

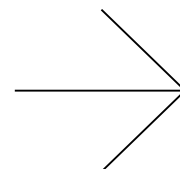
# Sustainability report

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# A positive force in the transition

At SEB, we want to be a positive force in the sustainability transition. We believe our greatest impact comes from partnering with our customers and supporting them on their journey. Through our ambitions and goals, we aim to accelerate the pace towards a sustainable future for people, businesses and society.



# Sustainability at SEB

SEB wants to be leading in the sustainability transition. Through responsible advice, innovative products and services, we can act as a catalyst for change and thereby accelerate the pace towards a sustainable future for people, businesses and society.

SEB adapts its business strategy to align with and contribute to the Paris Agreement. We are a signatory of the UN initiative Principles for Responsible Banking, and we have committed to the Net-Zero Banking Alliance and the Net Zero Asset Managers initiative.

As a bank we play an important role in creating opportunities to channel the vast investments that are required for the climate transition to happen. Our customers are at the core of our way of conducting a sustainable business.

We engage with private, corporate and institutional customers in our home markets and international network. Together we identify risks and opportunities related to environmental, social and governance matters. By providing our customers with sustainable financing and investment advice and products we want to enable them to make choices that contribute to the transition.

## Integrating the strategy

SEB's sustainability strategy is a central part of SEB's business plan for 2022–2024 and a cornerstone of SEB's 2030 Strategy. In 2022, we intensified the integration of the strategy across the organisation. Key parts are our ambitions and goals – The Brown, The Green and The Future – that were launched in 2021. They are integrated into SEB's decision-making processes, and we presented our progress in 2022. By focusing on these ambitions and goals, we aim to contribute to the transition by both reducing the negative impact and increasing the positive impact while providing a view of how our customers, over time, transition in line with the Paris Agreement. See p. 35 and 61.

Furthermore, in line with our commitment to the Net-Zero Banking Alliance, we presented net zero aligned 2030 targets for five sectors in our credit portfolio. These targets are an important part of our effort towards reaching a net zero credit portfolio by 2050. See p. 36 and 63.

During the year we continued to be in close dialogue with large corporate customers and financial institutions on sustainability matters. We provided expert advice and financing solutions such as sustainability frameworks, green and sustainability-linked loans and bonds. Our customers' trust in us as preferred sustainability advisor was confirmed in the 2022 Prospera surveys on Nordic Large Corporate Banking and Financial Institutions.

SEB's private customers in Sweden and the Baltic countries benefited from an extended offering, related both to financing, investments and pension services. SEB Investment Management expanded its offering with additional Article 9 funds, such as SEB Nordic Future Opportunity Fund. See p. 42.

## Strengthening our own operations

SEB's sustainability governance and policy frameworks were further strengthened. Our two overarching thematic policies, Environment and Social & Human Rights, were updated with a broadened scope and a clear connection to SEB's sector policies.

We continued our efforts to reduce our own environmental impact to reach our goal to be near net zero by 2045. We focus on reducing our energy consumption and limit our business travels. However, air travels increased in 2022 compared to the previous year, an expected post-pandemic effect. See p. 47.

Sustainability factors such as SEB's sustainability ambitions and goals were included as KPIs in the variable remuneration for the executive management during 2022. See p. 50.

## Support for employees

During the year, Tellus, an SEB developed hub for external environmental, social and governance (ESG) data, was made available for employees. The purpose of the hub is to provide accurate, traceable and reusable ESG data through which SEB's customers more easily can understand their sustainability footprint. Further efforts were also made to encourage employees to increase their sustainability competence. See p. 44.

## Our role

SEB has high ambitions for how to contribute to the transition. This is how we believe we can act as a catalyst and be a changing force in the sustainability transition:



# Ambitions and goals

SEB has developed three proprietary metrics to steer our business in line with our sustainability strategy, and to measure our progress in the transition towards a low-carbon society.

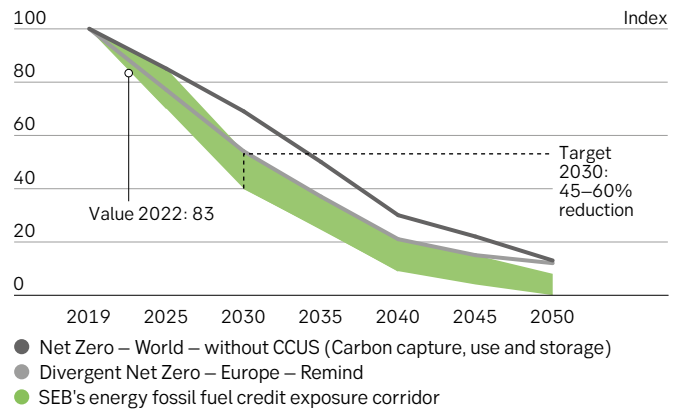
## Carbon Exposure Index – The Brown

The Carbon Exposure Index is a volume-based metric capturing the fossil fuel credit exposure within SEB's energy portfolio. SEB's goal is to reduce the fossil credit exposure by 45–60 per cent by 2030 compared with a 2019 baseline.

At year-end 2022, the Carbon Exposure Index had decreased by 17 per cent compared to 2019, which is in line with the 2030 trajectory. The outcome reflects SEB's strategy to actively engage with customers striving to transition their operations and to support them in their transition plans.

Fossil credit exposure to the power generation and transmission sectors increased over the period, primarily driven by liquidity support to energy producers through the European energy crisis and transition related investment needs. The increase was offset by a sharp decline in the credit exposure to the oil & gas sector. See p. 61.

## The Brown – reduce our fossil fuel credit exposure in the energy portfolio



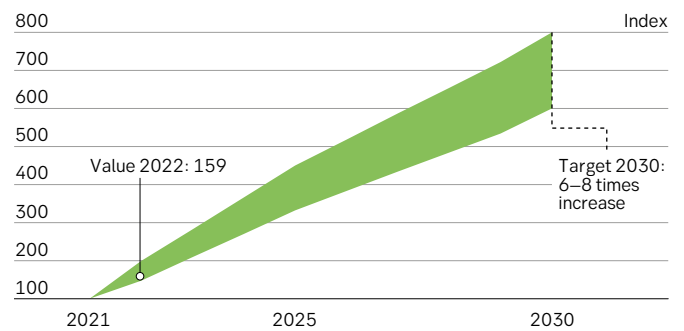
## Sustainability Activity Index – The Green

The Sustainability Activity Index is a volume-based metric capturing our sustainability activities across four areas:

- Sustainability-related financing
- Sustainable finance advisory
- Greentech venture capital investments
- Sustainable savings (in line with the EU's Sustainable Finance Disclosure Regulation, SFDR), as share of SEB's total fund offering, own and external.

The ambition is to increase Sustainability Activity Index 6–8 times by 2030 compared with a 2021 baseline. At year-end 2022, the index had increased by 59 per cent. See p. 39, 40, 42.

## The Green – increase average volume-based sustainability activity

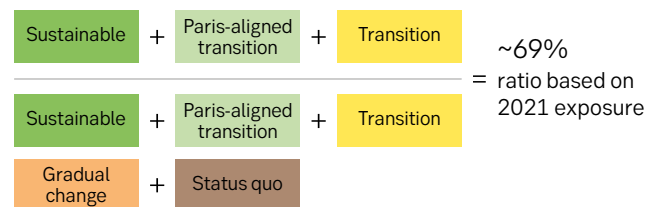


## Transition Ratio – The Future

The Transition Ratio is built on SEB's internal Customer Sustainability Classification tool (CSC). Based on the exposure in our credit portfolio, the CSC tool assesses and classifies to what extent our customers' transition plans are aligned with the objectives of the Paris Agreement.

At year-end 2022, the Transition Ratio was 69 per cent. This was based on the credit exposure in 2021 and the assessments carried out in 2022. The ratio provides insight into our customers' progress and can be used for further analysis and action to support them on their transition journeys. See p. 61.

## The Future – reflecting our customers' transition over time

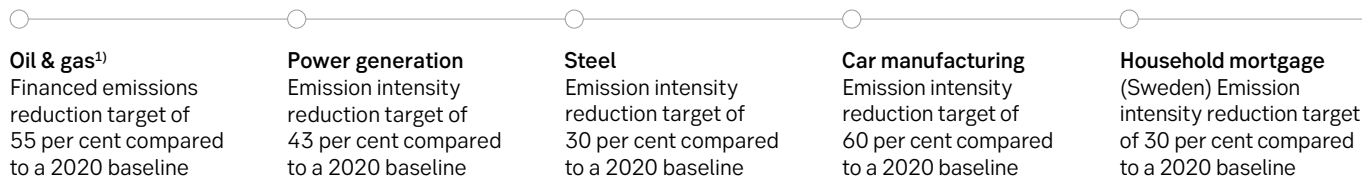


### Net zero aligned 2030 sector targets

In 2021, SEB was one of the founding signatories of the Net-Zero Banking Alliance (NZBA), a UN-convened and industry-led initiative. By joining the NZBA, we have committed to align our credit portfolio with 1.5°C scenarios pathways to net zero by 2050 or sooner, and to set 2030 reduction targets.

In 2022, we presented five prioritised sectors where we have set reduction targets against a 2020 baseline. These targets strengthen and complement SEB’s ambitions and goals within the climate area and are important to reach a net zero credit portfolio by 2050. See p. 61–63.

### Sector targets 2030



1) Exploration, production and refining.

### Goals and outcomes

SEB’s ambitions and goals were introduced in 2021. They complement the goals that were established in 2017, for the areas Our People, Business Ethics and Conduct, and Environment, own impact. The years for achieving these goals are now synchronised to 2030.

Area	Description	Outcome 2022	Outcome 2021	Goal 2030
<b>The Brown</b>	Carbon Exposure Index, measuring the fossil fuel credit exposure in our energy portfolio (index=100, 2019)	Index 83	Index 88	Reduce by 45–60 per cent
<b>The Green</b>	Sustainability Activity Index, measuring our activities supporting the sustainable development (index=100, 2021)	Index 159	Baseline 100	Increase 6–8 times
<b>The Future</b>	Transition Ratio, measuring our corporate and real estate credit portfolio's anatomy from a climate perspective	69 per cent <sup>1)</sup>	n/a	n/a
<b>Our People</b>	Gender by management type (male/female):			Increase balance in senior management towards long term ambition of 50/50±10 per cent
	Group Executive Committee (GEC)	71/29 per cent	67/33 per cent	
	Top Senior Management <sup>2)</sup>	58/42 per cent	56/44 per cent	
<b>Business ethics and conduct</b>	Employees that have completed mandatory training <sup>3)</sup> , average	95 per cent	81 per cent	Increase towards 100 per cent
<b>Environment, own impact</b>	Absolute CO <sub>2</sub> emission reduction	Gross, tonnes: 11,098 Net, tonnes: 0 (through compensation) <sup>4)</sup>	Gross, tonnes: 9,492 <sup>5)</sup> Net, tonnes: 0 (through compensation) <sup>4)</sup>	Not to exceed 17,000 tonnes +/-5 per cent by 2025. New goal for 2030 to be set in 2023

1) Credit exposure as per year end 2021 has been classified based on information collected and assessed during 2022.  
 2) Top Senior Management: GEC+GEC direct reports.  
 3) SEB global mandatory trainings: Code of Conduct, AML and Combating Terrorist Financing, Fraud Prevention, Cyber Security, GDPR, Sexual Harassment and Sustainability Training on Climate Change. Includes consultants, excludes employees on leave of absence. See p. 217–218.  
 4) SEB’s climate compensation is described on p. 47.  
 5) The reported value for 2021 has been restated, see p. 223–224.

## Our material focus areas and impact

In line with SEB's Corporate Sustainability Policy we work with short-, medium- and long-term perspectives. SEB has both direct and indirect impact on stakeholders, and we are conscious that the planet and society, as well as our stakeholders, impact our business.

We want our banking services to contribute to the transition towards a sustainable society. The integration of environmental, social and governance (ESG) factors is fundamental and encompasses climate and environment, human rights, social relations and anti-corruption. We strive to integrate these factors into everything we do – into products, advice and processes.

### Our material focus areas

Our material focus areas include sustainable financing, sustainable savings and investments, innovation, people and community and environment. Several fundamental areas are essential to our long-term performance, namely: financial strength and resilience, risk management, business ethics and conduct, strong governance and a robust sustainability policy framework. We strive to avoid causing, contributing to or being directly linked to negative environmental and social impact, and aim to create value for the planet, people and society through our ways of working.

### PRB impact analysis of SEB's credit portfolio

By signing the UNEP FI Principles for Responsible Banking (PRB), we have committed to align our business strategy to international goals, such as the UN Sustainable Development Goals (SDGs). Key impact areas, positive and negative, are related to the exposure we have through our financing activities.

In line with our commitment to PRB, in 2021 SEB conducted an analysis of which SDGs are most impacted through our credit portfolio. The impact analysis was performed based on SEB's own advisory tool, the Impact Metric Tool (IMT). This tool measures ESG factors, impact on the SDGs, alignment with the EU Taxonomy and the exposure to climate risks. The SDG module, which has been developed in collaboration with the Royal Swedish Academy of Sciences, identifies and measures the impact of financing activities on the SDGs from a sector impact perspective.

### Identified impact areas

The impact analysis is based on SEB's exposure to each sector in the credit portfolio. The exposure is combined with the impact each sector has, positive and negative, on the SDGs.

Based on this approach, and considering that the majority of SEB's activities is conducted within northern Europe, the analysis showed that the areas where SEB's sector exposure has a potential negative impact are climate change (SDG 13), biodiversity (SDGs 14 and 15) and fresh water (SDG 6).

The areas with the most significant potential positive impact are Decent work and economic growth (SDG 8) and Industry, innovation and infrastructure (SDG 9). Major challenges in these countries are connected to energy supply, housing and resource efficiency and waste. Circularity (Responsible consumption and production, SDG 12) is therefore also included in SEB's prioritisation.



### Targets on impact areas

During 2022, SEB has actively developed the work in the identified impact areas and has, in line with the commitment to PRB, set targets that address some of the impact areas. The Sustainability Activity Index, the Green, is one of these targets. It includes sustainable finance advisory, financing and investments that will contribute to increasing positive impact and decreasing negative impact on several of the identified SDGs. The index is used as a strategic KPI to drive sustainability work in the organisation.

SEB continues to develop the business, products and services, and strives to contribute to positive development in additional areas where the bank has the most impact. These areas relate to, among others, energy efficiency, biodiversity, water and the transition to a circular economy.

→ For SEB's PRB Reporting and Self-Assessment Template, see [sebgroup.com](https://sebgroup.com)

### Additional Group-linked SDGs

In addition to the SDGs identified through the PRB impact analysis, SEB works actively to contribute to Peace, justice and strong institutions (SDG 16), for example through our commitment to prevent corruption, money laundering, cybercrime and financing of terrorism. Moreover, we promote Gender equality (SDG 5), for example through directed advisory services and investment activities.



→ See [sebgroup.com](https://sebgroup.com)

# Sustainable financing

At SEB we are convinced that sustainable financing is among the most important drivers in the transition towards a sustainable society. By offering sustainable advisory and financing products and services, we support our customers on their journeys and help them achieve their goals.

SEB wants to drive the development of the sustainable finance market. Through our ambitions and goals (see p. 35) we aim to increase the sustainability-related financing and advisory for our customers, thereby creating positive environmental and social impact in society. This, in turn, contributes to re-directing capital flows and increasing transparency for owners and investors.

## Responsible lending and financing

Responsible lending and financing are cornerstones of our business. We have group-wide processes and policies in place to define how the bank shall take sustainability risks into account in financing activities. These procedures aim to ensure that material environmental, social and governance (ESG) factors are identified and assessed, and that they are incorporated into analyses and decisions.

Based on the framework for considering sustainability in credit analyses of corporate customers we assess our customers' risks and opportunities from a short, medium and long-term perspective.

For corporate customers in sectors with high climate impact, SEB's approach is to both engage with and support our customers in their transition, where that is possible, but also that we may end client relationships if we do not share the same ambitions. Moreover, we take a restrictive approach to doing business in industries with a high risk for corruption, or negative impact on human rights and labour rights.

## Support in difficult times

We always aim to support our customers with tailored advice and services to meet their specific needs, also in difficult times. In 2022, many customers were exposed to inflation, increased energy costs and higher interest rates. We therefore strengthened our efforts to stand by our customers.

As an example, a cross-functional SEB team was created to provide private and corporate customers with timely and up-to-date information on how to, for example, lower energy costs as well as information on changes of the policy rate from Sweden's central bank, interest rates and amortisation requirements. Advisers and experts shared advice and analyses with information being communicated in channels such as direct e-mails, the mobile app and on web pages.

## Supporting through dialogues

In interactions with corporate and institutional customers, we consider material risks and opportunities in their specific sector as an integrated part of the dialogue. With both short, medium and long-term perspectives, advisers and clients discuss sustainability ambitions, and we assist in identifying appropriate financing solutions, based on customer needs.

Our Customer Sustainability Classification tool (CSC), together with product and advisory offering, supports SEB's sustainability strategy and forms the basis for SEB's Transition Ratio. For several years the tool has served as a hands-on tool for dialogues around our clients' decarbonisation journeys. It has allowed us to deepen the understanding of our customers' transition plans and has been instrumental in SEB's ambition to be at the forefront of sustainable advisory services.

Furthermore, our sustainability dialogues have contributed to cementing our position as a preferred advising partner to our large corporate customers and financial institutions in sustainability matters. This was apparent in the Prospera surveys 2022, where SEB for the third and second year respectively was ranked number one by both large corporate customers and financial institutions in the Nordic region.

## Sustainable advice and offering

SEB has a holistic approach to sustainability advisory, where our products and services offering is an integrated part of the discussions. Our support consists of sustainability-related financing and sustainable finance advisory, and we have set goals to increase these volumes to 2030, as expressed in the Sustainability Activity Index, The Green. See p. 39. In 2022, sustainability-related financing increased by 75 per cent compared to 2021. As regards sustainable finance advisory, the volumes increased by 32 per cent compared to 2021.

SEB's offering includes products and advisory services within sustainability-themed products, such as green, social and sustainability bonds. These are activity-based and issued to finance projects with the goal of positive environmental or social change. The performance-based products, such as sustainability-linked bonds and loans, are based on whether an issuer or borrower achieves the sustainability goals that have been set within a specific time.

### Leading Nordic advisor

In 2022, SEB had a leading position in the Nordic advisory market for sustainability bonds (green, social and sustainable). The share amounted to 22 (18) per cent of the Nordic banks' global transactions, corresponding to a total volume of EUR 7.2bn (5.7).

The bank was involved in several major deals and transactions across the sustainable finance market product sphere, advising clients in addressing environmental as well as social challenges.

SEB advised Mercedes-Benz as the company further aligned its financing strategy with the overall sustainability strategy. We acted as coordinator and sustainability advisor in the development of a KPI concept for financing, and helped Mercedes-Benz establish the second largest European sustainability-linked loan (SLL) financing, EUR 11bn, on the market.

SEB also advised Deutsche Post DHL Group on a sustainability-linked finance framework, thereby helping the company to create a direct connection between its sustainability and financing strategies.

Moreover, we acted as sustainability advisor when the City of Gothenburg became the first municipality in Europe to link sustainability goals to its revolving credit facility of SEK 8bn – three climate-related goals and one social goal. The social goal consists of efforts and indicators aimed at achieving the city's overall goal that by 2025 there should be no residential areas in Gothenburg classified by the police as "particularly vulnerable".

### Advising on a biodiversity roadmap

In the area of biodiversity, SEB served as advisor to the Finnish pension company Ilmarinen on how to integrate biodiversity data into the company's investment processes. Ilmarinen is one of the first investors in the Nordic countries to publish a biodiversity roadmap.

### Green choices for private customers

We also want to facilitate for our private customers to make sustainable choices and have procedures in place to secure that all the products that we offer follow responsible business practices. See p. 50.

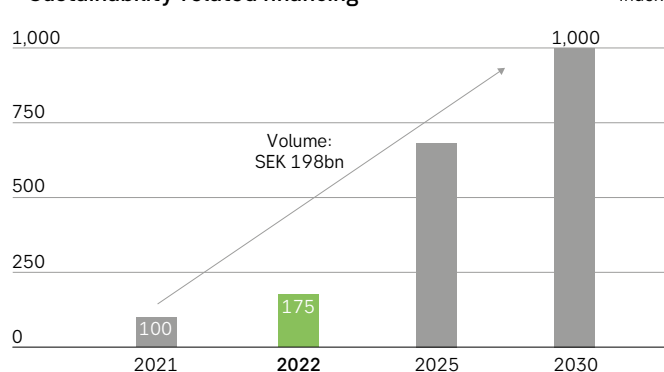
As an example, in 2022 SEB initiated a pilot project aimed at enabling customers to get a better understanding of their energy consumption related to housing. In the app, customers can identify potential energy savings and renovation measures, such as installation of solar panels or heat pumps, and through SEB receive favourable financing, such as a loan for solar panels. In addition, we offer green mortgages where we saw an increase of 52 per cent during 2022, to SEK 12bn (7.9).

### Green loans financed by green bonds

To finance projects and assets that support an environmentally sustainable society SEB issues green bonds. During the year, SEB issued two green bonds of EUR 1bn each under SEB's Green Bond Framework which was updated in January 2022. The framework defines eligible assets that can be financed by green bonds issued by SEB. The updated framework, which is in line with the 2021 ICMA Green Bond Principles, has been made more inclusive to also support areas such as biodiversity and the transition to a circular economy. It is also broadly aligned with the technical screening criteria of the EU Taxonomy as of December 2021.

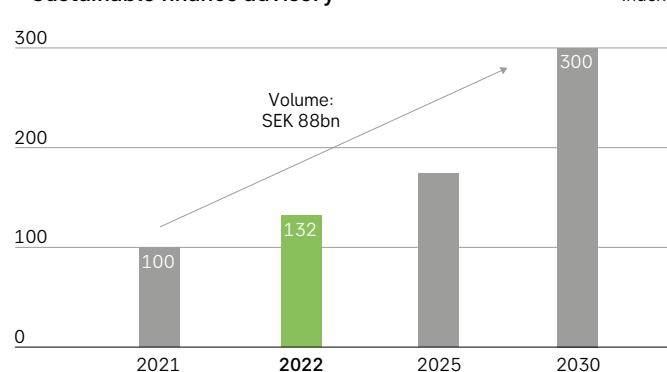
As per 31 December 2022, eligible green assets according to the 2022 framework amounted to SEK 46.6bn, a growth from SEK 29bn at the beginning of the year. Under the previous framework, the green assets amounted to 23.3bn as of 31 December 2021.

**Sustainability Activity Index**  
– Sustainability-related financing<sup>1)</sup>



1) Among others green loans, sustainability-linked loans, household mortgages, Sweden

**Sustainability Activity Index**  
– Sustainable finance advisory<sup>1)</sup>



1) Advisory on, among others, sustainability bonds and sustainability-linked bonds



### Poseidon Principles

In 2022, SEB reported the climate alignment of its shipping loan portfolio for the year 2021 according to the Poseidon Principles. The Poseidon Principles is a global framework aiming to quantitatively assess and disclose financial institutions' shipping loan portfolios and their alignment with climate targets set by the International Maritime Organisation (IMO). IMO's ambition is to reduce total annual greenhouse gas (GHG) emissions from international shipping by at least 50 per cent by 2050 compared to a 2008 baseline.

SEB's overall climate alignment score for 2021 slightly deteriorated compared to the previous reporting year, from 2.5 per cent above trajectory in 2020 to 3.7 per cent above trajectory in 2021. The cruise segment impacted the score negatively in 2021, just as it did in 2020, as the global cruise fleet was out of service for a large part of the year due to Covid-19 restrictions.

Excluding passenger vessels, SEB's climate score improved to 4.3 per cent below trajectory in 2021 (3.8 per cent in 2020), which is well aligned with the adopted climate goals.

The Poseidon Principles allow signatories to report both on the total shipping portfolio and on the passenger-vessel excluded portfolio in 2021, due to the extraordinary circumstances of the cruise industry.

The data from the Poseidon Principles reporting provides valuable portfolio insights and enables SEB to have a more fact-based dialogue with the clients regarding emission reductions and the joint efforts toward the decarbonisation of the shipping industry.



### Equator Principles

For project financing, SEB has since 2007 been adhering to the Equator Principles, a voluntary set of guidelines used by financial institutions to assess the social and environmental impact of large projects and assist customers in managing them.

In 2022, we conducted four project finance transactions under the Equator Principles – three in category B (projects with potential limited adverse environmental and social risks) and one in category C (projects with minimal or no social or environmental impacts).

### Supporting green innovation

SEB Greentech Venture Capital (VC), started in 2020, invests in green technology, focusing on transformative ideas that promise substantial impact in reducing greenhouse gas emissions or in preventing transgression of the planetary boundaries. In 2022, SEB Greentech VC, whose investments form part of the Sustainability Activity Index, increased its investments by 83 per cent. During the year, the unit had invested in six companies, among them EngineZyme, which works with sustainable production of molecules using immobilised enzymes, for example food oil, chemicals, mRNA etc, and CorPower Ocean which develops wave energy technology. SEB doubled the investment capital to SEB Greentech VC, from SEK 300m to SEK 600m, which allows raised ambitions to find investments across the Nordic region and Europe.

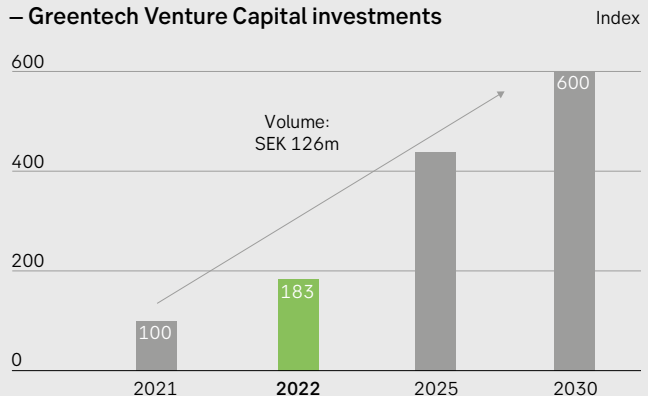
In Norway, SEB ScaleCenter supports start-up companies that develop sustainable solutions in the areas of energy, ocean and resource efficiency. The programme, which is free of charge, runs for 12 months. The participants gain access to premises adjacent to SEB's offices along with continuous advisory support from the bank's experts.

Among the companies in the ScaleCenter are Spoor, which develops AI-supported monitoring systems to protect birds and

accelerate installation of offshore wind farms, Geniess which enables investment decisions on battery purchases, Ocean Oasis which uses wave power to desalinate water and Over Easy Solar which makes vertical and bifacial solar panels.

### Sustainability Activity Index

– Greentech Venture Capital investments



# Sustainable savings and investments

SEB is one of the largest institutional investors and asset managers in the Nordic region. We offer savings and investment products, for private, corporate and institutional customers, that aim to contribute to a sustainable society. SEB Investment Management AB and SEB Pension och Försäkring AB (Life & Pension) have comprehensive sustainability policies that are applied to all investments.

Our offering covers a broad variety of products and services, ranging from funds managed by SEB Investment Management (the fund company) and external funds, to equities and certificates, discretionary portfolio management, green savings accounts as well as pension services. We integrate environmental, social and governance (ESG) factors into the investment processes.

SEB aims to increase the share of funds that have sustainable investments as its objective. This includes SEB's entire fund offering, that is funds managed by SEB Investment Management as well as externally managed funds. The ambition forms part of SEB's Sustainability Activity Index. See p. 35 and graph on p. 42.

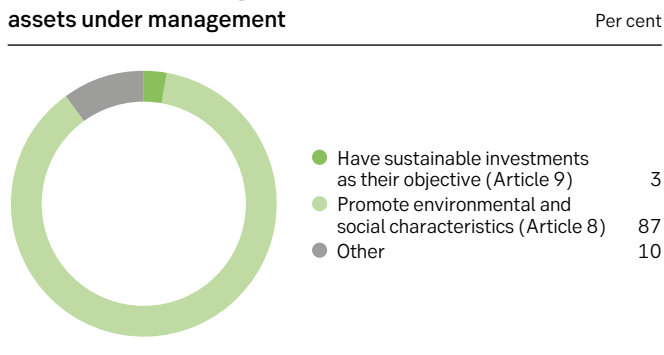
## SEB Investment Management

The fund company aims to have a comprehensive and competitive offering which is evaluated continuously. The fund company strives to integrate sustainability aspects into all types of investments and asset classes. This is done by investing in companies that have integrated sustainability into their business models or have well-defined transition plans, by excluding industries and companies that do not meet the fund company's sustainability criteria, and by continuously engaging with the companies in which to invest. SEB Investment Management managed assets amounting to SEK 684bn (831) at year-end 2022.

### Targets

SEB Investment Management has joined the Net Zero Asset Managers initiative and commits to achieving net zero greenhouse gas emissions by 2040 and aligning all investments with the Paris Agreement on an aggregated level. To achieve this, the fund company has set interim targets to reduce emissions from the fund offering by 50 per cent by 2025 and 75 per cent by 2030, against a 2019 baseline. In addition, the fund company will increase investments in companies that contribute to sustainable solutions or enable transition (see Sustainability Activity Index, p. 42), and will support companies on their transition journeys.

### SEB Investment Management, assets under management



### Analysis through the sustainability model

SEB Investment Management invests in companies that actively manage ESG factors in their operations and aims to identify companies that work to solve the global sustainability challenges, for example by investing in line with the UN SDGs. A proprietary sustainability model (SIMS-S) assigns a sustainability rating to a potential investment. The rating is based on many parameters such as sustainability risks and opportunities, adverse impacts, SDG alignment and carbon footprints.

The SIMS-S model gives an overview of a company's sustainability profile and allows the fund company to focus on specific sector risks and opportunities, the sustainability aspects of different products and services, as well as impact in relation to long-term sustainable value creation. The model is a dynamic tool which is continuously developed to ensure adaptation to both scientific research and any changes in legislation.

The model was shortlisted in the Principles for Responsible Investments' PRI Awards 2022 in the category ESG incorporation initiative of the year.

### Criteria for exclusion

SEB Investment Management's funds do not invest in companies which fail to respect international conventions and guidelines. The funds also generally exclude companies that produce fossil fuels, including unconventional extraction, and companies that generate electricity from fossil fuels. Exemptions can be made for companies that demonstrate clear transition plans, as many of these will be crucial to realising the sustainable transition.

→ Read more in SEB Investment Management Sustainability Policy on [sebgroup.com](https://sebgroup.com)

### Active ownership

SEB Investment Management works actively to influence the companies in which it invests in their effort to achieve positive change. In Swedish and Nordic companies, where the fund company often is one of the largest shareholders, this commitment is implemented directly through dialogues with the executive management and the board of the companies.

Moreover, SEB Investment Management votes at shareholders' annual general meetings and serve in nomination committees. During 2022, the fund company voted at 680 annual and extraordinary general meetings and served in 40 nomination committees in listed Swedish companies.

During the year SEB Investment Management also launched a Proxy Voting Dashboard, where the results of proxy voting at annual general meetings outside of Sweden are shown.

SEB's customers contribute in defining focus areas and provide valuable input to engagement themes. Every year a survey is conducted where customers are asked what sustainability matters are the most relevant to them. The result of the survey

serves as input for the seven prioritised engagement themes that the fund company works with. See p. 52.

The seven prioritised areas cover environment, social responsibility and governance matters:

1. Climate change
2. Biodiversity
3. Clean water
4. Healthy societies
5. Supply chain management
6. Executive remuneration
7. Board effectiveness

Climate change is highly prioritised by our customers, and this is an area where SEB Investment Management has a strong focus, for example by committing to the Net Zero Asset Managers initiative.

→ See Climate Report p. 64.

### Collaboration initiatives and partner-led dialogues

SEB Investment Management is a signatory of, or has joined, more than 20 collaboration initiatives focusing on various themes, together with other investors. Among these are the UN PRI (signatory since 2008), the Institutional Investors Group on Climate Change (IIGCC), the CDP, Climate Action 100+ and the Investors Policy Dialogue on Deforestation (IPDD).

Biodiversity is one of the prioritised engagement themes and an area where the engagement efforts are expanding. For example, the FAIRR Initiative has led engagements on antimicrobial resistance targeting the animal protein industry, and on waste and pollution targeting livestock producers and agrochemical companies.

Thematic engagements led by ISS ESG have focused on 130 high-impact companies covering net zero, water, biodiversity and gender equality.

→ See SEB Investment Management Sustainability Report 2022 on [sebgroup.com](http://sebgroup.com)

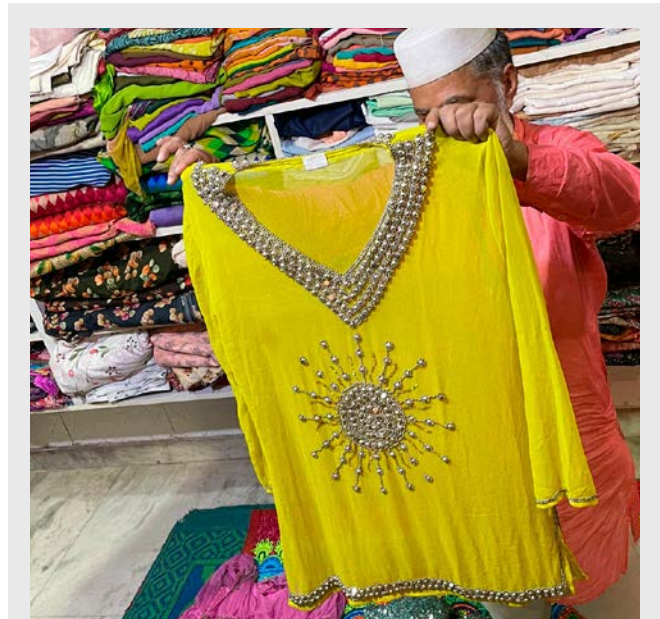
→ See SEB Investment Management Active Ownership Report 2022 on [sebgroup.com](http://sebgroup.com)

### Extended fund offering

SEB Investment Management has a broad offering of so-called Article 8 and 9 funds, classified according to the EU regulation SFDR (Sustainable Finance Disclosure Regulation). During 2022, the fund company further strengthened the offering of funds with sustainability as an objective, Article 9 funds.

For example, the SEB Nordic Future Opportunity Fund was introduced, a fund that invests primarily in Nordic companies that create solutions within four investment themes – energy transition (wind power, solar energy, hydrogen and energy storage), resource efficiency and circularity (material production, services for recycling and waste), sustainable transport (electric vehicles, infrastructure solutions), as well as healthy societies (digital healthcare services, digital education, clean air).

At year-end, 13 Article 9 funds, managed by SEB Investment Management were offered, representing 3 per cent of the total assets under management.

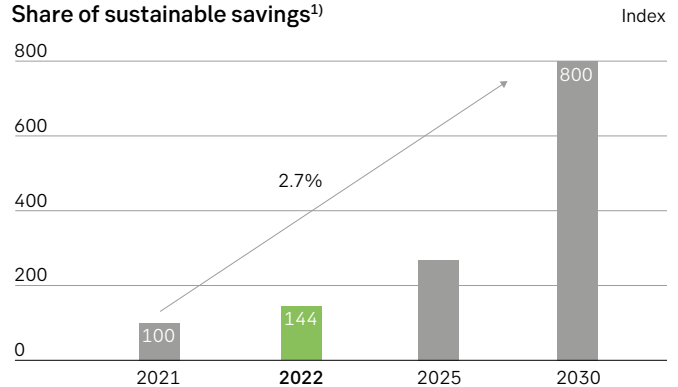


### Microfinance funds

Starting in 2013, SEB Investment Management has been a pioneer in offering microfinance funds and is today one of Europe's largest fund managers of this type of impact funds. The fund company launched the tenth microfinance fund in 2022, and through the local microfinance institutions, the current funds reach more than 20 million entrepreneurs (20) in 56 developing countries (55) with more than SEK 9bn in total assets under management (7.1).

→ See SEB Investment Management Sustainability Report at [sebgroup.com](http://sebgroup.com)

### Sustainability Activity Index – Share of sustainable savings<sup>1)</sup>



1) Share of SEB's fund offering, own and external, that have sustainable investments as its objective, in line with the EU's Sustainable Finance Disclosure Regulation, SFDR

### SEB Pension och Försäkring

For the life insurance company SEB Pension och Försäkring (Life & Pension), sustainability is an important component and integrated in the investment analysis. The company evaluates the investment’s impact on the environment, people and society at large. The approach is in line with SEB’s overall sustainability ambitions and in close collaboration with the fund company SEB Investment Management. Sustainability aspects are incorporated into the unit-linked offering as well as into traditional life insurance products.

#### Unit-linked and traditional life insurance

In unit-linked insurance, most funds that are offered either promote sustainable characteristics or have sustainable investments as their objective (Article 8 and 9 funds). SEB’s traditional insurance promotes environmental and social characteristics by having investment restrictions, integrating sustainability in the investment process, and by influencing the investment areas to strengthen their sustainability efforts.

During the management phase, ongoing dialogue is conducted with the investment areas. At least once a year, a follow-up is made of the fund companies’ work to promote environmental and social characteristics. Furthermore, the traditional insurance product has committed to a minimum share of 5 per cent of sustainable investments.

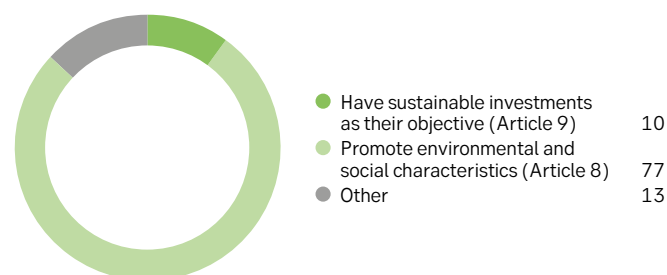
#### Developing advisory services

Life & Pension is developing services to present the sustainability impact of customers’ investments. In the personal pension advisory services, gender equality is important and we have developed a tool where customers can see how part-time work affects the pension and how much needs to be saved to compensate for the loss.

In the robot service SEB Bot Advisor, customers can indicate sustainability preferences for their savings which are automatically considered in the advice received. In 2022, the service was developed allowing customers to choose additional sustainability criteria, such as sectors, for their savings. This work was based on the EU Insurance Distribution Directive, IDD.

### Share of sustainability categorised funds in the fund offering, Life & Pension

Swedish unit-linked, per cent



Share of number of funds, 134 funds in total

### Strengthened offering and ESG integration

For private customers, SEB offers a green savings account where the deposits are used to finance climate-smart housing, and thereby reducing Sweden’s energy consumption. At year-end 2022, SEK 259m (37.7) were deposited in the green savings accounts.

For customers in the Private Wealth Management & Family Office-division (PWM&FO), the product offering was strengthened to include additional Article 9 funds as well as SEB EU Sustainability Certificate, a basket of shares with 19 European companies that are deemed to be leaders in tackling climate change. Parameters that have been considered are in alignment with SEB Investment Management’s exclusion criteria, the Sustainable Development Goals, the EU Taxonomy and resource efficiency, based on information from SEB’s Impact Metric Tool.

During the year, PWM&FO further strengthened the integration of ESG data and models into the investment process. Improved alignment between SEB sector policy views and regulations, such as the Sustainable Finance Disclosure Regulation (SFDR) in combination with the use of impact indicators, help asset managers more easily navigate the landscape in order to capture opportunities and manage sustainability-related risks.



# People and community

We are committed to enable people and communities to prosper and grow. As an employer as well as through our products, services and financial knowledge, we have direct and indirect impact on employees, customers, suppliers and people in the community.

## Inclusion and diversity

Inclusion and diversity are important areas for SEB, and we strive to be a role model in all countries where we operate. SEB has a policy for inclusion and diversity, and we work in a structured way to actively appoint women to senior positions, promote equal pay, recruit, develop and promote people with an international background and increase diversity in teams and management groups.

Through clear procedures, we ensure a wide selection of applicants when positions are appointed, we establish metrics and targets for senior management levels and follow progress. We strive to ensure diversity in SEB's talent pool as well as in succession planning.

SEB uses digital collaboration tools that meet the accessibility requirements for people with vision and hearing impairment. In 2022, we offered a training to strengthen inclusive collaboration. In Sweden, among other countries, we are a member of Diversity Charter, a non-profit association that works to promote diversity in the workplace.

In 2022, SEB participated in the European Commission's diversity month with various activities aimed at drawing attention to the importance of diversity of thought in the workplace.

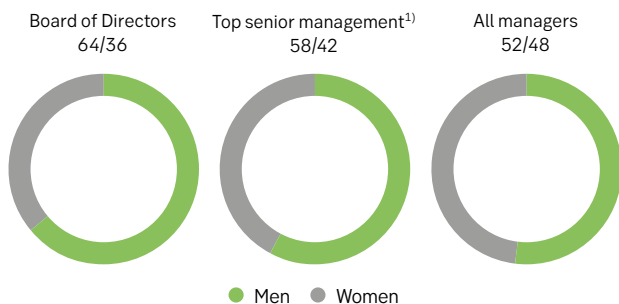


## Training against sexual harassment

Since 2021, the training against sexual harassment is included as mandatory training for all employees and consultants working at SEB. The aim is to increase knowledge about what can be considered sexual harassment and to give employees tools to act if a colleague is exposed. By the end of 2022, 96 per cent of all employees had completed the training.

## Gender distribution (men/women)

Per cent



1) Includes the Group Executive Committee (GEC) and managers who report directly to GEC

We reject all forms of discrimination or harassment, and strive to ensure that all employees, regardless of ethnical or national origin, gender, transgender identity or expression, skin colour, faith, religion, citizenship, age, disability, civil status or sexual orientation, are treated with respect and that all are given equal opportunities. This is equally important in relation to customers and other stakeholders as well as in relation to our colleagues.

## Leadership and recruitment

During 2022, we continued to work with our leadership philosophy in order to support leaders in driving change, promoting innovation and contributing to an inclusive culture where diversity of perspectives is valued. The framework for SEB's leadership philosophy, Transformative Leadership, is based on scientific research and has been developed together with SEB's strategic partners, such as IMD Business School. During the year, we started to integrate SEB's new behaviours – create value, act-long term and build positive relationships – into our leadership concept. See p. 26.

SEB uses a recruitment system that makes it possible to screen and match candidates for various roles in an objective way before the candidate is called in for an interview.

## Build competence among employees

At the digital university SEB Campus, a wide range of courses is offered in collaboration with internal and external experts as well as international colleges and universities. Through continuous learning, we want to enable employees to develop and adapt their skills to future needs.

SEB invests in strengthening and broadening competence among employees in all parts of the business, in all geographies and in a broad range of areas. Starting in 2022, all employees are encouraged to complete a sustainability certification training which aims to lay the foundation for knowledge of sustainable finance with the main focus on sustainability risks and opportunities, as well as of the regulatory development. The training is mandatory for all employees in Sweden with a Swedsec license.

In collaboration with the Stockholm Resilience Centre, SEB offers training on climate change, which is mandatory for our employees globally. Since several years, we also offer trainings on sustainable finance, developed by SEB in collaboration with the United Nations. Through continuous learning, we strive to ensure that employees have the skills required to perform their jobs and develop.

Sustainability competence is also strengthened through the training frameworks that are being established within the divisions. The purpose is to provide an overview of categorized topics and highlight the particular skill sets that may exist for particular roles.

Moreover, to strengthen the integration of sustainability into dialogues with customers within Private Wealth Management & Family Office the division trains staff in sustainability in various formats including e-learnings and on-site trainings and has established ESG ambassadors and expert groups within the client and product organisations to continue to build expertise.

### Health and working environment

SEB works long-term and preventively to ensure a safe and healthy workplace that promotes a good balance between work and private life. Since 2021, SEB applies a global policy that enables a majority of employees to choose to work from home for up to two days per week, in agreement with the manager and as long as the work can be carried out in a safe and sustainable manner. A survey conducted by an external research company in summer 2022 shows that employees appreciate SEB's central premises in Sweden. The work environment is perceived to contribute to a sense of belonging at work, and as a place where employees can proudly welcome visitors.

In 2022, sick leave at SEB in Sweden was just below 3 per cent (2.7). SEB offers several measures to promote both physical and psychological health among employees, including digital training and lectures about psychological health. Since several years, employees are offered the opportunity to speak anonymously with a licensed psychologist, free of charge.

### SEB makes targeted contribution to support employees in the Baltics

SEB is committed to being a socially responsible employer. Due to the high inflation in the Baltic countries during the year, SEB made a targeted contribution to ease the situation for employees in the Baltics. This was done through a one-off payment to employees with a salary up to a certain level.

### Labour law and trade unions

Cooperation with employee representatives, such as trade unions and works councils, is an integral part of day-to-day operations and something that is encouraged. We cooperate through the European Works Council (EWC) and with local employee representatives. In Sweden, SEB cooperates with the trade unions at workplace, departmental and group level.

Trade unions are represented on SEB's Board of Directors. We adhere to a number of industry-wide collective agreements, and we have entered into local collective agreements to regulate the conditions for employees in several of the countries where we operate. In situations where dismissals must be carried out for organisational reasons, SEB in Sweden works according to a process that is established in the collective agreements with the unions.

### Human rights and child labour

SEB assesses the risk for human rights violations in accordance with the group's Human Rights Policy and international agreements. SEB is committed to the principles of protecting children and other vulnerable groups from any form of exploitation, including child labour and forced labour. Through our business activities we can have a potential impact on child labour and forced labour. We therefore strive to identify and mitigate our exposure to risks related to these areas.

→ See more in SEB's Social and Human Rights Policy ([sebgroup.com](http://sebgroup.com)) and on p. 51.

### Engaging in the community

SEB strives to be a good corporate citizen and is in various ways supporting people in the community. In Sweden, we are a member of The Financial Coalition against Sexual Exploitation of Children in cooperation with ECPAT Sweden, a children's rights organisation working to combat the sexual exploitation of children. The work is coordinated by the Swedish Banking Association and is focused on reviewing indicators for payment flows regarding, among other things, live-streamed abuse material.

During the year, SEB supported Ukrainian refugees with banking services. In SEB in Estonia and Lithuania, special web pages were created in the Ukrainian language. Ukrainian citizens could already one week after the Russian invasion, open a bank account, free of charge.

### Coaching in financial literacy

In the Baltic countries, the SEB School Ambassadors Program, is supporting high school students in financial literacy during an eight-month programme. SEB is coaching selected pupils and provides lectures and trainings on savings, investments and budget management, as well as on entrepreneurship. On that basis, these pupils then share their knowledge with other students. Over 9,000 pupils are expected to be reached by the programme which started in 2022.

# The environment

SEB affects the environment, indirectly through business relationships with clients, and directly through own operations. Our responsibility covers the impact that we and our business partners have on living and non-living natural systems, including climate, biodiversity, land, air and water.

For many years, SEB has had a strong focus on environmental issues both regarding our own footprint and in relation to our business partners. Climate change and its effects have grown significantly in importance and we now integrate these aspects into our operations. See Climate Report, p. 54–65.

In 2022, SEB published the updated thematic Environmental Policy, stating the bank's positions, approach and management regarding climate, freshwater and biodiversity. The policy is adopted by the Board of Directors and reviewed annually.

→ See p. 51.

## Environmental focus areas beyond climate

At SEB, we are committed to increasing our knowledge and developing the way we work in relation to not only climate, but also to fresh water and biodiversity. Beyond that, we are actively working with the urgent topic of resource efficiency and circularity by supporting our clients in shifting from linear to circular business models.

Through our close collaborations and engagements with customers, investors, civil society organisations and other networks, we continuously learn and share insights on relevant challenges and priorities. These efforts often lead to concrete sustainability themed business transactions, but also to actions and engagements.

One example is the high-level meeting on the topic of water which SEB organised in connection with the World Bank and International Monetary Fund annual meeting in Washington in 2022. At the meeting, it was discussed how the financial

sector can engage to address the structural challenges that are required for solving the physical challenges that were highlighted by the presenting scientists.

In the field of circularity, SEB is engaging in direct conversations with our clients and partners in different segments. Furthermore, together with industry experts, SEB is analysing sectors and developing metrics and thresholds to support and advise our customers in relation to financing of the transition towards more circular business models.

## Engaging in biodiversity

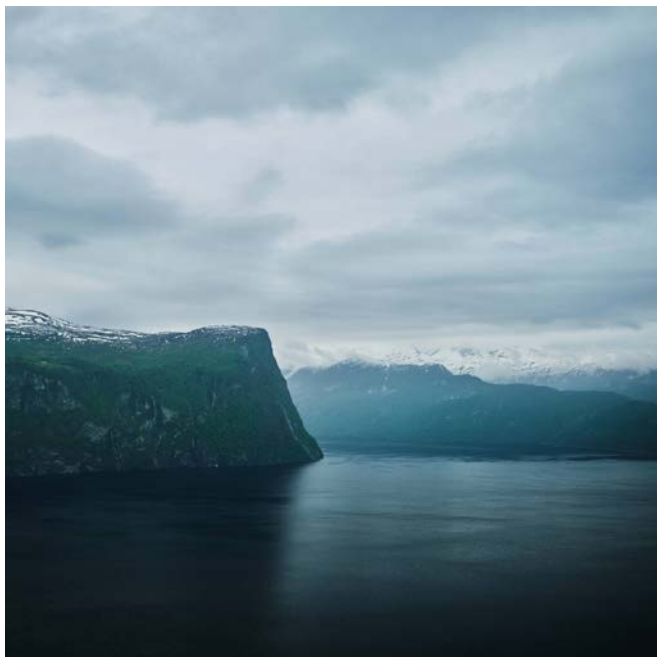
SEB is enhancing the engagement on biodiversity and welcomes the agreement that was achieved at the COP15 United Nations Biodiversity Conference in Montreal in 2022.

To strengthen the bank's knowledge and focus on biodiversity, we have joined several initiatives such as BIOPATH and Business@Biodiversity Sweden. BIOPATH is a newly established research programme, organised and led by Lund University, with the goal of aligning the financial system with the needs of biodiversity. In collaboration with other financial institutions, corporates and academia, SEB aims to take on an active role in developing innovative approaches of integrating biodiversity considerations into existing financial decision-making processes.

Business@Biodiversity Sweden is a growing network of large corporates and banks that want to be at the forefront in their biodiversity work as part of their sustainable business model. SEB is actively contributing to the knowledge exchange between members by, for example, participating in panel discussions and physical workshops.

SEB Investment Management has become a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, an international consultative group dedicated to increasing knowledge about financial risks coupled to environmental issues such as land and water use, biodiversity and other ecosystem services. In order to further intensify the collaboration and knowledge exchange with TNFD, SEB, the bank, is also participating in two TNFD-pilot working groups – on forestry and offshore wind parks – led by UNEP FI.

→ See SEB Investment Management Sustainability Report at [sebgroupp.com](https://sebgroupp.com)

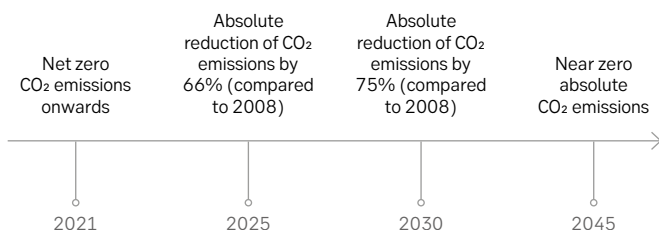


### Reducing SEB's own environmental impact

SEB has been working actively for a long time to reduce the own environmental impact. We set our first goal in 2009, to reduce CO<sub>2</sub> emissions by 45 per cent from 2008 to 2015, measuring emissions from energy consumption, paper, company cars and business travel. This goal was exceeded with a 54 per cent reduction.

In the following years, we extended the scope of reported emission data to include close to all geographical locations, covering 99 per cent of our employees. In 2018, we updated the emission factors in order to more accurately calculate our CO<sub>2</sub> emissions, and we also established a new reporting baseline.

In 2020, we raised the ambition further and set new goals, aiming to reduce absolute CO<sub>2</sub> emissions to close to zero in 2045. Starting from 2008, milestones include emission reductions of 66 per cent by 2025, 75 per cent by 2030 and close to 100 per cent by 2045.



For the past two years SEB has had a drastic decrease of emissions from business travels, a clear effect of the Covid pandemic. In 2022, travel emissions increased as expected, to 6,043 tonnes (1,050). SEB's total CO<sub>2</sub> emissions increased to 11,098 tonnes (9,492) which is below the bank's target of limiting emissions to 17,000 tonnes  $\pm$ 5 per cent by 2025.

SEB undertakes several measures to achieve the bank's reduction targets, such as improving energy efficiency of operations and buildings and increasing the use of renewable energy.

In 2023, SEB will revise the method for calculating CO<sub>2</sub> emissions, to include an increased scope 3 reporting, in line with our commitment to Net-Zero Banking Alliance (NZBA) and future regulatory development. This will affect our present target of limiting CO<sub>2</sub> emissions by 2025. See p. 62 for information about SEB's reporting on financed emissions in line with NZBA.

### Climate compensation

SEB is climate neutral since 2021. This has been made possible by climate compensation in various ways for the emissions that we cannot reduce by ourselves. For example, in 2022, SEB climate compensated for 2021 year's emissions by acquiring emission rights through EU Emissions Trading System (EU ETS), purchasing Sustainable Aviation Fuel from SAS, and, through the carbon removal marketplace Puro.earth, CO<sub>2</sub> Removal Certificates (CORCs). See Sustainability notes, p. 223.

## Supply chain management

SEB is convinced that having suppliers with high performance as regards environmental, social and ethical aspects, creates value for us as well as for our suppliers. We have established procedures to evaluate and select suppliers and contractors, based on financial, environmental, social and governance aspects.

SEB's suppliers can largely be divided into six main categories: professional services, IT equipment and services, facility management, human resources, banking services and marketing and communications. In total, SEB had about 8,300 suppliers in 2022 with a total spend of SEK 10 billion.

To identify sustainability risks among our suppliers, SEB performs, when applicable, an initial assessment of suppliers using a risk model tool that takes country, industry sector and business criticality into account. The tool, which was updated in 2022, allows for an aggregated view of the supplier base.

Suppliers that are identified in the initial assessment as having a potential elevated risk level, are subject to an enhanced

screening. Risk factors include climate and environment, labour practices and human rights, fair business practices and sustainable procurement. These are to be considered in procurement decisions along with other risk factors and commercial aspects. Since 2014, close to 250 suppliers, covering around 44 per cent of SEB's total supplier costs, have been identified as having a potential elevated risk level, and therefore underwent the more extensive screening.

We also monitor suppliers' processes and performance based on relevant aspects in similar manners as in the initial assessment where appropriate. These standards are described in SEB's Code of Conduct for Suppliers.

During 2023, we will put further focus on suppliers helping us reducing our impact as we will introduce a tool for calculating our Scope 3 upstream supplier emissions.



# Business ethics and conduct

Trust in the financial system and in SEB is crucial for SEB to do business that benefits customers, shareholders, economic development and society at large.

It has always been a priority for SEB to maintain the highest standards of business ethics and we strive to continuously improve processes and procedures. We are guided by regulatory requirements, global initiatives and international standards, and over the years we have developed our own documents that steer and support our work.

## Code of Conduct

SEB's Code of Conduct describes SEB's way of working, the bank's purpose and behaviours, ethics and standards of business conduct and provides guidance on how employees are to comply with these procedures. The Code of Conduct covers all employees of the SEB Group – in all markets where we operate – and helps employees in their efforts to build long-term relationships with customers and other stakeholders. The training in SEB's Code of Conduct is mandatory for all 16,500 employees.

## Customer data ethics

Handling of customer data is necessary for SEB in order to be able to provide financial services. At the same time, SEB can have large and vital impact on society, both present and in the future, when it comes to its handling of customer data. It is therefore of critical importance to safeguard customer data.

SEB's Customer Data Ethics Policy constitutes the framework for responsible and sustainable handling of customer data, and refers to data ethics, AI ethics and digital ethics. The policy aims to ensure confidence in the bank by safeguarding human rights, protecting customers and ensuring that customer data is handled in an ethical and responsible manner.

## Handling customer complaints

We believe it is important that we take part of our customers' views on our services, and that it is easy for customers to make a complaint in any manner they may choose. When we receive customer complaints, we handle them promptly and professionally. We have processes in place for how customer complaints are handled, how our decisions are followed up and how the customer shall be informed. SEB has an instruction in place to secure the correct handling of customer complaints.

## Management of critical concerns

SEB has procedures in place to manage critical concerns that potentially may arise during the year and, as a consequence, have an impact on SEB's stakeholder groups. SEB's Group Control functions report on a regular basis to the President and CEO, the relevant President and CEO Committee and to the relevant Board Committee and at least annually to the Board of Directors. Critical concerns may also be raised through SEB's whistleblowing procedures.

## Anti-corruption

SEB works actively to prevent the risk of being used for corruption in line with applicable rules and regulations, as well as own internal rules and ethical standards. SEB does not engage in, or tolerate, unlawful or unethical business practices and does not tolerate involvement in or association with corruption under any circumstances. SEB's Anti-Corruption Policy defines the framework for anti-corruption measures in SEB and establishes principles for analysing the risk of corruption and measures to prevent corruption. Furthermore, the policy establishes principles for managing corruption risks associated with intermediaries and other third parties.

## Position on lobbying and unethical influence

SEB has strict guidelines for unethical influence, whether within business or society. All actions and decisions are to be in compliance with laws, regulations and other external rules as well as with internal instructions and policies, such as SEB's Code of Conduct. We do not support political parties through donations or otherwise.

## Whistleblowing

SEB has a whistleblowing process for reporting irregularities. Employees or other persons who suspect potentially unethical or unlawful behaviours should report their observations, primarily to the entity concerned within the SEB Group, or to the Head of Group Compliance or the Head of Group Internal Audit. Reports can be made completely anonymously in Swedish or English via the digital service WhistleB. A description of SEB's whistleblowing process is included in SEB's Code of Conduct.

## Our approach to tax

Operating in more than 20 countries, SEB supports many customers in international trade and global cross-border businesses. The bank strives to maintain high standards for tax governance, monitoring risks and ensuring tax compliance. SEB sees tax and tax management as an important part of its contribution to the development of society and continuously works to adapt to changing expectations.

Products and services offered by SEB impact the tax situation for SEB and its customers and must always have business rationale. SEB must not use, encourage or facilitate – nor cooperate with external parties to facilitate – products or services that are in conflict with tax legislation or anti-tax avoidance law. SEB has policies and procedures in place, and works actively with risk assessment, frameworks and controls, to ensure compliance with applicable tax laws and regulations related to its business. The Tax Policy is adopted by the Board and is reviewed annually.

→ For policies in most of these areas see [sebgroup.com](http://sebgroup.com)

# Sustainability governance

As a bank we have a responsibility for how we conduct our business, what we finance and in what we invest. With a clear governance structure and internal policies in line with our commitments we ensure that our efforts are implemented and adhered to throughout the group.

## Governance structure

SEB has created a robust sustainability governance model, with clear roles and mandates on different levels, that covers our impact on the economy, environment and climate, and people, including impact on social well-being and human rights and other ethical considerations. This model determines how we set our strategy and work to implement it in practice, where Sustainable Banking is the operational unit that is responsible for coordinating as well as driving the overall corporate sustainability agenda.

SEB Investment Management AB and SEB Pension och Försäkring AB are wholly owned subsidiaries of SEB and have their own governance structure. See [sebgroup.com](http://sebgroup.com).

## The work of the Board

The Board of Directors is ultimately responsible for the management of the business and the organisation of SEB Group. In respect to corporate sustainability, this includes the ambition, the establishment of a strategy and goals that contribute to the transition towards a sustainable society, and an organisation to execute such strategy.

The Board fulfils these responsibilities through the approval of the group's business plan, including the sustainability strategy considerations. The Board also approves the Corporate Sustainability Policy for the SEB Group, the Sustainability Governance Instruction for the SEB Group, which outlines the sustainability governance structure, and the thematic policies (on Climate Change, Freshwater and Biodiversity, and Social and Human Rights). The Board also approves of the entering, or cancellation, of agreements or commitments of major importance for the SEB Group in the corporate sustainability area. SEB's sector policies are approved by the Board's Risk and Capital Committee (RCC). See p. 98.

The Board is regularly updated on corporate sustainability matters. Issues that are material to SEB's sustainability development are included on the Board's agenda, together with an annual review of policies and instructions. The Board approves the Annual and Sustainability Report.

## Execution and implementation

The President and Chief Executive Officer (President) is responsible for the execution of the corporate sustainability strategy and implementation of the governance structure set by the Board.

The decision-making body Group Executive Sustainability Committee (GESC) is established and chaired by the President, with the purpose of executing the corporate sustainability strategy. The GESC approves the Modern Slavery Act Transparency Statement and other SEB Group instructions as well as matters that are not approved by the Board or the RCC. See p. 101.

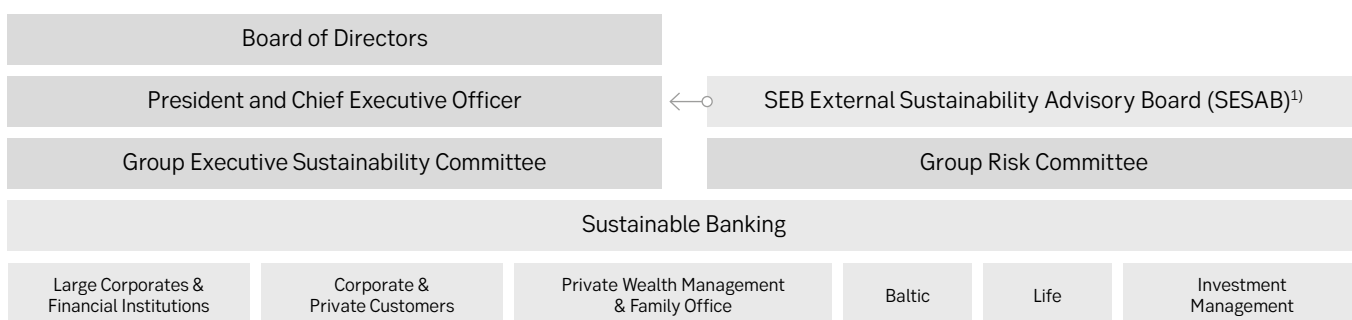
The Group Risk Committee (GRC), also chaired by the President, is a group-wide decision-making body that addresses all types of risks at the group level, including sustainability and reputational risks. See p. 101.

Sustainable Banking is a first-line, operational unit that is responsible for driving and coordinating the overall corporate sustainability agenda in close collaboration with the divisions, group staff functions and group support functions. The Chief Sustainability Officer (CSO) heads Sustainable Banking and is an additional member of GEC as well as member of GESC and GRC.

## Procedures and controls

Each Head of Division, Head of Group Support function and Head of Group Staff function is responsible for ensuring that procedures and controls are in place to implement and adhere to the corporate sustainability objectives, strategy and policies set by the Board, the President and the GESC.

In each division there is a Sustainability Business Risk Committee (SBRC). These committees assess and decide upon new customers or transactions from a material sustainability risk perspective and based on SEB's strategy and policies, before bringing the onboarding or transaction for decision by the relevant decision-making body. When a proposed transaction or customer onboarding deviates from SEB's Corporate Sustainability Policy or sustainability risk appetite, the client executive (or equal) escalates the matter to a divisional SBRC.



1) Advising SEB, upon invitation by the President. See p. 101.

### Assessment of new products

Administered by Sustainable Banking, the Sustainable Product Committee (SPC) centralises assessments of new products.

The SPC decides on the right for SEB units to use any sustainability-reference in the marketing or distribution of products or services, such as reference to ESG (Environmental, Social, Governance) factors, SDG (the Sustainable Development Goals), the EU Taxonomy and Article 9 funds. The Environmental and Sustainable Product Steering Committee (ESPSC) is a sub-committee of the SPC and decides on the eligibility of assets for the SEB Group's sustainability-linked funding programmes. In addition, there are subcommittees for sustainability-linked loans and bonds respectively.

### SEB External Sustainability Advisory Board (SESAB)

To address a good understanding of the direction and speed of the transformation towards a sustainable society, including future opportunities and challenges, the SEB External Sustainability Advisory Board (SESAB) was established. SESAB is composed of external experts by invitation of the President and its purpose is to provide the bank with strategic intelligence from individuals outside the banking industry in matters concerning

sustainability, based on academic research and, when desired, complemented with industrial experience. The meetings of SESAB are hosted by the President and led by the CSO.

#### Sustainability factors in remuneration

SEB recognises the importance of aligning incentive structures with its sustainability ambitions. The bank has group-wide and specific goals for the various divisions and units, targeting environmental, social and governance areas, for example carbon emissions, diversity and regulatory compliance. Sustainability key performance indicators (KPIs) are integrated in remuneration for members of SEB's Group Executive Committee (GEC), for managers who report to the GEC and for other eligible positions.

The models for individual variable remuneration are based on financial and non-financial KPIs. Non-financial goals take into account factors such as customer satisfaction, compliance and sustainability performance related to, for example, the bank's own environmental impact and integration of sustainability risks into the business model. Since 2022, SEB's established sustainability ambitions and goals (see p. 35) are part of the criteria for potential allocation of the programmes, as applicable. Also in the largest variable remuneration programme, for all SEB employees, sustainability is now considered. See p. 106.

## Sustainability policy framework

The policy framework guides us in our work and expresses our view on key issues and industry sectors that are considered critical from an environmental and social perspective.

SEB's sustainability policy framework covers the Corporate Sustainability Policy, two thematic policies and several sector policies. The Corporate Sustainability Policy together with the Corporate Sustainability Governance Instruction form an overall framework that sets the sustainability position, committees, roles, and responsibilities.

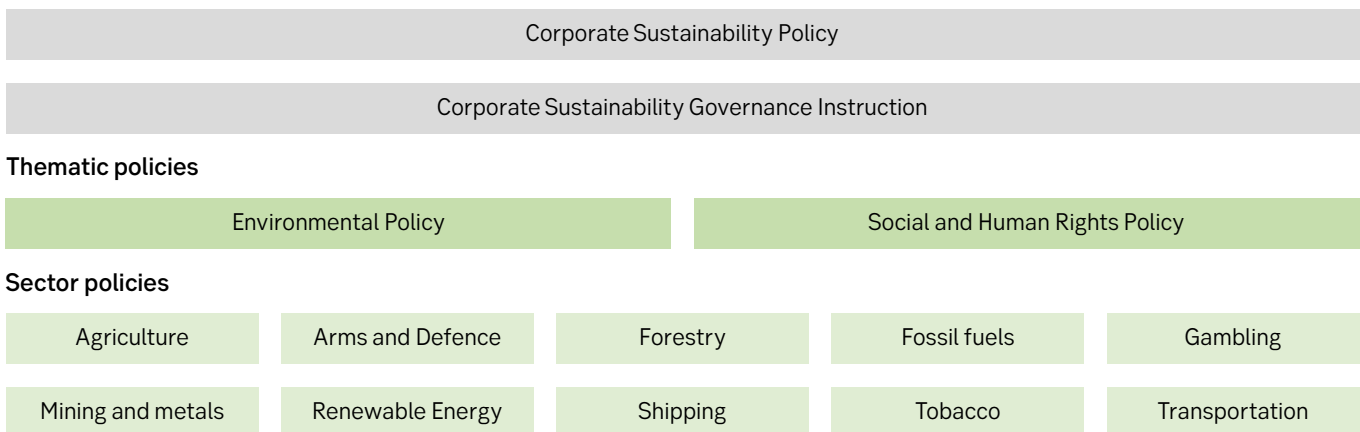
The purpose of the Corporate Sustainability Policy is to define the framework for sustainability in SEB and provide a governing

platform for the sustainability work for all business decisions, including investments and credit decisions. The Corporate Sustainability Governance Instruction defines the framework and governance model for the corporate sustainability work in SEB.

Both apply to the SEB Group, with the exception of SEB Investment Management, and shall be implemented in all parts of the Group, taking local rules into account where relevant.

→ The policy framework is available on [sebgroup.com](https://sebgroup.com)

### Sustainability policy framework



## SEB's thematic policies

The two thematic policies, SEB's Environmental Policy and SEB's Social and Human Rights Policy, underwent major updates in 2022. They provide the basis for SEB's work to protect the environment and to respect human rights. These policies set the positions on specific themes, identify the negative impacts, and state expectations and restrictions on certain corporate behaviour. Both policies apply to the SEB Group, with the exception of SEB Investment Management, and cover SEB's activities and operations globally. Specific expectations, requirements and restrictions mentioned in these two policies are further defined and implemented through the respective sector policies.

### Environmental Policy

The purpose of the Environmental Policy is to define SEB's position and approach towards climate, freshwater and biodiversity. This policy describes our management within these areas on the basis of an impact perspective and it represents – in combination with several voluntary international guidelines and conventions – the foundation for SEB's environmental work.

Furthermore, it expresses what we expect from the companies in sectors with potential significant impact and how we aim to assess and engage with the customers in order to support a transition. As an example, we expect companies with significant water impact in water stressed areas to develop transition plans to a more sustainable water usage. Within biodiversity, we expect companies in sectors with direct impact to develop a biodiversity baseline and target by 2025.

The policy is supplemented by SEB's sector policies, which regulate our view on specific key issues and industry sectors that are considered more critical from an environmental and social perspective.

### Social and Human Rights Policy

The purpose of the Social and Human Rights Policy is to clarify SEB's social and human rights position and human rights management. The policy outlines the processes surrounding the bank's commitment to respect all human rights in financing, investments, supply chain processes, and in SEB's own operations.

This commitment includes, for example, carrying out social and human rights due diligence and engaging with stakeholders. We aim to influence our customers and portfolio companies to have appropriate labour and human rights due diligence systems in relation to their risks.

The process of due diligence includes identifying, assessing, and addressing actual and potential adverse human rights impacts, to avoid causing, contributing to, or being directly linked to adverse human rights impacts. One of SEB's measures to identify actual and potential adverse human rights impacts is screening for controversies. If controversies are found, they are assessed against SEB's positions in relation to good business and human rights practices.

## SEB's sector policies

The purpose of the sector policies is to establish a common framework for dialogues with the clients and portfolio companies we work with, focusing on business opportunities and risk reduction. The sector policies set the expectations on corporate behaviour, the commitment to sector-based standards and the restrictions on specific activities.

The sector policies are also an important part of SEB's framework for due diligence as they provide guidelines on good industry practice that we expect companies to follow, as well as our restrictions on financing and investing in certain activities.

## The Sustainability Policy Implementation Instruction

The purpose of this instruction is to define the framework and process to implement the thematic and sector policies and identify other sustainability related risks in a coherent and consistent manner in the banking business.

## Other group-wide policies

SEB has several other group-wide policies that guide our employees in relation with customers as well as with colleagues.

→ See [sebgroup.com](https://sebgroup.com)

## Commitments and collaboration

SEB recognises the importance of participating in and supporting international commitments. The Paris Agreement and the Sustainable Development Goals are predominant guiding principles for SEB. In addition, we support and have signed a broad range of international agreements and commitments that guide us in our work.

SEB supports:

- The Paris Agreement
- UN Sustainable Development Goals (SDGs)
- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- The eight ILO Core Conventions on Labour Standards
- The Children's Rights and Business Principles
- OECD Guidelines for Multinational Enterprises.

SEB has joined or publicly endorsed:

- UN Global Compact, since 2004
- UNEP FI Principles for Responsible Banking (PRB), since 2019. See [sebgroup.com](https://sebgroup.com) for PRB Reporting and Self-Assessment Template
- Net-Zero Banking Alliance (NZBA), since 2021
- The Task Force on Climate Related Financial Disclosure (TCFD), since 2018
- The Net Zero Asset Managers initiative, since 2021
- The Principles for Responsible Investments (PRI), since 2008
- Equator Principles, since 2007
- Poseidon Principles, since 2020.

→ See full list on [sebgroup.com](https://sebgroup.com)

## Engaging with stakeholders

We regularly interact with key stakeholders to ensure we prioritise the most important issues and we aim to respond to our stakeholders' needs and expectations in a responsible manner.

### Stakeholder groups

SEB's main stakeholder groups are identified based on SEB's business operations and mirror the bank's role in and impact on society. These groups – customers, shareholders & analysts, employees as well as society-at-large – have different expectations of how we conduct our business. We interact with them in various forms, digitally via web pages and mobile apps, through telephone and in regular physical meetings, but also via targeted initiatives such as in conferences, client trips and surveys.

### Customers

Large corporate customers appreciated SEB's proactive services through the turbulent times, not least in the energy sector. Agile processes were developed in order to meet an increased number of requests in a short time span. In the annual Prospera survey SEB retained its position as the leading corporate bank in the Nordics which included top ratings on sustainability advice. See p. 38.

Among private customers, the rising interest rate environment and higher mortgage rates lead to an increased demand for personal advice and services. During the year, we worked to strengthen the processes to meet the customers' needs which at year-end had led to considerably shortened waiting times and decreased number of negative comments.

We actively seek our private customers' view on sustainability matters, for example through our yearly survey among customers with fund and/or pension savings. The result showed that climate change and access to clean water and sanitation were the two most important among the UN's 17 Sustainable Development Goals, unchanged from last year. The survey is part of the fund company's active ownership work, described on p. 41.

Within the Private Wealth Management & Family Office-division, some 2,700 customers were asked about their views on sustainability. Three out of four highlighted energy, climate, environment, carbon, water and oceans as key areas. The purpose of the survey was to better integrate sustainability into the existing customer dialogues.

### Investors, shareholders and analysts

Main focus was on geopolitics with particular attention on developments in the energy market, the surging inflation and subsequent tightening of monetary policies through rising interest rates, and how this will impact the macroeconomic development and the financial industry. Russia's invasion of Ukraine, the sanctions imposed on Russia and the energy supply shortage led to discussions on the direct and indirect effects on SEB.

### Employees

SEB' employees show strong engagement and commitment to the bank's future, shown for example in the yearly employee survey. Customer focus and decision-making are among the areas where there is room for improvement. The policy for remote work was also engaging and resulted in both positive and negative comments. The results from the survey in 2021 on work-life balance showed a clear improvement. In 2022, SEB introduced Together Live, a digital live meeting where all employees are invited to ask questions directly to SEB's top management.

Three meetings were held during the autumn and thousands of employees participated and asked questions in the chat.

### Society – regulators, media and NGOs

In 2022, supervisory authorities had a continued high focus in the areas of financial crime prevention, such as anti-money laundering and combating financing of terrorism. Furthermore, they engaged in whether SEB's business model may get impacted by sustainability considerations in for example oil-related customer relations, climate stress-tests from the European Central Bank and the implementation of EU sustainability-related laws and regulation.

In the media, the war in Ukraine and its macroeconomic and geopolitical effects were the major topics. The interest rate hikes by central banks – and their effects on mortgage and deposit rates, households and companies, and the broader economy – was another key topic. Sustainability and digitalisation remained in focus.

We received important input from non-governmental organisations (NGOs) and consumer advocate groups in the areas of human rights and biodiversity in connection with the updates of our thematic policies (see p. 51). We also interacted with NGOs about SEB's role in the transition in relation to fossil fuels.

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## Identifying material topics

2022 year's materiality analysis is based on analysis previously completed by SEB. It has focused on updating the previous information and sees no major changes compared to earlier years. The analysis covers SEB's actual and potential impact on the economy, environment, and society. Following the SEB way-of-working, the material topics are closely connected to our

business operations and linked to the areas we have identified in our stakeholder dialogues. The included areas are described on p. 37 and in previous chapters in this report. In 2023, SEB plans to do a fundamental review of its materiality analysis in accordance with the up-coming Corporate Sustainability Reporting Directive (CSRD).

## EU regulatory development

The EU has an ambitious sustainability agenda, including the climate goals of a 55 per cent reduction of greenhouse gas emissions by 2030 and climate neutrality by 2050. SEB strives to contribute to reaching the goals and works with implementing the regulations and standards.

The EU Taxonomy, the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD) are among the regulatory initiatives that support sustainable growth. The EU Taxonomy is a system for sustainability classification of economic activities, creating common definitions of what is 'sustainable'. SEB is integrating the EU Taxonomy into the business strategy, processes and product development. We share expert knowledge to support our customers and have for several years been active in the EU Platform on Sustainable Finance, an advisory expert group to the EU Commission on the development and application of the EU Taxonomy.

The SFDR aims at improving transparency on sustainable investment products. Among others, asset managers are obliged to report on how their funds consider sustainability

risks and aspects. Since the regulation came into force in 2021, SEB Investment Management's fund offerings are categorised based on whether the fund has sustainability as its objective (Article 9), promotes sustainable characteristics (Article 8), or consider sustainability risks but does not integrate sustainability into investment decisions (Article 6). An increased share of Article 9 funds in SEB's fund offering is part of SEB's Sustainability Activity Index, see p. 42.

The CSRD will imply an increased demand on reporting of sustainability performance. CSRD, and the supporting European Sustainability Reporting Standards (ESRS), will stepwise come to effect from the financial year 2024. SEB is following the development closely and is preparing for the enhanced reporting requirements.

### Reporting on the EU Taxonomy regulation

The EU Taxonomy regulation requires credit institutions (banks) to report on taxonomy-related key performance indicators – to what extent the bank's assets and services relate to sustainable economic activities. The regulation is implemented stepwise.

For the financial year 2022, banks are required to report the share of Taxonomy-eligible and non-eligible assets to total assets. See table below. Taxonomy-eligible assets have the potential of being defined as Taxonomy-aligned assets in the future.

Banks are highly dependent on the taxonomy reporting published by its customers and counterparties in order to prepare the Taxonomy mandatory disclosures. Non-financial entities started to report in accordance with the Taxonomy regulation in 2022. Where underlying data from reporting entities are incomplete or unavailable, it will be reflected in the bank's reports. Non-EU entities and entities other than large public-interest entities are exempted from Taxonomy reporting requirements according to NFRD (EU's Non-Financial Reporting Directive).

For the financial year 2023, banks will be required to report the main Taxonomy-related key performance indicator, Green Asset

Ratio, GAR. The GAR shows the share of Taxonomy-aligned assets, that is green assets. Such assets relate to activities which substantially contribute to at least one of the six environmental objectives, do not cause significant harm to the other environmental objectives, and meet specific minimum social safeguards.

### Mandatory Taxonomy report 2022

SEB's Taxonomy report covers the SEB Group based on the scope of prudential consolidation. The 2022 mandatory report includes household mortgage loans that are identified as Taxonomy-eligible based on the underlying collaterals (real estate). Other assets, Taxonomy-eligible or non-eligible, have been classified based on Taxonomy reporting published by customers and counterparties, obtained from external data providers.

Reporting in accordance with the Taxonomy Complementary Delegated act on Nuclear and Gas will be performed for the financial year 2023, based on information reported by such entities.

→ See p. 213 for SEB's voluntary Taxonomy report and qualitative data disclosures.

### Mandatory EU Taxonomy report

Assets <sup>1)2)</sup>	Assets SEKm 2022	Share of covered assets, %	Share of total assets, %
Exposures to Taxonomy-eligible economic activities <sup>3)</sup>	708,285	33	22
Exposures to Taxonomy non-eligible economic activities <sup>3)</sup>	133,698	6	4
Exposures to non-NFRD undertakings <sup>4)</sup>	1,266,067	58	40
Derivatives, hedge accounting	237	0	0
On demand inter-bank loans	4,556	0	0
Other assets	59,511	3	2
Exposures to central governments, central banks and supnationals	537,327		17
Trading portfolio (including derivatives excluding hedge accounting)	440,448		14
<b>TOTAL ASSETS</b>	<b>3,150,129</b>		<b>100</b>

1) The Taxonomy disclosures are based on the scope of prudential consolidation as defined in the Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2; the SEB Group's insurance companies are included according to the equity method instead of full consolidation.

2) The assets are presented at gross carrying amount, before provisions for expected credit losses.

3) Reported only to the extent data is reported for the underlying economic activity.

4) Undertakings not obliged to report according to NFRD (non-NFRD) are undertakings other than large (>500 employees) listed or public-interest companies.

## Strategy for climate-related risks

Climate change has become the greatest and most urgent challenge of our time. SEB is committed to playing an important role in channeling the vast investments required to make the transition to a net zero society happen. We align our strategy to the Paris Agreement and offer advisory services, and sustainable financing and investment solutions to support our customers in meeting their climate-related goals.

Page 54–65 of the Sustainability Report are dedicated to presenting our climate-related efforts during 2022 for SEB Group, SEB Investment Management AB, and SEB Pension och Försäkring AB, in accordance with the recommendations from Task Force on Climate-Related Financial Disclosures, TCFD.

### Overarching strategy and climate goals

SEB's climate strategy is integrated in the bank's business plan and 2030 Strategy and is an integral part of our sustainability strategy, see p. 34. Managing climate change is both a business opportunity and a possibility to support our customers in the transition to a low carbon society. The strategy also covers how we mitigate our own carbon footprint and risks related to climate change.

We are committed to the Paris Agreement by the signing of the UNEP FI Principles for Responsible Banking, and to the Net-Zero Banking Alliance (NZBA) 2050 goals. This means that we have committed to align our credit portfolio with 1.5°C scenarios pathways to net zero by 2050 or sooner, and to set 2030 reduction targets.

In 2021, SEB developed three proprietary metrics to steer our business in line with our sustainability strategy, and to measure our progress in the transition towards a low-carbon society. These are explained on p. 61.

To complement these ambitions, we published our net zero aligned 2030 interim targets and goals (NZBA) for specific sectors of our credit portfolio in 2022. The targets focus on the areas where the bank can achieve the greatest positive impact and cover SEB's lending and commitments to the oil & gas, power generation, steel, car manufacturing, and Swedish household mortgage sectors.

→ Read about the ambitions and sector targets on p. 36.

### Impact on our business

Our ambitions and NZBA sector targets are an integral part of SEB's goal to reach a net zero credit portfolio by 2050 or sooner. We have started to integrate our 2030 targets in our decision-making and governance.

The implementation of our strategy impacts our products and services, governance, and operations. We are incorporating environmental and climate considerations into strategic planning, business development, risk management, in credit assessments and customer selection processes.

### Selected actions in 2022:

- Continued assessment of our credit customers, using our proprietary Customer Sustainability Classification (CSC) tool.
- Further development of our green and sustainable banking product sets.
- Climate scenario analysis and stress testing to assess and quantify the potential impacts on our business from climate change. (See p. 59–60 for details on scenario analysis conducted during 2022.)
- Credit portfolio reviews to identify potential concentration risks, problem credits, and business strategies in relation to future operating environments, related to climate risks.
- Inclusion of climate risks as part of the annual credit reviews for customers in elevated risk sectors and broadening the scope, for these assessments, both in terms of targeted industries and number of clients.
- Implementation of new processes and solutions to address increasing complexity and data requirements, including building technical solutions where required to support assessment, oversight, management, and reporting processes.
- Enhancement of the customer acceptance process with approval mandates for Group Credits related to sector policy compliance and "brown" customers according to assessment by the CSC tool.
- Continued integration of environmental, social and governance (ESG) related risks in the risk policy framework with clarified roles and responsibilities.

### How we view climate-related risks

As we integrate climate risks into our overall business plan and 2030 Strategy, it is vital that we understand the impact of climate change as well as regulatory measures introduced to enforce the transition to a low-carbon economy.

Climate-related risks fall into one of two categories, physical or transition risks:

- Physical risks arise from the physical effects of global warming and climate change that may for instance impair collateral values.
- Transition risks stem from efforts by governments, institutions and businesses to accelerate the transition to a low-carbon economy. This may lead to regulatory intervention, new market incentives or shifts in demand and behaviour that could lead to financial impacts on our customers, and on SEB.

SEB faces both direct and indirect risks related to climate change. Direct risks may arise from regulatory requirements, disruption of our operations and impact on our products and services. However, the indirect climate risks, particularly those carried by our customers are deemed to be the most material. Both physical and transition risks can impact our customers'

profitability, cash flow and asset values. The transition risks are more imminent because we have customers in industries where a transition is underway, while the physical risks are partly more long-term.

SEB's view on possible climate-related risk impacts over different time frames are shown in the table below.

Risk driver	Potential impact	Horizon
<b>Physical risk</b>		
Acute weather events (mainly flood-related in northern Europe)	Lower collateral valuations in real estate portfolios in areas with increased flood risk. Increased default risk for companies with operating facilities in areas with elevated flood risk.	● ● ●
Changes in chronic weather patterns	Lower collateral values in real estate portfolios. Increased default risk for companies with global supply chains.	●
<b>Transition risk</b>		
Policy and regulation	Surge in carbon price affecting the repayment capacity for companies in carbon-intensive sectors.	● ●
Technology	Rapid breakthrough in low-carbon technologies leading to stranding of fossil-related assets and thereby impacting both collateral values and default risks for companies in relevant sectors (for example, energy, transportation, metals and mining, and manufacturing).	● ●
Market	Change in consumer preferences to low-carbon alternatives affecting business models (for example, less air travel, less meat and dairy, energy-efficient housing, energy-efficient appliances).	● ●
Reputation and litigation	Increasing litigation against companies with certain environmental issues, culminating in increased costs and reputational damage affecting access to capital and thereby default risk.	● ● ●

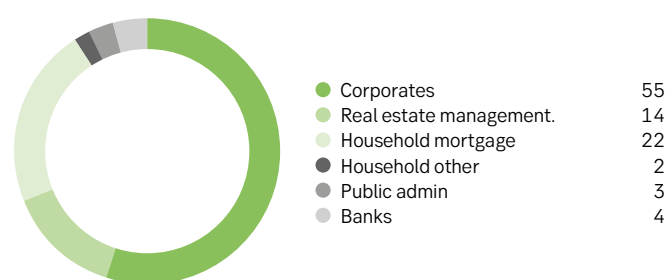
● Short term < 3years ● Medium term 3–10 years ● Long term > 10 years

### Tracking our credit portfolio to identify impact, risks and opportunities

A key to tackling climate change is the transformation of large industrial companies in sectors with a material carbon footprint. As seen in the illustration, 55 per cent of our credit portfolio is comprised of corporates, and a vast majority of our indirect climate impact derives from this part of our credit portfolio. As a long-term, major financial partner to large Nordic companies, SEB is uniquely positioned to support customers in the transformation by offering advisory leadership, innovative and sustainable financing, and investment solutions. We also participate in the transformation of small and medium-sized corporate customers and strive to add value to customers in this segment as well by leveraging our experience from working with the transformation of large corporates.

Credit portfolio, SEK 3,086bn

Per cent





32 per cent of SEB's credit exposure to corporate and real estate clients is towards sectors with material carbon footprint. The transition pathway in these sectors will play a key role in global decarbonization and SEB meeting our own long-term goals of the Paris Agreement. The NZBA interim targets mentioned above specifically target some of these material footprint sectors: oil & gas, power generation, steel, and car manufacturing. Moving forward and in line with our commitment to the NZBA we plan to set additional targets for other material footprint sectors.

Understanding our customers transition plans and emission reduction ambitions is key for us to deliver on our 2030 sector targets and in our work to align our strategy to the objectives of the Paris Agreement. We use our proprietary Customer Sustainability Classification tool (CSC) to illustrate our customers' transition plans and to compare them to the objectives of the Paris Agreement. The CSC tool uses information collected from our customers and sector transition pathways developed by third parties. This results in a classification according to five categories; Status quo, Gradual change, Transition, Paris-aligned transition and Sustainable. The tool supports in-depth customer dialogues on the investment needs, the opportunities and the risks related to the implementation of their plans.

SEB is continuously updating and refining the CSC tool as data availability and quality improves. Validation of the CSC tool is expected to be completed during 2023.

The classification according to one of the five categories forms the basis for the Transition Ratio – The future, one of SEB's climate-related metrics.

The five customer classification categories are defined as follows:

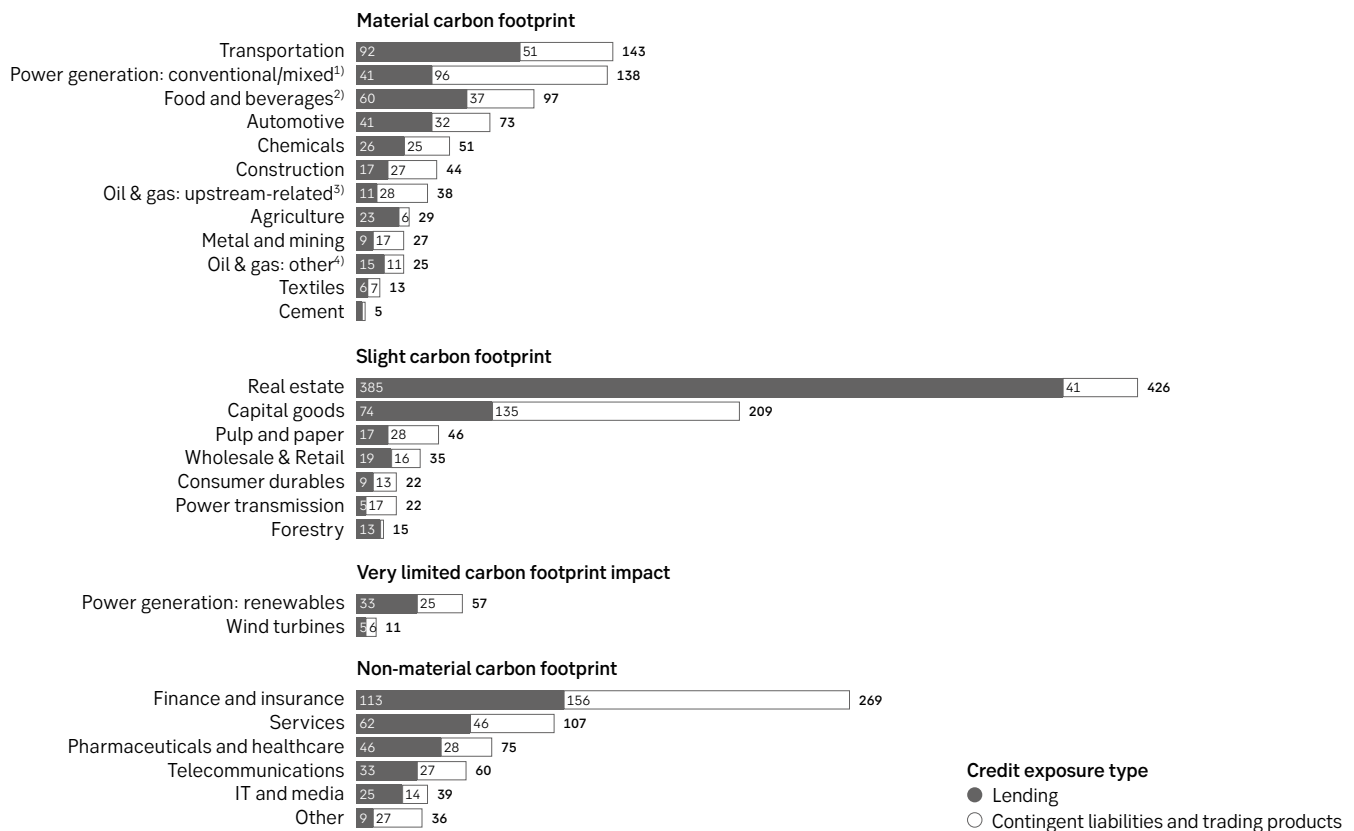
- *Sustainable*: Companies with already sustainable activities and/or very limited greenhouse gas (GHG) emissions.
- *Paris-aligned transition*: Companies in transition with plans aligned with the Paris Agreement target to limit global warming to 1.5°C (net zero GHG emissions by 2050).
- *Transition*: Companies in transition with plans aligned with a target to limit global warming to around 2°C (net zero GHG emissions by 2070).
- *Gradual change*: Companies in transition but with plans that are not aligned with the 2°C target.
- *Status quo*: Companies with no or limited transition plans.

→ Read more about the Transition Ratio on p. 61.

### Breakdown of SEB's corporate and real estate credit portfolio reflecting the sector's carbon footprint

SEK 2,113bn, representing 68 per cent of the total credit portfolio, as per 31 Dec. 2022

SEK bn



1) Companies with a power generation mix that is non-renewable or a mix of non-renewable and renewable.

2) Production and wholesale & retail.

3) Exploration and production, oilfield services and offshore.

4) Transport, distribution & storage, refining, retail and other.

# Climate-related risk governance and policy frameworks

SEB has a robust governance model for sustainability, where climate-related risks are fully integrated. The model provides roles and mandates on different levels and determines how we set our climate strategy and work to implement it in practice. SEB has policy frameworks to manage climate risks and to reach our climate ambitions and goals.

## Climate risk governance

The Board of Directors is ultimately responsible for establishing a strategy for corporate sustainability and an organisation to execute this strategy. SEB's sustainability strategy and activities are an integral part of the business and are regularly included on the Board's agenda, together with an annual review of policies and instructions.

The President and Chief Executive Officer (President) is responsible for execution of the sustainability strategy and implementation of the governance structure set by the Board.

The Chief Risk Officer is responsible for making sure that the intent of the Board and the President is carried out as concerns policies for risk management and risk control. This includes identifying, measuring, assessing, monitoring, managing, mitigating, and reporting all risks, including ESG risks.

→ Read more about the sustainability governance on p. 49.

## Climate-related risks in our policy frameworks

Climate-related risks are covered both by our sustainability policy framework (see p. 50), and by our risk policy framework:

- Our sustainability policy framework provides transparency on the expectations and requirements we set for our clients on specific key issues from an environmental perspective. It includes guidelines on best practice and on the international conventions and standards that the bank requires or encourages companies to follow.
- The risk management framework defines the risks and the overall aim and framework of the risk-taking in SEB, as well as the Board's principles for risk management and risk control. This includes sustainability-related risks.

## Climate-related risks in our sustainability policy framework

SEB has adopted sector policies as sub-policies to the thematic Environmental Policy, which is part of the overall sustainability policy framework. These sector policies have been developed to ensure that lending and investment decisions contribute towards fulfilling SEB's overall sustainability ambitions.

The policies clarify SEB's expectations, requirements, and restrictions for providing financial services to, and making investments in, companies involved in certain activities. In general, SEB expects customers and portfolio companies in these sectors to develop transition plans in line with the Paris Agreement and have public or non-public policies reflecting those plans.

Sector policies that are particularly important regarding climate related risks are:

- Fossil fuels
- Mining and metals
- Transportation
- Forestry
- Agriculture, fishing, aquaculture and animal welfare.

It is stated in the bank's Customer Acceptance Policy that customers with a material negative climate impact and without a credible plan to manage the transition to a low-carbon economy shall be avoided. SEB's General Credit Policy states that all lending should be in line with the sustainability sector policies.

→ The sector policies are published on [sebgroup.com](https://sebgroup.com)

### Financing of fossil fuels

SEB has long-standing relationships with our corporate customers, including those that have fossil fuel-related activities. This customer base is largely a reflection of the national energy and industry mixes in SEB's home markets (the Nordic countries, the Baltic countries, Germany, and the United Kingdom). The extraction and burning of these fuels must be gradually reduced and replaced as part of a transition to a low carbon society.

We recognise that there is a range of risks associated with high levels of fossil fuel financing, including reputational risk as negative perceptions of investors, clients, employees, and other stakeholders regarding our financing could adversely impact SEB.

Our Fossil Fuel Policy regulates fossil fuel-related financing. For example, SEB aims to exit current customers with more than 5 per cent of revenues from thermal coal mining and coal-fired power generation by 2025 and 2030, respectively. There is a time-limited exception for Germany, where the phase-out will be completed by 2038 in line with the German Coal Phase-out Act.

SEB will avoid providing dedicated finance to, or invest in, new projects or capacity expansions related to oil and gas in environmentally sensitive areas (such as the Arctic). The bank shall also avoid entering into new business relationships with companies extracting oil and gas in environmentally sensitive areas. By 2030, SEB will have phased out business relationships with oil and gas companies where more than 5 per cent of revenues are derived from unconventional oil and gas.

**Climate-related risks in our risk management framework**

Sustainability-related risks are included in the SEB Group Risk Policy.

SEB does not consider climate-related risk as a separate risk type, instead it is considered as a risk factor affecting several or in practice all risk types, such as credit, market, liquidity, and non-financial risks. Accordingly, the management of such risks is integrated into existing processes and governance structure for identifying, monitoring, measuring, and reporting risks.

Climate transition and physical risks are inherent across all risk types, which include both financial and non-financial risks.

For example, the impacts of transition risk can lead to and amplify credit risk by reducing our customers’ operating income or the value of their assets, as well as expose us to reputational and/or litigation risk due to increased regulatory scrutiny or negative public sentiment.

Similarly, physical risk can lead to increased credit risk by diminishing borrowers’ repayment capacity or impacting the value of collateral. Physical risk could pose increased operational risk to our facilities and employees.

The table below provides examples of how climate-related risks could impact SEB across each risk type with key actions we have taken to assess and manage the risks during 2022.

	Transition risk	Physical risk	Progress highlights
Credit risk	Energy efficiency standards may trigger substantial adaptation costs and lower corporate profitability, which may lead to a higher probability of default as well as lower collateral values.	Default risk and collateral values may be impacted within sectors or geographies vulnerable to physical risk, for instance due to elevated flood risk.	<ul style="list-style-type: none"> <li>• Transition risk assessment of counterparties in high carbon footprint industries expanded and enhanced.</li> <li>• Pilot project with physical risk assessment of counterparties in selected climate-risk exposed industries.</li> <li>• Climate scenario analyses included in the internal capital adequacy assessment.</li> </ul>
Market risk	Transition risk drivers, for instance, a carbon tax, may cause repricing of securities and derivatives for products associated with high carbon content.	Severe physical events may lead to sudden repricing and higher volatility in some markets.	<ul style="list-style-type: none"> <li>• Risk identification and materiality assessment of climate risk drivers’ impact on market risk measures .</li> </ul>
Liquidity risk	An abrupt repricing of securities, due to asset stranding, may reduce the value of banks’ high quality liquid assets, thereby affecting liquidity buffers.	Liquidity risk may be affected if customers (for instance insurance companies and financial institutions) withdraw large amounts of money due to extreme weather-related events.	<ul style="list-style-type: none"> <li>• Analysis of depositor concentration risk according to sectors with a material carbon footprint.</li> <li>• Sustainability classification of large depositors.</li> </ul>
Non-financial risk	Changing consumer sentiment regarding climate issues may lead to reputation and liability risks for the bank. Reputational risk primarily relates to financing or investing in customers with a material climate impact.	The bank’s operations may be disrupted due to physical damage to its property, branches and data centres as a result of extreme weather events.	<ul style="list-style-type: none"> <li>• New assessment criteria added for sustainability reporting in the new product approval process.</li> <li>• Climate risk part added in Business Continuity Management Instruction.</li> <li>• Regarding third party ESG risks, a new risk practice has been added to the Instruction for Management and Control of Non-financial risks related to requirement on code of conduct for our suppliers in the procurement onboarding process</li> </ul>

# Climate-related risk management

To be effectively managed, risks must be well understood. At SEB, annual client assessments as well as portfolio and scenario analyses are key components to identify, understand, and manage climate risks.

## Risk assessment of clients

To be effectively managed, climate risk must be proactively identified, assessed, and well understood. At SEB, an important part of this work is done in the customer onboarding and the annual review of credit customers, through two processes that support the identification and assessment of climate risks related to our customers: 1) annual screening of sustainability policy compliance and customer sustainability classification, and 2) climate-related risk assessment in the credit process.

### Annual screening of sustainability policy compliance and customer sustainability classification

During 2022, we have worked to enhance the customer acceptance process with regards to compliance with the Sustainability Policy and Corporate Sustainability Governance Instruction. Early 2023, Group Credits received an expanded mandate for approvals of customer acceptance according to instructions and to provide the business areas with necessary mandates for customer acceptance.

Both when accepting new clients and during the annual review process of existing clients, the business areas are responsible for the compliance screening and to escalate the following cases to Group Credits for approval:

- A customer in breach of the restrictions or requirements defined in the Social & Human Rights policy or sector policies.
- A customer, or a customer within a group, defined as “brown”, in the CSC tool.

As explained, several of our sector policies include restrictions and requirements that specifically target climate impact. A company defined as brown in the CSC tool is assessed as not in transition.

The enhanced process is expected to be implemented gradually in SEB during 2023.

### Climate-related risk assessment in the credit process

Industry transformation and sustainability-related risks are integral parts of SEB's credit analysis work and credit approval process.

2022 highlights include the continued roll-out of specific climate transition risk analysis of customers in our credit portfolio in a wider range of sectors with a material carbon footprint and a refined analysis framework. The focus is on our customers' exposure to climate transition risks, their strategy to mitigate them, and the financial impact associated with implementing their climate strategy. During 2022, SEB completed transition risk analyses of around 135 customers with a combined credit exposure of approximately SEK 189bn.

As transition risks are only one side of the climate coin, SEB also launched a pilot of physical climate risk analysis in 2022, looking at customers that might be particularly vulnerable to flooding, droughts or other physical risks, mainly within agriculture, forestry and the textile sector. In the analyses of

both transition and physical risks, the objective is ultimately to understand the possible consequence for the credit risk and the risk class that SEB has assigned to the customer.

In addition to customer analyses, awareness-raising training sessions for client executives and analysts were organised by internal ESG specialists on the topics closely connected with climate change, namely biodiversity loss and water risks, and how these can impact corporate development. The sessions included topics such as the following: which industries account for most of the pressure on biodiversity and water resources, which ones are the most dependent on natural ecosystem services to operate and how is the regulatory landscape changing?

Moving forward, the aim is to better integrate biodiversity and water risks in customer dialogue and credit analysis.

### Risk assessment and monitoring on portfolio level

#### Portfolio analysis

While analysis of individual companies is a key component to identify and assess SEB's climate-related risks, SEB also performs portfolio reviews of sectors facing particularly large climate-related challenges such as oil and gas, automotive, and power generation. These reviews are presented to the Group Risk Committee and the Board's Risk and Capital Committee, where sector-specific business strategies and risk appetite levels are defined.

#### Scenario analyses

Assessing the resilience of SEB's credit portfolio to the consequences of climate-related risks is a complex task, due, in particular, to the wide variety of possible future developments and the long-term perspective required to carry out the analyses. To understand how climate-related risks could impact us and our clients, we evaluate scenarios looking at both current exposures to climate-related risk and forward-looking assessments of potential impacts, including those associated with a 1.5°C or 2°C rise in global temperatures.

SEB's approach to climate scenario analysis is to prioritise the efforts on business activities deemed most impacted by climate change, focusing on exposed sub-portfolios, and assessing credit risks.

In our 2020 and 2021 annual and sustainability reports, we highlighted our evaluation of transition and physical risks on certain samples of our portfolio. Transition risk impact on the oil and gas portfolios and energy producers was evaluated and the Swedish mortgage portfolio was analysed for potential physical risk impacts (flooding). During 2022, another part of our portfolio was evaluated, the Baltic real estate portfolio. The results from this scenario analysis are presented on the next page.

## Baltic climate scenario analysis

A climate scenario analysis of physical risk in the Baltic real estate portfolio was conducted during 2022.

Physical risks vary greatly across geographical location and types of hazards. Flooding, together with rising sea levels, is often deemed the predominant source of physical risk in northern Europe, including the Baltics. Therefore, SEB expanded its physical risk pilot project to assess the impact of potential flooding and rising sea levels on the real estate portfolio in the Baltic countries. The purpose was to assess SEB's exposure at risk and the potential financial impact.

More frequent flooding could lead to falling property prices due to diminished demand values or direct damage to pledged collateral. It could also lead to increased insurance costs.

### Methodology

For properties financed by SEB we distinguish between two different time horizons of flood risk: acute and chronic. Properties connected to acute flood risk have been identified in two ways: 1) matching their location to risk areas in flood maps from government agencies showing waterfront areas affected by a flood statistically estimated to occur once every 100 years 2) comparing the altitude of properties close to shore to the highest sea level measured nearby.

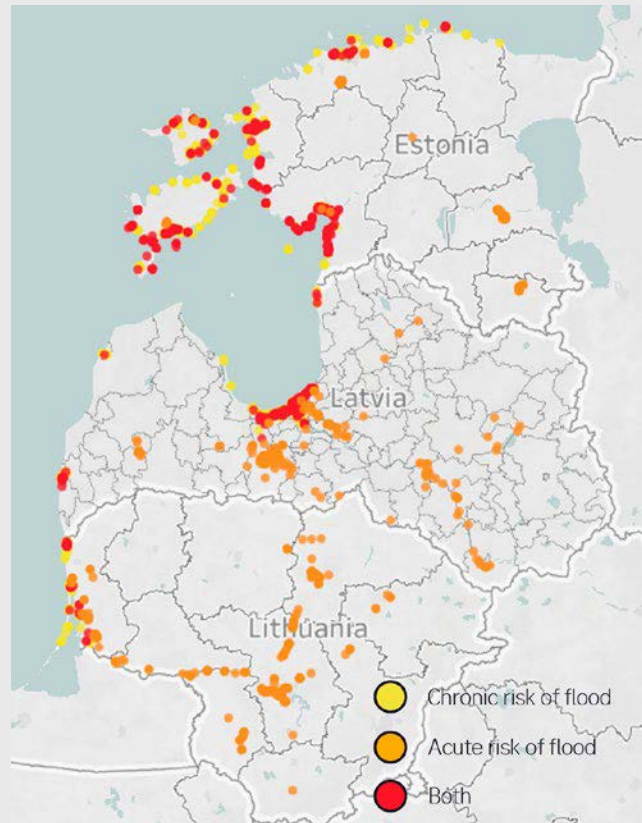
Properties connected to chronic flood risk are identified by the second approach as well, while assuming an additional chronic sea level rise due to global warming. Based on a cautious interpretation of the IPCC report scenarios, we calculated the result using a rise by 1 meter until the year 2100.

The pilot methodology has limitations, which are important to understand when interpreting the result. For example, the chronic flood simulations are based on altitude measures without consideration of terrain, natural obstacles, or mitigating actions now and in the future, which one should reasonably expect within the long-time horizon, especially as awareness of the risk increases.

### Results and conclusions

The preliminary total gross credit exposure at risk of flood based on available flood risk maps and data, is estimated to be EUR 350m (3.4 per cent of the total Baltic real estate portfolio as of year-end 2021). This is mitigated by insurance and other mitigating actions planned or undertaken by municipalities, for instance, flood protection infrastructure.

	Gross exposure at risk of flood, EUR m			% of real estate exposure
	Acute	Chronic	Both	
Estonia	18	80	43	3.5
Latvia	18	61	53	6.8
Lithuania	25	25	28	1.8



Collateral at risk of being flooded in the Baltic countries.

The table shows that the relative exposure at risk of flood is greatest for Latvia. However, more than half of the exposure at risk of flood in Latvia is linked to properties in Riga, the capital, where the focus on mitigating actions is likely to be strong. The flood risk is higher in Estonia and Latvia as a greater part of SEB's portfolio is located near the coast, especially in the two capitals. We have carried out several analyses using scenarios from realistic to extremely severe, where any mitigating actions are being ignored. The resulting additional loss from the most extreme scenarios is less than 0.1 per cent of the total credit exposure in the Baltic countries and less than 0.01 per cent of the total credit exposure of SEB Group.

We are committed to further develop and elaborate our physical risk assessment methodology.

## Climate risk data and reporting

In 2022, we deployed system support for climate assessment and classification using the CSC tool. The system has so far been integrated with front systems for the Corporate & Private Customers division. In addition to facilitating correct classification, the system will store the client data used, which will facilitate follow-up as well as portfolio analysis.

In addition, work to develop an ESG data platform has continued. The platform will serve as a central repository for internally and externally sourced ESG data and will interface with existing internal applications to enable efficient and consistent aggregation, analysis, monitoring and reporting of ESG-related risks and opportunities in accordance with reporting standards and KPIs.

## Metrics and targets

SEB has developed a set of climate-related metrics and targets to transparently report on our progress and to steer our business in line with our sustainability strategy. The metrics are integrated in our decision-making processes and are regularly assessed through the governance channels presented earlier in this report.

### SEB's climate-related ambitions and goals

#### Carbon Exposure Index – The Brown

The Carbon Exposure Index is a volume-based metric capturing our fossil fuel credit exposure within the energy portfolio. SEB's goal is to reduce the fossil credit exposure by 45–60 per cent by 2030 compared with a 2019 baseline. Reaching this goal means that we will be in line with, or outperform, the strictest 1.5°C scenario assumptions provided by the International Energy Agency and Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

At year-end 2022, the Carbon Exposure Index had decreased by 17 per cent compared to a 2019 baseline, which is in line with the 2030 trajectory. The outcome reflects SEB's strategy to actively engage with customers striving to transition their operations and to support them in their transition plans. Fossil credit exposure to the power generation and transmission sectors increased over the period, primarily driven by liquidity support to energy producers through the European energy crisis and transition related investment needs. The increase was offset by a sharp decline in the credit exposure to the oil & gas, upstream related sector (exploration and production, oilfield services and offshore).

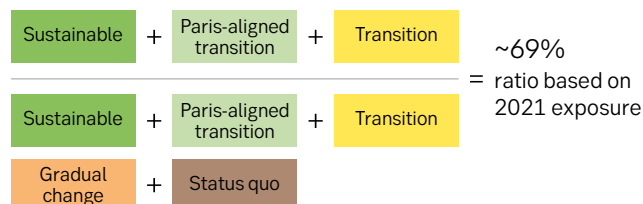
#### Sustainability Activity Index – The Green

The Sustainability Activity Index is a volume-based metric capturing our sustainability activity across four areas: sustainability-related financing, sustainable finance advisory, greentech venture capital investments and sustainable savings. The ambition is to increase activity 6–8 times by 2030 compared with a 2021 baseline.

At year-end 2022, the index had increased by 59 per cent. For more information about the four areas, see also p. 39, 40, 42.

#### Transition Ratio – The Future

The Transition Ratio is a credit exposure-related metric based on our CSC tool. The ratio is calculated by dividing the credit exposure classified within the categories Sustainable, Paris-aligned transition and Transition by the total credit exposure classified using the CSC tool.



The scope of our Transition Ratio is the credit exposure to customers active within sectors with material, slight and very limited carbon footprints within the corporate and real estate credit portfolio. Credit exposure to the shipping sector is not included as the climate alignment assessment on that specific portfolio is done in our Poseidon Principles reporting. Read about the Poseidon Principles on p. 40.

At year-end 2022, 70 per cent of the credit exposure in scope had been assessed using our CSC tool. Out of the credit exposure assessed, 71 per cent had been classified when emission reporting and transition plans were of sufficient quality.

Based on the credit exposure by year-end 2021 and the assessments carried out during 2022, our Transition Ratio was 69 per cent. The ratio provides insight into our customers progress and can be used for further analysis and action to support them on their transition journeys.

SEB is actively engaging with customers to advise and help them drive their climate ambitions, which over time should positively impact the proportion of exposure classified.

## SEB's financed emissions

SEB is committed to reach net zero greenhouse gas (GHG) emissions by 2050 at the latest. Financed emissions account for the vast majority of SEB's total GHG emissions. SEB has developed a methodology to estimate the financed emissions from the credit portfolio. The methodology forms the basis for the calculation of SEB's financed emissions for 2020 and the development of the 2030 sector targets.

Financed emissions are the GHG emissions SEB finances through its credit exposure. Financed emissions are calculated by multiplying customers' or assets' emissions by a financing attribution factor. The attribution factor is defined as the ratio of credit exposure relative to the book value of the total assets of the customer or relative to the market value of the assets financed. Credit exposure is defined as lending for asset-based financing and lending and contingent liabilities for other financing.

The credit exposure in scope for the calculation of SEB's emissions profile amounted to SEK 1,780bn in 2020 accounting for 79 per cent of the total credit exposure. Credit exposure to corporate sectors with non-material carbon footprint (for example, finance and insurance, and services) and to public administration, banks and household – other is not included. Credit exposure to real estate management and household mortgage in the Baltic countries are excluded due to insufficient data quality.

Customers' and assets' emissions include Scope 1 and 2 for all sectors. Scope 3, use of sold products emissions, are included for the extractive and refining parts of the fossil fuel value chain (oil & gas exploration & production (E&P) and refining, and mining). To minimise multiple counting in the fossil fuel value chain, Scope 3 emissions for the other oil & gas sub-sectors have not been included. Scope 3 from use of sold products are also included for the car manufacturing sector.

### SEB's financed emissions for 2020

mtonnes CO <sub>2</sub> e	Scope 1 & 2	Scope 3	Total	%
<b>Corporates</b>	<b>13.5</b>	<b>20.3</b>	<b>33.8</b>	<b>99.5</b>
Material carbon footprint	12.3	20.3	32.6	96.1
Slight carbon footprint	1.1	<sup>1)</sup>	1.1	3.1
Non-material footprint	0,1	<sup>1)</sup>	0.1	0.2
Very limited footprint	0,0	<sup>1)</sup>	0.0	0.1
<b>Real estate management</b>	<b>0.11</b>	<sup>1)</sup>	<b>0.1</b>	<b>0.3</b>
<b>Housing cooperative associations</b>	<b>0.01</b>	<sup>1)</sup>	<b>0.0</b>	<b>0.0</b>
<b>Household mortgage</b>	<b>0.05</b>	<sup>1)</sup>	<b>0.1</b>	<b>0.2</b>
<b>Public administration</b>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>
<b>Banks</b>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>
<b>Household – other</b>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>	<sup>1)</sup>
<b>Total</b>	<b>13.6</b>	<b>20.3</b>	<b>33.9</b>	<b>100.0</b>

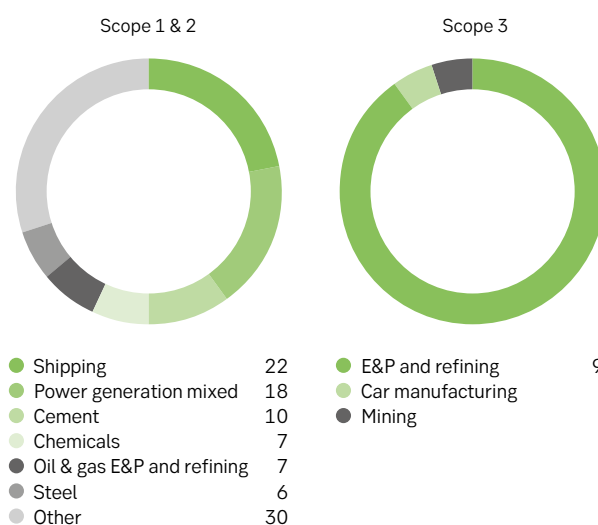
1) Not applicable

When emission data for a customer or asset is lacking, financed emissions are estimated by multiplying the underlying credit exposure by a sector-specific financed emission intensity average. 15 per cent of the 2020 financed emissions was estimated using a sector financed intensity average.

Financed emissions from the corporate sector accounted for 99.5 per cent of SEB's financed emissions in 2020. Financed emissions related to customers' Scope 1 and 2 emissions contributed to 40 per cent of SEB's financed emissions with sectors with material carbon footprint such as shipping, power generation and cement, being the largest contributors. Financed emissions stemming from customers' Scope 3 emissions accounted for 60 per cent of SEB's financed emissions in 2020. The oil & gas E&P and refining sector was by far the largest contributor, accounting for 90 per cent of the Scope 3-related financed emissions.

### Breakdown of financed emissions 2022

Per cent



**SEB 2030 sector targets**

In line with our sustainability strategy and our commitment to the Net-Zero Banking Alliance (NZBA), SEB has, during 2022, set 2030 targets for financed emissions for five sectors: oil & gas exploration & production (E&P) and refining, power generation, steel, car manufacturing and household mortgage – Sweden.

Our choice of sectors was guided by their contribution to the total financed emission profile of the bank, the quality and reliability of GHG emission data and the existence of credible and science-based sector decarbonisation pathways.

Financed emissions for the five sectors covered by our 2030 targets accounted for 70 per cent of SEB total financed emissions.

Our 2020 emission intensity baselines are lower than global and regional sector averages, reflecting our strong starting position and our customers' progress on their transition journeys. Our 2030 targets are in line with or ahead of relevant science-based decarbonisation pathways and metrics. The document SEB NZBA Methodology 2022 provides detailed information about the sector targets and the method and benchmarks used.

→ See [sebgroup.com](https://sebgroup.com)

**SEB 2030 sector targets – baseline and targets**

Sector	Emission boundaries <sup>1)</sup>	Metric	2020 baseline	2030 target
Oil & Gas E&P <sup>2)</sup> and refining	Scope 1 & 2 & 3 <sup>3)</sup>	million tonnes CO <sub>2</sub> e <sup>4)</sup>	18.4	8.3 (–55%)
Power generation	Scope 1 & 2	g CO <sub>2</sub> e / kWh	123	70 (–43%)
Steel	Scope 1 & 2	tonne CO <sub>2</sub> e / tonne steel	1.40	0.98 (–30%)
Car manufacturing	Scope 3 <sup>5)</sup>	g CO <sub>2</sub> e / km / vehicle	153	61 (–60%)
Household mortgage – Sweden	Scope 1 & 2	kg CO <sub>2</sub> e / m <sup>2</sup>	3.12	2.18 (–30%)

1) Scope 1: direct emissions from sources owned or controlled by the company. Scope 2: indirect emissions resulting from electricity, heat, or steam purchased by the company. Scope 3: indirect emissions from sources not owned or controlled by the company, for example related to the supply chain.

2) Exploration & Production

3) Scope 3: use of sold products

4) Financed emissions

5) Scope 3: use of sold products – Tank-to-Wheel



# Climate report for SEB's investment business

SEB Investment Management and SEB Pension och Försäkring manage assets on customers' behalf in SEB-labelled mutual funds and life insurance contracts. Both subsidiaries aim to reduce climate-related risks and enable a transition to sustainable and low-carbon solutions.

## SEB Investment Management AB

### Governance

The Board of Directors of SEB Investment Management AB (the fund company) adopted SEB Investment Management's sustainability policy, which is the framework that governs our ambitions and integration of sustainability. The fund company's sustainability and governance team of seven specialists coordinates, communicates and supports the organisation. Sustainability resources and competence are not limited to this team and there are several working groups involving portfolio managers and product specialists. Portfolio managers integrate sustainability into their analysis and investment processes, while product managers focus on sustainability and coordinate across asset classes for all our products. Internal functions continuously monitor sustainability issues, in tandem with other independent control functions, such as compliance, risk oversight and internal audit. The fund company's Exclusion Committee takes decisions on exclusion and divestment based on the sustainability policy. This committee also decides on exceptions from the policy, such as transition cases.

### Strategy

The fund company aims to align investments with the Paris Agreement and to reach net zero greenhouse gas emissions by 2040, whilst recognising that some large emitting sectors are vital enablers for the transition. The fund company continues to work closely with the companies through active engagement, in participation on nomination committees and exercising the right to vote. In addition, the fund company is reallocating capital flows towards climate-resilient and transitional business models, and is exiting investments in activities that contribute negatively to climate change. The ambition is to discontinue investments from fossil-based business models that contribute negatively to climate change. The fund company undertakes a full review of the climate impacts of investments and actively monitors emerging issues and regulatory developments. Engagement and active ownership are part of a constructive process for creating long-term sustainable investment value.

### Risk management

In accordance with the sustainability policy, the fund company has a strict approach to fossil fuels. All funds exclude companies that extract or process fossil fuels, including unconventional fossil fuels, such as oil sands and deep-sea drilling. Similar restrictions are applicable for power generation and distribution of fossil fuels. Exceptions can be made for companies that have clear targets and credible transition plans in line with the Paris Agreement. Direct engagement with companies is an important and strategic tool to understand how the company's operations affect the climate and how climate change affect the company.

Through the engagement, the fund company can accelerate change and support companies to include climate-related strategies and practices in their business models. The engagements are done either directly with companies or through investor collaborations. The fund company is involved in dialogues with the world's largest greenhouse gas emitting companies through IIGCC Climate Action 100+ and other collaborations such as ISS ESG.

### Metrics and targets

The fund company signed the Montreal Carbon Pledge 2014 and began to measure the carbon footprint for investments in listed equities. An increasing number of companies has started to report since then, and today more climate-related data is available. However, there are still limitations in what is included in the calculations and therefore they still provide little insight into potential future exposure. The fund company encourages companies to have verified science-based targets.

We continuously monitor our progress and have established the following interim targets with a baseline year of 2019:

- By 2025 achieve a 50 per cent reduction of greenhouse gas emissions financed.
- By 2030 achieve a 75 per cent reduction of greenhouse gas emissions financed.

Since 2021 SEB Investment Management is a member of the Net Zero Asset Managers initiative.

The fund company conducted an analysis based on 95 per cent of the listed equity and corporate bond funds investments. By using the Sustainable Development Scenario, developed by the International Energy Agency (IEA), it is possible to estimate a future trajectory of emissions reduction and temperature-score. The analysis, which was carried out at the end of 2022, gives an indicative forecast of a temperature increase of 1.9°C by 2050. While the result is still within the Paris Agreement, that is to keep the temperature increase below 2.0°C, it is further from our goal of 1.5°C increase. According to our analysis, the financed carbon dioxide emissions from the base year 2019 have decreased by approximately 50 per cent in absolute terms and the decrease can largely be attributed to the exclusion of companies that extract fossil fuels and power generation. As there is still a lack of available data and uncertainty about the quality of the data, the outcome and future forecast are also uncertain.

SEB Investment Management's target remains at 1.5°C rise in temperature and we are continuously working on more measures to meet this target.

→ For further information see SEB Investment Management Sustainability Report 2022.

## SEB Pension och Försäkring AB

### Governance

The subsidiary SEB Pension och Försäkring AB (Life & Pension) is included in SEB's governance structure.

Sustainability is an important part of the operations within Life & Pension and is coordinated with SEB's ambitions within the area. Life & Pension stands for good ethics, social responsibility, and the transition to a low-carbon and resource-efficient society.

Life & Pension is guided by the governing platform set out by the framework of policies in SEB, the Corporate Sustainability Policy, thematic policies, and sector policies which express the view on specific key issues and industry sectors that are considered critical. By the application of this framework, sustainability becomes an integrated part of all business areas.

### Strategy

Life & Pension is transparent in its efforts to support long-term corporate sustainable development of its operations. The most significant climate-related risks and opportunities linked to the business can be found in the investment offer.

The consideration of sustainability risks and opportunities is an integrated part of the investment process and decisions. This is balanced by sustainability analysis in order to actively select funds and other assets that perform well in sustainability, exclusion of certain sectors and funds that underperform in sustainability and by active ownership through dialogue with fund companies. We do this with the conviction that a structured focus on sustainability will be more successful in the long term and create a better future for our customers.

### Risk management

The risk is making investments in assets that are not sustainable in the long run, giving rise to financial loss and reputational damage. Climate risk is a tangible and current risk but as a life

insurance company, Life & Pension is not directly affected by physical risk (neither acute nor chronic) which is more relevant to non-life insurers or those offering protection policies. Life & Pension may be exposed to transition risks which could lead to changing client behaviour and have an impact on valuations of traditional and unit-linked investments, which in turn would result in income reduction.

In line with Life & Pension's goals, and with increased risks, the aim is to increase the amount of sustainable funds in the unit-linked offering and to reach a higher level of sustainable investments in the traditional portfolio. Life & Pension will continuously develop the methods for assessing relevant risks and is committed to support customers in the transformation towards a low-carbon and resource efficient society.

### Metrics

The overarching goal is to reduce the negative effects on the climate that arise in the business through investment activities. Exclusion of certain sectors and industries that have a negative impact on the environment will contribute to reducing the negative impact the investments have on a sustainable development. Active ownership through dialogue with fund companies aims to lead to more fund managers being signatories of Principles for Responsible Investments (PRI) which is a commitment to responsible investments that will lead to a more sustainable financial system. Life & Pension will, among other things, measure the proportion of funds that promotes environmental or social characteristics or has a sustainable investment as its objective in relation to all funds, with the aim to increase the number of sustainable funds. Another example is measuring the carbon footprint of equity investments in the traditional portfolio. Through increased access to reported data and with continued development of methods, Life & Pension will over time further improve alignment with the overall strategy.

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### About the Sustainability Report

The Sustainability Report covers the SEB Group, that is the parent company Skandinaviska Enskilda Banken AB (publ) and its subsidiaries. SEB reports in accordance with the Swedish Annual Accounts Act and the Global Reporting Initiative, GRI Standards. The report is aligned with the TCFD (Task Force on Climate-related Financial Disclosures). Areas covered include climate and environment, human rights, labour rights and social relations, and anti-corruption. The diversity policy applied for the Board is described in the Corporate Governance Report (see p. 92). SEB has published a sustainability report since 2007. This report covers the fiscal year 2022. The previous report was published in March 2022. No significant changes have been made in the scope and boundaries. SEB's auditor EY has expressed an opinion that a statutory sustainability report has been prepared according to the Swedish Annual Accounts Act, and has performed a limited review of the sustainability report according to GRI Standards. Contact: Chief Sustainability Officer, Hans Beyer, tel: +46 771 62 10 00, sebgroup.com.

### Board of Directors

Stockholm, 21 February 2023

Skandinaviska Enskilda Banken AB (publ)  
Corporate registration number 502032-9081