m3) • Energy use reduced/avoided (kWh/m3) • Volume of wastewater treated or reduced/avoided • Emissions/pollutants reduced/avoided (e.g. GHG emissions, tonnes of phosphorus, nitrogen and/or other pollutants)
Climate change adaptation	• Physical climate risk addressed and expected adaptation related outcome (quantified if possible) • Number of individuals/households/area addressed

Project category	Example impact indicators
Access to essential services	• MSME loans (number, volume, % women clients) • Digital loans (number, volume, % women clients) • Number of users (individuals or businesses) / beneficiaries (#) • Number of hospital beds (total, % women) • Number of consultations (total, % women)
Affordable basic infrastructure	• Annual volume of clean drinking water supplied (m3) • Beneficiaries relating to improved water quality
Food security and sustainable food systems	• Smallholder farmers reached (total, % women) • Agricultural loans (number, volume, % women) • Estimated improvement in local processing capacity
Employment generation	• Number of direct jobs (total, % women) • Taxes and other similar items (corporation tax as a minimum), translated into SEK • Number of indirect jobs (total, % women)
Socioeconomic advancement and empowerment	• Number of 2X Criteria-aligned investments • Development of the proportion of women on boards, in senior positions, and in the total workforce



External review

Pre-issuance verification
Moody's has provided a Second Party Opinion (SPO) on this Sustainability Bond Framework, verifying its credibility, impact, and alignment with the ICMA Green Bond Principles (2025), and Social Bond Principles (2025), as well as with the Sustainability Bond Guidelines (2021).

Post-issuance review
An independent external party, appointed by Swedfund, will on an annual basis, until full allocation and in the event of any material developments, provide a review confirming that an amount equal to the net proceeds has been allocated to Green or Social Projects.

Publicly available documents
The Framework and the SPO will be publicly available on Swedfund's website, together with the post-issuance review and the reporting, once published.


Photo credit: AgDevCo, Tropo Farms

Appendix

Theory of change: Energy & Climate

Challenge	Input	Output	Outcome	Impact	
Emissions are polluting and warming Earth's climate at a pace which is off track to meet Paris Agreement targets. Generation and supply of renewable energy is required for mitigating climate change and resilience whilst driving sustainable development. Improved efficiency (enabling less pollution and energy-, waste- and water consumption) is key for climate mitigation, adaptation and resilience, sustainable livelihoods and growth. Millions of people lack sustainable access to critical services and infrastructure (incl. for connectivity), limiting resilient economic and human development as demand rises. Forest and oceans (crucial for carbon sequestration, biodiversity and livelihoods) suffer from unsustainable depletion (incl. deforestation), environmental deterioration and carbon dioxide saturation and acidification.	**Financial investments** • Intermediate equity and debt (via funds and platforms) • Direct equity and debt **Active ownership & TA-Support** • ESG • Impact management/ measurement • Cross-sector thematic support (gender, climate and environment, digitalisation, decent work)	• Increased renewable energy generation, transmission and distribution (on and off-grid). • Greater returns from the same amount of resources, i.e. more efficient use and less pollution. • Expanded and more sustainable access to energy, water and sanitation/waste services and infrastructure. • Increased volume of biomass and area of land under certified sustainable forest management. • Increased environmental stewardship and implementation of sustainable operations.	• Increased consumption of renewable energy and reduced emissions in Swedfund's countries of operation. • More efficient use of Earth's limited resources enabling lower environmental footprints. • Larger population share with sustainable access to critical services and infrastructure. • Strengthened carbon sequestration, adaption and resilience of ecosystems, incl. biodiversity. • Increased protection and support of sustainable livelihoods and creation of jobs.	Supporting climate mitigation, adaption and resilience to combat climate change and its impacts.	
				Enabling: • Access to affordable, reliable, sustainable and modern energy for all • Access to, and sustainable management of, water and sanitation for all	 
				Promoting efficient use of natural resources, ensuring sustainable consumption and production patters.	
				Protecting, restoring and promoting sustainable use of terrestrial ecosystems and sustainably manage forests.	
				Conserving and strengthening resilience of aquatic ecosystems.	
				Promoting sustained, inclusive and sustainable economic growth, decent work for all, and reduced inequalities.	 
Direct effects			Indirect effects		

Theory of change: Financial Inclusion

Challenge	Input	Output	Outcome	Impact	
Underdeveloped and unstable financial markets are detrimental to economic and social development. High risk and lack of appropriate products discourage international investments in financial institutions. MSMEs create 4 out of 5 new jobs in emerging economies. Yet, around 200 million MSMEs (especially women-owned) lack access to finance. An estimated 1.7 billion adults, especially women, worldwide lack a basic account.	Investments and active investment management (including support and TA in the areas of climate, gender, digitalisation, impact management and measurement, ESG). **Within** • Regulated breaks • Credit funds • NBFIs with focus on income generation • Microfinance institutions • Insurance companies	• Improved stability of trust in local financial sector institutions. • Improved capacity for responsive, sustainable and (digital) financial services. • Private sector development via MSME and "mid-corprates" growth, scaling green and inclusive innovation. • Improved access to finance for underserved customer segments.	• More stable, resilient and inclusive financial markets and societies, supporting digital transition. • Growth of local economies and tax generation. • Increase and support of decent jobs (direct and indirect) in the formal sector, including improved working conditions. • Improved access to essential products and services, as well as increased potential for savings.	Support economic growth and end poverty in all its forms everywhere. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Reduce inequalities within and among countries. Achieve gender equality and empower all girls and women.	   
Direct effects			Indirect effects		

Theory of change: Food Systems

Challenge	Input	Activity	Output	Outcome	Impact
More than 3 billion people around the world are not able to afford a nutritious diet and over 800 million people are undernourished. 30% of food produced is either lost or wasted. Food systems generate up to one third of global greenhouse gas emissions. Several African countries import food. The African population is growing at a rapid pace and is expected to reach 2,5 billion by 2050. Africa's working age population is to grow by 450 million people (70%) by 2035, but there will only be about 100 million new jobs without effective changes, and agriculture/ food is in many countries the important sector for employment. Africa exports resources in raw or unporcessed states while importing manufactured products. Primary commodities account for more than 75% of exports.	• Capital • Competence and knowledge on impact, ESG, financial viability • Technical assistance • Collaborations	FOOD VALUE CHAIN **Agricultural inputs:** Equipment, seeds, fertilizers, phyto products, packaging. **Primary production:** Nursery & plantation, harvesting, livestock. **Aggregation:** Local trade, storage, packaging. **Processing:** Processing, quality, packaging. **Retail and distribution:** Retail, transport, storage.	• Improved access to agricultural inputs and other enablers along value chain. • Enhanced productivity on food value chain. • Reduced food loss and waste. • Growth of sustainable and inclusive businesses, new collaborations and innovations. • Considerable number of direct and indirect jobs for all. • Increased local income generation. • Reduced environmental and climate footprint.	• Larger population share with increased access to nutritious food. • More efficient use of Earth's limited resources. • Sustainable agriculture and food sector development and growth. • Sustainable livelihoods and increased opportunities for all. • Climate smart agriculture and sustainable food value chain.	Support inclusive development and poverty reduction.. Contribute to achieving food security and zero hunger. Contribute to good health and wellbeing. Contribute to responsible consumption and production patterns. Combat climate change and increase climate adaption and resilience. Protecting biodiversity, restoring and promoting sustainable use of terrestrial and aquatic ecosystems.

Direct effects | Indirect effects

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