

Statement on principal adverse impacts of investment
decisions and investment advice on sustainability factors
SEB Investment Management AB
LEI: 549300DNI5UYVM6X6N69



Summary

SEB Investment Management AB (SEB IM, the Fund Management Company), LEI: 549300DNI5UYVM6X6N69, considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of SEB Investment Management AB. This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. The statement includes the total Assets under Management (AuM) for SEB IM, including mutual funds as well as discretionary mandates managed by the Fund Management Company.

SEB IM leverages corporate and sovereign sustainability data from ISS ESG, a responsible investment arm of Institutional Shareholder Services Inc., which is one of the leading providers of corporate governance and responsible investment solutions. Data on the principal adverse impacts linked to real estate assets is provided by Novier, an external management organisation that offers professional advice in sustainability for real estate companies.

We reviewed the data from these providers and assessed that the majority of the datapoints selected align with the required metrics outlined in the Regulatory Technical Standards (RTS) issued by the European Supervisory Authorities (ESAs) to support the Sustainable Finance Disclosure Regulation (SFDR). In the absence of fully aligned data with regard to some other PAIs, our data vendors have made available proxy indicators which we assessed to be acceptable alternatives based on the justification provided.

The annual impact figures for the reference year of 2022 are calculated as four-point averages of quarterly impact figures corresponding to the following dates: 31 March, 30 June, 30 September and 31 December 2022. The data measuring the principal adverse impacts is the most recent data, often dated as of the previous year-end or a year preceding that. With regard to data on enterprise value including cash (EVIC), which constitutes a core of calculations for several PAI indicators, SEB IM uses the most current EVIC values. The Impact is calculated in two ways, given that there are currently two approaches used by other FMPs, and also suggested by the EU-commission in consultation JC 2023 09. One is in line with the current guidance and includes 0-values (both from lack of data availability and relevance) in weighted averages, and one is more mathematically intuitive and excludes 0-values. These approaches will for the sake of clarity be called "Impact" and "Adjusted Impact", given the order that they presented in the previous sentence. The difference between the two approaches will be the "Coverage" and the coverage is calculated as a percentage of assets covered in the calculation by the total current value of all investments.

Highlighted updates and key challenges going forward

Climate change is one of the biggest challenges facing the world today. There is clear scientific evidence pointing to substantial risks to the planet, of which certain regions, population groups and economic sectors are already significantly affected. Climate change also poses a risk to long-term financial stability. As an asset manager, the Fund Management Company will contribute to reducing climate change through investments and also increase the allocation of capital to sectors and companies that contribute to positive global transformation.

In 2021, SEB Investment Management adopted a climate strategy that states how this will to be carried out, and in brief:

- By 2040, on an aggregated level, achieve net-zero greenhouse gas emissions in our investment funds
- Lead capital flows to climate solutions and transformation companies
- Opt out of investments in undertakings with a major negative climate impact
- Influence companies in a more sustainable direction

Read more about SEB Investment Management's position statement concerning the climate issue in our Sustainability Policy: [SEB Investment Management Sustainability Policy](#)

During 2023, SEB Investment Management has updated its sustainability policy with a position on biodiversity. Nature is the foundation of societies and the economy, and there is a growing need to include nature and biodiversity in investment decisions

SEB Investment Management commits to not investing in companies that have verified breaches of biodiversity-related norms. We also exclude companies that operate and have a negative impact on threatened species or on bio-sensitive areas. Finally, to reduce the risks of deforestation of the tropical forests, SEB Investment Management monitors companies with the greatest influence on and exposure to tropical deforestation and aims to set net-zero deforestation targets as the global data quality on deforestation improves.

Read more about our position on biodiversity in our Sustainability Policy: [SEB Investment Management Sustainability Policy](#)

Sustainability analysis

SEB Investment Management has procedures in place to ensure that the principal adverse sustainability impacts are taken into account in investment decisions. Sustainability analysis is part of the investment analysis prior to investment decisions. The Fund Management Company has developed its own sustainability analysis model, which based on several external and internal data sources gives each potential investment a sustainability score. The score is based on risks, adverse impacts, opportunities in the sustainability area, work on the Sustainable Development Goals, carbon footprint, and much more. The sustainability analysis model integrates factors related to the environment, social responsibility, and corporate governance into the investment process and investment decisions through fundamental analysis, and rates individual companies' ability to manage sustainability risks and opportunities. Data is collected from multiple sources to achieve adequate coverage and access to the right data points. In the first instance, the companies' reported data is used, and also in the absence of established data estimation methods. The risk component measures companies' exposure to sustainability risks and adverse impacts, and the extent to which companies manage these sustainability risks, and also identifies the gap between managed and non-managed sustainability risks. This enables the Fund Management Company to obtain a fundamental view of each company's sustainability profile.

The purpose of the analysis model is to give each company an individual, relevant, significant, and forward-looking score with regard to the company's size, nature and operations. The sustainability rating provides guidance on which future sustainability factors may make a negative or successive contribution to long-term risks and returns. Each sub-rating is also available when, based on the companies' specific challenges related to principal adverse impact indicators, the managers have the opportunity to analyse the components that are most relevant for each investment.

The sustainability analysis focuses on, among other things, specific sector risks, the sustainability of products and services, and impacts and influences in relation to long-term sustainable value creation. The model measures companies' exposure to sustainability risks, and the extent to which companies manage these risks, and identifies the gap between managed and non-managed sustainability risks. The model also analyses business models' ability to manage climate issues within the production framework, companies' ability to generate green revenues, and their operational preparedness to fulfil regulatory requirements such as the EU taxonomy, as well as their ability to work with social issues, such as diversity issues, at both supplier and production levels.

Exclusion

Management of the principal adverse sustainability impacts is also taken into account through the Fund Management Company's exclusion process, whereby companies that do not observe international standards and conventions, or which operate in sectors or businesses with a major negative impact on people and the environment, are excluded. These include companies that are active in the fossil fuel sector, tobacco-production companies, and companies in the commercial gaming industry. The screening is performed using the coverage of ISS ESG's product involvement and norm-based research based on the exclusion criteria set out in the [Fund Management Company's Sustainability Policy](#).

Decisions on SEB Investment Management's exclusion list are taken by the Fund Management Company's Exclusion Committee. The committee meets at least four times a year and ensures that management takes place according to the Sustainability Policy. In addition to exclusion, the committee also makes decisions on 'transition companies', based on the assessment methodology developed by the Fund Management Company. For companies assessed to contribute to the global transition, the Fund Management Company also initiates dialogue to increase its insight into the company. Follow-up on both dialogue and the company's development is reported annually to the committee.

Read more about our exclusions in our Sustainability Policy: [SEB Investment Management Sustainability Policy](#)

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Climate and other environment-related indicators

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions	1. GHG emissions (Tonnes of CO ₂ e)	Scope 1 GHG emissions	734,521.841 tonnes	1,209,068.071 tonnes	60.751%	SEB IM has an overall lower owned emissions than historical outcomes. This is mostly due to divestment from fossil fuel and power generation companies but also from sustainability integration into the investment decisions	SEB IM has, during 2021 committed to the Net Zero Asset Managers Initiative and will release its first progress report for 2022 during 2023. SEB IM has initiated and participated in several engagement dialogues with companies with the target to influence companies to set Science Based Targets to create a clear route to reduced emissions.
		Scope 2 GHG emissions	220,409.159 tonnes	362,807.015 tonnes	60.751%		
		From 1 January 2023, Scope 3 GHG emissions	14,173,114.81 tonnes	23,329,817.605 tonnes	60.751%		
		Total GHG emissions Scopes 1, 2, 3	15,128,045.813 tonnes	24,901,692.695 tonnes	60.751%		
Greenhouse Gas Emissions	2. Carbon footprint (Tonnes CO ₂ e per million EUR)	Carbon footprint	220.743 tonnes per €M invested	363.352 tonnes per €M invested	60.751%	SEB IM has an overall lower owned emissions than historical outcomes and by this also a lower Carbon Footprint. This is mostly due to divestment from fossil fuel and power generation companies but also from sustainability integration into the investment decisions.	According to our calculations, owned carbon emissions have been reduced by a little over 40 per cent in absolute terms since our 2019 baseline. This reduction can largely be attributed to divestment from fossil fuel and power generation companies.
Greenhouse Gas Emissions	3. GHG intensity of investee companies (Tonnes CO ₂ e per million EUR)	GHG intensity of investee companies	579.172 tonnes per €M in revenue	953.918 tonnes per €M in revenue	60.715%	SEB IM has an overall lower GHG intensity than historical outcomes. This is mostly due to divestment from fossil fuel and power generation companies but also from sustainability integration into the investment decisions.	

¹ Calculated in relation to the "Current value of all investments", as defined in the guidance provided by ESAs in the [Q&A on the SFDR Delegated Regulation](#) as of 17 November 2022. This value includes total value of assets under management, including cash, deposits, derivatives and cash equivalents. For more information, refer to the section "Data and Methodology used".

² Calculated in relation to the value of relevant assets which we define as the total value of assets under management excluding cash, deposits, derivatives, cash equivalents and other asset types that do not have ESG data. For more information regarding the rationale and motivation behind this approach, refer to the section "Data and Methodology used".

³ Calculated as the share of assets for which quantitative PAI data is available in relation to the "Current value of all investments".

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions	4. Exposure to companies active in the fossil fuel sector (%)	Share of investments in companies active in the fossil fuel sector	1.235%	2.034%	60.707%	<p>Due to the exclusion of companies with fossil involvement, SEB IM's involvement is significantly lower than historical outcomes. SEB IM allows for companies deemed to be in transition towards more sustainable energy sources, which accounts for the exposure that is shown here.</p>	<p>In general SEB IM excludes companies with fossil involvement. We allow exceptions from this on a case-by-case basis, primarily for companies deemed to be in transition according to SEB IM's criteria for transition.</p> <p>We think that we can create value for our stakeholders by helping companies with the willingness and ability to transition into leaders within sectors with the most significant sustainability challenges.</p> <p>As of December 2022, SEB Investment Management excluded 1412 entities involved in fossil fuel production and 1138 entities involved in fossil fuel distribution and services. By the end of 2022, SEB IM was in continuous dialogue with 32 transition companies that are assessed regularly based on their decarbonisation performance.</p> <p>In 2022 the Fund Management Company identified and engaged in dialogue with around 30 transition companies, and collaborated with other investors through initiatives such as Climate Action 100+ and the Net Zero</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions	5. Share of non-renewable energy consumption and production	Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	0.304%	0.504%	60.247%	<p>Due to the exclusion of companies with fossil involvement, SEB IM's involvement is significantly lower than historical outcomes. SEB IM allows for companies deemed to be in transition towards more sustainable energy sources, which accounts for the exposure that is shown here.</p>	<p>In general SEB IM excludes companies with fossil involvement, including the production of energy from fossil fuels. We allow exclusions from this on a case-by-case basis, primarily of companies deemed to be in transition according to SEB IM's criteria for transition.</p> <p>We also think that we can create value for our unit holders by helping companies with the willingness and ability to transition into leaders within sectors with the most significant sustainability challenges.</p> <p>In the fall of 2022, SEB Investment Management launched SEB Nordic Green Energy Fund which invests in renewable energy sources with the objective of increasing the capacity of these sources as a way of accelerating the transition in the energy sector. The fund invests directly in areas such as geothermal heating, solar power, hydropower and wind power. This fund invests in new construction and by acquiring smaller energy assets and increasing their capacity further. The objective of the Fund Management Company is to increase the availability of renewable energy.</p> <p>More information is available in SEB Investment Management's Exclusions and Transition June 2023 report.</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	13.738%	67.021%	20.499%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome. SEB IM performs slightly better in terms of Adjusted Impact than the broad global market index MSCI ACWI which has an outcome of 69.576% according to the data available to us at the time of reporting.</p> <p>Proxy used: The data used includes energy consumption from non-renewable sources as defined in the RTS as well as energy consumption from biomass.</p>	<p>The indicator has not been used stand-alone in the past. As SEB Investment Management considers the GHG emissions of companies, this indicator has indirectly been considered within the investments.</p> <p>Companies without the ability or capability to produce their own energy are heavily dependent on the available energy on the grid. Therefore, our efforts are focused on the decrease of the share of non-renewable and increase of the share of renewable energy.</p> <p>The importance of switching from the use of fossil fuels to renewable sources is emphasised in engagement dialogues with the investee companies conducted by SEB IM in relation to GHG reduction targets.</p>
		6. Energy consumption intensity per high-impact climate sector	0.00003	0.592	0.006%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome.</p>	<p>The indicator has not been used stand-alone in the past. As SEB Investment Management considers the GHG emissions of companies, this indicator is indirectly considered within the investments.</p> <p>Companies without the ability or capability to produce their own energy are heavily dependent on the available energy on the grid. Therefore, our efforts are focused on the decrease of the share of non-renewable and increase of the share of renewable energy.</p>
		NACE sector A <i>(Agriculture, Forestry and Fishing)</i>	0.002	1.855	0.118%		
		NACE sector B <i>(Mining and Quarrying)</i>	0.057	0.656	8.642%		
		NACE sector C <i>(Manufacturing)</i>	0.000	0.000	0.000%		
		NACE sector D <i>(Electricity, Gas, Steam and Air Conditioning Supply)</i>	0.0001	0.457	0.021%		
NACE sector E <i>(Water Supply, Sewerage, Waste Management and Remediation Activities)</i>							

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse Gas Emissions	6. Energy consumption intensity per high-impact climate sector	NACE sector F <i>(Construction)</i>	0.0001	0.281	0.052%	Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome.	The indicator has not been used stand-alone in the past. As SEB Investment Management considers the GHG emissions of companies, this indicator is indirectly considered within the investments. Companies without the ability or capability to produce their own energy are heavily dependent on the available energy on the grid. Therefore, our efforts are focused on the decrease of the share of non-renewable and increase of the share of renewable energy.
		NACE sector G <i>(Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)</i>	0.0003	0.196	0.145%		
		NACE sector H <i>(Transportation and Storage)</i>	0.006	1.656	0.362%		
		NACE sector L <i>(Real Estate Activities)</i>	0.000002	0.014	0.017%		

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.003%	0.005%	60.710%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome. SEB IM performs significantly better than the broad global market index MSCI ACWI which has an outcome of 0.04% according to the data available to us at the time of reporting. Since SEB IM updated the sustainability policy with an exclusion on companies that operate and have a negative impact on threatened species or bio-sensitive areas during 2023 and the indicator outcome is based on the holdings during 2022, this can explain the exposure.</p> <p>Proxy used: The data used covers controversies with regard to some, but not all, of the standards referenced in the RTS definition of "activities negatively affecting biodiversity-sensitive areas". However, the standards referenced in the RTS have been assessed to overlap with those applied in the proxy to a large extent.</p>	<p>SEB Investment Management has during 2023 updated its sustainability policy with a position on biodiversity. Nature is the foundation of societies and the economy and there is a growing need to include nature and biodiversity into investment decisions.</p> <p>SEB Investment Management commits to not investing in companies that have verified breaches of biodiversity-related norms. We also exclude companies that operate and have a negative impact on threatened species or bio-sensitive areas.</p> <p>Finally, to reduce the risks of deforestation of the tropical forests, SEB Investment Management monitors companies with the greatest influence on and exposure to tropical deforestation and aims to set net zero deforestation targets as the global data quality on deforestation improves.</p> <p>SEB IM is a member of the Taskforce for Nature-related Financial Disclosures (TNFD) Forum, and a signatory of the Finance for Biodiversity Pledge and is working to increase the quality and coverage of biodiversity-related data sets through scientific collaborations.</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.025	1.015	2.459%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome.</p> <p>Proxy used: RTS refers to various types of emissions to water, whereas the data used covers one of the types which is chemical oxygen demand (COD), a commonly used indicator measuring emissions to water.</p>	<p>During 2023, SEB Investment Management has updated its sustainability policy with a position on water.</p> <p>SEB Investment Management commits to exclude companies with verified failures to comply with norms and standards related to water. SEB Investment Management also aims to increase water-use efficiency across investments and to stress the importance of water risk management and transparency in company dialogues.</p> <p>The indicator is considered within the investment process of several funds via our proprietary sustainability scoring model and SEB IM works to extend the consideration to cover all or most of the products during 2023.</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	14.588	252.29	5.782%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome. SEB IM performs significantly better than the broad global market index MSCI ACWI which has an outcome of 756.25 tonnes per million EUR invested according to the data available to us at the time of reporting.</p> <p>Proxy used: While RTS refers to hazardous and radioactive waste, the data used reflects hazardous waste reported by companies based on their own definition, which may or may not include radioactive waste.</p>	The indicator is considered within the investment process of several funds via our proprietary sustainability scoring model and SEB IM works to extend the consideration to cover all or most of the products during 2023.

Social and employee, respect for human rights, anti-corruption and anti-bribery matters

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.519%	0.856%	60.710%	<p>The companies in which the Fund Management Company invests must comply with international standards and conventions. If deficiencies are identified, a reactive dialogue is initiated with the company.</p> <p>SEB Investment Management believes that the Fund Management Company can make the greatest difference by retaining its ownership, but in cases where the Fund Management Company does not achieve the objectives set with the companies, holdings can be divested.</p>	<p>SEB IM screens companies with verified violations. In cases where SEB IM considers the company to lack willingness and ability to address the deficiencies related to the violations, the company is divested.</p> <p>SEB IM participates and seeks to join forces with other investors and stakeholders to start dialogue with companies with verified violations or companies which faces serious allegations of violations.</p> <p>As of December 2022, SEB IM excluded 76 entities from its funds' management universe over verified violations of the normative frameworks.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	7.640%	15.411%	49.576%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator and little to be commented on about the outcome. SEB IM performs better than the broad global market index MSCI ACWI which has an outcome of 23.444% according to the data available to us at the time of reporting.</p>	<p>The indicator is considered within the investment process of several funds via our proprietary sustainability scoring model and SEB IM works to extend the consideration to cover all or most of the products during 2023.</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.116%	4.459%	2.593%	The indicator displays an outcome that indicates that there is no gender pay gap for SEB IM's investee companies. The coverage is quite low, and it could be believed that the small pay gap is influenced by the voluntary nature under which this reporting is performed. Companies with lower pay gaps are more likely to report on this data point and this could lead to an outcome that is more favorable than the reality.	<p>The indicator is considered within the investment process of several funds via our proprietary sustainability scoring model and SEB IM works to extend the consideration to cover all or most of the products during 2023.</p> <p>The SEB Global Equal Opportunity Fund, launched in 2021, is a thematic fund that invests in companies that outperform peers in terms of gender equality and diversity in their organisations.</p> <p>The fund also invests in companies delivering services or products that directly or indirectly support equal opportunities from a gender perspective.</p>
	13. Board gender diversity	The average ratio of female to male board members in investee companies	15.048%	36.438%	41.297%	This indicator has not been used stand-alone in the past for the entire investment portfolio. We do monitor and continuously work to improve the gender diversity for companies in for which we participated in nomination work. For 2022 the proportion of women was 41 per cent in these companies to compare to the Adjusted Impact	<p>SEB IM works as an active owner through our role in nominating committees and by voting on annual general meetings to increase gender diversity on boards.</p> <p>The indicator is considered within the investment process of several funds via our proprietary sustainability scoring model and SEB IM works to extend the consideration to cover all or most of the products during 2023.</p> <p>The SEB Global Equal Opportunity Fund, launched in 2021, is a thematic fund that invests in companies that outperform peers in terms of gender equality and diversity in their organisations. The fund also invests in companies delivering services or products that directly or indirectly support equal opportunities from a gender perspective.</p>

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.000008%	0.000013%	60.715%	SEB IM has no investments with exposure to this indicator during the reporting period.	SEB IM screens and excludes companies with verified involvement.

Climate and other environment-related indicators

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	29.712%	48.918%	60.739%	<p>Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator. SEB IM performs on par with the broad global market index, MSCI ACWI, with an outcome of 45.92% to be compared with the Adjusted Impact.</p> <p>Proxy used: The data used reflects companies that have not set or have not formally committed to setting carbon reduction targets approved by the SBTI.</p>	<p>In 2021, SEB IM committed to the Net Zero Asset Managers Initiative and will release its first progress report for 2022 during 2023.</p> <p>SEB IM has initiated and participated in several engagement dialogues with companies with the target to influence the company to set Science Based Targets to create a clear route to reduced emissions.</p>

Social and employee, respect for human rights, anti-corruption and anti-bribery matters

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	4. Lack of supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	10.021%	20.214%	49.576%	Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator. SEB IM performs on par with the broad global market index, MSCI ACWI, with an outcome of 23.33% to be compared with the Adjusted Impact.	SEB Investment Management is committed to respecting all human rights and will therefore exclude companies that verifiably violate international norms and conventions regarding human rights. SEB Investment Management also aims to increase the share of investments with qualitative: <ul style="list-style-type: none"> • human and labour rights policies and procedures; • human rights due diligence policies and supplier codes of conduct, including processes for its sales and export activities, information on safe working conditions, precarious work, child and forced labour, as well as potential negative impact on human rights of stakeholders, such as communities or indigenous peoples.

Indicators applicable to investments in sovereigns and supranationals

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries expressed as the country's scopes 1,2, and 3 GHG emissions divided by the country's gross domestic product (€M), expressed as a weighted average	5.427 tonnes per €M	126.077	4.305% Tonnes per €M	Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator. Proxy used: While RTS refers to Scope 1, 2 and 3 emissions, the data used reflects information on production emissions which has been a more traditional way of accounting for sovereign emissions, using the same boundary setting as UN Framework Convention on Climate Change (UNFCCC).	The portfolios within SEB Investment Management investing in sovereign bonds are mainly investing in Swedish or US sovereign bonds, steered by their investment policy. There is little or no selection between countries for these products, hence there are no actions planned for this indicator.

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0.043	1.00	4.305%	Since this indicator has not been used stand-alone in the past there are no historical outcomes for this indicator. The investee country marked as violative by ISS ESG is the US.	SEB Investment Management does not invest in government bonds issued by countries that are in serious breach of fundamental social and political rights, or countries that are sanctioned or embargoed by the UN, EU, US, or the UK.
			0.350%	8.135%	4.305%		

Indicators applicable to investments in real estate assets

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.000%	0.000%	3.182%	SEB IM aims to invest in real estate property that is not directly involved with the extraction, storage, transportation, or manufacturing of fossil fuels. This is as applicable for our older assets as it is for our newer and upcoming investments.	SEB IM willingly and purposefully invests in real estate properties that are not associated with these characteristics and processes. As we solely influence our coming transactions we will continue to act in this manner and with the same dedication.

	Adverse sustainability indicator	Metric	Impact 2022 ¹	Adjusted Impact 2022 ²	Coverage ³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	3.048%	95.805%	3.182%	As the majority of SEB IMs real estate assets are relatively old, specifically the properties within the Gamla Trygggliv-mandate, our share of energy-inefficient properties is significant. Our newer properties, specifically the ones we construct ourselves, score significantly better in this area and act to counter the energy-inefficiencies of our older properties.	As SEB IM continues to develop our newer real estate funds, the Fund Management Company also aims to increase its share of energy-efficient real estate assets. Our two ongoing funds, SEB Arkadia Bostad and SEB Nordic Green Energy were set up with clear sustainability goals. In SEB Arkadia Bostad we construct the properties ourselves and are therefore involved in the process from beginning to end. This helps ensure that our sustainability goals are in focus.

Description of Policies to identify and prioritise principal adverse impact indicators on sustainability factors

The basis for SEB Investment Management's identification and prioritisation of principal adverse impact indicators for sustainability factors are the Fund Management Company's publications [Principles for Shareholder Engagement](#) and [SEB Investment Management's Sustainability Policy](#). These internal regulations are updated and adopted annually (at a minimum) by the Board of Directors of the Fund Management Company and can be found on [our website](#). The Fund Management Company's Principles for Shareholder Engagement was latest adopted on the 15th of December 2022 and the Sustainability Policy was latest adopted on the 21st of February 2023.

SEB Investment Management has adopted guidelines for portfolio management as the basis for the procedures to be applied in connection with investment decisions in the Fund Management Company's funds and discretionary portfolios. Among other things, these guidelines state that the Fund Management Company must ensure that each investment process has integrated sustainability aspects, for example based on screening and inclusion and explains how these aspects are observed in investment decisions. In addition to these guidelines, the Fund Management Company's Sustainability Policy sets the framework for the sustainability work within the company and governs the procedures to be applied and the care to be observed in the sustainability area, in connection with any investment decision. In addition, the Fund Management Company has adopted SEB AB's [Policy on the Integration of Sustainability Risk and Impact in Investment Decisions and Investment Advice for SEB Group](#), which describes the framework of the SEB Group, including the Fund Management Company, for how sustainability risks and adverse sustainability impacts are taken into account in investment decisions by the Fund Management Company.

The Fund Management Company continuously monitors that companies' compliance with international standards and conventions is in line with the Fund Management Company's ambitions and commitments. The Fund Management Company also follows up on how the companies are performing in relation to several adverse impact indicators. The methods to monitor the indicators include the exclusion of controversial sectors and companies which are verified to have violated international standards and conventions, and that companies are analysed from a sustainability perspective in the investment process. The Fund Management Company collaborates with ISS ESG as a supplier of sustainability data for exclusion, as well

as most suppliers of data in the Fund Management Company's sustainability analysis. The data received by the Fund Management Company is based on the companies' published information and reporting. In cases where the companies do not report, estimates based on sector estimates are prepared by ISS ESG. This is supplemented with the information received by the Fund Management Company directly, in dialogue with the companies. In this way, SEB Investment Management can identify adverse impacts for sustainability indicators.

The indicator "*Investments in companies without carbon emission reduction initiatives*" has been chosen as emission reduction initiatives are a key element in achieving the long-term target of the Paris Agreement, and also SEB Investment Management's commitment to be net zero in emissions before 2040. Emission reduction initiatives are a first step to prevent further adverse impacts in relation to climate change than what is already in motion.

The indicator "*Lack of supplier code of conduct*" has been chosen since the supply chain of investee companies is of high interest in various sustainability-related challenges, especially challenges concerning human- and labour rights which are a focus area in [SEB Investment Management's Sustainability Policy](#). SEB Investment Management wants to eradicate the abuse of human rights. In addition, a just transition towards more sustainable practices and engagement with stakeholders, local communities and indigenous populations is necessary to assure basic rights. We believe that diversity, equal pay for equal work, and decent working conditions are key ingredients for businesses to thrive. Hence, human and labour rights should be an integral part of every business and its operations, and it is key to maintaining high standards of accountability, transparency, and integrity.

A large part of the work SEB Investment Management does to prevent adverse impacts are dependent on third-party data providers and their sustainability-related data. Since the investee companies themselves do not yet have regulatory obligations to report on many of the data points relevant to prevent adverse impacts, this data is to a not insignificant level estimated by using various estimation models. There are also data gaps where no estimated data exists yet. There is a margin of error to be considered given the disconnect between the available data and the data needed to perfectly prevent adverse impacts in all parts of our portfolios. We support the increased reporting requirements for our investee companies, even though this increases the regulatory and administrative pressure on our investee companies. We are a firm believer that transparency is a key first step to achieving the objectives of our fund management company.

Engagement policies

As a significant investor, SEB Investment Management has a responsibility and the opportunity to influence companies to act responsibly and conduct their business in a sustainable way. The Fund Management Company engages in active ownership whereby dialogue and voting are key aspects of the work. In this way, the Fund Management Company can utilise important information to make informed decisions and conduct detailed risk assessments, while also allowing the Fund Management Company to influence the companies in a more sustainable direction. The engagements are both proactive and reactive. The management of adverse impact indicators for sustainability factors is an element of these dialogues and of the Fund Management Company's corporate governance work.

The companies in which the Fund Management Company invests must comply with international standards and conventions. If deficiencies are identified, a reactive dialogue is initiated with the company. SEB Investment Management believes that the Fund Management Company can make the greatest difference by retaining its ownership, but in cases where the Fund Management Company does not achieve the objectives set with the companies, holdings can be divested. SEB Investment Management's proactive dialogues constitute the largest element of active ownership activities. These take place under our auspices directly with companies, primarily within the Nordic region, and with other investors globally. Proactive dialogues concern large elements of the companies' activities and give us a good insight into the business models' challenges and opportunities.

Read more in our [Principles for Shareholder Engagement](#).

References to international standards

SEB Investment Management supports international initiatives and guidelines that have the common purpose of encouraging and facilitating sustainable business. These guide the Fund Management Company's asset management and reflect the values underlying SEB Investment Management's activities.

Several of the indicators to evaluate the principal adverse impacts are used in relation to international standards. Via SEB AB, the Fund Management Company has signed the UN's Principles for Responsible Investment (UN PRI) and The Fund Management Company also supports the voluntary UN Global Compact initiative. These international standards can

be connected to the indicators "*Violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises*" and "*Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)*".

SEB Investment Management has signed the Net Zero Asset Manager Initiative and set goals in line with the Paris Agreement. This can be connected to all indicators related to GHG emissions (PAIs 1-3), the indicators related to energy production and consumption (PAIs 4-6) and the additional indicator "Investments in companies without carbon emission reduction initiatives". SEB Investments Management uses forward-looking climate scenarios from ISS ESG to live up to the Net Zero ambition set.

In 2023, SEB Investment Management signed the Taskforce for Nature-related Financial Disclosures (TNFD) Forum and is actively working to increase the quality and coverage of biodiversity-related data sets through scientific collaborations. This has a clear connection to the indicator, "Activities negatively affecting biodiversity-sensitive areas".

Data sources and methodology used for measuring the principal adverse impacts

SEB IM leverages corporate and sovereign sustainability data from ISS ESG, a responsible investment arm of Institutional Shareholder Services Inc. which is one of the leading providers of corporate governance and responsible investment solutions. Data on the principal adverse impacts linked to real estate assets is provided by Novier, an external management organisation that offers professional advice in sustainability for real estate companies.

We reviewed the data from these providers and assessed that the majority of the data points selected align with the required metrics outlined in the Regulatory Technical Standards (RTS) issued by the European Supervisory Authorities (ESAs) in support of SFDR. In the absence of fully aligned data with regard to some other PAIs, our data vendors have made proxy indicators available which we assessed to be acceptable alternatives based on the justification provided.

The annual impact figures for the reference year of 2022 are calculated as four-point averages of quarterly impact figures corresponding to the following dates: 31 March, 30 June, 30 September and 31 December 2022. The qualitative data measuring the principal adverse impacts is the most recently available data, often dated as of the previous year-end or a year preceding that. With regard to data on enterprise value including cash (EVIC) which constitutes a core of calculations for

several PAI indicators, SEB IM uses the most current EVIC values. The Impact is calculated in two ways, given that there are currently two approaches used by other FMPs and also suggested by the EU-commission in consultation JC 2023 09. One is in line with the current guidance and includes 0-values (both from lack of data availability and relevance) in weighted averages, and one is more mathematically intuitive and excludes 0-values. These approaches will for the sake of clarity be called Impact and Adjusted Impact given the order that they presented in the previous sentence. The coverage is calculated as a percentage of assets covered in the calculation by the total current value of all investments.

Limitations of the data used

While we try to use the most recently available sustainability data, most of the data used has a time lag which is one of the limitations of the current analysis. Most of the data used is the data collected by our data vendors from the companies' disclosures which tend to refer to the previous fiscal year. An additional delay may arise due to the time that it takes to collect and process data by the data vendors from the time of its publication by the companies.

Another limitation is the lack of reliable data. While corporate sustainability transparency has improved in recent years, the availability of data with regard to certain principal adverse impact indicators is still limited. It is especially the case for private entities which are presently not subject to any disclosure requirements. Even with regard to publicly listed entities, the coverage is low for certain PAI indicators, as the data availability is limited to companies operating in specific industries. The existing coverage gaps do not fully allow us to integrate principal adverse impacts in our investment activities.

Historical comparison

As this is the first quantitative reporting for SEB IM given the regulatory timeline, there are no historical comparisons to be made in terms of quantitative outcomes. However, since the last PAI statement SEB IM has updated its sustainability policy with a position on water and biodiversity, including exclusions. SEB IM works continuously to increase quality and coverage of biodiversity-related data sets through scientific collaborations and is a signatory of the Taskforce for Nature-related Financial Disclosures (TNFD).

SEB Investment Management joined the Net Zero Asset Managers initiative in 2021. This is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions. According to our calculations, financed carbon emissions have been reduced by a little over 40 per cent in absolute terms since our 2019 baseline. This reduction can largely be attributed to divestment from fossil fuel and power generation companies.