

## APPENDIX

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Discretionary portfolio “Portfolio”

**Legal entity identifier:** F3JS33DEI6XQ4ZBPTN86

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The discretionary portfolio is a financial product under Article 8 of the Sustainable Finance Disclosure Regulation (EU 2019/2088; “**SFDR**”) that promotes environmental and social characteristics. The assets of the portfolio are invested in funds investing mainly in equities and fixed income instruments (target funds), in accordance with the terms and restrictions set out in the Asset Management Agreement. In addition, the portfolio may invest in direct equity and fixed income instruments as well as in other investment products\*, where permitted by the Asset Management Agreement.

Environmental and social characteristics will be promoted by integrating the assessment of sustainability factors into investment decisions. To the extent that the asset management

\*) other investment products include among others alternative investments that do not invest in funds investing in equities and fixed income (target funds) and structured products

portfolio invests in target funds, only target funds whose management companies are signatories to the UN-supported Principles for Responsible Investment (PRI) will be selected. The selection of target funds will also take into account the exclusion criteria applied by the target fund, the type and level of integration of sustainability and the principles of active ownership and engagement. When selecting target funds of management companies outside the SEB Group, particular emphasis will be placed on the alignment of the management company's corporate responsibility policies with those of SEB Investment Management AB ("**SEB IM AB**"). The funds selected for the portfolio are mainly sustainability-oriented funds, i.e. funds that promote sustainable characteristics, i.e. funds under Article 8 of the SFDR, or funds that make sustainable investments, i.e. funds under Article 9 of the SFDR. Any direct equity and fixed income investments\*\* in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability characteristics in accordance with Article 8 of the SFDR. Even in the selection of other investment products\* products that promote sustainability characteristics under Article 8 of the SFDR or products that make sustainable investments under Article 9 of the SFDR are preferred. However, for other investment products\* depending on the asset class integration of sustainability factors might not always be possible. For the investments in the portfolio, SEB commits to a minimum investment ratio of 60 % for investments in accordance with Articles 8 and 9 of the SFDR.

Sustainability risks and the principal adverse impacts on sustainability factors, their likelihood and scale of impact are continuously assessed as part of the investment process and monitoring of the investment targets and the portfolio.

The possible benchmark index for the portfolio is defined in the Asset Management Agreement. There is no benchmark index defined for the portfolio to determine whether the financial product meets the environmental and/or social characteristics it promotes. A composite index of general market indices, which does not take into account sustainability risks or sustainability factors, is a possible benchmark for the portfolio and is used mainly for comparing portfolio returns and calculating risk figures.

### ● *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The environmental and social characteristics promoted by the discretionary portfolio will be measured by indicators such as:

- the share of fund investments managed by a fund management company that has signed up to the UN-supported Principles for Responsible Investment (PRI);
- the share of investments that promote sustainability characteristics under Article 8 of the SFDR or make sustainable investments under Article 9 of the SFDR;
- the extent of the exclusion criteria applied by the target funds; and
- an external sustainability rating for the target funds.

The environmental characteristics promoted by the portfolio are measured by the following indicators:

- the carbon footprint (scope 1 & 2) of the portfolio's equity investments (direct investments and target funds) and the weighted carbon intensity of all investments (scope 1 & 2) and their evolution over time;
- the commitment of the portfolio's equity investments (direct investments and target funds) to science-based or otherwise ambitious emission

\*) other investment products include among others alternative investments that do not invest in funds investing in equities and fixed income (target funds) and structured products

\*\*) excluding strategic investments

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

reduction targets and net zero emissions under the Paris Climate Agreement; and

- for equity investments in the portfolio (direct investments and target funds), the share of economic activities that are covered by the EU taxonomy (Regulation 2020/852) and the share of economic activities that can be classified as sustainable under the EU taxonomy.

The social characteristics promoted by the portfolio are measured by the following indicators:

- the unadjusted gender pay gap in the companies invested in by the target funds; and
- the diversity of the boards of the companies invested in by the target funds.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The discretionary portfolio does not have as its objective sustainable investment or investment or investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy (2020/852). In addition, the discretionary portfolio does not have an objective for sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The discretionary portfolio does not have as its objective sustainable investment or an objective for sustainable investments.

— ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The discretionary portfolio does not have as its objective sustainable investment.

— ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The discretionary portfolio does not have as its objective sustainable investment.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria..*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?



Yes

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The assets in the discretionary portfolio are invested in selected target funds, and may also be invested directly in equity and fixed income instruments as well as in other investment products\* if the Asset Management Agreement allows it. To the extent that portfolio assets are invested in target funds managed by SEB IM AB or direct equity and fixed income investments\*\* are made, the principal adverse indicators (PAIs) 4, 10 and 14 in Table 1 of the Regulatory Technical Standards Annex ("RTS Annex") 1 to the SFDR will be considered and screened against SEB IM AB's exclusion criteria. In addition, PAI 13 will be considered using the active ownership and engagement. SEB IM AB is, among other things, committed to and aims to promote diversity and equality by seeking to influence them, in particular through participation and voting (including proxy voting) at general meetings.

For target funds managed by SEB IM AB and for direct equity and fixed income investments\*\* in the portfolio, all the principal adverse indicators (PAIs) in Table 1 of RTS Annex 1 will be included in the investment process applicable to the portfolio. Of the PAIs in Table 1 above, in particular 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13 and 14 are considered as part of the quantitative analysis model to identify sustainability risks and opportunities for the investee companies. The model will be used for investment decisions regarding the target funds managed by SEB IM AB and potential direct investments.

The assets of the portfolio may also be invested in target funds managed by management companies outside the SEB Group. The selection of such funds will be based on the highest possible alignment of the sustainability principles of the management company concerned with those of SEB IM AB, and all PAIs in Table 1 of RTS Annex 1 and their development will be monitored regularly. Also for the target funds of management companies outside the SEB Group, the PAIs 10 and 14 of above mentioned Table 1 are taken into account through management company specific exclusion criteria.

The level and development of the portfolio's adverse impact indicators are regularly monitored and changes are made to the portfolio where necessary.



No



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The discretionary portfolio is a financial product under Article 8 of the Sustainable Finance Disclosure Regulation (EU 2019/2088; "**SFDR**") that promotes environmental and social characteristics. The assets of the portfolio are invested in funds investing mainly in equities and fixed income instruments (target funds), in accordance with the terms and restrictions set out in the Asset Management Agreement. In addition, the portfolio may invest in direct equity and fixed income instruments as well as in other investment products\*, where permitted by the Asset Management Agreement.

Environmental and social characteristics will be promoted by integrating the assessment of sustainability factors into investment decisions. To the extent that the portfolio invests in target funds, only target funds that are signatories to the UN-supported Principles for Responsible

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\*\*) excluding strategic investments

Investment (PRI) are selected to the portfolio. The funds selected for the portfolio are mainly target funds that promote sustainability characteristics, i.e. funds under Article 8 of the SFDR, or that make sustainable investments, i.e. funds under Article 9 of the SFDR. Any direct equity and fixed income investments\*\* in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability characteristics in accordance with Article 8 of the SFDR. Even in the selection of other investment products\* products that promote sustainability characteristics under Article 8 of the SFDR or products that make sustainable investments under Article 9 of the SFDR are preferred. However, for other investment products\* depending on the asset class integration of sustainability factors might not always be possible. For the investments in the portfolio, SEB commits to a minimum investment ratio of 60 % for investments in accordance with Articles 8 and 9 of the SFDR.

The possible benchmark index for the portfolio is defined in the Asset Management Agreement. There is no benchmark index defined for the portfolio to determine whether the financial product meets the environmental and/or social characteristics it promotes. A composite index of general market indices, which does not take into account sustainability risks or sustainability factors, is a possible benchmark for the portfolio and is used mainly for comparing portfolio returns and calculating risk figures.

The portfolio aims to generate long-term capital appreciation with a well-diversified level of risk. This is achieved through active portfolio management, based on comprehensive analysis and the manager's view on the attractiveness of different investment opportunities, including the valuation of markets in different geographical areas, the macroeconomic outlook, interest rate movements and the outlook for different sovereigns.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The assets in the portfolio are invested in selected target funds, and may also be invested directly in equity and fixed income instruments as well as in other investment products\* if the Asset Management Agreement allows it. To the extent that the portfolio invests in target funds, only those target funds whose management companies are signatories to the UN-supported Principles for Responsible Investment (PRI) will be selected.

The portfolio will mainly include target funds that promote sustainability characteristics, i.e. funds under Article 8 of the SFDR, or funds that make sustainable investments, i.e. funds under Article 9. Any direct equity and fixed income investments\*\* in the portfolio will comply with SEB IM AB's sustainability principles and promote sustainability in accordance with Article 8 of the SFDR. Even in the selection of other investment products\* products that promote sustainability characteristics under Article 8 of the SFDR or products that make sustainable investments under Article 9 of the SFDR are preferred. However, for other investment products\* depending on the asset class integration of sustainability factors might not always be possible. For the investments in the portfolio, SEB commits to a minimum investment ratio of 60 % for investments in accordance with Articles 8 and 9 of the SFDR..

The target funds in the portfolio are subject to the responsible investment principles of the management companies that manage them. To the extent that the assets in the portfolio are invested in funds managed by SEB IM AB and direct equity and fixed income investments\*\* are made, the investments are subject to SEB IM AB's broad exclusion criteria for investment universe exclusions:

- companies, that have insufficient governance structures, or that verifiably failed to comply with international norms, standards and conventions concerning

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\*\*) excluding strategic investments

human rights, the environment, anti-corruption, or employment rights, and have not shown clear goals and ongoing measures to address the issue(s)

- companies that are engaged in developing, manufacturing and/or selling controversial weapons and nuclear weapons;
- companies that produce fossil fuels or use unconventional extraction methods or that are engaged in developing, processing and exploiting coal, oil and/or natural gas resources, unless they are defined transitional by SEB IM AB;
- companies that generate energy from fossil fuels unless they are defined transitional by SEB IM AB;
- companies where distribution linked to fossil fuels exceeds 5 % of total revenues;
- companies for which services related to fossil fuels exceed 50 % of total revenues;
- companies that operate in, and have material negative impact on, bio-sensitive areas;
- companies with operations that have significant negative effects on threatened species;
- companies that produce tobacco, pornography or recreational (non-medical) cannabis;
- companies where distribution of tobacco products or pornography, production of alcohol, development or production of weapons\*\*, or development or production of commercial gambling exceeds 5 % of total revenue; and
- government bonds issued by countries which are in serious breach of fundamental social and political rights, or which are subject to sanctions imposed by the UN Security Council.

By adhering to this exclusionary criteria it is ensured that the underlying investment in the funds managed by SEB IM AB and the direct equity and fixed income investments do not cause significant harm to environmental and/or social objectives.

When investing in target funds managed by management companies outside the SEB Group, the selection process includes an assessment of the scope of the exclusion criteria of the target funds and their compliance with the criteria of SEB IM AB. In the selection process, emphasis is given to funds with broad exclusion criteria that are as close as possible to the exclusion criteria of SEB IM AB. As a minimum, the target funds will exclude companies that develop, manufacture and/or sell controversial weapons.

\*\*) does not apply to SEB Finlandia Optimized Exposure, SEB Finland Small Cap and SEB Sverigefond Funds as these funds can invest in companies active within defense industry

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no commitment to reduce the investment scope by any specific minimum rate before the investment strategy is applied. Any restriction is implemented as part of the investment strategy, inter alia, through broad exclusion criteria.



● **What is the policy to assess good governance practices of the investee companies?**

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The assets in the portfolio are invested in selected target funds, and may also be invested directly in equity and fixed income instruments if the Asset Management Agreement allows it. The target funds will comply with the responsible investment principles of the fund management companies managing the funds and any direct investments in equities and fixed income in the portfolio\* will comply with SEB IM AB's responsibility principles.

To the extent that the portfolio invests in funds and direct equity and fixed income instruments\*\* managed by SEB IM AB, SEB IM AB ensures, in accordance with its sustainability policy, that the underlying funds and direct investments comply with the principles of good governance, through the application of exclusion principles and the use of industry screening. In the case of target funds and direct equity and fixed income investments\*\* managed by SEB IM AB, the investment universe has, inter alia, excluded companies that have violated international standards such as the UN Global Compact principles, ILO convention and OECD guidelines. The underlying investments and direct equity and fixed income investments are regularly monitored to ensure compliance with the principles of good governance.

For the target funds and direct equity and fixed income investments\* managed by SEB IM AB, the implementation of the principles of good corporate governance in target funds and direct investments is also assessed on other criteria such as the independence of the board of directors, the diversity of the board and management, the level and measures of incentive compensation (including sustainability-linked incentive compensation), the separation of roles between senior management and the board, anti-corruption policies, tax practices, the social and environmental impact of the business, human rights and working conditions. These criteria are examined for the target funds and direct equity and fixed income investments\*\* managed by SEB IM AB, both at the level of the investee company and across the value chain of the company.

To the extent that the assets of the portfolio are invested in target funds of management companies outside the SEB Group, the management companies managing the funds will review the good governance practices of the investee companies in accordance with their own corporate responsibility policies. When selecting target funds of management companies outside the SEB Group, particular emphasis will be placed on the alignment of the management company's corporate responsibility policies with those of SEB IM AB.



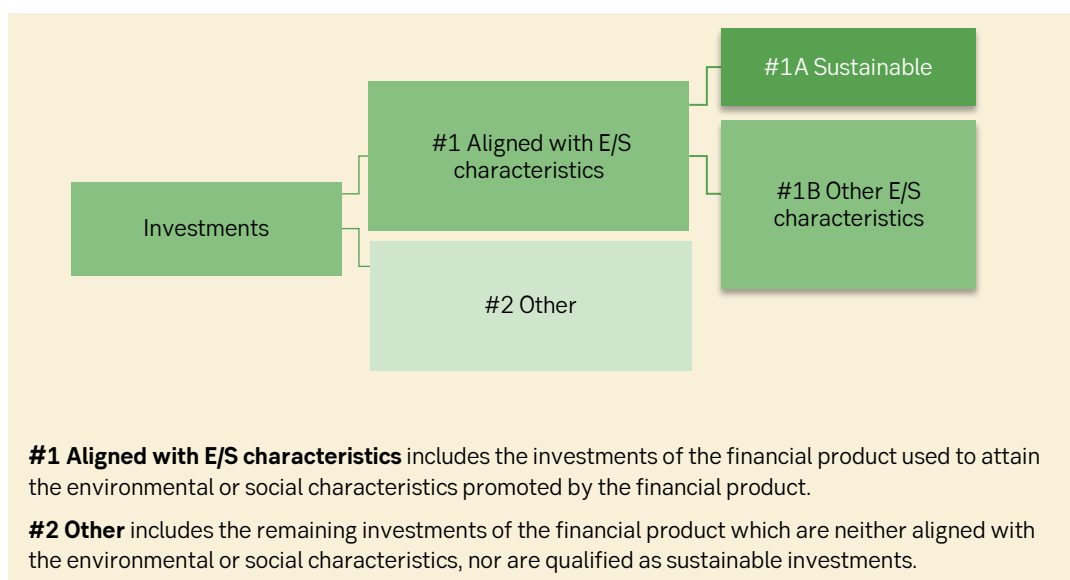
**What is the asset allocation planned for this financial product?**

**Asset allocation** describes the share of investments in specific assets.

At least 60% of the portfolio consists of sustainability-oriented investments that promote sustainability characteristics, i.e. funds or potential direct equity and fixed income investments as well as other investment products\* under Article 8 of the SFDR, or that make sustainable investments, i.e. funds or other investment products\* under Article 9 of the SFDR. The discretionary portfolio has not committed to any minimum share of sustainable investments. Other investments in the portfolio consist of cash for cash management needs, investments in bonds issued by sovereigns or public or supranational organisations for which available sustainability information is limited, strategic investments and investments in target funds or other investment products\* classified under Article 6 of the SFDR.

\*) other investment products include among others alternative investments that do not invest in funds investing in equities and fixed income (target funds) and structured products

\*\*) excluding strategic investments



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

No direct investments in derivatives are made from the assets of the portfolio. The target funds or other investment products\* may use derivatives in their investment activities to seek additional returns in relation to their benchmark index, to improve investment efficiency and to hedge risks. Underlying funds or other investment products\* do not invest in derivatives in order to promote environmental and/or social characteristics or to achieve their objective of sustainable investment. The decision to use derivatives is guided by an assessment of the total cost of the transaction. Elements such as liquidity, pricing and the responsible investment policy of the management company managing the underlying fund will also be taken into account.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The discretionary portfolio does not have as its objective sustainable investment.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

\*) other investment products include among others alternative investments that do not invest in funds investing in equities and fixed income (target funds) and structured products

Taxonomy-aligned activities are expressed as a share of:

- **turnover**, reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The discretionary portfolio does not have as its objective sustainable investment.



**What is the minimum share of socially sustainable investments?**

The discretionary portfolio does not have as its objective sustainable investment

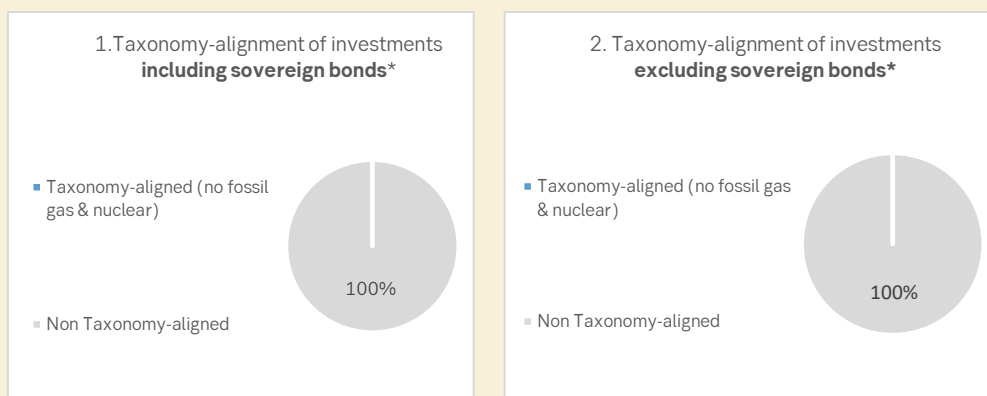


**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other investments in the portfolio consist of cash for cash management needs, investments in bonds issued by sovereigns or public or supranational organisations for which available sustainability information is limited, strategic investments, and other investments in target funds or other investment products\* classified under Article 6 of the SFDR.

For the above investments (excluding cash), the minimum requirement is that investments are not made in companies that develop, manufacture and/or sell controversial weapons (PAI 14 in Table 1 of RTS Annex 1).

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds. .



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

\*) other investment products include among others alternative investments that do not invest in funds investing in equities and fixed income (target funds) and structured products



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The possible benchmark index of the portfolio is defined in the Asset Management Agreement. No index has been defined as a benchmark for the portfolio to determine whether the financial product meets the environmental and/or social characteristics it promotes. The benchmark index for the portfolio is a composite index of general market indices, which does not take into account sustainability risks or sustainability factors and is mainly used for comparing portfolio returns and calculating risk figures.



## Where can I find more product specific information online?

More product-specific information can be found on the website: <https://seb.fi/en/private-customers/terms>.

In addition product-specific information is available on request:

- SEB's Private Wealth Management & Family Office, contact details can be found at <https://seb.fi/yksityisasiakkaat-ja-perheyhtiot/private-banking/pwm-and-fo-tiimi>.