



**Disclosures on the integration of sustainability risk and  
consideration of adverse impact on sustainability factors  
in investment decisions and investment advice for  
Skandinaviska Enskilda Banken AB**

adopted by the Group Executive Sustainability Committee of  
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## 1 Introduction and structure

The purpose of this disclosure is to describe how sustainability risks and adverse sustainability impacts are addressed in relation to investment decisions and investment and insurance advice at Skandinaviska Enskilda Banken AB (“SEB AB”).

The EU Sustainability Finance Disclosure Regulation (“SFDR”) defines sustainability risks as an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause negative material impact on the value of the investment. SFDR focuses on double materiality on entity and product level. The concept of double materiality covers how companies are affected by sustainability issues and, on the other hand, how their activities impact society and environment. This disclosure provides information on how SEB AB considers sustainability risks and adverse impact on sustainability factors in the investment process and when providing investment and insurance advice. SEB AB measures the exposure to adverse sustainability impact on the environment and society and reports on this annually in our [Statement on principal adverse impacts of investment decisions on sustainability factors](#).

Considering the regulatory requirements and SEB AB’s client offering, such as discretionary portfolios, the information in this document is structured in three major parts:

- Principles for integration of sustainability risks in investment decision-making processes, investment and insurance advice (chapter 3)
- Principles for consideration of adverse sustainability impact in investment decisions, investment and insurance advice (chapter 4)
- Remuneration policies in relation to the integration of sustainability risks (chapter 5)

## 2 Scope

This disclosure covers business activities related to financial products and advice as defined in SFDR and carried out within SEB AB. For information concerning other entities within SEB Group to which SFDR applies and that are not included in this document, please see documents disclosed by respective entity.

### **3 Principles for integration of sustainability risks in investment decision-making processes, investment and insurance advice**

#### *3.1 Investment Decisions*

The investments in discretionary portfolios offered at SEB AB can be:

- Directly owned assets (such as equities and bonds),
- Funds managed by the SEB Asset Management division (“SEB AM”), and
- Funds managed by external parties.

The integration of sustainability risk in the decision-making process for discretionary mandates depends on the above-mentioned type of assets or funds included in the portfolio.

##### *3.1.1 Discretionary Portfolios*

###### *Directly owned assets*

Integration of sustainability risks for directly owned assets includes, but is not limited to, implementation of exclusion criteria, risk limits and corporate engagement.

- The investments are guided by the restrictions and requirements of SEB Group sector policies (as listed in the annex). For every investment decision, SEB AB considers sustainability risks such as fossil fuel activities, human rights violations, tobacco production, weapons production and offering gambling services according to defined thresholds in the sector policies.
- Companies that lack adequate corporate governance structures or that have breached international norms and standards or business conduct codes and have not demonstrated a path to change, are also considered high sustainability risk and will not be considered for an investment.
- Regarding government bonds, SEB AB does not invest in bonds issued by countries that violate fundamental rights or are sanctioned.
- As part of the investment decision, the manager of the discretionary portfolio keeps themselves informed about sustainability risks on a regular basis. When deemed needed, company meetings are arranged to discuss those (and other) risks and opportunities and such engagements then form part of the overall investment decision.

###### *Funds managed by external parties*

The funds available in the investment universe and selected for the discretionary mandates have been evaluated taking sustainability risk into account.

- All external fund providers are required to be signatories to the UN Principles for Responsible Investments (“PRI”) and have processes that ensures compliance with the principles. As PRI has as two of its mandatory principles for a signatory to integrate ESG issues in the investment decision making, SEB AB views being a signatory as a strong indication that the manager has a level of sustainability risk integration build into its investment process.

- To ensure SEB AB that there is a minimum level of integrating sustainability in their investment process, external funds must adhere to certain defined thresholds considering sustainability risks. This means that investment in funds that are exposed to high sustainability risk through their activities in controversial weapons and thermal coal (as per threshold) shall not be part of the investment universe. In addition, all new financial products added to SEB ABs investment universe are subject to a norms-based screening.
- Before adding new funds to the investment universe, information is gathered about the fund ´s process of integrating sustainability risks in the investment process and is supported by further discussions with the fund management company when needed. The outcome of such close dialogue forms part of the overall picture of the quality of the manager in creating value of an investment and is considered when deciding if a fund should be part of SEB AB ´s investment universe.

#### *Funds managed by SEB AM (SEB Funds)*

Funds managed within the SEB Group are managed by SEB AM. The funds' exposure to sustainability risks and the transmission channels that could make such risks materialise are analyzed and managed by SEB AM through a strategy involving integration, engagement and exclusion. Please see SEB Asset Management Sustainability Policy 2024.

SEB AM ´s process of integrating sustainability risks goes beyond the minimum criteria listed above for external funds and there is a close dialogue between SEB AB and SEB AM as a fund manager around the processes for integrating sustainability risk in their investment process and their exclusion criteria and processes.

### *3.2 Investment and insurance advice*

SEB AB provides investment advice and insurance advice to customers concerning direct investments, SEB Funds and/or external funds and whenever such possible investment is added to the investment universe for investment and insurance advice, sustainability risks are taken into account as described in this section (see 3.1).

## **4 Principles for consideration of adverse sustainability impact in investment decisions, investment and insurance advice**

### *4.1 Description of considerations of adverse impact on sustainability factors in investment decisions in discretionary portfolios*

#### *Directly owned assets*

The consideration of adverse impact on sustainability factors for directly owned assets includes the implementation of exclusion criteria and corporate engagement. The exclusion list is chosen with the principal adverse impacts (“PAI”) listed in Annex 1 – Table 1 of the SFDR Delegated Regulation in mind and avoids sector and companies with high exposure to activities listed there. Please note that exemptions can be made to the exclusion list if the company is transitioning out of the sector or activity and SEB AB has a positive view on the progress of this transition.

- The exclusions are guided by the restrictions and requirements in the SEB Group sector policies (as listed in the annex). This includes exclusions of selected fossil fuel activities and activities with a high risk of negative impact on human rights, health, and biodiversity. Companies that lack adequate corporate governance structures or that have breached international norms and standards or business conduct codes and have not demonstrated a path to change, are also excluded. Regarding government bonds, SEB AB does not invest in bonds issued by countries that violate fundamental rights or are sanctioned.
- As part of the investment decision, the manager of the discretionary portfolio keep themselves informed about adverse sustainable impacts on a regular basis. For more information, please see section 4.3.

#### *Funds Managed by external parties*

External funds offered by SEB AB must have a baseline of sustainability safeguards listed below. By doing so SEB AB ensures a minimum standard and reduce the adverse impacts on sustainability factors of their investments.

- The external fund must exclude investments in controversial weapons as per defined threshold.
- The external fund must exclude investments in thermal coal as per defined threshold.
- Before adding a new fund, information is gathered and discussions are held with the fund’s management company and the fund managers in question about their process of adverse sustainability impact in the investment process and their ability to report on this. The outcome of such discussion forms part of the overall picture of the quality of the manager and is considered when deciding if a fund should be part of SEB AB ´s investment universe.
- New external funds added to the investment universe are subject to a norm-based screening and excluded as per defined thresholds and screened for breaches of adherence to international norms (please see section 4.3 for further information).

### *Funds managed by SEB AM (SEB Funds)*

Before making investments into funds managed by SEB AM, SEB AB informs themselves of SEB AM´s practices of considering adverse impact on sustainability factors. The management company has two main ways to consider adverse impact on sustainability factors – exclusions and adding principal adverse impacts into its proprietary model.

- Fossil fuel activities and sectors with a high risk of negative impact on human rights, health, and biodiversity are part of the exclusions. Companies that lack adequate corporate governance structures or breached international norms and standards or business conduct codes and have not demonstrated a path to change, will be excluded. In addition, SEB AM does not invest in government bonds issued by countries that violate fundamental rights or are sanctioned. The described exclusions cover PAIs listed in Annex 1 – Table 1 of the SFDR Delegated Regulation. Please note that exemptions can be made to the exclusion list if the company is transitioning out of the sector or activity and SEB AM has a clear positive view on the progress of this transition.
- SEB AM applies a proprietary model, SIMS-S, to identify companies that share SEB AM´s strategic views on sustainable development and provides forward-looking information about sustainability risks and opportunities. The model is built on various reported sustainability data, which include reported data in accordance with a majority of the PAIs listed in Annex 1 – Table 1 of the SFDR Delegated Regulation. The scores generated by the model are actively used by fund managers and other investment professionals when making investment decisions.

For more information, please visit [Negative consequences investment advise.pdf \(sebank.se\)](#)

### *4.2 Engagement Activities*

As part of the investment decision making process, the manager of the discretionary portfolio keep themselves informed about adverse impact on sustainability factors on a regular basis. When deemed needed, company meetings are arranged to discuss how the company view their continued involvements in those activities and such engagements then form part of the overall investment decision.

For further information about engagement activities with regards to externally managed fund, please see section 4.1.

Information on shareholders rights can be found at [www.seb.se](http://www.seb.se) under the legal section.

#### *4.3 Considering responsible business conduct codes and internationally recognized standards for due diligence and reporting*

All funds, both for discretionary management and advisory purposes, should at minimum be a signatory to the UN Principles for Responsible Investment (PRI). New external funds added to our investment universe are subject to a norm-based screening, where among others the holdings of the fund are screened for breaches of adherence to international norms on human rights, labor standards, environmental protection and anti-corruption set out in the UN Global Compact, OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights (covering among other things child labour, human rights, and labour rights). Please note that exemptions can be made regarding an exclusion if further investigation needs to be conducted into the severity of the breach.

When making direct investment in the context of discretionary management, companies that lack adequate corporate governance structures or that have breached international norms and standards or business conduct codes such as those listed above and have not demonstrated a path to change, will be excluded from the investment universe.

#### *4.4 Investment and Insurance advice*

SEB AB provides investment advice and insurance advice to customers concerning direct investments, SEB Funds and/or external funds and whenever such possible investment is added to the investment universe for investment and insurance advice, adverse impact on sustainability factors are taken into account as described in this section (please see 4.1-4.3).

### **5 Remuneration policies in relation to the integration of sustainability risks**

The remuneration policy for SEB Group integrates sustainability risks from various perspectives. It notes that individual performance evaluation shall reflect the individual's adherence to Rules and Policies for risk taking in the SEB Group, including sustainability risks and the integration of sustainability risk in the setting of remuneration models. In relation to variable remuneration, specific targets are set according to an appropriate balance between quantitative and qualitative criteria, including financial- and non-financial criteria such as targets relating to sustainability. For SEB ABs collective profit-sharing program, sustainability is one of the targets.



## Annex

### SEB Group sustainability policy framework

Sustainability is a cornerstone of SEB Group's 2030 Strategy and sets out the framework for the bank's role in the sustainability transition. Its purpose is to integrate sustainability considerations in all relevant business decisions and through that supporting customers.

The SEB Group has a sustainability policy framework with the purpose to guide credit and investment decision making. The policies are integrated in the different divisions and subsidiaries and adjusted for their specific areas of activity.

The framework has three levels, where thematic- and sector policies support the identification of principal adverse sustainability impact:

1. *Corporate Sustainability Policy and Corporate Sustainability Governance Instruction*

These policies set the overall sustainability framework and general positions of the SEB Group. They also define how sustainability related decisions are integrated in committees, roles and responsibilities.

2. *Thematic Policies*

These policies define positions on specific sustainability themes as well as principles for identification of thematic negative impact and restrictions on certain corporate behavior. SEB has the following thematic policies:

- Environmental Policy
- Human Rights Policy

3. *Sector Policies*

The Sector Policies provide expectations on corporate behavior, SEB's commitment to sector-based standards and in some cases restrictions on specific activities. We have policies for the following sectors:

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