

Sustainability Report

This report constitutes SEB's statutory sustainability report 2018.

The report covers the SEB group, that is the parent company Skandinaviska Enskilda Banken AB (publ) and its subsidiaries.

The report describes SEB's sustainability work, the indirect and direct impact of the business, and is based on the most material aspects of SEB's sustainability framework. Descriptions cover procedures in relation to human rights, labour rights and social relations, anti-corruption and the environment among other things. Risks related to these areas are described in the Risk, capital and liquidity management chapter. ▶▶ See p. 48–49.

Other key aspects of SEB's sustainability work, such as corporate governance (including sustainability governance) and staff composition, remuneration and benefits, are included in applicable parts of the Report of the Directors. The diversity policy applied for the Board is described in the Corporate Governance Report. ▶▶ See p. 52 and 54.

SEB reports in accordance with the Swedish Annual Accounts Act, chapter 6, and the Global Reporting Initiative, GRI Standards, core option. A description of SEB's materiality analysis, stakeholder dialogues, a wide range of KPIs and the GRI Index are presented in SEB's Sustainability Fact Book & GRI Index on sebgroup.com.

PwC has performed limited assurance procedures for both SEB's Sustainability Report and SEB's Sustainability Fact Book & GRI Index.

About SEB's business

SEB is a leading Nordic financial services group. In Sweden and the Baltic countries, SEB offers financial advice and a wide range of financial services to companies, financial institutions and private individuals. In Denmark, Finland, Norway, Germany and in the United Kingdom focus is on a full-service offering to corporate and institutional customers. The bank strives to provide customers with services that meet their needs and preferences including long-term sustainability aspects. ▶▶ Read more about SEB's business model on p. 16–17.

Approach to sustainability

As a bank SEB is an integrated part of society. SEB aims to be a role model in sustainability and has a strong ambition to contrib-

ute to sustainable growth and to help customers and other stakeholders prosper. Through financing and investment activities the bank strives to facilitate the transition towards sustainable solutions. The world has common challenges and SEB can be a driving force and thereby part of the solution.

SEB aims to contribute to short-, medium- and long-term value creation from economic, social, governance and environmental perspectives. In the course of its business, SEB impacts, both directly and indirectly, markets and communities and at the same time recognises the importance of responding and adapting to trends that impact the bank.

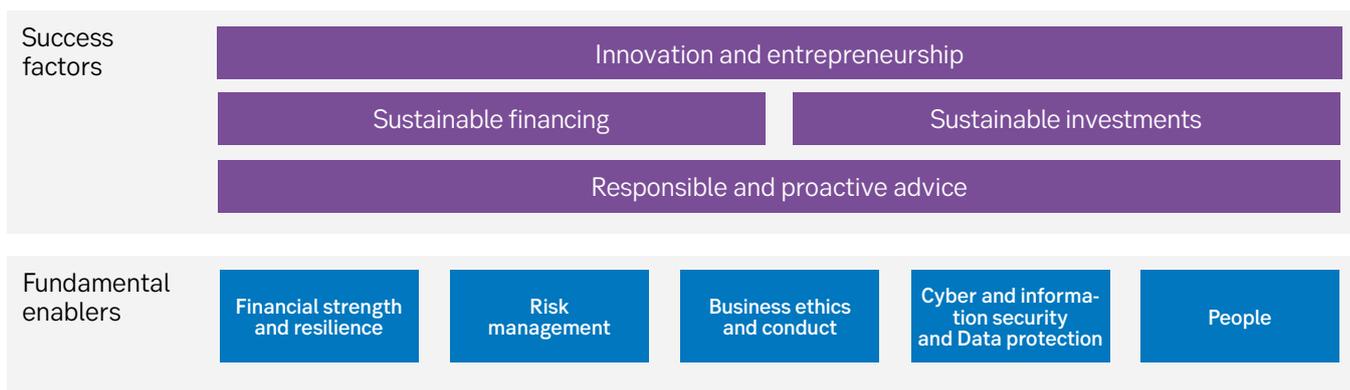
SEB aims to avoid or minimise negative impact of its products and services and strives to identify business opportunities to create positive impact in line with the bank's purpose, vision and strategy.

Sustainability is integrated in SEB's business activities through the sustainability framework, consisting of success factors and fundamental enablers. To get the greatest possible effect, SEB has chosen to focus on four success factors:

- **Innovation and entrepreneurship** – SEB is guided by a strong belief that entrepreneurial minds and innovative companies are the key to creating a better world. SEB supports innovation and entrepreneurship to drive sustainable economic development and contribute to creating new jobs and growth in society.
- **Sustainable financing** – SEB strives to contribute to reorienting capital flows to low-carbon and sustainable activities, to increase the share of positive impact financing and positively impact customers' sustainability focus.
- **Sustainable investments** – SEB aims to have a comprehensive and competitive offering with environmental, social and governance factors fully integrated into all investment processes.
- **Responsible and proactive advice** – SEB engages in understanding its customers' needs and preferences in the transition to a more sustainable society. This is enabled by engaged and knowledgeable employees.

The fundamental enablers (blue boxes below) are at the core of

SEB's sustainability framework



SEB's long-term success. As a company in the business of trust, short-comings in any of these areas would limit the bank from being able to create long-term value for stakeholders.

During 2018, sustainability aspects were further integrated into several core processes such as SEB's business planning process where sustainability has been defined as one strategic component of SEB's business plan 2019–2021. [▶▶ See p. 10–12.](#)

Guidelines and policies

SEB's sustainability work is based on applicable laws, regulations, international agreements and initiatives. These include:

- The UN Global Compact
- The UN Universal Declaration of Human Rights
- The ILO Core Conventions on Labour Standards
- The UN Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles
- The OECD Guidelines for Multinational Enterprises
- UN-supported Principles for Responsible Investments (PRI)
- The UN Environment Programme Finance Initiative (UNEP FI)
- The Equator Principles.

Over the years, SEB has developed various steering documents in the area of sustainability. SEB abides by the Corporate Sustainability Policy, the Environmental Policy, the Human Rights Policy, the Code of Conduct, the Code of Conduct for suppliers and the Tax Policy. SEB has three position statements (Child Labour, Climate Change and Fresh Water) and six sector policies (Arms and Defence, Forestry, Fossil Fuel, Mining and Metals, Renewable Energy and Shipping). These provide guidelines on best practice as well as on the international conventions and standards that the bank encourages companies to follow. SEB aims to work with customers and portfolio companies towards improved business practices. Furthermore, SEB is committed to international agreements such as the Paris Agreement and the UN Sustainable

Development Goals and actively supports the EU Commission Action Plan for Financing Sustainable Growth and the Task Force for Climate-related Financial Disclosures (TCFD).

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) have set the global agenda for nations, businesses and societies on how to approach the major challenges of our time, how to achieve sustainable economic growth, social inclusion and environmental protection.

As SEB's customers are represented in all segments and in a wide range of sectors, the bank can add value and contribute to all of UN's SDGs, directly and indirectly. However, the bank has identified and prioritises four of the goals that are clearly linked to the business strategy and sustainability approach, and where the operations have a fundamental impact:

-  Decent work and economic growth
-  Industry, innovation and infrastructure
-  Climate action
-  Peace, justice and strong institutions

In 2018, SEB continued to integrate the above SDGs into the business, and this report also visualises the connection to several other SDGs. [▶▶ Read more on SEB and the SDGs on *sebgroupp.com*.](#)

The climate change challenge and TCFD recommendations

SEB believes that climate change is one of the most serious global challenges the world is facing. It will have significant impact across many sectors and the bank has an important role to ensure transparency around climate-related risks and opportunities. The 2018 report from United Nation's Intergovernmental Panel on Climate Change (IPCC) pointed to the growing importance of nations, organisations and the business community strengthening their efforts to limit the global temperature rise to well below the 2°C target.

Climate change governance at SEB

In 2018, SEB endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, a global initiative aiming to increase and harmonise companies' climate-related financial disclosure to stakeholders. Since then, the bank has initiated work to implement the TCFD recommendations, under the sponsorship of the Chief Risk Officer, targeting four cornerstones – governance, strategy, risk management, as well as metrics and targets. SEB's ambition is to further integrate the climate challenge into its processes.

The Board of Directors has adopted the Corporate Sustainability Policy, which includes SEB's environmental commitment. The president has approved the bank's position statement on climate change. The Board of Directors also oversees SEB's risk

management framework. SEB's governance around sustainability starts with the oversight by the Board of Directors to operational committees in the divisions. [▶▶ See p. 63 for more information about sustainability governance.](#)

Since 2018, the Group Risk Committee is the formal escalation forum for reputational and sustainability risk matters.

One priority of the Group Sustainability function in 2018 was to further develop the key performance indicators in order to measure progress within sustainability.

Climate change strategy

To date, a number of strategic decisions have been taken as a result of the climate challenge. Examples include SEB's decision to lower its exposure to coal producers in both its credit portfolio and fund holdings. The ambition is also to grow the green loan portfolio consisting of assets contributing to lower carbon emissions, as well as new products such as green mortgages supporting energy efficient housing. Integrating sustainability in the business model, aiming to develop new sustainable products and services, and enhancing corporate advisory capacity to capture opportunities in a transforming energy sector are some of the initiatives in the bank's business plan 2019–2021.



Innovation and entrepreneurship

SEB was founded over 160 years ago in the service of enterprise and has since then been committed to supporting companies to develop and create value for society. Thriving businesses lead to growth and new jobs, as well as opportunities to solve environmental and societal challenges.

Through partnerships with Sweden's leading entrepreneurship organisations at all levels, SEB strives to strengthen the business climate in Sweden. [▶▶Read more on p. 25.](#)

SEB regularly hosts events that connect entrepreneurs and innovators with investors, both in Sweden and the Baltic countries. One example is the Innovation Forum in Stockholm where newly started companies have the opportunity to pitch their ideas to potential investors among SEB's customers. Since the start in 2014, close to 50 per cent of them have secured funding. In 2018, more than 15,000 new start-ups were financed.



Sustainable financing

Responsible financing and lending are cornerstones of SEB's business, creating long-term sustainable value for customers and shareholders. SEB is committed to supporting its customers in their work on transitioning to sustainable solutions. The bank integrates risks and opportunities related to environmental, social and governance (ESG) aspects into customer dialogues, policies and processes. According to SEB's Credit Policy on Corporate Sustainability, sustainability risks shall be considered in all credit decisions, with focus on the repayment capacity of the customer, the underlying value of collateral, as well as reputational consequences for SEB. The aim is to identify, analyse and manage these issues, including in the areas of human rights, anti-corruption, labour rights, social relations and environment.

SEB continuously strives to further integrate sustainability into its business as well as into risk management and due diligence processes. The bank is convinced that increased knowledge and understanding among employees is crucial for success. In 2018, the bank therefore intensified this work. As an example training and education in sustainability-related issues were held for approximately 120 employees in group functions

including Group Risk, Compliance and Internal Audit. External speakers have also conducted training for SEB employees on special matters. One example is Science Based Targets, a methodology to set climate transition targets, presented by World Wildlife Fund (WWF). Through increased knowledge and understanding, the aim is to further integrate sustainability in due diligence processes, such as the Know-Your Customer process.

Supporting customers

SEB supports its customers in their efforts to reduce negative environmental impact on biodiversity and the environment. At the same time, SEB strives to identify opportunities associated with customers' ambitions to choose sustainable solutions.

The bank does for example not provide financing for new coal-fired power plants, other than to customers committed to the use of technologies such as "carbon capture", which substantially reduce greenhouse gas emissions. SEB aims to support legacy customers in making environmentally beneficial improvements in their shift away from coal.

SEB's climate disclosure based on TCFD recommendations

Managing climate-related risk

Climate change can have an impact on SEB's credit portfolio and fund holdings, and it is important that this is considered in the risk analysis and management. The bank has developed a methodology to capture the more long-term effects of material sustainability and disruption issues in the credit analysis.

Qualitative sector analyses are being performed on the most affected industries in the transition to a low-carbon environment, including energy, transport and the manufacturing industries.

With regards to physical risk, industries such as real estate, forestry and insurance are deemed to be more impacted.

The implementation of the TCFD recommendation is a journey. It is SEB's ambition to better understand the impact of different climate scenarios, in terms of a transition to a low-carbon environment and physical consequences of climate change, as well as opportunities and risks implied. This will be important for future strategic decisions and risk management.

SEB is also investigating ways to measure the climate impact of the credit portfolio and assets under management in terms of carbon emissions. One initiative is the Impact Metric Tool, which SEB developed for customer use. [▶▶See p. 71.](#) SEB will also be liaising with the domestic and international financial community in the development of definitions and standards.

- Governance**
- Climate change governance [▶▶See p. 68](#)
 - Sustainability governance [▶▶See p. 63](#)
 - Environmental Policy and Climate Change position statement [▶▶See \[sebgroup.com\]\(http://sebgroup.com\)](#)

- Strategy**
- Climate change strategy [▶▶See p. 68](#)
 - Sustainability in the business plan [▶▶See p. 12](#)
 - Sustainability and climate-related products and initiatives [▶▶See p. 10–11, 20–23](#)

- Risk management**
- Sustainability and climate-related risk [▶▶See p. 49](#)
 - Managing climate-related risks [▶▶See p. 68](#)

- Targets and metrics**
- SEB's targets are set in relation to its indirect and direct impact. [▶▶See p. 73 and \[SEB Sustainability Fact Book and GRI Index.\]\(#\)](#)

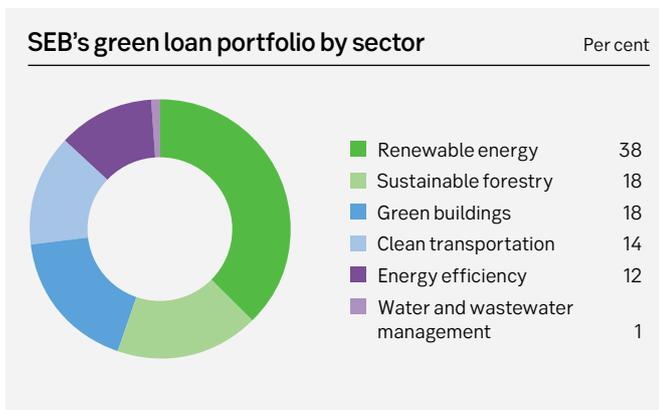
Green financing

For more than a decade, SEB has supported large corporations and financial institutions in finding sustainable financing solutions, such as green bonds. 2018 was the 10th anniversary of the world's first green bond for institutional investors, issued by the World Bank and initiated by SEB. Over the years, SEB has gradually developed its role as a global thought leader and has proactively contributed to setting the standard for this financing vehicle.

SEB recognises the need for further harmonising the green bond market and thus supports the EU Commission's action plan for sustainable finance and the ambition to create a green bond standard among other things. In 2018, SEB was the fifth largest underwriter and SEB's global share of underwriting was 3.7 per cent, corresponding to a volume of USD 5bn (source: Bloomberg).

SEB's own green bond

SEB's first own green bond in the amount of EUR 500m was issued in 2017. The proceeds are used to finance SEB's green loan portfolio, which consists of assets and projects that contribute to lower carbon emissions and support the UN's SDGs. SEB's Green Bond Framework provides a clear definition of what is required for assets to be eligible for green financing. The Green Bond Framework and strategy, together with SEB's Environmental Policy and the accompanying sector policies, provide a robust basis for ensuring that SEB's green bond activities promote low-carbon and climate change resilient investments. In 2018, SEB's green loan portfolio increased by SEK 3bn to SEK 16bn. SEB intends to further develop and expand sustainable financing over the next few years. ▶▶ See the *SEB Green Bond Investor Reports* at sebgroup.com



Contributing to green and social impact

SEB has for several years focused on financing solutions for social impact. In 2018, Fannie Mae (FNMA), the US government-sponsored enterprise and leading provider of financing for the US housing market, engaged SEB to help introduce FNMA's green bond programme to socially responsible investors in Europe. Two green bond transactions with SEB as a lead manager followed.

SEB was also joint lead manager in the European Investment Bank's (EIB) inaugural Sustainable Awareness Bond (SAB), a bond that demonstrates EIB's commitment to supporting the UN Sustainable Development Goals. While the proceeds of the inaugural bond are used for investment in water supply, sanitation and flood protection, the SAB programme is expected to expand to other sectors such as health and education once detailed reporting frameworks are in place.

Green mortgages

SEB offers sustainable financing solutions also for private individuals. In 2018, SEB was the first large bank in Sweden to launch green mortgages. This initiative meets increasing customer demand for sustainable products, which is in line with SEB's business strategy. The loans are available to anyone with housing that fulfils specific requirements, for example Sweden's National Board of Housing, Building and Planning has assigned an A or B rating for energy efficiency. Going forward, SEB has the ambition to issue a green covered bond, based on mortgages loans.

Partnering with academia

During the year, SEB further strengthened its ties to the research community. SEB's co-head of the Large Corporates & Financial Institutions division joined the board of the newly founded Stockholm Sustainable Finance Centre. The centre will support financial actors in shifting capital to implement the global sustainability agenda. It is an initiative by the Swedish Government, Stockholm Environmental Institute and Stockholm School of Economics.

Equator Principles

SEB adheres to the Equator Principles (EP) since 2007, a voluntary set of guidelines used by financial institutions to assess the social and environmental impact of large projects and to help their customers to manage them. A review of EP is ongoing. During 2018 SEB took part in the work related to the update to EP IV, which is planned to be finalised in 2019.

In 2018, SEB had two project financing transactions under the Equator Principles, one category A (projects with potential significant adverse environmental and social risks and/or severe impact), one category B (projects with potential limited adverse environmental and social risks and/or impact that are less severe.)

Sustainable investments

SEB is one of the largest institutional investors in the Nordic region with SEK 1,699bn in assets under management for private, corporate and institutional customers. In 2018, the assets under management for funds within SEB amounted to SEK 622bn, of which 100 per cent were managed according to the UN-supported Principles for Responsible Investments, PRI (one index fund excluded). SEB is a signatory of the PRI since 2008 and has since then reported yearly on how SEB complies with the six PRI principles. In PRI's grading of sustainable investments 2018, SEB received an A rating, which is an important confirmation of SEB's work within sustainable investments.

SEB aims to integrate sustainability aspects into all types of investments and in all asset classes, to meet customers' expecta-

tions and to contribute to the development of a sustainable society. The investment strategies are based on continuous engagement with the companies that SEB invests in on behalf of its customers, and on including companies that perform well in sustainability or have well defined plans for a transition. In addition, companies that do not abide by SEB's sustainability criteria are excluded.

During 2018 SEB further raised the level of sustainability in its own funds. At year-end, 30 (25) per cent, SEK 188bn, were managed according to SEB's most stringent sustainability criteria. In SEB's Strategy Funds about two thirds of the funds' assets adhere to its most stringent sustainability criteria. Of SEB's total assets under management, 11 (8.6) per cent were managed according to the same criteria.



Inclusion of sustainable companies

On the customers' behalf, SEB increasingly invests in businesses that actively manage the environmental, social and governance aspects of their operations and believes that these will be more successful over time, adding value for customers, companies and society. As an example, fund managers strive to identify companies that have a reduced impact on the climate, within areas such as carbon emissions, water use and handling of toxic waste. One of these funds is SEB Sustainability Fund Global. SEB offers more than 20 funds with a clear sustainability profile, and the customer demand for this category of products is increasing. During 2018, SEB further transitioned funds to become sustainable, meaning they adhere to the strictest sustainability criteria. Going forward, SEB will continue to develop products with positive impact.

Exclusion criteria

All SEB's mutual funds exclude companies involved in the production or marketing of controversial weapons and the development or production of nuclear weapons programmes. Furthermore, SEB's funds do not invest in companies that fail to respect international conventions and guidelines, such as the UN Universal Declaration of Human Rights and the UN Global Compact, the ILO Core Conventions on Labour Standards and the OECD Guidelines for Multinational Enterprises. SEB does not invest in companies involved in thermal coal extraction, that is, mining activities in which thermal coal accounts for more than 20 per cent of the company's or group's turnover. SEB's sustainability funds do not invest in companies that extract coal, gas or oil. SEB reviews the fund holdings with its adviser ISS-Ethix semi-annually. ▶▶ See the results on sebgroup.com.

Evaluation of external funds

Mutual funds from suppliers other than SEB (external funds) are evaluated by a special fund analysis team. The sustainability analysis process was implemented in 2017 with a focus on analysing how fund companies integrate sustainability into their investment processes.

During 2018, the sustainability analysis of all the funds in the offering continued. At year-end 2018, 46 funds out of a total of about 65 had been analysed and assigned a sustainability rating of A to C, where A is the highest rating. Furthermore, a number of A-rated external funds with strong sustainability integration have been added to the offering. SEB's ambition is to increase the level of sustainability in the external fund offering over time.

All new external fund management companies are required to sign the Principles for Responsible Investments (PRI) and to exclude controversial weapons. At year-end 2018, 100 per cent (97) of these companies had signed the PRI.

Engagement for reducing carbon emissions

SEB has for several years been actively supported power generation companies, where coal as an energy source exceeds 10 per cent, in finding sources of energy other than coal. The focus of the work is primarily on European power companies. Since 2017 SEB is also engaged, together with Institutional Investors Group on Climate Change (IIGCC), in targeting the world's 100 largest carbon emitters in order to reduce emissions globally. In 2018, 18 per cent of these 100 companies reported their official support for, or had undertaken to implement, the recommendations of TCFD. 22 per cent of the companies had set or committed to set a science-based target for reducing their greenhouse gas emissions or equivalent long-term target beyond 2030.

SEB has signed the Montreal Carbon Pledge and thereby com-

mits to annually report on its funds' carbon footprint. In 2018, all of SEB's equity funds were measured and reported on SEB's website from all three central emission areas (scope 1–3) according to the Greenhouse Gas Protocol. The calculations are based on the Swedish Investment Funds Association's guidelines for fund companies operating in the Swedish market.

SEB engages directly in a dialogue with companies' management and boards of directors regarding how to make improvements in issues related to human rights, labour rights and social relations, anti-corruption and environment. As regards international companies, SEB collaborates with other investors as well as with partners like Hermes EOS, IIGCC, the Carbon Disclosure Project (CDP) and PRI Clearinghouse.

Impact Metric Tool

In line with SEB's business strategy, the bank continuously develops sustainable products and services. In 2018, SEB launched the Impact Metric Tool, a quantitative framework for assessing the sustainability of any customer portfolio of listed equities or securities. The aim is to increase the industry transparency regarding responsible investment and provide investors with additional information in the fund selection process, introduce new dimensions when constructing portfolios and evaluate investment policies. The tool can be used to define global challenges through the UN's SDGs. In 2018 more than 20 customer portfolios were analysed and the responses from customers were positive. In 2019 SEB will analyse all SEB-branded funds by this tool.

Impact investing

SEB is one of the largest microfinance fund managers in Europe. By investing in microfinance institutions, investors can earn a return while making a social impact. Through some 60 microfinance institutions, SEB's microfinance funds offer loans to people with lower income in developing countries, people who are often excluded from the financial market. SEB manages 6 microfinance funds with a total value of around SEK 7bn, reaching more than 23 million entrepreneurs in about 50 developing countries.

In 2018, SEB broadened the impact investing offering with the SEB Impact Opportunity Fund. This fund has a broad investment universe of which many areas, such as energy, financial inclusion, education and agricultural development, are directly linked to the UN's SDGs. The fund has been developed in close collaboration with a few institutional investors and has no set maturity date which allows the fund to work more long-term with selected projects.

Investments for sustainable cities

In 2018, SEB's fund company and traditional insurance invested SEK 650m in a sustainability bond from the World Bank with a particular focus on sustainable cities. The bond was designed by SEB and other investors within the framework of the SIDA network Swedish Investors for Sustainable Development. The bond finances projects aimed at supporting sustainable cities in different parts of the world through clean water and renewable energy, among other things. Of the UN's 17 Sustainable Development Goals, the investments will specifically support goal number 11, Sustainable Cities and Communities.

SEB's intention, included in the three year business plan, is to further develop impact investment products in line with customers' needs and expectations. This is also part of SEB's ambition to reorient capital flows to low-carbon and sustainable activities.

▶▶ Read more on p. 12.



Responsible and proactive advice

For SEB, it is important to know its customers and their preferences. The bank aims to have constructive dialogues and provide responsible and proactive advice to customers about sustainability aspects as well as about the consequences of their activities. SEB is guided by global initiatives, international standards, and the bank's internal policies and position statements form a valuable base in the customer dialogues and help incorporate sustainability aspects into decision-making.

In 2018, SEB's Life & Pension insurance business began developing tools to integrate sustainability into the advisory process. The aim is to explore customers' sustainability preferences and to provide suitable solutions. In addition, this will help SEB understand the need for support among advisers in the organisation and help them to be proactive as national and international regulations evolve in this area.

250,000 customers in survey on the SDGs

To explore the preferences among private customers, in 2018 SEB asked for the second consecutive year which sustainability areas they believe SEB should focus on. More than 250,000 customers with savings in equity funds were asked to prioritise the UN's 17 Sustainable Development Goals. The answer showed that, just like in 2017, customers assigned top priority to three of the goals, 13, Climate action, 6, Clean water and sanitation and 4, Quality education. As a result of the customer survey, SEB will expand its focus to include goal number 6. The fund company has joined the Carbon Disclosure Project (CDP) and will thus intensify its focus on water management and encourage companies to report their water usage and climate impact.

Identifying potential negative impact

SEB strives to identify and assess areas within human rights, labour rights and social relations where the bank can potentially have negative impact through its business relations. Based on prioritisation, proportionality and/or leverage, findings are acted upon to prevent, mitigate and remediate potential impact. SEB is willing to work with customers with sustainability risk, provided that there is a willingness and financial capacity to implement the required corrective measures.

SEB expects its customers to respect all Human Rights and the ILO Core Conventions on Labour Standards through appropriate due diligence systems. Moreover, SEB is committed to identifying and managing corruption risks in transactions. The bank continuously works to strengthen key processes from a sustainability perspective such as in the know-your-customer, credit granting and risk management processes. [▶▶Read more in Risk, capital and liquidity management on p.47–48.](#)

Suppliers

SEB has established, and maintains, procedures to evaluate and select suppliers and contractors, based on financial, environmental and social aspects. These aspects include human rights, labour rights and social relations, anti-corruption and are taken into account in procurement decisions along with commercial

SEB's approach to tax

SEB pays taxes in accordance with applicable laws and regulations in all countries where the bank operates. SEB undertakes all dealings with tax authorities in a professional, transparent and timely manner, both when it comes to its own tax matters and in reporting obligations regarding customers. SEB does not use nor facilitate tax evasion schemes. SEB works actively with risk assessments, frameworks and controls in order to ensure compliance by all SEB units. The bank does not use structures lacking business rationale in order to avoid taxes. Neither does SEB provide products or promote structures where the sole purpose is tax advantages. The bank does not co-operate with external parties to facilitate tax evasion, nor to facilitate transactions which SEB is unwilling to provide itself, where the sole purpose is tax advantages. During 2019 SEB is conducting a review of its tax policy.

Customer privacy

The trust of SEB's customers is based on respect for and protection of customers' privacy. SEB has worked actively to be compliant with the General Data Protection Regulation (GDPR), the EU reformed data protection legislation that came into force in 2018 and which has strengthened individuals' rights in terms of how their data are handled by companies. [▶▶Read more on p. 50–51.](#)

SEB actively contributes to sustainable development in the EU



SEB welcomes the European Commission's Action plan on Financing Sustainable Growth. The plan sets out the necessary steps for the financial system to contribute to sustainable development and has three main objectives:

- reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth
- manage financial risks stemming from climate change, environmental degradation and social issues and
- to foster transparency and long-termism in financial and economic activity.

Since 2018, SEB is represented in the Technical Expert Group and is one of 35 members that, in collaboration, develop an EU classification system, a taxonomy, create an EU green bond standard, improve the disclosure of climate-related information and develop a category of low-carbon indices. SEB believes that this work will be crucial for enhancing the financing of sustainable growth in EU.

aspects. SEB monitors suppliers' processes and performance where appropriate. During 2019 SEB will update its sustainability requirements included in the supplier agreements and review the process of supplier screening, which is linked to SEB's purchasing process. [▶▶Read more about SEB's process at sebgroup.com.](#)



People

As an employer, SEB has a responsibility to ensure that all employees are treated equally and with respect. Everyone should be given the same opportunities for professional and personal development. SEB rejects all forms of discrimination and harassment, whether this is based on an individual's ethnic or national origin, gender, skin colour, faith, citizenship, age, disability, civil status or sexual orientation. This is equally important in relation to customers and other stakeholders as in relation to colleagues. In 2018 SEB increased its focus on inclusion and diversity in the organisation. SEB's first Inclusion and Diversity Policy was adopted by the Board in 2018. A governance structure was established, which includes a steering group with members from the Group Executive Committee and divisional management, as well as an appointed Chief Inclusion & Diversity

Officer. Moreover, an Inclusion and Diversity Index was created and integrated into SEB's employee survey. In addition to emphasis on gender, age, professional background and geographical provenance, special attention has been put on issues concerning sexual harassments where processes for raising concerns are established. Unethical or unlawful behaviours can be reported via both external and internal whistleblowing channels.

A safe and sound work environment combined with good health and work/life balance form the foundation for SEB's employees' performance and job satisfaction. All of SEB's employees are covered by collective or local agreements or labour law. A continuous dialogue is carried on with employees, employee representatives and with trade unions. SEB has had a European Works Council (EWC) since 2003.



Environment, direct impact

SEB works to reduce its direct environmental impact, while its greatest environmental impact is indirect. SEB has set a goal to reduce its total carbon emissions by 20 per cent from 2016 to 2020. In 2018, SEB reduced carbon emissions by approx. 2.5 per cent, where, among other things, reduced office space contributed to lower energy consumption. Emissions from business travel increased by about 5 percent. Going forward, SEB will

further focus on reducing emissions related to travel. In 2018, SEB updated the emission factors for the calculation of conversion from MWh to tonne. This resulted in the figures for carbon emissions being recalculated, and the target has been adjusted, from 17,000 tonnes to 18,500 tonnes. ▶▶ For a description of SEB's direct carbon footprint, see sebgroup.com.

Targets and key performance indicators related to sustainability

SEB's business plan 2019–2021 includes strengthened focus on sustainability. SEB will start to classify and gradually transform its credit and investment portfolios. This will be underpinned by

increased transparency and disclosures of progress. Metrics and targets will continuously be developed and aligned with future national and international requirements and expectations.

Area	Description	Result 2018	Result 2017	Target 2019–2021
Innovation	• Create sustainable finance innovation centre to develop and launch new sustainable products and services	Decided		Establish (2019)
Sustainable finance	• Green loan portfolio • Green mortgages • Green bond issuance, ranking in the Nordic countries ¹⁾ • Gradually shift credit portfolio towards increased sustainable financing	SEK 16bn Launched 1	SEK 13.2bn 1	Increase Establish baseline (2019), increase Keep Classify and set targets (2019)
Sustainable investment	• Total Assets under Management (AuM) managed with sustainability criteria • SEB funds managed with sustainability criteria, share of AuM • SEB funds managed with human rights criteria, share of AuM • SEB impact and thematic funds ³⁾ , total AuM	11% ²⁾ 30% 100% SEK 8bn	8% ²⁾ 25% 100%	Increase Increase Keep Increase
People	• Integrate sustainability KPIs into incentive programmes for senior managers • Gender by management type, (m/f): - Group Executive Committee (GEC) - Senior management	Decided 77/23% 66/34%		Define and launch (2019) Increase balance in senior management
Business ethics and conduct	• Employees that have completed training in Code of Conduct ⁴⁾	90%	85%	100%
Environment, direct impact	• Reduce total carbon emissions with 20% 2016–2020	23,198 tonnes	23,797 tonnes	18,500 tonnes ⁵⁾ (2020)

1) Bloomberg

2) Includes only SEB funds assessed with sustainability criteria

3) Includes among others Micro Finance Funds, Impact Opportunity Fund, Green Bond Fund

4) Includes consultants, excludes employees on leave of absence

5) See comment about re-calculation above (Environment, direct impact)