



## About this report

This Corporate Sustainability Report, our third, provides in-depth information on SEB's sustainability efforts. We regard it as an important tool in our dialogue with stakeholders.

The report presents all major sustainability initiatives within SEB. It is published annually since 2008, covering the preceding fiscal year, and is intended for SEB stakeholders with a particular interest in sustainability. Since the last report, published in April 2009, we have increased the scope of reporting. This reflects both our new sustainability strategy and feedback from our stakeholders showing that they want more information and transparency on our efforts.

The report is divided into four sections. The first includes our President's statement and an overview of the Group. Section two describes our approach to working with sustainability. Section three highlights our eight sustainable business priorities, which are based on the GRI reporting guidelines and follow leading banking practices. The report concludes with our key performance indicators, which have been revised and expanded.

SEB applies international principles for corporate sustainability accounting. We report our results according to the GRI G3 Guidelines and to the Financial Services Supplement. We also draw on guidance from the Greenhouse Gas Protocol for our carbon reporting. We currently account for the CO<sub>2</sub> emissions from operations over which we have control, such as energy and electricity use in our own buildings, paper consumption and business travel (Scope 2 and 3 emissions according to the Greenhouse Gas Protocol). We include the emissions from eleven countries, accounting for more than 90 per cent of our income and 98 per cent of our employees.

Currently, we report according to level C in the GRI application level system. Our GRI compliance table of contents is found at [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability). The report has not been reviewed by an external party.



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For more information visit  
**[www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability)**



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# Executive summary

## In 2009, we:

- Developed a new strategy for corporate sustainability.
- Set out to significantly reduce SEB's carbon emissions and decided to compensate for emissions starting in 2009.
- Arranged an internal seminar for 100 employees to generate sustainable business ideas and launch employee engagement activities.
- Worked together with customers and other stakeholders to develop sustainable products and enter new partnerships.

## Business highlights

|   |  |   |  |
|---|--|---|--|
| <br><b>Governance</b>  | <p>We continued to support our customers in challenging times. In the Baltic countries, we worked with private homeowners to secure that they could remain as owners of their property.</p>  | <p>We sold off all investments in arms and weapons manufacturers governed by international convention and established a PRI Council, to manage our ownership role going forward.</p>  | <p>We participated in a Swedish banking coalition against child pornography. The model will be a role model for similar work within the EU.</p>  |
| <br><b>Environment</b> | <p>We launched a CO<sub>2</sub> emissions reductions project; "Carbon Chasing at SEB" to reduce emissions by 45 per cent until 2015. We follow progress and report results on a quarterly basis.</p>   | <p>The World Bank made a further two green bond issues with SEB as sole lead manager, as well as augmented its initial offering on two occasions. A fourth issue, in early 2010, meant the total amount raised now exceeds USD 1bn.</p> | <p>We began work to develop industry sector policies and position statements on sustainability topics. These will guide our financing and investment decisions in the future.</p>  |
| <br><b>Social</b>      | <p>To facilitate financing for entrepreneurs with a foreign background in Sweden, we partnered with Tillväxtverket and IFS. We developed a web-based e-learning game targeting advisors and sales staff at banks, highlighting differences in business cultures.</p> | <p>We expanded our engagement in Mentor Foundation to also include Lithuania and Germany. We continued to support sos Children Villages in Latvia and successfully used the Baltic Basket Ball league to raise funds.</p>               | <p>In a collaboration with Arbetsförmedlingen, the Swedish job centre, we offered 100 unemployed a three-month internship within the bank. The purpose was to make a contribution in a challenging economic climate.</p> |

## The bottom line

### Economic

**3.4 bn**

SEB's operating profit was SEK 3.4 bn (12.5). Large parts of the Group performed well; two of our divisions recorded their highest operating profit ever. Total operating profit was hampered by the macroeconomic developments in the Baltic countries, which led to significant provisions for credit losses.

### Environmental

**47,320 t**

Our total CO<sub>2</sub> emissions decreased by 6 per cent to 47,320 t CO<sub>2</sub> (50,404). During the year, we added significantly more activities to our emissions scope, principally branch offices in six countries, and therefore revised our 2008 figures upwards. The current scope includes our main buildings and data centers, our branch network, the leased car fleet, business travel and paper use.

### Social

**89 %**

The 2009 employee survey showed clear improvement within all major areas, including more motivated employees and better knowledge about SEB's vision and goals. 89 per cent of our employees participated in our VOICE survey.

**15.1 bn**

Assets under management with a Socially Responsible Investment/ethical profile nearly doubled to SEK 15.1 bn (8.8), due to increased customer demand and the global equities market rebound. Redesigning the SEB Ethical Global Index Fund to institutional client needs also contributed to the growth.

### Governance

**87 %**

We work extensively on embedding our values and business principles among our people, through team discussions and e-learning programmes. 87 per cent of our employees have completed tailored training on SEB's Code of Business Conduct.

## Achievements and priorities

### Priorities for 2009

- Establish a platform to become CO<sub>2</sub>-neutral, based on both emissions reductions and offsetting
- Continue efforts to improve SEB's indirect impact, secure business integration
- Evaluate SEB's current performance and renewal efforts amongst stakeholders
- Develop a Group Corporate Sustainability strategy and governance model

### Accomplished 2009

- Decision to reduce CO<sub>2</sub>-emissions by 45 per cent until 2015
- Launched CO<sub>2</sub>-emissions reductions project; "Carbon Chasing at SEB"
- Decision to offset the carbon emissions through a Gold Standard project in China
- Arranged a three days seminar for 100 employees "A Business Case for Sustainability"
- Performed a stakeholder survey on SEB's sustainability performance
- Developed a Corporate Sustainability Strategy
- Appointed Head of Corporate Sustainability
- Recruited an Environmental Manager
- Created a "CS Ambassador" group amongst employees

### Priorities for 2010

- Targets for CO<sub>2</sub> emissions to be broken down on units
- Deliver on CO<sub>2</sub> emissions reductions project
- Evolve the scope to include more Scope 3 emissions, i.e. security transports
- Automate reporting and follow-up
- Start integrating sustainability into our business
- Develop and implement sector policies
- Develop an ownership and engagement policy
- Further improve stakeholder dialogue and engagement
- Develop a Social Strategy
- Increase the CS Ambassador group
- Implement the CS governance model





“Sustainability challenges can only be solved through joint responses. Businesses play a crucial role in finding solutions. At SEB, we have significantly raised our ambition.”

# Together for the future

*The sharp global recession, increased evidence of natural resource constraints and the global financial crisis have redefined the agenda for many businesses around the globe.*

Based on what we know today, unsustainable environmental and social practices are going to affect the livelihoods of billions of people in the decades to come. Rising awareness and a desire to do "good" are changing the landscape – people and organisations are seeking ways to work together to create real, lasting change.

Individual and collective change is needed. Some people argue that this is not the case, but I believe we cannot afford inaction, neither at SEB nor anywhere else.

As a Nordic bank with large corporates, small and medium-sized enterprises, institutions and private individuals among our customers, our business carries impact in many countries and local communities. We want to be the trusted partner for customers with aspirations and know that we must meet increasingly higher expectations on responsible corporate behaviour if we want to remain successful.

Sustainability topics were frequently debated during 2009. After the UN Climate Conference in Copenhagen in December it has become increasingly

clear that businesses have a key role to play in delivering on public expectations of change.

The impetus for the banking sector to take on broader responsibility has been underscored by the financial crisis.

At SEB, we raised our sustainability ambition significantly during 2009, addressing both our own footprint management and business practices throughout the Group. We decided, among other things, to reduce our carbon footprint by 45 per cent until 2015.

We aim to build a sustainable business for the long term: supporting our customers; continuing to value our people and being an innovative financial partner.

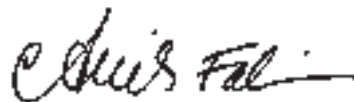
This is a challenge in itself. The greater challenge will be to make sustainability a fully integrated part of our business – making it a core capability for SEB.

The opportunities are certainly there, since many of the activities required to meet sustainability challenges involve a financial solution. Think of all the planned renewable energy investments, for example.

We are already doing work in the area of sustainable finance and investments, as presented later on in this report. Let me just mention the World Bank Green Bonds, where SEB as the financial intermediary is supporting the build-up of more sustainable economies in developing countries. It is a clear example of how we as a bank can contribute, but we can do much more. And we will do more. Last year we gathered some 100 people from within SEB for a three-day brainstorming and knowledge sharing seminar to generate business ideas.

As a bank and with our approach to doing business we aim to continue to make a significant contribution to the economies where we are present long into the future. We therefore also continue to support UN Global Compact and other international commitments.

We actively engage in corporate sustainability because we believe it brings benefit to our customers, our people, our shareholders and society at large. Therefore, it is of benefit also to our business.



**Annika Falkengren**  
President and Chief Executive Officer

# About SEB and our role

*SEB is a leading Nordic financial services group founded in Sweden in 1856. We are a diversified bank with a strong focus on wholesale banking and wealth management. SEB offers a wide range of financial services to private, corporate and institutional customers in eight countries in northern Europe. SEB is also a leading life insurance provider. The international nature of our business is reflected in a presence in 21 countries worldwide. In total, SEB has 21,000 employees.*

## Our mission and vision

Our mission is to help people and business thrive by providing quality advice and financial means. Our vision is to be the trusted partner for customers with aspirations. The corporate sustainability strategy has been developed to support this vision.

## Our contribution

Banks have a fundamental role in intermediating flows from savers to borrowers in ways that enhance economic growth, for instance through supporting the development of enterprises. This is our most important contribution. We also create employment opportunities and buy goods and services from

a range of suppliers and strategic business partners. Through dividends, tax payments and targeted community investment projects we bring tangible economic benefits to our stakeholders and the societies in which we operate.

## Our impact

Our direct impact is primarily related to the ecological footprint we make as a services organisation, how we act in relation to our employees and to the standards we set for our business conduct. In our role as a provider of financing and as an investment manager, we have significant indirect impact.

Our sustainability efforts are guided by international initiatives and codes of conduct, including the UN Global Compact and the Principles for Responsible Investment, PRI. A list of our international commitments is found on the inside back cover.

## SEB stakeholder universe

### Professional bodies

Carbon Disclosure Project, United Nations Global Compact, UNEP FI, etc

### Local communities

Local communities in our main markets

### Shareholders

300,000 shareholders, of which the majority are private individuals

### Media and financial markets

Journalists, analysts, investors, rating agencies

**SEB**

21,000 employees  
in 21 countries

### Customers

- 2,500 large and medium-sized companies, financial institutions, banks and commercial real estate clients
- 400,000 small and medium-sized corporate customers
- 5 million individuals

### Business partners

15,000 suppliers and strategic business partners

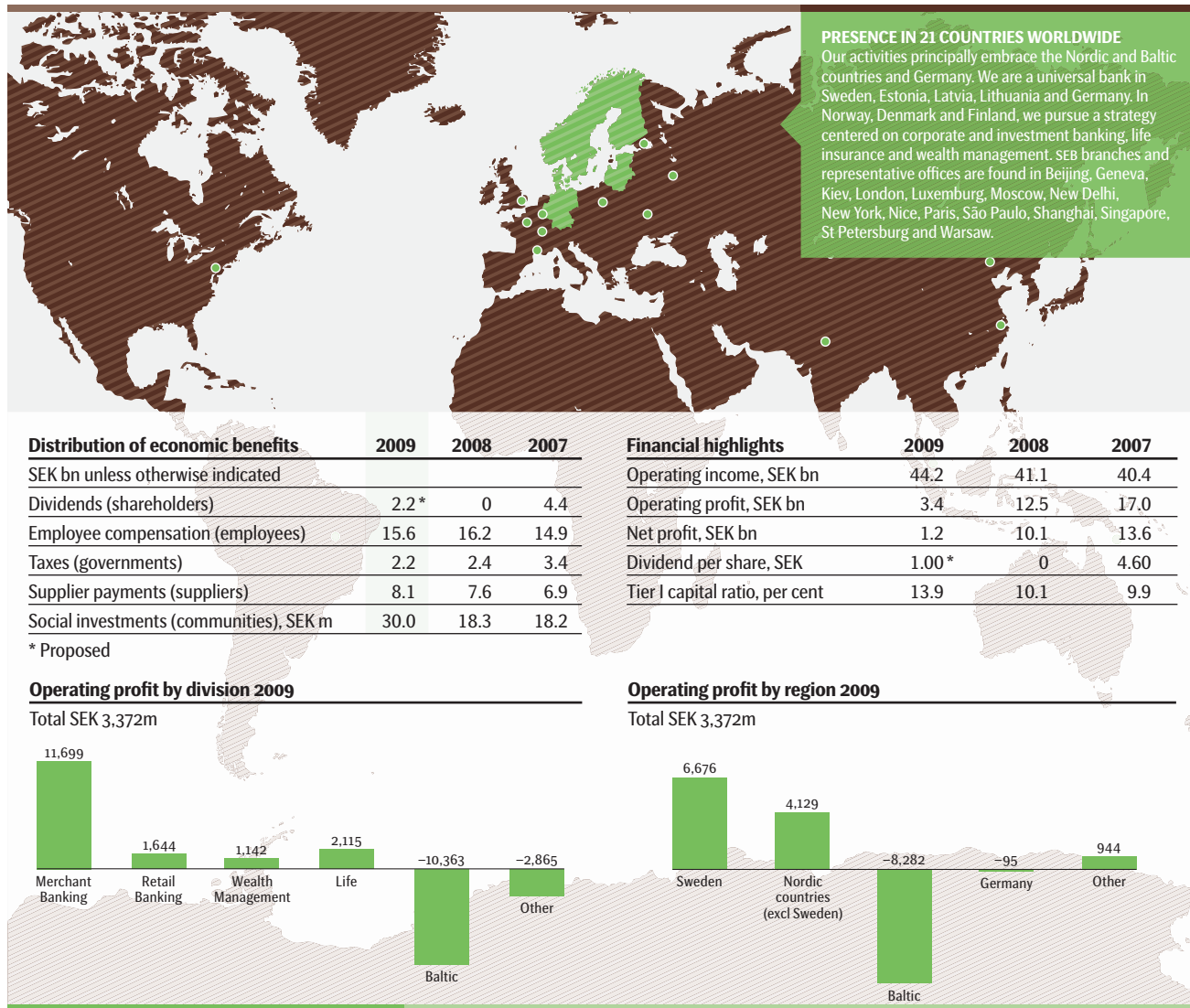
### Policy makers and authorities

Governments, regulatory bodies, supervisory agencies, central banks

### Civil society organisations

Including unions and non-governmental organisations





## Our customers

# 2,500

### Large Corporates & Institutions

SEB is the leading corporate and investment bank in the Nordic countries, serving large companies, financial institutions, banks and commercial real estate clients with corporate banking, trading and capital markets and global transaction services. We also offer comprehensive pension and asset management solutions.

#### Channels

Large corporations and institutions are served by our Merchant Banking division, with operations in 17 countries, and by the Wealth Management division. Key markets are the Nordic countries and Germany.

# 400,000

### SME customers

SEB offers small and medium-sized corporate customers several customized products that were initially developed in co-operation with SEB's large corporate clients. In addition, numerous services are specifically designed for small companies and entrepreneurs.

#### Channels

Small and medium-sized corporate customers are served by our Retail and Baltic divisions as well as the Life and Wealth Management divisions. Key markets are the Nordic and Baltic countries.

# 5 million

### Private customers

SEB provides some five million individuals with products and services to meet their financial needs. These include products and services for daily finances, savings, wealth management and life insurance. SEB strives for excellence in customer service and are available to many of our customers around-the-clock, all-year round.

#### Channels

Private individuals are principally served by the Retail and Baltic divisions in Sweden, Germany, Estonia, Latvia and Lithuania and also by the Life and Wealth Management divisions.

# A long term commitment

*SEB's contribution to society date back to our founding days. In the mid-1990s, we adopted our first environmental policy and began active community engagement work.*

The greatest community service a bank can do is managing its business responsibly, for the long-term. This has been our goal ever since we were founded by A O Wallenberg in 1856. He pioneered

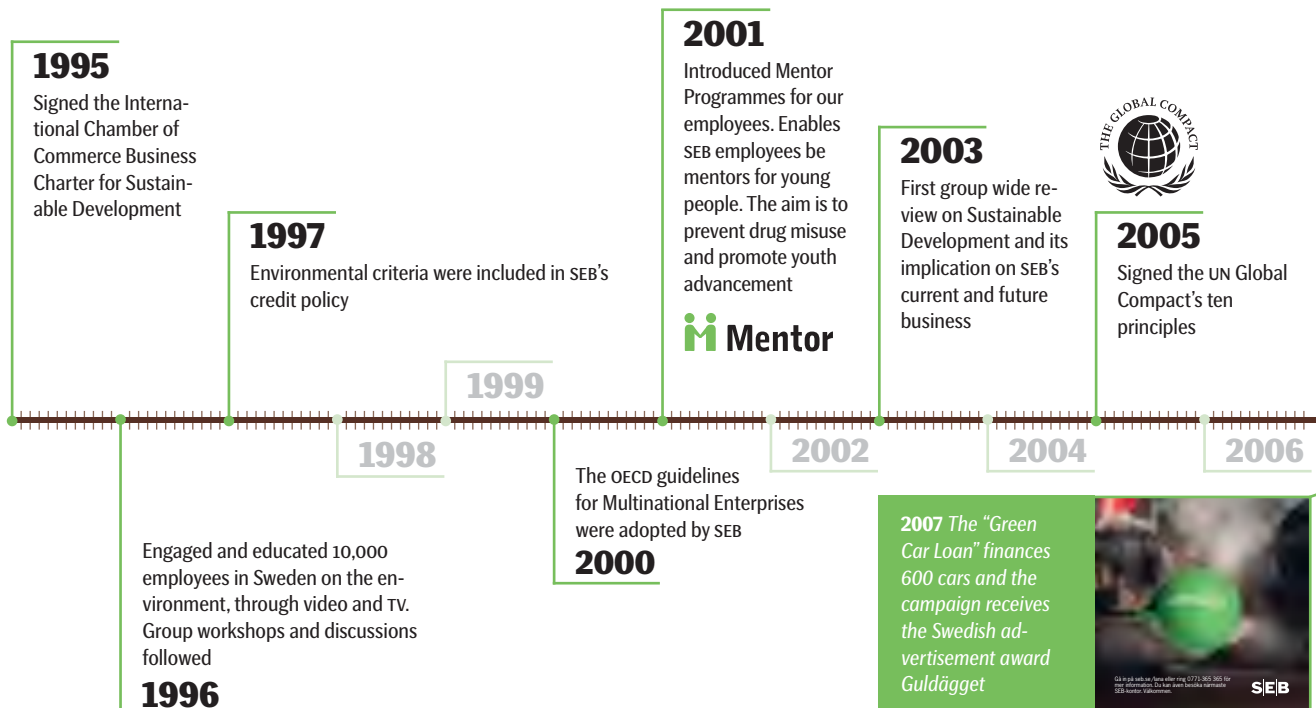
the role of banks in supporting industrial activity and promoting economic development.

Even though it is only in the past three years that we have publicly disclosed information and compiled reports on our progress within corporate sustainability, our commitment dates back longer in time.

One example is the Swedish environmental engagement initiative which

took place in 1995. It amounted to signing international guidelines, to the first group-wide environmental policy, a specific environmental paragraph in our credit policy as well as employee training and engagement.

An activity that still forms part of our community investment strategy is our partnership with the Mentor Foundation, which began in 1997. Mentor is a non-profit foundation engaged in anti-violence and drug-prevention activities, primarily through mentorship programmes between young people and adults.



## “Companies must think like Pippi Longstocking



SEB's former chief economist Klas Eklund is now a senior advisor to SEB and one of our foremost corporate sustainability ambassadors. In this column, he outlines how fundamental shift in values are affecting people's expectations of corporate behaviour.

**“ In the 1970s, the Nobel laureate Milton Friedman said “the business of business is business”. Period.**

### 2007

First Nordic Bank to adopt the UN Equator Principles

Contributed to the UN Environment Programme Finance Initiative

85% of all suppliers submitted their environmental policies

### 2009

First Nordic Bank to announce Carbon Compensation through a Gold Standard Project

First group-wide Corporate Sustainability Strategy and framework decided upon

Adopted the UN Principles for Responsible Investments

Signatory of the Carbon Disclosure Project

### 2008

Friedman argued in a famous article in the New York Times that ‘there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game’. But that was in an era when the free market concept was challenged by leftist movements and there were many more centrally planned economies than today.

We all know that the market economy won. Today, however, many people feel that there are shortcomings to markets. Thus, business must act more in the spirit of Pippi Longstocking, the fictional character immortalised in the books by the Swedish author Astrid Lindgren: ‘He who is very strong must also be very kind.’

People expect corporations to meet high ethical standards and take a greater responsibility for the environment and society in general. This is not a short-term trend but a fundamental shift in values – and it has been strengthened by the financial crisis. For those of us who represent the business community this means we must work harder to ensure that the market economy is a humane system, able to

create lasting value, not only a short-term profit maximising system.

Business as usual is no longer an option for companies wanting to stay in the lead. Future business models will have to take into account the full costs of doing business and incorporate a company's long-term impact on the environment and on local communities.

Mitigating climate change is urgent – most scientists agree that global warming should not exceed 2°C. To reach this goal, global emissions of greenhouse gases need to be reduced as soon as possible. Many countries are considering rules and regulation, taxation and trade of emissions rights, to reduce emissions in their own countries. Attempts are made to negotiate a global agreement through the United Nations.

But global governance is difficult, as the failed negotiations of Copenhagen proved. Nonetheless, national governments will move on, individually, or by narrower accords. Thus, business should count on rising prices of carbon and greenhouse gas emissions. Adjustments will be required both in industrial production, in transports, energy supply and agriculture. The earlier that action is taken, the more effective it will be.

Climate change will affect companies in all sectors, leading to cost increases but also to new business opportunities. There will be a great need for investments in renewable energy, clean-tech, energy efficient real estate and water infrastructure – both in the industrialised world and in developing countries.

Companies and investors that are able to grasp this opportunity when assessing risks in innovation and R&D will be winners.

The financial sector has an important task in channeling green investments, creating new funding for climate projects and creating new products. But this is truly a global challenge. No individual, households, companies or even countries can solve it alone. We must all work together.



**KLAS EKLUND**

# Sustainability strategy

*Working together with our employees, customers, suppliers and other stakeholders we want to minimise our negative imprint while maximising the opportunities for positive contribution. In 2009, we developed a new Corporate Sustainability Strategy.*

# 45%

**SEB's target for reducing CO<sub>2</sub> emissions, until 2015.**

**THE SUSTAINABILITY ISSUES** facing the world are complex. As shown by reports from the UN and other organisations, the challenges posed are for real and cannot be neglected.

Much of the debate currently focuses on climate change. Additional challenges are brought on by globalisation, urbanisation and a rising population.

At SEB, sustainable development means building a sustainable business as a bank. Our business shall be underpinned by strong ethics and good governance, long-term relationships and highly committed people delivering the corporate strategy and managing the social and environmental impact of our business.

We want to support our customers, create value for our shareholders and contribute to the economy as a whole. Not least, we want to be a good corporate citizen in the markets where we are present.

Building on the decision in 2008 to further strengthen our efforts and to adopt a sustainability plan, during 2009 we launched several activities and initiatives. Five key decisions taken in late March made way for many of the later activities.

We decided to:

1. Reduce SEB's carbon emissions by 45 per cent until 2015.
2. Compensate for remaining carbon emissions corresponding to 2008 years level through a Clean Development Mechanism/Gold Standard project in China.
3. Engage stakeholders through a stakeholder survey on SEB's current sustainability performance and renewal efforts.
4. Arrange "A business case for sustainability" seminar for 100 employees to capture innovative business ideas and engage our employees.
5. Strengthen communication and activate all areas (Environment/Social/Governance).

SEB's new Corporate Sustainability Strategy was finalised towards the end of the year. Our work is now conducted within three main responsibility areas; our environmental responsibility, our social responsibility and our governance responsibility. Each area has a defined set of priorities (see next page). We engage in activities that are of importance to our markets and want to use our resources, know-how and infrastructure wisely to increase positive return.

We want to add value for our business and for the markets in which we are present. These are mainly countries located around the Baltic Sea.

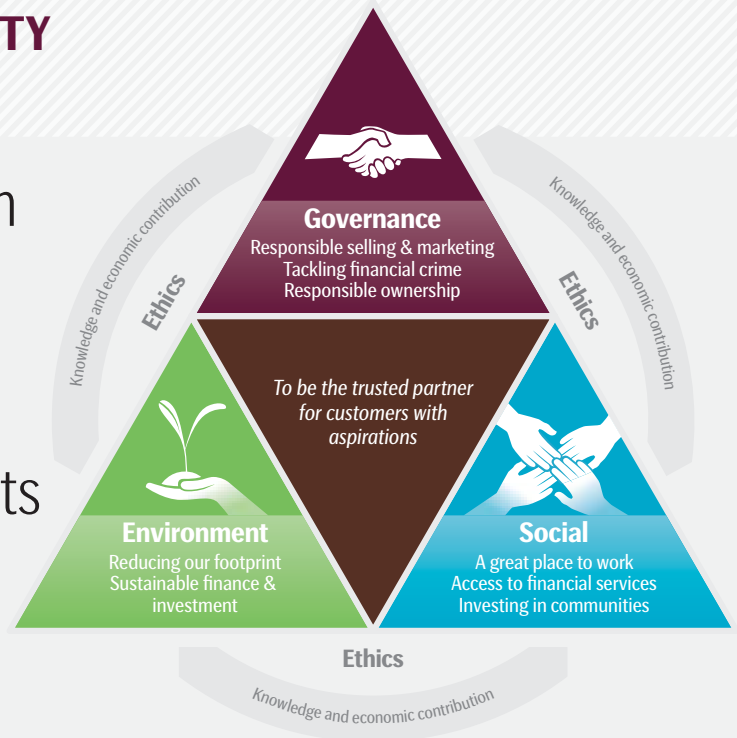
## Improving our sustainability performance – the roadmap

We are currently establishing the platform to make sustainability issues fully integrated in our business. Our plan for the next three years is based on taking incremental steps to gradually reach higher levels of sustainability. By 2012 we aim to have made sustainability a core SEB capability. We focus mainly on:

- Competence build-up, including group-wide training and education
- Reduction of our direct impact – diminishing our carbon emissions
- Stakeholder engagement
- Internal and external communication
- Generating revenues from sustainable products and services
- Implementing environmental, social and economic policies in divisions and major markets.

## SEB'S CORPORATE SUSTAINABILITY STRATEGY

Our higher ambitions rest on a new strategic framework, significant emissions reductions and work to integrate sustainability efforts in all business activities.



### The purpose of our engagement in corporate sustainability is:

- to continue to be a successful company;
- to assist and enable our stakeholders to become more sustainable;
- to contribute to the communities in which we are present;
- to contribute to the international community's overall environmental, social and economic goals.

**OUR SUSTAINABILITY STRATEGY** is focused on eight business priorities, inspired by Standard Chartered Bank's Sustainable Business Model. By focusing our efforts on these priorities, we can contribute to protecting the environment, enhance our social contribution and contribute to better banking governance.

Our priorities are supported by SEB's Code of Business Conduct, which aims to ensure that we conduct business in compliance with existing external and internal rules and in line with our values: Commitment, Continuity, Mutual respect and Professionalism. Our people have received training on the Code.

## Eight business priorities

### Responsible selling and marketing

Assist our customers in reaching their financial objectives. Ensure that our customers understand the consequences of our advice and their overall dealings with us.

### Tackling financial crime

Actions to prevent money laundering, fraud and financing of criminal activity.

### Responsible ownership

Ensure that we perform our ownership role responsibly, promoting good business ethics and governance, and displaying good corporate citizenship.

### Reducing our footprint

Managing our direct environmental impact.

### Sustainable finance and investments

Together with our customers, reduce the risk for negative social and environmental impact related to our finance and investment activities. Work to increase our and our customers positive contribution through offering sustainable products and services.

### A great place to work

Create a modern workplace that provides scope for individual development and promotes diversity and work-life balance.

### Access to financial services

Promoting equal access to financial services regardless of socio-economic standing, ethnic origin or other factors.

### Investing in communities

Supporting the development of local communities, including support of youth development and the growth of small and medium-sized enterprises.



# Stakeholder dialogue and engagement

*We want to work together with our stakeholders to address our sustainability impact. In 2009, we carried out a survey among our stakeholders and held a three-day internal seminar to gather momentum for sustainable business development within SEB.*

**We are expected to do more in all areas; environmental protection, social and governance responsibility and ethical behaviour.**

## **Stakeholder survey on sustainability**

We want open, honest and transparent dialogue with our stakeholders to influence our approach to sustainability.

That is why the development of our new sustainability strategy was preceded by a survey among employees, customers and other stakeholders.

The survey was designed to measure the perceptions about SEB's current sustainability performance and renewal effort, as well as to understand what our stakeholders expect in terms of actual activities. The overriding objective was to let external and internal insights serve as important input to the creation of a comprehensive and ambitious strategy.

The survey was conducted through interviews with all major stakeholder groups including employees, shareholders, investors, large corporate and institutional customers, private customers, and strategic business partners and suppliers. We measured the importance of business ethics, environmental responsibil-

ity and social responsibility for SEB's success in the marketplace.

The results showed that SEB stakeholders expect us to do more in all three areas, asking for concrete actions to manifest our commitment and increased communication on progress. The survey also provided us with a baseline Stakeholder Corporate Sustainability Satisfaction Index.

The main recommendations from the survey, and our response to them, are presented below.

## **Employee engagement**

To make sustainability a truly integrated part of our daily work and the way we do business, we must firmly establish our efforts among SEB employees, within each division and support function and in all countries. Only through dedicated work by our people can we reach our targets.

The most important engagement event during 2009 was the "Business Case for Sustainability Seminar", a seminar

## Recommendations from SEB's stakeholder survey

### **Define and anchor a collective understanding about SEB's corporate sustainability within all levels of the organisation.**

*We have begun this work, through numerous engagement activities, new sustainability governance functions and the development of a new corporate sustainability strategy.*

### **Formulate distinct corporate sustainability goals and strategies that connect to and support SEB's overall vision.**

*SEB's sustainability strategy, including key targets and performance indicators, was developed during 2009, decided upon by the Group Executive Committee in December 2009 and supported by the Board in February 2010.*

### **Integrate corporate sustainability into the business plan and business system to secure implementation and follow-up.**

*This work started during the autumn 2009 and will gradually be implemented throughout SEB during 2010–2012. Corporate Sustainability forms part of SEB's business plan for 2010–2012.*

### **Increase communication around corporate sustainability activities.**

*An internal sustainability portal and a carbon reduction engagement site were launched in 2009. A communication strategy will be developed during 2010. Communication is among the key responsibilities of the new Group Corporate Sustainability function.*

**“ I am proud  
that we are now  
committed to this**

#### **Business Case for Sustainability seminar**

We want to create innovative financial solutions that address sustainability concerns. To examine what we can do to support our customers' own contribution to sustainable development, we held a three-day seminar involving more than 100 representatives from across SEB's business divisions. Invited guest speakers from acknowledged sustainability leaders including Electrolux and HSBC shared their experience. The seminar resulted in over 400 ideas for sustainable business development. These have since been condensed and prioritised for further handling in the business planning process at the divisions.



**100** people

**440** business ideas

held in June with staff from across SEB's business divisions and geographies. The seminar explored how SEB can improve its efforts within sustainability but primarily focused on what we can do to support our customers' own contribution to sustainable development through financial products and services. Read more about the event above.

**Over 200 SEB employees  
have chosen to become  
internal Corporate Sustainability  
Ambassadors.**

To increase awareness, we have invited our employees to become Corporate Sustainability Ambassadors. By year-end, this group comprised some 200 SEB employees and it has continued to grow afterwards.

#### **[www.carbonchaser.com](http://www.carbonchaser.com)**

In mid-2009, we launched a Sustainability Portal on the Intranet. It serves as the platform for all internal sustain-

ability communication and reporting. We also developed a specific carbon reduction engagement web site, [www.carbonchaser.com](http://www.carbonchaser.com), dedicated to engage SEB employees in the work to reduce carbon emissions. It will be made public during 2010.

#### **Divisional engagement work started**

At our Life division, some 450 employees participated in sustainability workshops and team discussions during 2009. The purpose was to provide employees with an opportunity to influence divisional sustainability efforts and to generate concrete proposals for improving divisional sustainability performance. Follow-up workshops will be held during 2010 and sustainability will be a key theme in divisional seminars and conferences throughout the year.

During 2010, we aim to increase the general knowledge on sustainability within SEB. Our goal is that all our employees have a minimum level of understanding about the risks and opportunities involved with creating a sustainable business.

#### **Voice of our stakeholders**

**“Everyone is dependent on a bank. If a bank doesn't manage its business right, it loses trust at the same time as it causes harm to society.”**

**“It will become expected of companies to take a social responsibility, more than just in the form of charity projects.”**

**“This is a question of generations – to have knowledge about the environmental impact of one's business is decisive for not being perceived as provocative to younger generations.”**

# Sustainability governance

*Clear and effective structures for responsibility distribution ensure that our sustainability efforts address relevant issues and are underpinned by strong ethics, sound governance and adequate reporting. In 2009, we created our first Group Corporate Sustainability function reporting directly to the executive management of SEB.*

**Each business division and support function is responsible for delivering on our eight sustainable business priorities.**

**THE BOARD OF DIRECTORS** at SEB is responsible for safeguarding the delivery of our Corporate Sustainability (CS) Strategy. Depending on the issue at hand, matters are dealt with by the Board or by any of its established committees:

the Risk and Capital Committee; the Remuneration and Human Resource Committee; and the Audit and Compliance Committee. Chairman of the Board is Marcus Wallenberg.

The Group Executive Committee (GEC), with twelve members, oversees the development and implementation of the CS Strategy within SEB. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports. Bo Magnusson, the deputy President and CEO and also Head of Group Staff and Business Support, has the overall responsibility for CS in the Group Executive Committee.

## **Group Corporate Sustainability**

On the operational level, the Group Corporate Sustainability function takes responsibility for delivery of the sustainability strategy and for reaching agreed targets on the corporate level. The function was established in 2009 and has three staff members: the Head of Corporate Sustainability (reporting to the deputy President and CEO/Head

of Group Staff and Business Support), an Environmental Manager (post filled early 2010) and a Corporate Sustainability Communications and Reporting Manager.

Group Corporate Sustainability has the overall responsibility to monitor progress and to support Group entities in their work on the eight business priorities. The function works closely with business divisions and group functions including Group Human Resources, Group Compliance, Group Procurement, Group IT, Group Marketing & Communications and Group Real Estate & Premises, to ensure the effective implementation of policies and instructions. The function is also responsible for engaging with SEB's internal and external stakeholders on sustainability issues.

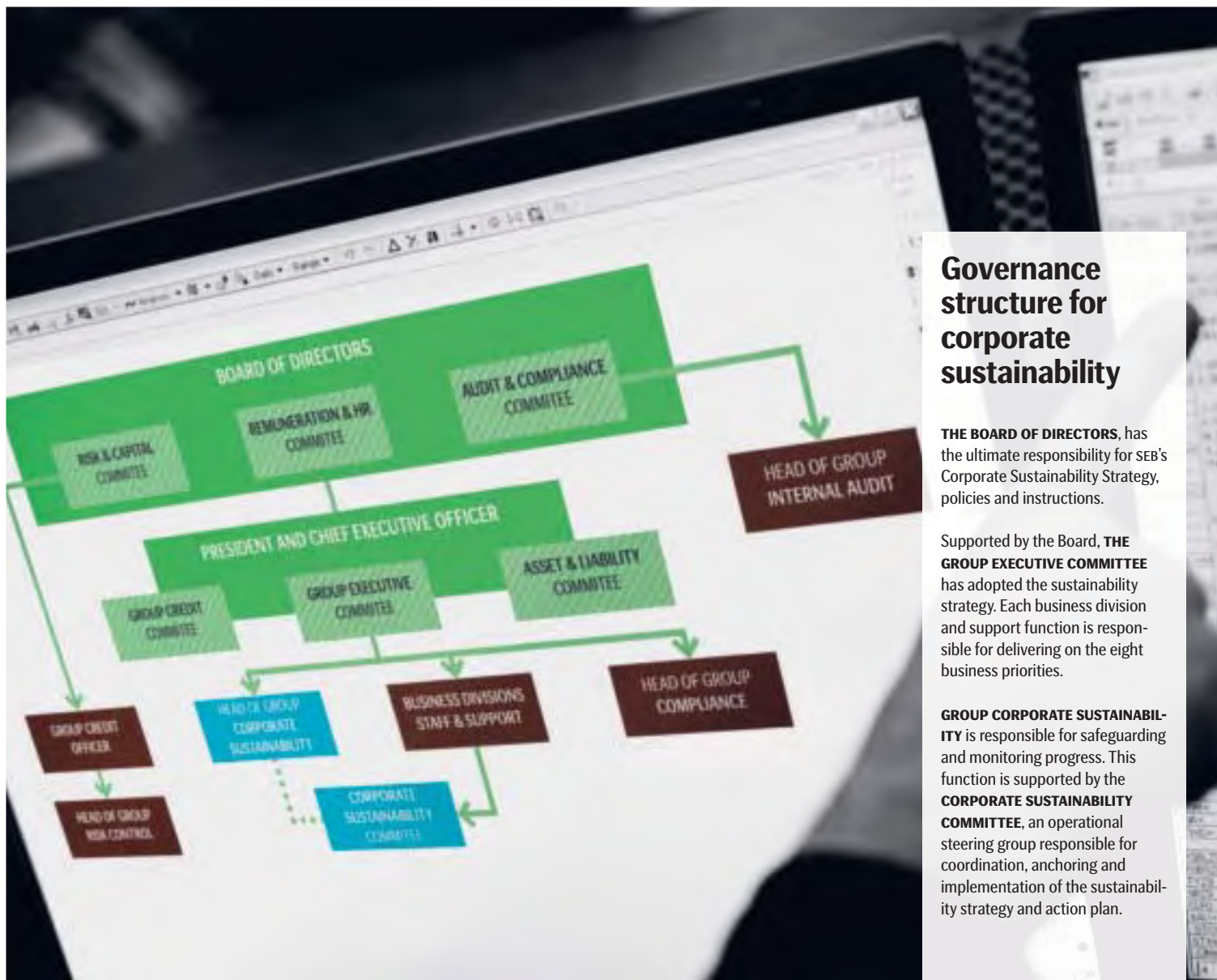
## **Group CS Committee**

In its work, Group Corporate Sustainability is supported by the Corporate Sustainability Committee, an operational steering group responsible for coordination, anchoring and implementation of our corporate sustainability strategy and action plan. The Committee is chaired by Bo Magnusson and has 14 members, representing all business divisions and support functions as well as Group functions such as those mentioned above.

## Code of Business Conduct

In our business dealings we are guided by SEB's Code of Business Conduct, which is supported by the Board of Directors. The Code highlights certain important issues covered in existing external and internal rules and also provides guidance on how to live by SEB's values: commitment, continuity, mutual respect and professionalism. The Code includes specific instructions for whistleblowing procedures, e.g. for reporting possible violations to the Code.

The Code is available in eleven different languages and has also been developed into a customised e-learning tool. All SEB employees are expected to abide by the Code in their daily work. By year-end 2009, 87 per cent of SEB employees had completed training on the Code.



## Governance structure for corporate sustainability

**THE BOARD OF DIRECTORS**, has the ultimate responsibility for SEB's Corporate Sustainability Strategy, policies and instructions.

Supported by the Board, **THE GROUP EXECUTIVE COMMITTEE** has adopted the sustainability strategy. Each business division and support function is responsible for delivering on the eight business priorities.

**GROUP CORPORATE SUSTAINABILITY** is responsible for safeguarding and monitoring progress. This function is supported by the **CORPORATE SUSTAINABILITY COMMITTEE**, an operational steering group responsible for coordination, anchoring and implementation of the sustainability strategy and action plan.

### Sustainability risk management

The Board's Risk and Capital Committee supports the Board in its work to ensure that all inherent SEB risks are identified, defined, measured, monitored and controlled. The most relevant risks from a sustainability perspective are credit risk, operational risk and reputational (business) risk. A clear and effective structure for responsibility distribution and governance is essential to manage the risks encountered. SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies.

The Board of Directors and the President perform their governing and

controlling roles through several policies and instructions. The Rules of Procedure for the Board of Directors, the Instruction for the President and Chief Executive Officer, the Instruction for the Activities, the Group's Credit Instruction, Instruction for handling of Conflicts of Interest, Ethics Policy, Risk Policy, Instruction for procedures against Money Laundering and Financing of Terrorism, Remuneration Policy, Code of Business Conduct and the CSR (Corporate Social Responsibility) Policy are of special importance.

### Sustainability compliance

Group Compliance is responsible for securing group-wide compliance with

the CSR Policy (and related policies) and Code of Business conduct. Areas of Group Compliance responsibility are Customer Protection, Market Conduct, Prevention of Money Laundering and Financing of Terrorism and Regulatory Systems and Control. The Group Compliance function is fully independent from the business operations, although it serves as a support function for the business operations. It is also separated from the legal functions of the Group. During 2010, the CSR Policy will be updated.

*For further information about Corporate Governance at SEB, please consult the Annual Report, pages 57–64.*





# Reducing our footprint

*Reducing environmental impact is a major concern for SEB and our stakeholders. By expanding the use of renewable energy sources, changing travelling patterns and improving energy and resource efficiency throughout SEB, we aim to reduce our CO<sub>2</sub>-emissions by 25 per cent until 2011 and by 45 per cent until 2015.*

**Our ambition is to measure the full impact of our operations. Currently we account for the CO<sub>2</sub> emissions over which we have control.**

**OVER THE NEXT DECADES**, global warming will likely lead to rising sea levels, changing ecosystems, and increasing occurrence of weather extremes. Climate research shows there is increasing risk of serious, irreversible impacts from climate change if substantial action is not taken. We are conscious of our responsibility to do what we can to try to mitigate these developments.

## Our approach to protect the environment

The focus of our work to reduce SEB's direct environmental impact is to measure our carbon footprint in order to reduce our footprint over time, compensate for those of our emissions that we cannot

reduce and accurately report on the information requested by investors, customers and employees. We also want to engage our stakeholders.

We apply a five-step approach known as the carbon management hierarchy:

1. Measure and report our carbon footprint
2. Avoid carbon intensive activities when possible
3. Reduce energy consumption and business travel
4. Replace fossil energy with renewable energy
5. Offset our remaining CO<sub>2</sub> emissions through purchasing verified emissions reductions from high quality projects.

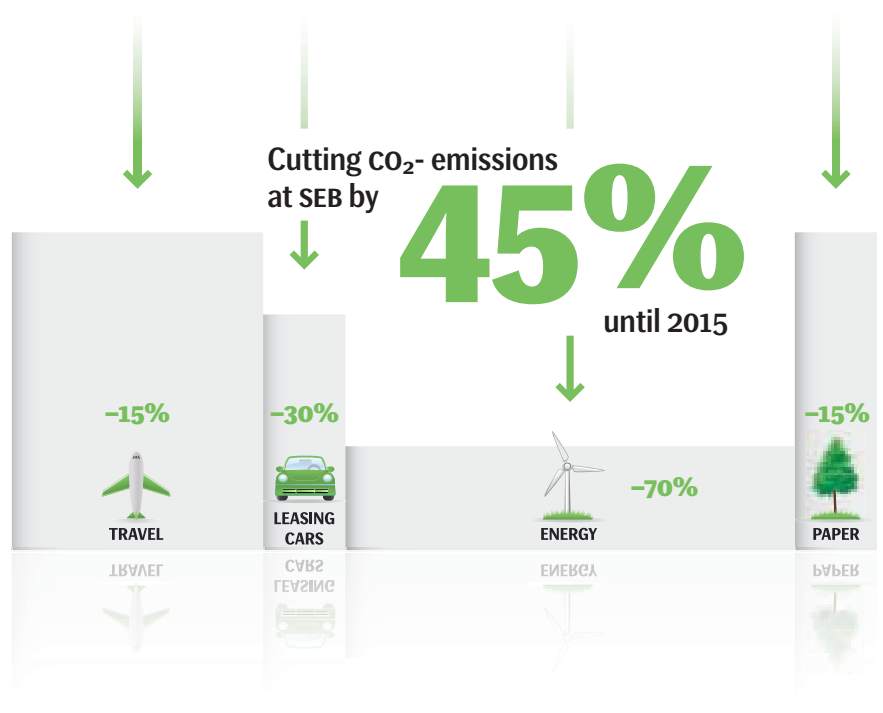
By 2015, we aim to have reduced our carbon footprint by 45 per cent.

Reaching this target requires investments, collective efforts and a change in mindset and behavior.

The decision has instigated numerous action plans throughout SEB. We have also devoted resources to make sure that we measure our emissions correctly and capture all emissions we are directly accountable for. A specific CO<sub>2</sub> Emission Reduction steering group is in place to safeguard the operational work. The Head of Group Procurement and Real Estate is responsible for managing this initiative.

## Measuring and reporting

Our ambition is to measure the full impact of our operations. Currently, we account for the CO<sub>2</sub> emissions from operations over which we have control, such as energy and electricity use in our own buildings, paper consumption and business travel (Scope 2 and 3 emissions according to the Greenhouse Gas Protocol). We include the emissions from eleven countries, accounting for more than 90 per cent of our income and 98 per cent of our employees. →







## Carbon chasing at SEB

We expect the following items to be among key contributors to achieving our CO<sub>2</sub> reductions

|   |  |
|---|--|
| Reductions in paper use                                   | Ongoing  |
| Green company car policy                                  | Decided 2009   |
| Switching to green electricity in Germany, Estonia and UK | Germany implemented from January 1, 2010               |
| Introducing energy efficiency programs in main buildings  | Ongoing  |
| More carbon-friendly business travel                      | Ongoing, new business travel policy adopted early 2010 |

We have established a dedicated web site to describe what we do to reduce carbon emissions at SEB. It is found at: → [www.carbonchaser.com](http://www.carbonchaser.com)



## Carbon offsetting at SEB

**WE OFFSET OUR CARBON** emissions through investments in carbon-offsetting projects according to the UN certification scheme under the Kyoto Protocol (the Clean Development Mechanism, CDM). All chosen projects must also meet Gold Standard criteria, meaning that they should not only result in real and verifiable carbon offsets but also contribute to sustainable development and social benefits in those societies where the project takes place.

### Solar cooker project in China

Our first carbon offset project is to provide solar cookers to households in the rural Ningxia Hui region in the northwest of China. This region is one of the poorest in the country.

The project is targeted at replacing coal consumption by solar energy in the Haiyuan County, a dry mountain area in southern Ningxia. Through our contribution, we subsidise some 17,000 solar cookers that can be used for cooking and water boiling, ultimately saving 35,000 tonnes of CO<sub>2</sub> emissions each year. The project also promotes sustainable development of this region, in that it trains people on the use of solar energy and builds awareness in environmental protection.

## Sweden Green Building Council: Promoting greener real estate

Buildings are estimated to account for 30 to 40 per cent of energy use globally. As a large provider of commercial property financing, we want to contribute to sustainable building practices and energy efficiency in buildings. During 2009, we therefore co-founded the Sweden Green Building Council together with eleven partners.

The organisation aims to support the transformation to greener property construction and real estate management by influencing decision-makers, disseminating knowledge and developing various supportive tools. One important task is to champion the development of commonly accepted green building standards.

- We follow progress and report results on a quarterly basis.

### Emission baseline

In 2008, a comprehensive feasibility study was performed to clarify the current amount of carbon emissions generated by SEB. We learned that SEB affected the atmosphere with some 35,000 tCO<sub>2</sub> annually. The study formed the basis for the decision to reduce our emissions by 25 per cent until 2011 and by 45 per cent until 2015. Included in the scope were main buildings and data centers, our leased car fleet, business air travel and paper use.

During 2009, we verified the initial data and added more activities, most importantly our branch network. The total annual emissions baseline then grew to 51,000 tCO<sub>2</sub>. We did however not change our reductions targets.

### Reducing energy consumption in offices and data centers

We are currently involved in numerous projects related to reducing energy consumption from the office space that we own or rent and the data centers that we manage. These include installing automatic light switches, using low-energy light bulbs and improving energy efficiency through better time-steering of ventilation and lighting systems, for example. We also review heating and cooling systems to implement energy efficiency programs.

Since most of our office space is rented, it is imperative that we find a common ground for dealing with the financial aspects of the energy-efficiency measures

that we want to implement. How should investments be split between landlord and tenant? How can the energy gains be shared? These are questions that are not always easy to answer.

To establish a financial framework for how tenants and property owners can co-operate on energy-efficiency investments and other measures, we have begun a pilot study together with the Swedish Energy Agency, the technical consultancy firm ÅF and the property owners of two of our largest facilities, Sergels Torg and Rissne in Stockholm. We expect this pilot to be finalised during 2010. The findings will be shared with the wider business community.

We also engage in external green office initiatives. SEB Finland has adopted the World Wildlife Fund's Green Office guidelines to improve office eco-efficiency and will be audited during 2010.

In 2009, we reduced energy consumption in own buildings by 2 per cent.



### Reducing carbon-intensive company cars and business travel

In late 2009, a new company car policy for SEB was adopted, affecting some 1,000 leasing cars. Over a three-year period, beginning with Sweden, all leasing cars will be transferred to green cars. After adjustments to local conditions, the car policy will be implemented in other markets during 2010.

A new business travel policy aimed at reducing carbon-intensive travel was developed in 2009. We seek to replace air travel with train whenever possible, fly with greener air fleets and reduce overall business travel through increased use of video and web conferencing. This policy was adopted in early 2010.

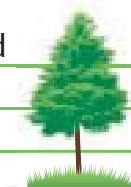
In 2009, we increased the share of green cars to 29 per cent of the fleet.



### Reducing paper use

Each year, we print nearly 80 million account statements, payment notifications and other customer notifications, and send out some 30 million physical mailings. A large share of these print-outs can be eliminated by increasing the use of electronic statements and notifications. The customer output management project we have launched focuses on reducing paper output and developing new customer interface solutions, so that information from SEB is easily accessible and presented in a simple and compelling way across different media platforms. Our target for 2010 is to reduce paper consumption by 20 per cent.

In 2009, we reduced total paper consumption with 156 tonnes.



In the UK, where 1,300 customers previously received up to 10,000 individual



paper statements monthly, we have switched to e-mail. This not only reduced CO<sub>2</sub> emissions and costs but also increased customer satisfaction.

### Replacing “brown” energy with “green”

Replacing fossil energy sources with renewable ones is a key concern and will be implemented as soon as possible in all our main markets. This is the case already in Sweden. Effective from January 1, 2010 all our energy use in Germany is green, affecting a total of 185,000 sq.m. office

space. The annual CO<sub>2</sub> savings are 10,000 tonnes.

### Offsetting our remaining emissions

We offset our carbon emissions based on the previous year's emissions. This is done through a Clean Development Mechanism project, CDM. All CDM projects are controlled by the United Nations Framework Convention on Climate Change (UNFCCC). Our offsetting projects must also meet Gold Standard criteria.

Projects are restricted to renewable en-

ergy and end-use energy efficiency, thus promoting a fundamental shift in energy use while promoting local economies.

In 2009, we invested in a CDM project in northern China (see page 17).

### Working together with our suppliers

We work closely with a number of our suppliers in order to improve our environmental performance. We request an environmental policy from all suppliers with which we have a framework agreement. All of the major suppliers have supplied such policies.

## Engagement activities 2009

### Engaging youth and students

In Latvia, we carried out the “Ideas-People-Changes” campaign, highlighting climate change and the global warming problems to young people. The film “The 11<sup>th</sup> Hour” was a central part of the campaign and the campaign web site [www.11stunda.lv](http://www.11stunda.lv) generated thousands of ideas for a greener life style. In all, 11,000 young people from all over Latvia got involved.

We also arranged a seminar together with the Gothenburg School of Economics in Sweden, targeting the school's partner companies, alumni and students. Klas Eklund, our senior economist, presented his views about the need for economic instruments, how organisations and businesses will be affected and how to act smartly in the era of “green capitalism”.

### Engaging customers

We are committed to sharing our experience with customers in various ways. In 2009, some 60 investors, investment advisors, and representatives of environmental organisations and agencies, were invited to a workshop seminar on green bonds in London. Also, during the Swedish Open tennis tournament, we invited 140 customers and employees

to participate in a breakfast seminar, discussing what an effective climate and energy policy look like.

### Engaging policy makers and professional bodies

SEB was among the group of 950 global corporations that signed the Copenhagen Communiqué in the run-up to the 2009 United Nations Climate Change Conference, COP 15.

In advance of the UN negotiations, Klas Eklund participated in an international research cooperation together with leading Chinese economists, sir Nicholas Stern and the Stockholm Environment Institute. The aim was to perform a climate economic analysis of forthcoming challenges for China. The work and its implications on Europe, was also presented by Eklund for the European Commission's economic advisory group.

During COP 15, our Head of Corporate Sustainability was invited as the key note speaker in a seminar for financial industry representatives arranged by UNEP Financial Initiative and Danske Bank. The purpose was to discuss climate change issues and how to ensure funding for necessary investments in this field.





# Sustainable finance and investments

*As a large corporate bank and asset manager we have significant indirect impact and recognise our responsibility to contribute to sustainable development. Addressing environmental and social aspects in financing and investments is not only a question of risk, but also of opportunity.*

31%

Growth of world’s wind power-generating capacity in 2009  
(Source: Global Wind Energy Council)

**ADAPTING TO AND MITIGATING** climate change is just one of the challenges facing the world in the coming decades. The rapidly growing population, expected by the United Nations Population Fund to rise from 6.6 billion today to 9.2 billion by 2050, urbanisation and continued globalisation are other factors that will put tremendous strain on energy and food supply, waste handling and access to clean water, among other things. The demand for solutions and technologies to mitigate and help to adapt to sustainability challenges will be immense. This development has already started.

We aim to support the transition to

a low-carbon economy and a more sustainable world, both capturing the opportunities and managing the risks. In the process, we will be looking more actively for opportunities that have an environmental and social benefit as well as a viable economic return.

Solutions to the social and environmental challenges that the world faces require financial assistance in order to be realised. SEB can today provide some products and services that help individuals, companies and governments respond to the challenges.

### Financing change

At SEB, the financing of industrial activity and commercial property accounts for a significant share of our business. We have assisted Nordic industrials for well over a century and today count many of the largest companies in the region among our clients.

Through our financing activities, we are exposed to sectors that carry substantial environmental and social impact, including energy, transportation, mining and manufacturing. We are also engaged in sectors with less pronounced impact, including business services, media & entertainment and retail.

Many of our customers have come far in their sustainability practices and we support them through lending, global payment solutions and corporate finance, for example.

We finance the development and production of equipment used in waste management and water purification. We are engaged in the build-up of renewable energy infrastructure and the introduction of new, “greener” products.

We are also engaged in arranging capital markets solutions with a sustainability profile. As the sole lead manager, we have assisted the World Bank in four consecutive raisings of green bonds for a total of more than USD 1 billion (see page 23). The investor interest for these bonds has inspired other issuers, including governments and corporates.

### SEB:s credit portfolio 2009

| Share of credit portfolio, per cent | %          |
|-------------------------------------|------------|
| <b>Banks</b>                        | <b>17</b>  |
| <b>Corporate</b>                    | <b>36</b>  |
| Finance and insurance               | 4          |
| Wholesale and retail                | 4          |
| Transportation                      | 3          |
| Shipping                            | 2          |
| Business and household services     | 6          |
| Construction                        | 1          |
| Manufacturing                       | 10         |
| Agriculture, forestry and fishing   | 0          |
| Mining                              | 1          |
| Electricity, gas, water supply      | 3          |
| Other                               | 2          |
| <b>Property Management</b>          | <b>14</b>  |
| Commercial real estate              | 8          |
| Multi-family housing                | 6          |
| <b>Public Administration</b>        | <b>5</b>   |
| <b>Households</b>                   | <b>28</b>  |
| Households mortgages                | 22         |
| Other                               | 6          |
| <b>Total</b>                        | <b>100</b> |

In Estonia our co-operation with the Credit and Export Guarantee Fund Kredex enables lower margins for investment projects that improve energy efficiency with at least 30 per cent.

## Solutions to the social and environmental challenges that the world faces require financial assistance in order to be realised.

For our private customers in Sweden, we have since 2006 offered the Green Car Loan for financing at subsidised interest rate levels of cars that meet local environmental certification criteria. During 2009, some 1,300 Green Car Loans were approved, an increase of 30 per cent.

### Equator Principles

SEB was the first Nordic bank to adopt the Equator Principles (EP) on project financing, a voluntary set of guidelines to help the financial industry assess social and environmental issues in project financing. Typically, project financing is

used for large, complex and expensive installations such as power plants, refineries, waste treatment plants and transportation infrastructure. SEB has not engaged in any project finance activities above the EP threshold in 2009.

One of our largest financings to date was for the construction of a biomass powerplant in northern Sweden, formally inaugurated in 2009. Out of forest-based biomass the power plant produces renewable energy in the form of steam, electricity and district heating. The plant has a maximal yearly energy production of 1.1 TWh, equivalent to the yearly energy usage of nearly 60,000 houses.

### Managing sustainability risk

In our role as a large corporate bank and asset manager we have considerable indirect impact. We want to work together with our clients in order to drive sustainable growth, protect the environment and contribute positively to societies. As part of this work, we need to enhance our understanding of the sustainability aspects that are of relevance to different industries and let this insight have an influence on our business practices.

Assessing the environmental and social impacts of providing finance to our customers is embedded into our overall risk management processes; environmental criteria have been included our credit policy since 1997. In 2004, we broadened the perspective to include other sustainability aspects such as human rights, international labour standards and reputational risk. A special section of the credit policy emphasizes our social responsibility.

## Sector policies and position statements

For certain industry sectors we are in the process of developing sector policies, highlighting the social and environmental standards we expect in order to provide services or make investments.

We have initially selected some ten sectors for review and aim to introduce our first policies during 2010, beginning with the Arms and Defense, and Mining and Metals sectors. We focus on sectors where there is a high level of environmental and social aspects to be considered and which are of relevance to our business. Apart from those, we are also about to introduce our first position statement, on Climate Change.

Developing sector policies and introducing them into our financing and investment processes is a complex task. It is particularly challenging when dealing with small and medium-sized enterprises, where credit decisions are often based on credit scoring systems from external partners and where there are more limited resources for individual company analysis.

Our policies are developed by a cross-functional task force comprising senior staff members from our divisions, Group Credits and other key Group functions.





### Sustainable investments

We support sustainable development by offering investment products designed to meet a variety of concerns and responsible investment preferences among SEB's customers. We also act through our Venture Capital unit, which provides venture capital and competence to companies with substantial growth potential.

Our sustainable investments product portfolio is evolved in tandem with customer demands.

### Sustainable investment products

SEB manages 12 Socially Responsible Investment (SRI) funds. By year-end 2009, assets under management in these funds was SEK 10.2 bn, an increase of SEK 4.7 bn versus the previous year. In addition, we managed SEK 4.9 bn in

institutional portfolios with a sustainability profile, up from SEK 3.3 bn.

Three categories of funds are currently offered:

- Funds that exclude companies according to negative screening criteria such as weapons, alcohol, tobacco, pornography and gambling.
- Funds that apply the Global Ethical Standard screening criteria. These funds exclude companies that have violated international standards for human rights, labour rights, environment, corruption and weapons manufacturing.
- Funds that only invest in companies that are leaders in corporate responsibility (positive screening).

We continuously seek to evolve our product portfolio. Responding to institutional client requests for a global fund with a clear ethical and sustainability approach, we redesigned the SEB Ethical

Global Index Fund in 2009. The fund invests in some 300 companies deemed by an independent sustainability advisor to be among the world leaders in corporate sustainability. The fund selection combines positive and negative screening criteria, and excludes the tobacco, alcohol, gambling, armaments, firearms and adult entertainment industries. Following the redesign, the fund has grown from SEK 95 m to over SEK 1 bn.

### SEB Venture Capital

Our venture capital arm SEB Venture Capital invests in companies that show substantial growth potential, mainly in the technology and healthcare fields. Several investments have a clear sustainability profile. Among investments that have been sold are Procoat (tire recycling), BenRad (water purification) and Mestilla (production of biodiesel). Current portfolio companies include 3nine (technology for purifying oil mist and flue gases) and Xylophane (renewable barrier material for packaging based on xylan).

## SEB finances world's greenest coast guard vessels

In 2009, the Norwegian coastguard took the first of three new vessels of the Barents Sea class into operation. The vessel, which runs on natural gas instead of diesel oil, is an ice-strengthened multi-purpose vessel that will be used for fishery inspections, oil spill prevention and search- and rescue operations. It can also be used as a tugboat to assist larger boats.

The Barent Sea class is the world's greenest coast guard vessel. The ship is a hybrid, and when running only on gas it reduces its nitrous oxides, NO<sub>x</sub> emissions by 90 per cent and its carbon dioxide, CO<sub>2</sub>, emissions by 25 per cent.

SEB provides financing to two of the three new vessels. Our relationship with Remøy Management AS, the vessels operator, and the Norwegian coastguard started in 2005.



# World Bank Green Bonds to drive sustainability investments in developing economies

**SEB AND THE WORLD BANK** pioneered green bond financing in late 2008, when the World Bank introduced green bonds into its funding programme for the first time. During 2009, the World Bank made a further two green bond issues, as well as augmented its initial offering on two occasions. A fourth issue, in early 2010, meant the total amount raised through green bonds now exceeds USD 1bn.

The World Bank Green Bonds are designed to raise additional funding for projects or programs that support low-carbon activities in World Bank client countries. They respond to growing interest from institutional investors for highly rated fixed-income products that support sustainable development. A key feature valued by many investors is the due diligence process that the World Bank environmental specialists conduct to identify and monitor green bond supported projects. Two of the projects are described to the right:

## Improving energy efficiency in public buildings in Montenegro

Additional capacity and greater energy efficiency is badly needed to meet the growing energy demand in Montenegro, which currently imports power to make up for diminishing power production by the state power company due to old structures, limited investments and run-down facilities.

The Montenegro Energy Efficiency Project is designed to improve energy efficiency performance in targeted public sector buildings, including schools. The investments finance energy efficiency measures such as retrofitting to improve heating systems, insulation, and thermostatic valves, as well as related heating substations and transmission networks. Through the project, the Government of Montenegro also seeks to demonstrate how sustainable energy efficiency improvement programs can be undertaken.

## Scaling up renewable energy systems in Argentina

The World Bank has previously contributed to introduce renewable energy systems in dispersed rural areas in Argentina. The Renewable Energy in the Rural Market Project has provided access to electricity to 8,000 homes and 1,900 schools using primarily solar and wind energy technologies.

The Green Bonds provide additional financing to scale up the program. Through installation of equipment including 15,500 solar home systems, 630 solar photovoltaic systems to supply rural schools and public services and 2 biomass generation projects, it is estimated that about 19,000 households can get access to reliable electricity using renewable energy technologies.

The goal is to develop a sustainable electricity market served and financed by private concessionaires. The challenge is to design a scheme that minimises government subsidies, but enables private investors to obtain a fair return for their participation, and provides power to poor communities at a price they can afford.

→ [www.worldbank.org](http://www.worldbank.org)



# Responsible selling and marketing

*Our foremost responsibility is to our customers, many of whom have entrusted us with their business for decades. We are expected to act responsibly and with a long-term view throughout good times and bad.*

**In our dealings with customers we are guided by our Code of Business Conduct, which embodies our approach to all our business dealings.**

**CUSTOMERS PUT THEIR CONFIDENCE,** reliance and trust in their relations with a bank. Such a relation requires banks to set its clients interest first and not expose itself to undue levels of risk.

At SEB, we are committed to a conservative banking model. We believe it is essential for a bank to focus on market segments and customers it knows well and to take a prudent approach in all its business dealings. This model has served us and our clients for well over a century.

## **Code of Business Conduct**

SEB's Code of Business Conduct embodies our approach to all our business dealings, including interactions with customers. The Code is based on our four core values: commitment, continuity,

mutual respect and professionalism, and includes specific procedures for reporting possible violations.

## **Lending responsibly**

Ensuring that our customers can afford to manage their debt is a key component of all responsible lending. This is why our credit decisions are always based on the customer's repayment abilities. In our Merchant Banking division, which deals with our largest clients, we have a large credit analysis function whose purpose is to provide balanced, independent advice based on prudent credit practices.

In our Retail Banking division, which primarily deals with our private and smaller corporate customers, we apply credit scoring methods and information from credit information agencies to gain insight into the customer's entire financial situation before taking our decision.

We encourage a conservative approach to leverage, particularly in these times of exceptionally low interest rates. In late 2009, we tightened our credit-granting criteria for Swedish mortgage loans, in order to discourage excessive borrowing and safeguard asset quality.

## **Working with customers in a downturn**

As this report is written, world economies have stabilised after the extraordinary dislocation brought on by the financial crisis. However, several countries are still suffering considerably. These include the three Baltic countries

Estonia, Latvia and Lithuania, which form part of our home markets and account for some 11 per cent of our operating income. The Baltics experienced dramatic declines in GDP during 2009 and domestic demand has plummeted. The difficult economic situation has resulted in rising loan impairments and credit losses.

We work closely with our Baltic customers in order to minimise losses, both for the Bank and for our customers. We recognise that this is often a highly emotional process and seek to perform our duties with integrity, respect and a view to strengthen long-term customer relations. Over 200 people from our Special Credits Management team are involved in reviewing credits and working with our customers to develop action plans.

We apply different work-out strategies depending on the type of collateral and customer. For commercial real estate and land plots, our strategy is based on the experiences of the Nordic banking crisis in the 1990s. Shareholder value can be protected and markets can be stabilised if real estate assets are incubated and professionally managed until the economic recovery has started and demand for such assets returns. We have three operational real estate holding companies in Estonia, Latvia and Lithuania where we expect to accumulate assets over the next few years.

For private homeowners, we work to find solutions that enable them to remain as owners of the property. These may include a grace period for amortisations and capitalisation of part of the unpaid interest amounts. We also play an active role in discussions with



public authorities on constructive crisis resolutions.

### Responsible selling and marketing

We emphasize high standards for employee training, product development, marketing and sales as well as after-sales service processes. It is vital that our customers understand the risks involved in their dealings with us and that our proposed solutions are appropriate to the customer's needs and desired risk appetite. By using focus groups as part of the product development process we can acquire customer feedback prior to product launch and gain insight regarding its perceived benefit. We also have elaborated systems and processes in place to deal with customer complaints.

### Customer feed-back forums

As part of our work to improve customer satisfaction, we regularly perform customer feedback surveys. In our Retail Banking business in Sweden, we perform some 4,000 customer interviews monthly. These provide insight into the key drivers of customer satisfaction and enable us to identify high and low-performing branches and individuals. As a result, we can put into place appropriate training programs. Better information about customer perceptions also allow us to make customer satisfaction a more integrated part in how we evaluate and set targets on the individual level.

Since 2008, our surveys are based on the Net Promoter tool, which assesses customer loyalty on the basis of how likely a customer is to recommend SEB to a friend or colleague. This methodology was expanded into our Private Banking and Cash Management units during 2009.

### Facilitating banking for the smaller firms

In order to make financial services easier to use for small and medium-sized enterprises we launched the Enkla Firman ("Simplicity for SME's") concept in 2007. This concept has contributed to our recognition as the "Best bank for SME's", awarded by the business magazine Privata Affärer in Sweden.

We received the award in 2009 for the second consecutive year. Enkla Firman is a product that combines basic banking products such as cheque accounts, bank giro numbers and credit/charge cards in an Internet Office format.

### Acknowledging when we fail

We strive for the highest professional standards in our customer dealings. There are however situations where we fail. In 2009, we decided to compensate institutional investors in Estonia after failing to fulfill our information obligations as collateral agent for an Estonian company's private bond placement.

We also decided to compensate mutual fund investors for failing to inform about



the use of "Swing Pricing" in certain funds. Swing Pricing is a method whereby active investors bear a larger share of trading costs than other investors in a fund. It is no longer in use at SEB.

### Responding to sustainable products

Our customers are increasingly looking for financial products that provide environmental and social benefit while satisfying demands for a competitive return or cost for funding. Our approach is described in the chapter Sustainable finance and investments on page 20.

## Core values to support strong customers relations

### Mutual respect

Ethics and trust are the basis for everything we do. We care for and respect the individual. We actively listen to and cooperate with our customers, colleagues and shareholders. We value diversity and openness.

### Continuity

SEB is a modern bank with a strong heritage and a tradition of building long-term relationships. We stick to our strategy and take tough, but well thought-out, decisions and implement them accordingly. We develop, step by step, as we move towards the future. We follow up on results and learn from experience.

### Professionalism

We work together with our customers, colleagues and society with a high level of integrity and competence. We are proactive and accountable for our actions in order to create growth and profitability both for our customers and our shareholders.

### Commitment

We act on our promises with strong and lasting dedication. We make every effort to achieve our common goals and we show courage along the way. We walk that extra mile to exceed our customer's expectations and show discipline in the follow-through.



# Tackling financial crime

*Financial crime, in particular money laundering and terrorist financing, has become a large-scale international problem. Preventing it requires international collaboration, trained staff, and sophisticated systems for financial crime detection and compliance.*

## The largest Swedish banks have joined forces to prevent and obstruct payments for child pornography.

**THE SCALE OF FINANCIAL** crime activity has risen tremendously, in pace with increased global connectivity and use of online services. The fight against money laundering and terrorist financing is now a priority in the international community, given the concerns about the possible consequences of these activities on global economies and on international financial stability. Online fraud schemes, relying on malicious e-mails or fraudulent Web sites, have also multiplied.

In order to prevent and combat financial crime, international agreements as well as common measures and rules are necessary. We are affected mainly by current European Union anti money laundering legislation, which conforms to recommendations by the intergovernmental body FATF (Financial Action Task Force). FATF

standards have been endorsed by more than 180 jurisdictions around the world.

### Strategy and management

We devote considerable resources to prevent the damaging effects of financial crime activity on our business, our customers and society. We focus on three key areas:

- Actions to prevent money laundering and financing of terrorism
- Compliance with government sanctions against criminal suspects
- Fraud prevention

We place strong emphasis on employee training in our efforts, and provide both general and tailored financial crime prevention training programmes. All employees must pass our general anti money laundering (AML) e-learning programme, which is a mandatory part of the introduction for all new employees.

By year-end 2009, nine out of ten SEB employees had passed the general AML training programme.

Our Head of Group Compliance is functionally responsible for procedures against money laundering and financing of terrorism, ensuring that our control systems, processes and routines work in an efficient manner and that our staff receives adequate training. The Head of each business unit is ultimately responsible for risk assessment, reporting and risk mitigation.

To manage and mitigate financial crime risks, we apply a risk-based approach. Enhanced due diligence is required for customers, products and countries where the risk that the Bank is used for money laundering and financing of terrorism is deemed higher.

### Enhanced procedures against money laundering and financing of terrorism

During 2009, we introduced global mandatory minimum standards throughout the SEB Group to combat money laundering and financing of terrorism. We now have a uniform approach in

## New Fraud Prevention Strategy

In 2009, we concluded a two-year project to develop and implement a new Fraud Prevention Strategy for the SEB Group, excluding SEB Card. This comprised:

- Updated fraud prevention instruction, including local fraud prevention guidelines and reporting routines
- Training program for security staff, and awareness program (e-learning) for all staff
- Internal anti-fraud measures
  - pre-employment screening
  - identity management
  - standardised rules for physical access
- Internet banking security



all our markets and business divisions, comprising detailed instructions for risk assessment, risk management, risk mitigation and reporting. Deviations from the new standards are only acceptable if the deviation means a stricter procedure or if local legislation prohibits application of the minimum standard.

A sound Know Your Customer program is instrumental to attain compliance with requirements on financial crime prevention. It helps us to get to know and evaluate information about the customer from a business and regulatory perspective. Each customer undergoes due diligence in our risk assessment process. Enhanced due diligence measures are applied in cases where the circumstances indicates higher risk. Our trainings on money laundering are tailored to the inherent risks applicable within each division and business unit.

We provide tailored money laundering training for employees that deal with client-related matters, operate in areas which may represent high risk or otherwise have special needs of money laundering knowledge.

#### **Screening to ensure sanctions compliance**

The impact of sanctions violations poses significant reputational and operational risk, as has been demonstrated in a number of cases involving banks that violated US sanctions to Iran and other countries. To ensure sanctions compliance, we regularly screen our customers against applicable sanctions lists. We also screen all international payments against the sanctions imposed by the European Union and the US Treasury Department's Office of Foreign Assets Control.

#### **Transaction monitoring**

In addition to the sanction screening that is performed before payments are processed, we also monitor transactions for suspicious activity after they have been executed. We apply trend monitoring software to identify unusual activity that otherwise would have been difficult to detect by our employees.

#### **Credit card fraud**

Credit card fraud, a wide-ranging term related to the use of credit cards or debit cards as a fraudulent source of funds in a transaction, is one of the most common financial crimes.

The fraud prevention unit at SEB Card monitors over 3.2 million credit and debit cards and some 600,000 daily transactions and authorisations. To combat the rising level of fraud activity we introduced a more sophisticated fraud prevention module, the Fraud Preventor, in our authorisation system during 2009. The Fraud Preventor enables us to apply a variety of techniques to stop ongoing fraud attempts earlier and more efficiently. Together with measures to improve card security and the security of Internet payments, this contributed to reducing card fraud costs in 2009 by more than SEK 30m compared with 2008.

#### **Bribery and corruption**

Bribery and corruption are unwelcome but still exist in international business practices, more prevalent in certain countries and industries than in others. Corruption threatens good governance, sustainable development, democratic processes and fair business practices.

Working to prevent bribery and corruption touches upon both our procedures against money laundering and our Code of Business Conduct.

In our monitoring of potentially suspicious financial activity, we are required to identify politically exposed people (PEP's), persons that hold or have held important political functions in a country and are therefore considered to have a higher risk of being involved in cor-

ruption. We are also required to apply enhanced due diligence procedures to their account. We may ourselves also be directly affected, in that our employees engage in bribery or corrupt activity.

#### **Whistle blowing procedure**

Our whistle blowing procedure encourages our employees to raise concerns about possible violations to SEB's Code of Business Conduct. If employees feel that they are not getting an appropriate or adequate response at the local level, or if the issue raised is of importance beyond the local level, we have established channels to the Group level.

## **Swedish financial coalition against child pornography**

**THE COMMERCIAL EXPLOITATION** of children has increased dramatically in recent years. To seek to counter this development, SEB in 2009 joined the recently formed Swedish Financial Coalition against Child Pornography.

The purpose of the coalition, which engages all of the largest Swedish banks, the Swedish Banker's Association, the Swedish Police and the non-profit organisation Ecpat, is to join forces to prevent and obstruct payments for child pornography through the Swedish financial system. It builds on existing measures undertaken by the banks and card issuers VISA and Mastercard to prevent payments to companies involved in criminal activity.

As part of the agreement, Swedish banks will be co-operating closely with the Swedish Police, providing the Police with tools to facilitate the identification of companies that commercialise child pornography and to block payments to them.

The Swedish coalition model serves as the role model for the recently launched European Financial Coalition against child sexual abuse content on the Internet.





# Responsible ownership

*As an institutional investor, SEB seeks to promote sound principles for corporate governance and corporate responsibility. We place importance on structured sustainability work in our portfolio companies, which we believe is a prerequisite for long-term value creation and attractive financial returns.*

**Investors that have signed the UN Principles for Responsible Investment collectively manage over USD 20 trillion of assets.**

**SEB IS ONE OF SWEDEN'S** largest institutional shareholders, investing on behalf of private, corporate and institutional clients in companies around the globe. To act responsibly as an owner forms an important part of the mandate given by our customers. At year-end 2009, we had SEK 1,275 bn of assets under management.

## Corporate governance

Our focus as an active owner is concentrated to those portfolio companies where we are a major shareholder, i.e. where we own more than 4 per cent of the outstanding shares. In practice, this means a concentration to Nordic listed companies.

We perform our ownership role primarily through participation in election committees; by exercising our voting rights before and during the Annual General Meeting; through dialogue with portfolio companies and through collaboration with other shareholders on corporate governance issues.

SEB was represented on the nomination committees of 23 companies in 2009: Avanza, Axfood, Beijer Electronics, Billerud, Björn Borg, Elekta, Eniro, Faberge, Getinge, Hakon Invest, HMS Network, Intrum Justitia, JM, Latour, Loomis, MTG, Niscayah, Orc Software, Oriflame, SAS, SCA, Securitas and TeliaSonera.

Our ambition is to participate at those Annual General Meetings where we are a major shareholder or where the holdings are important for the overall return of the funds. In 2009, we participated and voted at around 50 Annual General Meetings.

## Principles for Responsible Investment

By signing the UN Principles for Responsible Investments (PRI) in 2008, we recognise that environmental, social, and governance issues can affect the performance of investment portfolios. We also recognise that the application of the Principles can better align investors with broader objectives of society. It is therefore an important step in our contribution to the UN's efforts to promote good corporate citizenship and to build a more stable, sustainable and inclusive global economy. We will submit our first PRI progress report during 2010.

The ownership policy of SEB Investment Management has been updated to reflect the increased emphasis on responsible ownership (effective as of February 2010).

## Incorporation of sustainability criteria in investment management

To screen the companies we invest in regarding their compliance with international conventions and guidelines on environment, labour practices, human rights, inhumane weapons and corruption is an important part of our work. At the end of 2009, we signed an agreement with GES Investment Services to perform the screening on our behalf, and to provide company analysis.

We believe that companies who actively manage the environmental, social and governance aspects of their business can reduce risks and capture new opportunities.

Companies will be screened for possible violations twice a year. The assessment is made within the framework of the UN Global Compact, interpreting more than 50 international conventions including the UN Universal Declaration of Human Rights, the International Labour Organization's Fundamental Conventions and the OECD guidelines for Multinational Enterprises. Engagement with or exclusion of a portfolio company is recommended if at least one of the following criteria is met:

- An examination by an official and credible body confirms the connec-

tion between the company and the reported violation.

- Sanctions against the company have been issued by regional/national courts or an official body.
- The company has admitted responsibility for the incident(s).

A portfolio company can be subject to dialogue or exclusion even if it is not violating international conventions, but otherwise can be considered to be violating or ignoring sound ethics and important environmental concerns, or in some other serious manner is deviating from desirable governance principles.

The development of industry sector policies within SEB will further advance our ability to distinguish between desirable and non-desirable corporate behaviour.

#### Exited investments in arms or weapons manufacturers

Companies involved in the manufacturing or promotion of weapons that are governed by international conventions are excluded from SEB's investment universe, following a decision taken in 2009. Examples of such weapons are landmines and cluster weapons. The decision currently embraces actively managed fixed-income and equity funds, as well as most index funds.

#### Dialogue over exit

Through dialogue we believe we can address environmental, social and governance shortcomings more successfully than by selling our holdings; only as a last resort will we exit relationships. In companies where we are major shareholders, our intention is to have a direct dialogue; for minor shareholdings we may be represented by external advisors and organisations. It should be noted

that we are still in the early stages of engaging with portfolio companies and that instigating change can take time.

#### PRI Council established in 2009

To create a governance structure for dealing with responsible ownership issues, we established a PRI Council during 2009. Its members include the Head of SEB Investment Management AB, our Global Head of Investment Management, our Global Head of International Sales and the Head of Institutional Clients Sweden. The purpose of the PRI Council is to develop the ownership dialogues with selected companies and to integrate environmental, social and corporate governance issues in our policies and actions.

#### Working together with other investors

In 2009, thirteen institutional investors responsible for managing nearly 20 per cent of assets on the Stockholm Stock Exchange formed a joint project labeled "Hållbart Värdeskapande"/Sustainable Value Creation. As a member of this group, we can influence corporate decision makers and contribute to improving transparency on corporate sustainability efforts. We also get better input to our ownership dialogues. The investor group's first survey on sustainable value creation, carried out among the 100 largest companies on the Stockholm Stock Exchange, was published in early 2010. Of the 84 companies that responded, 58 per cent said they systematically follow up and measure work on sustainability.

#### SEB Venture Capital

Our venture capital arm funds early and expansion stage ventures, often in co-investments with one or several entrepreneurs. Our portfolio includes 28 companies in the technology and healthcare sectors. In addition to abiding by SEB internal policies, the unit adheres to the Swedish Private Equity & Venture Capital Association's Ethical Code of Conduct as well as the Code of Conduct and Corporate Governance Guidelines established by the European Private Equity & Venture Capital Association.



## Oil sands exploration: Consistent with responsible investment?

**NEW TECHNOLOGY**, rising oil prices, shrinking conventional reserves and growing oil demand are making oil sands exploration a priority for several of the world's largest oil companies.

This has given rise to great controversy, because of the significant environmental and social impact that exploration entails. Greenpeace calls it "the dirtiest and most energy intensive source of oil on the planet" and wants the activity banned altogether. Oil sands advocates argue that if future global energy demand is to be met the sands must be explored. With the right type of technology and other measures, they say, development can be performed in a socially and environmentally responsible manner.

As we embark on making sustainability a core capability within SEB, we will likely be required to take a stand on oil sand exploration and other types of sensitive industrial activity. We are not there yet, but will make progress as we develop our industry sector policies and other position statements. The issues involved are often highly complex and must be addressed carefully.



# Access to financial services

*We are keen to introduce tools and technologies that facilitate access to banking services; SEB was among the first banks to introduce Internet banking for private and corporate customers. In 2009, we assisted in several projects to facilitate access to finance for people with a foreign background.*

**After the first year, our community for trade finance professionals has attracted nearly 2,800 members and records 7–8,000 unique visitors per month.**

**WE MEET OUR CUSTOMERS** in a wide variety of contexts and seek to render our services in such a way that a relation with SEB is perceived as accessible, engaged and rewarding. Our goal is to serve our customers whenever and wherever they desire.

We have 565 traditional branch offices in Sweden, Germany, Estonia, Latvia, Lithuania and Ukraine, as well as private banking branches and representative offices in twelve countries. Large corporations and institutions are assisted by client executives, product experts, analysts and traders in 17 countries. SEB

also co-operates with some 2,000 life insurance intermediaries and brokers.

## Access to SEB 24/7

In our five main countries of operation, SEB customers can reach us via our branch offices, the Internet and personal telephone service. In Sweden and Estonia, our call centres are open around the clock, all year round.

Our Internet and Telephone banking services have been in operation for more than a decade and today accounts for a large share of the daily contact with our customers. In 2009, we had 3.5 million customers use our Internet banking services; our call centres answered 5.8 million calls and over 600,000 e-mails. In Sweden, our largest market, private and corporate retail customers made 67 million Internet office logons during 2009; the annual growth rate for logons over the past three years was 13 per cent on average for private customers and 10 per cent for corporate customers.

## Simplifying banking through technology

We have been early to adopt new technology such as the Internet to make financial services more adapted to customer needs. The introduction of the Internet office for private customers in Sweden in 1996 is one example. We were also among the first banks in the world to offer corporate and institutional clients the possibility to trade foreign exchange via the Internet. Some 70 per cent of our FX trades with corporate cli-

ents are now executed electronically. In addition to simplifying trades, electronic FX trading improves productivity for both the customer and ourselves.

## Community for trade professionals

To make it easier for trade finance professionals to gather and share knowledge and experience, we launched the Internet community The Benche in 2008. For instance, the Benche makes it easier to collect information about trade conventions in different countries and regions, which is normally both costly and time-consuming. We have been surprised to see the interest this community has attracted. The community has nearly 2,800 members and 7–8,000 unique visitors per month.

→ [www.thebenche.com](http://www.thebenche.com)

## Customer service in more than 20 languages

Large shares of the population in the markets we serve are of foreign origin. Our customer centre operatives in Sweden meet customers in more than 20 different languages, including Hindi, Panjabi, Persian, Turkish and Urdu. We are also working on ways to capitalise on the diversity of our workforce to make the customer contact in our branch offices more adapted to the needs of these customer groups.

## Stimulating migrant entrepreneurship

We are involved in several initiatives to support entrepreneurs with a foreign background. These efforts are mainly concentrated to Sweden and managed by our Business Development Manager for Diversity and Entrepreneurial Sales. In Sweden, there are around 70,000 companies run by people with a foreign background, and this is an attractive customer group for SEB.



## Together with external partners, we seek to support entrepreneurial activity by people with a foreign background.

Our collaboration with IFS, International Entrepreneur Association in Sweden, and ALMI, a public company charged with promoting growth of small and medium-sized businesses, intends to support entrepreneurial activity by people with a foreign background. There are currently 1.7 million people in Sweden, or 22 per cent of the population, which have their roots in other parts of the world. Analysis by the Swedish Agency for Economic and Regional Growth (Tillväxtverket) show that people with a foreign background have a greater tendency for entrepreneurship.

Our support of the IFS award "New Entrepreneur of the Year" (Årets Nybyggare) intends to stimulate migrant entrepreneurship. The recipient is a person who has lived in Sweden less than five years, and who has started his/her own business and contributed to growth in the new country. The national winner of the award is chosen from among thirteen regional winners.

### Bridging cultural gaps

Getting access to credit is one of the challenges that migrant entrepreneurs face. This is due partly to language skills and difficulties in presenting the business concept according to Swedish norms and customs, but also to shortcomings within the banking system; more knowledge about meeting people from other cultures is needed.

To overcome this gap, we worked together with the Swedish Agency for Economic and Regional Growth (Tillväxt-

verket) and IFS during 2009 to develop a web-based interactive learning tool about social codes in different cultures. The game (see box below) was launched in February 2010 and is offered free-of-charge to all Swedish banks and financial institutions.

The next step is to launch a corresponding online education targeting foreign entrepreneurs. This time focusing on improving knowledge about credit rules and how bank employees think and act in a credit process in Sweden. Jointly, these efforts will improve mutual understanding in contacts between entrepreneurs and bank employees.

At SEB, the game will form a mandatory part of the introductory training for all corporate advisors and customer centre operatives in our Retail division from 2010.



## Case: The Multicultural Bank

The new web-based knowledge game "The Multicultural Bank" ("Kulturbanken"), which has been developed by Tillväxtverket in co-operation with SEB and IFS, has been designed for Swedish bank employees. The purpose is to increase the level of understanding between banks and entrepreneurs with a foreign background. It is a matter of increasing bank employees' knowledge about business, social and other codes in foreign cultures.

The idea of the game is that the Multicultural Bank commissions the bank employee to travel the world in order to work at local branch offices. In Russia, Lebanon and Chile he or she will meet customers with other sets of values and a different business culture. Only after having worked at all the offices and learnt to understand and negotiate with all the people they meet there will they be ready to return home.

The game (in Swedish only) is found at:  
→ [www.tillvaxtverket.se/kulturbanken](http://www.tillvaxtverket.se/kulturbanken)





# A great place to work

*More than 20,000 people work at SEB. We strive to create a sound workplace environment that values diversity and employee engagement, and encourages performance tuned to customer and shareholder interests.*

**Creating a great place to work is a never-ending effort. Our ambition is to be an attractive employer, where people take pride in working.**

**TO MAKE SURE** that we understand the needs of our customers and provide them with good advice and appropriate financial solutions, we need to employ highly skilled people and shape the workplace so that it brings out the best in every individual. This is a never-ending effort that builds on continuous improvements involving everyone in the organisation. We want to be perceived as an attractive employer, where people take pride in working.

## Emphasis on core values

SEB's core values – Mutual respect, Continuity, Professionalism and Commitment – guide the actions of the Group and our employees. Emphasising core values, maintaining the highest ethical standards and acting with a long-term

perspective are key to be a trustworthy partner to our customers and a respected member of society.

## An ongoing dialogue

We use several channels in order to keep an open and ongoing dialogue with our people. We make extensive use of the Intranet for communication and feedback, for example through regular chats with Group and divisional management. Management also meet with our employees directly in breakfast seminars.

We have conducted group-wide employee surveys for more than ten years. Our 2009 survey (see inset) showed clear improvement within all major areas: more motivated employees, a stronger sense of an efficient and learning organisation, higher grades for SEB managers and better knowledge about our vision and goals.

## A diverse and non-discriminating workplace

Access to the right talent is key to achieving high customer satisfaction and our long-term goals. A diversified workforce increases our ability to deliver the products and services that our customers need.

We encourage diversity through our internal job market, where all vacant positions are advertised. Diversity should also be taken into account when nominating people for management and leadership training courses. During 2009, 20 per cent of recruitments to our trainee programme in Sweden were of non-Swedish origin.

Our goal is that all SEB employees should have equal opportunities for development and for making a career, regardless of gender, ethnic origin, age, sexual inclination or religion. Our long-term goal is that each gender shall be represented by at least 40 per cent at each level within the organisation.

We actively work to identify, develop and encourage women to take senior positions. As a routine, there must always be at least one female candidate for senior positions. There are several female managerial programmes, such as TCM LEAD, a mentor programme within Trading and Capital Markets for about 50 female employees. In 2009, the share of women in managerial positions was 42 per cent (44). For senior managerial positions we are still short of our goal; 27 per cent (26) of our senior managers were women in 2009.

If diversity is reflected in our workforce, we can understand our customers better and be more likely to deliver the products and services they want.

## Developing our people

We are convinced that a sound and business-oriented working environment where employees express well being creates good results. Our employees are expected to take considerable responsibility for his/her own work, individual development and career. Performance is continuously followed up through structured dialogue between managers and employees. →

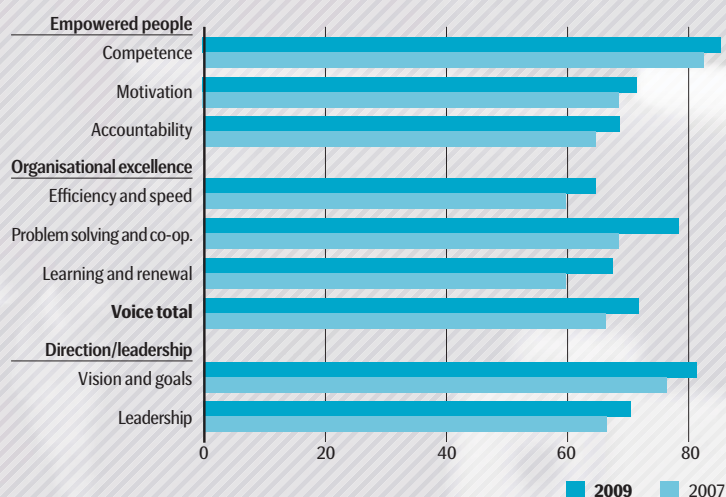


## EMPLOYEE SURVEY 2009

Increased employee motivation and higher grades for SEB managers

As a critical component of our employee engagement work, we regularly carry out a comprehensive employee survey labeled Voice. This survey tracks employee engagement and views on the bank's activities in a number of areas. As a result, our people's opinions and ideas help us improve how we do business. 89 per cent of our people participated in the 2009 survey.

SEB Voice 2009. Group results, percentage positive answers



→ The purpose of these dialogues is to clarify how employees' individual targets and performance are linked to SEB's strategy, goals and success. They also serve as a platform for competence development and short and long-term career planning. 90 per cent of our employees took part in a performance and development discussion in 2009.

In 2009, we continued to invest in employee training and development, focusing on developing our people's potential at various levels in the bank, to provide them with the skills and knowledge our business needs to succeed. Besides e-learning activities, 950 managers and 13,000 employees participated in specific, professional training during the past year. Raising the general knowledge level on the various aspects of running a sustainable business is a priority. We expect to introduce Group-wide management training and employee education in this area starting in late 2010 or early 2011.

Balanced work-load

We want our people to have a good balance between work and private life and therefore provide a number of different solutions, adapted to local conditions, rules and laws. Examples include home and family services for employees with children, parents' insurance and preventive health care benefits. In Sweden, where 40 per cent of our workforce are located, we offer benefits in the form of extra compensation in connection with parental leave and continued support of household services.

A healthy workplace

We place high priority on working environment issues, to identify potential risk factors and to strengthen the fac-

Managing the swine flu pandemic

In connection with the feared swine flu pandemic, SEB formed a task force charged with activating the Group's global pandemic plan. The explicit purpose was to make sure that we could uphold normal service level to our customers and that the Bank's operations would function also in a possible crisis situation. Hygiene advice was published on the intranet and alco-gel was immediately put in place in all the premises of the Bank. As soon as vaccine was available staff vaccination was organised, first of people deemed to hold positions of importance to society (about 800).

tors that we know create well-being and motivation. We have a strong organisation in place for addressing these issues and a clear health focus.

We have performed successful work in rehabilitating employees on long-term sick leave; in Sweden the number of people on long-term sick leave has decreased by 70 percent between 2004 and 2009. We also monitor short-term absence closely, in order to inject support measures at an early stage and offer tailored support.

Workplace security

We emphasize a high level of personal security for our people, at work and during business travel. Making SEB a much less attractive target for bank robbery has been a key priority in recent years. The enhanced security that has been implemented, and which has focused on cash handling, perimeter protection and routines, have had effect. During 2009, SEB was exposed to just one bank robbery in Sweden, or 2.2 per cent of the total.

Responsible change management

The rate of change within SEB has been high in recent years, driven both by a number of internal programmes to

enhance our efficiency and competitiveness and by changes in the surrounding world. We strive to handle redundancy situations in the most responsible way possible, with the goal that all people that are made redundant can find a new job. Job coaching, out-placement programmes and financial terms that facilitate transfers to new, long-term employments, are used among other things.

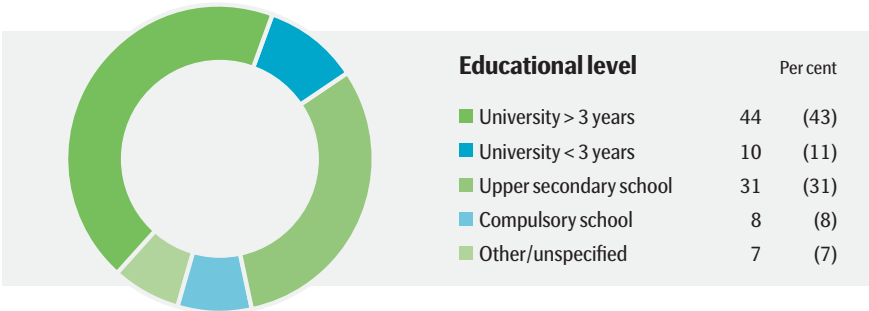
We strive to handle redundancy situations in the most responsible way possible. Our goal is that all people made redundant can find a new job.

Compensation principles

We believe in a sound and dynamic performance culture that spurs achievements, a desired behaviour and balanced risk-taking, in line with customers' and shareholders' expectations.

The remuneration structure is designed to encourage both short-term results and long-term strategic decisions in order to support good business results over time. It is also designed to support sound risk management by taking the cost of capital and liquidity into account.

The composition and size of the remuneration is based on business logic, market practice, competitive situation and our employees' competence. We actively promote equal pay for men and



women and continuously evaluate the effects of the remuneration structure and its competitiveness.

During 2009, remuneration within the banking industry was frequently debated. In setting the total level of variable cash remuneration for 2009, we sought to balance a number of issues:

record profits in some parts of the bank contrasted by extremely poor results in other parts; maintaining the confidence of customers, shareholders, employees and society at large; the bank's lower overall result. Thus, the cost for short-term cash based remuneration amounted to 5 per cent (13) of total staff costs. The decrease affected all em-

ployees in SEB; none of the 60 highest managers received short-term variable cash compensation for the year.

*More information on remuneration at SEB is found in the Annual Report, on pages 25–27.*

## Preventive workplace environment programs

SEB offers a series of different programmes to tackle stress situations, in which work load, pace of change and life puzzles can be identified. Some of the programmes carried out during 2009 in Sweden are mentioned below:

- “Big 6”. A series of lectures on basic health principles during lunch hours, open to all employees.
- “Elbow-room”. A series of seminars mainly for employees that have displayed some sort of risk profile during a health control and would benefit from a change in life style. Offered in combination with individual coaching.
- “Man in times of change”. A seminar for SEB teams that are undergoing change, offering managers and employees a common platform for discussion and knowledge about the “four rooms of change”.
- “Prepare for sustainability”. A theoretical and practical programme that teaches us to handle the risks for stress and stiffness that continuous work with computers in an office environment can lead to and knowledge about what we can do to prevent injuries.







# Investing in communities

*We are committed to contribute to economic and social development in the communities where we operate. We promote community development through programs focused on a number of key themes, working together with carefully chosen partners and people.*

## SEK 30 M

SEB's financial support for community investment projects amounted to SEK 30.0m (18.3) in 2009

**OUR BUSINESS SUCCESS** depends on continued positive economic developments in our home markets and we realise that this requires healthy and strong societies, both socially and environmentally. Active involvement with local community initiatives also motivates and inspires our people, and helps SEB to build strong relationships with the communities we serve.

### Community investment strategy

The overall purpose with our social partnerships and community investments is to actively contribute to the societies where we are present. We seek to use our resources and infrastructure so that we make the most of our investments.

We focus on areas where we see a possibility to contribute to a sustainable

development of people, businesses and societies:

1. Supporting **entrepreneurs** and people with aspirations
2. Protecting **children and youth**, making them grow through knowledge
3. Promoting **sports** and a healthy lifestyle
4. Enriching people's lives through **culture**.

Our efforts are mainly concentrated to the Baltic Sea region and our main markets. But we also have some investments in other areas, for instance China (our investment in solar cookers to the rural population of Ningxia) and India (support to Hand-in-Hand and Women Entrepreneurs), where SEB also has a presence through branches and representative offices. Up until 2009, our contribution has mainly been concentrated to manifest our social commitment, but we also intend to enhance our environmental community investments during 2010.

As a first step in this direction, we entered an agreement with the enterprise "The Brig Tre Kronor af Stockholm" in late 2009. The two-masted ship, modeled after a 19th century sailing vessel, is used as a platform for cultural and economic networking in the Baltic Sea Region.

Our financial support for social projects amounted to SEK 30.0m (18.3) in 2009. In addition, SEB employees are actively involved in many of the projects, invest-

ing working hours and sharing their experience and knowledge.

During 2009, in collaboration with Arbetsförmedlingen, the Swedish job centre, we offered 100 unemployed a three-month internship within the bank. The purpose was to facilitate their entry into the job market and to make a contribution in a challenging economic climate.

### Playing an active role in society

We provide financial solutions and advice to create added value for our customers, and build links with targeted groups in our local communities. Our economists and strategists actively participate in the economic policy debate and regularly appear in the media. We produce macroeconomic and financial reviews that are widely distributed, including our quarterly and bi-annual publications Nordic Outlook and Eastern European Outlook.

Our experts actively participate in the economic policy debate and regularly appear in the media. We share knowledge through macroeconomic and financial reviews and reports.

Other SEB specialists provide advice and analysis to assist entrepreneurs wishing to set up a business and help households make informed decisions.

The latest reports and commentaries are found on:

→ <http://newsroom.sebgroup.com>

## OUR COMMUNITY INVESTMENT PROJECTS

### Supporting entrepreneurs and people with aspirations

#### **JUNIOR ACHIEVEMENT FUND (ESTONIA, LATVIA)**

SEB supports Junior Achievement programmes in Estonia and Latvia, by supporting business education for students and teachers, among other things. Junior Achievement programmes aim to promote workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs.

#### **ENTREPRENEUR OF THE YEAR (SWEDEN)**

As the main sponsor of the national "Entrepreneur of the Year" award, SEB seeks to honour individuals who have created new ventures through ingenuity, perseverance and hard work.

#### **IPPLANNER – A PLANNING TOOL FOR SMALL BUSINESSES (ESTONIA)**

SEB created "iPlanner", an internet based business planning tool for Estonian small businesses. It is designed to help new business start-ups to better define their business concept and to assist in forecasting when they will break even, their working capital needs and other key business plan requirements.

#### **BUSINESS PLAN TOURNAMENT (LITHUANIA)**

SEB supports Business Plan Tournament which encourages entrepreneurship in young, talented and creative people aiming to develop their skills and establish their own businesses.

#### **MILLENNIUM TECHNOLOGY PRIZE (FINLAND)**

The Millennium Technology Prize is Finland's tribute to technological innovations that improve lives. The prize, which SEB supports, is awarded every second year to inspire and recognise technological innovations that provide answers to the challenges of our time and improve quality of life. Recent award winning innovations comprises a drug innovation fighting cancer, heart disease, and numerous other diseases; the LED technique; and the World Wide Web.

### Protecting children and youth, making them grow through knowledge

#### **MENTOR (SWEDEN, LITHUANIA, GERMANY)**

Since 1997, SEB has co-operated with Mentor Sweden, a non-profit foundation engaged in anti-violence and drug-prevention activities among youth. Mentor focuses on the role of

adults in youth formation and advancement. The organisations' programmes enable participating youths to meet with adult role models in a variety of situations. SEB supports Mentor in Sweden, Lithuania and Germany and has supported some 450 teenagers since the start. From 2010, we are expanding Mentor to Estonia and Latvia.

#### **SEB STIFTUNG (GERMANY)**

Through its local foundation, SEB has provided support for several programmes, including supporting orphanages in Cambodia, endorsing a children's palliative centre in Germany as well as providing humanitarian aid in the aftermath of natural disasters.

#### **LITHUANIAN CHILDREN'S FOUNDATION (LITHUANIA)**

For more than a decade SEB has been cooperating with the Lithuanian Children's Foundation. The Foundation helps to create safer and brighter living conditions for children and supports their education. For this project, SEB has won the Swedish Business Award for Corporate Social Responsibility (CSR) presented jointly by the Swedish Trade Council and Swedish Embassy in Lithuania.

#### **SEB U-ASSIST (SWEDEN)**

SEB employees may give donations to SEB U-assist, an employee association channelling support to charities. The association was founded in 1987 and has 700 members. SEB covers the administrative expenses of the association.

#### **EXAMS. DON'T WORRY.LT (LITHUANIA)**

SEB in Lithuania is a partner in the campaign egzaminai.nesinervink.lt (Exams. Don't Worry. It) and have set up prizes to young students who got top scores in national graduation exams at schools.

#### **ESTONIA CHARITY FUND (ESTONIA)**

SEB is a founder of the Eesti Ühispana Charity Fund, an Estonian project that offers homeless children shelter from the violence of life on the street. SEB has collected donations from clients to youth projects in the Baltics. Donations have helped fund new furniture as well as cultural and creative activities.



## Tennis: Our focus in sports sponsoring

SEB HAS PROMOTED TENNIS for a number of years, focusing primarily on youth tennis. We are the main sponsor of Svenska Tennisförbundet (the Swedish Tennis Federation) and its Danish equivalent Dansk Tennis Forbund. Together we have developed the SEB Next Generation concept, which seeks to provide more youth with an opportunity to get qualitative training backed up by the national tennis federation. This broad effort aims to give more youth a possibility to develop their tennis, give young talent an opportunity to grow in a positive environment with professional coaching, both as tennis players and as individuals. Ambassador for the project is Jonas Björkman, one of Sweden's most famous tennis players.

Other tennis sponsorships include being the lead sponsors to the youth competition Kalla Anka Cup (Donald Duck Cup) and ATP-tournament Swedish Open in Båstad, Sweden. In Denmark, we sponsor SEB Tennis Cup and SEB Talent Cup. In Lithuania, SEB sponsors SEB Arena, the largest indoor tennis arena in Eastern Europe.

→ [www.sebnextgeneration.se](http://www.sebnextgeneration.se)

**SOS CHILDREN'S VILLAGES (LATVIA)**

SOS Children's Villages focuses on children who lack parental care and children from families in difficult circumstances. SEB assists in SOS donation campaigns by sending letters to customers and distributing banners and information on the website and in branch offices. SEB also honors each three-point shot within the Baltic Basketball League (see below) with a EUR 3 donation to SOS Children's Villages Association.

**"LIVSLUST" (LATVIA)**

SEB supports "Livslust", a vocational school for children who lack a social support network. The aim of the school is to give these children a fair chance in life, by providing a home and education.

## Promoting sports and a healthy lifestyle

**SEB NEXT GENERATION (SWEDEN, DENMARK)**

SEB Next Generation is one of the largest Swedish youth tennis programmes ever launched and a partnership between SEB and the Swedish and Danish Tennis Federation. The programme targets boys and girls between 10 and 15 years of age. More youths will get access to training camps supported by the Federation, and young talents can be given appropriate training under professional guidance.

**KALLE ANKA CUP (SWEDEN)**

SEB is the lead sponsor for the Kalle Anka Cup (the Donald Duck Cup), one of the world's largest youth tennis championships. Each year, some 10,000 youths participate in the championship, at the club and district levels and the final in the city of Båstad. Many of Sweden's finest tennis players, including Björn Borg and Stefan Edberg, have participated in Kalle Anka Cup.

**SEB ARENA (LITHUANIA)**

SEB sponsors SEB Arena, the largest indoor tennis arena in Eastern Europe.

**SEB BALTIC BASKETBALL LEAGUE (LITHUANIA, LATVIA, ESTONIA)**

Basketball is among the most popular sport in the Baltic States. SEB has supported basketball in Estonia since the beginning of the 2000s, and the Baltic Basketball League, a tournament for the best teams in Lithuania, Latvia and Estonia, since 2004. We have a long term agreement with the League, which lasts until 2011.

## Enriching people's lives through culture

**FESTIVAL OF VILNIUS (LITHUANIA)**

SEB is the patron of the international music festival "Vilnius Festivalis", arranged by the National Philharmonic Society of Lithuania. During the festival, classical music and jazz concerts are organised throughout the city.

**THE STOCKHOLM CONCERT HALL AND THE ROYAL STOCKHOLM PHILHARMONIC ORCHESTRA (SWEDEN)**

SEB is a sponsor of the Stockholm Concert Hall and its orchestra. As part of the collaboration the orchestra performs concerts specifically for SEB customers, both in Stockholm and at SEB sites.

**THE ESTONIAN NATIONAL OPERA (ESTONIA)**

SEB is Gold sponsor for the Estonian national opera.

**CĒSIS ART FESTIVAL (LATVIA)**

The Cēsis Art Festival includes art, theatre and music event in a three-week summer festival.

**SEB MUSICAL BANK (LATVIA)**

SEB sponsors the largest competition for pop and rock music in Latvia.

**SINFONIETTA RIGA (LATVIA)**

Since 2006 SEB supports the Sinfonietta Riga chamber orchestra. One of the orchestra's major events is the concert "Sinfonietta Riga Discovers Rundāle Palace", held in the most significant baroque palace in Latvia.

**KUNSTNERNES HUS (NORWAY)**

Kunstnernes Hus, "Artists' House", is Norway's largest gallery under the direction of artists, and has served as a major center for exhibits of Norwegian and international contemporary art. SEB is the gallery's main sponsor, in an agreement that runs until 2011.

## OUR SOCIAL AND ENVIRONMENTAL PARTNERSHIPS

- ECPAT
- Hand-in-Hand
- The Brig Tre Kronor af Stockholm
- The Natural Step
- The Red Cross
- The Swedish Cancer Society
- Unicef
- WWF, World Wide Fund for Nature



## SOS Children Villages: Comprehensive support from SEB Latvia

SEB in Latvia has a close collaboration with the international public charity organisation SOS Child Villages, which runs long-term family-type care for orphans in more than 100 countries around the world. SEB supports two children's villages in the cities of Valmiera

and Īsliče, with a total of 122 children, and two youth facilities in the cities of Jelgava and Iecava, with a total of 21 children. In addition to our own financial support, we engage customers in fund-raising campaigns through printed materials at all branch offices, releases and banners on SEB website and ATM's. Our employees are involved in various ways, for instance through donations of furniture, clothes, books, etc. The sponsorship of the "Baltic Basketball League" has successfully been used to raise funds.



## Youths and adults partnering against drugs

**SINCE 1997**, SEB has co-operated with Mentor Sweden, a non-profit foundation engaged in anti-violence and drug-prevention activities among youth. SEB has supported the build-up of Mentor in Lithuania and has also expanded its engagement to Germany.

An important part of the Mentor approach is the role of adults in youth formation and advancement. The organisation's programmes enables participating youths to meet with

adult role models in a variety of situations. The co-operation provides SEB employees with an opportunity for both personal development and for making a social contribution. These meetings take place both through Mentorship Programmes and through other types of meetings. To date, the Mentorship Programme has given 450 young people in Sweden and Lithuania support by a mentor from SEB. A project in Germany, "SEB at school", will see 50 SEB managers interact with students in Mannheim

and Berlin on the topics of motivation, skills, and school, with additional insights into working life at SEB. In a follow-up workshop, the insights gained will be applied to the managers' own professional and private lives. To raise funds for the Mentor organisation in Germany, over 200 SEB employees participated in the "JP Morgan Chase Corporate Challenge Frankfurt" footrace in 2009.

→ [www.mentorfoundation.org](http://www.mentorfoundation.org)

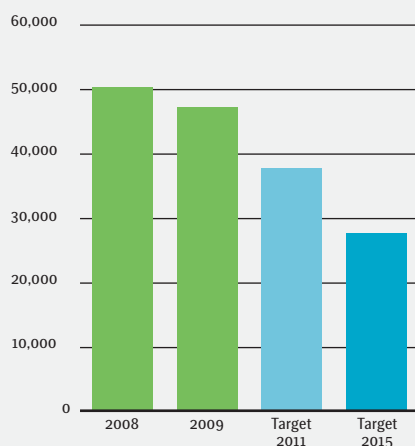




## Key performance indicators

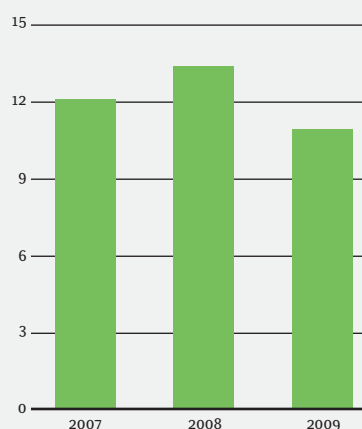
Our ambition is to measure the full economic, social and environmental impact of our operations. We continuously evolve the scope of calculations, in particular emissions calculations.

Total CO<sub>2</sub> emissions, tonnes



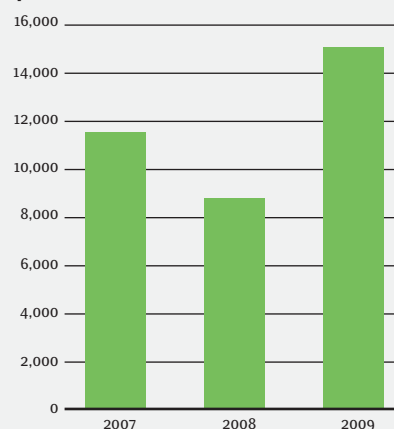
**TOTAL CO<sub>2</sub> EMISSIONS DECREASED** 6 per cent to 47,320 t CO<sub>2</sub> (50,404), principally due to a reduction in business travel. However, all emissions sources currently included in the emissions scope contributed positively. During the year, we added more activities to the emissions scope, principally branch offices in six countries, and therefore revised our 2008 figures.

Employee turnover, per cent



**TOTAL EMPLOYEE TURNOVER FELL** to 11.0 per cent (13.8). During the year, 1,367 people joined SEB (3,463) and 2,372 people (3,100) ended their employment or retired from the bank. By year-end, SEB's total headcount was 20,835 people (22,443). 63 per cent (62) of our employees have been with SEB for 5 years or more.

Assets under management with SRI/ethical profile, SEK m



**ASSETS UNDER MANAGEMENT** with a Socially Responsible Investment/ethical profile increased to 15.1 bn (8.8), due to increased customer demand for such products and the global equities market rebound during 2009. The redesign of the SEB Ethical Global Index Fund also contributed to the growth.

## Measuring and reporting

Our ambition is to measure the full impact of our operations. During 2009, we put most of our focus on SEB's environmental impact; during 2010 we will progress further on monitoring social and governance indicators.

We follow progress and report our results on a quarterly basis. We account for the CO<sub>2</sub> emissions from operations over which we have

control, such as energy and electricity use in our own buildings, paper consumption and business travel (Scope 2 and 3 emissions according to the Greenhouse Gas Protocol).

We do not account for emissions from operations in which we own an interest but have no control. In the future, we expect to include CO<sub>2</sub> emissions from purchased services such as

postal services, rental cars, security transports and taxi transports (extension of Scope 3). We include the emissions from eleven countries: Sweden, Norway, Denmark, Finland, Estonia, Lithuania, Latvia, Germany, UK, Ukraine and Luxembourg. These countries account for more than 90 per cent of our income and 98 per cent of our employees. We rely on both internal and external data to quantify emissions.

## GRI compliance table

We currently report according to level C in the GRI application level system. Our GRI compliance table of contents is found online at [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability)



### ECONOMIC INDICATORS

|  | UNIT  | 2009    | 2008   | 2007   |
|--|-------|---------|--------|--------|
| <b>Direct economic value generated and distributed</b>                 |       |         |        |        |
| Total operating income   | SEK m | 44,213  | 41,104 | 40,440 |
| Total operating expenses   | SEK m | 28,397  | 25,407 | 23,194 |
| Total operating profit (pre-tax) by region                             | SEK m | 3,372   | 12,471 | 17,018 |
| Sweden   | SEK m | 6,676   | 8,344  | 8,145  |
| Nordic countries (excluding Sweden)                                    | SEK m | 4,129   | 2,282  | 3,113  |
| Baltic countries   | SEK m | -8,282  | 1,417  | 3,903  |
| Germany  | SEK m | -95     | 754    | 996    |
| Other countries and eliminations                                       | SEK m | 944     | -326   | 861    |
| Total operating profit (pre-tax) by division                           | SEK m | 3,372   | 12,471 | 17,018 |
| Merchant Banking   | SEK m | 11,699  | 8,350  | 6,863  |
| Retail Banking   | SEK m | 1,644   | 3,245  | 6,009  |
| Wealth Management  | SEK m | 1,142   | 2,011  | 2,637  |
| Life   | SEK m | 2,115   | 1,063  | 1,802  |
| Baltic   | SEK m | -10,363 | 1,017  | n/a    |
| Other including eliminations   | SEK m | -2,865  | -3,215 | -293   |
| Reinvested in the company (difference in total equity during the year) | SEK m | 15,940  | 7,010  | 9,452  |
| Dividends  | SEK m | 2,193   | 0      | 4,442  |
| Employee compensation  | SEK m | 15,574  | 16,241 | 14,921 |
| Taxes to government  | SEK m | 2,200   | 2,421  | 3,376  |
| Supplier payments  | SEK m | 9.2     | 9.5    | 9.3    |
| Financial assistance received from government                          | SEK m | 0       | 0      | 0      |

### Market presence

|   |        |    |    |    |
|---|--------|----|----|----|
| Market presence (number of countries with SEB employees)                      | Number | 21 | 21 | 21 |
| Markets with universal banking offering (locations of significant operations) | Number | 5  | 5  | 5  |
| Other markets and strategic locations   | Number | 16 | 16 | 16 |

### Community investment

|   |       |      |      |      |
|---|-------|------|------|------|
| Economic contribution to social partnerships, share of operating profit   | %     | 0.9  | 0.1  | 0.1  |
| Economic contribution to social partnerships (excluding management costs) | SEK m | 30.0 | 18.3 | 18.2 |
| By theme  |       |      |      |      |
| Environment (climate compensation)  | SEK m | 10.0 | n/a  | n/a  |
| Entrepreneurship  | SEK m | 3.2  | n/a  | n/a  |
| Children and youth  | SEK m | 6.0  | n/a  | n/a  |
| Culture   | SEK m | 3.5  | n/a  | n/a  |
| Sports  | SEK m | 6.5  | n/a  | n/a  |
| Other   | SEK m | 0.8  | n/a  | n/a  |



## ENVIRONMENTAL INDICATORS

|   | NOTE  | UNIT               | 2009    | 2008    | 2007    |
|---|-------|--------------------|---------|---------|---------|
| <b>General indicators</b>                         |       |                    |         |         |         |
| Number of offices reporting                       |       |                    | 625     | 625     | 37      |
| Whereof branch offices                            |       |                    | 559     | 559     | 0       |
| Net internal area of reporting offices covered    | 1     | m <sup>2</sup>     | 707,537 | 707,537 | 324,726 |
| Full-time employees (FTE) covered                 |       | FTE                | 20,235  | 21,291  | 19,506  |
| <b>Carbon dioxide (CO<sub>2</sub>) emissions</b>  |       |                    |         |         |         |
| Total CO <sub>2</sub> emissions                   | 1 & 2 | Tonnes             | 47,320  | 50,404  | n/a     |
| CO <sub>2</sub> emissions from energy consumption |       | Tonnes             | 28,979  | 29,401  | n/a     |
| CO <sub>2</sub> emissions from business travel    |       | Tonnes             | 11,280  | 15,547  | 8,021   |
| CO <sub>2</sub> emissions from paper consumption  |       | Tonnes             | 3,121   | 3,369   | n/a     |
| CO <sub>2</sub> emissions from company cars       |       | Tonnes             | 3,940   | 4,087   | n/a     |
| Total CO <sub>2</sub> emissions/employee          |       | Tonnes             | 2.3     | 2.4     | n/a     |
| Total CO <sub>2</sub> emissions by region         |       |                    |         |         |         |
| Sweden  |       | Tonnes             | 10,221  | 11,457  | n/a     |
| Nordic countries (excluding Sweden)               |       | Tonnes             | 2,722   | 2,608   | n/a     |
| Baltic countries                                  |       | Tonnes             | 15,047  | 14,960  | n/a     |
| Germany   |       | Tonnes             | 14,156  | 14,839  | n/a     |
| Other   |       | Tonnes             | 5,174   | 6,540   | n/a     |
| <b>Energy consumption</b>                         |       |                    |         |         |         |
| Total energy consumption (in buildings)           |       | MWh                | 150,889 | 153,944 | n/a     |
| Electricity                                       |       | MWh                | 126,262 | 123,737 | n/a     |
| Other energy sources                              |       | MWh                | 24,627  | 30,207  | n/a     |
| Total energy consumption/m <sup>2</sup>           |       | MWh/m <sup>2</sup> | 0.21    | 0.22    | n/a     |
| Total energy consumption/employee                 |       | MWh                | 7.5     | 7.2     | n/a     |
| <b>Resource efficiency</b>                        |       |                    |         |         |         |
| <b>Paper</b>                                      |       |                    |         |         |         |
| Total paper consumption                           |       | Tonnes             | 2,327   | 2,483   | 2,744   |
| Graphic paper consumption                         |       | Tonnes             | 1,007   | 1,407   | 1,757   |
| Supplies paper consumption                        |       | Tonnes             | 1,320   | 1,076   | 987     |
| Environmentally labelled paper consumption        |       | Tonnes             | 1,334   | 1,129   | 589     |
| Environmental paper use, share of total           |       | %                  | 71      | 63      | 41      |
| Total paper consumption/employee (FTE)            |       | Tonnes             | 0.11    | 0.12    | 0.14    |
| <b>Waste</b>                                      |       |                    |         |         |         |
| Waste   |       | Tonnes             | 1,710   | 2,150   | 1,909   |
| Total waste/employee (FTE)                        |       | Tonnes             | 0.08    | 0.10    | 0.10    |
| Waste recycling                                   |       | Tonnes             | 606     | 729     | 869     |
| Percentage waste reused or recycled               |       | %                  | 37      | 34      | 46      |
| <b>Water</b>                                      |       |                    |         |         |         |
| Total water consumption in buildings              |       | m <sup>3</sup>     | 147,628 | 196,925 | n/a     |
| Total water consumption/employee (FTE)            |       | m <sup>3</sup>     | 7.30    | 9.25    | n/a     |

## Notes

- 2008 figures have been restated following an extension of the emissions scope. These included the addition of more than 550 branch offices in six countries (Sweden, Estonia, Lithuania, Latvia, Germany, Ukraine).
- Courier, taxi and security transportation is not included in emissions scope.
- Excluding leasing car mileage.
- Only Sweden in scope.

## → ENVIRONMENTAL INDICATORS

|  | NOTE | UNIT       | 2009  | 2008  | 2007  |
|--|------|------------|-------|-------|-------|
| <b>Business travel &amp; company car fleet</b>     |      |            |       |       |       |
| Total business travel                              | 3    | Million km | 47.4  | 55.9  | 57.6  |
| Total business travel/employee                     |      | Km         | 2,344 | 2,624 | 2,952 |
| Air travel   |      | Million km | 43.8  | 51.5  | 54.5  |
| Domestic air travel                                |      | Million km | 12.7  | n/a   | n/a   |
| Nordic air travel                                  |      | Million km | 3.3   | n/a   | n/a   |
| International air travel                           |      | Million km | 27.8  | n/a   | n/a   |
| Train travel                                       | 4    | Million km | 3.6   | 4.3   | 3.1   |
| Air travel, day trips vs total number of air trips |      | %          | 78    | 76    | 49    |
| Green company cars, share of company car fleet     |      | %          | 29    | 22    | 13    |


|   |  |        |      |      |      |
|---|--|--------|------|------|------|
| <b>Legal compliance &amp; monetary fines</b>  |  |        |      |      |      |
| Reported environmental prosecutions   |  | Number | none | none | none |
| Monetary value of significant fines due to non compliance with environmental laws and regulations |  | SEK m  | 0    | 0    | 0    |

|                            |  |        |        |        |        |
|----------------------------|--|--------|--------|--------|--------|
| <b>Suppliers</b>           |  |        |        |        |        |
| Number of suppliers        |  | Number | 15,000 | 16,500 | 18,000 |
| Total spent on procurement |  | SEK bn | 9.2    | 9.5    | 9.3    |

**Notes**

- 2008 figures have been restated following an extension of the emissions scope. These included the addition of more than 550 branch offices in six countries (Sweden, Estonia, Lithuania, Latvia, Germany, Ukraine).
- Courier, taxi and security transportation is not included in emissions scope.
- Excluding leasing car mileage.
- Only Sweden in scope.

**SEB CARBON EMISSIONS 2009**Distributed by geography and emissions source, tonnes CO<sub>2</sub>

|  |               |              |               |              |              |               |
|--|---------------|--------------|---------------|--------------|--------------|---------------|
| COUNTRY  | ENERGY        | PAPER        | AIR TRAVEL    | TRAIN TRAVEL | COMPANY CARS | GRAND TOTAL   |
| Sweden   | 303           | 1,445        | 7,533         | 39           | 901          | 10,221        |
| Finland  | 17            | 173          | 632           | 0            | 42           | 864           |
| Denmark  | 219           | 5            | 337           | 0            | 105          | 666           |
| Norway   | 452           | 185          | 335           | 0            | 219          | 1,191         |
| Estonia  | 8,853         | 111          | 132           | 0            | 103          | 9,199         |
| Latvia   | 1,972         | 116          | 99            | 0            | 396          | 2,582         |
| Lithuania  | 2,224         | 174          | 294           | 0            | 573          | 3,266         |
| Germany  | 12,172        | 514          | 311           | 0            | 1,159        | 14,156        |
| UK   | 997           | 211          | 66            | 0            | 164          | 1,438         |
| Ukraine  | 1,578         | 34           | 946           | 0            | 0            | 2,558         |
| Luxembourg   | 192           | 153          | 0             | 0            | 250          | 595           |
| Others   | 0             | 0            | 556           | 0            | 28           | 584           |
| <b>Total</b>   | <b>28,979</b> | <b>3,121</b> | <b>11,241</b> | <b>39</b>    | <b>3,940</b> | <b>47,320</b> |





## SOCIAL INDICATORS

|   | NOTE | UNIT   | 2009   | 2008   | 2007   |
|---|------|--------|--------|--------|--------|
| <b>Headcount</b>                                  |      |        |        |        |        |
| Total headcount, including part-time employees    |      | Number | 20,835 | 22,443 | 22,177 |
| Headcount by division and support function        |      |        |        |        |        |
| Merchant Banking                                  |      | %      | 13     | 13     | 11     |
| Retail Banking                                    | 1    | %      | 25     | 43     | 53     |
| Wealth Management                                 |      | %      | 5      | 5      | 6      |
| Life  |      | %      | 6      | 6      | 6      |
| Baltic  | 1    | %      | 16     | n/a    | n/a    |
| New markets                                       |      | %      | 6      | 7      | 7      |
| Group IT  |      | %      | 10     | 9      | 6      |
| Group Operations                                  |      | %      | 11     | 9      | 7      |
| Group Staff and other                             |      | %      | 8      | 8      | 4      |
| Headcount by region                               |      |        |        |        |        |
| Sweden  |      | %      | 40     | 40     | 40     |
| Nordic countries (excluding Sweden)               |      | %      | 8      | 7      | 7      |
| Baltic countries                                  |      | %      | 26     | 26     | 26     |
| Germany   |      | %      | 17     | 16     | 16     |
| Other   |      | %      | 9      | 11     | 11     |
| Employees by age                                  |      |        |        |        |        |
| –29   |      | %      | 20     | 22     | 22     |
| 30–39   |      | %      | 31     | 30     | 30     |
| 40–49   |      | %      | 29     | 28     | 28     |
| 50–   |      | %      | 20     | 20     | 20     |
| Employees by gender                               |      |        |        |        |        |
| Male  |      | %      | 42     | 42     | 41     |
| Female  |      | %      | 58     | 58     | 59     |
| <b>Employee turnover</b>                          |      |        |        |        |        |
| Total employee turnover                           |      | %      | 11.0   | 13.8   | 12.1   |
| Length of employment at SEB                       |      |        |        |        |        |
| Less than 2 years                                 |      | %      | 18     | 22     | 21     |
| 2–4 years   |      | %      | 19     | 16     | 13     |
| 5–9 years   |      | %      | 15     | 17     | 22     |
| 10 or more years                                  |      | %      | 48     | 45     | 44     |
| <b>Recruitment</b>                                |      |        |        |        |        |
| Employee growth rate, net change                  |      | %      | –7.2   | 1.2    | 6.2    |
| Joiners, total headcount                          |      | Number | 1,367  | 3,463  | 3,124  |
| Leavers, total headcount                          |      | Number | 2,224  | 2,948  | 2,275  |
| Retired, total headcount                          |      | Number | 148    | 152    | 335    |
| In-house job postings                             |      |        |        |        |        |
| Total positions posted (Group, excluding Germany) |      | Number | 1179   | n/a    | n/a    |
| Number of successful internal applicants (Sweden) |      | Number | 643    | n/a    | n/a    |

## Notes

1 New organisation in place since 2009.

## → SOCIAL INDICATORS

|   | NOTE | UNIT   | 2009  | 2008  | 2007  |
|---|------|--------|-------|-------|-------|
| <b>Employee engagement</b>  |      |        |       |       |       |
| Employee survey Voice; participation rate   |      | %      | 89    | n/a   | 87    |
| Voice index   |      | %      | 72    | n/a   | 67    |
| Share of employees who gladly would recommend a friend to work at SEB                       |      | %      | 70    | n/a   | 64    |
| Share of employees who say their workplace is characterised by humour and positive thinking |      | %      | 75    | n/a   | n/a   |
| Number of intranet chats with executive management conducted                                |      | Number | 18    | n/a   | n/a   |
| Total number of questions in chats  |      | Number | 500   | n/a   | n/a   |
| Average employee participation rate (live or passive reading afterwards)                    |      | %      | 45    | n/a   | n/a   |
| Corporate Sustainability Ambassadors  |      | Number | 200   | n/a   | n/a   |
| <b>Diversity and equal opportunities</b>  |      |        |       |       |       |
| Gender by region (male/female)  |      |        |       |       |       |
| Sweden  |      | %      | 48/52 | 48/52 | 47/53 |
| Nordic countries (excluding Sweden)   |      | %      | 54/46 | 53/47 | 52/48 |
| Germany   |      | %      | 49/51 | 50/50 | 50/50 |
| Baltic countries  |      | %      | 26/74 | 25/75 | 25/75 |
| Other   |      | %      | 37/63 | 37/63 | 39/61 |
| Gender by management type – all managers (male/female)                                      |      | %      | 58/42 | 56/44 | 60/40 |
| Senior managers   |      | %      | 73/27 | 75/25 | 74/26 |
| Middle managers   |      | %      | 61/39 | 64/36 | 64/36 |
| First line managers   |      | %      | 51/49 | 46/54 | 54/46 |
| Staff   |      | %      | 40/60 | 39/61 | 37/63 |
| Nationalities   |      |        |       |       |       |
| Employees with a foreign background, share of total headcount                               | 1    | %      | n/a   | 11.0  | 10.2  |
| Recruitment of employees with a foreign background, share of total recruitment              | 1    | %      | n/a   | 16.0  | 14.9  |
| Managers with a foreign background, share of total  | 1    | %      | n/a   | 6.7   | 5.3   |
| Number of nationalities represented in global trainee programme                             |      | Number | 6     | 6     | 5     |
| Total number of employees on parental leave during the year                                 | 2    | Number | 1,842 | 1,789 | 1,673 |
| Men   |      | %      | 44    | 43    | 40    |
| Women   |      | %      | 56    | 57    | 60    |
| <b>Competence development</b>   |      |        |       |       |       |
| Educational level   |      |        |       |       |       |
| University > 3 years  |      | %      | 44    | 43    | 40    |
| University < 3 years  |      | %      | 10    | 11    | 12    |
| Upper secondary school  |      | %      | 31    | 31    | 33    |
| Compulsory school   |      | %      | 8     | 9     | 9     |
| Other/unspecified   |      | %      | 7     | 6     | 6     |
| Employees who together with the manager have formulated a development plan                  |      | %      | 72    | n/a   | n/a   |

## Notes

- 1 Foreign-born persons and persons born in Sweden with both parents born abroad. Data for 2009 not available upon publication.
- 2 Sweden.

## → SOCIAL INDICATORS

|   | NOTE | UNIT   | 2009   | 2008   | 2007   |
|---|------|--------|--------|--------|--------|
| <b>Health and workplace safety</b>  |      |        |        |        |        |
| Sick-leave rate, share of ordinary working hours  | 1    | %      | 3.0    | 3.5    | 3.9    |
| Long-term sick leave rate   | 1    | %      | 1.3    | 1.8    | 2.2    |
| Male  | 1    | %      | 0.5    | 0.7    | 0.9    |
| Female  | 1    | %      | 2.0    | 2.8    | 3.4    |
| Short-term sick leave rate  | 1    | %      | 1.7    | 1.7    | 1.7    |
| Male  | 1    | %      | 1.3    | 1.3    | 1.3    |
| Female  | 1    | %      | 2.0    | 2.0    | 2.1    |
| <b>Work-life balance</b>  |      |        |        |        |        |
| Employees with health insurance   | 1    | %      | 100    | 100    | 100    |
| Employees that receive work-out/training/health support   | 1    | %      | 65     | n/a    | n/a    |
| Total economic contribution   | 1    | SEK m  | 9.9    | n/a    | n/a    |
| Employees with household/family service support   | 1    | %      | 9      | n/a    | n/a    |
| Total economic contribution   | 1    | SEK m  | 20.3   | n/a    | n/a    |
| Employees with mobile workplace (portable PC)   | 2    | %      | 26     | 22     | n/a    |
| Employees with mobile workplace (Office at Home access)   | 3    | %      | 34     | n/a    | n/a    |
| <b>Performance management</b>   |      |        |        |        |        |
| Participated in regular performance and development discussion (PDD), share of employees                            |      | %      | 90     | n/a    | 80     |
| Received feedback on their performance, share of employees  |      | %      | 88     | n/a    | n/a    |
| Employees that understand how their targets are linked to SEB's vision, strategy & goals                            |      | %      | 78     | n/a    | n/a    |
| <b>Compensation &amp; benefits</b>  |      |        |        |        |        |
| Total employee remuneration (including social charges)  |      | SEK m  | 15,574 | 16,241 | 14,921 |
| Short-term variable cash compensation in relation to total employee remuneration                                    |      | %      | 5      | 13     | 20     |
| Redundancy payments   |      | SEK m  | 404    | 1,050  | 281    |
| <b>International mobility</b>   |      |        |        |        |        |
| Employees on international assignments (Swedes sent abroad)   |      | Number | 103    | 115    | 146    |
| Employees on international assignments (other nationalities sent abroad)  |      | Number | 97     | 94     | 79     |
| <b>Labour/management relations</b>  |      |        |        |        |        |
| Percentage of employees covered by collective bargaining agreements   | 1    | %      | 100    | 100    | 100    |
| Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. | 1    | Months | 3      | 3      | 3      |
| <b>Sustainable products and services</b>  |      |        |        |        |        |
| Number of Socially Responsible Investment/ethical funds   |      | Number | 12     | 12     | 11     |
| Assets under managements in SRI/ethical funds   |      | SEK m  | 10,211 | 5,534  | 7,638  |
| Assets under management with SRI/ethical profile, institutional clients   |      | SEK m  | 4,883  | 3,298  | 3,938  |
| Total assets under management with SRI/ethical profile  |      | SEK m  | 15,094 | 8,832  | 11,576 |
| Equator Principles, number of investments   |      |        |        |        |        |
| Category A transactions approved  |      | Number | 0      | 0      | 0      |
| Category B transactions approved  |      | Number | 0      | 5      | 8      |
| Category C transactions approved  |      | Number | 0      | 0      | 0      |

## Notes

- 1 Sweden.
- 2 Excluding the Baltic countries, Ukraine and Russia.
- 3 Sweden and Germany.



## GOVERNANCE INDICATORS

|   | NOTE | UNIT   | 2009 | 2008 | 2007 |
|---|------|--------|------|------|------|
| <b>Tackling financial crime</b>   |      |        |      |      |      |
| Percentage of employees completed anti-money laundering education                             |      | %      | 89   | n/a  | n/a  |
| Percentage of employees completed fraud prevention education                                  | 1    | %      | 43   | n/a  | n/a  |
| Markets with "Know-Your-Customer" (KYC) process and instructions implemented                  | 2    | Number | 19   | n/a  | n/a  |
| <b>Responsible selling and marketing</b>  |      |        |      |      |      |
| Business conduct and ethics   |      |        |      |      |      |
| Percentage employees completed Code of Business Conduct training                              |      | %      | 87   | n/a  | n/a  |
| Percentage employees registered private share holdings in Ethixs (preventing insider trading) |      | %      | 100  | 100  | 100  |

## Notes

- 1 Primarily targeting front line sales and employees managing transactions.
- 2 SEB Germany and SEB Ireland in final stage of implementation.



## International commitments



**ICC Business Charter on Sustainable Development.** Adopted: 1995  
The International Chamber of Commerce (ICC) is a global business organisation championing the global economy as a force for economic growth, job creation and prosperity.

→ [www.iccwbo.org](http://www.iccwbo.org)



**The OECD guidelines for Multinational Enterprises.** Adopted: 2000  
OECD Guidelines for Multinational Enterprises are recommendations by governments to multinational enterprises providing voluntary principles and standards for responsible business conduct.

→ [www.oecd.org](http://www.oecd.org)



**The UN Global Compact.** Adopted: 2005  
The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anticorruption.

→ [www.unglobalcompact.org](http://www.unglobalcompact.org)



**The Equator Principles.** Adopted: 2007  
The Equator Principles (EP) are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing.

→ [www.equator-principles.com](http://www.equator-principles.com)



**UN Environment Programme Finance Initiative (UNEP FI).** Adopted: 2007  
The United Nations Environment Programme Finance Initiative is a global partnership between the United Nations Environment Programme (UNEP) and the financial sector.

→ [www.unepfi.org](http://www.unepfi.org)



**Principles for Responsible Investments (PRI).** Adopted: 2008  
The Principles for Responsible Investments (PRI) are a voluntary set of principles developed by the world's largest institutional investors in partnership with United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact.

→ [www.unpri.org](http://www.unpri.org)



**Carbon Disclosure Project.** Signed: 2008  
The Carbon Disclosure Project (CDP) is the world's largest survey of large corporations' ambitions on climate change and environmental protection.

→ [www.cdproject.net](http://www.cdproject.net)

## Awards and recognitions 2009

### AWARD/RECOGNITION

Best bank in the Nordic countries

European 12<sup>th</sup> among sustainable banks

Included in "Nordic Sustainability Star index"

Included in "ECPI Ethical index Europe"

Top Employer

Most attractive employer

4<sup>th</sup> Greenest Company

Best employer among banks, young professional survey

9<sup>th</sup> Best employer overall, student survey

Best bank for gender equality

### AWARDED BY

Carbon Disclosure Project

Goldman Sachs GS Sustain

Ethixs SRI Advisor

ECPI

CRF market research institute, Germany

Verslo Žinios, Lithuania

Reputation Top 2008, Latvia

Universum, Sweden

Universum, Sweden

Veckans Affärer, Sweden

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We strive to make banking services more accessible and easy to understand and use. We meet our customers in our main markets, in 565 traditional branch offices, on the Internet and through personal telephone service. We have private banking offices and representative offices in twelve countries around the world and our large corporate and institutional clients are assisted by client executives, product specialists, analysts and traders in 17 countries. We also cooperate with some 2,000 life insurance intermediaries and brokers.

We have been in business for more than 150 years; engaging our people, supporting our customers and playing an active role in the economy and in the society at large. We take an integrated approach to corporate sustainability because we know it is good for business – we want to continue supporting our customers also in the future.

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