

# Sustainability is about who we are and what we do.

## **Our sustainability year in brief**

Get a quick insight into our sustainability year in numbers

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## **Sustainability highlights**

Read about our sustainability highlights in 2023

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## **The call to transition away from fossil fuels**

Reflections from our Head of Sustainability

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## **How we work in practice**

A few case study examples showing sustainability in practice in our funds

→ Read more on pages 6-8

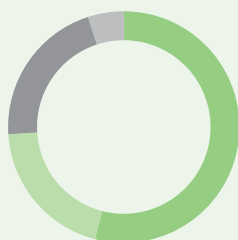
# 2023 in brief<sup>1</sup>

Scan the QR-code or click [here](#) to easily access the full Sustainability Review



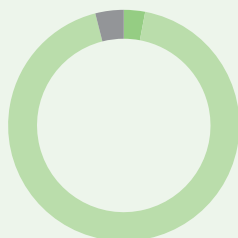
## General facts

- SEK 758 billion in assets under management in SEB-labelled mutual funds
- A diversified asset base



### Assets under management by asset class

Equities	54%
Fixed income	20%
Multi-management	21%
Alternatives	5%



### Assets under management by SFDR<sup>2</sup> classification

Article 9 funds <sup>2</sup>	3%
Article 8 funds <sup>2</sup>	93%
Other funds	4%

<sup>1</sup> Source: SEB Investment Management AB per 31 December 2023.

<sup>2</sup> See definitions on page 9.

### Risk information

SEB Investment Management AB is a fund company and a wholly owned subsidiary of Skandinaviska Enskilda Banken AB ("SEB").

Past performance is no guarantee of future returns. Fund units can both increase and decrease in value and there is no guarantee that you will get back the full amount invested. Funds with a risk level of 5-7, according to the fund's key information document (KID), can both decrease and increase significantly in value. When deciding whether to invest in the funds, consider not only their sustainability-related features but also all other characteristics detailed in the prospectus/information brochure. Fund information, including the KID, prospectus/information brochure, and sustainability-related disclosures, are available under each respective fund at [www.sebgroup.lu/funds](http://www.sebgroup.lu/funds) or [www.seb.se/fonder](http://www.seb.se/fonder).

## Key figures

– 65%

From the baseline year of 2019, we have reduced our invested Scope 1 and 2 greenhouse gas emissions from approximately 3.4 MtCO<sub>2</sub>e to 1.2 MtCO<sub>2</sub>e<sup>3</sup>

57%

The share of investments in our portfolios<sup>4</sup> where issuers have approved or committed to science-based targets<sup>5</sup>

33%

The share of our listed equities investments that are defined as "sustainable investments" in line with SFDR

5%

The share of bonds that are green, social or sustainable (sustainability labelled bonds) out of our total investments

<sup>3</sup> The long-term target is to reach net zero GHG emissions by 2040 for the total capital in funds.

<sup>4</sup> Listed equities and corporate bonds.

<sup>5</sup> Issuers have approved or committed to SBT targets according to SBTi's definition, <https://sciencebasedtargets.org/>, or other kinds of science-based targets.

## Active ownership

30

Number of nomination committees on which we served prior to the 2023 annual general meetings

41%

Proportion of women on boards for which we served on nomination committees prior to annual general meetings in 2023

793

Number of annual general meetings at which we voted in 2023

2,837

Number of dialogues we have had with companies on sustainability and corporate governance issues either individually or through collaborative initiatives

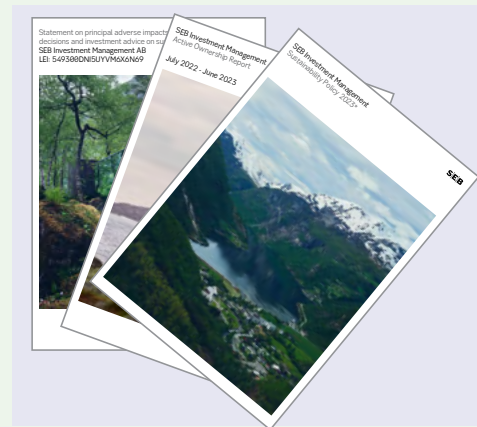
# Sustainability highlights 2023

## Publications

We published our second separate [Active Ownership Report](#).

We updated our [Sustainability Policy](#), now including biodiversity.

We published our [Report and process for principal adverse impact indicators for sustainability factors in asset management](#).



## Recognitions

### Winner of the Ethical Finance Awards 2023

We were one of the 2023 winners of Ethical Finance Awards at Wealth & Finance.

### 10 years of successful impact investing with Microfinance funds

2023 marked a decade of successful impact investing and we introduced our eleventh microfinance fund.

→ [Read more here](#)

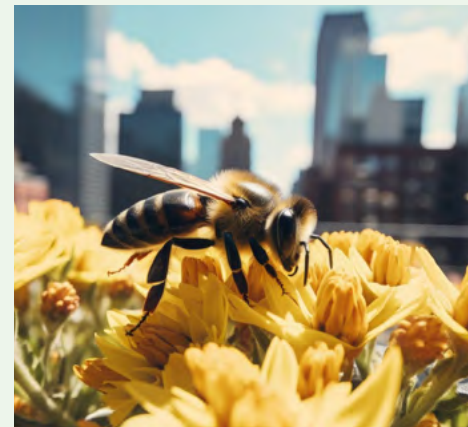


## Participations

**We participated in Nature Action 100**, a global investor initiative to drive necessary actions to reverse nature and biodiversity loss.

**We signed the Finance for Biodiversity Pledge.** In total, 163 financial institutions representing EUR 21.7 trillion in assets, have now signed the pledge. The aim of the initiative is to support a call to action and collaboration between financial institutions.

→ [Read more here](#)

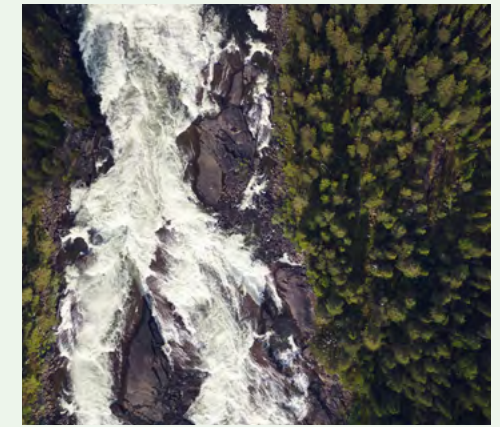


## Engagement focus

**We encouraged ESG targets** linked to variable pay in investee companies. The number of companies with such targets has increased. Read more in the full [Sustainability Review](#).

### Top score from PRI

We attained a score of 92 out of 100 in the “Policy, Governance, and Strategy” module when the UN-supported Principles for Responsible Investment released its latest assessment. Read more in the full [Sustainability Review](#).



# The call to transition away from fossil fuels

The effects of climate change were disturbingly more evident last year in many ways. Higher temperatures, and more frequent and intense flooding, droughts, and storms are just a few examples. At COP28, world leaders finally agreed that we should “transition away” from fossil fuels. 2023 was also a breakthrough year for biodiversity and natural capital.

2023 went down in history as the warmest year on record and we are rapidly approaching the temperature levels that the countries of the world previously agreed to try to stay under in the 2015 Paris Agreement<sup>6</sup>. Against this backdrop, COP28 – the UN Climate Change Conference – took place in Dubai in December. The transition away from fossil fuels is mentioned for the first time in the agreement that was negotiated. In addition, the participating countries agreed to triple investments in renewable energy, double energy efficiency improvements and accelerate the reduction of coal power.

## Our view on fossil fuels

For a few years now, our funds have excluded investments in companies that are directly involved in the extraction or production of fossil fuels. At the same time, we are following with great interest, the development of alternative technologies that reduce greenhouse gas emissions in the atmosphere.

## We favour companies in transition

For us, it is just as important to invest in transition companies. This applies, for example, to companies involved in energy and power generation that are currently, to some

extent, dependent on fossil fuels but have a credible plan for the transition to non-fossil energy sources. We also strive to invest in companies that can help with the transition to a fossil-free economy with new technologies, products or services. Our thematic funds, with sustainable investments as their objective, focus a great deal on these types of companies.

## Science-based targets in focus

At present, 57 per cent of the companies we have invested in have set science-based targets to reach net zero emissions by 2050. Science-based targets (SBT)<sup>7</sup> are something that we often highlight in our dialogues with the companies we invest in.

## Biodiversity and natural capital

2023 was also the year when biodiversity and natural capital took the stage as a theme for fund and asset managers, both in terms of investments and risk management.

This happened after governments of the world agreed on a new set of goals to halt and reverse nature loss by 2030 at the UN Biodiversity Conference (COP15) in Montreal at the end of 2022.

Not only does nature provide us with the raw materials and services needed to produce everything from food to industrial products, but we are also dependent on nature to deal with the effects and consequences of climate change, such as floods and excessive heat, and to store carbon dioxide in forests and oceans.

The loss of biodiversity and natural capital, which has accelerated in recent years, poses a significant risk, not only to ecosystems, but also to the companies in which our funds invest.

## The search for biodiversity data

While we strive to minimise the negative impact on biodiversity and natural capital loss from our portfolios, we recognise the scarcity of data that we need to measure this

impact. Currently, our focus is on increasing our knowledge and access to data, but also on encouraging companies to report on their risks and opportunities related to biodiversity and natural capital loss.

## Our efforts within biodiversity

To contribute to increased transparency and better reporting in this area, we are engaged in several initiatives, such as the Finance for Biodiversity pledge, Nature Action 100, and the PRI Stewardship Initiative on Nature.

We also supported the TNFD (Taskforce on Nature-related Financial Disclosures) Forum, supporting the new standardised framework for reporting on nature-related risks, which was launched in 2023.

We see challenges, but also investment opportunities in this area.



“We are rapidly approaching the temperature levels that the countries of the world previously agreed to try to keep to in the 2015 Paris Agreement.”

Elisabet Jamal Bergström  
Head of Sustainability, SEB Investment Management AB

<sup>6</sup> Source: [EU's Copernicus, 17 November 2023](#)

<sup>7</sup> See definition on page 9.

# What is important to our customers is important to us

We asked our customers who have fund and/or pension savings with SEB, which three of the UN Sustainable Development Goals (SDGs) they find most important. 45 per cent stated that “combating climate change” was the most important SDG. Other important goals for our clients were “clean water and sanitation” and “life on land”.



## Climate action

The global economy is heading for global warming in excess of 2°C. We continue to prioritise this issue. In engagement with our holdings, we address and emphasise the importance of:

- implementing science-based targets and disclosure of carbon emissions;
- disclosure of a net zero transition plan, including a strategy and investment plan; and
- climate resilience in companies' businesses.

During 2023, we measured and followed up on the proportion of the companies we have invested in that have set goals to achieve climate neutrality by 2040 at the latest. For companies with an unclear or lacking strategy, this was addressed in our company dialogues.

In 2023, through investor initiatives and along with our partners, we engaged with companies such as ABB, Boliden, Owens Corning, Stora Enso, Boralex, Heimstaden Bostad and AP Moller-Maersk. We encouraged them to either establish and monitor credible net zero emission targets or clearly disclose their climate impact.



## Clean water and sanitation

Clean water plays a fundamental ecological role and provides essential products and services. In engagement dialogues with our holdings we address and emphasise the importance of:

- disclosure of dependencies and impacts on water-related ecosystems and the development of a strategy, as well as adequate risk management; and
- monitoring and mitigation of local water environmental impact, as well as access to water for local communities.

Together with ISS ESG, we have participated in proactive company dialogues on water issues. The dialogues have aimed to improve transparency and reporting on water use, water strategies and water risk management. Specifically, companies in the chemical industry and the textile and clothing industry are subject to dialogues, as these sectors are particularly exposed to water risks.

In 2023, we engaged with companies such as Associated British Foods PLC, Kellogg Co, Nestlé, and Barrick Gold on issues regarding water management, water use and emissions.



## Life on land (ecosystems and biodiversity)

Life on Land is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss and protect threatened species.

In engagement dialogues with our holdings, we address and emphasise the importance of:

- implementing a policy on deforestation, with focus on the forestry and agriculture sectors;
- disclosure of company dependencies and impacts on biodiversity and ecosystems – reporting on metrics and targets; and
- developing strategy and risk management of material dependencies and impacts on biodiversity and ecosystems.

We have begun the work of including biodiversity and ecosystems into our sustainability model, SIMS-S. This work will continue to evolve and will give us a better insight into the impact of our holdings with regards to ecosystems and biodiversity.

In 2023, we engaged with companies such as General Mills Inc, PepsiCo Inc, Procter & Gamble Co and Johnson & Johnson on issues regarding ecosystems and biodiversity.

Case studies:

# Renewing recycling of plastics and sustainable packaging



**SDG to which the investment contributes:**  
Ensure availability and sustainable management of water and sanitation for all

## An investment in PureCycle's plastic recycling technology

- The world's inadequate infrastructure for managing the surge in plastic production has triggered a global plastic pollution crisis.
- PureCycle is an American company that has a patented recycling technology.
- PureCycle's technology takes polypropylene waste and transforms it into reusable material.

### Important information

All investments involve risk. This material should not be construed as investment advice. Fund information, including the fund's key information document (KID), prospectus, and sustainability-related disclosures, are available at [www.sebgroup.lu/funds](http://www.sebgroup.lu/funds) or [www.seb.se/fonder](http://www.seb.se/fonder).



**SDG to which the investment contributes:**  
Ensure sustainable consumption and production patterns

## An investment in BEWI ASA's sustainable packaging solutions

- The fund invested in BEWI for the company's sustainability work and sustainable packaging products.
- BEWI offers packaging solutions for food, pharmaceuticals, and protective use in automotive and safety gear.
- The engagement dialogue on ESG-targets linked to incentive programs and Science based targets (SBT) resulted in BEWI committing to the SBT-program as well as variable pay.

### SEB Impact Fund

Type	Article 8 fund (see definitions on page 9). Open for private and institutional investors.
Aim	The fund offers investors exposure to companies addressing global environmental and social challenges.

### SEB Climate Focus High Yield Fund

Type	Article 9 fund (see definitions on page 9). Open for private and institutional investors.
Aim	SEB Climate Focus High Yield Fund invests in high-yield corporate bonds with a strong climate focus

Case studies:

# Minimising food waste and promoting access to electricity



**SDG to which the investment contributes:**  
Ensure sustainable consumption and production patterns

## Significant synergies were found in Råsft and Rscued

- Råsft, an investment SEB Private Equity made in 2021, provides unprocessed juices in the Nordics. Offering the freshest juice on the market led to some food waste.
- During the year the team invested in Rscued, a company offering juice from leftover fruit and vegetables. The acquisition created significant synergies for both parties.
- When Råsft's juices are approaching the expiry date, Rscued collects the juices, pasteurises them, and refines them into fruit shots.

### SEB Private Equity Nordic Direct II

Type	Article 8 fund (see definitions on page 9). Open for institutional investors.
Aim	The Sub-Fund focuses on investing in the small to lower mid-market segment in the Nordics, targeting strategic growth and operational value creation.

### Important information

All investments involve risk. This is marketing material, and the funds are intended for professional investors only. This material should not be construed as investment advice, nor is it an offer to sell or solicitation of an offer to purchase securities. Fund units can both increase and decrease significantly in value and there is no guarantee that you will get back the full amount invested. An investment in the funds provides limited liquidity. For more information, including the fund's prospectus and sustainability-related disclosures, please contact your Client Executive at SEB.



**SDG to which the investment contributes:**  
Ensure access to affordable, reliable, sustainable and modern energy for all

## An investment that makes electricity available to rural households in the Ivory Coast

- Financing to Baobab+ that enables access to electricity and digital technology for rural households in, for instance, Ivory Coast.
- The company offers households solar home systems financed as a lease.
- Making electricity available can create a significant impact, offering numerous benefits such as keeping shops open in the evenings, enhancing family safety and quality of life.

### SEB Impact Opportunity Fund

Type	Article 9 fund (see definitions on page 9). Open for institutional investors.
Aim	The fund bridges financing gaps for micro, small, medium sized companies and low- to middle-income households in developing countries, providing essential capital for business startup or expansion.

**Important information**

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Case study:

# Small-scale hydropower



**SDG to which the investment contributes:**  
Ensure access to affordable, reliable, sustainable and modern energy for all.

## An investment in a small-scale hydropower plant

- The fund acquired a small-scale hydropower plant in Southern Sweden
- Small-scale hydropower plants serve as a zero-emission energy source, and upgrading equipment can significantly enhance their energy output.
- A key strategic small-scale asset for electricity provision, in for example, the case of a crisis.
- With effective management and the potential for increased production output through upgrades, small-scale hydro-power plants will continue to be crucial for local and sustainable energy systems in Sweden.

### SEB Nordic Energy

Type	Article 9 fund (see definitions on page 9). Open for institutional investors.
Aim	A renewable energy fund enabling energy transition. Investments in hydropower-, wind-, geothermal- and solar energy and cogeneration/combined heat & power.

# Sustainable investments in accordance with SFDR

Sustainable Finance Disclosure Regulation (SFDR) is part of the EU’s Action Plan to create a carbon-neutral Europe by 2050, the EU’s Green Deal. The goal is, among other things, to direct capital towards more sustainable investments to finance the transition that the EU wants to make.

A sustainable investment is an investment that contributes to environmental or social objectives. In addition, the investment cannot significantly harm any environmental or social objective and the investee company must follow good governance practices. The share of our listed equities investments that are defined as “sustainable investments” in line with SFDR is 33 per cent (31 December 2023).

In practice, SEB Investment Management AB consider contributions to sustainable objectives to be, for example, investments aligned with the EU Taxonomy, green bonds supporting climate transition, microfinance supporting empowerment and poverty reduction, investments contributing to sustainable cities and responsible consumption, biodiversity, sustainable water use, circular economy, SDGs, and other social and climate-related themes that may be identified. To ensure no significant harm towards environmental or social objectives, our sustainable investments must, in addition to following the SEB Investment Management AB’s Sustainability policy, also show adherence to the minimum social safeguards, not be outliers concerning the geographical and sectorial context in terms

of indicators for Principal Adverse Impacts, and follow SEB Investment Management AB’s strict policy on confirmed controversies related to environmental and/or social harm.

To ensure that the investee companies are adhering to good governance practices, we are using external research on management structures, employee relations, tax compliance and remuneration.

For an investment to be classified as sustainable, the following criteria must be met:



**1.** Contribute to an environmental or social sustainability goal.



**2.** Not cause significant harm to environmental or social sustainability goals.



**3.** Good governance practices.



# Definitions

## Article 8 and Article 9 funds

The information that a fund management company must provide about its funds is governed by the European Union's Sustainable Finance Disclosure Regulation (SFDR) and may differ depending on the fund classification. Funds are classified under Articles 8 and 9; see below.

*Article 8:* Funds that promote environmental and social characteristics

*Article 9:* Funds that have sustainable investment as their objective

## Environmental, Social and Governance (ESG)

ESG covers all sustainability issues affecting companies, organizations and society.

## EU Taxonomy

The EU Taxonomy is a classification system establishing which economic activities are sustainable.

## The Greenhouse Gas Protocol (GHG Protocol)

GHG Protocol is a comprehensive global standardized framework to measure and manage greenhouse gas emissions.

## Net zero

Net zero emissions<sup>13</sup> means minimizing emissions so that those that remain are offset by negative emissions or other forms of carbon sequestration. This brings overall emissions to "zero".

## The Paris Agreement

In 2015, the countries of the world came together for the Paris Agreement, which set a target of keeping global warming to well below 2°C.

## Principles for Responsible Investment (PRI)

PRI is a UN initiative providing guidelines for responsible investment, signed by SEB in 2008.

## Science Based targets (SBT):

Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

## Scopes 1, 2 & 3

Scopes 1, 2 and 3 are a way of classifying different types of carbon dioxide emissions created by a company as part of its own activities and in its value chain.

*Scope 1:* Direct greenhouse gas emissions

*Scope 2:* Indirect emissions from purchased energy

*Scope 3:* Indirect greenhouse gas emissions arising from areas such as the supply chain, transport, and so on

## Sustainable Financial Disclosure Regulation (SFDR)

SFDR is a mandatory sustainability-related disclosure requirements for asset managers and other financial market participants operating in the EU.

## Sustainability labelled bonds

Sustainability labelled bonds are fixed-income instruments dedicated to generating positive environmental and social outcomes. Most sustainability labelled bonds issued today adhere to the guidelines of the International Capital Market Association (ICMA), which defines Green, Social, Sustainability, and Sustainability-Linked bond principles.

## Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD is a framework with the aim of standardising the reporting of environmental-related risks and opportunities. This includes land use, water use, biodiversity, pollution, and ecosystem services. The framework builds upon the Task Force on Climate-related Financial Disclosure (TCFD), which is a framework that helps organisations identify and prevent their climate-related financial risks.

## UN Global Compact

The UN Global Compact is a framework for companies to implement ten principles relating to human rights, labor, environment and anti-corruption. SEB is a signatory of UN Global Compact.

## The UN Sustainable Development Goals (SDGs)

The UN has adopted 17 global sustainable development goals for 2030. These have been adopted by 193 of the world's 195 countries. They were launched in 2015.

<sup>13</sup> Source <https://www.wri.org/insights/net-zero-ghg-emissions-questions-answered> (World Resource Institute).

## Useful links

### For more information

- [SEB Investment Management AB](#)
- [Sustainability Approach](#)
- [Sustainability Policy](#)
- [Sustainability Review](#)
- [Climate Statement](#)
- [Carbon Reports](#)
- [Active ownership and voting](#)
- [Nomination Committees](#)

Scan the QR-code below to easily access our sustainability site



## Contributors to the Overview

### Sustainability

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Elisabet Jamal Bergström

---

Anette Andersson

---

Emma Heikensten

---

Julia Lamers

---

### Communication and project management

---

Gabriella Bergholtz

---

Annika Hagstedt

---

Aaron Harmon

---

Susanne Lyons

---

Maria Sohlberg

---

## SEB Investment Management AB's geographical presence

- Sweden, Stockholm
- Finland, Helsinki
- Denmark, Copenhagen
- Luxembourg



### Important information

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