



# **Environmental Policy on Climate, Nature and Water for SEB Group**

derived from the Sustainability Policy for the SEB Group

adopted by the Board of Directors of  
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on 9 June 2025

**Sustainable Banking**

# Policy on Climate, Nature, and Water

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# Policy on Climate, Nature, and Water

## 1 Introduction

The SEB Group is directly and indirectly connected to natural systems within the Biosphere. Companies can both impact and be dependent on natural systems. Environmental considerations are therefore important to integrate throughout SEB Group's activities. This Thematic Policy has been developed to support business decisions to align with SEB Group's Sustainability Policy and risk appetite framework in SEB's efforts to deliver according to its long-term strategy. SEB Group's sustainability policies, its sustainability-related products and advisory services support Companies reaching their sustainability goals.

This Environmental Policy is part of SEB Group's Sustainability policy framework, which includes the Sustainability Policy, thematic policies, and sector policies. Sustainability-related policies in SEB Group are reviewed annually.

## 2 Definitions

**Biodiversity:** The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.<sup>1</sup>

**Biosphere:** The thin life-supporting stratum of Earth's surface, composed of living organisms and its interactions with non-living factors.

**Business Relationship:** A commercial relationship SEB Group has with a legal entity based on a legal agreement.

**Company:** Legal corporate entity conducting business.

**Deforestation:** The conversion of forests to agricultural use, with the exception of agroforestry projects.<sup>2</sup>

**Ecosystem Services:** The benefits people derive from ecosystems, such as pollination, water purification, climate regulation, and carbon storage.<sup>3</sup>

**GHG:** Greenhouse Gas Emissions.

**Mitigation Hierarchy:** A method which provides guidance on how to limit the negative impact on Biodiversity as far as possible and includes the following sequential steps: "Avoid", "Minimize", "Restore", and lastly "Offset".<sup>4</sup>

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<sup>1</sup> As defined by Convention on Biological Diversity

<sup>2</sup> Considering the definition in Regulation (EU) 2023/1115 on deforestation-free products

<sup>3</sup> As defined by the Millennium Ecosystem Assessment

<sup>4</sup> The Biodiversity Consultancy

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**Scope 1, 2 and 3:** Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling. Scope 3 includes all other indirect emissions that occur in a Company's value chain.

**Sensitive Environmental Areas:** National parks and nature reserves, Natura 2000 areas, UNESCO World Heritage sites, and Wetlands covered by the Ramsar Convention.

**SEB Group:** Skandinaviska Enskilda Banken AB (publ) and its subsidiaries, branches, and representative offices. Foundations related to SEB Group are not part of SEB Group.

**Transition Plan:** A strategy that lays out the undertaking's targets, actions and resources for its transition towards a low carbon economy in accordance with the Paris Agreement.

**Water Stress:** The ability or lack of meeting human and ecological demand for fresh water. It includes water availability, water quality and accessibility of water whereby water scarcity can be used as an assessment element.<sup>5</sup>

### 3 Purpose

The purpose of this Thematic Policy is to define SEB Group's position and approach concerning climate, nature and water.

### 4 Scope

#### 4.1 Applicability within the SEB Group

This Thematic Policy applies to SEB Group, excluding SEB Asset Management Holding AB and its subsidiaries and Gamla Livförsäkringsaktiebolaget SEB Trygg Liv, taking local rules into account where relevant.

#### Exempt activities

The following investment and ancillary services related to when SEB Group invests and distributes investment products are exempt from this policy:

- 1) Holdings of securities that are a consequence of seized assets in the ordinary course of business,

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<sup>5</sup> UN Global Compact – CEO Water Mandate

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- 2) Investments in securities where SEB Group does not make the investment decision,<sup>6</sup>
- 3) Externally managed funds, i.e. funds managed outside SEB Group. Sustainability considerations in portfolio management and advisory and other distribution and placement activities using externally managed funds are defined in divisional sustainability instructions,
- 4) Investments in securities where external sustainability data is not available at a reasonable effort and quality.

In addition, the following activities are exempt:

- 1) Any activity that SEB Group is obliged to provide due to law or regulation,
- 2) Trading in terms of market making and client order facilitation through the provision of liquidity in securities markets and related research activities. This includes related collateral management activities as well as financing of externally managed securities portfolios (provided the portfolios are diversified and the borrower itself is not covered by this policy),
- 3) Financial products where the employees in Companies in scope are the beneficiaries, e.g. occupational pension.

## **5 Climate, Nature and Water in SEB Group**

The following section includes a description of SEB Group's position and approach to climate, nature and water. SEB Group has an important role to play in supporting awareness regarding all three thematic areas. As a financial institution, SEB Group's most significant impact is indirect, and is related to our credit and investment portfolios. This Thematic Policy therefore includes positions on how SEB Group can support Companies to manage challenges regarding Climate, Nature and Water in line with our long-term strategy.

### **5.1 Climate**

Climate change is one of the biggest challenges of our time. A rising global temperature will lead to increased frequency of extreme weather events creating a need for more adaptation to avoid negative impacts on cities, ecosystems, food security, biodiversity etc. As a financial institution SEB Group has an important role to play in supporting Companies in the transition towards a low carbon economy as well as supporting adaptation measures to a changing climate.

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<sup>6</sup> The investment might be registered in the name of SEB Group (e.g. certain pension products).

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### 5.1.1 Position

To future proof SEB Group and manage the climate transition to limit global warming in a consistent and predictable manner, the following principles guide SEB Group's position on climate:

- SEB Group integrates climate considerations in its strategy with a focus on credit business and asset management supported by tools and policies,
- SEB Group strives to base climate-related business decisions on science-based climate data, models and scenarios,
- SEB Group has net zero Paris aligned targets for the climate impact of its credit and asset management portfolios,<sup>7</sup>
- SEB Group has set interim 2030 sector targets in line with the commitment to The Net-Zero Banking Alliance (NZBA),<sup>8</sup>
- SEB Group has established two metrics with targets – the Carbon Exposure Index, and the Sustainability Activity Index, to support the transition to reduce SEB Group's fossil fuel exposure, and increase SEB Group's sustainability activities,<sup>9</sup>
- SEB Group calculates its financed emissions based upon the general methodologies and principles of PCAF, but deviations may occur where deemed appropriate,<sup>10</sup>
- SEB Group engages with peers, Companies, and policy makers to support the development of a conducive framework of market standards, regulations, and policy incentives that support an orderly transition to a low carbon economy,
- SEB Group has structured processes to evaluate risks related to climate change adaptation,
- SEB Group supports clients to adapt to physical risks increasing their resilience to climate change impacts.
- SEB Group strives to support financing of a Just Transition, ensuring a socially inclusive approach to the transition to a low carbon economy.<sup>11</sup>
- SEB Group has a stated ambition to reduce its operational climate footprint and has set CO<sub>2</sub> targets on its own operations with related actions,
- SEB Group works with its suppliers and has a Code of Conduct for Suppliers, which includes a number of principles in line with SEB Group's Sustainability policy framework,

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<sup>7</sup> Read more at SEB groups webpage, "Ambitions and goals".

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> The Partnership for Carbon Accounting Financials

<sup>11</sup> "A just transition for all towards an environmentally sustainable economy ... needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty." Guidelines for a just transition towards environmentally sustainable economies and societies for all" OECD Just Transition Centre and International Labour Organization. 2017. *Just Transition*.

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- SEB Group aims to educate its own employees, to increase the awareness and knowledge with regard to climate change and SEB Group's long-term strategy.

### 5.1.2 Approach

To support Companies in their climate transition and manage climate transition risks SEB Group assesses Companies in sectors with significant climate impact through the following tools:

- Climate-related restrictions, requirements, and expectations in SEB Group's sector policies.
- Sector-specific approaches to assess a Company's climate impact, such as sector-specific climate intensity metrics and/or the Company's material Scope 1, 2, and 3 emissions. One such approach is SEB Group's proprietary Customer Sustainability Classification tool (CSC) for credit business to understand Companies' Transition Plans,<sup>12</sup>
- NZBA sector targets, Carbon Exposure Index, and Sustainability Activity Index to measure and support portfolio transition,

### 5.1.3 Climate Transition Engagement

SEB Group engages with Companies based on their climate performance and ambitions. This engagement aims to secure commitments from Companies to achieve Scope 1, 2, and 3 emissions reductions, based on a credible strategy with short-, medium-, and long-term targets.

To reduce its exposure to transition risk, SEB Group works to support climate transition on both the demand and supply side of the economy:

- On the demand side, SEB Group works with Companies to reduce their demand for high-carbon intensity products and services, supporting them in transitioning to lower carbon, renewable, or energy efficient alternatives,
- On the supply side, SEB Group works with Companies in transitioning their operations and business models towards lower-carbon products and energy systems, gradually moving away from fossil fuels and other GHG intensive production.

Carbon removal technologies are supported for residual emissions or as a mitigant action if a robust methodology is applied. Companies with significant adverse climate impact without a credible Transition Plan pose a challenge to the Business Relationship. Exiting a Business Relationship is considered only after significant engagement and if the Company has not developed or shown willingness to deliver on the Company's Transition Plan.

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<sup>12</sup> Read more at SEB groups webpage, "Sustainable advisory".

### 5.2 Nature

Nature provides society with food, clean air & water, shelter, and pollinators. It also mitigates natural disasters, pests and diseases, and contributes to regulating our climate. Nature includes all the existing systems on Earth: living and non-living. Included in the non-living systems is the geology, water, and climate. As such, it is important to acknowledge the interlinkage between climate, nature and water, and that the thematic areas can not only be seen as separate aspects, but as parts of a bigger Biosphere system with dependencies and impacts. Biodiversity delivers Ecosystem Services that underpin the economy. Biodiversity deterioration and loss is generally deemed to jeopardise the provision of these services. Biodiversity loss is commonly regarded as one of the most critical global environmental threats alongside climate change. Therefore, SEB Group will support Companies in the transition towards reversing Biodiversity loss.

#### 5.2.1 Position

To support Companies to manage natural resources responsibly, the following principles guide SEB Group's position on nature:

- SEB Group strives to identify and understand exposure to nature risk through use of acknowledged industry tools and guides,<sup>13</sup>
- SEB Group engages in industry and academic collaboration to build tools, knowledge, and to support the development and integration of nature and Biodiversity into financial decision making,
- SEB Group encourages and support Companies with potentially high impact on nature to improve strategies and set relevant targets to reduce impact and dependency risk. These should be in line with national and/or international standards and conventions,<sup>14</sup>
- SEB Group contributes to an understanding that Biodiversity loss and impact on nature can translate into growing financial risk as well as the business opportunities linked to Ecosystem Services and a resilient nature,
- SEB Group supports Companies pivoting their business models from linear to circular, and shares expertise and support businesses in their circular economy transition,
- SEB Group aims to educate its own employees, to increase the awareness and knowledge in all parts of SEB Group with regard to nature.

#### 5.2.2 Approach

For Companies in sectors with potential adverse significant impact on nature, SEB Group aims to understand and address the individual Company's impact on nature in

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<sup>13</sup> Such as ENCORE, Global Forest Watch, WWF Biodiversity Risk Filter and Water risk Filter, WWF: Assessing Portfolio Impacts, Finance for Biodiversity: Guide on biodiversity measurement approaches (4<sup>th</sup> Edition)

<sup>14</sup> E.g. Convention on Biodiversity, EU's Biodiversity Strategy, TNFD, Science Based Targets for Nature



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terms of the Company's own operations and supply chain, where relevant. To do so, SEB Group applies sector policies, where nature-related issues are found to be a sector-specific risk. Sector policies may include a commitment to no Deforestation, a statement on no material adverse impact on Sensitive Environmental Areas, or application of the Mitigation Hierarchy.

For Companies which are not covered by a sector policy, but where nature is found material for its activities, SEB Group strives to support a Company to improve its nature-related strategy in a way that is relevant for that specific Company.

SEB Group's work to develop sector policies and other approaches to support Companies in their work to reduce adverse impact on nature draws on the direct drivers of Biodiversity loss in line with the drivers defined by IPBES.<sup>15</sup>

The direct drivers of Biodiversity loss are:

- Land / sea use change<sup>16</sup>
- Overexploitation of natural resources
- Climate change
- Pollution
- Invasive alien species.

### 5.3 Water

Water is an essential resource for various sectors and activities, ranging from aquaculture to food production, energy generation, manufacturing and even digitalization. From a social perspective, supply of clean freshwater is vital across society, where billions of people still live in regions vulnerable to water scarcity, water pollution and zones prone to flood risks. Additionally, aging infrastructure exacerbates these challenges.

SEB Group acknowledges the critical role of water in society, together with challenges and opportunities related to water.

#### 5.3.1 Position

To support Companies to manage water resources responsibly, the following principles guide SEB Group's position on water:

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<sup>15</sup> The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. The drivers are also stated in the Taskforce on Nature-related Financial Disclosures (TNFD), the Kunming-Montreal Global Biodiversity Framework (GBF) and used in the European Sustainability Reporting Standard (ESRS).

<sup>16</sup> "Land-use change is the major human influence on habitats and can include the conversion of land cover (e.g. deforestation or mining), changes in the management of the ecosystem or agro-ecosystem (e.g. through the intensification of agricultural management or forest harvesting) or changes in the spatial configuration of the landscape (e.g. fragmentation of habitats)." As defined by IPBES.

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- SEB Group contributes to an understanding that too much, too dirty, too old and too little water as well as extreme weather such as heavy precipitation, can translate into financial risk,
- SEB Group aims to identify, understand, and mitigate impact and exposure to Water Stress by supporting appropriate water management,
- SEB Group encourages water-exposed Companies to conduct Water Stress assessment and broader water-related impact assessments in their own operations, as well as their supply chains, and have mitigation methods in water-stressed regions in place,
- SEB Group supports development of efficient water management systems among Companies,
- SEB Group measures and track the water use in its own facilities,
- SEB Group aims to educate its own employees, to increase the awareness and knowledge in all parts of the Group with regard to water.

### 5.3.2 Approach

For Companies in sectors with potential adverse significant water impact, SEB Group aims to understand the individual Company's impact on Water Stress in terms of the Company's own operations and supply chain, where relevant. To do so, SEB Group has implemented water-related implementation levels in sector policies, where water-related issues are found to be a sector-related risk. This may include having a policy on freshwater use and avoiding production locations in areas with high risk of Water Stress, and having an environmental management system including a water management plan. Additionally, climate-related factors, particularly resilience to extreme water events such as flooding, should be considered.

For Companies which are not covered by a sector policy, but where water is identified as material for the Company's activities, SEB Group strives to support the Company to improve its water-related impact in a way that is relevant for the specific Company.