1. Publish short-term (5-10 years) climate-related targets covering all relevant financial services ahead of your 2022 AGM.

SEB has worked out a sustainability strategy with a strong focus on enabling climate transition. This year SEB plans to present three main KPIs as well as short term targets, which will guide the organisation in the transformation of the credit portfolio. The following KPIs are planned to be presented.

1. GAR: Green Asset Ratio will be a part of the bank's measurement of EU Taxonomy alignment of our lending portfolio.
2. Fossil Exposure: This KPI will measure the percentage of fossil[1] energy exposure on SEB's balance sheet.
3. Transition finance: This is an inhouse developed tool to measure the degree of transition in SEB's financing of clients and projects. The model covers 32 sectors, i.e much more than both the NZBA work streams and the SBTi-sectors. It allows SEB to make a climate classification of companies in sectors with a slight or significant climate impact. SEB will set targets on the proportion of financing directed to companies in transition.

SEB plans to communicate targets for 2030 and milestones for 2025 for all three KPIs during the fall of 2021. As the KPIs together cover a much larger part of SEB's credit portfolio than the NZBA current work streams, SEB believes combining these external and internal approaches will form a comprehensive strategic roadmap for climate mitigation covering a much broader part of the credit portfolio compared to only using current external initiatives for banking.

For the retail business, the focus will be on classifying products and set targets on the products.

2. Integrate the findings of the IEA Net-Zero scenario and/or another 1.5C scenario with low overshoot and minimal reliance on Negative Emission Technologies into your climate strategy.

SEB integrates external scenarios in its risk modelling in line with the TCFD framework as well as in SEB's climate classification model. SEB will mainly make use of the latest updated NGFS scenarios and the IEA 1.5 Net Zero scenarios to define sector based Paris aligned 1,5 degrees transition for SEB's clients. The NGFS 1,5 degrees scenario and the IEA 1.5 degrees scenario are very similar. SEB aim to assess the newly launched IEA 1.5 degrees scenarios for integration in its risk scenarios for the energy sector.

It is worth noting that SEB's fossil fuel policy sets expectations on Paris aligned scope 1,2,3 transition.

When it comes to practical financing and investment decisions regarding the fossil fuel industry, SEB has committed to

- Cap its nominal credit exposure to the exploration, production and oilfield services sector with an annual reduction of exposure.
- Avoid providing new financial services to-, or invest in-, offshore related fossil assets (drilling rigs, seismic equipment and dedicated fossil extraction offshore support vessels) where revenue from these assets represents >5% of an owners' revenue.
- Avoid providing dedicated financing to seismic fossil exploration as this is the first step in identifying new oilfields.
- For other fossil fuel extraction such as coal and peat SEB has defined exit strategies, which are further elaborated in the fossil fuel policy.
- For investments in the fossil fuel industry SEB will not invest in fossil fuel companies unless they have a robust Paris aligned transition strategy.

[1] As defined in SEB's Sector Policy on Fossil Fuel

For the energy sector, SEB will use its fossil fuel exposure KPI to track and set targets on the decarbonisation of the credit portfolio.

If you want to read more about our work on integrating climate risk and opportunities in our strategy, governance and risk management including scenario modelling please refer to our annual report page 52.

3. Phase out from coal by 2030 in OECD countries and by 2040 in non-OECD countries at the latest.

SEB has adopted a policy on Fossil Fuels that clearly spells out SEB's view on coal mining and coal fired power generation. For coal mining the policy states that:

- SEB shall avoid entering into new business relationships with companies operating thermal coal mines or providing dedicated financing to thermal coal mines.
- SEB shall avoid providing financial services to-, or invest in:
  - Projects that are dedicated to thermal coal extraction;
  - Greenfield or brownfield thermal coal mining expansions.
  - Infrastructure projects that are dedicated to thermal coal such as harbours or terminals of existing harbours, transportation of thermal coal by rail or road, storage of coal (warehouses).
- SEB shall avoid providing financial services to-, or invest in-, companies with a material share of revenues (> than 15 %) deriving from thermal coal mining.
- SEB will exit current business relationship where more than 5% of the revenues by 2025 is derived from thermal coal mining. For Germany there is a time-limited exception to the 5%-restriction. See next point.
- In Germany, the coal exit framework has been defined by the Coal Phase-out Act which provides for the gradual phase-out of coal-fired power generation by 2038 at the latest. Clients who are eligible for the national coal phase out legislation are exempt from the two paragraphs above. In those cases, SEB will not provide dedicated financing to coal mines.

For coal fired power generation the policy states that:

- SEB shall avoid entering into new business relationships with Companies where more than 5% of revenues are derived from coal fired power generation.
- SEB will avoid providing financial services to-, or invest in-, new coal fired power plant (CFPP) projects, wherever they are located, nor will SEB provide financial services to-, or invest in-, brownfield retrofit CFPP projects seeking lifetime extension or capacity increase.
- SEB shall avoid providing financial services to, or invest in:
  - Companies with a material share of revenues (> than 15 %) derived from coal-fired power generation. This does not apply to Clients eligible for the national Coal Phase-out legislation in Germany, see the last paragraph in this section.
  - Power generation Companies that do not have a defined strategy to reduce coal fired power generation, under a regularly monitored plan including a timeline, in line with the Paris Agreement .
- SEB aims to support its Clients with coal fired power generation activities to move into new types of renewable energy generation as well as natural gas as a transitionary solution, if efficiency conditions are met.
- SEB aims to exit current business relationships with Clients where by 2030 5 % or more of the revenues are derived from coal fired power generation. This does not apply to Clients eligible for the national Coal Phase-out legislation in Germany, see next point.
- In Germany, the coal exit framework has been defined by the Coal Phase-out Act which provides for the gradual phase-out of coal-fired power generation by 2038 at the latest. Current customers who are eligible for the national Coal Phase-out legislation are exempt from the 2030 phase out commitment and the 15% maximum share of revenues from coal fired power generation. In those cases, SEB will not provide dedicated financing to coal fired power plants. SEB will support such companies to manage the transition successfully through financing of renewable and other low carbon power generation.

SEB also expects all energy clients to develop a transition plan. Companies which lack a transition plan, scope 1 and 2 for power generation and scope 1,2 and 3 for extraction and refining, should over time develop such a plan. SEB expects companies to be transparent about their transition plans, that the plans include milestones for the individual company's transition plan and that companies' public and non-public policy positions do reflect those plans. A Company that does not have such a plan and does not commit to producing such a plan within a reasonable time frame represents an outlier. SEB can act as an advisor to companies developing such plans.

SEB will have phased out all material coal related financing by 2030 globally, except for Germany due to the legal requirements from the German Government in the Coal Phase out Act.

4. Ensure your financial statements are drawn up in alignment with a 1.5C-pathway.

In its 2020 annual report SEB integrates an extensive TCFD report. For example, it applies a 1.5 degrees scenario on the energy portfolio. TCFD-based risk reporting applies scenario analysis for many different scenarios where physical and/or transition risks become more acute. SEB will update TCFD risk reporting according to the latest NGFS scenarios including 1.5 degrees and continue to provide information on transition risks based on a 1.5 degrees transition. SEB's risk modelling always takes a materiality perspective by prioritizing significant exposures and significant impact sectors.

5. Commit to protect and restore biodiversity.

When it comes to biodiversity SEB has an Environmental Policy including biodiversity. This policy will soon be updated and expanded with sector expectations on the management of biodiversity-related risks and impacts for clients and portfolio companies in high-impact sectors. That includes due diligence procedures for each sector.

SEB is, as a signatory of the Principles of Responsible Banking, actively working on setting appropriate impact baseline and biodiversity targets. The bank is following the work in the CBD COP 15 and aims to set biodiversity targets as part of the long term business strategy launch in the autumn of 2021.

SEB is welcoming the TNFD work and has actively engaged with TNFD members to learn about their work. Once there is an TNFD disclosure framework SEB will assess the framework with a view to integrate the approach in the credit and investment business.