

Green Bond Framework

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SEB

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SEB and sustainability

About SEB

We are a leading northern European bank with international reach. We support our customers both in our home markets as well as globally when they conduct business around the world. As a financial institution, SEB plays a critical role in society, and it is crucial that we continuously earn the trust of our stakeholders. Our business remains underpinned by strong governance, ethics and long-term relationships. By engaging with our customers on their transition journeys and by offering responsible advice and sustainable products and services, we believe we can make a positive contribution to a more sustainable future. Innovation and responsible behaviour go hand-in-hand, reflecting the approach we aim to take in conducting our business. Our interaction with stakeholders feeds our strategy and business model continuously.

SEB acts as an intermediary in the financial markets in which we are active. The services we provide are essential for creating economic growth and social value. SEB makes it possible for households, entrepreneurs and businesses to finance their undertakings and invest, manage payments and savings. We identify and manage both risks and opportunities, promoting economic development, growth, new jobs, international trade and financial security.

This Framework has been created to allow our bond investors to engage with and support the Bank's lending to selected Eligible Green Assets.



Our approach to sustainability

SEB has a strong ambition to accelerate the pace towards a sustainable future for people, businesses and society and we have adapted our strategy to this ambition. As a bank, we have both the opportunity and responsibility to impact the world we operate in. We are committed to partnering with our customers in their transition to more sustainable business models and helping society achieve net-zero emissions by 2050.

SEB's sustainability strategy is built on the bank's purpose: *We exist to positively shape the future with responsible advice and capital. Today and for generations to come.* Among other things, the strategy sets the framework for our role in the sustainability transition. It integrates sustainability considerations in all relevant business decisions and, by that, supports our customers. The sustainability strategy includes four cornerstones:

- **Providing transition advice, financing and investments**
We partner with our customers on the path to a low carbon, sustainable and resilient society. We engage with our private, corporate and institutional customers to identify sustainability related risks and opportunities. Through deep insights, responsible advice and capital, we help our clientele reach their targets.
- **Innovating and setting standards**
We share our knowledge, develop innovative products and services, and engage in standard setting, both at industry and national level, for how the financial industry can contribute to a more sustainable and inclusive society.
- **Transforming our business**
Based on solid governance, we continuously develop our policies and goals and enhance our employees' competence to ensure our credit and investment portfolios support the transition towards a sustainable future for people, businesses and society.
As a signatory to the Net-Zero Banking Alliance and the Net-Zero Asset Managers initiative, we have confirmed our commitment to transforming our credit and investment portfolios to support the transition in line with the Paris Agreement.
- **Acting as a responsible corporate citizen for a resilient and inclusive society**
In line with our long tradition, we drive and encourage initiatives for sustainable entrepreneurship and promote financial inclusion.
As an important part of society's infrastructure, we protect the integrity of our clients' data in an increasingly digital world, and fight against any forms of financial crime.

A supporting factor for the implementation of these four cornerstones is that people are at the centre of our strategy. We work actively to make sure our employees have the best working environment and continuous learning to support our customers with responsible advice and capital. We are committed to respecting human rights, complying with labour laws and promoting inclusion and diversity.

Ambitions and goals

We aim to achieve a net-zero emissions credit portfolio by 2050 and net-zero invested emissions from all funds managed by SEB Asset Management by 2040. SEB has conducted a comprehensive materiality assessment in 2024 and will be reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) for the financial year of 2024.

SEB has developed metrics to steer the business in line with our sustainability strategy and to measure our progress in the transition towards a low-carbon society. *The Carbon Exposure Index* is a volume-based metric capturing our fossil fuel credit exposure. SEB's goal is to reduce the fossil credit exposure within the bank's energy portfolio, which includes power generation as well as oil and gas, by 45–60 per cent by 2030 compared with a 2019 baseline. The Carbon Exposure Index has been developed in order to steer our business towards the goal of a net-zero credit portfolio by 2050 in accordance with the scenarios provided by the International Energy Agency and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

The Sustainability Activity Index is a volume-based metric capturing our sustainability activity, measuring volumes for sustainability-related lending, sustainable finance advisory, venture capital investments within Greentech and sustainable savings and investments. The ambition is to increase average activity 6–8 times by 2030 compared with a 2021 baseline.

As one of 43 founding members and signatories of Net-Zero Banking Alliance, we have committed to align our credit portfolio pathways to net-zero by 2050 or sooner, and to set 2030 reduction targets. Our reduction targets now cover financed emissions for seven sectors – oil and gas, power generation, steel, car manufacturing, Swedish household mortgages, heavy vehicle manufacturing and shipping.

The table below outlines SEB's climate-related ambitions and goals. More information about the goals and progress can be found in the Annual and Sustainability Reports.

Overview of SEB's climate-related ambitions and goals

Area	Description	Goal 2030
Carbon Exposure Index	Fossil credit exposure in our energy portfolio (index=100, 2019)	Reduce by 45–60%
Sustainability Activity Index	Activities supporting the sustainable development (index=100, 2021)	Increase 6–8 times
Financed emissions ¹⁾	<i>NZBA 2030 sector targets:</i>	
	Oil and gas (mt CO ₂ e)	–70%
	Power generation (g CO ₂ e/kWh)	–44%
	Steel (t CO ₂ e/t steel)	–29%
	Shipping – asset finance (g CO ₂ e/tonne nautical mile)	–41%
	Car manufacturing (g CO ₂ e/km)	–62%
	Household mortgages, Sweden (kg CO ₂ e/m ²)	–30%
	Heavy vehicle manufacturing (% of Zero Emission Vehicles in new sales)	35%
Emissions from own operations ²⁾	Absolute CO ₂ e emissions	Not to exceed 17,000 tonnes ±5% by 2025 ³⁾

1) Baseline year is 2020, except for shipping and heavy vehicle manufacturing where baseline year is 2022.

2) SEB's climate compensation is described in the Annual and Sustainability Reports.

3) SEB will review new goal in light of the CSRD requirements.

Transition plan for climate change mitigation

We are committed to supporting our clients' transition to a low-carbon economy and partnering with them to help society reduce greenhouse gas emissions until 2050. As part of our commitment to the NZBA, SEB developed a transition plan in May 2024, which describes our strategy for achieving our NZBA commitments for the credit portfolio. The plan draws on the Glasgow Financial Alliance for Net-Zero (GFANZ) framework and encapsulates our commitments, activities, targets and governance structures.

Our sustainability strategy, policies and targets are core to the actions and enablers set out in our transition plan. SEB intends to publish a group-wide transition plan to cover the full climate mitigation impacts, risks and opportunities across our value chain. In 2024, SEB focused on the credit portfolio as our most material climate mitigation aspect of our value chain, where we have developed a transition plan. An SEB Group transition plan in accordance with the requirements of CSRD will be developed as guidance on transition plans and guidelines for financial institutions become available, currently expected during 2026. Progress on the plan's implementation is detailed in SEB's Annual and Sustainability Reports.

Sustainable finance as a driving force

SEB is a pioneer in the green bond market and collaborated with the World Bank in 2008, to create the world's first green bond issuance for institutional investors. Since then, we have been strongly committed to developing our advisory services and sustainability offering, as well as to guiding new standards and principles to the market.

Today, SEB is a world leading sustainable finance provider and advisor, and the Bank has integrated sustainability into a broad range of products. Through SEB's participation in both defining and launching ICMA's Green Bond Principles (2014), as well as being an executive committee member of the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and Sustainability-Linked Bond Principles, SEB has remained a core stakeholder in establishing the common ground for labelled bonds. For several years, SEB has also been actively engaged in the European Union's work on Sustainable Finance, both in the Technical Expert Group developing the EU Taxonomy, as well as on the EU Platform for Sustainable Finance.

Mankind is not moving fast enough to cap emissions, leaving the planet increasingly vulnerable to the impacts of climate change. This delay amplifies the need for significant investments in adaptation measures, for example in our outdated water-related infrastructure, to combat heavy rainfall events, droughts, water scarcity and rising sea levels. To effectively manage this, a proactive approach is required, including a greater focus on the implementation (and financing) of climate change adaptation and resilience measures. Water is thus an area to which SEB is dedicating significant focus.

Sustainability governance

SEB’s operations are managed, controlled, and followed up in accordance with policies and instructions established by the Board of Directors and the President, including sustainability governance. SEB’s sustainability governance model includes clear roles and mandates that cover SEB’s impacts, risks, and opportunities, including impacts on social well-being and human rights and other ethical considerations.



Risks related to environmental, social and governance factors are incorporated in SEB’s risk management framework. These risks are identified and assessed through sustainability-related risk assessments in the credit process and annual screening of sustainability policy compliance and customer sustainability classification.

Sustainability policy framework

SEB governs sustainability matters by a set of internal policies and instructions. Within sustainability, we abide by the overarching Sustainability Policy, thematic policies, sector policies and other group policies. For a summary of supporting documents, see Appendix II.

The Sustainability Policy defines the framework for sustainability in SEB and provides a governing platform for our sustainability work in all business decisions, including investment and credit judgments.

The Environmental Policy addresses the impacts that we or our business partners may have on living and non-living natural systems, including ecosystems, land, air and water. To address such impacts, SEB has developed its existing Environmental Policy to describe SEB’s management of Climate, Water and Nature.

SEB’s sector policies provide guidelines on industry practice that SEB expects companies to follow, as well as SEB’s restrictions on financing and investing in certain activities. We continuously review our policies to strengthen the business and align with international and national requirements. Read more here about [SEB’s policies](#).

International commitments

SEB recognises the importance of participating in and supporting international commitments, aligning with several third-party standards and international commitments to enhance its sustainability practices.

SEB supports the following international agreements and international frameworks:

- UN's Sustainable Development Goals (SDGs)
- Paris Agreement
- Universal Declaration of Human Rights
- The eight ILO Core Conventions on Labour Standards
- UN Guiding Principles on Business and Human Rights
- The Children's Rights and Business Principles
- OECD Guidelines for Multinational Enterprises

SEB has also joined or publicly endorsed the following business-related commitments:

- UN Global Compact
- UN's Principles for Responsible Banking (PRB)
- Net-Zero Banking Alliance (NZBA)
- Principles for Responsible Investments (PRI)
- Net-Zero Asset Managers (NZAMi)
- Equator Principles
- Poseidon Principles
- Responsible Ship Recycling Standards (RSRS)

Green Bond Framework

This Framework has been developed to align with the 2021 ICMA Green Bond Principles (with June 2022 Appendix I) and, more broadly, to the technical screening criteria for substantial contribution in the delegated acts of the EU Taxonomy regulation (EU) 2020/852⁴). While the process for evaluation and selection of Eligible Green Assets is not aligned with the EU Taxonomy's Do No Significant Harm and Minimum Safeguards criteria, SEB takes environmental and social risks into account by incorporating an assessment of potential lock-in and rebound effects, as well as life-cycle considerations when relevant. SEB will also refer to our relevant policies as a part of this process. Furthermore, Eligible Green Assets should have clear, net positive, long-term environmental impacts. Alignment with, and deviations from, the substantial contribution of the technical screening criteria are described in Appendix I.

The core pillars of the Green Bond Principles, and the recommendation to engage an independent external reviewer for heightened transparency, are:

- 1 Use of proceeds
- 2 Process for project evaluation and selection
- 3 Management of proceeds
- 4 Reporting
- 5 External review



4) EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, on the establishment of a framework to facilitate sustainable investment and all relevant taxonomy delegated acts as of the date of this framework

Use of proceeds

SEB will use the proceeds from Green Debt Instruments to exclusively finance Eligible Green Assets corresponding to the long-term vision of a low carbon and/or environmentally sustainable society. All proceeds raised through this Green Bond Framework will be used in compliance with SEB's sustainability policy framework⁵⁾. Where applicable, the legal documentation for each Green Debt Instrument shall refer to this Green Bond Framework. An amount equal to the proceeds of the Green Debt Instruments will, in whole or in part, finance or refinance Eligible Green Assets, with each case determined by SEB in accordance with the criteria defined in this Framework.

This Framework is established for positive screening and enables the financing of capital expenditures for the construction, installation, manufacture, expansion, upgrade and renovation of Eligible Green Assets, as well as the financing of related research and development.

Eligible Green Assets can either make a substantial contribution towards a low carbon and/or environmentally sustainable society themselves or directly enable others to make a substantial contribution towards a low carbon and/or environmentally sustainable society.

Green bond proceeds can finance new Eligible Green Assets and refinance existing Eligible Green Assets. New financing is defined as Eligible Green Assets that are planned, ongoing, or have been finalised up to one year before the approval by the Environmental and Sustainable Product Steering Committee (ESPS Committee). If the Eligible Green Assets were finalised and taken into operation more than one year before the approval in the ESPS Committee, they are defined, monitored and reported as refinancing. The distribution between new financing and refinancing will be reported in the Green Bond Investor Report.

In line with the European Green Bond Standard⁶⁾, given that potential Eligible Green Assets differ substantially in terms of expected lifetime, this Framework does not apply a specific look-back period for capital expenditures and related research and development expenditures. However, the ESPS Committee assesses applications for refinancing of capital expenditures and research and development expenditures, approving or rejecting them as Eligible Green Assets based on the nature of the asset, its expected remaining lifetime and the tenor of the loan. For operating expenditures, the look-back period is one year from the time of approval in the ESPS Committee.

Green assets which are eligible under this Framework are described below in the relevant Green Bond Principles categories. The environmental objectives are according to EU Taxonomy Environmental Objectives (Article 9 of the Taxonomy Regulation EU 2020/852). Some of the targets of the United Nation's Sustainable Development Goals referenced for each category are related to 2020, however, they have been included in this Framework due to their ongoing relevance.

5) <https://sebgroupp.com/sustainability/our-ways/policies>

6) Article 4 of the Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds, <https://eur-lex.europa.eu/eli/reg/2023/2631/oj/eng>

Renewable energy

Environmental objective

Climate change mitigation

Core UN SDG Targets

7.2



Context

Renewable energy generation and electricity transmission and distribution is an important prerequisite for carbon neutral economic growth. According to the IEA NZE 2050 scenario, emissions derived from the production of electricity and heat accounted for 40 per cent of the world total emissions in 2020. Decarbonising the power generation sector is key to impactfully address climate change and achieve net-zero emissions by 2050.

SEB has set a net-zero aligned 2030 interim target for the power generation sector. One important aspect to reach that target is to provide financing solutions for clients who are investing in renewable energy.

Eligible Green Assets

Renewable energy production facilities, supporting infrastructure, technologies and solutions, including from the following renewable sources:

- Solar energy (photovoltaic, concentrated solar power and solar thermal heating).
- Wind power (offshore and onshore).
- Ocean energy.
- Geothermal (where life-cycle GHG emissions are lower than 100g CO₂e/kWh).
- Hydropower, where the facility complies with one of the following:
 - the facility is a run-of-river plant and does not have an artificial reservoir;
 - the power density of the facility is above 5W/m²;
 - the life-cycle GHG emissions are lower than 100g CO₂e/kWh.
- Bioenergy: biomass, biogas and biofuels⁷⁾.
- Hydrogen: The manufacture of equipment for the production and use of green hydrogen, the production, storage, transmission and distribution of green hydrogen^{8) 9) 10)}.
- Ammonia: the production of ammonia from green hydrogen and/or ammonia recovered from waste water.
- Synthetic fuels produced with green hydrogen and in combination with non-fossil sources.

In all cases, renewable fuels cannot be blended with any fossil fuels to remain eligible.

7) Food-and feed crops are not used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids.

8) Activities of downstream purchasers do not necessarily affect the eligibility of a potential asset. As an example, a company which is producing hydrogen electrolyzers could be eligible for financing through this Framework and would not be required to prove that the future contractors purchasing the electrolyzers will be producing hydrogen that meets the technical screening criteria of the EU Taxonomy.

9) Hydrogen produced with renewable electricity.

10) Eligible EU Taxonomy Categories: 3.2 "Manufacture of equipment for the production and use of Hydrogen", 3.10 "Manufacture of Hydrogen", 4.12 "Storage of Hydrogen" and 4.14 "Transmission and distribution networks for renewable and low-carbon gases".

Energy efficiency

Environmental objective

Climate change mitigation

Core UN SDG Targets

7.3, 8.4, 9.4



Context

Energy efficiency progress is crucial for the transition away from fossil fuels. IEA estimates that accelerating energy efficiency improvements can reduce over a third of all CO₂ emissions between 2024 and 2030 in a pathway aligned with reaching net-zero emissions by 2050.

SEB believes that the transformation of large industrial companies in sectors with a material carbon footprint is key to tackling climate change. Energy efficiency measures play a vital part in the transformation of many of these companies.

Eligible Green Assets

The promotion of a low carbon and energy efficient society through electrification, as well as the improvement of energy efficiency¹¹⁾ through technologies and/or processes including, but not limited to, the following:

- District heating/cooling distribution (where the system is using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat).
- Energy storage (including batteries, green hydrogen storage, thermal energy storage and pumped hydropower storage).
- Production of heat/cool using waste heat.
- Smart grid technology and/or infrastructure.
- Energy efficient products, technologies and processes including energy efficient equipment for buildings (e.g. insulation, LED lighting and heat, ventilation and air conditioning (HVAC), instruments for measuring and controlling the energy performance of buildings, etc.).
- Infrastructure for the transmission and distribution of electricity¹²⁾.
- Energy efficient electric heat pumps where the Global Warming Potential of the refrigerant does not exceed 675.
- Green iron and steel produced with green hydrogen.
- Data-driven solutions for GHG emissions reductions.
- Data centres that are aligned with the EU Taxonomy substantial contribution criteria to climate mitigation.
- Modernisations and upgrade of existing 4G, 5G and 6G networks as well as supporting technologies that lead to a reduced energy consumption of at least 35% compared to previous generation.

11) SEB understands that the ambition of an efficiency improvement can vary significantly depending on the potential Eligible Green Asset which is being reformed. As such, SEB has not established a minimum threshold for the 'Energy efficiency' category as a whole. The Environmental and Sustainable Product Steering Committee will review each potential case and establish whether the efficiency improvement is ambitious enough with the aim of achieving best market standards and will report on any approved Eligible Green Asset within this category.

12) Transmission and distribution electricity lines must not be dedicated to supporting fossil fuel power plants.

Pollution prevention and control

Environmental objective

Climate change mitigation
Pollution prevention and control
Transition to a circular economy

Core UN SDG Targets

3.9, 11.6, 12.4, 12.5



Context

Pollution prevention and control holds considerable potential for mitigating climate change and brings other environmental benefits. According to the European Environment Agency, the waste sector's total GHG emissions in European countries account for about 3% of GHG emissions. Prevention of waste and improved utilisation of rest products can help reduce emissions across sectors. Other pollution prevention measures include Carbon Capture, Utilisation and Storage (CCUS). According to the IEA, CCUS has an important role to play in tackling emissions in hard-to-abate sectors. CCUS can also remove CO₂ from the air to balance emissions that are unavoidable or technically difficult to abate.

Eligible Green Assets

The management of waste in a responsible and environmentally friendly manner, as well as the abatement of greenhouse gas emissions and other pollutants.

Waste management

- Waste management, such as the reduction of the amount of waste through process efficiency improvements, waste-to-energy¹³⁾ and recycling facilities (where at least 50%, in terms of weight, of the waste is converted into secondary raw materials).

Emission and discharge reduction

- The reduction of emissions and discharge to air, water and soil through physical, chemical and mechanical methods.
- Carbon Capture and Storage (CCS) of CO₂ emissions from biogenic sources (BECCS).
- Carbon Capture and Utilisation (CCU) of CO₂ emissions from biogenic sources.

Environmentally sustainable management of living natural resources and land use

Environmental objective

Climate change mitigation
The protection and restoration of biodiversity and ecosystems.

Core UN SDG Targets

12.2, 15.a



Context

Forests are vital for our society and planet and they are inseparably linked to our global economy. Apart from providing resources for production processes and industries, habitats for biodiversity and jobs for society, forests are also the world's second largest carbon storage. If managed responsibly, forests are a renewable resource contributing to climate change mitigation. SEB's sector policy for Forestry, Pulp and Paper and Timber provides guidelines on industry good practice that SEB expects companies to follow, as well as SEB's restrictions on financing and investing in certain activities.

Eligible Green Assets

Environmentally responsible and socially beneficial management of natural systems including, but not limited to, sustainable forestry, where the forest land is certified in accordance with the Forest Stewardship Council (FSC) and/or the Programme for the Endorsement of Forest Certified (PEFC)¹⁴⁾.

13) Waste-to-energy facilities are only eligible where the energy recovery from waste follows a waste hierarchy to ensure that an ambitious amount of the waste is reused and recycled before being converted to energy and where there are plans for CCS. Life cycle aspects of waste transportation will also be taken into consideration.

14) Forest land where the certification process is at a sufficiently advanced stage or there is a high degree of certainty that such certification will be received may also be eligible for financing, in each case as determined by SEB's Environmental Function.

Terrestrial and aquatic biodiversity

Environmental objective

The protection and restoration of biodiversity and ecosystems

Core UN SDG Targets

6.6, 11.4, 14.1, 14.2, 14.5, 15.1, 15.3, 15.5, 15.a, 15.b



Context

Nature provides society with food, clean air and water, shelter and pollinators. It also mitigates natural disasters, pests and diseases, and contributes to regulating our climate. Biodiversity is part of natural capital, delivering Ecosystem Services that underpin the economy. Its deterioration and loss are generally deemed to jeopardise the provision of these services. Biodiversity loss is commonly regarded as one of the most critical global environmental threats alongside climate change.

Therefore, SEB will support companies in the transition towards reversing biodiversity loss. A first integration of biodiversity has been implemented in our Environmental policy and sector policies, with further development is ongoing. We also engage in industry and academic collaboration to build further tools and knowledge.

Eligible Green Assets

The conservation, preservation and/or restoration of nature and biodiversity, as well as natural habitats and ecosystems including, but not limited to, the following:

- The protection and restoration of coastal, marine and watershed environments.
- Restoration of damaged habitats (e.g. reforestation using drones, restoration of disused production areas).
- The conservation and restoration of forests and woodlands.
- Protection and preservation of biodiversity and natural ecosystems.



Clean transportation

Environmental objective

Climate change mitigation

Core UN SDG Targets

11.2



Context

Transportation and mobility are major components of sustainable development, enhancing economic growth and improving accessibility. However, in order to achieve the target of the Paris Agreement, the entire sector needs to undergo an orderly transformation towards decarbonisation.

SEB has set net-zero aligned 2030 interim targets for the car manufacturing and the shipping sector. Through this, the bank aims to reduce the emission intensity, measured as g CO₂e/km/vehicle sold, in the car manufacturing sector by 62% by 2030 compared to 2020. For the shipping sector, the target is to reduce the average emission intensity, measured as the debt-weighted average portfolio Annual Efficiency Ratio (AER) expressed in g CO₂e/tonne nautical mile, by 41% by 2030 compared to the base year 2022.

Eligible Green Assets

Zero emission and low carbon transport solutions for public, passenger and freight purposes¹⁵⁾, including:

- Rail transport: where the trains, wagons and coaches have zero direct tailpipe CO₂ emissions.
- Road transport: zero direct tailpipe CO₂ emissions vehicles, as well as public transport vehicles that run on biofuels and/or other renewable fuels.
- Water transport: vessels that have zero direct tailpipe CO₂ emissions.
- Air transport: where the aircrafts have zero direct tailpipe CO₂ emissions.
- Any relevant supporting infrastructure and components, including:
 - Infrastructure dedicated to non-motorised mobility, e.g. bike lanes.
 - Electrical charging and hydrogen refuelling stations and installations.



15) The transport solutions may not be dedicated to the transport or storage of fossil fuels.

Sustainable water and wastewater management

Environmental objective

The sustainable use and protection of water and marine resources

Core UN SDG Targets

6.1, 6.3, 6.4, 11.5, 12.2



Context

Water is an essential resource for our industries, food production and energy generation. From a social perspective the supply of clean water is vital for life, human health and quality of life.

By supporting its clients, SEB can help to manage water and wastewater in a more sustainable way which will have positive environmental and positive social impacts. We aim to identify, understand and mitigate client exposure and impact to water quality and water quantity by supporting and exploring relevant financing alternatives to enable both our public and private customers to invest in appropriate water management. Furthermore, we see an opportunity to create positive impact through investments in, for example, water and wastewater infrastructure, as well as improved water efficiency and water conservation/re-use techniques.

Eligible Green Assets

The management of water and/or wastewater in a sustainable way including, but not limited to, the following:

- Water and/or wastewater collection, treatment and supply systems (such as plants, pipes and pumps).
- Improved water efficiency through digitalisation and reduced leakage (such as infrastructure upgrade, digitalisation, Internet of Things (IoT), AI, smart metering, real time monitoring).
- Plants and/or systems which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons).
- Other sustainable water and/or wastewater management measures including, water purification, water saving, water conservation and the re-use of water.



Climate change adaptation

Environmental objective

Climate change adaptation

Core UN SDG Targets

2.4, 9.1, 13.1



Context

According to the IPCC, human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people, beyond natural climate variability. Adaptation, in response to current climate change, plays a key role in reducing exposure and vulnerability to climate change. Many adaptation options exist and are used to help manage projected climate change impacts. However, current adaptation measures are not enough to avoid the increase of climate impacts that can be observed across sectors and regions, especially for medium and high warming levels.

SEB faces physical climate risks, arising from the physical effects of global warming and climate change, both directly and indirectly. However, the indirect climate risks, particularly those carried by our customers, are deemed to be the most material. Physical risks can impact our customers' profitability, cash flow, asset values and refinancing possibilities. SEB can support clients through financing of investments in climate-resilient infrastructure and/or development of solutions for changing environmental conditions.

Eligible Green Assets

The enhancement of climate resilience through planning, piloting, testing and implementing relevant adaptation measures, with the objective of reducing the exposure of man-made and natural systems to the impacts of climate change¹⁶⁾, including but not limited to, the following:

- Software and hardware enabling physical climate risk management and adaptation.
- Consultancy for physical climate risk management and adaptation.
- Disaster risk management such as emergency services and flood risk prevention.
- Physical measures to protect against flooding, such as sustainable drainage systems, stormwater management systems and dams.
- Nature-based solutions for flood and drought risk prevention and protection.
- Construction, operation, upgrade, extension and renewal of desalination plants to produce water.

16) The eligibility assessment of adaptation assets will be based on the requirements for substantial contribution to climate change adaptation in the EU Taxonomy Regulation (EU) 2020/852 and all relevant taxonomy delegated acts as of the date of this framework.

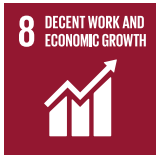
Circular economy

Environmental objective

Climate change mitigation
Transition to a circular economy

Core UN SDG Targets

8.4, 12.5



Context

Circular economy is gaining increased traction as companies seek to extend the life cycle of their products and thereby reduce the environmental impact. The shift from linear to circular business models will imply large investment needs.

SEB has developed a framework for customer dialogue, based on an analysis of the conditions for circular business models within five sectors – the automotive sector, battery manufacturers, plastic packaging manufacturers, the construction and real estate sector and waste management. SEB is also exploring Asset-as-a-Service, where end-users are provided with a service rather than a product. We believe this area will be significant when companies increasingly strive to identify better possibilities to manage the lifecycle of products, reduce waste and increase efficiency.

Eligible Green Assets

The promotion of resource efficiency and the transition towards a circular economy including through, but not limited to, the following:

- Products, production technologies and processes where there is a significant reduction in the use of virgin materials and/or natural resources (including water) in one or more stages of the targeted life-cycle¹⁷⁾.
- Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste.
- Recycling of end-of-life batteries.
- Recovery of minerals and metals (such as phosphorus) from wastewater.



17) The Environmental and Sustainable Product Steering Committee will review each potential Eligible Green Asset to establish whether there is a Second Party Opinion, or equivalent, demonstrating a 'significant' reduction in the use of virgin materials and evaluating rebound and life-cycle aspects.

Green buildings

Environmental objective

Climate change mitigation

Core UN SDG Targets

11



Context

The real estate and construction sectors are important industries in terms of providing residential and commercial properties. Due to the energy consumption, material use and waste, the sectors can play a major role in the transformation towards a low carbon and circular economy.

The real estate management sector is a material contributor to SEB's indirect climate impact due to its size. SEB has set a net-zero aligned 2030 interim target for SEB's household mortgage portfolio in Sweden. Through this, the bank aims to reduce the financed emission intensity, measured as kg CO₂/m², by 30% by 2030, compared with a 2020 baseline.

Eligible Green Assets

New and existing buildings which meet the following criteria:

New buildings

- Where the Primary Energy Demand (PED) is, or will be, at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)¹⁸⁾ requirements in national measures. The energy performance is or will be certified using an Energy Performance Certificate (EPC).

Existing buildings

- Buildings built before 31 December 2020¹⁹⁾, where the building has an Energy Performance Certificate (EPC) class A, or the building has a Primary Energy Demand (PED) which is within the top 15% of the national or regional building stock.
- Renovations^{20) 21)} of existing buildings that either lead to a reduction in the Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable national and regional building regulations for 'major renovation' according to the Directive 2010/31/EU²²⁾.



18) To help establish NZEB criteria, SEB will utilise <https://epbd-ca.eu/database-of-outputs>

19) Buildings built after this date will have to meet the criteria outlined under 'New buildings'.

20) If a renovated building meets the criteria for 'Existing buildings', outlined within the 'Green buildings' section of this framework, then the building as a whole can be classified as an Eligible Green Asset. If the renovation does not bring the building within the specified criteria but results in a 30% reduction in the PED, then only the cost of the renovation can be classified as 'green'.

21) Minor renovations of buildings could be eligible for financing through this Framework if they meet the criteria specified under 'Energy efficiency'.

22) As stated in directive 2010/31/EU, a 'major renovation' means the renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25% of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25% of the surface of the building envelope undergoes renovation.

Process for project evaluation and selection

All potential Eligible Green Assets must undergo SEB's regular credit processes, including customer acceptance standards and credit risks assessments, whereby sustainability is an essential part of the assessment process.

SEB's Environmental and Sustainable Product Steering Committee (the ESPS Committee) evaluates and selects Eligible Green Assets in line with the criteria defined in this Framework and SEB's sustainability policy framework. The ESPS Committee meets on a regular basis and is comprised of representatives from Group Treasury, Sustainable Banking, lending divisions and business control. The ESPS Committee is chaired by SEB's Environmental Function and the Environmental Function has the right to veto any potential Eligible Green Asset.

The evaluation and selection procedure includes an assessment of potential lock-in and rebound effects, as well as life-cycle considerations when relevant. Eligible Green Assets should have clear, net positive, long-term environmental impacts. The ESPS Committee reserves the right to refrain from including an asset into the Eligible Green Asset Portfolio, even if it meets the eligibility criteria. This could be, for example, due to insufficient indications that long-term environmental impacts will be net positive (for instance, as indicated by life-cycle considerations), the risk that significant harm is done to other sustainability objectives (environmental as well as social), or for purely practical reasons (e.g. inadequate monitoring systems).

The ESPS Committee is also responsible for monitoring that Eligible Green Assets remain aligned with the criteria outlined in this Framework. If it comes to the attention of the ESPS Committee that an asset no longer meets certain eligibility criteria (e.g. following liquidation, concerns regarding the alignment of an underlying activity with the eligibility criteria, etc.) the asset will be removed from the Eligible Green Asset Portfolio.

Management of proceeds

An amount equal to the proceeds from Green Debt Instruments issued by SEB will be allocated to finance or refinance Eligible Green Assets, according to the criteria outlined in this Framework.

To manage the proceeds from our Green Debt Instruments, SEB has established an Eligible Green Asset Portfolio to ensure monitoring of the allocated proceeds. The proceeds will be earmarked against the Eligible Green Asset Portfolio and will be monitored internally within the Bank. The Eligible Green Asset Portfolio will be reviewed regularly by the ESPS Committee to account for any re-allocation, repayments, or drawing on the Eligible Green Assets within the Portfolio. On a quarterly basis, any such amounts will be adjusted to reflect the financing advanced, as well as any repayment or prepayment of Eligible Green Assets in the preceding quarterly period.

SEB will only issue new Green Debt Instruments when the Eligible Green Asset Portfolio exceeds the total amount of SEB's outstanding Green Debt Instruments, including the potential new issuance. In the unlikely event that the full amount of outstanding Green Debt Instruments is not matched by the Eligible Green Asset Portfolio, any unallocated proceeds would be handled in the same way SEB manages its liquidity reserves.

Reporting

SEB will report on the allocation of proceeds from Green Debt Instruments as well as, on a best effort basis, the expected or actual outputs and/or environmental impacts of the Eligible Green Asset Portfolio, in a Green Bond Investor Report.

The Green Bond Investor Report will also provide, on a best effort basis, information on the alignment of the Eligible Green Asset Portfolio with the EU Taxonomy's (December 2021) technical screening criteria for substantial contribution. Where confidentiality agreements, competitive considerations, or many underlying assets limit the amount of detail that can be made available, information may be presented on an aggregated portfolio basis or in generic terms. The Green Bond Investor Report will be published on an annual basis until the maturity of all outstanding Green Debt Instruments. Once all Green Debt Instruments have matured, there will be no further Green Bond Investor Reports published.

The reporting will take guidance from the most recent version of the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting, as well as the most recent version of ICMA's Harmonised Framework for Impact Reporting Handbook. The methodology for deriving the impact indicators will be outlined in the Green Bond Investor Report.

Allocation reporting

Allocation reporting will include the following information:

- A description of outstanding Green Debt Instruments and the amount of proceeds allocated at end of the reporting period.
- A breakdown of the Eligible Green Asset Portfolio by category.
- Geographical distribution of Eligible Green Assets, on a country level.
- Ratio of new financing to refinancing.



Cont. Reporting

Impact reporting

The Green Bond Investor Report will also include impact reporting with an aim to disclose the environmental impact of the Eligible Green Asset Portfolio financed under this Framework, where feasible and subject to data availability. Impact reporting will be based on SEB's financing share of each Eligible Green Asset. The impact assessment is provided with the reservation that not all related data can be covered and that calculations will, therefore, be on a best effort basis²³⁾. The impact assessment will, where we find it appropriate, be based on the Key Performance Indicators (KPIs) presented in the table below.

GBP categories	Example of impact indicators
Renewable energy	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided (t CO₂e) Annual renewable energy generation (GWh) Capacity of renewable energy (MW)
Energy efficiency	<ul style="list-style-type: none"> Annual energy savings (GWh) Annual GHG emissions reduced/avoided (t CO₂e) Description of the expected improvement in energy efficiency
Pollution prevention and contro	<ul style="list-style-type: none"> Waste that is prevented, minimised, reused or recycled before and after Annual GHG emissions reduced/avoided (t CO₂e)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> Annual GHG emissions reduced (t CO₂e) Area of land managed (km²)
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> Area of land affected Qualitative description
Clean transportation	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided (t CO₂e)
Sustainable water and wastewater management	<ul style="list-style-type: none"> Annual water savings Annual energy savings (GWh) Annual GHG emissions reduced/avoided (t CO₂e)
Climate change adaptation	<ul style="list-style-type: none"> Area protected (m²)
Circular economy	<ul style="list-style-type: none"> Material recovery rate (%) Description of the reduction of virgin materials
Green buildings	<ul style="list-style-type: none"> Annual energy savings (GWh) Annual GHG emissions reduced/avoided (t CO₂e)

External reviews

Second Party Opinion (pre-issuance)

SEB has engaged S&P Global to issue an independent Second Party Opinion of this Green Bond Framework. The Green Bond Framework, the Second Party Opinion issued by S&P Global and the Green Bond Investor Reports will be made publicly available on SEB's website.

External verification (post-issuance)

On an annual basis, SEB will engage an independent external auditor to provide a limited assurance on the processes and systems for the financing of Eligible Green Assets, as well as on the allocation of proceeds from SEB's Green Debt Instruments to Eligible Green Assets, as described in SEB's Green Bond Framework. The assurance from the auditor will be included in Green Bond Investor Report.

23) SEB is aware that this Framework opens up for the financing of both manufacturing and installation of Eligible Green Assets. If the scenario should arise that SEB's Green Debt Instruments have financed both the manufacturing and the installation of the same Eligible Green Asset, only the environmental impact of the use-phase of the asset will be reported on.

Appendices

Appendix I – Alignment of the framework’s categories and criteria with the technical screening criteria for substantial contribution of the EU Taxonomy²⁴⁾

GBP categories	Alignment	Comment
Renewable energy	Mostly aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the Delegated Acts of the EU Taxonomy. The Framework does not reference EU Taxonomy criteria for the 'Bioenergy' subcategory, instead SEB will refer to its own sector policy (which takes into consideration the EU Taxonomy). It should also be noted that the manufacturing of equipment for the production and use of green hydrogen which may be eligible for financing through the framework, without the need for the manufacturer to be able to prove that its downstream clients (which may be unknown at the time of manufacturing) will be producing hydrogen which is aligned to the EU Taxonomy. This is because SEB wants to encourage the growth of the green hydrogen economy and sees this prerequisite as a potentially limiting measure.
Energy efficiency	Partially aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the Delegated Acts of the EU Taxonomy. However, the material improvement of a metric/threshold in terms of energy efficiency (e.g. a reduction in energy consumption) is typically a core element of this Green Bond Principles category. It is unclear exactly how a material improvement in efficiency would consistently align with meeting static technical screening criteria. Therefore, there is not full alignment with the EU Taxonomy within this category, however, technical screening criteria will be taken into consideration when deciding on the eligibility of an Eligible Green Asset. It is also worth noting that the manufacturing of green iron and steel, using green hydrogen, is considerably less carbon intensive than steel aligned with the EU Taxonomy's technical screening criteria for the substantial contribution to climate change mitigation (December 2021).
Pollution prevention and control	Partially aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation and pollution prevention and control as outlined in the Delegated Acts of the EU Taxonomy. The framework also includes the financing of waste-to-energy, which is not included in the Taxonomy Regulation.
Environmentally sustainable management of living natural resources and land use	Not aligned	Although technical screening criteria have been established for forestry, SEB has chosen to deviate away from the EU Taxonomy's technical screening criteria in this case, in favour of aligning more closely with the well-established forestry certification schemes.
Terrestrial and aquatic biodiversity	Partially aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to the protection and restoration of biodiversity and ecosystems in the Delegated Acts of the EU Taxonomy. However, the framework also includes several other activities in this category that are not included in the EU Taxonomy.
Clean transportation	Partially aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the Delegated Acts of the EU Taxonomy. One exception is that public transport vehicles running on biofuels and other sustainable fuels may be eligible for financing through the Framework, whereas the EU Taxonomy has more detailed criteria specified for the different vehicle types. It is also worth noting that the Framework has not opened up for many of the hybrid transport solutions which are included in the EU Taxonomy, up until 2025.
Sustainable water and wastewater management	Mostly aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to the sustainable use and protection of water and marine resources in the Delegated Acts of the EU Taxonomy.
Climate change adaptation	Mostly aligned	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change adaptation as outlined in the Delegated Acts of the EU Taxonomy.
Circular economy	Partially aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation and transition to a circular economy as outlined in the Delegated Acts of the EU Taxonomy.
Green buildings	Mostly aligned	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the Delegated Acts of the EU Taxonomy. However, the Framework does not reference the special considerations for buildings greater than 5,000m ² .

24) While the process for evaluation and selection of Eligible Green Assets is not aligned with the EU Taxonomy's Do No Significant Harm and Minimum Safeguards criteria, SEB takes environmental and social risks into account by incorporating an assessment of potential lock-in and rebound effects, as well as life-cycle considerations when relevant. SEB will also refer to our relevant policies as part of this process. Furthermore, Eligible Green Assets should have clear, net positive, long-term environmental impacts.

Appendix II – Supporting documents

Annual and Sustainability Report – in accordance with the Swedish Annual Accounts Act, Chapter 6 (CSRD/ESRS) and NFRD. SEB separately reports according to UNEP FI Principles for Responsible Banking.

Policies:

- Sustainability Policy for the SEB Group
- Credit Policy on Corporate Sustainability (internal document)
- Customer Acceptance Standards
- Environmental Policy on Climate, Nature and Water
- Social and Human Rights Policy
- Anti-Corruption Policy
- Customer Data Ethics Policy
- Inclusion and Diversity Policy
- Code of Conduct
- Code of Conduct for Suppliers
- Tax Policy
- Disclosures on the integration of sustainability risk and consideration of adverse impact on sustainability factors in investment decisions and investment advice for SEB AB

Transparency statement:

- Modern Slavery Act

Sector policies:

- Agriculture, Fishing, Aquaculture and Animal Welfare
- Arms and Defence
- Forestry, Pulp and Paper and Timber
- Fossil Fuels
- Gambling
- Mining and Metals
- Real Estate and Construction
- Renewable Energy Generation and Electricity Transmission and Distribution
- Shipping
- Tobacco and Tobacco-Free Nicotine Products
- Transportation

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