

Corporate governance



 During the year, the Board has reviewed the bank's long-term strategy and decided on the new business plan for 2019–2021. It reflects the opportunities and challenges of the growing customer demand for rapid digitalisation and automation of financial services as well as the bank's efforts to provide sustainable products and services. The increasing competition and pace of change – and cyber threats becoming more frequent – reinforce the importance of upholding a solid corporate governance framework to defend our strongest assets: our brand and our credibility."

Marcus Wallenberg, *Chair, Board of Directors*

To maintain the important societal function as a bank, it is of paramount importance for SEB that all stakeholders have great confidence and trust in the bank's operations. Professional people who are guided by strong and proper business conduct are crucial, as is maintaining a sound risk culture.

The importance of corporate governance

To maintain trust among customers, employees, shareholders and other stakeholders and prevent conflicts of interest, roles and responsibilities are clearly defined for shareholders, directors, management and other stakeholders.

SEB's work with corporate governance is focused on ensuring smooth and effective operations with high standards, sound risk management and robust internal control.

Rules and regulations

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

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

►See p. 50 for information about new regulatory requirements.

In addition, SEB applies an internal framework, which among other things includes the Articles of Association, adopted by the general meeting of shareholders. Policies and instructions that define the division of responsibility within the group are tools for

the Board of Directors (the Board) and the President and Chief Executive Officer (the President) in their governing and controlling roles. Such policies and instructions include, among others:

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

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

The Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the Code). SEB strives to follow the Code where appropriate and has no deviations to report for 2018.

►More information about corporate governance is available on sebgroup.com

Shareholders and general meetings of shareholders

The shareholders' influence is exercised at general meetings of shareholders through, among other things, election of directors of the Board and the external auditor.

SEB has approximately 261,000 shareholders. Around 168,000 of them own less than 500 shares, while 111 hold more than 1,000,000 shares, accounting for 82 per cent of the capital and votes. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote. ►*SEB's largest shareholders and the shareholder structure are shown on p. 29–30.*

The Annual General Meeting (AGM) of shareholders is held in Swedish in Stockholm. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at the AGM and to vote for the full number of their shares. Shareholders who cannot attend may appoint a representative. The 2018 AGM was held on 26 March. A total of 1,114 persons, representing 1,832 shareholders, were in attendance at the AGM. An electronic system for televoters was used at the AGM.

The main resolutions made at the AGM were:

- approval of the dividend of SEK 5.75 per share
- decision on the number of directors of the Board to be eleven
- re-election of eleven directors
- re-election of Marcus Wallenberg as Chair of the Board
- re-election of PricewaterhouseCoopers as external auditor
- adoption of guidelines for remuneration of the President and the other members of the GEC
- approval of three long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes
- issuance of a mandate to the Board to resolve on the issuance of convertibles.

►*The minutes from the AGM are available on sebgroup.com*

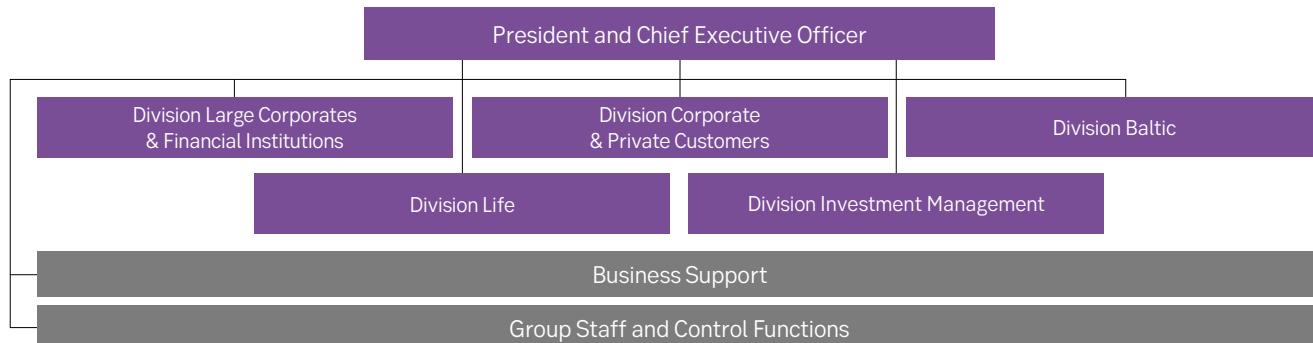
Corporate governance structure

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



SEB's organisation

As of 1 January 2019



Nomination Committee

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

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

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

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

An important principle is that the size and composition of the Board shall be such as to serve the bank in the best possible way. Therefore, as the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board as a result of the bank's operations, organisation and future direction.

The Board's size and composition is discussed and reviewed in terms of whether they have adequate knowledge, skills and experience, both in the financial and other sectors. The directors should also have sufficient time to perform their duties and understand the business and the main risks of the bank. The Nomination Committee also reviews the evaluations of the Board and the Chair of the Board. (▶See page 55).

The composition of the Board shall adhere to applicable laws and regulations and to the Policy on Suitability, Diversity and Composition of the Board of Directors, adopted by the Board. The Nomination Committee shall ensure diversity within the Board in terms of educational and professional background, gender, age and geographical provenance of the directors.

Furthermore, the Nomination Committee discusses succession matters with particular emphasis on continuity and long-term perspective in ensuring the Board's competence and composition.

The Nomination Committee for the 2019 AGM was appointed in the autumn of 2018. No special fee has been paid to the members of the Nomination Committee.

Nomination Committee for the 2019 AGM

Member	Representing	Votes (%) 31 Aug. 2018
Petra Hedengran, chair	Investor	20.8
Magnus Billing	Alecta	6.9
Lars Heikensten	Trygg-Stiftelsen	5.3
Javiera Ragnartz	AMF Försäkring och Fonder	4.2
Marcus Wallenberg	SEB, Chair of the Board	
		37.2

Tomas Nicolin, additional member, appointed by the Board.

Javiera Ragnartz represented AMF in the Nomination Committee until 4 February 2019, when she was replaced by Anders Oscarsson. Javiera Ragnartz left the Nomination Committee to assume a position at SEB.

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

▶The Nomination Committee's proposals for decisions, including motivated account as regards directors, are available on sebgroup.com

Board of Directors

The Board has overall responsibility for the organisation, management and operations of the SEB group.

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

The Board has the following duties, among others:

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

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

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2018 AGM the Board shall consist of eleven AGM-elected directors, without deputies, and of two directors with two deputies who serve as employee representatives and are appointed by the trade unions. In order for a quorum to exist at a Board meeting, more than half of the directors must be present. The President is the only AGM-elected director employed by the bank. The Nomination Committee has assessed the directors' independence in relation to the bank and the bank's management as well as in relation to shareholders controlling 10 per cent or more of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

The work of the Board follows a yearly plan. In 2018, the Board held 17 meetings. The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the bank, such as when the President's work is evaluated. Other members of the GEC participate whenever required.

Directors' fees

SEB's AGM in 2018 set total fees for the directors of the Board and decided how these fees should be distributed among the Board and its committees.

The AGM in 2018 resolved that the total fees to the Board should amount to SEK 9,700,000. Directors' fees are paid on a running basis during the mandate period. Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that directors use 25 per cent of their fee to purchase and hold SEB shares up to an amount corresponding to one year's fee. Neither the President nor the directors appointed by the employees receive any Director fee.

Board committees

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

At present, there are three committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). These committees report to the Board on a regular basis. An important principle is that as many directors as possible shall participate in committee work. The Chair of the Board serves as vice chair of the three committees. Neither the President nor any other officer of the bank is a member of the committees.

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

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

- the extent to which the individual directors take an active part in Board and committee discussions
- whether directors contribute with independent opinions
- whether the meeting atmosphere facilitates open discussions.

The outcome of the evaluation is presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to determine the appropriate size and composition of the Board.

The Chair of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg does not participate in the evaluation of the Chair's work, which in 2018 was directed by vice chair Jesper Ovesen. The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.

On the Board's agenda in 2018

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> • AGM notification and AGM proposals • Macroeconomic review • Balance sheet, capital and dividend matters • Annual report 2017 • Internal and external audit reports as well as Group Compliance report • Financial governance model and financial targets • Remuneration of the President, the GEC and control functions • Statutory meeting • Group talent review and succession planning • IT plan 2018 • Appointment of GEC members 	<ul style="list-style-type: none"> • Review of the business area Markets within the division Large Corporates & Financial Institutions • Monitoring of business environment, focused on niche banks • Macroeconomic review • Internal Capital and Liquidity Assessment (ICAAP and ILAAP) • Remuneration policy • Follow-up of compliance with new regulations • SEB long-term strategy • Business plan 2019–2021 	<ul style="list-style-type: none"> • SEB's long-term strategy • Business plan 2019–2021 • Review of operations in SEB Germany • Employee survey 	<ul style="list-style-type: none"> • Annual meeting with the Director General of the Financial Supervisory Authority • Recovery and Resolution plan • Business plan 2019–2021, financial plans and forecasts • Risk strategy • Annual review of policies and instructions • SEB's Code of Conduct • Board evaluation • Risk seminar • Media focus on SEB's role in money laundering and tax evasion • Adoption of new Inclusion and Diversity Policy

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



Board of Directors

	1 Marcus Wallenberg	2 Sven Nyman	3 Jesper Ovesen	4 Johan H. Andresen	5 Signhild Arnegård Hansen
Position	Chair since 2005	Vice Chair since 2017	Vice Chair since 2014	Director	Director
Committee	● RCC ● ACC ● RemCo		● RCC ● ACC		● RemCo
Year elected	2002	2013	2004	2011	2010
Born	1956	1959	1957	1961	1960
Education	B.Sc. (Foreign Service)	B.Sc. (Business and Econ.)	B.Sc. (Econ.) and MBA	B.A. (Government and Policy Studies) and MBA	B.Sc. (Human Resources) and journalism studies
Other assignments	Chairman of Saab and FAM. Vice Chairman of Investor. Director of AstraZeneca Plc., Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation.	Chairman of RAM Rational Asset Management. Director of RAM ONE, Ferd AS (Norway), Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and of Axel and Margaret Ax:son Johnson's Foundation.	Director of Sunrise Communications Group AG (Switzerland) and Conva Tec Group Plc. (UK).	Owner and Chairman of Ferd AS (Norway). Chairman of Council on Ethics for the Government Pension Fund Global (Norway). Director of SWIX Sport AS (Norway), NMI-Nordic Microfinance Initiative and Junior Achievement Europe.	Chairman of SnackCo of America Corp (USA). Vice Chairman of the Swedish-American Chamber of Commerce (SACC) (USA). Director of Business Sweden and Entrepreneurship and Small Business Research Institute (ESBRI), SOS Children Villages Sweden and SACC New York.
Background	Citibank in New York, Deutsche Bank, SG Warburg Co, Citicorp Hong Kong and Stora Feldmühle. Executive Vice President of Investor and CEO of Investor. Several assignments as chairman and director of large public companies.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of Lancelet Asset Management and Arbitech. Several directorships.	Price Waterhouse. Vice President and later CEO of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Den Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.	International Paper Co. Partner of Ferd AS. CEO of Ferd AS.	President of the family-owned company Svenska LantChips. Chairman of the Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis, University of Lund, Magnora, King Carl XVI Gustaf's Foundation for Young Leadership and Transatlantic Business Dialog.
Nationality	Swedish	Swedish	Danish	Norwegian	Swedish
Own and closely related persons' shareholdings	753,584 Class A shares and 720 Class C shares	10,440 Class A shares and 10,200 Class C shares	25,000 Class A shares	100,000 Class A shares	5,387 Class A shares
Independent in relation to bank/major share holders	Yes/No	Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes
Attendance at Board/Committee meetings ¹⁾	16 of 16 / 29 of 31	16 of 17	17 of 17 / 23 of 23	14 of 17	17 of 17 / 8 of 8
Remuneration, Board meetings, SEK	2,940,000	930,000	930,000	700,000	700,000
Remuneration, Committee meetings, SEK	805,000	–	815,000	–	387,500

● Chair ● Vice Chair ● Member

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



11 12 13 14

»See information p. 58

6 Samir Brikho	7 Winnie Fok	8 Tomas Nicolin	9 Helena Saxon	10 Johan Torgeby
Director	Director	Director	Director	Director (President and CEO)
● RCC	● ACC	● RCC ● RemCo	● ACC	
2013	2013	2009	2016	2017
1958	1956	1954	1970	1974
M.Sc. (Engineering, Thermal Technology), Hon. Dr. (Cranfield University).	Bachelor of Commerce	B.Sc. (Econ.) and M.Sc. (Management)	M.Sc. (Business and Econ.)	B.Sc. (Econ.)
UK Business Ambassador. Co-Chairman of the UK-UAE Business Council and the UK-ROK CEO Forum. Director of Euro-Chem Group AG. Member of Advisory Board of Stena. Chairman of the Step Change Charity.	Director of Volvo Car Corporation, G4S plc (UK). Member of the Investment Committee of HOPU Investments Co, Ltd. (Asia), senior advisor to FAM and WFAB.	Chairman of Centre for Justice. Director of Nordstjernan, Nobel Foundation and Axel and Margaret Ax:son Johnson's Foundation. Member of the Investment Committee of Niam Property Fund.	CFO at Investor. Director of Swedish Orphan Biovitrum.	Director of the Swedish Bankers' Association and of the Institute of International Finance and Mentor Sweden.

Broad international experience from management and leadership, especially within the industrial sector. Leading positions within ABB, e.g. as Division Head and CEO of significant subsidiaries. Member of the GEC of ABB Ltd. CEO of Amec Foster Wheeler plc.	Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of the Institute of Chartered Accountants in England and Wales. Industrial advisor and senior advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd.	Broad experience in the financial sector as CEO of Alesta, Third National Swedish Pension Fund and E. Öhman J:or Fondskommision as well as a leading position in Handelsbanken. Several directorships.	Financial analyst at Goldman Sachs and Investor, CFO at Syncron International and Hallvarsson & Hallvarsson. Investment Manager at Investor.	Portfolio Manager & Macro Economist (Swedbank), Head of Nordic & Dutch Corporate Debt Capital Markets & Risk Management, Executive Director, Financial Sponsors Group Private Equity at Morgan Stanley in London, Head of Client Coverage, Merchant Banking. Co-head of division Large Corporates & Financial Institutions.
Swedish, Swiss	British	Swedish	Swedish	Swedish
0 shares	3,000 Class A shares	66,000 Class A shares	12,500 Class A shares	5,567 Class A shares, 84,809 share rights and 138,037 conditional share rights.
Yes/Yes	Yes/Yes	Yes/Yes	Yes/No	No/Yes
17 of 17 / 15 of 16	16 of 17 / 7 of 7	17 of 17 / 20 of 20	16 of 16 / 7 of 7	17 of 17
700,000	700,000	700,000	700,000	–
345,000	265,000	540,000	425,000	–

Sara Öhrvall was a director of the Board until 30 June 2018, when she left at her own request and joined the bank as Chief Digital, Customer Experience and Communications Officer.

Directors appointed by the employees (►See group photo on p. 56–57.)

	11 Anna-Karin Glimström	12 Håkan Westerberg	13 Annika Isenborg	14 Charlotta Lindholm
Position	Director	Director	Deputy Director	Deputy Director
Year elected	2016	2015 ¹⁾	2016 ²⁾	2015
Born	1962	1968	1967	1959
Education	University studies in mathematics, statistics and law.	Engineering logistics.	University studies in working environment.	LLB
Other assignments	Chairman of Financial Sector Union of SEB group and Financial Sector Union Western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.	Chairman of the Association of University Graduates at SEB.	First deputy Chairman of Financial Sector Union of SEB and Financial sector union regional club Group Operations of SEB.	Vice Chairman of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.
Background	Office manager and various other positions in SEB. Various specialist and leader roles within Trygg-Hansa. Director of SEB's Profit Sharing Foundation.	Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor.	Employed at Fixed Income, Group Operations. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.	Various client responsibility positions in several divisions and subsidiaries in the SEB. Presently client executive at Private Banking Foundations.
Nationality	Swedish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	0 shares 809 conditional share rights	4,005 Class A shares and 809 conditional share rights	257 Class A shares and 1,618 conditional share rights	221 Class A shares and 809 conditional share rights
Attendance at Board meetings	16 of 17	17 of 17	16 of 17	15 of 17

1) Deputy director 2011–2014

2) Deputy director 2014

Audit and Compliance Committee

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

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

The ACC held seven meetings in 2018. The Head of Group Finance, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit reports for the Committee's consideration. In addition, the President, the Finance Director and the CRO regularly participate in the meetings. ►See p. 66 for the Report on Internal Control over Financial Reporting.



The 2008 financial crisis led to increasingly demanding regulations, which in turn led to a significant increase in the need for internal control of regulatory compliance and financial reporting. 2018 was therefore characterised by continued intensive work on the implementation of measures to ensure compliance with regulations such as GDPR, PSD 2 and IFRS. Another area that called for extra attention of the Committee in 2018 was the preparation for election of new external auditor in accordance with the EU Auditing Regulation. The committee recommended that EY be proposed by the Nomination Committee as the bank's new external auditor at the 2019 AGM."



Helena Saxon
Chair of the ACC

ACC members

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

Three lines of defence in risk management**1**

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

2

The risk and compliance functions constitute the second line of defence. These units are independent from the business. The risk function is responsible for identifying, measuring, monitoring and reporting risks. Risks are measured both on detailed and aggregated levels. Internal measurement models have been developed for the majority of the credit

Remuneration and Human Resources Committee (RemCo)

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's remuneration system and remuneration practice, incentive programmes and risk adjustment of deferred variable pay.

RemCo monitors and evaluates how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

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

In addition, the Committee oversees the group's pension obligations and, together with the RCC, the measures taken to secure the pension obligations of the group, including developments in the bank's pension foundations. The RemCo held eight meetings in 2018.



Executive management succession, talent and competence planning as well as SEB's remuneration models were in focus in 2018. In times of rapid change and shortage of key competencies, it is vital that the bank can attract employees of, among other things, various gender, age, background and mindset. By adopting an Inclusion & Diversity policy as well as strengthening the whistleblowing process, SEB clarified its position regarding inclusion and diversity."



**Signhild
Arnegård Hansen**
Chair of the RemCo

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest. ►See the Remuneration Report on p. 64.

RemCo members

Signhild Arnegård Hansen (Chair), Marcus Wallenberg (Vice Chair) and Tomas Nicolin.

Risk and Capital Committee (RCC)

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

The RCC sets the principles and parameters for measuring and allocating risk and capital within the group and oversees risk management systems and the risk tolerance and strategy for the short and long term. The RCC prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists the RemCo in providing a risk- and capital-based view on the remuneration system. The RCC held 16 meetings in 2018.

The group's Finance Director has the overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. The President, the Finance Director, the Head of Group Finance and the CRO regularly participate in the meetings. ►The CRO function is described on p. 62. Information on risk, capital and liquidity management is provided on p. 44.



SEB's capital position and the development of capital requirements including in particular the proposed EU Bank Package reform and "Basel IV" continued to be focus areas for RCC in 2018. Other important areas addressed include monitoring of the credit portfolio, the Swedish household mortgage market, impact from growing e-commerce and sustainability risk management aspects. RCC also followed up on the actual effects of new regulatory requirements that came into force during the year."



Jesper Ovesen
Chair of the RCC

RCC members

Jesper Ovesen (Chair), Marcus Wallenberg (Vice Chair), Tomas Nicolin and Samir Briko.

portfolio as well as for market and operational risk and are approved by the Swedish FSA for calculating capital adequacy. Risks are controlled through limits at transactional, desk and portfolio levels. Asset quality and the risk profile are monitored continuously, for example through stress testing.

The compliance function works proactively to ensure the quality of compliance at SEB, and focuses on issues such as customer protection, conduct in the financial market, prevention of money laundering and financing of terrorism as well as regulatory requirements and controls.

3

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

Group Executive Committee (as per 1 January 2019)



	Johan Torgeby	Magnus Carlsson	Magnus Agustsson	Jeanette Almberg	Joachim Alpen	Martin Johansson
Position	President and CEO since 2017	Deputy President & CEO since 2014	Chief Risk Officer since 2017	Head of Group Human Resources since 2016	Executive Vice President, Co-Head of the Large Corporates & Financial Institutions division since 2018	Head of Business Support since 2011 and Chief of Staff since 2018
GEC member since	2014	2005	2017	2016	2014	2009
SEB employee since	2009	1993	2009	2008	2001	2005
Born	1974	1956	1973	1965	1967	1962
Education	B.Sc. (Econ.)	B.Sc. (Econ.)	C.Sc and M.Sc	B.Sc. (Econ.)	MBA, M.A. (International relations)	B.Sc. (Econ.)
Nationality	Swedish	Swedish	Icelandic and Finnish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	5,567 Class A shares, 84,809 share rights and 138,037 conditional share rights.	54,998 Class A shares, 55,933 share rights and 113,440 conditional share rights.	8,744 Class A shares, 4,970 share rights and 34,461 conditional share rights.	10,600 Class A shares, 33,055 share rights and 58,049 conditional share rights.	6,112 Class A shares, 98,783 share rights and 118,948 conditional share rights.	236 Class A shares, 41,079 share rights and 156,104 conditional share rights.

The President

The President, who is also the Chief Executive Officer, is responsible for the day-to-day management of the activities of SEB in accordance with the directives of the Board. The President shall ensure that the organisation and administration of SEB is appropriate. The President is overall responsible for managing all risks of SEB in accordance with the policies and instructions of the Board and the intentions as stated in the risk tolerance statements.

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

The President's committees

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

The Group Executive Committee (GEC)

To safeguard the interests of the group as a whole, the President consults with the GEC on matters of major importance or of importance as to principles. The GEC addresses, among other things, matters of common concern to several divisions, strategic issues, sustainability, business plans as well as financial forecasts and reports. The GEC held 39 meetings in 2018. The President has appointed seven managers as additional members of the GEC. They participate in GEC meetings from time to time to provide expertise and insight within primarily their area of responsibility.

The Asset and Liability Committee (ALCO)

The ALCO, chaired by the President and with the Finance Director as vice chair, is a group-wide decision-making, monitoring and consultative body. The ALCO, which held nine meetings in 2018, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework
- strategic capital and liquidity issues, including internal capital allocation and principles for internal pricing
- structural issues and issues related to the bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries
- the balance sheet and funding strategy for the group.

The Group Risk Committee (GRC)

The GRC, chaired by the President and with the CRO as vice chair, is a group-wide, decision-making committee that addresses all types of risk, including sustainability and reputational risks, at group level in order to evaluate portfolios, products and customers from a comprehensive risk perspective. The GRC held 66 meetings in 2018. The GRC is tasked with:

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

					
William Paus	Nina Korfu-Pedersen	Mats Torstendahl	Riho Unt	Masih Yazdi	Sara Öhrvall
Executive Vice President, Co-Head of the Large Corporates & Financial Institutions division since 2018	Head of Group Finance since 2016	Executive Vice President, Head of the Corporate & Private Customers division since 2018	Head of the Baltic division since 2016, Group AML Senior Officer since 2018	Finance Director since 2018	Chief Digital, Customer Experience and Communications Officer since 2018
2018	2018	2009	2016	2018	2018
1992	2010	2009	2001	2013	2018
1967	1973	1961	1978	1980	1971
M.Sc. (Econ.)	M Sc. (Econ)	M.Sc. (Engineering Physics)	MBA, MA (Public Administration)	B.Sc. (Econ)	M Sc. (Econ)
Norwegian	Norwegian	Swedish	Estonian	Swedish	Swedish
52,900 Class A shares, 75,962 conditional share rights, 6,481 phantom share rights and 27,386 conditional phantom share rights.	436 Class A shares, 11,477 share rights and 22,014 conditional share rights.	104,218 Class A shares, 50,494 share rights and 184,391 conditional share rights.	1,063 Class A shares, 7,773 share rights and 56,574 conditional share rights.	10,257 Class A shares, 11,587 share rights and 46,189 conditional share rights.	1,150 Class A shares.

On the GEC agenda in 2018

- Macroeconomic development
- Discussion on regulations, such as MiFID II, GDPR, AML4 and PSD 2
- Annual accounts and quarterly reports
- AGM preparations
- Review of the bank's various businesses and home markets
- Follow up of current Business Plan 2016–2018
- SEB long-term strategy and new Business Plan 2019–2021
- Discussion on capital requirements, asset quality and risk
- Quarterly reports from Group Compliance, Internal Audit and Group Risk.
- Review of, and discussion on, the digitalisation work including development and launch of enhanced customer functionality as well as internal automation initiatives
- Review and discussion on IT, including investments, security, agile steering and cloud services
- Discussion on strategic investments and co-operation with fintech and digitalisation companies
- Discussion on customer satisfaction, branding and image position as well as customer insight work
- Employee Insight survey 2018 – discussion of survey result and actions
- Development of corporate sustainability
- Review of outsourced activities
- Investor World update
- Review process for handling of customer complaints
- Know-Your-Customer and Anti-Money-Laundering training
- Annual review of policies and instructions, including SEB's Code of Conduct
- Discussion on inclusion and diversity
- Review of competence and leadership development
- Workshop on risks

Divisions and business areas

SEB's business is organised in divisions. Each division is responsible for the subsidiaries designated to the division.

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

consultation with the President, heads of the business areas within the division.

A Country Manager is appointed in a country outside Sweden where SEB maintains business operations. The Country Manager co-ordinates the group's business locally and reports to a specially designated member of the GEC.

Additional members of the Group Executive Committee (as per 1 January 2019)

						
Johan Andersson	Peter Holtermand	Ausra Matuseviciene	Nicolas Moch	Marcus Nystén	David Teare ¹⁾	John Turesson
Position	Country Manager SEB Germany since 2016	Country Manager SEB Denmark since 2002	Head of Opera- tions since 2015	Chief Information Officer since 2018	Country Manager SEB Finland since 2010	Head of the Life division since 2019
Additional member since	2009	2011	2018	2018	2014	2019
SEB employee since	1980	1997	2002	2008	1998	2006
Born	1957	1963	1973	1972	1960	1963
Education	B.Sc. (Econ.)	B.Sc. (Econ.)	MBA	M.Sc.	M.Sc. (Econ.)	B.Comm.
Nationality	Swedish	Danish	Lithuanian	Swedish and French	Finnish	Canadian and British
Own and closely related persons' share- holdings	51,056 Class A shares, 22 Class C shares and 747 conditional share rights.	436 Class A shares, 18,658 share rights, 83,157 conditional share rights, 7,616 phantom share rights, 49,470 conditional phan- tom share rights.	9,890 Class A shares, 12,558 share rights and 28,798 condi- tional share rights.	3,689 Class A shares, 5,457 share rights and 28,525 condi- tional share rights.	119,847 Class A shares, 53,493 conditional share rights, 7,027 phantom share rights and 32,786 conditional phan- tom share rights.	54,932 Class A shares, 50,071 share rights and 74,600 condi- tional share rights.
						0 Class A shares, 24,524 condi- tional share rights, 5,186 phantom share rights and 19,506 conditional phan- tom share rights.

1) As Head of Division Life & Investment Management in 2018, David Teare was an ordinary member of the GEC in 2018

Business support and Group staff functions

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

Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems, and management of SEB's IT portfolio.

SEB's Group staff functions have global responsibility and support the organisation with services in the areas of Financial Control, Human Resources, Legal Affairs, Digital experience & Innovation, Communication, Marketing and Corporate Sustainability.

The CRO function

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

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

The main objective for Group Risk is to ensure that all risks in SEB's activities are identified, measured, monitored, controlled and reported in accordance with external and internal rules. They also manage models for risk measurement. CRO Office aggregates and analyses data across risk types and the group's credit portfolios and handles general matters surrounding risk governance and risk disclosure. Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the group's Credit Instruction, adopted by the Board. The chairs of the respective divisional credit committees have the right to veto credit decisions. Material exceptions to the group's Credit Policy must be escalated to a higher level in the decision-making hierarchy.

Head of Group Risk and Head of Group Credits are appointed by the President, upon recommendation by the CRO, and report to the CRO. ►For information about risk, capital and liquidity management see p. 44.



Magnus Agustsson
Chief Risk Officer



Björn Rosenkvist
Head of Group Internal Audit

Group Internal Audit

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

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

Each year the ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings to the ACC and also provides reports to the RCC and the Board.

The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party. Group Internal Audit co-ordinates its work covering the bank's financial reporting with the bank's external auditor. The bank's external auditor relies to some extent on the work of Group Internal Audit in its assignment to review the group's financial reporting. This requires that the external auditor evaluates Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

Group Compliance

The Group Compliance function has the responsibility to inform, control and follow up on compliance matters. Group Compliance is independent from the business organisation.

The Group Compliance function advises the business and management, in order to secure that SEB's business is carried out in compliance with regulatory requirements, and thereby promoting trust from customers, shareholders and the financial markets.

Special areas of responsibility are:

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

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



Gent Jansson
Head of Group Compliance



Peter Nylinge
Auditor, PricewaterhouseCoopers

Born 1966; Auditor of SEB, Partner in charge as of 2012. Authorised Public Accountant, President of PwC Sweden.

Other major assignments:
Sandvik and Fagerhult.

Previous major assignments:
Ericsson, Securitas, Assa Abloy and Electrolux.

Information about the auditor

According to SEB's Articles of Association, the bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered auditing firm may be appointed auditor.

PricewaterhouseCoopers AB has been the bank's auditor since 2000 and was re-elected in 2018 for the period up to and including the 2019 AGM.

The fees charged by the auditor for the auditing of 2017 and 2018 financial years and for other assignments invoiced during these periods are shown in the table below.

	SEK m	
	2018	2017
Audit assignment	27	30
Audit-related services	12	21
Tax advisory	15	12
Other	21	5
Total¹⁾	75	69

1) Of which PricewaterhouseCoopers SEK 58m (65).

Sustainability governance

The Board of Directors is responsible for deciding on SEB's strategy and sustainability approach, and for adopting the Corporate Sustainability Policy. The President takes decisions in the Group Executive Committee (GEC) on the development of the sustainability work, in line with the strategy set by the Board. An operational steering committee has been assigned by the President to take responsibility for and monitor the bank's sustainability work.

Clear and effective structures for distribution of responsibility ensure that SEB's sustainability efforts address relevant issues and that these are implemented across the entire group.

► For a full description of SEB's sustainability governance, see sebgroup.com