



The global problem of financial crime was high on the Board's agenda in 2019. Banks have an important responsibility to safeguard confidence in the financial system. This is vital for us, in order to conduct business successfully.

For SEB it is of paramount importance to have the highest standards of corporate governance, regulatory compliance and risk management. Our risk culture is to be characterised by professionalism and strong values.

With the aim to prevent money laundering, and detect and report any suspected cases of such crime, we increasingly use artificial intelligence and new tools to monitor flows and transactions. We have strengthened, and will continue to strengthen, our capabilities in order to maintain a robust defence and to uphold our trust.”

**Marcus Wallenberg**, *Chair, Board of Directors*



## Corporate governance

### The importance of corporate governance

To maintain the important societal function as a bank, it is of utmost importance for SEB that customers, shareholders, employees and other stakeholders have great confidence and trust in the bank's operations. Professional employees who are guided by a high standard of business conduct are crucial, as is maintaining a sound risk culture. A robust corporate governance framework with clearly defined roles and responsibilities and internal control also helps prevent conflicts of interest.

### Rules and regulations

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

- 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. 58 for information on new rules and regulations.

SEB also adheres to an internal framework that includes, among other things, the Articles of Association, which are adopted by the general meeting of shareholders. Policies and instructions that define the segregation of duties within the group are tools for the Board of Directors (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 Board's Rules of Procedure and the Instructions for the board committees
- Instructions for the President and the Group's Internal Governance
- Group Credit Instruction and Risk Policy
- Instruction for Handling of Conflicts of Interest
- Instruction for procedures against money laundering and terrorist financing
- See extract on [sebgroupp.com](http://sebgroupp.com)
- Code of Conduct<sup>1)</sup>
- Remuneration Policy
- Information Security Policy
- Corporate Sustainability Policy<sup>1)</sup>
- Inclusion & Diversity Policy<sup>1)</sup>
- Policies on Suitability, Diversity and Composition of the Board, the Group Executive Committee (GEC) and other key function holders.

1) See [sebgroupp.com](http://sebgroupp.com)

SEB's ethical and sustainability endeavours are an integral part of the business and is regularly on the Board's agenda. SEB's Code of Conduct describes the bank's values, ethics and standards of business conduct and provides guidance on how to live by these values. Policies and instructions for sustainability and group-wide position statements and industry sector policies addressing environmental, social and governance issues are also of vital importance.

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 2019. [More information about SEB's corporate governance is available on \*sebgrou.com\*](#)

## Shareholders and general meetings of shareholders

The shareholders' exercise their influence at general meetings of shareholders by, among other things, electing directors of the Board and the external auditor.

SEB has approximately 265,000 shareholders. 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.

The Annual General Meeting (AGM) of shareholders is held, in Stockholm, in Swedish. 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 2019 AGM was held on 26 March. A total of 1,916 shareholders, representing 60 per cent of the votes, attended the AGM. An electronic system for televoters was used at the AGM. The main resolutions made at the AGM were:

- approval of the ordinary dividend of SEK 6.00 per share and the extraordinary dividend of SEK 0.50 per share
- decision that the number of directors on the Board shall be eleven
- re-election of nine directors and election of two new directors, Anne-Catherine Berner and Lars Ottersgård
- re-election of Marcus Wallenberg as Chair of the Board
- election of Ernst & Young AB as new external auditor
- adoption of guidelines for remuneration of the President and the other members of the GEC
- adoption of three long-term equity programmes
- issuance of a mandate to the Board concerning purchases and sales of own shares for SEB's securities business, for the long-term equity programmes and for capital management purposes
- authorisation for the Board to decide on the issuance of convertibles.

[The minutes from the AGM are available on \*sebgrou.com\*](#)

## The largest shareholders

31 December 2019

	No. of shares	Of which Class C shares	Share of capital, %	Share of votes, %	
				2019	2018
Investor	452,198,555	4,000,372	20.8	20.8	20.8
Alecta	143,152,500		6.5	6.6	7.0
Trygg Foundation	114,673,802		5.2	5.3	5.2
Swedbank Robur Funds	86,729,239		4.0	4.0	4.2
AMF Försäkring & Fonder	83,539,784		3.8	3.8	4.0
BlackRock	59,474,231		2.7	2.7	2.4
Vanguard	42,487,359	525,003	2.0	2.0	1.2
SEB Funds	34,526,185		1.6	1.6	1.6
SEB own shareholding <sup>1)</sup>	31,499,321		1.4	1.4	1.4
Fourth Swedish National Pension Fund	27,920,856		1.3	1.3	1.1
XACT Funds	24,714,654		1.1	1.1	1.2
Nordea Funds	21,466,934		1.0	1.0	1.2
Norges bank	21,097,516	5,714	1.0	1.0	0.5
SEB Foundation	10,000,000	5,871,173	0.7	0.5	0.4
AFA Insurance	15,509,616		0.7	0.7	0.8

1) [See table Number of outstanding shares on p. 45.](#)

Source: Euroclear and Holdings

Different voting power of class A shares (voting power 1) compared to C shares (voting power 0.1) gives minor differences in share of votes vs. share of capital.

The majority of the bank's approximately 265,000 shareholders are private individuals with small holdings. The ten largest shareholders account for 49 per cent of the capital and votes.

## Distribution of shares by size of holding

31 December 2019

Size of holding	No. of shareholders		Per cent
	No. of shares	No. of shareholders	
1–500	156,048	30,523,854	1.1
501–1,000	13,819	31,037,629	0.3
1,001–5,000	66,210	98,027,809	3.2
5,001–10,000	18,751	42,783,476	2.7
10,001–20,000	5,989	33,670,840	1.9
20,001–50,000	2,396	33,809,269	1.5
50,001–100,000	1,087	21,992,258	1.5
100,001–500,000	315	61,591,808	1.0
500,001–1,000,000	278	39,809,826	2.8
1,000,001–	167	1,800,925,033	83.9
<b>Total</b>	<b>265,060</b>	<b>2,194,171,802</b>	<b>100.0</b>

Source: Euroclear and Holdings

## Shareholder structure

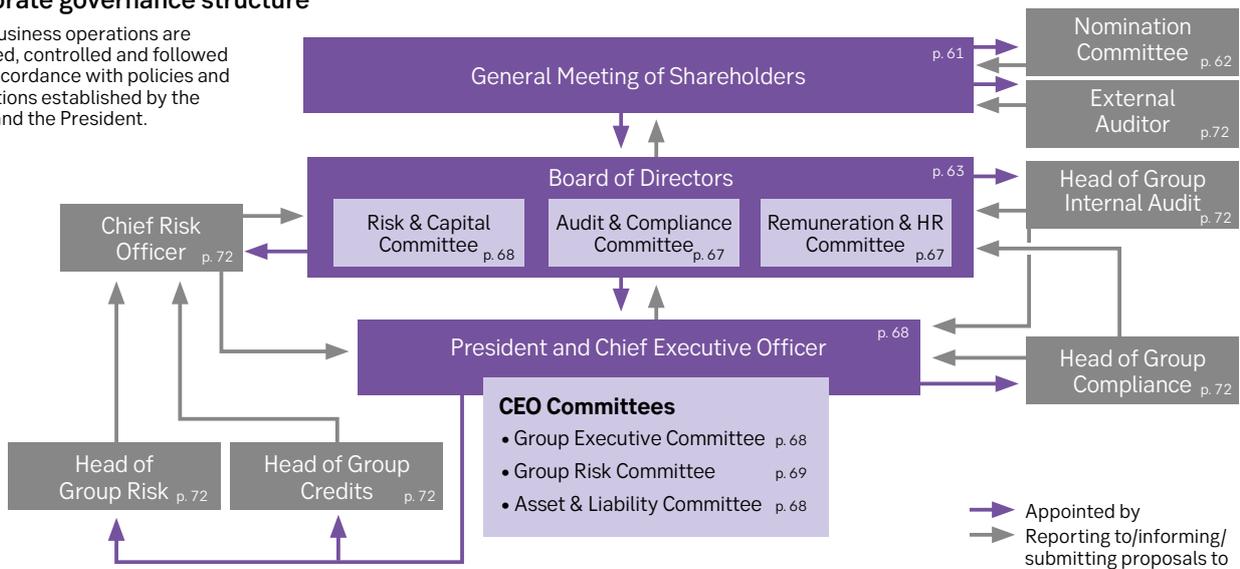
Per cent

Percentage holdings of equity on 31 December 2019

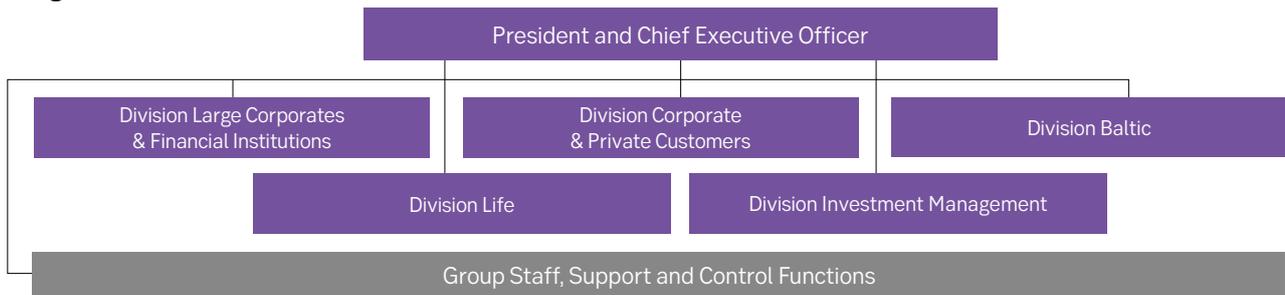


**Corporate governance structure**

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



**SEB's organisation**



**Nomination Committee**

The primary task of the Nomination Committee is to submit recommendations to the AGM for the Chair and directors of the Board as well as the external auditor.

The Nomination Committee nominates the Chair, the directors of the Board and the external auditor and makes recommendations regarding directors' fees and fees for committee work.

Pursuant to a decision by the AGM, the Nomination Committee is to be composed of the Chair 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 additional member of the Nomination 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 Chair of the Board and the additional member.

The Board's composition shall adhere to applicable laws and regulations and to the Policy on Suitability, Diversity and Composition of the Board of Directors, adopted by the Board. An important principle is that the Board's size and composition shall be such as to serve the bank in the best possible way. Therefore, as the starting point for its work, the Nomination Committee is tasked with assessing the degree to which the Board meets the

**Nomination Committee for the 2020 AGM**

Member	Representing	Votes (%) 31 Aug. 2019
Petra Hedengran, <i>chair</i>	Investor	20.8
Magnus Billing	Alecta	6.4
Lars Heikensten	Trygg-Stiftelsen	5.2
Johan Sidenmark	AMF Försäkring och Fonder	3.6
Marcus Wallenberg	SEB, Chair of the Board	

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Sven Nyman, additional member, appointed by the Board. Swedbank Robur Fonder, which was the bank's fourth largest shareholder, declined to appoint a member of the Nomination Committee.

➤ *The Nomination Committee's proposals for decisions, including motivated account as regards directors, are available on [sebgroup.com](http://sebgroup.com)*

demands that will be placed on the Board in view of the bank's operations, organisation and future direction.

The Board's size and composition is discussed and reviewed in terms of suitable competence and experience, in the financial sector as well as other sectors. The directors should also have sufficient time to perform their duties and understand the bank's business and its main risks. The Nomination Committee also reviews the evaluations of the Board's directors and Chair.

➤ See p. 66.

The Nomination Committee shall ensure diversity within the Board in terms of the directors' educational and professional backgrounds, gender, age and geographical provenance.

Furthermore, the Nomination Committee 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 2020 AGM was appointed in the autumn of 2019. No fee has been paid to the members of the Nomination Committee.

## Board of Directors

The Board has overarching responsibility for the organisation, administration and operations of the SEB 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 objectives, strategy and framework for the business activities as well as the business plan
- 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 risks inherent in the business as well as financial conditions in other respects are controlled in a satisfactory manner, in accordance with external and internal rules
- adopting policies and instructions for the business operations
- deciding on major acquisitions and divestments as well as other major investments
- appointing or dismissing of the President, members of the GEC, the Chief Risk Officer (CRO), and the Head of Group Internal Audit, as well as setting the remuneration of these individuals.

The Chair of the Board organises and leads 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 bank's operations and on responsibilities of

directors of a listed financial company. Educational and specialisation seminars are held each year – in 2019 for instance on the EU Insurance Distribution Directive. New directors are offered educational seminars with information on, and discussions about, SEB's various operations, including control functions.

The directors are elected by the shareholders at the AGM for a one-year term. Since the 2019 AGM the Board shall consist of eleven AGM-elected directors, without deputies, and of two directors with two deputies who serve as employee representatives and are appointed by the trade unions. 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 made a collective assessment of 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 Board's work follows a yearly plan. In 2019, the Board held 14 meetings. 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 the GEC participate whenever required.

## Directors' fees

The AGM sets the total fees for the directors of the Board and decides how the fees should be distributed among the directors and the Board's committees.

The 2019 AGM resolved that the total directors' fees shall amount to SEK 10,240,000. 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 directors use 25 per cent of their fee to purchase and hold SEB shares up to an amount corresponding to one year's fee. Neither the President nor the directors appointed by the employees receive any directors' fee.

## On the Board's agenda in 2019

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> <li>• AGM notice and AGM proposals</li> <li>• Macroeconomic review</li> <li>• Balance sheet, capital and dividend matters</li> <li>• Annual Report 2018</li> <li>• Internal and external audit reports as well as Group Compliance report</li> <li>• Financial governance model and financial targets</li> <li>• Remuneration of the President, the GEC and control functions</li> <li>• Statutory meeting</li> <li>• Group talent review and succession planning</li> <li>• IT plan 2019</li> <li>• Training on the EU Insurance Distribution Directive</li> <li>• Review of new business unit SEBx</li> </ul>	<ul style="list-style-type: none"> <li>• IT plan, including cloud services</li> <li>• Macroeconomic review</li> <li>• Internal Capital and Liquidity Adequacy Assessment (ICAAP and ILAAP)</li> <li>• Remuneration policy</li> <li>• Follow-up of compliance with new regulations</li> <li>• Anti-money laundering update</li> <li>• Update on Open Banking</li> <li>• Update on strategic initiatives on sustainability</li> <li>• Revision of Tax Policy</li> </ul>	<ul style="list-style-type: none"> <li>• SEB's long-term strategy</li> <li>• Update of business plan</li> <li>• Capital forecast</li> <li>• Employee survey</li> <li>• Onsite visit, Silicon Valley, USA</li> <li>• SEB cloud services update</li> </ul>	<ul style="list-style-type: none"> <li>• Recovery and Resolution plan</li> <li>• Business plan update, financial plans and forecasts</li> <li>• SEB Campus (the bank's digital corporate university)</li> <li>• Annual review of policies and instructions</li> <li>• SEB's Code of Conduct</li> <li>• Board evaluation</li> <li>• Risk seminar</li> <li>• Investor World update</li> <li>• Anti-money laundering update</li> </ul>

SEB's quarterly report, reports from the board committees and a summary of SEB's risk position, asset quality, credit portfolio and liquidity position are on the Board's agenda each quarter.



## Board of Directors

	<b>1 Marcus Wallenberg</b>	<b>2 Sven Nyman</b>	<b>3 Jesper Ovesen</b>	<b>4 Johan H. Andresen</b>	<b>5 Signhild Arnegård Hansen</b>
<b>Position</b>	Chair since 2005	Vice Chair since 2017	Vice Chair since 2014	Director	Director
<b>Committee</b>	● RCC ● ACC ● RemCo		● RCC ● ACC		● RemCo
<b>Year elected</b>	2002	2013	2004	2011	2010
<b>Born</b>	1956	1959	1957	1961	1960
<b>Education</b>	B.Sc. (Foreign Service)	B.Sc. (Business and Econ.)	B.Sc. (Econ.) and MBA	B.A. (Government and Policy Studies) and MBA	B.Sc. (Human Resources) and journalism studies
<b>Other assignments</b>	Chair of Saab and FAM. Vice Chair of Investor. Director of AstraZeneca plc., Temasek Holdings Ltd and the Knut and Alice Wallenberg Foundation. Council member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited.	Chair of RAM Rational Asset Management. Director of RAM ONE, Ferd AS, Nobel Foundation's Investment Committee, Stockholm School of Economics, Stockholm School of Economics Association and Axel and Margaret Ax:son Johnson's Foundation.	Director of Sunrise Communications Group AG.	Owner and Chair of Ferd AS. Chair of Council on Ethics for the Government Pension Fund Global. Director of SWIX Sport AS, NMI-Nordic Microfinance Initiative and Junior Achievement Europe.	Chair of SnackCo of America Corp. Vice Chair of the Swedish-American Chamber of Commerce (SACC). Director of Business Sweden, Entrepreneurship and Small Business Research Institute (ESBRI), SOS Children Villages Sweden and SACC New York. Member of IVA.
<b>Background</b>	Citibank in New York, Deutsche Bank, S G Warburg Co, Citicorp and Stora Feldmühle. Executive Vice President of Investor and CEO of Investor. Several assignments as chair and director of large public companies.	Broad experience from the financial business field. Managerial positions within Investor. CEO and founder of Lancelot Asset Management and Arbitech. Several directorships.	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.	President of Svenska LantChips. Chair of the Confederation of Swedish Enterprise. Vice Chair of Business Europe. Several directorships.
<b>Nationality</b>	Swedish	Swedish	Danish	Norwegian	Swedish
<b>Own and closely related persons' shareholdings</b>	753,584 Class A shares and 720 Class C shares	10,440 Class A shares and 10,200 Class C shares	25,000 Class A shares	100,000 Class A shares	5,387 Class A shares
<b>Independent in relation to bank/major shareholders</b>	Yes/No	Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes
<b>Attendance at Board/Committee meetings<sup>1)</sup></b>	13 of 13 / 31 of 32	14 of 14	12 of 14 / 27 of 27	12 of 14	14 of 14 / 6 of 6
<b>Remuneration, Board meetings, SEK</b>	3,100,000	980,000	980,000	740,000	740,000
<b>Remuneration, Committee meetings, SEK</b>	835,000	–	865,000	–	387,500

● Chair ● Vice Chair ● Member

1) Includes only the meetings that the Director could attend without conflict of interest.

2) of which 5,826 Class A shares, 113,627 share rights and 193,139 conditional share rights.

3) Lars Ottersgård has waived the board fee.



6 Anne-Catherine Berner	7 Samir Brikho	8 Winnie Fok	9 Lars Ottersgård	10 Helena Saxon	11 Johan Torgeby
Director	Director	Director	Director	Director	Director (President and CEO)
● RemCo	● RCC	● ACC		● ACC	
2019	2013	2013	2019	2016	2017
1964	1958	1956	1964	1970	1974
B.Sc. (Econ.) and MBA (Leadership)	M.Sc. (Engineering, Thermal Technology), Hon. Dr. (Cranfield University).	Bachelor of Commerce. Fellow of CPA Australia and of Institute of Chartered Accountants in England and Wales. Associate member of Hong Kong Institute of Certified Public Accountants.	Technical Collage Exam (Electro technics), Diploma in Management from The Open University Business School and multiple IBM internal training.	M.Sc. (Business and Econ.)	B.Sc. (Econ.)
Chair of Oy Vallila Interior. Chair of the board, and founder, of the Association for the support of the New Children's Hospital in Helsinki.	Director of EuroChem Group AG. UK Business Ambassador. Co-Chair of the UK-UAE Business Council and the UK-ROK CEO Forum. Member of Advisory Board of Stena. Chair of the Step Change Charity.	Director of Volvo Car Corporation, G4S plc and Foscam Properties Limited. Senior advisor to WFAB.	Head of Market Technology, Nasdaq Inc. Chair and CEO of Nasdaq Technology.	CFO at Investor. Director of Swedish Orphan Biovitrum.	Director of the Swedish Bankers' Association, of the Institute of International Finance and Mentor Sweden. Board member of European Banking Federation. Several organisation memberships.
Member of the Finnish Parliament and Minister of Transport and Communications in the Finnish Government. Director of Ilmarinen, Soprano Oyi, Koskisen Oy, Karelia/Kährs Holding and European Family Businesses (GEEF). CEO of Oy Vallila Interior.	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. and CEO of Amec Foster Wheeler plc.	Broad experience from the financial business field. 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.	Various leading positions in Nasdaq. Head of Sales for Market Technology at OMX. Various management positions within IBM for the Nordics and Europe, Middle-East & Africa.	Financial analyst at Goldman Sachs and Investor, CFO at Synchron International and Hallvarsson and Halvarsson. Investment Manager at Investor.	Robur asset management and Morgan Stanley. Co-head of division Large Corporates & Financial Institutions.
Swiss and Finnish	Swedish and Swiss	British	Swedish	Swedish	Swedish
0 shares	0 shares	3,000 Class A shares	0 shares	12,500 Class A shares	312,592 shares and share rights <sup>2)</sup> .
Yes/Yes	Yes/Yes	Yes/Yes	Yes/Yes	Yes/No	No/Yes
8 of 8 / 3 of 3	14 of 14 / 18 of 18	12 of 14 / 8 of 8	12 of 12	13 of 13 / 7 of 8	14 of 14
616,667	740,000	740,000	— <sup>3)</sup>	740,000	—
162,500	375,000	265,000		425,000	

Tomas Nicolin was a director of the Board until the AGM 2019, when he left at his own request.

## Directors appointed by the employees



	<b>Anna-Karin Glimström</b>	<b>Håkan Westerberg</b>	<b>Annika Dahlberg</b>	<b>Charlotta Lindholm</b>
<b>Position</b>	Director	Director	Deputy Director	Deputy Director
<b>Year elected</b>	2016	2015 <sup>1)</sup>	2016 <sup>2)</sup>	2015
<b>Born</b>	1962	1968	1967	1959
<b>Education</b>	University studies in mathematics, statistics and law.	Engineering logistics.	University studies in working environment.	LLB
<b>Other assignments</b>	Chair of Financial Sector Union in SEB and Financial Sector Union Western section in SEB, Director EB-SB Fastigheter and EB-SB Holding.	Board member of the Association of University Graduates in SEB.	First deputy Chair of Financial Sector Union in SEB and Financial sector union regional club Group Operations in SEB.	Chair of the Association of University Graduates at SEB. Director of the Foundation of Alma Detthows.
<b>Background</b>	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. Team Manager, Group Technology.	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 SEB. Client executive at Private Banking Foundations.
<b>Nationality</b>	Swedish	Swedish	Swedish	Swedish
<b>Own and closely related persons' shareholdings</b>	0 shares and 775 conditional share rights	4,344 Class A shares and 775 conditional share rights	339 Class A shares and 775 conditional share rights	221 Class A shares and 775 conditional share rights
<b>Attendance at Board meetings</b>	12 of 14	14 of 14	10 of 11	11 of 11

1) Deputy Director 2011–2014 2) Deputy Director 2014

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

The Board 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 Chair of the Board and the respective committees are evaluated. Among the issues examined are:

- the extent to which the individual directors take an active part in board and committee discussions
- whether directors contribute independent opinions
- whether the meeting atmosphere is conducive to open discussions.

The outcome of the evaluation is 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 determine the appropriate size and composition of the Board.

The Chair of the Board formally evaluates each individual director's work once a year. Marcus Wallenberg does not participate in the evaluation of the Chair's work, which in 2019 was conducted by Vice Chair Jesper Ovesen. The Board evaluates the work of the President and the GEC on a regular basis without participation by the President or any other member of the GEC.

## Board committees

The Board's overarching 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 board 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 directors as possible shall participate in committee work. The Chair of the Board serves as vice chair of the three committees. Neither the President nor any other officer of the bank is a member of the committees.

### Remuneration and Human Resources Committee (RemCo)

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 and risk adjustment of deferred variable remuneration.



**Signhild Arnegård Hansen**  
Chair of the RemCo

#### Main focus in 2019

- Follow-up and participation in the work with the bank's global talent management, succession planning for key executives and appointment of new senior employees and members of the Group Executive Committee
- Follow-up of the bank's work with competence development and the introduction of SEB Campus, the new platform for continuous development and learning.

The RemCo monitors and evaluates application of the guidelines established by the AGM for remuneration of the President and the members of the GEC. 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, the bank's Remuneration Policy and ensures that the bank's remuneration structure takes into account risks and the cost of capital and liquidity. This review is based on, among other things, 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, the measures taken to secure the group's pension obligations, including developments in the bank's pension foundations. The RemCo held six meetings in 2019.

The President, together with the Head of Group HR, makes presentations to the Committee on matters in which there are no conflicts of interest. [See the Remuneration Report on p. 74.](#)

#### RemCo members

Signhild Arnegård Hansen (Chair), Marcus Wallenberg (Vice Chair) and Anne-Catherine Berner.

### Audit and Compliance Committee (ACC)

The ACC supports the Board in its work with quality assurance of, and internal control over, the bank's financial reporting and reporting to the supervisory authorities. The ACC also monitors the effectiveness of internal controls regarding compliance and audit matters.



**Helena Saxon**  
Chair of the ACC

#### Main focus in 2019

- Follow-up and control of the work to prevent the bank from being used for money laundering or the financing of terrorism
- Introduction of the new external auditor, Ernst & Young AB, elected by the 2019 AGM.

When required, the ACC 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 auditor's work and independence. When required, a recommendation from the President on appointment or dismissal of the Head of Group Compliance is subject to the Committee's approval.

The ACC held eight meetings in 2019. The Chief Financial Officer, the external auditors, the Head of Group Internal Audit and the Head of Group Compliance submit reports for the Committee's consideration. In addition, the President and the CRO regularly participate in the meetings. [See p. 73 for the Report on Internal Control over Financial Reporting.](#)

#### ACC members

Helena Saxon (Chair), Marcus Wallenberg (Vice Chair), Jesper Ovesen and Winnie Fok.

## Sustainability governance

The Board of Directors is responsible for deciding on SEB's strategy and sustainability approach, and for adopting the Corporate Sustainability Policy. The President takes decisions in the Group Executive Committee (GEC) on the development of the sustainability work, in line with the strategy set by the Board. An operational steering committee has been assigned

by the President to take responsibility for and monitor the bank's sustainability work. Clear and effective structures for segregation of duties ensure that SEB's sustainability efforts address relevant issues and that these are implemented across the entire group. [For a description of SEB's sustainability governance, see \*sebgroup.com\*](#)

### Risk and Capital Committee (RCC)

The RCC supports the Board in its work in ensuring that SEB is organised and managed in such a way that risks inherent in the group's business are monitored and managed 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 and liquidity situation on a continuous basis.



**Jesper Ovesen**  
Chair of the RCC

#### Main focus in 2019

- Follow-up of SEB's capital and liquidity position in light of the future banking reform packages, the business plan and the economic forecast, to ensure adequate capitalisation and liquidity position at every point in time
- Review of the credit portfolio, focusing on household mortgage market trends, sustainability issues and business sectors in transition, such as energy and retail.

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 short and long term. The Committee 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 19 meetings in 2019.

The group's Chief Financial Officer has the overall responsibility for informing and submitting proposals to the RCC on matters related to capital and funding. The CRO has the same overall responsibility for risk and credit matters. The President, the Chief Financial Officer and the CRO regularly participate in the meetings.  *The CRO function is described on p. 72. Information on risk, liquidity and capital management is provided on p. 52.*

#### RCC members

Jesper Ovesen (Chair), Marcus Wallenberg (Vice Chair) and Samir Brikho.

### The President

The President, who is also the Chief Executive Officer, is responsible for the day-to-day management of the activities of SEB in accordance with the Board's directives.

The President shall ensure that SEB's organisation and administration are suitable. The President has overarching responsibility for SEB's risk management in accordance with the Board's policies and instructions as well as their intentions as stated in the Board's risk tolerance statements.

The Board has adopted an instruction for the President's duties and role. The President reports to the Board and at each board meeting submits a report on, among other things, the performance of the business in relation to the decisions made by the Board. The President appoints the heads of the divisions and the 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 his disposal for the purpose of managing the operations.

#### The Group Executive Committee (GEC)

To best 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 addresses, among other things, matters of common concern to several divisions, strategic issues, sustainability issues, compliance issues, IT, business plans and financial forecasts and reports. The GEC held 39 meetings in 2019. As of 1 January 2020 the GEC has 12 members apart from the President. The President has also appointed nine managers as additional members of the GEC. They participate in GEC meetings from time to time to provide expertise and insight primarily in their respective areas of responsibility.

#### Asset and Liability Committee (ALCO)

The ALCO, chaired by the President and with the Chief Financial Officer as vice chair, is a group-wide decision-making, monitoring and consultative body. The ALCO, which held 13 meetings in 2019, handles the following matters, among others:

- financial stability, particularly in the new regulatory framework

#### On the GEC agenda in 2019

- Macroeconomic development
- Annual accounts and quarterly reports
- AGM preparations
- Review of the bank's businesses and home markets
- Follow up of Business Plan 2019–2021
- SEB's long-term strategy and update of the Business Plan
- Development of sustainability
- Update of know-your-customer and anti-money laundering
- Financial crime prevention program
- Discussion on capital requirements, asset quality and risk
- Quarterly reports from Group Compliance, Internal Audit and Group Risk.
- Review of, and discussion on, the digitalisation work, including development and launch of enhanced customer functionality as well as internal automation initiatives
- Review of outsourced activities
- Review and discussion on IT, including investments, security, agile way of working and cloud services
- Discussion on strategic investments and co-operation with fintech and digitalisation companies
- Discussion on customer satisfaction, branding and image position as well as customer insight work
- Employee survey 2019 – discussion of survey result and actions
- Investor World update
- Review process for handling of customer complaints
- Annual review of policies and instructions, including SEB's Code of Conduct
- Review of competence and leadership development
- Workshop on risks
- Review of the Modern Slavery Act Transparency Statement
- SEB's commitment to the Principles for Responsible Banking.

- 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 group's balance sheet and funding strategy.

### Group Risk Committee (GRC)

The GRC, chaired by the President and with the CRO as vice chair, is a group-wide, decision-making committee that addresses all types of risk at the group level, including sustainability and reputational risks, in order to evaluate portfolios, products and customers from a comprehensive risk perspective. The GRC held 67 meetings in 2019. The GRC is tasked with:

- making important credit decisions
- ensuring that all risks inherent in the group's activities are identified, measured, monitored and reported 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

SEB's business is organised in divisions with a number of business areas. Each division is responsible for the subsidiaries included in the division.

The Board regulates the activities of the group through an instruction for internal governance which establishes how the group's divisions, including the international activities conducted through

branches and subsidiaries, are to be governed and organised. The head or co-heads of a division have overall responsibility for the activities in the business areas and appoint, after consultation with the President, heads of the business areas within the division.

A Country Manager is appointed for the countries outside Sweden in which SEB conducts business operations. The Country Manager co-ordinates the group's business locally and reports to a specially designated member of the GEC.

### Group Support functions and Group Staff functions

Group Support functions and Group Staff functions are cross-divisional functions established to leverage economies of scale and support to the business.

The *Group Support functions* support the SEB group through centralised and cross-divisional functions, established primarily to leverage economies of scale in various transactional, processing and IT services. The Group Support functions are divided in two units: Group Technology and Business Support & Operations.

The *Group Staff functions* are set up to add value and support the business, and to manage certain regulated areas such as finance, human resources and legal. The Group Staff functions have global responsibility and support the organisation with services in the areas of financial control, human resources, legal affairs, digitalisation & innovation, communication, marketing and corporate sustainability.

## The three lines of defence in risk management

1

**The business units make up the first line of defence.** The business units ensure that transactions are correctly priced and that the assumed risks are managed throughout the life of the transactions. Long-term customer relationships and a sound risk culture provide a solid foundation for risk-taking decisions. Initial risk assessments are made of both the customer and the proposed transaction. Larger transactions are reviewed by a credit committee. The business units are responsible for ensuring that the activities comply with applicable group-wide policies and instructions and are supported by a clear decision-making hierarchy.

2

**The risk and compliance functions make up the second line of defence.** These units are independent from the business operations. The risk function is responsible for identifying, measuring, monitoring and reporting risks. Risks are measured both on detailed and aggregated levels. Internal measurement models have been developed for most of the credit portfolio as well as for market and operational risk, and the models have been approved by the Swedish FSA for calculating capital adequacy. Risks are controlled through limits at transactional, desk and portfolio levels. Asset quality and the risk profile are monitored continuously, such as through stress testing. The compliance function works proactively with quality assurance of SEB's compliance, and focuses on matters such as customer protection, conduct in the financial market, prevention of money laundering and the financing of terrorism and regulatory requirements and controls.

3

**Internal Audit is the third line of defence.** Risk management is regularly reviewed and evaluated by Internal Audit to ensure that it is adequate and effective. The internal auditors are in turn evaluated by the external auditor. Based on the evaluations of the third line of defence, the processes in the first and second lines of defence are continuously strengthened. SEB's governance framework, sound risk culture and business acumen constitute the cornerstones of effective risk management.


**Group Executive Committee** (as per 1 January 2020)

	<b>1 Johan Torgeby</b>	<b>2 Magnus Carlsson</b>	<b>3 Magnus Agustsson</b>	<b>4 Jeanette Almborg</b>	<b>5 Joachim Alpen</b>	<b>6 Nicolas Moch</b>
<b>Position</b>	President and CEO since 2017	Deputy President & CEO since 2014	Chief Risk Officer since 2017	Head of Group Human Resources since 2016	Executive Vice President. Co-Head of the Large Corporates & Financial institutions division since 2017	Chief Information Officer since 2018
<b>GEC member since</b>	2014	2005	2017	2016	2014	2020
<b>SEB employee since</b>	2009	1993	2009	2008	2001	2008
<b>Born</b>	1974	1956	1973	1965	1967	1972
<b>Education</b>	B.Sc. (Econ.)	B.Sc. (Econ.)	C.Sc and M.Sc	B.Sc. (Econ.)	MBA, M.A. (International relations)	M.Sc.(Physics)
<b>Nationality</b>	Swedish	Swedish	Icelandic and Finnish	Swedish	Swedish	Swedish and French
<b>Own and closely related persons' shareholdings</b>	312,592 shares and share rights, of which 5,826 Class A shares, 113,627 share rights and 193,139 conditional share rights.	236,801 shares and share rights, of which 54,998 Class A shares, 112,032 share rights and 69,771 conditional share rights.	50,319 shares and share rights, of which 8,744 Class A shares, 14,220 share rights and 27,355 conditional share rights.	111,551 shares and share rights, of which 10,939 Class A shares, 23,220 share rights and 77,392 conditional share rights.	286,001 shares and share rights, of which 6,112 Class A shares, 128,629 share rights and 151,260 conditional share rights.	47,772 shares and share rights, of which 2,428 Class A shares, 12,407 share rights and 32,937 conditional share rights.

**Additional members of the Group Executive Committee** (as per 1 January 2020)

	<b>14 Johan Andersson</b>	<b>15 Peter Høltermand</b>	<b>16 Martin Johansson</b>	<b>17 Mark Luscombe</b>	<b>18 Ausra Matusevicienė</b>	<b>19 Marcus Nystén</b>
<b>Position</b>	Country Manager SEB Germany since 2016	Country Manager SEB Denmark since 2002	Senior Advisor to the CEO since 2020	Country Manager SEB United Kingdom since 2017	Head of Operations since 2015	Country Manager SEB Finland since 2010
<b>Additional member since</b>	2009	2011	2020	2020	2018	2014
<b>SEB employee since</b>	1980	1997	2005	2010	2002	1998
<b>Born</b>	1957	1963	1962	1969	1973	1960
<b>Education</b>	B.Sc. (Econ.)	B.Sc. (Econ.)	B.Sc. (Econ.)	Cand.oec. (M. Sc. in Finance & Economics)	MBA	M.Sc. (Econ.)
<b>Nationality</b>	Swedish	Danish	Swedish	British	Lithuanian	Finnish
<b>Own and closely related persons' shareholdings</b>	52,127 shares and share rights, of which 52,105 Class A and 22 Class C shares.	220,725 shares and share rights, of which 775 Class A shares, 42,489 share rights and 177,461 conditional share rights.	253,198 shares and share rights, of which 236 Class A shares, 84,102 share rights and 168,860 conditional share rights.	101,391 shares and share rights, of which 41,821 share rights and 59,570 conditional share rights.	62,387 shares and share rights, of which 10,229 Class A shares, 18,511 share rights and 33,647 conditional share rights.	236,189 shares and share rights, of which 119,847 Class A shares, 13,824 share rights and 102,518 conditional share rights.



<b>7 William Paus</b>	<b>8 Nina Korfu-Pedersen</b>	<b>9 Mats Torstendahl</b>	<b>10 Riho Unt</b>	<b>11 Masih Yazdi</b>	<b>12 Petra Ålund</b>	<b>13 Sara Öhrvall</b>
Executive Vice President. Co-Head of Large Corporates & Financial Institutions division since 2018	Head of Business Support and Operations since 2020	Executive Vice President. Head of Corporate & Private Customers division since 2018. Group Data Privacy Senior Manager since 2018	Head of Baltic division since 2016. Group AML Senior Manager since 2018	Chief Financial Officer (CFO) since 2020	Head of Group Technology since 2019. Group Outsourcing Senior Manager since 2020	Chief Digital, Customer Experience and Communication Officer since 2018
2018	2018	2009	2016	2018	2020	2018
1992	2010	2009	2001	2013	2017	2018
1967	1973	1961	1978	1980	1967	1971
M.Sc. (Econ.)	Master of Business and Economics	M.Sc. (Engineering Physics)	MBA, MA (Public Administration)	B.Sc. (Econ)	M.Sc. (Int. Economics)	Master of Business and Economics
Norwegian	Norwegian	Swedish	Estonian	Swedish	Swedish	Swedish
210,013 shares and share rights, of which 52,900 Class A shares, 11,219 share rights and 145,894 conditional share rights.	53,131 shares and share rights, of which 775 Class A shares, 20,259 share rights and 32,097 conditional share rights.	406,115 shares and share rights, of which 104,218 Class A shares, 102,046 share rights and 199,851 conditional share rights.	102,058 shares and share rights, of which 1,231 Class A shares, 15,232 share rights and 85,595 conditional share rights.	92,513 shares and share rights, of which 10,596 Class A shares, 33,128 share rights and 48,789 conditional share rights.	16,438 shares and share rights, of which 3,592 Class A shares and 12,846 conditional share rights.	11,473 shares and share rights, of which 1,150 Class A shares and 10,323 conditional share rights.

<b>20 Javiera Ragnartz</b>	<b>21 David Teare</b>	<b>22 John Turesson</b>
Head of the Investment Management division since 2019	Head of Life division since 2019	Country Manager SEB Norway since 2018
2020	2019	2018
2019	2006	2006
1969	1963	1978
Ph.Lic. (Financial economy)	B. Comm.	Master of Business and Economics
Swedish	Canadian and British	Swedish
No shares or share rights.	214,275 shares and share rights, of which 54,932 Class A shares, 83,428 share right and 75,915 conditional share rights.	83,285 shares and share rights, of which 7,248 share rights and 76,037 conditional share rights.



## The CRO function

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

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 an instruction adopted by the Board. The CRO function is organised in three units: Group Risk, Group Credits and CRO Office.

The main objective for Group Risk is to ensure that all risks in SEB's activities are identified, measured, monitored and reported in accordance with external and internal rules. They also manage models for risk measurement. CRO Office aggregates and analyses data across risk types and the group's credit portfolios and handles general matters surrounding risk governance and risk disclosure. Group Credits is responsible for managing the credit approval process, for certain individual credit decisions as well as 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.

Head of Group Risk and Head of Group Credits are appointed by the President, upon recommendation by the CRO, and report to the CRO.  For information about risk, liquidity and capital management see p. 52.

## Group Internal Audit

Group Internal Audit is a group-wide 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 the President that governance, risk management and internal controls are adequate and effective. The work is done with a risk-based approach in accordance with the Institute of Internal Auditors' methods.

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 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 auditor. The bank's external auditor relies 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 auditor evaluates Group Internal Audit's work. The conclusion of this evaluation is reported to the ACC and Group Internal Audit.



**Magnus Agustsson**  
Chief Risk Officer



**Björn Rosenkvist**  
Head of Group Internal Audit

## Group Compliance

The Group Compliance function has the responsibility to inform, control and follow up on compliance matters.

Group Compliance is independent from the business organisation.

The Group Compliance function advises the business and management, in order to secure that SEB's business is carried out in compliance with regulatory requirements, and thereby promoting trust from customers, shareholders and the financial markets. Special areas of responsibility are:

- customer protection
- conduct in the financial market
- prevention of money laundering and financing of terrorism
- regulatory requirements 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 Group Compliance is adopted by the Board.



**Gent Jansson**  
Head of Group Compliance

## Auditor

Born 1965; Lead Audit Partner since 2019. Authorised Public Accountant, member of FAR since 1992 and FAR Certified Financial Institution Auditor in Sweden.

**Other major assignments:**  
Skanska, Essity, Husqvarna and SCA

**Previous major assignments:**  
Vattenfall, Hexagon, If P&C Insurance

### 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 auditing firm may also be appointed auditor.

Ernst & Young AB was elected the bank's auditor in 2019 for the period up to and including the 2020 AGM.

 The fees charged by the auditors for the auditing of the 2018 and 2019 financial statements and for other assignments invoiced during these periods are shown in note 9.



**Hamish Mabon**  
Auditor, Ernst & Young

# Internal control over financial reporting

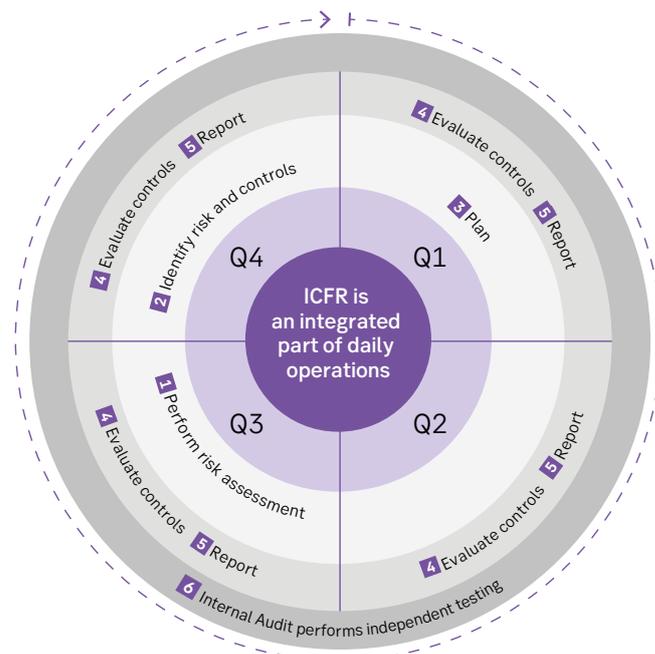
Internal Control over Financial Reporting (ICFR) is a well-established process designed to provide reasonable assurance regarding the reliability of financial reporting and reduce the risk for misstatements. ICFR is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is applied by SEB in a yearly cycle.

**1 Perform risk assessment**  
To identify and understand which risks that are relevant and material for the reporting process, financial results and balance sheets are analysed at SEB group and unit levels. The outcome is used to determine which units, processes and systems are to be covered by the ICFR process in the coming year.

**2 Identify risks and controls**  
People with expertise in the divisions and finance department evaluate if existing controls are effective, if new risks have been identified and if new controls need to be implemented to mitigate the identified material risks more effectively. The controls are communicated to involved parties within the bank in order to clarify expectations and responsibilities. The framework consists of group-wide controls as well as controls covering business processes and IT – such as analysis of the balance sheet and income statement, account reconciliations and controls of system access rights.

**3 Plan**  
Every year a plan is prepared based on the risk assessments and identified controls. The plan clarifies who is responsible for evaluating the respective controls within each unit, what type of evaluation should be conducted and how the results are to be reported. At this stage the plan is coordinated with the plans of internal and external audit.

**4 Evaluate controls**  
The controls are evaluated on a continuous basis throughout the year by the control owners through self-assessments. In this way the bank's weaknesses can be identified, compensating controls can be implemented and improvements can be made. Furthermore, reporting is done quarterly by financial managers to give an assurance of the reported figures from each unit. The evaluation describes material financial reporting risks and comments on material deviations compared with previous quarters.



**5 Report**  
The result of the evaluations of controls are analysed to assess the risk for misstatements in the financial reporting. Monitoring reports are submitted on a quarterly basis to the CFO in connection with the quarterly external financial reporting. Reporting is also done quarterly to Group Internal Audit and yearly to the Audit and Compliance Committee (ACC).

The consolidated ICFR report includes a description of residual risk, an assessment of identified control gaps and whether they are compensated by other controls as well as progress within the remediation activities. The report contributes to transparency within SEB and enables prioritisation of improvement activities based on residual risk.

**6 Independent testing**  
In addition to this process, Group Internal Audit performs independent testing of the ICFR framework.

## Focus areas 2019

In addition to the ongoing work during 2019, the following main areas were in focus within the internal control framework:

- Continued work on strengthening controls in the financial closing process and IFRS 9 (ICFR)

- Expansion of the framework of internal controls over supervisory reporting (ICSR) in the Baltic countries
- Design and implementation of a new framework for internal control over risk reporting (ICRR).