



"On behalf of the Board, I want to emphasise that SEB attaches great importance to maintaining high standards of corporate governance, compliance and risk management. This applies in all parts of the bank and in all countries where we operate. We take our responsibility to counter money laundering and other financial crime very seriously, and we are continuously developing our abilities to reduce the risk of being exploited for criminal purposes. That work will never end. In the long run, it is about nurturing the trust we have received from our shareholders, customers and other stakeholders. That trust is the very foundation on which all our business rests."

Marcus Wallenberg, Chair, Board of Directors

## Corporate governance

To maintain the important societal function as a bank, it is of utmost importance for SEB that customers, shareholders, employees and other stakeholders have great confidence and trust in the bank's operations. Professional employees who are guided by a high standard of business conduct are crucial, as is maintaining a sound risk culture. A robust corporate governance framework with clearly defined roles and responsibilities and internal control also helps prevent conflicts of interest.

### Rules and regulations

As a Swedish public limited liability financial institution with securities listed on Nasdaq Stockholm, SEB is subject to numerous rules and regulations. The external framework for corporate governance includes the following rules and regulations:

- Companies Act
- Annual Accounts Act
- Nasdaq Stockholm Issuer Rules
- Swedish Corporate Governance Code
- Banking and Financing Business Act
- Rules and guidelines issued by the Swedish Financial Supervisory Authority and other authorities.

SEB also adheres to an internal framework that includes, among other things, the Articles of Association, which are adopted by the general meeting of shareholders. Policies and instructions that define the division of duties within the group are tools for the Board of Directors (the Board) and the President and Chief Executive Officer (the President) in their governing and controlling roles. Such policies and instructions include, among others:

- The Board's Rules of Procedure and the Instructions for the board committees
- Instructions for the President and the Group's Internal Governance
- Group Credit Instruction and Risk Policy
- Instruction for Handling of Conflicts of Interest
- Instruction for procedures against Money Laundering and Terrorist Financing<sup>1)</sup>
- Code of Conduct<sup>1)</sup>
- Remuneration Policy
- Information Security Policy
- Corporate Sustainability Policy<sup>1)</sup>
- Inclusion & Diversity Policy<sup>1)</sup>
- Policies on Suitability, Diversity and Composition of the Board, the Group Executive Committee (GEC) and other key function holders.

1) See [sebgroup.com](http://sebgroup.com)

SEB's ethical and sustainability endeavours are an integral part of the business and are regularly included on the Board's agenda. SEB's Code of Conduct describes the bank's values, ethics and standards of business conduct and provides guidance on how employees are to abide by these values. Policies and instructions for sustainability and group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance.

This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the Code). SEB strives to follow the Code where appropriate and has no deviations to report for 2020.

→ More information about SEB's corporate governance is available on [sebgroup.com](http://sebgroup.com)

## Shareholders and general meetings of shareholders

The shareholders exercise their influence at general meetings of shareholders by, among other things, electing directors of the Board and the external auditor.

SEB has approximately 268,000 shareholders. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote.

The Annual General Meeting (AGM) of shareholders is held in Stockholm, in Swedish. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at the AGM and to vote for the full number of their shares. Shareholders who cannot attend may appoint a representative. The 2020 AGM was held on 29 June at the bank's head office in Stockholm. As a safety measure to prevent the spread of the coronavirus, the AGM was conducted without the physical presence of shareholders and members of the Board of Directors other than the Chair and the President. The shareholders were able to exercise their voting rights by post and submit questions in writing prior to the AGM in accordance with Section 22 of the Act (2020:198) on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations.

A total of 986 shareholders, representing 61 per cent of the votes, were represented at the AGM. The main resolutions made at the AGM were:

- no dividend shall be paid for 2019 and the entire amount available shall be carried forward
- the number of directors on the Board shall be nine



- re-election of nine directors
- re-election of Marcus Wallenberg as Chair of the Board
- re-election of Ernst & Young AB as external auditor
- adoption of guidelines for salary and other remuneration of the President and the members of the Group Executive Committee (GEC)
- adoption of three long-term equity programmes
- issuance of a mandate to the Board concerning purchases and sales of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes
- authorisation for the Board to decide on the issuance of convertibles
- amendment of the Articles of Association so that the Board may collect proxies and decide that the shareholders shall be able to exercise their voting rights by post before the AGM.

→ The minutes from the AGM are available on [sebgroup.com](http://sebgroup.com)

### The largest shareholders

31 December 2020

	No. of shares	Of which Class C shares	Share of capital, %	Share of votes, %	
				2020	2019
Investor	456,198,927	4,000,372	20.8	20.8	20.8
Alecta	144,152,500		6.6	6.6	6.6
Trygg Foundation	114,673,802		5.2	5.3	5.3
Swedbank Robur Funds	90,663,696		4.1	4.2	4.0
AMF	82,274,779		3.7	3.8	3.8
BlackRock	57,864,612		2.6	2.7	2.7
SEB Funds	45,149,867		2.1	2.1	2.0
Vanguard	38,004,065	250,202	1.7	1.7	1.6
Handelsbanken Funds	32,629,187		1.5	1.5	1.4
SEB own shareholding <sup>1)</sup>	32,211,451		1.5	1.5	1.3
Fourth Swedish national Pension Fund	28,139,745		1.3	1.3	1.1
First Swedish national Pension Fund	19,495,944		0.9	0.9	1.0
Second Swedish national Pension Fund	16,926,124		0.8	0.8	0.5
Skandia	16,922,551	477,269	0.8	0.8	0.2
Nordea Funds	15,098,603		0.7	0.7	1.0

1) See table Number of outstanding shares on p. 64.

Source: Euroclear and Holdings.

Different voting power of Class A shares (voting power 1) compared to Class C shares (voting power 0.1) gives minor differences in share of votes vs. share of capital.

The majority of the bank's approximately 268 000 shareholders are private individuals with small holdings. The ten largest shareholders account for 54 per cent of the capital and votes.

### Distribution of shares by size of holding

31 December 2020

Size of holding	No. of shareholders	No. of shares	Per cent
1–500	172,947	30,537,451	1.4
501–1,000	39,566	30,221,219	1.4
1,001–5,000	45,240	99,562,993	4.5
5,001–10,000	6,125	43,743,531	2.0
10,001–20,000	2,507	35,254,755	1.6
20,001–50,000	1,206	37,337,701	1.7
50,001–100,000	300	21,242,447	1.0
100,001–500,000	277	61,551,039	2.8
500,001–1,000,000	54	38,787,232	1.8
1,000,001–	106	1,795,933,434	81.9
<b>Total</b>	<b>268,328</b>	<b>2,194,171,802</b>	<b>100.0</b>

Source: Euroclear and Holdings

### Shareholder structure

Per cent

Percentage holdings of equity on 31 December 2020



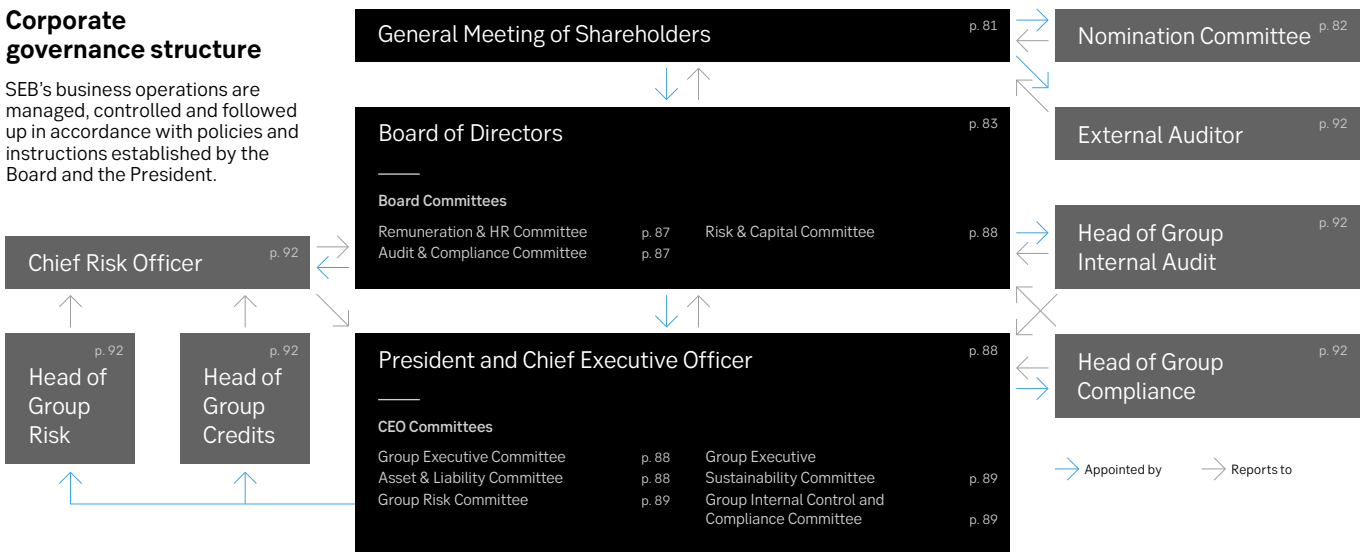
Swedish shareholders 75  
 ● Institutions and foundations 58  
 ● Private persons 13  
 ● Other 4

● Foreign shareholders 25

Source: Euroclear and Holdings

### Corporate governance structure

SEB's business operations are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President.



### SEB's organisation



### Nomination Committee

The primary task of the Nomination Committee is to submit recommendations to the AGM for the Chair and directors of the Board as well as the external auditor.

The Nomination Committee nominates the Chair, the directors of the Board and the external auditor and makes recommendations regarding directors' fees and fees for committee work.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chair of the Board along with representatives of the bank's four largest shareholders that are interested in appointing a member. One of the independent directors shall be appointed as a co-opted member of the Nomination Committee.

The composition of the Nomination Committee meets the requirements laid out in the Code. The Nomination Committee has access to relevant information about SEB's operations and financial and strategic position, provided by the Chair of the Board and the co-opted member.

The Board's composition shall adhere to applicable laws and regulations and to the Policy on Suitability, Diversity and Composition of the Board of Directors, adopted by the Board. An important principle is that the Board's size and composition shall be such as to serve the bank in the best possible way. Therefore, as the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board in view of the bank's operations, organisation and future direction.

The Board's size and composition is discussed and reviewed in terms of suitable competence and experience in the financial sector as well as other sectors. In addition, the directors should

### Nomination Committee for the 2020 AGM

Member	Representing	Votes (%) 31 Aug. 2020
Petra Hedengran, <i>chair</i>	Investor	20.8
Magnus Billing	Alecta	6.6
Lars Heikensten	Trygg Foundation	5.3
Johan Sidenmark	AMF	3.9
Marcus Wallenberg	SEB, Chair of the Board	

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Sven Nyman, co-opted member, appointed by the Board.

Swedbank Robur Funds, which was the bank's fourth largest shareholder, declined to appoint a member of the Nomination Committee.

have sufficient time to perform their duties and understand the bank's business and its main risks. The Nomination Committee also reviews the evaluations of the Board's directors and Chair.

→ See p. 86.

The Nomination Committee shall ensure diversity within the Board in terms of the directors' educational and professional backgrounds, gender, age and geographical provenance.

Furthermore, the Nomination Committee discusses succession matters with particular emphasis on continuity and long-term perspective in ensuring the Board's competence and composition. The Nomination Committee for the 2021 AGM was appointed in the autumn of 2020. No fee has been paid to the members of the Nomination Committee.

→ The Nomination Committee's proposals for decisions, including a motivated account as regards directors, are available on [sebgroup.com](http://sebgroup.com).

## Board of Directors

The Board has overarching responsibility for the organisation, administration and operations of the SEB group.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees.

The Board has the following duties, among others:

- deciding on the objectives, strategy and framework of the business activities as well as the business plan
- regularly following up and evaluating operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and risks inherent in the business as well as financial conditions in other respects are controlled in a satisfactory manner, in accordance with external and internal rules
- adopting policies and instructions for the business operations
- deciding on major acquisitions and divestments as well as other major investments
- appointing or dismissing of the President, members of the GEC, the Chief Risk Officer (CRO), and the Head of Group Internal Audit, as well as setting the remuneration for these individuals
- deciding on a framework for granting loans and other transactions with the directors of the Board and other persons in a managerial position in SEB and their related parties as well as deciding on such transactions.

The Chair of the Board organises and leads the work of the Board and ensures among other things that the directors on a regular basis receive information and education on changes in rules concerning the bank's operations and on responsibilities of directors of a listed financial company. Educational and specialisation seminars are held each year. New directors are offered educational seminars with information on, and discussions about, SEB's various operations, including control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2020 AGM the Board shall consist of nine AGM-elected directors, without deputies, and of two directors with two deputies who serve as employee representatives and are appointed by the trade unions. In order for a quorum to exist at a board meeting, more than half of the directors must be present. The President is the only AGM-elected director employed by the bank. The Nomination Committee has made a collective assessment of the directors' independence in relation to the bank and the bank's management as well as in relation to shareholders controlling 10 per cent or more of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

The Board's work follows a yearly plan. In 2020, the Board held 21 meetings. The President attends all board meetings except when they deal with matters in which the President has an interest that may be in conflict with the interests of the bank, such as when the President's work is evaluated. Other members of the GEC participate whenever required.

## Directors' fees

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors and the Board's committees.

The 2020 AGM resolved on unchanged fees for each of the Chair, the Vice Chairs and other directors, as well as for committee work, in light of the Covid-19 pandemic. Directors' fees are paid

on a running basis during the mandate period. Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that directors use 25 per cent of their fee to purchase and hold SEB shares up to an amount corresponding to one year's fee. Neither the President nor the directors appointed by the employees receive any directors' fee.

## On the Board's agenda in 2020

### First quarter

- Annual Report 2019
- Anti-money laundering update and supervisory authorities sanction cases
- Balance sheet, capital and dividend matters
- Financial governance model and financial targets
- Group talent review and succession planning
- Internal and external audit reports as well as Group Compliance report
- Macroeconomic review
- Prospera 2020 results and actions
- Remuneration of the President, the GEC and control functions

### Second quarter

- AGM notice and AGM proposals
- Anti-money laundering update and supervisory authorities sanction cases
- Corporate sustainability policy and instruction
- Covid-19 business update
- Governance of potential conflicts of interest within the Board
- Internal Capital and Liquidity Adequacy Assessment (ICAAP and ILAAP)
- Macroeconomic review
- Risk seminar
- SEB's long-term strategy
- Statutory meeting
- Visit of the Director General of the SFSA

### Third quarter

- Business plan update, financial plans and forecasts
- Covid-19 business update
- Decision regarding Greentech Venture Capital
- Follow-up of SFSA sanction decision
- Update on International Network
- Update on strategic initiative Nordic Advisory Powerhouse

### Fourth quarter

- Annual review of policies and instructions
- Business plan 2021–2023
- Board evaluation
- Covid-19 business update
- Employee survey
- Governance review
- Group insurance coverage
- Investor World update
- Macroeconomic review
- Recovery and resolution plan
- Succession planning
- Update on Investment Management
- Update on strategic initiative Private Banking Powerhouse

SEB's quarterly report, reports from the board committees and a summary of SEB's risk position, asset quality, credit portfolio and liquidity position are on the Board's agenda each quarter.



## Board of Directors



	<b>Marcus Wallenberg</b>	<b>Sven Nyman</b>	<b>Jesper Ovesen</b>	<b>Signhild Arnegård Hansen</b>
<b>Position</b>	Chair since 2005	Vice Chair since 2017	Vice Chair since 2014	Director
<b>Committee</b>	Vice Chair RCC, ACC, RemCo	Member RCC	Chair RCC, member ACC	Chair RemCo
<b>Year elected</b>	2002	2013	2004	2010
<b>Born</b>	1956	1959	1957	1960
<b>Education</b>	B.Sc. (Foreign Service)	B.Sc. (Business and Econ.)	B.Sc. (Econ.) and MBA	B.Sc. (Human Resources) and journalism studies
<b>Other assignments</b>	Chair of Saab and FAM. Vice Chair of Investor. Director of AstraZeneca Plc. and the Knut and Alice Wallenberg Foundation. Council member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited.	Director of Ferd AS, the Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and the Axel and Margaret Ax:son Johnson Foundation.		Chair of SnackCo of America Corp. Vice Chair of the Swedish-American Chamber of Commerce (USA). Director of Business Sweden, Entrepreneurship and Small Business Research Institute (ESBRI), SOS Children's Villages Sweden and SACC New York. Member of IVA.
<b>Background</b>	Chair of Electrolux, International Chamber of Commerce (ICC) and LKAB. Director of EQT Holdings, Stora Enso and Temasek Holding. Executive Vice President of Investor and CEO of Investor. Several assignments as chair and director of large public companies.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of RAM Rational Asset Management, Lancelot Asset Management and Arbitech. Several directorships.	Price Waterhouse. Vice President and later CEO of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.	President of the family-owned company Svenska LantChips. Chair of the Confederation of Swedish Enterprise. Vice Chair of Business Europe. Several directorships.
<b>Nationality</b>	Swedish	Swedish	Danish	Swedish, American
<b>Own and closely related persons' shareholdings</b>	752,000 Class A shares	10,440 Class A shares and 10,200 Class C shares	25,000 Class A shares	5,387 Class A shares
<b>Independent in relation to bank/major shareholders</b>	Yes/No	Yes/Yes	Yes/Yes	Yes/Yes
<b>Attendance at board/committee meetings<sup>1)</sup></b>	21 of 21 / 47 of 47	21 of 21 / 10 of 10	21 of 21 / 37 of 37	20 of 21 / 9 of 10
<b>Fee, board meetings, SEK</b>	3,100,000	980,000	980,000	740,000
<b>Fee, committee meetings, SEK</b>	835,000	375,000	865,000	387,500

1) Includes only the meetings that the director could attend without conflict of interest.



<b>Anne-Catherine Berner</b>	<b>Winnie Fok</b>	<b>Lars Ottersgård</b>	<b>Helena Saxon</b>	<b>Johan Torgeby</b>
Director	Director	Director	Director	Director (President and CEO)
Member RemCo	Member ACC		Chair ACC	
2019	2013	2019	2016	2017
1964	1956	1964	1970	1974
B.Sc. (Econ.) and MBA (Leadership)	Bachelor of Commerce. Fellow of CPA Australia and of Institute of Chartered Accountants in England and Wales. Associate member of Hong Kong Institute of Certified Public Accountants.	Technical College Exam (electrical engineering), Diploma in Management from The Open University Business School and numerous IBM internal training courses.	M.Sc. (Business and Econ.)	B.Sc. (Econ.)
Director of Calefactio Investments HoldCo AB, Calefactio Investments AB, CV VC AG (Swiss) and Avesco AG (Swiss). Chair of the board, and founder of the Association for the Support of the New Children's Hospital in Helsinki.	Director of Volvo Car Corporation, G4S plc and Foscam Properties Limited. Senior advisor to WFAB.	Head of Market Technology, Nasdaq Inc. Chair and CEO of Nasdaq Technology. Director in EKO Respecta.	CFO of Investor. Director of Swedish Orphan Biovitrum.	Chair of the Swedish Bankers' Association. Director of the Institute of International Finance and Mentor Sweden. Board member of European Banking Federation. Several organisation memberships.
Member of Finnish Parliament and Minister of Transport and Communications in the Finnish government. Director of Ilmarinen, Soprano Oyi, Koskisen Oy, Karelia/ Kährs Holding AB and European Family Businesses (GEEF). Chair and CEO of Vallila Interior Oy.	Broad experience from the financial business field. Industrial advisor and senior advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd.	Various leading positions in Nasdaq. Head of Sales for Market Technology at OMX. Various management positions within IBM for the Nordics and Europe, Middle East & Africa.	Financial analyst at Goldman Sachs and Investor, CFO at Synchron International and Hallvarsson and Halvarsson. Investment Manager at Investor.	Robur Asset Management and Morgan Stanley. Co-head of Large Corporates & Financial Institutions division.
Swiss and Finnish	British	Swedish	Swedish	Swedish
4,600 Class A shares	3,000 Class A shares	No shares	12,500 Class A shares	387,843 shares and share rights <sup>2)</sup> .
Yes/Yes	Yes/Yes	Yes/Yes	Yes/No	No/Yes
21 of 21 / 10 of 10	19 of 21 / 8 of 8	21 of 21	21 of 21 / 8 of 8	21 of 21
740,000	740,000	— <sup>3)</sup>	740,000	—
195,000	265,000		425,000	

2) of which 5,826 Class A shares, 137,390 share rights and 244,627 conditional share rights.

3) Lars Ottersgård has declined his director's fee.

Johan H. Andresen and Samir Brikho were directors of the Board until the 2020 AGM, when they left at their own request.

## Directors appointed by the employees



	<b>Anna-Karin Glimström</b>	<b>Charlotta Lindholm</b>	<b>Annika Dahlberg</b>	<b>Magnus Olsson</b>
<b>Position</b>	Director	Director	Deputy director	Deputy director
<b>Year elected</b>	2016	2015	2016	2020
<b>Born</b>	1962	1959	1967	1963
<b>Education</b>	University studies in mathematics, statistics and law.	LLB	University studies in working environment.	B.Sc. (Econ.)
<b>Other assignments</b>	Chair of the Financial Sector Union in SEB and Financial Sector Union Western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.	Chair of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.	First deputy Chair of Financial Sector Union in SEB and Financial Sector Union regional club Storstockholm in SEB.	Business advisor SEB Lund.
<b>Background</b>	Office manager and various other positions in SEB. Various specialist and leader roles within Trygg-Hansa. Director of SEB's Profit Sharing Foundation.	Various client responsibility positions in several divisions and subsidiaries in SEB. Client executive at Private Banking Foundations.	Employed at Fixed Income, Group Operations. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.	Various positions at SEB, including Head of branch office, account manager Merchant Banking (MB), business manager MB, business advisor at branch offices.
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Own and closely related persons' shareholdings</b>	No shares and 749 conditional share rights	822 Class A shares and 749 conditional share rights	No shares and 749 conditional share rights	3,000 Class A shares and 749 conditional share rights
<b>Attendance at Board meetings</b>	21 of 21	18 of 19	18 of 19	7 of 7

**Evaluation of the Board of Directors, the President and the Group Executive Committee**

The Board uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chair of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual directors take an active part in board and committee discussions
- whether directors contribute independent opinions
- whether the meeting atmosphere is conducive to open discussions.

The outcome of the evaluation is presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee determine the appropriate size and composition of the Board. The Chair of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg does not participate in the evaluation of the Chair's work, which in 2020 was conducted by Vice Chair Jesper Ovesen. The Board evaluates the work of the President and the GEC on a regular basis without participation by the President or any other member of the GEC.

## Board committees

The Board's overarching responsibility cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board.

At present, there are three board committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). These committees report to the Board on a regular basis. An important principle is that as many independent

### Remuneration and Human Resources Committee (RemCo)

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The RemCo prepares, for decision by the Board, appointments of the President and GEC members. The committee also develops, monitors and evaluates SEB's remuneration system, incentive models and risk adjustment and evaluates SEB's talent, learning and succession planning activities.

**Signhild Arnegård Hansen**  
*Chair of the RemCo*

#### Main focus in 2020

- Follow-up and participation in the bank's global talent management and succession planning for key executives and appointment of new senior employees and members of the Group Executive Committee.
- Follow-up of the bank's work with competence development and the success of SEB Campus, the new platform for continuous development and learning.
- Follow-up of upcoming regulations and guidelines regarding variable remuneration for 2020 and 2021 in light of the current market and regulatory situation.

The RemCo monitors and evaluates application of the guidelines established by the AGM for salary and other remuneration for the President and the members of the GEC. An independent auditor's review on the adherence to SEB's Remuneration Policy and applicable regulations is presented to the committee annually.

The RemCo reviews, in consultation with the RCC, the bank's Remuneration Policy and ensures that the bank's remuneration structure takes into account the risks and the cost of capital and liquidity. This review is based on, among other things, the risk analysis performed jointly by Group Risk and Group Compliance.

In addition, the committee oversees the group's pension obligations and, together with the RCC, the measures taken to secure the group's pension obligations, including development of the bank's pension foundations. The RemCo held 10 meetings in 2020.

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest.

→ See the Remuneration chapter on p. 94.

#### RemCo members

Signhild Arnegård Hansen (Chair), Marcus Wallenberg (Vice Chair) and Anne-Catherine Berner.

directors as possible shall actively participate in the committee work. Neither the President nor any other officer of the bank is a member of the committees. All committees are chaired by a director who is able to exercise objective judgement. The Chair of the Board serves as vice chair of the three committees. The committees are not composed of the same group of directors that forms another committee, and the bank occasionally rotates chairs and directors of the committees, taking into account the specific experience, knowledge and skills that are individually or collectively required for the committees.

### Audit and Compliance Committee (ACC)

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The ACC supports the Board in its work with quality assurance of, and internal control over, the bank's financial reporting and reporting to the supervisory authorities. The ACC also monitors the effectiveness of internal controls regarding compliance and audit matters.

**Helena Saxon**  
*Chair of the ACC*

#### Main focus in 2020

- Follow-up and control of the work to prevent the bank from being used for money laundering or financing of terrorism, and follow-up of ongoing sanction cases with the supervisory authorities.

When required, the ACC prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The committee maintains regular contact with the bank's external and internal auditors and discusses the coordination of their activities. The committee also ensures that any remarks and observations from the auditors are addressed and evaluates the external auditor's work and independence. When required, a recommendation from the President on appointment or dismissal of the Head of Group Compliance is subject to the committee's approval.

The ACC held 8 meetings in 2020. The Chief Financial Officer, the external auditor, the Head of Group Internal Audit and the Head of Group Compliance submit reports for the committee's consideration. In addition, the President and the CRO regularly participate in the meetings.

→ See p. 93 for the Report on Internal Control over Financial Reporting.

#### ACC members

Helena Saxon (Chair), Marcus Wallenberg (Vice Chair), Jesper Ovesen and Winnie Fok.



## Risk and Capital Committee (RCC)



The RCC supports the Board in its work on ensuring that SEB is organised and managed in such a way that risks inherent in the group's business are monitored and managed in accordance with the Board's risk tolerance statement as well as with external and internal rules. The RCC also monitors the group's capital and liquidity situation on a continuous basis.

**Jesper Ovesen**  
Chair of the RCC

### Main focus in 2020

- Follow-up of SEB's capital and liquidity position in light of the Covid-19 pandemic and the forthcoming banking reform packages, and of the business plan and economic forecast to ensure the bank has an adequate capitalisation and liquidity position at every point in time
- Review of the credit portfolio in light of the Covid-19 pandemic, focusing on business sectors in transition, such as shipping and oil & gas.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the group and oversees risk management systems and the risk tolerance and strategy for the short and long term. The committee prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles, and assists the RemCo in providing a risk- and capital-based view of the remuneration system. The RCC held 29 meetings in 2020.

The group's Chief Financial Officer has overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility for risk and credit matters. The President, the Chief Financial Officer and the CRO regularly participate in the meetings.

→ The CRO function is described on p. 92. Information on risk, liquidity and capital management is provided on p. 74.

### RCC members

Jesper Ovesen (Chair), Marcus Wallenberg (Vice Chair) and Sven Nyman.

## The President

The President, who is also the Chief Executive Officer, is responsible for the day-to-day management of the activities of SEB in accordance with the Board's directives.

The President shall ensure that SEB's organisation and administration are suitable. The President has overarching responsibility for SEB's risk management in accordance with the Board's policies and instructions as well as their intentions as stated in the Board's risk tolerance statements.

The Board has adopted an instruction for the President's duties and role. The President reports to the Board and at each board meeting submits a report on, among other things, the performance of the business in relation to the decisions made by the Board. The President appoints the heads of the divisions and the heads of the various staff and support functions that report directly to the President.

### The President's committees

The President has four main committees at his disposal for the purpose of managing the operations.

#### The Group Executive Committee (GEC)

To best safeguard the interests of the group as a whole, the President consults with the GEC on matters of major importance or of importance as to principles. The GEC addresses, among other things, matters of common concern to several divisions, strategic issues, issues in the areas of sustainability, compliance and IT, business plans and financial forecasts and reports. The GEC held 39 meetings in 2020. The GEC has 14 members apart from the President. The President has also appointed ten managers as additional members of the GEC. They participate in GEC meetings from time to time to provide expertise and insight primarily in their respective areas of responsibility.

#### Asset and Liability Committee (ALCO)

The ALCO, chaired by the President and with the Chief Financial Officer as vice chair, is a group-wide decision-making, monitoring and consultative body. The ALCO, which held 26 meetings in 2020, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework
- strategic capital and liquidity issues, including internal capital allocation and principles for internal pricing

## On the GEC agenda in 2020

### Non-recurring agenda items

- AGM preparations
- Annual accounts
- Annual review of policies and instructions, including SEB's Code of Conduct
- Development of sustainability
- Discussions on customer satisfaction, branding and image position as well as customer insight work
- Discussion on strategic investments and cooperation with fintech and digitalisation actors
- Employee survey 2020 – discussion of survey result and actions
- Financial crime prevention programme
- Investor World update
- Review of competence and leadership development

- Review of, and discussions on digitalisation work, including development and launch of enhanced customer functionality as well as internal automation initiatives
- Review of outsourced activities.

### Recurring agenda items

- Covid-19 business update
- Discussion on capital requirements, asset quality and risk
- Macroeconomic development
- Review and discussions on IT, including investments, security, agile way of working and cloud services
- Review of the bank's business operations and home markets
- Review process for handling of customer complaints
- Quarterly reports
- SEB's long-term strategy and follow-up of the business plan
- Update of sanction cases with the supervisory authorities regarding anti-money laundering.

- structural issues and issues related to the bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries
- the group's balance sheet and funding strategy.

#### **Group Risk Committee (GRC)**

The GRC, chaired by the President and with the CRO as vice chair, is a group-wide, decision-making committee that addresses all types of risk at the group level, including sustainability and reputational risks, in order to evaluate portfolios, products and customers from a comprehensive risk perspective. The GRC held 74 meetings in 2020. The GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the group's activities are identified, measured, monitored and reported in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the group's long-term risk tolerance are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are implemented and that the necessary rules and policies for risk-taking in the group are maintained and enforced.

#### **Group Executive Sustainability Committee (GESC)**

The GESC was established in 2020, with the President as chair and the Chief Transformation Officer as vice chair. It is a group-wide, decision-making committee that addresses matters related to corporate sustainability activities in SEB. The GESC held 5 meetings in 2020. The GESC decides on the following matters in the corporate sustainability area in order to secure the best interest of the group:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several divisions, Group Support functions or Group Staff functions
- SEB's sustainability-related policies and position statements
- KPIs and targets for the divisions.

#### **Group Internal Control and Compliance Committee**

The Group Internal Control and Compliance Committee (GICC) is a newly established Group-wide committee that primarily handles matters and follow-up in the area of internal control and

regulatory compliance. GICC is a consultative forum to the President and consists of the President, the CFO and Deputy CEO(s). GICC will hold its first meeting during the first quarter of 2021.

#### **Divisions and business areas**

SEB's business is organised in divisions with a number of business areas. Each division is responsible for the subsidiaries included in the division.

The Board regulates the activities of the group through an instruction for internal governance which establishes how the group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised. The head or co-heads of a division have overall responsibility for the activities in the business areas and appoint, after consultation with the President, heads of the business areas within the division.

A Country Manager is appointed for the countries outside Sweden in which SEB conducts business operations. The Country Manager coordinates the group's business locally and reports to a specially designated member of the GEC.

#### **Group Support functions and Group Staff functions**

The Group Support functions and Group Staff functions are cross-divisional functions established to leverage economies of scale and support to the business.

The *Group Support functions* support the SEB group through centralised and cross-divisional functions, established primarily to leverage economies of scale in various transactional, processing and IT services. The Group Support functions are divided in three units: Group Technology, Business Support & Operations and Group Transformation Office.

The *Group Staff functions* are set up to add value and support the business, and to manage certain regulated areas such as finance, human resources and legal. The Group Staff functions have global responsibility and support the organisation with services in the areas of financial control, human resources, legal affairs, communication and marketing.

### **The three lines of defence in risk management**






**The business units make up the first line of defence.** The business units ensure that transactions are correctly priced and that the assumed risks are managed throughout the life of the transactions. Long-term customer relationships and a sound risk culture provide a solid foundation for risk-taking decisions. Initial risk assessments are made of both the customer and the proposed transaction. Larger transactions are reviewed by a credit committee. The business units are responsible for ensuring that the activities comply with applicable group-wide policies and instructions and are supported by a clear decision-making hierarchy.

**The risk and compliance functions make up the second line of defence.** These units are independent from the business operations. The risk function is responsible for identifying, measuring, monitoring and reporting risks. Risks are measured both on detailed and aggregated levels. Internal measurement models have been developed for most of the credit portfolio as well as for market and operational risk, and the






models have been approved by the Swedish FSA for calculating capital adequacy. Risks are controlled through limits at transactional, desk and portfolio levels. Asset quality and the risk profile are monitored continuously, such as through stress testing. The compliance function works proactively with quality assurance of SEB's compliance, and focuses on matters such as customer protection, conduct in the financial market, prevention of money laundering and the financing of terrorism, and regulatory requirements and controls.

**Internal Audit is the third line of defence.** Risk management is regularly reviewed and evaluated by Internal Audit to ensure that it is adequate and effective. The internal auditors are in turn evaluated by the external auditor. Based on the evaluations of the third line of defence, the processes in the first and second lines of defence are continuously strengthened. SEB's governance framework, sound risk culture and business acumen constitute the cornerstones of effective risk management.

**Group Executive Committee** (as from 1 January 2021)

					
	<b>Johan Torgeby</b>	<b>Magnus Carlsson</b>	<b>Mats Torstendahl</b>	<b>Magnus Agustsson</b>	<b>Jonas Ahlström</b>
<b>Position</b>	President and CEO since 2017	Deputy President and CEO since 2014	Deputy President and CEO since 2021. Group Data Privacy Senior Manager since 2018	Chief Risk Officer since 2017	Head of Baltic division since 2020
<b>GEC member since</b>	2014	2005	2009	2017	2020
<b>SEB employee since</b>	2009	1993	2009	2009	2005
<b>Born</b>	1974	1956	1961	1973	1978
<b>Education</b>	B.Sc. (Econ.)	B.Sc. (Econ.)	M.Sc. (Engineering Physics)	C.Sc and M.Sc	M. Sc. (Business and Econ.)
<b>Nationality</b>	Swedish	Swedish	Swedish	Icelandic and Finnish	Swedish
<b>Own and closely related persons' shareholdings</b>	387,843 shares and share rights, of which 5,826 Class A shares, 137,390 share rights and 244,627 conditional share rights.	221,801 shares and share rights, of which 54,998 Class A shares, 129,402 share rights and 37,401 conditional share rights.	407,620 shares and share rights, of which 104,218 Class A shares, 91,857 share rights and 211,545 conditional share rights.	47,057 shares and share rights, of which 8,744 Class A shares, 20,381 share rights and 17,932 conditional share rights.	70,723 shares and share rights, of which 3,049 Class A shares, 21,702 share rights and 45,972 conditional share rights.

					
	<b>Jeanette Almberg</b>	<b>Joachim Alpen</b>	<b>Karin Lepasoon</b>	<b>Nina Korfu-Pedersen</b>	<b>Nicolas Moch</b>
<b>Position</b>	Head of Group Human Resources since 2016	Executive Vice President. Co-head of the Large Corporates & Financial institutions division since 2014	Head of Group Marketing and Communication since 2020	Head of Business Support & Operations since 2020	Chief Information Officer since 2018
<b>GEC member since</b>	2016	2014	2020	2018	2020
<b>SEB employee since</b>	2008	2001	2020	2010	2008
<b>Born</b>	1965	1967	1968	1973	1972
<b>Education</b>	B.Sc. (Econ.)	MBA, M.A. (International relations)	LL.M Swedish and international laws. Master of European Community Laws	Master of Business and Economics	M.Sc.(Physics)
<b>Nationality</b>	Swedish	Swedish	Swedish	Norwegian	Swedish and French
<b>Own and closely related persons' shareholdings</b>	138,307 shares and share rights, of which 11,135 Class A shares, 34,437 share rights and 92,735 conditional share rights.	336,425 shares and share rights, of which 6,369 Class A shares, 150,731 share rights and 179,325 conditional share rights.	No shares or share rights.	74,034 shares and share rights, of which 1,037 Class A shares, 23,241 share rights and 49,756 conditional share rights.	47,645 shares and share rights, of which 2,428 Class A shares, 6,610 share rights and 38,607 conditional share rights.

					
	<b>William Paus</b>	<b>Jonas Söderberg</b>	<b>Masih Yazdi</b>	<b>Petra Ålund</b>	<b>Sara Öhrvall</b>
<b>Position</b>	Executive Vice President. Co-head of Large Corporates & Financial Institutions division since 2018. Group AML Senior Manager since 2020	Head of Corporate & Private Customers division since 2021	Chief Financial Officer since 2020	Head of Group Technology since 2019. Group Outsourcing Senior Manager since 2020	Chief Transformation Officer since 2020
<b>GEC member since</b>	2018	2021	2018	2020	2018
<b>SEB employee since</b>	1992	1999	2013	2017	2018
<b>Born</b>	1967	1976	1980	1967	1971
<b>Education</b>	M.Sc. (Econ.)	B.Sc. (Int. Business Administration)	B.Sc. (Econ)	M.Sc. (Int. Economics)	Master of Business and Economics
<b>Nationality</b>	Norwegian	Swedish	Swedish	Swedish	Swedish
<b>Own and closely related persons' shareholdings</b>	248,961 shares and share rights, of which 52,900 Class A shares, 24,390 share rights and 171,671 conditional share rights.	77,394 shares and share rights, of which 30,895 Class A shares, 8,529 share rights and 37,970 conditional share rights.	122,597 shares and share rights, of which 15,858 Class A shares, 42,721 share rights and 64,018 conditional share rights.	29,837 shares and share rights, of which 5,467 Class A shares, 119 share rights and 24,251 conditional share rights.	36,557 shares and share rights, of which 1,150 shares and 35,407 conditional share rights.



### Additional members of the Group Executive Committee (as from 1 January 2021)

The President appoints additional members of the GEC. They participate in GEC meetings from time to time to provide expertise and insight primarily in their respective areas of responsibility.




#### Country managers

					
	<b>Johan Andersson</b>	<b>Anders Engstrand</b>	<b>Peter Høltermand</b>	<b>Marcus Nystén</b>	<b>John Turesson</b>
<b>Position</b>	Country Manager SEB Germany since 2016	Country Manager SEB United Kingdom since 2020	Country Manager SEB Denmark since 2002	Country Manager SEB Finland since 2010	Country Manager SEB Norway since 2018
<b>SEB employee since</b>	1980	1995	1997	1998	2006
<b>Nationality</b>	Swedish	Swedish	Danish	Finnish	Swedish

#### Heads of divisions

		
	<b>Javiera Ragnartz</b>	<b>David Teare</b>
<b>Position</b>	Head of Investment Management division since 2019	Head of the Life division since 2019
<b>SEB employee since</b>	2019	2006
<b>Nationality</b>	Swedish	Canadian and British

#### Key functions

			
	<b>Hans Beyer</b>	<b>Martin Johansson</b>	<b>Ausra Matuseviciene</b>
<b>Position</b>	Chief Sustainability Officer since 2020	Senior Advisor to the CEO since 2020	Head of Operations since 2015
<b>SEB employee since</b>	2002	2005	2002
<b>Nationality</b>	Swedish	Swedish	Lithuanian

Jonas Söderberg replaced Mats Torstendahl as division head 1 January 2021. Jonas Ahlström replaced Riho Unt in February 2020. Anders Engstrand replaced Mark Luscombe in August 2020.



## Group Control functions

The Group Control functions are global control functions independent from the business activities. The three Group Control functions are i) the CRO function, ii) Group Compliance and iii) Group Internal Audit.

### The CRO function



The CRO function is responsible for identifying, measuring, analysing and controlling SEB's risks and is independent from the business.

**Magnus Agustsson**  
Chief Risk Officer

The Chief Risk Officer (CRO) is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the ACC, the GEC, the ALCO, the GESC and the GRC regularly informed about risk matters. The CRO has global functional responsibility, and the activities of the CRO are governed by an instruction adopted by the Board. The CRO function is organised in three units: Group Risk, Group Credits and CRO Office.

The main objective for Group Risk is to ensure that all risks in SEB's activities are identified, measured, monitored and reported in accordance with external and internal rules. The unit also manages models for risk measurement. The CRO Office aggregates and analyses data across risk types and the group's credit portfolios and handles general matters surrounding risk governance and risk disclosure.

Group Credits is responsible for the credit approval process, for certain individual credit decisions as well as for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the group's Credit Instruction, adopted by the Board. The chairs of the respective divisional credit committees have the right to veto credit decisions. Material exceptions to the group's Credit Policy must be escalated to a higher level in the decision-making hierarchy.

The Head of Group Risk and the Heads of Group Credits are appointed by the President, upon recommendation by the CRO, and report to the CRO.

→ For information about risk, liquidity and capital management, see p. 74.

### Group Compliance



The Group Compliance function is responsible for informing, controlling and following up on compliance matters.

**Gent Jansson**  
Head of Group Compliance

Group Compliance is independent from the business organisation. The Group Compliance function advises the business and management to ensure that SEB's business is carried out in compliance with regulatory requirements and thereby instil trust in the bank from customers, shareholders and the financial markets. Special areas of responsibility are:

- customer protection
- conduct in the financial market
- prevention of money laundering and financing of terrorism
- regulatory requirements and controls.

The Head of Group Compliance, who is appointed by the President after approval by the ACC, reports regularly on compliance matters to the President, the GEC and the ACC, and annually to the RCC and the Board. Based on an analysis of the group's risks in this area, the President adopts, after approval by the ACC, an annual compliance plan. The Instruction for Group Compliance is adopted by the Board.

### Group Internal Audit



Group Internal Audit is a group-wide control function commissioned by the Board to independently evaluate the group's activities. The Head of Group Internal Audit is appointed by the Board.

**Björn Rosenkvist**  
Head of Group Internal Audit

The main task of Group Internal Audit is to evaluate and give assurance to the Board and the President that governance, risk management and internal controls are adequate and effective. The work is done with a risk-based approach in accordance with the Institute of Internal Auditors' methods.

Each year the ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings to the ACC and also provides reports to the RCC and the Board. The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party.

Group Internal Audit coordinates its work covering the bank's financial reporting with the bank's external auditor. The bank's external auditor relies to some extent on the work of Group Internal Audit in its assignment to review the group's financial reporting. This requires that the external auditor evaluates Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

### External Audit Auditor



Born 1965. Lead Audit Partner since 2019. Authorised Public Accountant, member of FAR since 1992 and FAR Certified Financial Institution Auditor in Sweden.

**Hamish Mabon**  
Auditor, Ernst & Young

#### Other major assignments

Skanska, Essity, Husqvarna and ASSA ABLOY

#### Previous major assignments

Vattenfall, Hexagon, If P&C Insurance and SCA

#### Information about the auditor

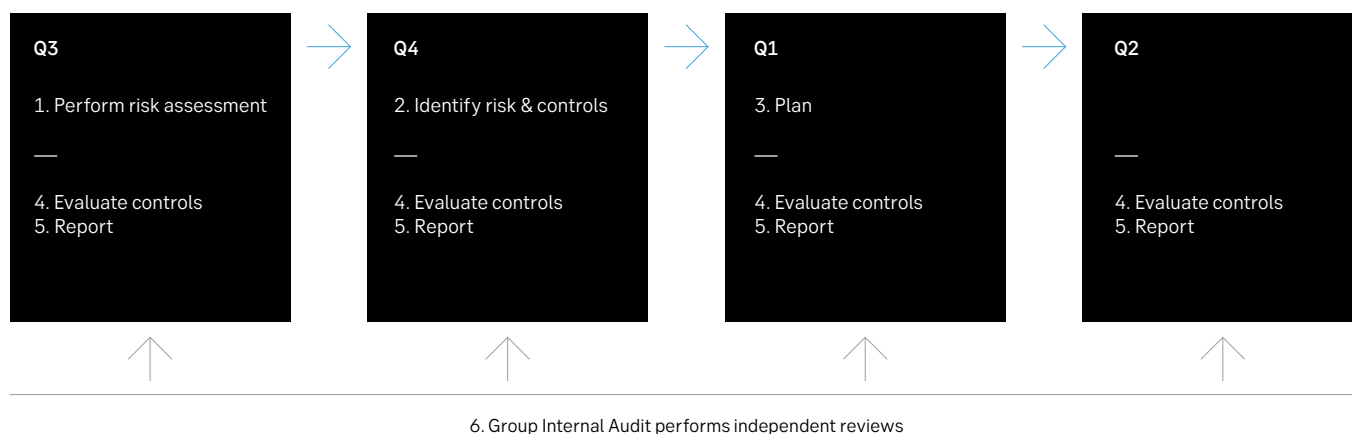
According to SEB's Articles of Association, the bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered auditing firm may also be appointed auditor. Ernst & Young AB was elected the bank's auditor in 2020 for the period up to and including the 2021 AGM.

→ The fees charged by the auditors for the auditing of the 2019 and 2020 financial statements and for other assignments invoiced during these periods are shown in note 9.

# Internal control over financial reporting

Internal Control over Financial Reporting (ICFR) is a well-established process designed to provide reasonable assurance regarding the reliability of financial reporting and reduce the risk for misstatements. ICFR is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is applied by SEB in a yearly cycle.

## ICFR is an integrated part of daily operations



### 1. Perform risk assessment

To identify and understand which risks that are relevant and material for the reporting process, financial results and balance sheets are analysed at SEB group and unit levels. The outcome is used to determine which units, processes and systems are to be covered by the ICFR process in the coming year.

### 2. Identify risks and controls

People with expertise in the divisions and finance department evaluate if existing controls are effective, if new risks have been identified and if new controls need to be implemented to mitigate the identified material risks more effectively. The controls are communicated to involved parties within the bank in order to clarify expectations and responsibilities. The framework consists of group-wide controls as well as controls covering business processes and IT – such as analysis of the balance sheet and income statement, account reconciliations and controls of system access rights.

### 3. Plan

Every year a plan is prepared based on the risk assessments and identified controls. The plan clarifies who is responsible for evaluating the respective controls within each unit, what type of evaluation should be conducted and how the results are to be reported. At this stage the plan is coordinated with the audit plans of internal and external audit.

### 4. Evaluate controls

The controls are evaluated on a continuous basis throughout the year by the control owners through self-assessments. In this way the bank's weaknesses can be identified, compensating controls can be implemented and improvements can be made. Furthermore, reporting is done quarterly by financial managers to give an assurance of the reported figures from each unit. The evaluation describes material financial reporting risks and comments on material deviations compared with previous quarters.

### 5. Report

The result of the evaluations of controls are analysed to assess the risk for misstatements in the financial reporting. Monitoring reports are submitted on a quarterly basis to the CFO in connection with the quarterly external financial reporting. Reporting is also done quarterly to Group Internal Audit and yearly to the Audit and Compliance Committee (ACC).

The consolidated ICFR report includes a description of residual risk, an assessment of identified control gaps and whether they are compensated by other controls as well as progress within the remediation activities. The report contributes to transparency within SEB and enables prioritisation of improvement activities based on residual risk.

### 6. Independent review

In addition to this process, Group Internal Audit performs independent reviews of the ICFR framework.

#### Focus areas 2020

In addition to the ongoing work during 2020, the following main areas were in focus within the internal control framework:

- Continued work on strengthening controls in the financial closing and lending processes within the requirements of the ICFR
- Expanded the application of the framework of internal control over supervisory reporting (ICSR) to include reporting to the Swedish National Debt Office.