Climate Change
Position statement

Statement for the SEB Group.
Derived from the Instruction for the President and Chief Executive Officer.
Preamble

a) About SEB
SEB is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of other financial services. In Denmark, Finland, Norway and Germany the bank’s operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of our business is reflected in our presence in some 20 countries worldwide where we have some 16,000 employees.

Banks play a crucial role in society, by providing credit and managing financial assets in ways that promote economic growth and prosperity. Through our business activities, SEB has an impact in many countries and local communities. Responsible corporate behaviour is a means to remain successful in a changing global environment.

b) SEB and corporate sustainability
SEB’s vision is to be the trusted partner for customers with aspirations. In SEB we believe that trust is built through our ability to respond to stakeholders’ demands and expectations and thus through our actions over time. This is a job with no end and we constantly try to identify and manage risks and opportunities.

For SEB, sustainability means delivering long-term value in economic, ethical, social and environmental terms. Our ambition is to contribute to the communities in which we operate as well as to the development goals of the international community. We do this by targeting three areas – Responsible Business, People & Community, and Environment.

Our efforts are guided by international initiatives and codes of conduct, including the UN Global Compact and the UN supported Principles for Responsible Investments (PRI). SEB is also a signatory of the Equator Principles and the UN Environment Programme Finance Initiative (UNEP FI).

c) Purpose with sector policies and position statements
We aim to support sustainable business practices and believe that by improving our own work we can influence others for real and lasting change. By addressing the environmental, social and governance aspects of doing business, our ambition is to go further than what we are formally required to do.

We aim to support our clients as they develop their business practices. We have developed position statements and policies for certain industry sectors. The purpose of these policies and statements is to establish a common framework for a proactive and future-oriented dialogue on key issues with our clients and portfolio companies, as well as for internal guidance.

Through engagement with clients and with companies that we invest in as an asset manager, we believe we can have a positive influence on the environment, social issues and corporate governance (ESG). This also includes our own development. Through this way of working, we also believe we create value for our clients and other stakeholders.

d) Scope and external guidance
Sector policies and position statements are applicable in all markets where SEB operates, and they include banking services such as financing, investment management and advisory services.

SEB’s sector policies and position statements are based on international conventions and standards, as well as on the best practice that we encourage companies to follow. If a company does not live up to our recommended approach, our preference is to support the company to make satisfactory progress along a credible, transparent and time-bound implementation plan. We take the position, that after a reasonable time of engagement, we will exit a relationship with any client, or exclude the company from our investments if there is no progress.

e) Existing policies and position statements
We have selected issues and sectors where there is great potential for environmental and social aspects to be considered, and which are of relevance to our business.

As of February 18, 2011, the following sector policies have been adopted:
- Arms and Defence (revised and adopted as of August 20, 2014),
- Forestry
- Fossil Fuels
- Mining and Metals
- Shipping
- Renewable Energy

As of February 18, 2011, the following position statements have been adopted:
- Child Labour
- Climate Change
  (revised and adopted as of November 6, 2015)
- Fresh water

f) Engagement and feedback
We welcome comments and feedback on our approach to sector policies and position statements. Any feedback can be directed to SEB’s Group Corporate Sustainability department at cs@seb.se.

To find out more on our approach to corporate sustainability, for our full Sustainability Report, or for facts & figures, please visit SEB’s website: www.sebgroup.com/sustainability.
Position statement on Climate Change

Introduction
Global climate change is one of today’s most serious challenges. Scientific evidence points to substantial risks to the planet. Observations include deterioration of water quality and availability, ecosystem disruption, and potential negative effects on human health. Key environmental and social challenges – such as population growth, energy security, loss of biodiversity and access to drinking water and food – are all closely intertwined with climate change. A vast number of scientists and organisations, including the Intergovernmental Panel on Climate Change\(^1\), agree that these issues need urgent and extensive action.

We recognise the importance of limiting the average global temperature rise to below the 2ºC target. This makes a transition to a low-carbon economy vital. Banks have a crucial role to play in enabling the transition from a carbon-intensive economy to more efficient low-carbon alternatives.

We recognise that climate change will pose risks as well as opportunities for SEB, both directly through the operations we run and indirectly through our clients and portfolio companies. We will work directly with our stakeholders to mitigate these risks and seize the opportunities. In an increasingly carbon-constrained world, we will respond to the needs of our clients, shareholders, employees and other stakeholders when providing financial services, operating our facilities and supporting our communities.

Purpose
The purpose of this position statement is to form the basis for dialogue with our clients, portfolio companies and stakeholders, as well as to clarify our ambition and actions to improve our own climate performance. We recognise that by promoting best practice climate change management among clients and portfolio companies, we can support our clients and positively impact the situation of many.

Participation
For SEB, addressing climate change means that beyond managing our own direct environmental footprint, our investment, lending and business development decisions must take climate impact into account. Through our engagement, we expect to drive shareholder value. To do this, we will:

- Make it possible for our customers to finance sustainable and renewable sources of energy and energy efficiency projects. An example is the green bond concept developed with the World Bank in 2007, and which SEB is developing further based on criteria for a low-carbon economy to fight climate change;
- Integrate climate considerations into our customer dialogue, credit process, investments and portfolio management in order to assess climate change strategies, risks and performance among clients and portfolio companies;
- Encourage clients and portfolio companies to measure and disclose their direct and indirect greenhouse gas emissions;
- Encourage clients and portfolio companies to evaluate their business challenges and opportunities related to greenhouse gas emissions as well as to climate risk, the processes they apply and their products. We also encourage reduction of direct and indirect greenhouse gas emissions by, for example, using energy efficient technology and switching to renewable energy.
- From a portfolio management perspective, we will also actively work to reduce climate impact of the funds, starting with our sustainability and ethical funds.

As regards the direct carbon footprint from our operations, we continuously work to decrease our carbon emissions. Specifically, we:

- Improve energy efficiency at our operations and buildings;
- Use renewable energy in our buildings;
- Work with our suppliers to minimise our carbon footprint together;
- Reduce business travel by using alternative techniques for meetings;
- Provide transparent public reporting on our own emissions profile and the actions we undertake to manage and mitigate emissions.

SEB is a signatory to the CDP\(^2\), which encourages greater transparency from us as well as the corporate sector as a whole in terms of how it is dealing with climate change.

Coal
We support a coordinated global approach and agreement to reduce greenhouse gas emissions as we believe it is important for achieving results and maintaining a level playing field. SEB has as a first step in implementing our climate change strategy decided to gradually shift away from coal as coal is a high greenhouse gas emitting fuel per unit energy produced. SEB will not provide finance for greenfield coal power generation plants. However, we will consider support for greenfield coal-fired power plants with committed usage of carbon capture technology, or equivalent technologies which substantially reduce greenhouse gas emissions. As regards legacy coal-based power plants, we will support our clients with regular banking services as well as in making environmentally beneficial improvements, such as the transition to lower carbon intensity through investments in conversion to renewable energy sources.

SEB will not enter into new business relations with companies with major business in coal mining but will support legacy clients in their transformations away from coal, including the provision of regular banking services.

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\(^1\) Intergovernmental Panel on Climate Change; www.ipcc.ch

\(^2\) CDP is an international, not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. www.cdp.net