

POLICIES AND GUIDELINES

# Policy on Corporate Responsibility in the guarantee business

Decision-making body:	Board of Directors
Adopted:	2016-09-29
Established by:	Stefan Karlsson
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## Policy

EKN shall promote corporate responsibility in export transactions and investments. In all of its activities EKN shall consider the environment, human rights and working conditions. EKN shall also promote sustainable lending to poor countries and prevent corruption.

## Guidelines

- EKN shall support transactions with an acceptable environmental and social impact, which are free of corruption and that do not impede poor countries' social and economic development. EKN shall refrain from taking part in transactions for which the conditions are not acceptable, or if the necessary information is not received or expected to be received.
- EKN shall adhere to the principles of the UN's Global Compact, the OECD's Guidelines for Multinational Enterprises and the UN's Guiding Principles on business and human rights.
- EKN shall maintain close collaboration with clients to provide information about the principles above and ensure that they are implemented in practice. EKN shall also undertake continuous dialogue with the Swedish Ministry for Foreign Affairs, Swedish government authorities, export credit agencies and other stakeholders concerning corporate responsibility in order to share experience, gain a deeper understanding of how others work in this area, and contribute to sustainable global development.
- EKN shall not guarantee transactions with a high risk of tax evasion or tax fraud.
- EKN shall regularly follow up its corporate responsibility work. The results shall be communicated both externally and internally.

### **Environment, human rights and working conditions**

EKN's guidelines for the environment, human rights and working conditions are based on the OECD recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

EKN shall assess the risk of, and the opportunities to prevent, any adverse impact on the environment, human rights and working conditions in individual projects, in buyer

companies and in their surroundings. For transactions with a high potential risk of adverse impact EKN will perform a deeper assessment and, as required, follow up during the lifetime of the transaction, according to specific guidelines. The scope and design of the investigation will be matched to the extent of financing, the level of identified risks and EKN's opportunities to influence the situation. EKN applies IFC Performance Standards as well as the World Bank's and IFC's guidelines for the environment, health and safety to assess acceptable impact.

In EKN's guidelines, environmental impacts are impacts on the climate, air, water, soil, resource efficiency, biodiversity, sensitive natural habitats and cultural areas, as well as the influence of environmental impacts on people and society.

EKN shall take all human rights into consideration. There is special emphasis on the rights that are linked to business impacts. This concerns, for example, business impact on health and safety in the surroundings, as well as on involuntary displacement, indigenous people, cultural heritage areas and freedom on the Internet. EKN pays special attention to transactions in conflict areas and in countries and sectors with a high risk of human rights violations.

Working conditions are primarily assessed in terms of the risk of child labour, forced labour, discrimination, occupational health and safety, and the right to freedom of association and to collective bargaining.

### **Anti-corruption**

EKN's anti-corruption guidelines are based on the OECD Recommendation on Bribery and Officially Supported Export Credits, as well as Swedish legislation.

Swedish anti-bribery legislation must be followed in EKN's transactions. EKN shall actively manage corruption risk and have a system to identify transactions with a risk of corruption. Transactions with a risk of corruption must be subject to more detailed control. Guarantee applicants must undertake not to be involved in any form of bribery in the transaction, and to provide information on remuneration to agents. For transactions where the exporter is the guarantee holder, EKN will declare the guarantee to be non-binding if an exporter is convicted of bribery. Irrespective of whether the exporter is the guarantee holder or not, if indemnification is paid, EKN will require compensation from the exporter for an equivalent amount, as well as compensation for any other costs and expenses incurred by EKN due to the exporter's conviction of bribery.

If there is reason to suspect bribery or other misconduct in a transaction where EKN is involved, the National Anti-corruption Unit of the Swedish Prosecution Authority must be informed of the suspicions. The application must be suspended, pending the prosecutor's decision, or alternatively rejected

EKN does not undertake transactions whereby obviously corrupt structures have given the buyer clear advantages over its competitors.

### **Sustainable lending**

EKN's guidelines for sustainable lending are based on the OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries. The OECD agreement stipulates that in their lending and guarantee business, the members shall observe the principles for sustainable lending. This means that EKN must take account of any restrictions concerning concessionary lending on which the low-income country in question has reached agreement with the IMF and/or World Bank. The transactions shall also be productive and contribute to the country's social and economic development, for EKN to be able to support them. The policy comprises the provision of guarantees that increases the low-income country's public indebtedness, either directly or indirectly.

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