

# Corporate governance

»The work of the Board during the year was shaped by the rapid technological and regulatory development in the financial sector. The opportunities and challenges they imply in relation to SEB's long-term vision were analysed and discussed. The Board carefully monitored and evaluated the subdued macroeconomic situation and the emerging geopolitical risks. Other important issues were succession planning, IT security, code of conduct and sustainability. «

Marcus Wallenberg  
Chairman of the Board



**To maintain the important societal function as a bank it is of paramount importance for SEB that all stakeholders have great confidence in the bank's operations. Proper business conduct and professionalism are crucial as is maintaining a sound risk culture.**

## The importance of corporate governance

Corporate governance is the system through which companies are directed and controlled.

To maintain trust among customers, employees, shareholders and other stakeholders and prevent conflicts of interest, roles and responsibilities are clearly defined for shareholders, directors, management and other stakeholders.

SEB's work with corporate governance is focused on ensuring smooth and effective operations with high standards, sound risk management and internal control.

## Rules and regulations

As a Swedish public limited liability financial institution with securities quoted on Nasdaq Stockholm, SEB is subject to numerous rules. The external framework for SEB's corporate governance includes the following rules and guidelines:

- the Companies Act
- the Annual Accounts Act
- the Nasdaq Stockholm Issuer Rules
- the Swedish Corporate Governance Code
- the Banking and Financing Business Act
- the rules and guidelines issued by the Swedish Financial Supervisory Authority and other authorities. ► See p. 46.

In addition, SEB applies an internal framework, which among other things includes the Articles of Association, adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to define the division of responsibility within the group are important tools for the Board and the President and Chief Executive Officer (the President) in their governing and controlling roles.

- Such policies and instructions include, among others:
- the Rules of Procedure for the Board and the Instructions for the Board Committees
  - the Instructions for the President and the Group's Activities
  - the Group's Credit Instruction and Risk Policy
  - the Instruction for Handling of Conflicts of Interest
  - the Instruction for Procedures Against Money Laundering and Financing of Terrorism
  - the Code of Conduct ► Available on SEB's website
  - the Remuneration Policy
  - the Corporate Sustainability Policy ► Available on SEB's website
  - the Policies on Assessment of Suitability of Directors, members of the Group Executive Committee (GEC) and other key function holders.

SEB's ethical and sustainability endeavours are an integral part of the business, and the Board increasingly discusses these issues. SEB's Code of Conduct describes and lays out SEB's values, ethics and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability and various group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance in this context.

The Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the Code). SEB strives to follow the Code where appropriate and has no deviations to report for 2016. ► More information about corporate governance at SEB is available on SEB's website.

## Shareholders and general meetings of shareholders

The shareholders' influence is exercised at general meetings of shareholders by, among other things, electing members of the Board and the bank's auditor.

SEB has approximately 276,000 shareholders. Around 175,000 of them own less than 500 shares, while 146 hold more than 1,000,000 shares, accounting for 79 per cent of the capital and votes. SEB's share capital consists of two classes of shares – A shares and C shares. Each Class A share carries one vote and each Class C share carries one-tenth of a vote. ▶ *SEB's largest shareholders and the shareholder structure as per 31 December 2016 are shown in the table and graph on p. 27.*

The Annual General Meeting (AGM) of shareholders is held in Stockholm. All shareholders listed in the shareholder register who have duly notified their attendance have the right to participate at the AGM and to vote for the full number of their shares. Shareholders who cannot attend may appoint a representative. The AGM is held in Swedish. The 2016 AGM was held on 22 March. A total of 1,223 persons, representing 1,748 shareholders, were in attendance at the AGM. ▶ *The minutes from the AGM are available on SEB's website.*

An electronic system for televoters, was used at the AGM. The main resolutions made at the AGM were:

- approval of the dividend of SEK 5.25 per share
- increase of the number of directors to 13
- re-election of all current eleven directors and election of two new directors
- re-election of Marcus Wallenberg as Chairman of the Board
- re-election of PricewaterhouseCoopers as auditor
- adoption of guidelines for remuneration for the President and the other members of the GEC
- approval of two long-term equity programmes
- issuance of a mandate to the Board concerning the acquisition and sale of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes
- issuance of a mandate to the Board to resolve on the issuance of convertibles.

## Nomination Committee

The tasks of the Nomination Committee include developing proposals for the Chairman and directors of the Board as well as for the auditor.

As the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the demands that will be placed on the Board as a result of the bank's operations, organisation and future direction. Among other things, the Board's size and composition is reviewed in terms of industry experience and expertise as well as diversity, for example gender, age and geographic origin. The Nomination Committee adheres to the Policy on Diversity and Assessment of Suitability of Directors, adopted by the Board. The Nomination Committee makes recommendations regarding directors' fees, allocated among the board members, and fees for committee work. The Nomination Committee also proposes auditor and auditor's fee.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chairman of the Board along with representatives of the bank's four largest shareholders that are interested in appointing a member. One of the independent directors shall be appointed as an additional member of the committee. The composition of the Nomination Committee meets the requirements laid out in the Code. The Nomination Committee has access to relevant information about SEB's operations and financial and strategic position provided by the Chairman of the Board and the additional

### Nomination committee for the 2017 AGM

Member	Representing	Votes, % 31 Aug. 2016
Petra Hedengran, Chairman	Investor	20.8
Magnus Billing	Alecta	7.4
Lars Heikensten	Trygg-Stiftelsen	6.0
Lars-Åke Bokenberger	AMF	4.0
Marcus Wallenberg	SEB, Chairman of the Board	
		<b>38.2</b>

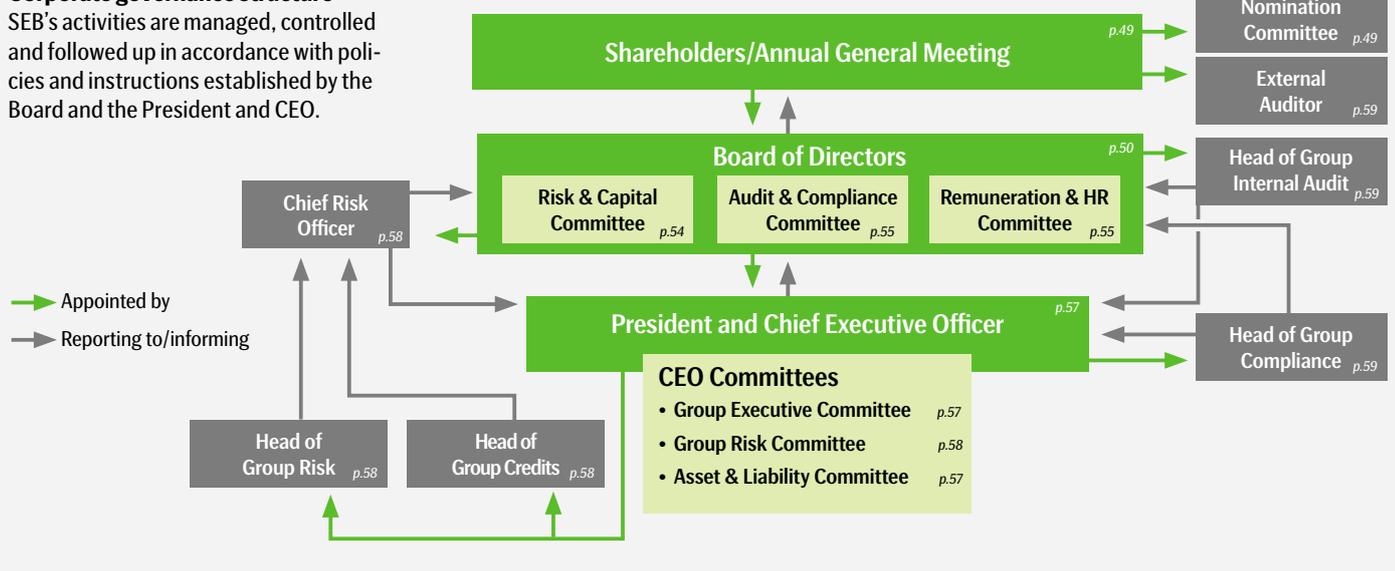
Urban Jansson, additional member, appointed by the Board.

Peder Hasslev represented AMF in the Nomination Committee between 12 September and 18 November 2016, when he was replaced by Lars-Åke Bokenberger.

Swedbank Robur Fonder, which is the bank's fourth largest shareholder, has declined to appoint a member of the Nomination Committee.

### Corporate governance structure

SEB's activities are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President and CEO.



## Board of Directors



	Marcus Wallenberg	Urban Jansson	Jesper Ovesen	Johan H. Andresen
Position	Chairman since 2005	Deputy Chairman since 2013	Deputy Chairman since 2014	Director
Committee	● RCC ● ACC ● RemCo	● RCC	● RCC	
Year elected	2002	1996	2004	2011
Born	1956	1945	1957	1961
Education	B.Sc. (Foreign Service)	Higher bank degree (SEB)	B.Sc. (Econ.) and MBA	B.A. (Government and Policy Studies) and MBA
Other assignments	Chairman of Saab and FAM. Vice Chairman of Investor. Director of AstraZeneca Plc., Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation.	Chairman of EAB and 365 id. Director of Lindéngruppen.	Director of Sunrise Communication Group AG (Switzerland), Lundbeck A/S (Denmark) and ConvaTec Group Plc. (UK).	Owner and Chairman of Ferd AS. Chairman of Council on Ethics for the Government Pension Fund Global (Norway). Director of SWIX Sport AS (Norway), NMI–Norwegian Microfinance Initiative and Junior Achievement Europe.
Background	Citibank in New York, Deutsche Bank in Germany, S G Warburg Co in London and Citicorp in Hong Kong, SEB and Stora Feldmühle in Germany. Executive Vice President of Investor and CEO of Investor. Several assignments as Chairman and Director of large public companies.	SEB in various management positions. President and CEO of HNJ Intrescenter (former subsidiary of the Incentive Group). Executive Vice President of the Incentive Group. President and CEO of Ratos. Several assignments as Chairman and Director of large public companies.	Price Waterhouse. Vice President and later CEO of Baltica Bank A/S. Vice President and Head of Finance of Novo Nordisk A/S. CEO of Kirkbi Group. CFO of Den Danske Bank A/S, LEGO Holding A/S and TDC A/S. Several directorships.	International Paper Co. Partner of Ferd AS. CEO of Ferd AS.
Nationality	Swedish	Swedish	Danish	Norwegian
Own and closely related persons' shareholdings	753,584 Class A shares and 720 Class C shares	56,840 Class A shares	25,000 Class A shares	100,000 Class A shares
Independent in relation to bank/major shareholders	Yes/No	Yes/Yes	Yes/Yes	Yes/Yes
Attendance at Board/Committee meetings	9 of 9 / 34 of 35	10 of 10 / 20 of 21	9 of 10 / 21 of 21	10 of 10
Remuneration, Board meetings, SEK	2,800,000	860,000	860,000	660,000
Remuneration, Committee meetings, SEK	720,000	510,000	325,000	–

● Chairman ● Deputy Chairman ● Member

member. The Nomination Committee also reviews the evaluations of the Board and the Chairman of the Board.

An important principle is that the size and composition of the Board should be such as to serve the bank in the best possible way. It is therefore crucial that the directors have requisite experience and competence about the financial and other sectors as well as international experience and a contact network that meet the demands that arise from the bank's current position and future orientation. The Nomination Committee also discusses succession matters with particular emphasis on continuity and long-term perspective in ensuring the Board's competence and composition.

The Nomination Committee for the 2017 AGM was appointed in the autumn of 2016. No special fee has been paid to the members of the Nomination Committee. ► *The Nomination Committee's proposals and a statement supporting its nomination of directors are available on SEB's website.*

## Board of Directors

The Board has overall responsibility for the organisation, management and operations of the group.

The Board has adopted Rules of Procedure that regulate the Board's role and ways of working as well as special instructions for the Board's committees. The Board has the following duties, among others:

- deciding on the nature, direction and strategy of the business as well as the framework and objectives of the business activities
- regularly following up and evaluating the operations in relation to the objectives and guidelines established by the Board
- ensuring that the business is organised in such a way that the accounting, treasury management and the risks inherent in the business as well as financial conditions in all other respects are controlled in a satisfactory manner in accordance with external and internal rules
- deciding on major acquisitions and divestments as well as other major investments

**Signhild Arnegård Hansen**

Director

● RemCo

2010

1960

B.Sc. (Human Resources) and journalism studies

Chairman of SnackCo of America Corp. Vice Chairman of the Swedish-American Chamber of Commerce (SACC) (USA). Director of Magnora, SACC New York, Business Sweden, ESBRI and King Carl XVI Gustaf's Foundation for Young Leadership.

President of the family-owned company Svenska LantChips. Chairman of the Confederation of Swedish Enterprise. Vice Chairman of Business Europe. Director of Innventia, IFL at Stockholm School of Economics, Research Institute of Industrial Economics, Loomis Sverige and University of Lund.

Swedish

5,387 Class A shares

Yes/Yes

10 of 10 / 8 of 8

660,000

387,500

**Samir Brikho**

Director

2013

1958

M.Sc. (Engineering, Thermal Technology)

UK Business Ambassador. Co-Chairman of the UK-UAE Business Council and the UK-ROK CEO Forum. Member of Advisory Boards of Stena. Chairman of the World Economic Forum Disaster Resource Partnership and of the Step Change Charity.

Broad international experience from management and leadership, especially within the industrial sector. Leading positions within ABB, e.g. as Division Head and CEO of significant subsidiaries. Member of the GEC of ABB Ltd, (Switzerland). CEO of Amec Foster Wheeler plc, (UK).

Swedish

0 shares

Yes/Yes

9 of 10

660,000

–

**Annika Falkengren**Director (President and CEO)<sup>1)</sup>

2005

1962

B.Sc. (Econ.)

Chairman of the Swedish Bankers' Association. Director of Scania CV (subsidiary to Volkswagen) and FAM. Member of the Supervisory Board of Volkswagen AG.

Various positions within SEB Merchant Banking. Global Head of Trading and Head of Merchant Banking. Head of Division Corporate & Institutions and Executive Vice President of SEB. Deputy CEO of SEB.

Swedish

358,895 Class A shares, 121,884 share rights, 359,620 conditional share rights

No/Yes

8 of 9 / 19 of 26<sup>2)</sup>

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**Winnie Fok**

Director

● ACC

2013

1956

Bachelor of Commerce

Director of Volvo Car Corporation, G4S plc (UK) and Kemira Oyj (Finland). Member of the Investment Committee of HOPU Investments Co, Ltd. (Asia). Senior Advisor to the Wallenberg Foundations.

Broad experience from the financial business field. Certified Public Accountant in Australia and in Hong Kong. Member of the Institute of Chartered Accountants in England and Wales. Industrial advisor and Senior Advisor to Investor and Husqvarna. CEO and Senior Partner of EQT Partners Asia Ltd and CEO of New Asia Partners Ltd.

British

3,000 Class A shares

Yes/Yes

8 of 9 / 7 of 7

660,000

200,000

1) In 2017 Annika Falkengren resigned from SEB.

2) In her capacity as President.

- appointment or dismissal of the President, the Chief Risk Officer (CRO), the members of the GEC and the Head of Group Internal Audit, as well as setting the remuneration for these individuals.

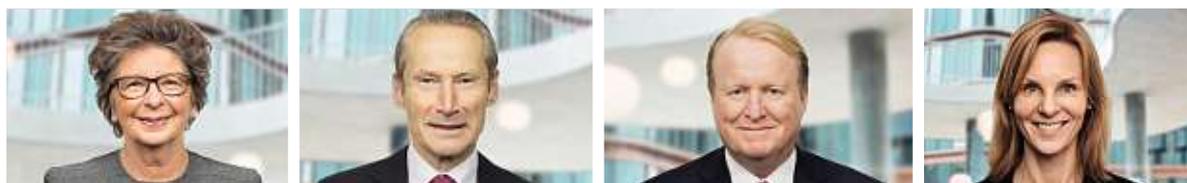
The Chairman of the Board organises and directs the work of the Board and ensures among other things that the directors on a regular basis receive information and education on changes in rules concerning the activities of SEB and on responsibilities of directors of a listed financial company. Educational and specialisation seminars are held each year, and new directors are offered seminars with information on and discussions about the group's various operations, including information about the control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2016 AGM the Board has consisted of thirteen AGM-elected directors, without deputies, and of two directors and two deputies who serve as employee representatives. In order for a quorum to exist at a Board meeting, more than half of the directors must be present. The President is the only AGM-elected director employed by the bank. The Nomination Committee has assessed the directors' independence in relation to the bank and

the bank's management as well as in relation to shareholders controlling 10 per cent or more of the shares or votes and has found that the composition of the Board meets the requirements of the Code.

The work of the Board follows a yearly plan. In 2016, ten board meetings were held. The President attends all board meetings except those dealing with matters in which the President has an interest that may be in conflict with the interests of the bank, such as when the President's work is evaluated. Other members of management participate whenever required.

## Board of Directors (continued)



	Birgitta Kantola	Tomas Nicolin	Sven Nyman	Helena Saxon
Position	Director	Director	Director	Director
Committee	● ACC	● RCC		● ACC
Year elected	2010	2009	2013	2016
Born	1948	1954	1959	1970
Education	LLM and Econ. Dr. H.C.	B.Sc. (Econ.) and M.Sc. (Management)	B.Sc. (Business and Econ.)	M.Sc. (Business and Econ.)
Other assignments	Director of Nobina.	Chairman of Centre for Justice. Director of Nordstjernan, Nobel Foundation, Axel and Margaret Ax:son Johnson's Foundation, Research Institute of Industrial Economics and Sällskapet Vänner till Pauvres Honteux. Member of the Investment Committee of Niam Property Fund.	Chairman of RAM Rational Asset Management. Director of RAM ONE, Consilio International, Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and of Axel and Margaret Ax:son Johnson's Foundation.	CFO at Investor. Director of Swedish Orphan Biovitrum.
Background	Broad experience in banking and finance, e.g. Nordic Investment Bank (Executive Vice President and Head of Finance). Vice President and CFO of International Finance Corporation (World Bank Group) (USA). Deputy General Manager of Ålandsbanken (Finland).	Broad experience in the financial sector as CEO of Alecta, Third National Swedish Pension Fund and E. Öhman J:or Fondkommission as well as a leading position in Handelsbanken. Several directorships.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of Lancelot Asset Management and Arbitech (USA). Several directorships.	Financial analyst at Goldman Sachs and Investor, CFO at Synchron International and Hallvarsson and Halvarsson. Investment Manager at Investor.
Nationality	Finnish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	33,000 Class A shares	66,000 Class A shares	10,440 Class A shares and 10,200 Class C shares	5,000 Class A shares
Independent in relation to bank/major shareholders	Yes/Yes	Yes/Yes	Yes/Yes	Yes/No
Attendance at Board/Committee meetings	10 of 10 / 7 of 7	10 of 10 / 21 of 21	10 of 10 / 3 of 3	7 of 7 / 5 of 6
Remuneration, Board meetings, SEK	660,000	660,000	660,000	660,000
Remuneration, Committee meetings, SEK	387,500	325,000	–	200,000

● Chairman ● Deputy Chairman ● Member

## Directors' fees

SEB's 2016 AGM set total fees of SEK 13,710,000 for the members of the Board and decided how these fees are to be distributed among the Board and its committees. Directors' fees are paid on a running basis during the mandate period.

Following a recommendation by the Nomination Committee, the Board has adopted a policy that recommends that board members use 25 per cent of the director's fee to purchase and hold SEB shares up to an amount corresponding to one year's fee.

## Board committees

The Board's overall responsibility cannot be delegated. However, the Board has established committees to handle certain defined issues and to prepare such issues for decision by the Board. At present, there are three committees: the Risk and Capital Committee (RCC), the Audit and Compliance Committee (ACC), and the Remuneration and Human Resources Committee (RemCo). These committees report to the Board on a regular basis. An important principle is that as many board members as possible shall participate in committee work, also as chairs. The Chairman of the Board serves as deputy chair of the three committees. Neither the President nor any other officer of the bank is a member of the committees.

Appointed by the employees:				
				
<b>Sara Öhrvall</b>	<b>Anna-Karin Glimström</b>	<b>Håkan Westerberg</b>	<b>Annika Isenborg</b>	<b>Charlotta Lindholm</b>
Director	Director, appointed by the employees.	Director, appointed by the employees.	Deputy Director, appointed by the employees.	Deputy Director, appointed by the employees.
● RemCo				
2016	2016	2015 <sup>1)</sup>	2016 <sup>2)</sup>	2015
1971	1962	1968	1967	1959
M.Sc. (Econ.)	University studies in mathematics, statistics and law.	Engineering logistics.	University studies in working environment.	LLB
Director of Investor, Bonnier News, Bonnier Books and Bisnode.	Chairman of Financial Sector Union of SEB group and Financial Sector Union Western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.	Chairman of the Association of University Graduates at SEB.	First deputy Chairman of Financial Sector Union of SEB group and Financial Sector Union Regional Club group operations of SEB.	Vice Chairman of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.
Product development manager, niche cars, at Volvo Cars. Senior Vice President Research and Development unit at Bonnier, Founder of the consultancy network MindMill Network and CEO at Differ Brand Agency.	Office manager and various other positions in SEB. Various specialist and leader roles within Trygg-Hansa. Director of SEB's Profit Sharing Foundation.	Sales manager at Trygg-Hansa in the property insurance business. SEB in various positions in systems management and IT development, currently Systems Management Advisor.	Employed at Fixed Income, group operations. Director of SEB's Profit Sharing Foundation and Result Premium Foundation.	Various client responsibility positions in several divisions and subsidiaries in the SEB group. Presently client executive at Private Banking, Foundations.
Swedish	Swedish	Swedish	Swedish	Swedish
0 shares	0 shares	3,569 Class A shares	0 shares	5,001 Class A shares
Yes/No	–	–	–	–
7 of 7 / 5 of 5	8 of 8	10 of 10	7 of 8	10 of 10
660,000	–	–	–	–
195,000	–	–	–	–

<sup>1)</sup> Deputy Director 2011–2014 <sup>2)</sup> Deputy Director 2014

## Evaluation of the Board of Directors, the President and the Group Executive Committee

SEB uses an annual self-assessment method, which among other things includes a questionnaire, followed by discussions within the Board. Through this process the activities and work methods of the Board, the Chairman of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual board members take an active part in discussions by the Board and its committees
- whether board members contribute independent opinions
- whether the meeting atmosphere facilitates open discussions.

The outcome of the evaluation was presented to and discussed by the Board and the Nomination Committee. The evaluation process and its outcome contribute to further improvement of the Board's work and help the Nomination Committee to evaluate the size and composition of the Board.

The Chairman of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg did not participate in the evaluation of the Chairman's work, which was directed by Urban Jansson, one of the Deputy Chairmen.

The Board evaluates the work of the President and the GEC on a continuous basis, without participation by the President or any other member of the GEC.

## On the Board's agenda in 2016

### February

- Annual accounts, including proposal on dividend
- AGM notification and AGM proposals
- Balance sheet, capital and dividend policy
- Risk position, asset quality, credit portfolio, liquidity situation
- Internal and external audit as well as compliance
- Macroeconomic review
- 2015 Annual Report

### March

- AGM
- Statutory meeting
- CEO evaluation
- Remuneration matters
- Group talent review and succession planning

### April

- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation
- Internal capital and liquidity review
- Annual review of risk policies and instructions
- IT and digitalisation review
- Negative interest rate impact review
- Branding and image position
- Business review of payments
- Business review small and medium-sized companies
- Sustainability matters

### June

- IT business and digitalisation update
- Sustainability matters
- Macroeconomic discussion relating to Brexit

### July

- Macroeconomic update relating to Brexit
- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation
- Review of employee survey (Insight) 2016

### September

- Risk seminar
- Business review Corporate & Private Customers division

### October

- Macroeconomic review
- Quarterly report
- Risk position, asset quality, credit portfolio, liquidity situation
- EU Recovery and Resolution plan

### December

- Business plan, financial plans, forecasts
- Annual review of policies and instructions
- SEB's Code of Conduct
- Board evaluation
- US Resolution plan

## Risk and Capital Committee



Urban Jansson  
Chairman of RCC

» Important areas addressed in 2016 include evaluation of, and adaption to, the new capital requirements currently being implemented. Standardised risk weights and liquidity levels are capital requirement areas that have attracted particular focus. The RCC has also continued to monitor the bank's credit portfolio and risk tolerance, development of the home mortgage market, important macroeconomic aspects and their impact on the euro, and the impact of negative interest rates.«

## Risk and Capital Committee

The RCC supports the Board in ensuring that SEB is organised and managed in such a way that all risks inherent in the group's business are controlled in accordance with the Board's risk tolerance statement as well as with external and internal rules. The RCC also monitors the group's capital situation on a continuous basis.

The RCC sets the principles and parameters for measuring and allocating risk and capital within the group and oversees risk management systems and the risk tolerance and strategy for the near and long term. The RCC prepares a recommendation for the appointment and dismissal of the CRO. It also decides on individual credit matters of major importance or of importance as to principles and assists the RemCo in providing a risk- and capital-based view on the remuneration system. The RCC held 21 meetings in 2016.

The group's Chief Financial Officer (CFO) has overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility regarding risk and credit matters. The President, the CFO and the CRO regularly participate in the meetings. ► *The CRO function is described on p. 58. Information on risk, liquidity and capital management is provided on p. 40.*

### RCC members

Urban Jansson (Chairman), Marcus Wallenberg (Deputy Chairman), Jesper Ovesen and Tomas Nicolin.

### The RCC's work in 2016:

- monitored the implementation of internal rules including the credit policy and instruction
- monitored risk development, among other things with focus on long-term stability of the Swedish home mortgage market
- monitored the macroeconomic development including Brexit
- prepared matters concerning market and liquidity risk limits
- reviewed significant changes in the credit portfolio and of the credit process
- reviewed models and methods for risk measurement
- discussed adaptation to new capital requirements
- reviewed the overall capital and liquidity strategy and position including internal capital and liquidity assessment
- prepared matters concerning the group's capital goals and capital management, such as the dividend
- reviewed reports from internal audit and compliance
- held strategic discussions on holistic financial and balance sheet management
- discussed negative interest rate implications.

### Contact the Board of Directors:

Skandinaviska Enskilda Banken AB (publ), Board Secretariat,  
SE-106 40 Stockholm, Sweden (sebboardsecretariat@seb.se)

**Audit and Compliance Committee**

Birgitta Kantola  
Chairman of ACC

» The financial crisis has led to an ever more challenging regulatory environment. For the ACC in 2016 it meant further intensified monitoring of the quality of the ongoing financial reporting and internal controls. Tightening taxation of financial transactions surfaced as an area of concern in many countries, which required special attention. Other important issues for the ACC were IT security including access controls and new market abuse regulation. Many compliance matters from previous years continued to require the ACC's attention.«

**Audit and Compliance Committee**

The ACC supports the Board in its work with quality assurance of the bank's financial reporting and internal control over the financial reporting and reporting to supervisors. When required, the ACC also prepares, for decision by the Board, a recommendation for the appointment or dismissal of the Head of Group Internal Audit. The Committee maintains regular contact with the bank's external and internal auditors and discusses the co-ordination of their activities. The Committee also ensures that any remarks and observations from the auditors are addressed, and evaluates the external auditors' work and independence.

In addition, the President's proposal for appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held seven meetings in 2016. The CFO, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit matters and reports for the Committee's consideration. The President, the CFO and the CRO regularly participate in the meetings. ►► *The Report on Internal Control over Financial Reporting can be found on p.62.*

**ACC members**

Birgitta Kantola (Chairman), Marcus Wallenberg (Deputy Chairman), Winnie Fok and Helena Saxon.

**The ACC's work in 2016:**

- reviewed the annual accounts and interim reports as well as audit reports
- managed accounting aspects relating to the reorganisation in the beginning of the year
- monitored the group's internal audit
- monitored compliance issues
- monitored internal control over financial reporting
- monitored internal control over supervisory reporting
- monitored services, other than auditing services, procured from the external auditors
- drafted a recommendation to the Nomination Committee for election of the external auditor by the AGM
- adopted an annual audit plan for the Internal Audit function, co-ordinated with the external audit plan
- approved the annual Group Compliance plan
- held discussions with representatives of the external auditors on several occasions, without the President or any other member of the bank's management being present.

**Remuneration and Human Resources Committee**

Signhild Arnegård Hansen  
Chairman of RemCo

» Digitalisation and the general development of the business environment are putting new demands on future leaders and creating an increased need for specialist knowledge within different fields. A critical task for the RemCo continues to be to develop stable remuneration systems and good remuneration practices that will ensure the bank's ability to attract the right competence both now and in the future. In 2016, the RemCo addressed remuneration matters, succession planning, the group talent review and other human resources issues. «

**Remuneration and Human Resources Committee**

The RemCo prepares, for decision by the Board, appointments of the President and the members of the GEC. The Committee develops, monitors and evaluates SEB's remuneration system and remuneration practice, incentive programmes, risk adjustment of deferred variable pay and how the guidelines established by the AGM for remuneration of the President and the members of the GEC are applied. An independent auditor's review report on the adherence of SEB's remuneration system to the Remuneration Policy is presented to the Committee annually.

The RemCo reviews, in consultation with the RCC, SEB's Remuneration Policy and ensures that the bank's incentive structure takes into account the risks and the cost of capital and liquidity. The analysis is among other things based on the risk analysis performed jointly by Group Risk, Group Compliance and Group HR.

In addition, the Committee oversees the group's pension obligations and, together with the RCC, all measures taken to secure the overall pension obligations of the group, including developments in the bank's pension foundations. The RemCo held eight meetings in 2016.

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest. ►► *The Remuneration Report can be found on p. 60.*

**RemCo members**

Signhild Arnegård Hansen (Chairman), Marcus Wallenberg (Deputy Chairman) and Sara Öhrvall.

**The RemCo's work in 2016:**

- reviewed the Remuneration Policy including the definition of categories of staff who have a material impact on SEB's risk profile
- proposed remuneration guidelines for the President and members of the GEC
- developed long-term equity programmes
- proposed remuneration of the President and members of the GEC in accordance with the guidelines adopted by the AGM
- proposed remuneration of the Head of Group Internal Audit, the CRO and the Head of Group Compliance in accordance with the Remuneration Policy
- monitored remuneration principles, variable remuneration programmes and pension obligations
- followed up the annual group talent review
- reviewed and discussed adaptations and implementation of regulations affecting the bank's remuneration structure.

### Group Executive Committee

				
	<b>Annika Falkengren</b>	<b>Magnus Carlsson</b>	<b>Jeanette Almberg</b>	<b>Joachim Alpen</b>
Position	President and CEO since 2005. <sup>1)</sup>	Deputy President & CEO since 2014	Head of Group Human Resources since 2016	Co-head of the Large Corporates & Financial Institutions division since 2016
GEC member since	2000	2005	2016	2014
SEB employee since	1987	1993	2008	2001
Born	1962	1956	1965	1967
Education	B.Sc. (Econ.)	B.Sc. (Econ.)	B.Sc. (Econ.)	MBA, M.A. (International relations)
Nationality	Swedish	Swedish	Swedish	Swedish
Own and closely related persons' shareholdings	358,895 Class A shares, 121,884 share rights and 359,620 conditional share rights.	54,998 Class A shares, 31,415 share rights and 198,181 conditional share rights.	19,664 Class A shares, 11,451 share rights and 34,105 conditional share rights.	5,933 Class A shares, 109,712 share rights, 51,725 conditional share rights and 6,325 deferral rights.
				
	<b>Viveka Hirdman-Ryrberg</b>	<b>Martin Johansson</b>	<b>Christoffer Malmer</b>	<b>David Teare</b>
Position	Head of Group Communications since 2009. Chairman of the Corporate Sustainability Committee.	Head of Business Support since 2011	Co-head of the Corporate & Private Customers division since 2016	Chief Risk Officer since 2016
GEC member since	2009	2009	2014	2011
SEB employee since	1990	2005	2011	2006
Born	1963	1962	1975	1963
Education	B.Sc. and Lic.Sc. (Econ.)	B.Sc. (Econ.)	B.A. (International business)	B. Comm.
Nationality	Swedish	Swedish	Swedish	British
Own and closely related persons' shareholdings	62,761 Class A shares, 21,937 share rights and 60,219 conditional share rights.	44,237 Class A shares, 50,686 share rights and 147,389 conditional share rights.	59,142 Class A shares, 48,021 conditional share rights and 4,497 deferral rights.	54,675 Class A shares, 30,217 share rights and 99,103 conditional share rights.
	1) In 2017 Annika Falkengren resigned from SEB.			

### SEB's organisation



		Additional members				
						
<b>Jan Erik Back</b>	<b>Peter Dahlgren</b>	<b>Johan Andersson</b>	<b>Peter Høltermand</b>	<b>Rasmus Järborg</b>		
Executive Vice President, Chief Financial Officer since 2008	Head of the Life & Investment Management division since 2016. <sup>2)</sup>	Country Manager SEB Germany since 2016	Country Manager SEB Denmark since 2002	Chief Strategy Officer since 2015		
2008	2014	2009	2011	2015		
2008	2008	1980	1997	2008		
1961	1972	1957	1963	1976		
B.Sc. (Econ.)		B.Sc. (Econ.)	B.Sc. (Econ.)	M.Sc. (Econ.)		
Swedish	Swedish	Swedish	Danish	Swedish		
60,968 Class A shares, 62,873 share rights and 181,391 conditional share rights.	58,751 Class A shares, 25,156 share rights and 77,622 conditional share rights.	49,824 Class A shares, 22 Class C shares and 725 conditional share rights.	25,239 Class A shares, 725 conditional share rights, 4,497 deferral rights and 51,246 conditional phantom shares.	5,419 Class A shares, 22,095 share rights and 44,966 conditional share rights.		
						
<b>Johan Torgeby</b>	<b>Mats Torstendahl</b>	<b>Marcus Nystén</b>	<b>William Paus</b>	<b>Riho Unt</b>		
Co-head of the Large Corporates & Financial Institutions division since 2016. <sup>3)</sup>	Executive Vice President, Co-head of the Corporate & Private Customers division since 2016	Country Manager SEB Finland since 2010	Country Manager SEB Norway since 2010	Head of the Baltic division since 2016		
2014	2009	2014	2011	2016		
2009	2009	1998	1992	2001		
1974	1961	1960	1967	1978		
B.Sc. (Econ.)	M.Sc. (Engineering Physics)	M.Sc. (Econ.)	M.Sc. (Econ.)	MBA, MA (Public Administration)		
Swedish	Swedish	Finnish	Norwegian	Estonian		
5,390 Class A shares, 53,292 share rights, 48,799 conditional share rights and 4,497 deferral rights.	104,218 Class A shares, 63,357 share rights and 179,127 conditional share rights.	102,354 Class A shares, 4,497 deferral rights and 35,784 conditional phantom shares.	33,310 Class A shares, 4,779 deferral rights and 30,545 conditional phantom shares.	43,485 Class A shares, 3,866 share rights and 21,519 conditional share rights.		

2) In 2017 Peter Dahlgren resigned from SEB. 3) Johan Torgeby will become President and CEO of SEB starting 29 March 2017.

## The President

The Board has adopted an instruction for the President's duties and role. The President, who is also the Chief Executive Officer, is responsible for administrating the bank's business and risk in accordance with the strategy, directives, policies and instructions established by the Board. The President reports to the Board and submits at each board meeting a report on, among other things, the performance of the business in relation to decisions made by the Board.

The President appoints the Heads of Divisions, the Head of Business Support and Heads of the various staff and support functions that report directly to the President.

### The President's committees

The President has three main committees at her disposal for the purpose of managing the operations:

#### *The Group Executive Committee (GEC)*

To safeguard the interests of the group as a whole, the President

consults with the GEC on matters of major importance or of importance as to principles. The GEC deals with, among other things, matters of common concern to several divisions, strategic issues, business plans as well as financial forecasts and reports. The GEC held 24 meetings in 2016.

#### *The Asset and Liability Committee (ALCO)*

The ALCO, chaired by the President and with the CFO as deputy chair, is a group-wide decision-making, monitoring and consultative body. The ALCO, which held eleven meetings in 2016, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework
- strategic capital and liquidity issues, including internal capital allocation and principles for internal pricing
- structural issues and issues related to the bank's balance sheet and business volumes
- financing of wholly-owned subsidiaries
- the balance sheet and funding strategy for the SEB group.

## On the GEC agenda in 2016

- Macroeconomic updates, among other things relating to Brexit
- Review and discussions regarding effects of negative interest rates
- Discussions regarding new regulations, such as MiFID II and PSD II – consequences and actions
- Annual accounts and quarterly reports
- AGM preparations
- Reviews of the bank's various businesses and home markets
- Follow up on current Business Plan 2016-2018 and discussions on new Business Plan
- Discussion on capital requirements, asset quality and risk
- Review and discussions of IT, including investments and security
- Review and discussions of the digitalisation work including development and launch of enhanced customer functionality (such as Investor World, the youth app, payment solutions) as well as internal automation initiatives
- Discussions regarding strategic investments and co-operation with fintech and digitalisation companies such as Tink and Coinify ►► See p. 20.
- Discussions regarding customer satisfaction, branding and image position as well as Customer insight work
- Review of SEB's revised Code of Conduct
- Employee Insight survey 2016 – discussions of survey result and actions
- Sustainability including new goals in respect of carbon emissions and electricity use as well as credit granting policies
- Handling of customer complaints
- Internal Audit and Compliance
- Annual review of policies and instructions

### The Group Risk Committee (GRC)

The GRC, chaired by the President and with the CRO as deputy chair, is a group-wide, decision-making committee that addresses all types of risk at group level in order to evaluate portfolios, products and customers from a comprehensive risk perspective. The GRC held 63 meetings in 2016.

The GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the group's activities are identified, defined, measured, monitored and controlled in accordance with internal and external rules
- supporting the President in ensuring that decisions regarding the group's long-term risk tolerance are followed in the business organisation
- ensuring that the Board's guidelines for risk management and risk control are implemented and that the necessary rules and policies for risk-taking in the group are maintained and enforced.

### Divisions and business areas

The Board regulates the activities of the group through an instruction concerning the group's operations and has laid down rules establishing how the group's divisions, including the international activities conducted through branches and subsidiaries, are to be governed and organised.

SEB's business is organised in four divisions. Each division is responsible for the subsidiaries designated to the division. The Head or Co-heads of Division have overall responsibility for the activities in the business areas and appoint, after consultation with the President, heads of the business units within the division.

A Country Manager is appointed in the respective countries where SEB operates. The Country Manager co-ordinates the group's business locally and reports to a specially designated member of the GEC.

### Business support and staff functions

Business Support is a cross-divisional function established to leverage economies of scale in processes and IT. Business Support covers such areas as transaction processing, development, maintenance and operation of IT systems, and management of SEB's IT portfolio.

SEB's staff functions have global responsibility and support the organisation.

## Sustainability aspects

Special committees may be formed to deal with specific matters when needed. For instance, an operational steering committee has been assigned by the President to decide on principles for, and to monitor, the bank's sustainability work. The committee is chaired by the Head of Group Communications, who is a member of the Group Executive Committee. It is supported by the bank's Sustainability function, which co-ordinates the overall sustainability agenda. Responsibility for ensuring that sustainability activities are carried out lies with the heads of business areas and group functions.

### The CRO function

The CRO function is independent from the business and is responsible for identifying, measuring, analysing and controlling SEB's risks.

The Chief Risk Officer (CRO) is appointed by the Board and reports to the President. The CRO keeps the Board, the RCC, the ACC, the GEC, the ALCO and the GRC regularly informed about risk matters.

The CRO has global functional responsibility, and the activities of the CRO are governed by and set out in an instruction adopted by the Board. The CRO function is organised in two units: Group Risk and Group Credits.

Group Risk handles the group's risks. It aggregates and analyses risk data across risk types and the group's credit portfolios, handles models for risk weighting as well as general matters surrounding risk governance and risk disclosure.

Group Credits is responsible for managing the credit approval process, for certain individual credit decisions and for monitoring compliance with policies set by the RCC and the Board. Its activities are regulated by the group's Credit Instruction, adopted by the Board. The chairs of the respective divisional credit committees have the right to veto credit decisions. Material exceptions to the group's Credit Policy must be escalated to a higher level in the decision-making hierarchy.

The Head of Group Risk and the Group Credit Officer are appointed by the President, upon recommendation by the CRO, and report to the CRO. *For further information about risk, liquidity and capital management.* ►► See p. 40 and notes 17, 19 and 20.

## Group Compliance

The Compliance function in the SEB group (Compliance) is independent from the business organisation. The tasks of Compliance are to inform, control and follow up on compliance matters. The Compliance function also advises the business and management, thereby securing that SEB's business is carried out in compliance with regulatory requirements, and promote trust from customers, shareholders and the financial markets.

Special areas of responsibility are:

- consumer protection
- market conduct
- prevention of money laundering and financing of terrorism
- regulatory systems and controls.

The Head of Group Compliance, who is appointed by the President after approval by the ACC, reports regularly on compliance matters to the President, the GEC and the ACC, and annually to the RCC and the Board. Based on an analysis of the group's risks in this area, the President adopts, after approval by the ACC, an annual compliance plan. The Instruction for Compliance is adopted by the Board.

## Group Internal Audit

Group Internal Audit is a group-wide assurance and control function commissioned by the Board to independently evaluate the group's activities. The Head of Group Internal Audit is appointed by the Board.

The main task of Group Internal Audit is to evaluate and give assurance to the Board and President that governance, risk management and internal controls are adequate and effective. The work is performed with a risk-based approach in accordance with the methodology developed by the Institute of Internal Auditors.

Each year the ACC adopts a plan for the work of Internal Audit. The Head of Internal Audit reports the findings of completed audits, actions taken and the status of previously reported findings quarterly to the ACC and also provides reports to the RCC and the Board.

The President and GEC are regularly informed about internal audit matters. Group Internal Audit's work is evaluated in a quality assessment, at least every fifth year, by an independent party.

Group Internal Audit co-ordinates its work covering the bank's financial reporting with the bank's external auditors. The bank's external auditors rely to some extent on the work of Group Internal Audit in its assignment to review the group's financial reporting. This requires that the external auditors evaluate Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.

## Auditor



Peter Nyllinge  
PricewaterhouseCoopers

### Peter Nyllinge

Born 1966; Auditor of SEB, Partner in charge as of 2012. Authorised Public Accountant, President of PwC Sweden. Other major assignments: Electrolux and Fagerhult. Previous major assignments: Ericsson, Securitas and Assa Abloy

### Information about the auditor

According to SEB's Articles of Association, the bank shall have at least one and not more than two auditors with at most an equal number of deputies. A registered accounting firm may be appointed auditor.

PricewaterhouseCoopers AB has been the bank's auditor since 2000 and was re-elected in 2016 for the period up to and including the 2017 AGM. The partner in charge, as from the 2012 AGM, is Peter Nyllinge, Authorised Public Accountant.

The fees charged by the auditors for the auditing of 2015 and 2016 financial years and for other assignments invoiced during these periods are shown in the table below.

Fees to the auditors	SEK m	
	2016	2015
Audit assignment	27	26
Audit-related services	16	20
Tax advisory	11	20
Other	4	5
<b>Total <sup>1)</sup></b>	<b>58</b>	<b>71</b>

1) Of which PricewaterhouseCoopers SEK 55m (69).