



Positively shaping the future.
Today and for generations to come.

Principles for Responsible Banking Reporting and Self-Assessment Template

The table below is SEB's third report as a signatory to the Principles for Responsible Banking, PRB. In the report we provide our self-assessment in relation to the principles, and references to e.g. our Annual and Sustainability Report 2022. In accordance with PRB reporting requirements, the following parts of the report has been subject to limited assurance: 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles.

Principle 1: Alignment	
 <p><i>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</i></p>	
Business model Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.	
Response SEB is a leading northern European financial services group with international reach. In Sweden and the Baltic countries, SEB offers financial advice in a wide range of financial services. In Denmark, Finland, Norway, Germany and the United Kingdom, we have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. SEB serves some 2,000 large corporations across a broad spectrum of industries, approximately 1,100 financial institutions in the Nordic markets, and some 400,000 small and medium-sized companies, as well as Swedish public sector entities. In Sweden, Estonia, Latvia and Lithuania, SEB has approximately four million private customers. Of these, around 500,000 are home bank customers in Sweden and about one million in the Baltic countries. We have around 32,000 private banking customers. The Nordic and the Baltic countries are served with universal banking services, life insurance solutions, asset management/ investment products and card, private banking and advisory services through our three distribution channels (digital, remote, and physical). The international nature of SEB's business is reflected in our presence in more than 20 countries worldwide, with around 16,500 employees. See portfolio composition in Impact and Target Setting 2.1 b).	Links and references ASR 2022, p. 24
Strategy alignment Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks. Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these? <input checked="" type="checkbox"/> UN Guiding Principles on Business and Human Rights <input checked="" type="checkbox"/> International Labour Organization fundamental conventions <input checked="" type="checkbox"/> UN Global Compact <input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples <input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: <i>EU Non-Financial Reporting Directive (NFRD), EBA Pillar III ESG Risk, TCFD (voluntary commitment) and Net Zero Banking Alliance (voluntary commitment)</i> <input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: <i>EU Non-Financial Reporting Directive (NFRD) and EBA Pillar III ESG Risk</i> <input type="checkbox"/> None of the above	
Response SEB is committed to aligning its strategy to international goals such as the UN Sustainable Development Goals (SDGs) and the Paris Agreement. In 2021 SEB updated its sustainability strategy, outlining the bank's role in the transition towards a sustainable society. The strategy is integrated in the business plan 2022–2024 and is a cornerstone of SEB's 2030 Strategy. SEB's strategy is to be a leading catalyst in the transition towards a more sustainable society. Our main contribution to the SDGs and Paris Agreement is by supporting our customers in their transition. Our material focus areas include sustainable financing, sustainable savings and investments, innovation, people and community and environment. Several fundamental areas are essential to our long-term performance, namely financial strength and resilience, risk management, business ethics and conduct, strong governance and a robust sustainability policy framework.	Links and references ASR 2022, p. 19, 34

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

In 2021, SEB conducted an impact analysis in line with our commitments to the Principles for Responsible Banking, identifying the SDGs that we impact the most. The analysis was performed on SEB's sector distributed credit portfolio (lending and contingent liabilities).

By limiting the scope of the impact analysis to the bank's credit portfolio, SEB wanted to make sure to identify and develop targets, strategies and metrics for the areas where SEB can have the most material impacts. Therefore, other areas such as the provision of infrastructure for payments and transactions or wealth management have not been subject for the impact analysis.

The impact analysis was performed based on SEB's own advisory tool, the Impact Metric Tool (IMT). This tool measures ESG factors, impact on the SDGs, alignment with the EU Taxonomy and the exposure to climate risks. The SDG assessment module, which has been developed in collaboration with the Royal Swedish Academy of Sciences, and the Stockholm Resilience Centre, identifies and measures the impact of [investments] on the SDGs from a sector impact perspective.

Links and references
ASR 2022, p. 37

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Sector/geography	Share of total credit exposures	Sweden	Nordic's	Baltic's	Germany and UK	Other
Banks	4 %	3 %				1 %
Corporates	55 %	25 %	14 %	3 %	11 %	2 %
Real Estate	12 %	9 %	2 %	1 %		
Households	24 %	20 %	1 %	3 %		
Other	5 %	5 %				
Total	100 %	62 %	17 %	7 %	11 %	3 %

Links and references
ASR 2021, p. 178

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis
This step aims to put your bank's portfolio impacts into the context of society's needs.

<p>Response The impact analysis is based on SEB's exposure towards each sector in the credit portfolio. The exposure was combined with the impact each sector has, positive and negative, on the SDGs. Based on this approach and considering that the bulk of SEB's activities lie within northern Europe, the analysis showed that the areas where SEB's sector exposure had a potential negative impact are Climate change (SDG 13), Biodiversity (SDGs 14 and 15) and Fresh water (SDG 6). The areas with the most significant potential positive impact are Decent work and economic growth (SDG 8) and Industry, innovation and infrastructure (SDG 9). Major challenges in northern Europe are connected to energy supply, housing, resource efficiency and waste. Circularity (Responsible consumption and production, SDG 12) is therefore also included in SEB's prioritisation. SEB has engaged with other banks, NGOs and experts to address the mentioned challenges as well as the peers and stakeholders within the PRB and NZBA collaboration platforms.</p>	<p>Links and references ASR 2022, p. 37</p>
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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

<p>Response Based upon the result from the impact analysis, SEB has prioritized Climate change (SDG 13) as the first significant impact area. When identifying our second significant impact area we have taken a broader perspective and besides Climate change, also included all of the impact areas that we identified in the impact analysis: Biodiversity (SDG 14 and 15), Fresh water (SDG 6), Industry, innovation and infrastructure (SDG 9), Decent work and economic growth (SDG 8). In addition, from a geographical perspective and based on the production and consumption patterns in Europe, Circularity (Responsible consumption and production, SDG 12) is also included in the prioritisation.</p>	<p>Links and references ASR 2022, p. 37</p>
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d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.
 In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.
 If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.
The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

<p>Response Within our first significant impact area we want to measure our impact on Climate Change (SDG 13). As a founding signatory of the NZBA pursuing this goal, we have set 2030 targets in five sectors: oil & gas, power generation, steel, car manufacturing, and Swedish household mortgage sectors, which together constitutes a significant part of SEB's financed emissions. SEB has also set its financed emissions baseline. With the second area of significant impact, SEB has taken another approach to assess the intensity of impact resulting from the bank's activities. We want to measure our sustainability related financing, advisory and investment activities for all identified impact areas; Biodiversity (SDG 14 and 15), Fresh water (SDG 6), Industry, innovation and infrastructure (SDG 9), Decent work and economic growth (SDG 8), Circularity (SDG 12), and Climate change (SDG 13). These identified impact areas cover several sectors, products and segments, and are captured in SEB's Sustainability Activity Index. The Index is based on a strong governance model that defines what sustainable activities that can be included, thereby ensuring that the activities will have a material impact on one of the impact areas. This is further explained in the target section.</p>	<p>Links and references ASR 2022, p. 62-63</p>
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Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

- Climate change
- Biodiversity (SDG 14 and 15), Fresh water (SDG 6), Industry, innovation and infrastructure (SDG 9), Decent work and economic growth (SDG 8), Circularity (Responsible consumption and production SDG 12), and Climate change (SDG 13)

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication
 Up to 12 months prior to publication
 Up to 18 months prior to publication
 Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.
⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response	Links and references
<p>Target area: Climate change: <i>Net Zero Banking Alliance, NZBA</i></p> <p>SEB is committed to reach net-zero greenhouse gas (GHG) emissions by 2050 at the latest. Financed emissions account for the vast majority of SEB's total GHG emissions. SEB has developed a methodology to estimate the financed emissions from the credit portfolio. The methodology forms the basis for the calculation of SEB's emission profile for 2020 and the development of the 2030 sector targets. SEB has identified five sectors where the bank can achieve the greatest positive impact: oil & gas, power generation, steel, car manufacturing and Swedish household mortgages.</p> <p>Target area: Biodiversity, Fresh water, Industry, innovation and infrastructure, Decent work and economic growth, and Circularity (Responsible consumption and production) and Climate change: All SDGs covered in the second target area are considered as significant impact areas, and they are therefore captured in <i>SEB's Sustainability Activity Index</i>.</p> <p>SEB's Sustainability Activity Index has a broader scope, and includes not only the credit portfolio, but also investments. Having a broader scope is an important means to engage all parts of SEB in driving the sustainability agenda and reach the set targets. The two first activities in the Index (sustainable financing and sustainable financing advisory) cover the credit portfolio and debt capital market activity.</p> <p>The activities included in SEB's Sustainability Activity Index are:</p> <p>a) Sustainable financing: SEB offers green loans that qualifies for our Green Bond Framework. The framework was updated in 2022 and has been made more inclusive and supports areas such as biodiversity and transition to circular economy. Volumes from green loans and sustainability-linked loans is included as a part of SEB's Sustainability Activity Index</p> <p>b) Sustainable finance advisory: SEB offers advisory services within sustainability-themed products, such as green, social and sustainability bonds and sustainability-linked bonds. The volumes is included as a part of SEB's Sustainability Activity Index</p> <p>c) SEB Greentech Venture Capital investments: started in 2020, invests in green technology, focusing on transformative ideas that promise substantial impact in reducing greenhouse gas emissions or in preventing transgression of the planetary boundaries. The invested volumes is included as a part of SEB's Sustainability Activity Index</p> <p>d) Sustainable saving and investment products: SEB strive to increase the share of saving and investment products that have sustainable goals as their objective and that follow good governance practice. The ambition, share of managed volumes, forms part of SEB's Sustainability Activity Index.</p> <p>SEB's business is governed by a set of policies, frameworks and instructions. SEB's corporate sustainability policy, thematic and sector policies and transparency statement, together with frameworks and instructions ensure that we steer towards target alignment of SEB's Sustainability Activity Index. SEB's Green Bond Framework and the SEB Instruction for the Sustainable Product Committee and its subcommittee(s) is essential in the governance of the index.</p> <p>SEB's Investment Mandate Greentech, with accompanying investment strategy as well as the Sustainable Finance Disclosure Regulation, SFDR concerning article 9 investment products, are important frameworks for the other areas in the Index, Greentech VC investments and Article 9 investments products, which however are not included in the scope of the impact analysis.</p> <p>The Sustainability Activity Index does not measure impact from all of its activities. The Green Bond Investor Report provides quantitative environmental impact data on a sector-based and aggregated level for parts of the sustainable financing component of the index.</p> <p>Examples of impact metrics are:</p> <ul style="list-style-type: none"> - Effect (MW) - Electricity/energy produced (GWh) - Energy savings (GWh) <p>The Green Bond Investor Report is published on sebgroupp.com in //month 2023//</p> <p>Annual reporting is also provided for the article 9 funds, to what extent the sustainability objective has been reached. These objectives can be both social and environmental.</p> <p>For the other activities within the Sustainability Activity Index, where similar reports do not exist, the governance of what can be included in the index becomes very important as the target is volume-based. As mentioned above different instructions and frameworks are applicable. These do not only ensure that the activities included in the Sustainability Activity Index have a sufficient impact to be labelled sustainable, but also that potential negative impacts are avoided or mitigated. SEB's sustainability policy framework also acts as a guardian to ensure that relevant screenings are performed to ensure no significant harm is occurring in the Sustainability Activity Index.</p> <p>Going forward, SEB is assessing methods for measuring impact in areas such as energy efficiency, circularity, water and biodiversity. With better data, based on the Corporate Sustainability Reporting Directive, CSRD, the impact measurement in these areas will significantly improve, which will enable increased granularity of target setting.</p>	<p>See Annex ASR 2022, p. 62-63</p> <p>ASR 2022, p. 38-39</p> <p>ASR 2022, p. 49-50</p>

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation		See separate annex attached in this document.

Impact area	Indicator code	Response
Biodiversity, Fresh water, Industry, innovation and infrastructure, Decent work and economic growth, and Circularity (Responsible consumption and production) and Climate change		See response in 2.2 a-d

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<p>Response The baseline year for the SEB Sustainability Activity Index is 2021. Each activity of the aggregated index has 100 as baseline with separate targets. The baseline, target and outcome of the Sustainability Activity Index, and each sub-index, are presented in the Annual and Sustainability Report, as well as commented on in quarterly interim reports.</p>	<p>Links and references ASR 2022, p. 35</p>
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c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<p>Response Net-Zero Banking Alliance: see Annex SEB Sustainability Activity Index: Specific – Increase our sustainability activities 6-8 times by 2030 Measurable – Volume-based goal, measured as an aggregated index Achievable – Long-term goal with deliverables integrated in business plan and long-term business strategy. Relevant – Increasing the sustainability activities is part of SEB's ambition to "be a leading catalyst in the sustainability transition". This makes SEB's Sustainability Activity Index relevant since it is a strategic measure that drives positive impact within a broad range of areas related to the SDGs. This index is capturing a large share of the bank's sustainability-related activities and is important for the integration of sustainability-related performance KPIs in senior management and in business units. With better data available the Sustainability Activity Index will also be broken down into various thematic impact areas. Time bound – Between 2021 and 2030</p>	<p>Links and references ASR 2022, p. 62-63 ASR 2022, p. 35</p>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<p>Response Net-Zero Banking Alliance: see Annex At SEB we are convinced that sustainable financing is among the most important drivers in the transition towards a sustainable society. By offering sustainable advisory and financing products and services, we support our customers on their journeys and help them achieve their goals. We continuously develop our sustainability related offering to accommodate our customers needs, and we drive product innovation to create new demands and opportunities. The Sustainability Activity Index, which is a volume-based target, has a 2025 milestone to increase the aggregated sustainability activity with 3-4 times by 2025.</p>	<p>Links and references ASR 2022, p. 38-39, 40 and 54</p>
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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>Climate change</i>	... second area of most significant impact: <i>Climate change, Biodiversity, Freshwater, Industry innovation and infrastructure, Decent work and economic growth, and Responsible consumption and production (circularity)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Regarding the climate change impact area, the NZBA targets includes the sectors covered by SEB's Carbon Exposure Index (The Brown), and therefore it replaces the Carbon Exposure Index as a target in the context of the PRB report.

According to SEB's current business plan we will dedicate additional venture capital, accelerate sustainable product innovation and development, and further integrate sustainability in sales and advisory processes and client relationship management. The KPI is integrated in management and business unit performance assessment and thus also resource allocation.

Links and references

See Annex, and ASR 62-63

ASR 2022, p. 36

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

In order to emphasise SEB's commitment to the Paris Agreement, one of the principles in the bank's Customer Acceptance Standards (CAS) established in 2020, is that "customers in industries with a high negative climate impact and without a credible plan to manage the transition to a lowcarbon economy in line with the Paris Agreement shall be avoided". To manage its credit exposure to customer segments with a material carbon footprint, the bank defines risk strategies for these sub-portfolios. The strategies are reviewed annually.

We engage in constructive and concrete dialogues about our customers' needs in relation to sustainability challenges and opportunities. The CSC model (see 2.3) is a hands-on tool for SEB's client teams that enables us to deepen our relationships and mutual understanding of our corporate customers' decarbonisation journeys. We strive to proactively offer solutions that we identify as relevant for them, based on a structured analysis. The model constitutes the foundation for assessing, classifying and measuring how SEB's corporate and real estate customers, in the credit portfolio, impact the planet and people from a sustainability perspective.

To support our customers and to further understand their investment portfolios' impact on sustainability aspects, SEB has developed the Impact Metric Tool. The tool consists of modules that allow measurement of environmental, social and governance (ESG) aspects of financial institutions operations at a portfolio level.

Links and references

ASR 2022, p. 57

ASR 2022, p 38

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

SEB's role is to support those customers who share the bank's long-term view of how society should be transformed. We develop products and services that we believe are in line with the transition and we finance those companies that are involved in driving it.

For more information about Sustainable Financing and Sustainable Investments in terms of value, see Sustainable notes in ASR 2022.

Links and references

ASR 2022, p. 19

ASR 2022, p. 210-211

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

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

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

Links and references
ASR 2022, p. 52

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets..

Response

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

The Board fulfils these responsibilities through the approval of the group's business plan, including the corporate sustainability strategy considerations.

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

The President and Chief Executive Officer (President) is responsible for the execution of the corporate sustainability strategy and implementation of the governance structure set by the Board. The decision-making body Group Executive Sustainability Committee (GESC) is established and chaired by the President, with the purpose to manage the execution of the corporate sustainability strategy.

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

Links and references
ASR 2022, p. 49

ASR 2022, p. 50

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

When launching SEB's updated purpose and 2030 strategy, we also started an engaging process with team dialogues to get input to SEB's new behaviours, which guide us towards our purpose. More than 10,000 colleagues took part in the activities to shape them, and the result were three core concrete and actionable behaviours: create value, act long-term, and build positive relationships.

SEB invests in strengthening and broadening competence among employees in all parts of the business, in all geographies and in a broad range of areas.

At the digital university SEB Campus, a wide range of courses is offered in collaboration with internal and external experts as well as international colleges and universities. Through continuous learning, we avoid major reorganizations and redundancies as a result.

Starting in 2022, all employees are encouraged to complete a sustainability certification training which aims to lay the foundation for knowledge of sustainable finance with the main focus on sustainability risks and opportunities, as well as the regulatory development.

During 2022, SEB continued to work with the leadership philosophy to support leaders in driving change, promoting innovation and contributing to an inclusive culture where diversity of perspectives is valued.

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

Links and references
ASR 2022, p. 26

ASR 2022, p. 44

ASR 2022, p. 50

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁵ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

SEB has a policy framework in place consisting of an overall Corporate Sustainability Policy, two thematic policies and ten sector policies. This framework, in combination with other group-wide policies and procedures, ensures that we address environmental and social risks in our credit portfolio. In each division there is a Sustainability Business Risk Committee (SBRC) established that assesses and decides upon new customers or transactions from a material sustainability risk perspective, and based on SEB's strategy and policies, before bringing the on-boarding or transaction for decision. Escalation to a divisional SBRC is done by the client executive (or equal) when a proposed transaction or customer on-boarding deviates from SEB's sustainability policies or sustainability risk appetite.

During 2022, we have worked to enhance the customer acceptance process with regards to compliance with the Sustainability Policy and Corporate Sustainability Governance Instruction. The enhanced process is expected to be implemented gradually in SEB during 2023.

SEB strive to avoid causing, contributing to or being directly linked to negative impacts on the environment and on people from our activities, products and services.

SEB supports the OECD Guidelines for Multinational Enterprises. In addition, SEB's Customer Acceptance Policy is taking ethical considerations into account, such as customers shall comply with laws and regulations, and if there's a heightened risk of money laundering or sanctions. We also put transparency requirements on our clients.

Management of human rights risks in the client and supplier relationship is addressed through the Social and Human Rights policy and the Code of Conduct for suppliers. The governance is defined in SEB's Corporate Sustainability Governance Instruction.

Links and references
ASR 2022, p. 37

ASR 2022, p. 49, 51

Self-assessment summary:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹⁵ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

SEB's PRB report 2022 has been subject for limited review by the same Audit firm as for the financial statements (EY), in accordance with requirements: 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, and 5.1 Governance Structure for Implementation of the Principles.

Links and references
[PRB 2022, p 10]

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other: ...

Response

The foundation of SEB's Sustainability Report is based on the GRI Universal Standard 2021.

Links and references
ASR 2022, p. 227-230

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

SEB's total emission profile including emissions from own operations and financed emissions are reported in SEB's Annual and Sustainability Report 2022. In line with the expectations from the NZBA, SEB is in the process of estimating financed emissions for the most relevant sectors of its credit portfolio not included in the above 2030 sector targets. The work will support the extension of target-setting to additional sectors in the coming 18 months.

Furthermore, SEB is developing methods for measuring impact and setting targets in areas such as energy efficiency, circularity, water and biodiversity. With better data, aligned with the Corporate Sustainability Reporting Directive, CSRD, the impact measurement and potential for target setting in these areas will significantly improve. During 2023, SEB's sustainability policy framework will be formally integrated in the credit process. Furthermore, SEB's sustainability-related targets are integrated in performance KPIs of the management.

Links and references
ASR 2022, p. 62-63

ASR 2022, p. 59
ASR 2022, p. 50

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
 Gaining or maintaining momentum in the bank
 Getting started: where to start and what to focus on in the beginning
 Conducting an impact analysis
 Assessing negative environmental and social impacts
 Choosing the right performance measurement methodology/ies
 Setting targets
 Other: ...
 Customer engagement
 Stakeholder engagement
 Data availability
 Data quality
 Access to resources
 Reporting
 Assurance
 Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these: ...

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Annex climate change target

Impact area	Practice ¹ (pathway to impact)									Impact ²		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	Climate strategy: Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	Client engagement process: Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No; <i>If yes:</i> Please specify for which clients (types of clients, sectors, geography, number of clients etc.) To assess our corporate and real estate portfolio's climate impact, SEB has a proprietary model: the Customer Sustainability Classification model (CSC). The CSC model assesses how aligned the customer's business activities are with the climate objectives of the Paris Agreement. The model is used in customer meetings as a hands-on tool to discuss the customers' transition plans. In 2021, 66% of the credit portfolio in scope had been assessed. The majority of covered clients is large companies in the Northern Europe.	A.3.1	Financial volume of green assets/ low-carbon technologies: How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used Green Loans (include project financing within the EU, UK and Nordic region, which fulfil the sustainability criteria in the SEB Green Bond framework 46.6 SEKbn Green mortgage: 12.0 SEKbn Greentech VC investments: 126 SEKm	A.4.1	Reduction of GHG emissions: how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO ₂ e (or applicable metrics) ⁵ In November 2022, SEB published its net-zero aligned 2030 interim targets for specific sectors in the credit portfolio. The targets focus on the areas where we can achieve the greatest positive impact, therefore covering SEB's lending commitments to the oil & gas, power generation, steel, car manufacturing, and Swedish household mortgage sectors. These targets will be reported on an annual basis.
	A.1.2	Paris alignment target: Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No; <i>If yes:</i> - please specify: to become net zero by when? 2050 - Emissions baseline / base year: What is the emissions baseline / base year for your target? 2020 - What climate scenario(s) aligned with the Paris climate goals has your bank used? Mainly IEA scenario Net Zero by 2050 – A Roadmap for the Global Energy Sector – but also other scenarios for specific sectors such as household mortgages.	A.2.2	Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?	Total GHG emissions or CO ₂ e (please also disclose what is excluded for now and why) See SEB's Annual and Sustainability Report 2022, p. 62	A.3.2	Financial volume lent to / invested in carbon intensive sectors and activities and transition finance: How much does your bank lend to / invest in carbon-intensive sectors and activities? How much does your bank invest in transition finance ⁵ ?	bln/mn USD or local currency, and/or % of portfolio For a breakdown of SEB's credit portfolio carbon footprint per sector, see Annual and Sustainability Report 2022, p 56. The investment in sustainable activities can be referred to as SEB's Sustainability Activity Index – The Green. It is a volume-based index measuring SEB's activities that support sustainable development. In 2022, the index increased by 59%, see ASR 2022 p. 35.	A.4.2	Portfolio alignment: How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed) Thus far, we have assessed 70% of our credit exposure to customers with material carbon footprint and 50 % of credit exposure to customers with slight carbon footprint. With our current assessment we have a transition ratio of around 69%, meaning that 69% of the classified credit portfolio is already classified as sustainable, in a Paris aligned as in 1.5 or 2 degrees transition or already operating at a sustainable performance.

1 Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

2 Impact: the actual impact of the bank's portfolio

3 If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.

4 A list of carbon-intensive sectors can be found in the Guidelines for Climate Target Setting.

5 Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

Impact area	Practice ¹ (pathway to impact)					
	1. Action indicators			2. Output indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.3	Policy and process for client relationships: has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	A.2.3	Sector-specific emission intensity (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	<i>Please specify which sector (depending on the sector and/or chosen metric):</i> kg of CO ₂ e/kWh, CO ₂ e / m ² ; kg of CO ₂ e/USD invested, or kg of CO ₂ e/revenue or profit Oil & Gas E&P1 and refining Scope 1&2&3 Metric: million tonnes CO ₂ e 2020 baseline: 18.4 Power generation Scope1&2 Metric: g CO ₂ e / kWh 2020 baseline: 123 Steel Scope 1&2 Metric: tonne CO ₂ e / tonne Steel 2020 baseline: 1.40 Car manufacturing Scope 3 Metric: g CO ₂ e / km / vehicle 2020 baseline: 153 Household mortgage - Sweden Scope 1&2 Metric: kg CO ₂ e / m ² 2020 baseline 3.12
	A.1.4	Portfolio analysis: Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No; <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed We have analyzed a majority of the portfolio amounting to 79% of the total credit portfolio. Non-material areas include, housing cooperatives, finance sector and consumer financing	A.2.4	Proportion of financed emissions covered by a decar-bonization target: What proportion of your bank's financed emissions is covered by a decar-bonization target, i.e. stem from clients with a transition plan in place?	% (<i>denominator: financed emissions in scope of the target set</i>) 70% of SEB's financed emissions is covered by a decar-bonization target.
	A.1.5	Business opportunities and financial products: Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for Green mortgages: 12.0 SEKbn in 2022 Green loans: 54.7 SEKbn in 2022 Sustainability Linked Loans: 131 SEKbn in 2022			

Auditor's Limited Assurance Report of Skandinaviska Enskilda Banken's self-assessment of the Principles for Responsible Banking

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) to undertake a limited assurance engagement of Skandinaviska Enskilda Banken's self-assessments of its fulfilment of its commitments as a signatory of the Principles for Responsible Banking, for the year 2022, which is reported in the Principles for Responsible Banking Reporting and Self-Assessment Template, the PRB report 2022.

The reporting criteria against which this information was assessed are Skandinaviska Enskilda Banken's self-assessment of its fulfilments of its commitments as signatory of the Principles for Responsible Banking that are described on pages 1–9 in the PRB report, covering the Principle for Responsible Banking assessment areas 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure for Implementation of the Principles. Our assurance does not extend to any other information in the PRB report 2022.

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 the preparation of the self-assessment of Skandinaviska Enskilda Banken's fulfilment of its commitments as a signatory of the Principles for Responsible Banking in accordance with the applicable criteria. This responsibility also includes the internal control relevant to the preparation of a self-assessment that is free from material misstatements, whether due to fraud or error.

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 (revised) 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 preparation of the self-assessment, 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 International Standard on Quality Management 1, 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 Skandinaviska Enskilda Banken 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 self-assessment has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, 28 February, 2023
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Charlotte Söderlund
Authorized Public Accountant

This report is Skandinaviska Enskilda Banken AB's self-assessment on the implementation of the Principles for Responsible Banking Framework as developed by the United Nations. The report has been prepared in accordance with the Principles for Responsible Banking Guidance document and the Self-assessment Template, published in November 2021 and September 2022 respectively by the United Nations Environment Programme Finance Initiative, UNEP FI.

Stockholm, 28 February, 2023
Skandinaviska Enskilda Banken AB