

Sustainability-related disclosures

Product name: SEB Discretionary portfolio

Legal entity identifier: F3JS33DEI6XQ4ZBPTN86

Summary

The discretionary portfolio is a financial product under Article 8 of the so-called Disclosure Regulation (EU 2019/2088; "SFDR") that promotes environmental and social characteristics. The assets of the portfolio are invested in funds investing mainly in equities and fixed income instruments (target funds), in accordance with the terms and restrictions set out in the asset management agreement. In addition, the portfolio may invest in direct equity and fixed income instruments, where permitted by the asset management agreement.

Sustainability risks and the principal adverse impacts on sustainability factors, their likelihood and scale of impact are continuously assessed as part of the investment process and monitoring of the investment targets and the portfolio.

The possible benchmark index for the portfolio is defined in the asset management agreement. There is no benchmark index defined for the portfolio to determine whether the financial product meets the environmental and/or social characteristics it promotes. A composite index of general market indices, which does not take into account sustainability risks or sustainability factors, is a possible benchmark for the portfolio and is used mainly for comparing portfolio returns and calculating risk figures.

No sustainable investment objective

The discretionary portfolio promotes environmental and/or social characteristics, and it has not committed to any minimum share of sustainable investments.

Environmental or social characteristics of the financial product

Environmental and social characteristics will be promoted by integrating the assessment of sustainability factors into investment decisions. To the extent that the asset management portfolio invests in target funds, only target funds whose management companies are signatories to the UN-supported Principles for Responsible Investment (PRI) will be selected. The selection of target funds will also take into account the exclusion criteria applied by the target fund, the type and level of integration of sustainability and the principles of active ownership and engagement. When selecting target funds of management companies outside the SEB Group, particular emphasis will be placed on the alignment of the management company's corporate responsibility policies with those of SEB Investment Management AB ("**SEB IM AB**"). The funds selected for the portfolio are mainly sustainability-oriented funds, i.e. funds that promote sustainable characteristics, i.e. funds under Article 8 of the SFDR, or funds that make sustainable investments, i.e. funds under Article 9 of the SFDR. Any direct equity and fixed income investments in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability characteristics in accordance with Article 8 of the SFDR. For the investments in the portfolio, SEB commits to a minimum investment ratio of 60 % for investments in accordance with Articles 8 and 9 of the SFDR.

Investment strategy

The assets of the portfolio are invested in funds investing mainly in equities and fixed income instruments (target funds), in accordance with the terms and restrictions set out in the asset management agreement. In addition, the portfolio may invest in direct equity and fixed income instruments, where permitted by the asset management agreement.

Environmental and social characteristics will be promoted by integrating the assessment of sustainability factors into investment decisions. To the extent that the portfolio invests in target funds, only target funds that are signatories to the UN-supported Principles for Responsible Investment (PRI) are selected to the portfolio. The funds selected for the portfolio are mainly target funds that promote sustainability characteristics, i.e. funds under Article 8 of the SFDR, or that make sustainable investments, i.e. funds under Article 9 of the SFDR. Any direct equity and fixed income investments in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability characteristics in accordance with Article 8 of the SFDR. For the investments in the portfolio, SEB commits to a minimum proportion of investments in accordance with Articles 8 and 9 of the SFDR of 60 %.

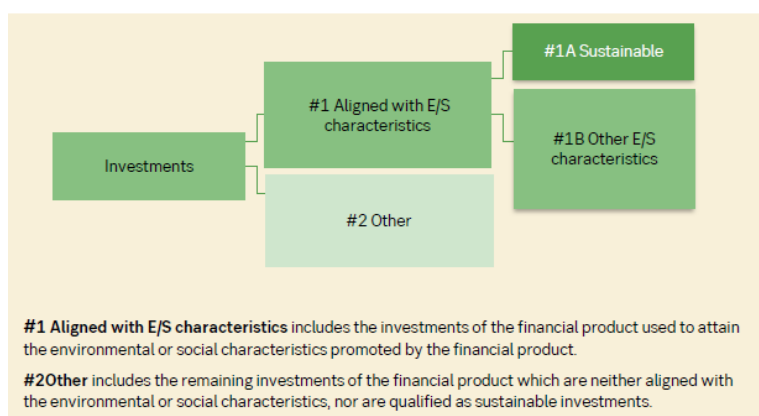
The possible benchmark index for the portfolio is defined in the asset management agreement. There is no benchmark index defined for the portfolio to determine whether the financial product meets the environmental and/or social characteristics it promotes. A composite index of general market indices, which does not take into account sustainability risks or sustainability factors, is a possible benchmark for the portfolio and is used mainly for comparing portfolio returns and calculating risk figures.

The portfolio aims to generate long-term capital appreciation with a well-diversified level of risk. This is achieved through active portfolio management, based on comprehensive analysis and the manager's view on the attractiveness of different investment opportunities, including the valuation of markets in different geographical areas, the macroeconomic outlook, interest rate movements and the outlook for different sovereigns.

There are binding elements of the investment strategy used to select the investments. These binding elements are described in the SFDR template pre-contractual disclosure for the financial product referred to in Article 8 for this product ("**Appendix 1**" to this document). In Appendix 1, also, the policy to assess good governance practices of the underlying investee companies is described.

Proportion of investments

At least 60% of the portfolio consists of sustainability-oriented investments that promote sustainability characteristics, i.e. funds or potential direct equity and fixed income investments under Article 8 of the SFDR, or that make sustainable investments, i.e. funds under Article 9 of the SFDR. Other investments in the portfolio consist of cash for cash management needs, investments in bonds issued by sovereign, public or supranational organisations for which available sustainability information is limited, and investments in target funds classified under Article 6 of the SFDR.



Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the portfolio will be measured by indicators such as:

- the share of fund investments managed by a fund management company that has signed up to the UN-supported Principles for Responsible Investment (PRI);
- the share of investments that promote sustainability characteristics under Article 8 of the SFDR or make sustainable investments under Article 9 of the SFDR;
- the extent of the exclusion criteria applied by the target funds; and
- an external sustainability rating for the target funds.

The environmental characteristics promoted by the portfolio are measured by the following indicators:

- the carbon footprint (scope 1 & 2) of the portfolio's equity investments (direct investments and target funds) and the weighted carbon intensity of all investments (scope 1 & 2) and their evolution over time;
- the commitment of the portfolio's equity investments (direct investments and target funds) to science-based or otherwise ambitious emission reduction targets and net zero emissions under the Paris Climate Agreement; and
- for equity investments in the portfolio (direct investments and target funds), the share of economic activities that are covered by the EU taxonomy (Regulation 2020/852) and the share of economic activities that can be classified as sustainable under the EU taxonomy.

The social characteristics promoted by the portfolio are measured by the following indicators:

- the unadjusted gender pay gap in the companies invested in by the target funds; and the diversity of the boards of the companies invested in by the target funds.

These indicators are monitored and reported on a quarterly basis.

Methodologies

Environmental and social characteristics will be promoted by integrating the assessment of sustainability factors into investment decisions. To the extent that the asset management portfolio invests in target funds, only target funds whose management companies are signatories to the UN-supported Principles for Responsible Investment (PRI) will be selected. The selection of target funds will also take into account the exclusion criteria applied by the target fund, the type and level of integration of sustainability and the principles of active ownership and engagement. When selecting target funds of management companies outside the SEB Group, particular emphasis will be placed on the alignment of the management company's corporate responsibility policies with those of SEB IM AB. The funds selected for the portfolio are mainly sustainability-oriented funds, i.e. funds that promote sustainable characteristics under Article 8 of the SFDR, or funds that make sustainable investments under Article 9 of the SFDR. Any direct equity and fixed income investments in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability characteristics. More information on SEB IM AB sustainability approach and policies can be found here: [Our sustainability approach at Investment Management | SEB \(sebgroup.com\)](#)

The portfolio is committed to a minimum investment ratio of 60 % for investments in accordance with Article 8 and 9 of the SFDR. The investment ratio is monitored continuously and at a minimum on a quarterly basis.

Data sources and processing

The discretionary portfolio invests in selected target funds and may also invest in direct equities and fixed income instruments, where permitted by the asset management agreement. For target funds data is sourced from several external data sources such as Morningstar, ISS, Sustainalytics and Equileap, and directly from the fund management companies. Regarding the classification of the portfolio, the most important data is data regarding the classification of the underlying investments. This data we source through Morningstar or directly from the fund management companies. For direct equity and fixed income investments sustainability policy of SEB IM AB is adhered to and data

for making direct investments is sourced and processed according to the SEB IM AB sustainability policy and approach. More information can be found here: [Our sustainability approach at Investment Management | SEB \(sebgroup.com\)](https://sebgroup.com)

Limitations to methodologies and data

Different fund companies may use different approaches, criteria and processes for promoting environmental and social characteristics or for defining sustainable investments. This can lead to a situation where different fund companies with differing methodologies for classifying their investments products (target funds) according to the SFDR Articles may classify similar strategies in different ways.

In addition, the portfolio is committed to reporting certain sustainability indicators and is obligated to report on the Principal Adverse Indicators (PAIs). Most of these indicators are calculated using company-specific data for the underlying instruments and aggregates on the portfolio level. Due to lack of data, estimates and verification processes this data may not be fully accurate.

Due diligence

In order to make sure that the portfolio invests only in eligible target funds and direct investment a strict investment process is being followed. In addition, minimum investment ratio of 60 % for investments in accordance with Article 8 and 9 of the SFDR is monitored continuously and at a minimum every time a new investment is being considered or on a quarterly basis. In addition, it is continuously monitored that the SEB IM AB general sustainability principles are being adhered to.

Engagement policy

For target funds managed by the SEB IM AB, the SEB IM AB policy for ownership engagement is followed. SEB IM AB's engagement with the companies is based on direct dialogue, participation in general meetings (physically or by proxy-voting), participation in election committees, dialogues through collaborative initiatives and investor collectives, and both proactive and reactive dialogues either through partners or directly. Through ownership dialogues SEB IM AB seeks to influence companies, or to gain more information. More details on the policy can be found here: [Principles for Shareholder Engagement 2022.pdf \(sebgroup.com\)](https://sebgroup.com)

SEB IM AB policy for ownership engagement is also followed regarding the possible direct equity and fixed income investments, except that SEB IM AB is not using the voting rights on behalf of the client.

The assets of the portfolio may also be invested in target funds managed by management companies outside the SEB Group. For such investments the engagement policy of the external fund company is followed. The selection of such target funds will be based on the highest possible alignment of the sustainability principles, including engagement policy and principles, of the management company concerned with those of SEB IM AB.

Designated reference benchmark

No specific index has been designated as a reference benchmark for the purpose of attaining the above characteristics.

2023-03-13