

SEB Green Bond Investor Report



2021

SEB

This is SEB

SEB is a leading northern European financial services group with a history dating from 1856. Innovation, entrepreneurship and an international perspective are part of our DNA.

We engage with our clients through long-term relationships, personal advice and digital services. We take responsibility for how we conduct our business and how we affect our customers, employees, shareholders and society at large. The Bank is present in some 20 countries worldwide.



**Sustainability Advisor
in the Nordics**
Prospera, published 2021

We aim to be a leading catalyst in the sustainability transition

Our sustainability strategy outlines our role in the transition towards a sustainable society. As a key part, we have defined new ambitions and goals:

The Brown

Reducing our fossil fuel credit exposure in the energy portfolio by 45–60 per cent by 2030 (baseline 2019).

The Green

Increasing our sustainability activities 6–8 times by 2030 (baseline 2021).

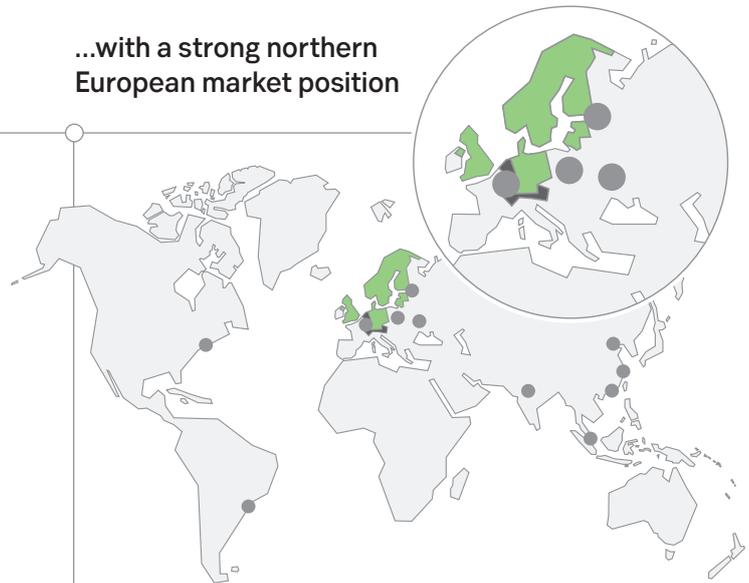
The Future

Assessing our credit portfolio's alignment with the Paris Agreement by 2022 and setting targets for 2030.

We serve our customers through our divisions...

- **Large Corporates & Financial Institutions**
Commercial and investment banking services for large corporate and institutional customers in the Nordic region, Germany and the United Kingdom as well as in our international network.
- **Corporate & Private Customers**
Full banking and advisory services for private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries.
- **Private Wealth Management & Family Office**
Leading private banking services with global reach for Nordic high-net-worth individuals.
- **Baltic**
Full banking and advisory services for private individuals and small and medium-sized corporate customers in Estonia, Latvia and Lithuania.
- **Life**
Life insurance solutions for private as well as corporate and institutional customers mainly in the Nordic and Baltic countries.
- **Investment Management**
Management of SEB-labelled funds and mandates for customers channelled via other divisions.

...with a strong northern European market position



- **Home markets**
– we serve all our customers with a wide range of products
Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Germany and the United Kingdom
- **Geographical expansion**
– we expand our business for large corporate customers
Austria, The Netherlands and Switzerland
- **International network**
– we support our home market customers around the world
Beijing, Hong Kong, Kyiv, Luxembourg, New Delhi, New York, São Paulo, Shanghai, Singapore, St. Petersburg and Warsaw

Our approach to sustainability

SEB has a strong ambition to accelerate the pace towards a prosperous and sustainable future for people, businesses and society. We are committed to supporting customers in the transition towards a low-carbon economy. By offering leading advice, innovative and sustainable financing and investment solutions, we enable our customers to bring their ideas to life. We aim for a common understanding of the way forward and we are convinced that companies integrating environmental, social and governance aspects into their strategy and operations are more successful in the longer term. SEB wants to be a leading catalyst in the transition.

Climate change in focus

Global climate change is one of the most serious challenges facing society today and is of high priority to SEB. We have an important role to play in collaborating with our customers in the transition towards a low-carbon economy, to align with the Paris Agreement and reach net zero emissions by 2050. We are a part of, and will continue to be a part of, the transition that is required to achieve this goal.

As one of 43 founding members and signatories of the Net-Zero Banking Alliance (NZBA), SEB commits to set Paris-aligned targets for the reduction of greenhouse gas emissions related to our lending and investment activities by 2030 and 2050. Targets will be set when a baseline is ready (expected in 2022).

Measuring progress

In November 2021, SEB presented its updated sustainability strategy including newly defined ambitions and goals within the climate area: the Carbon Exposure Index, the Sustainability Activity Index, and the Transition Ratio.

The Carbon Exposure Index – The Brown. SEB's goal is to reduce the fossil credit exposure within the bank's energy portfolio, which includes power generation and distribution as well as oil and gas, by 45–60 per cent by 2030 compared with a 2019 baseline. Reaching this goal means that SEB will be in line with or outperform the strictest 1.5 degree-aligned climate scenario assumptions provided by the International Energy Agency and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

The Sustainability Activity Index – The Green. The index measures volumes of sustainability-related financing, sustainable finance advisory, greentech venture capital investments and Article 9 investment products in line with the EU's Sustainable Finance Disclosure Regulation, SFDR, share of mutual funds. The ambition is to increase average activity 6–8 times by 2030 compared with a 2021 baseline.

The Transition Ratio – The Future. By classifying our credit portfolio, using SEB's Customer Sustainability Classification Model, we are assessing our customers' climate impact and alignment towards the goals of the Paris Agreement. By using this tool, we get a better understanding of our customers' transition journeys and can support them in reducing their carbon footprints and ensuring their transition over time. SEB's strategy is a gradual shift away from companies without a credible transition plan in line with the Paris Agreement.

→ See <https://sebgroup.com/sustainability/our-strategy>

→ See <https://sebgroup.com/investor-relations/reports-and-presentations/annual-reports>

Sustainability governance

Assessing and managing the risks and opportunities associated with climate change is an integral part of SEB's sustainability and risk governance frameworks. The Board [of Directors] adopts the [thematic] Environmental and Human Rights policies while the Risk & Capital Committee adopts [all other] sector policies. The Group Executive Sustainability Committee, chaired by the President and CEO, is responsible for executing the sustainability strategy. The Group Risk Committee is a group-wide, decision-making committee that addresses all types of risk at group level, including sustainability and reputational risks.

→ See <https://sebgroup.com/sustainability/our-ways/sustainability-governance>

Sustainability policy framework

SEB has an established framework of thematic and sector policies, including the Corporate Sustainability Policy and the Environmental Policy. We continuously review our policies to strengthen the business and to be aligned with international and national requirements. In 2021, SEB conducted a review of the Sector Policy on Fossil Fuel, including a roadmap for how we will phase out our exposure to coal and to unconventional oil and how we will continue to gradually reduce our credit exposure to fossil fuels by applying a cap to oil and gas exploration, production and oilfield services activities.

→ See <https://sebgroup.com/sustainability/our-ways/policies>

SEB's green bonds and the Green Bond Framework

Backed by SEB's sustainability strategy, the Corporate Sustainability Policy, the Environmental Policy and accompanying sector policies, SEB's Green Bond Framework ensures that its green bonds are used for low-carbon and climate resilient projects and investments, by financing green loans.

SEB issued its first green bond of EUR 500m in February 2017 under the 2016 Green Bond Framework. In 2022, SEB updated the Green Bond Framework to be more inclusive and broadly aligned with the technical screening criteria of the EU Taxonomy. A green bond of EUR 1bn was issued under the updated framework in February 2022, refinancing the first green bond.

About this report

This report provides an overview of SEB's allocated eligible green loan portfolio under the 2016 Green Bond Framework as well as the environmental impact achieved by the use of proceeds from SEB's inaugural green bond issued in February 2017.

Impact reporting

The UN's Sustainable Development Goals

The UN's Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all and are increasingly integrated into action plans of nations, organisations as well as the private sector. The proceeds of SEB's green bond contributes to several of the 17 SDGs. Primary impact is deemed to be on the goals for Clean Water and Sanitation, Affordable and Clean Energy, Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Climate Action, and Life on Land.



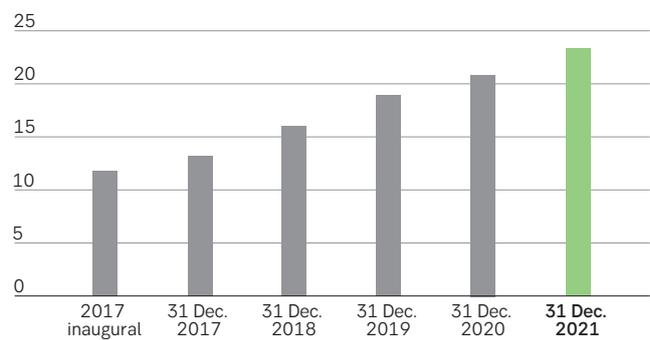
SEB's green loan portfolio

In 2021, the pool of eligible green assets under the 2016 Green Bond Framework grew to SEK 23.3bn (20.8). The framework defines eligible assets to be in the EU or the Nordic countries. Following the UK's exit from the EU, assets financed in the UK are therefore excluded from the eligible green asset pool from 31 December 2020.

About 40 per cent of the assets consists of renewable energy projects and the remainder is financing of green buildings, sustainable forestry, clean transportation and energy efficiency projects. Sweden accounts for approximately 47 per cent, followed by Finland, Norway and Germany.

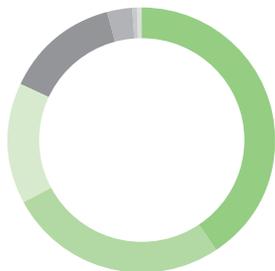
Development of eligible green assets

SEK bn



Eligible green assets by sector

Per cent



| | |
|---------------------------------|----|
| Renewable energy | 41 |
| Green buildings | 27 |
| Sustainable forestry | 15 |
| Clean transportation | 14 |
| Energy efficiency | 3 |
| Water and wastewater management | <1 |
| Waste management | <1 |

Eligible green assets by geography

Per cent



| | |
|-----------|----|
| Sweden | 47 |
| Finland | 22 |
| Norway | 17 |
| Germany | 12 |
| Estonia | 1 |
| Lithuania | 1 |
| Latvia | <1 |

Quantitative environmental impact of SEB's green bond

| Sector | Sub-sector | Use of proceeds (SEK) | Impact 2021 CO ₂ e reductions (tonnes) | SDGs | Effect (MW) | Electricity/energy produced (GWh) | Energy savings (GWh) |
|-----------------------------------------|----------------------------------|-----------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|----------------------|
| ● Renewable energy, 41% | Wind power | 1,854,652,055 | 155,818 ¹⁾ |   | 190.3 ²⁾ | 495 ³⁾ | |
| | Hydro- and solar power, biogas | 252,388,922 | 29,186 | | 14.8 | 92.7 ⁴⁾ | |
| ● Green buildings, 27% | | 1,394,039,254 | 599 ⁵⁾ |   | | | 1.9 ⁶⁾ |
| ● Sustainable forestry, 15% | | 750,486,365 | 136,998 ⁷⁾ |   | | | |
| ● Clean transportation, 14% | Biogas/electrical buses and cars | 187,782,350 | 2,299 ⁸⁾ |   | | | |
| | Electric trains | 506,072,658 | 7,445 ⁹⁾ | | | | |
| ● Energy efficiency, 3% | | 147,118,931 | 23,919 ¹⁰⁾ |   | 6.8 | 123.4 | |
| ● Water and wastewater management, 0.4% | | 21,934,069 | 46 |   | | | 0.15 |
| ● Waste management, 0.1% | | 6,225,396 | 1,097 ¹¹⁾ |   | | | |
| TOTAL | | 5,120,700,000 | 357,407 | | | | |

1) Including 70,864 tonnes estimated future CO₂e reductions.

2) Including 70.7 MW under construction.

3) Including 225 GWh estimated future energy production.

4) Including 6.5 GWh biogas production.

5) Including estimated future CO₂e reductions of 36 tonnes.

6) Including future energy savings of 0.11 GWh.

7) Tonnes CO₂e sequestered, net.

8) Driven distance by biogas and electrical buses (renewable energy, zero CO₂e /km) has been compared to diesel driven buses with an emission factor of 1.073 kg CO₂e /km (ref. www.transportmeasures.org). Load factor busses; 16%, emission factor calculated as wheel-to-tank. Biogas and electrical driven cars (renewable energy, zero CO₂e /km) have been compared to the average emissions (93 g CO₂/km) from a new car in Sweden taken into traffic during 2020 (ref. www.trafikverket.se). Driven distance has been set to 12,000 km/year, which is the average driven distance in Sweden for a car (ref. www.transportstyrelsen.se).

9) Presented emission reduction of 7,445 tonnes CO₂e includes cargo and passenger traffic. Emission (savings) calculation of passenger travel is based on travelled distance (pkm) in electrical trains compared to the same distance travelled by diesel driven trains. For diesel driven trains, an emission factor of 91 g CO₂e /pkm has been used and electrical trains are running on renewable electricity (zero CO₂e emissions). Emission (savings) calculation of cargo transportation is based on freight distance (tonne-km) by electrical trains compared to the same distance covered by diesel driven trains. For diesel driven trains, an emission factor of 29 g CO₂e /tonne-km has been used and electrical trains are running on renewable electricity (zero CO₂e emissions).

10) Energy efficiency includes projects producing electricity and district heating from biofuel. For 2021, the energy production from SEB's share of the district heating sums up to 95.1 GWh. For district heating, an emission factor of 158 g CO₂e /kWh is used (ref. Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting, February 2020, Appendix B). This corresponds to a reduction of 15,034 tonnes CO₂e. The electricity production sums up to 28.2 GWh. Applying the Combined Margin of 315 g CO₂e/kWh, this results in a direct environmental impact of 8,885 tonnes of reduced CO₂e.

11) Including 1,097 tonnes estimated future CO₂e reductions.

Examples of green loan projects



Norra Vedbo wind farm

In the spring 2021, SEB arranged and entered into EUR 64m project financing for the *Norra Vedbo* wind farm, owned by NTR (through its fund NTR Renewable Energy Income Fund II) and Reichmuth & Co (through its fund Reichmuth Infrastructure II CIP).

The loan will finance the construction of the wind farm, comprising some 20 Vestas wind turbines with a total installed capacity of 86MW, which is currently being built on two sites located in the Jönköping region in Sweden. The geographical location is beneficial as the wind farm will be producing electricity in southern Sweden where electricity demand is strong and the need for additional production is large.

When fully operational, which is expected in fall 2022, the wind farm will have an average annual production of close to 300 GWh, corresponding to the annual electricity consumption of around 44,000 households.



Tornator's green forest assets

SEB is financing Tornator's green forest assets with term loans amounting to EUR 158m¹⁾. Tornator owns approximately 645,000 hectares of double certified (FSC® and PEFC) forest land in Finland with continuously improved yield through portfolio optimisation. The Finnish forest portfolio is valued at approximately EUR 2bn.

Tornator's forest assets have significant positive climate impact with annual carbon sequestration of some 3.7m tons of CO₂ (Finland only) and the positive momentum is set to further improve through the company's climate program for 2021–2030, aiming at increasing the carbon sequestration of forest stands by 20%, along with substitution effects of forest use by 50%. Progress is achieved through active forest management, innovation and climate mitigating actions such as enabling wind power construction on the company's land.

In October 2019, SEB advised Tornator on a Green Finance Framework, enabling responsible investment opportunities for debt investors and, in October 2020, Tornator issued its inaugural EUR 350m dark green bond, verified by CICERO, with SEB as coordinator.

1) This figure represents SEB's share of Tornator's total term loan for the financing of the asset. The environmental impact represents the whole asset.

SEB's Green Bond Framework 2016

SEB's Green Bond Framework describes SEB's approach to green bonds and defines what assets and projects are eligible for green financing. The framework is in line with the ICMA's Green Bond Principles, guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. SEB follows the four core components of the Green Bond Principles and has obtained the recommended second party opinion from Cicero.

1. Use of proceeds

Renewable energy

- Wind, solar, small scale hydro, tidal, geothermal, bio energy and related infrastructure

Energy efficiency

- District heating, smart grids, energy recovery leading to energy efficiency gains of at least 25%

Green buildings

- Energy use at least 25% below regulation and certain certifications (outside of Sweden)
- Renovation with energy efficiency gains of at least 35%

Clean transportation

- Non-fossil or hybrid transportation solutions/ systems and infrastructure

Water and wastewater management

- Drinking water production, wastewater treatment, management of water resources

Waste management

- Methane capture, waste-to-energy

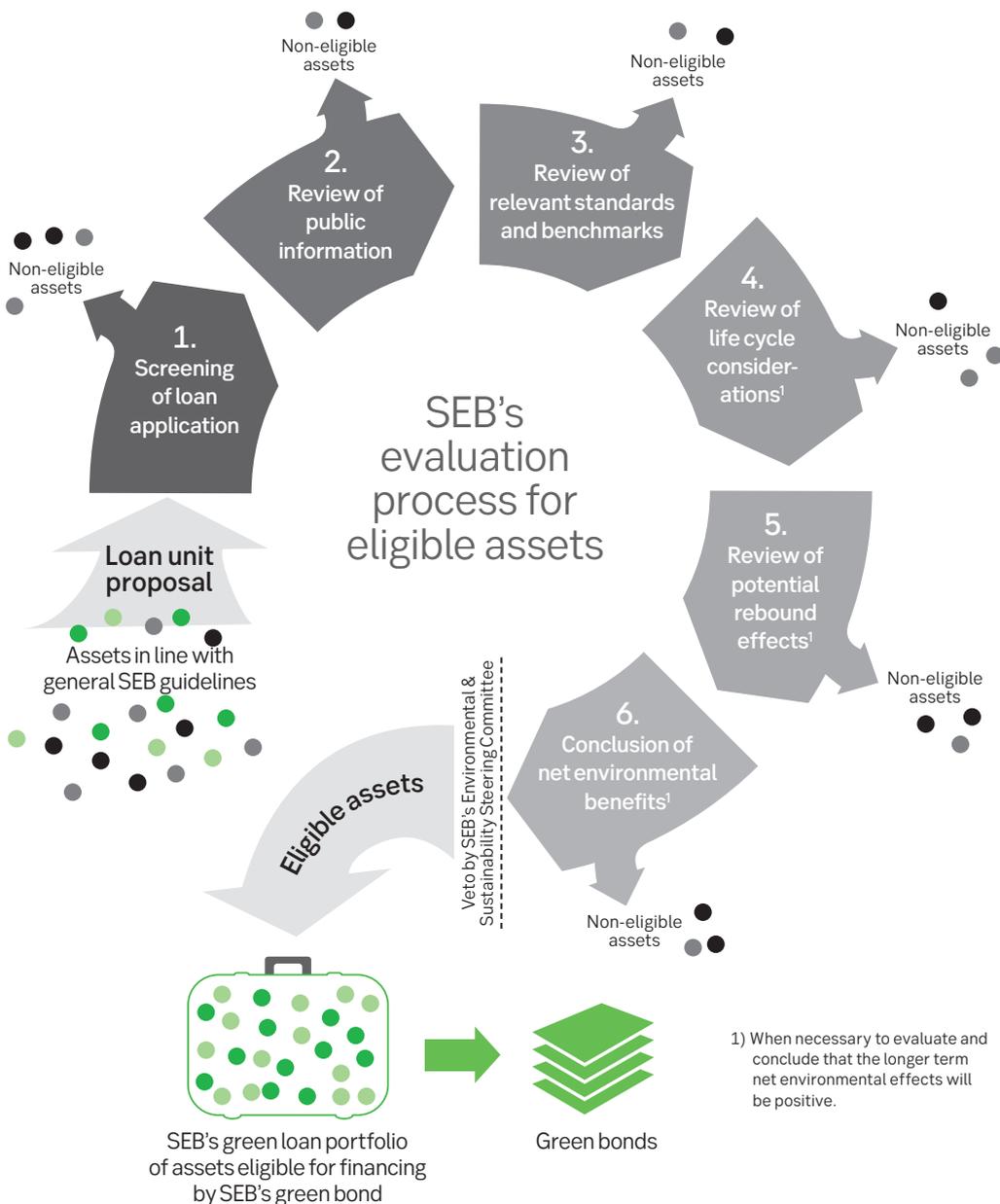
Emission reduction

- Reduced emissions of CO₂, SO_x, NO_x, particulates, heavy metals and dioxins

Sustainable forestry

- Forestry with FSC/equivalent certification or at an advanced stage of the certification process

2. Process evaluation and selection



3. Management of proceeds

SEB has established a virtual balance sheet of green loans to manage the proceeds of the green bond.

4. Reporting

SEB reports annually on the environmental impact of the allocated proceeds. The report also contains details on the green loan portfolio and its development.

Impact reporting methodology

In accordance with the Green Bond Framework, SEB provides quantitative environmental impact data on a sector-based and aggregated level. SEB follows the methodology and recommended calculations of the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting (February 2020).

SEB's key reporting aspects

- SEB reports on the basis of the share of the projects'/assets' total investment cost that has been financed with proceeds from the green bond.
- Reported impact is based on amounts disbursed and outstanding to a project (as opposed to amounts committed).
- Direct environmental impact is reported, such as renewable energy generation, energy savings and reduced emissions.
- Where applicable, indirect emissions, such as avoided emissions are reported.
- Where possible, actual impacts (ex post) are reported for. When not possible, e.g., ongoing construction of the project, expected impacts (ex ante) are reported.
- SEB reports on a portfolio basis, and in Swedish kronor (SEK). Currency rates as per 31 December 2021.
- For this document, the reporting period ends on 31 December 2021.

Methodology

- Emission factor calculated as Combined Margin according to IFI Harmonised Framework¹⁾ methodology, combining a Build Margin and Operating Margin. Same combination of Build Margin (50%) and Operating Margin (50%) used for all electricity projects.
- EU Mainland (EU 27 excluding Malta and Cyprus) and the UK and Norway as the default baseline emission factor for accounting and disclosure of electricity.
- Combined Margin applied for SEB's 2021 impact reporting: 315 g CO₂e/kWh.
- Energy savings from green buildings disclosed as a net value, based on energy use per m² and year and compared to a baseline scenario in which buildings comply with applicable national regulations.

1) International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting, November 2015.

External review

To ensure that SEB's Green Bond Framework meets high environmental and climate ambitions in line with international standards, SEB has obtained an independent, research-based, second opinion by the Expert Network on Second Opinions (ENSO) led by the Centre for International Climate and Environmental Research in Oslo (CICERO), now known as Cicero Shades of Green.

→ [https://webapp.sebgroup.com/mb/mblib.nsf/alldocsby-uid/7009A17E2174B3A2C12586A0004F5CF6/\\$FILE/seb_cicero_second_opinion.pdf](https://webapp.sebgroup.com/mb/mblib.nsf/alldocsby-uid/7009A17E2174B3A2C12586A0004F5CF6/$FILE/seb_cicero_second_opinion.pdf)

SEB has engaged an external, independent assurance provider, Ernst & Young AB, to review the adherence to defined processes and use of proceeds set out in the Green Bond Framework. Please read the Auditor's Limited Assurance Report on page 9.

"SEB's Green Bond Framework, in line with the company's broader commitment to environmental sustainability, provides a clear process for project approval. Based on an overall assessment of the project types that will be financed by the green bond and governance and transparency considerations, SEB's Green Bond Framework gets a dark green shading."

CICERO (November 2016)

Auditor's Limited Assurance Report

To Skandinaviska Enskilda Banken AB (publ), corporate identity number 502032-9081

Introduction

We have been engaged by the Board of Directors of Skandinaviska Enskilda Banken AB (publ) (SEB) to undertake a limited assurance engagement of selected information in SEB's Green Bond Investor Report 2021, concerning the Green Bond issued in February 2017.

Assurance scope

The scope of our work was limited to assurance over the processes and systems for financing of eligible assets and allocating proceeds from the Green Bond to such assets, as described in the Investor Report (the "selected information"). The reporting criteria against which this information was assessed are relevant parts of the SEB Green Bond Framework per November 2016, available on the SEB website. Our assurance does not extend to any other information in the Investor Report. We have not reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing an Investor Report that is free of material misstatements, whether due to fraud or error, in accordance with the SEB Green Bond Framework.

Responsibilities of the Auditor

Our responsibility is to express a limited assurance conclusion on the selected information specified above based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and the process for selection of eligible assets, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our independence and quality control

Ernst & Young AB applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SEB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the SEB Investor Report has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, March 1, 2022

Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Charlotte Söderlund
Authorized Public Accountant

SEB's Green Bond issued in 2017

| Bond | Feb 2017, 0.3%, 5 yrs Senior |
|----------------|-----------------------------------------|
| Issuer | Skandinaviska Enskilda Banken AB (publ) |
| Type | Senior Unsecured |
| Rating | Aa3/A+/AA- (Moody's/S&P/Fitch) |
| Nominal amount | EUR 500,000,000 |
| Issue date | 17 February 2017 |
| Maturity date | 17 February 2022 |
| Listing | Irish Stock Exchange (regulated market) |
| ISIN | XS1567475303 |

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