

Metrics and targets

SEB has developed a set of climate-related metrics and targets to transparently report on our progress and to steer our business in line with our sustainability strategy. The metrics are integrated in our decision-making processes and are regularly assessed through the governance channels presented earlier in this report.

SEB's climate-related ambitions and goals

Carbon Exposure Index – The Brown

The Carbon Exposure Index is a volume-based metric capturing our fossil fuel credit exposure within the energy portfolio. SEB's goal is to reduce the fossil credit exposure by 45–60 per cent by 2030 compared with a 2019 baseline. Reaching this goal means that we will be in line with, or outperform, the strictest 1.5°C scenario assumptions provided by the International Energy Agency and Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

At year-end 2022, the Carbon Exposure Index had decreased by 17 per cent compared to a 2019 baseline, which is in line with the 2030 trajectory. The outcome reflects SEB's strategy to actively engage with customers striving to transition their operations and to support them in their transition plans. Fossil credit exposure to the power generation and transmission sectors increased over the period, primarily driven by liquidity support to energy producers through the European energy crisis and transition related investment needs. The increase was offset by a sharp decline in the credit exposure to the oil & gas, upstream related sector (exploration and production, oilfield services and offshore).

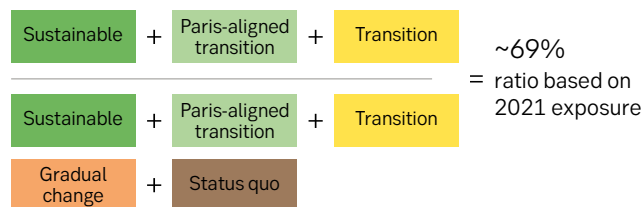
Sustainability Activity Index – The Green

The Sustainability Activity Index is a volume-based metric capturing our sustainability activity across four areas: sustainability-related financing, sustainable finance advisory, greentech venture capital investments and sustainable savings. The ambition is to increase activity 6–8 times by 2030 compared with a 2021 baseline.

At year-end 2022, the index had increased by 59 per cent. For more information about the four areas, see also p. 39, 40, 42.

Transition Ratio – The Future

The Transition Ratio is a credit exposure-related metric based on our CSC tool. The ratio is calculated by dividing the credit exposure classified within the categories Sustainable, Paris-aligned transition and Transition by the total credit exposure classified using the CSC tool.



The scope of our Transition Ratio is the credit exposure to customers active within sectors with material, slight and very limited carbon footprints within the corporate and real estate credit portfolio. Credit exposure to the shipping sector is not included as the climate alignment assessment on that specific portfolio is done in our Poseidon Principles reporting. Read about the Poseidon Principles on p. 40.

At year-end 2022, 70 per cent of the credit exposure in scope had been assessed using our CSC tool. Out of the credit exposure assessed, 71 per cent had been classified when emission reporting and transition plans were of sufficient quality.

Based on the credit exposure by year-end 2021 and the assessments carried out during 2022, our Transition Ratio was 69 per cent. The ratio provides insight into our customers progress and can be used for further analysis and action to support them on their transition journeys.

SEB is actively engaging with customers to advise and help them drive their climate ambitions, which over time should positively impact the proportion of exposure classified.

SEB's financed emissions

SEB is committed to reach net zero greenhouse gas (GHG) emissions by 2050 at the latest. Financed emissions account for the vast majority of SEB's total GHG emissions. SEB has developed a methodology to estimate the financed emissions from the credit portfolio. The methodology forms the basis for the calculation of SEB's financed emissions for 2020 and the development of the 2030 sector targets.

Financed emissions are the GHG emissions SEB finances through its credit exposure. Financed emissions are calculated by multiplying customers' or assets' emissions by a financing attribution factor. The attribution factor is defined as the ratio of credit exposure relative to the book value of the total assets of the customer or relative to the market value of the assets financed. Credit exposure is defined as lending for asset-based financing and lending and contingent liabilities for other financing.

The credit exposure in scope for the calculation of SEB's emissions profile amounted to SEK 1,780bn in 2020 accounting for 79 per cent of the total credit exposure. Credit exposure to corporate sectors with non-material carbon footprint (for example, finance and insurance, and services) and to public administration, banks and household – other is not included. Credit exposure to real estate management and household mortgage in the Baltic countries are excluded due to insufficient data quality.

Customers' and assets' emissions include Scope 1 and 2 for all sectors. Scope 3, use of sold products emissions, are included for the extractive and refining parts of the fossil fuel value chain (oil & gas exploration & production (E&P) and refining, and mining). To minimise multiple counting in the fossil fuel value chain, Scope 3 emissions for the other oil & gas sub-sectors have not been included. Scope 3 from use of sold products are also included for the car manufacturing sector.

When emission data for a customer or asset is lacking, financed emissions are estimated by multiplying the underlying credit exposure by a sector-specific financed emission intensity average. 15 per cent of the 2020 financed emissions was estimated using a sector financed intensity average.

Financed emissions from the corporate sector accounted for 99.5 per cent of SEB's financed emissions in 2020. Financed emissions related to customers' Scope 1 and 2 emissions contributed to 40 per cent of SEB's financed emissions with sectors with material carbon footprint such as shipping, power generation and cement, being the largest contributors. Financed emissions stemming from customers' Scope 3 emissions accounted for 60 per cent of SEB's financed emissions in 2020. The oil & gas E&P and refining sector was by far the largest contributor, accounting for 90 per cent of the Scope 3-related financed emissions.

SEB's financed emissions for 2020

mtonnes CO ₂ e	Scope 1 & 2	Scope 3	Total	%
Corporates	13.5	20.3	33.8	99.5
Material carbon footprint	12.3	20.3	32.6	96.1
Slight carbon footprint	1.1	¹⁾	1.1	3.1
Non-material footprint	0,1	¹⁾	0.1	0.2
Very limited footprint	0,0	¹⁾	0.0	0.1
Real estate management	0.11	¹⁾	0.1	0.3
Housing cooperative associations	0.01	¹⁾	0.0	0.0
Household mortgage	0.05	¹⁾	0.1	0.2
Public administration	¹⁾	¹⁾	¹⁾	¹⁾
Banks	¹⁾	¹⁾	¹⁾	¹⁾
Household – other	¹⁾	¹⁾	¹⁾	¹⁾
Total	13.6	20.3	33.9	100.0

1) Not applicable

Breakdown of financed emissions 2022

Per cent

