



UN GLOBAL COMPACT  
COMMUNICATION ON  
PROGRESS 2012

S|E|B

**Sustainable perspectives**  
*How we take responsibility for people,  
the economy, and the environment*

Corporate Sustainability Report

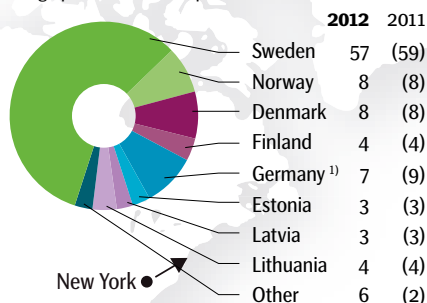
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# About us

## SEB's markets

### Operating income

Geographical distribution, per cent



SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. The Bank has 292 branch offices in Sweden and the Baltic countries. SEB's growth plan resulted in higher operating income in all Nordic countries in 2012.

1) Excluding centralised treasury operations

### Subsidiaries, branches and representative offices

SEB representation worldwide



## 2012 in brief

	2012	2011
Operating income, SEK m	38,823	37,686
Profit before credit losses, SEK m	15,171	14,173
Operating profit, SEK m	14,235	14,953
Net profit from continuing operations, SEK m	12,142	12,011
Return on equity, continuing operations, per cent	11.5	12.3
Earnings per share, continuing operations, SEK	5.53	5.46
Proposed dividend, SEK	2.75	1.75
Core Tier I capital ratio <sup>1)</sup> , per cent	15.1	13.7
Tier I capital ratio <sup>1)</sup> , per cent	17.5	15.9

1) without Basel II transitional floor

## SEB's corporate objectives and strategic priorities

### Corporate objectives:

- The leading Nordic bank for corporates and institutions
- Top universal bank in Sweden and the Baltic countries

### Strategic priorities:

- Long-term customer relationships
- Growth in areas of strength
- Resilience and flexibility

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# Responsible banking for future generations



**Based on our role as a financial partner for individuals, businesses and institutions SEB has significant impact on the communities in which we operate. We take a broad approach to corporate sustainability with efforts targeting governance, business ethics, environmental and social responsibility. Thus, we are confident that we can influence the development towards a more sustainable economy. We put our customers' long-term success first and know that our employees' skills and commitment are prerequisites for success.**

The past years have indeed been challenging for the global banking system and for real economic global growth. In many parts of the world growing social imbalances are challenging, while issues like ethics, corruption, labour and human rights increasingly have come into focus. Environmental issues remain high on the agenda.

These are issues that affect all of us and where we as a bank of course strive to take our responsibility. Banks are at the centre of the credit intermediation process through our vital role as lenders, market makers and providers of payment services and thus supporting sustainable economic growth. Resilience and a long-term perspective to serve its customers are key. SEB has that.

In 2012 SEB executed 747 millions payments and increased household and corporate lending by SEK 60bn. Overall average lending and deposit volumes increased by 7 and 10 per cent respectively. SEB has together with the World Bank been a pioneer in issuance of Green Bonds and we have issued more than SEK 16bn of Green Bonds financing some 40 environmental projects in 17 countries.

## Continued integration of sustainability

In 2012, SEB has continued to integrate sustainability in our activities taking a broad business approach targeting governance, business ethics, environmental and social issues. International commitments are the foundation for our sustainability work. We have signed and of course support global initiatives including the UN Global Compact, the UN Principles for Responsible Investment and the OECD guidelines. Since 2008 we have reduced our CO2 emission by 36 per cent and we are included in several sustainability indices such as FTSE4Good. We are also included in RobecoSAM Sustainability Yearbook 2013.

We are in dialogue with our customers about important but difficult issues concerning the environment, business ethics, social responsibility and corporate governance. This makes our job more complex, and it is not always we reach a final conclusion, but I am convinced that the decisions thus become better and more elaborated over time.

We are actively promoting transparency and are still the only Swedish bank being fully transparent on a daily basis on our funding costs for Swedish mortgage pricing. The starting point of our lending is always the customer's repayment capacity. Thus, SEB was the first Swedish bank to introduce amortisation requirements on mortgage loans with loans to value ratios above 70 percent as we see this also as an opportunity for customers building buffers of savings over time.

## Engaged employees

Having engaged and skilled employees is an absolute prerequisite for our and our customers' success, and I am proud that our people really live our values – professionalism, commitment, mutual respect and continuity – every day. It is about having a long-term perspective and acting accordingly. And we set high standards. Business ethics and the prevention of corruption, money laundering and fraud are always in focus, and we have internal dialogues about our culture and our values. It is highlighted for example in our Code of Business Conduct, which was updated in 2012, where we also have refined and clarified our whistle-blowing process. We are pleased that our work is recognised. Recently we received the highest rating in Transparency International's survey of transparency and anti-corruption work among Swedish companies.

A clear contribution to the development of society is our commitment to future generations – children, young people and entrepreneurs. We support entrepreneurship at all stages, from education in schools up to the most established entrepreneurs in the Entrepreneur of the Year. Our collaboration with Mentor helps develop young people in their everyday lives and are a way to give back to the communities where we operate. The cooperation is also rewarding for our employees through new insights.

## We want to strengthen awareness

Going forward, we will continue to strengthen awareness of sustainability within SEB, with a continued integrated business focus. We intend to enhance our work for human rights based on the UN framework "Protect, Respect, Remedy". In SEB we avoid shortcuts – our mindset is on the long-term perspective.

We strive to be transparent and accessible to ensure that our stakeholders know why, what and how we work to take our share of the responsibility for sustainable economic development.

Stockholm, March 2013

Annika Falkengren  
President and Chief Executive Officer

# Years of actions



**1856**  
Founded in the service of enterprise

**1995**  
Appointed the first Environmental Manager at SEB. Engaged employees through training and videos.

**1996**  
Signed the International Chamber of Commerce Business Charter for Sustainable Development.

**1997**  
• Environmental criteria formally introduced into credit policy.  
• Co-operation with Mentor started.

**2000**  
The OECD guidelines for Multinational Enterprises

**2004**  
SEB signed the UN Global Compact.

**2006**  
SEB published Code of Business Conduct.

**2007**  
• First Nordic Bank to adopt the UN Equator Principles  
• Signatory to the UN Environment Programme Finance Initiative.  
• First CS Report published.

**2008**  
• Adoption of the UN Principles for Responsible Investments.  
• Signatory of the Carbon Disclosure Project.  
• First issue of Green Bonds – developed in co-operation between the World Bank and SEB.

**2009**  
• Joined the Swedish Financial coalition against child pornography.  
• First group-wide CS strategy and framework decided upon by the GEC.  
• CS Report in line with Global Reporting Initiative guidelines.

1990

2000

2010

## Initiatives guiding our work

SEB has adopted a number of global initiatives and international codes of conduct which guide our business decisions and the overall sustainability work. This also gives us an opportunity to learn, share knowledge and impact rules and regulations on a higher level. During the years we have also launched own guidelines and initiatives that are important pillars in our daily work.

**2010**  
• Support Junior Achievement Young Enterprise (Ung Företagsamhet).  
• Support Mentor in Estonia and Latvia.  
• External web site Sustainable Perspective launched.

**2011**  
• Sector policies and position statements approved by the GEC.  
• OECD Guidelines for Multinational Enterprises, revised.

**2012**  
• Updated Code of Business Conduct.  
• Renewed agreement with Mentor.  
• SEB – The Perfect Entrepreneur

# Our impact on society, risks and opportunities

**As a bank we have a central role to play in sustainable development and we have significant impact on the communities where we operate. It is about how we act as lender to productive investments, how we act as an institutional investor and how we act as stewards of savings.**

We believe that companies that actively manage the environmental, social and governance impact of their business are more able to reduce risks and costs, to attract capital and seize opportunities.

By sharing our specialist knowledge, we can also empower people to make more informed financial decisions and contribute to better functioning societies. For the society at large, as well as the people within it, access to finance and banking services are crucial to engender economic activity.

Our direct impact as regards our customers primarily relates to how we treat them and how we ensure that the service, products and advice we provide are reliable, transparent and secure. Our direct environmental impact is limited and relates primarily to energy for heating and cooling of offices, electricity use, paper consumption and business related travel.

SEB has a strong position in the Nordic and Baltic markets. We have a leading position among large corporates and institutions in the Nordic markets. SEB is the largest bank in Lithuania, and the second largest bank in Estonia and Latvia. This puts emphasis on the importance of standing by our customers and providing secure and undisrupted levels of service.

## Sustainability trends – risks and opportunities

The macro economic outlook is highly uncertain with financial turbulence and continuing sovereign debt crisis. This uncertainty in southern Europe present numerous challenges augmented by demographic shifts and urbanisation. Issues involving ethics, corruption, working conditions and human rights are in focus. Resource and freshwater scarcity, eco-system services and climate change remains high on the agenda.

Banks are under constant scrutiny. There is a need to restore trust and credibility both for the system as a whole and for individual institutions. Regulation, political and stakeholder pressure will therefore continue to have an impact on the business environment for banks. Banking or investing in poorly managed businesses can prove quite costly. In addition, to be seen as a bank or investor of irresponsible projects and businesses remains a reputation risk and this is likely to become an even bigger issue going forward.

Financial crime is another international problem for which the possible consequences can be substantial. As a major provider of loans, payments and other financial services we need to protect our customers and the assets we manage. Considerable resources are invested to prevent financial crime and its damaging effects on our business, customers and on local and global economies.

For us as a bank trust is everything. Customers should know

that we always put their interests first, and that the service, products and advice we provide are reliable, transparent and secure. A sound corporate culture which is embraced by everyone is therefore a key competitive advantage. Motivated and experienced employees are critical to developing financial services and products as well as attracting and retaining clients. By providing an engaging, sound and healthy work environment we want to encourage high quality performance as well as high employee satisfaction and loyalty.

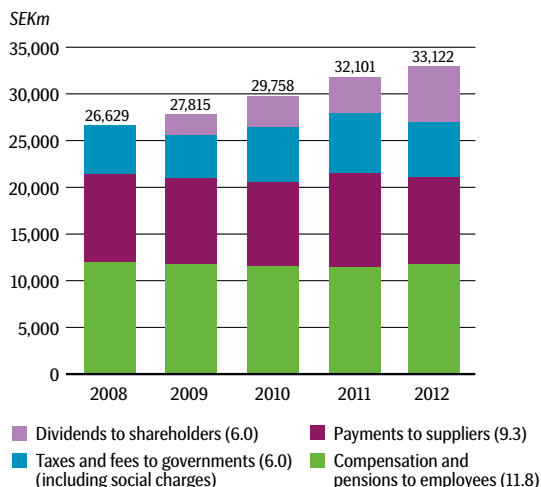
Our corporate culture stems from our core values and is expressed in our Code of Business Conduct and our policies, and is monitored through robust internal control systems. For us adherence to international best practices in corporate governance, risk management and compliance standards remains a necessity. By listening to our stakeholders and integrating environmental and social factors into our long-term strategies as well as into our daily business decisions, we believe that we can make better decisions and thereby create the platform for long-term success. This relates to identifying and mitigating risks as well as seizing opportunities. One such aspect involves developing innovative and prudent financial services and products.

“ Trust is everything ”

## Value added statement

The value added statement indicates the added value generated by a company as its contribution to the gross domestic product of its home country and how it is appropriated. Financial resilience and profitability is a prerequisite for SEB being able to contribute to the economy and society at large. This allows us to continue servicing our customers, pay salaries to employees, payments to suppliers, taxes to governments and dividends to shareholders. Our direct value distribution in 2012 amounted to SEK 33.1bn which was 3 per cent higher than in 2011.

## SEB's value distribution



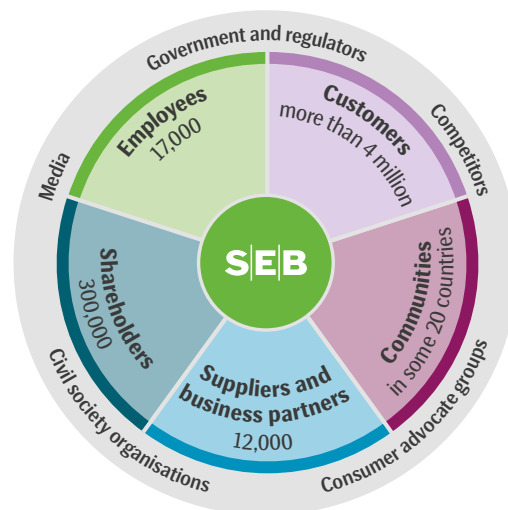
# We engage in stakeholder dialogues

**The opinion of our stakeholders play an important role** in developing our approach to corporate sustainability and when deciding which issues to prioritise. The starting point has been the impact on our stakeholders of current issues as well as long-term trends identified through our strategy and business planning process.

Although we continue to have a particular focus on customer insights, we engage in dialogue with a range of stakeholders including local communities, NGO's as well as employees, business partners, financial analysts and owners. We have channels and methods for gathering and monitoring essential feedback across our business.

The backbone consists of the various ongoing surveys which are complemented by surveys on specific topics and deeper engagement dialogues. In addition, we participate in industry forums as well as international and national sustainability forums to discuss emerging challenges and trends.

Our stakeholders



Stakeholder	Primary engagement channels	Main issues raised during 2012
Customers	Tracking and analysis of customer insight surveys, focus groups, feedback and complaints received via our customer advisors and relationship managers, telephone banks, online, and local branch teams. Internal customer insight web portal hosting surveys such as Prospera, Needscope, SEB Brand Tracking, Reputation Index, SKI (Swe), Finansbarometern (Swe).	<ul style="list-style-type: none"> <li>• Customer service</li> <li>• Long-term relations</li> <li>• Overall brand reputation</li> <li>• Sustainability performance</li> <li>• Providing support in good and bad times</li> <li>• Quality advice</li> <li>• Accessibility</li> </ul>
Employees	Bi-annual employee survey (the most recent in 2011), engagement survey related to community investments, open internal chats with executive management, "You are SEB" dialogues, SEB Way transformations and weekly continuous development white-board meetings, leadership development programmes, Workers Councils meetings; annual health and safety reviews.	<ul style="list-style-type: none"> <li>• Development/career opportunities</li> <li>• Competence development</li> <li>• Leadership</li> <li>• Strengthening external reputation</li> <li>• Health/work life balance</li> <li>• Working with sustainability</li> <li>• Remuneration</li> </ul>
Shareholders, investors and analysts	Surveys such as Bloomberg, RobecoSAM, Vigeo, Sustainalytics, Oekom and Imug. Briefings, engagement dialogues, questions received prior to and during AGM's.	<ul style="list-style-type: none"> <li>• Financial resilience</li> <li>• Sustainable growth and return</li> <li>• Sustainability performance</li> <li>• Human capital</li> <li>• Transparency</li> </ul>
Government and regulators	Economic and policy trend analysis, industry forums and meetings.	<ul style="list-style-type: none"> <li>• Regulation</li> <li>• Consumer debt levels</li> </ul>
Suppliers and business partners	Questionnaires and individual meetings.	<ul style="list-style-type: none"> <li>• Strategic partnerships</li> <li>• Accountability</li> </ul>
Communities, civil society organisations, consumer advocate groups etc	Research – general public, local community engagements, round-table discussions, regular meetings with NGO's, mentoring, volunteering, CS forums, research papers, media coverage	<ul style="list-style-type: none"> <li>• Job-creation</li> <li>• Ethical behaviour anti-corruption</li> <li>• Human rights</li> <li>• Transparency</li> <li>• Sustainability performance</li> <li>• Local community support</li> </ul>

# Issues identified as material

Deciding which issues that are the most material is an evolving process which incorporates international best practice, stakeholder opinions, important events during the year with an analysis of current or potential business impact. We continue to have a particular focus on our customers and what issues they think are the most important. The reason is that we are convinced that long-term high customer loyalty and satisfaction drives profitability.

Key issues identified are:

- **Customer relations and service** – being the relationship bank, delivering products and services in a way that builds trust among customers. See Annual Report pages 4–5, 10–11, and this report Responsible selling and marketing pages 10–11 and Access to financial services page 26.
- **Financial strength and resilience** – keeping a resilient and strong balance sheet, ensuring regulatory compliance and maintaining tight control over operating expenses. See Annual Report 2012 pages 1 and 9.
- **Transparency** – focus on corporate governance and increased transparency in reporting and openness as regards interest rates and fees. See Responsible selling and marketing pages 10–12, Governance page 27 and About this report page 28.
- **Business ethics and anti-corruption** – how do we work to ensure that integrity and high ethical standards permeate everything we do? In this report see Responsible selling and marketing pages 10–12, Responsible ownership pages 14–15, Sustainable finance and investments pages 16–17 and Valuing our people pages 20–23.
- **Financial crime prevention** – concerns about IT security, fraud prevention approach, employee screening, etc. and what we are doing about it. See this report Tackling financial crime page 13.
- **Human rights and working conditions** – how can we in our business actively take into account human rights and avoid involvement in activities that in any way violate human rights? In this report Sustainable strategy page 6, Responsible ownership pages 14–15, Sustainable finance and investments pages 16–17 and Valuing our people pages 20–23.
- **Climate change and environmental challenges** – in dialogue with our clients, understanding and managing environmental and social risks and seizing opportunities, in financings and investments. How we whilst growing our business, remain focused on reducing our direct environmental impact as regards emissions contributing to climate change as well as improving resource efficiency. See in this report Responsible ownership pages 14–15, Sustainable finance and investments pages 16–18 and Reducing our environmental footprint page 19.
- **Supporting entrepreneurship** – Starting and developing businesses strongly contributes to creating future growth and the vast majority of new jobs created in recent years have been created in small businesses, both in Sweden and in our neighbouring countries. See in this report Entrepreneurship page 9.
- **People competence and employee engagement** – how we ensure employees are given opportunities to develop; how we equip them with the skills required to address future challenges and feeling engaged in the development of SEB. See in this report Valuing our people pages 20–23.
- **Diversity and work-life balance** – how we build on early progress to ensure that we continue to be a sound and inclusive workplace where the best people want to work. See in this report Valuing our people pages 20–23.
- **Engaging in local communities** – supporting future generations and working to reduce social imbalances in the communities. In this report see Investing in communities pages 24–25.



# Sustainability strategy

**Our vision is to be the trusted partner for customers with aspirations. We therefore continuously work to ensure that our business is conducted responsibly, is transparent and adheres to high ethical standards. By doing this successfully, we create long-term stakeholder value. In 2009, we set the goal that sustainability should be an integrated part of the way business is done by 2012. Progress has been made in many areas, but this is a never ending journey.**

## Purpose

SEB aims for high customer loyalty, high employee commitment and high brand perception. We believe that we can strengthen our long-term relationships with customers and other stakeholders by acting responsibly and by making sustainability a natural part of how we do business. The purpose of SEB's sustainability work is thus to contribute to the Bank's continued success by helping our stakeholders achieve their objectives. Thereby we contribute to the communities in which we do business.

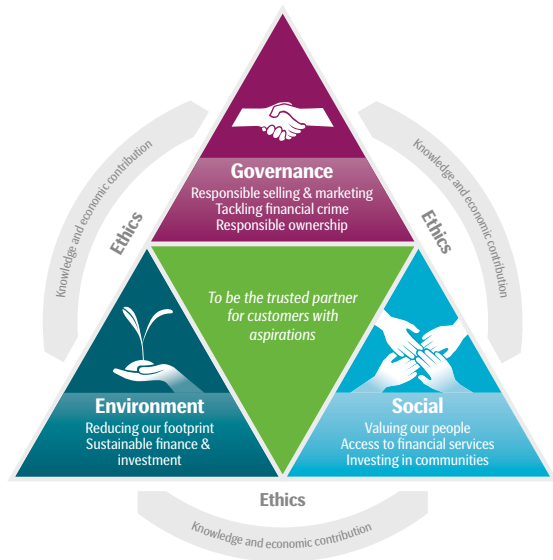
## Approach

SEB's corporate sustainability work involves all parts of the Group and extends to all markets in which we are active. We have a business approach in integrating sustainability throughout our business, working with customers and other stakeholders. This work is long-term and is constantly evolving to reflect changes in the business environment. Our efforts are focused on eight business priorities in three areas of responsibility – governance, environmental and social. These priorities reflect the issues that our stakeholders see as the most significant.

## Our ambition over the next three to five years

Key prerequisites for us are long-term perspective, being a robust financial partner and transparency. We strive for strong relationships with our customers and other stakeholders, increased confidence and trust and therefore depend on our people being engaged and feeling valued.

We will continue embedding governance, environmental and social aspects, such as labour standards and human rights, into our way of doing business, into decision processes as well as awareness and knowledge. Our support of future generations; entrepreneurship and innovation, youth and education and knowledge, is focused on partnerships and engagement in the communities where we are present.



## Eight business priorities – our ambitions three to five years

SEB's sustainability strategy is focused on eight business priorities within three areas of responsibility: Governance, social and environmental. By focusing our efforts on these priorities we can contribute to better banking governance and protection of the environment, while enhancing our social contribution.

**Responsible selling and marketing**  
Top customer loyalty. Facilitating customers' own control and understanding of their financial situation. Ensure quality advice based on long term needs.

**Tackling financial crime**  
Strengthen processes for a flexible approach to meet changing threats, focusing on security and safety for employees, customers and assets.

**Responsible ownership**  
Ensure that we perform our ownership role responsibly, promoting good business ethics and governance. To be perceived as one of the leading asset managers within responsible investments. Increased focus on sustainability aspects in relations with suppliers and other business partners.

**Reducing our footprint**  
Managing our direct environmental impact. Reduced CO2 emissions by 45%, from 2008. Reduce energy consumption by 2.5% annually (on average) and significantly reducing paper consumption.

**Sustainable finance and investments**  
Increasing dialogues on important sustainability issues with customers, using internal policies and international guidelines as key tools. Further develop policies and guidelines with an increased focus on human rights. In

all credit and investment decisions consider environmental, social and governance aspects.

**Valuing our people**  
Top number of employees engaged and proud to recommend SEB as an inclusive and sound workplace with scope for individual development. Increased diversity at all levels.

**Access to financial services**  
Improve accessibility of our banking services, using technology and innovation. Sharing our expertise to customers and the broader community.

**Investing in communities**  
As a corporate citizen we engage for future generations. Sustaining and developing long term partnerships with people and organisations, together building a society we all want to be in.



Objectives 2012	Status	Performance 2012	Objectives 2013
<b>Governance responsibility</b>			
 <ul style="list-style-type: none"> <li>Continued customer centred business development based on customer insights.</li> <li>Launch updated Code of Business Conduct.</li> <li>Further strengthen transparency.</li> </ul>	●	<ul style="list-style-type: none"> <li>Customer insights increasingly being used to ensure focus on adding value to our clients.</li> <li>Code of Business Conduct updated.</li> <li>Pension/savings education in the Baltics, part of regular need based advisory.</li> <li>Updated education of corporate advisors (SME).</li> <li>New advisory tools for private customers.</li> <li>Keeping families in their homes – successful resolution for 3,500 families in the Baltics.</li> </ul>	<ul style="list-style-type: none"> <li>Further improved customer recommendations.</li> <li>Further enhanced SME advisory through financial planning tools.</li> </ul>
 <ul style="list-style-type: none"> <li>Implement updated fraud prevention model with increased focus on proactive measures. Aim to build “fraud proof” banking processes.</li> </ul>	●	<ul style="list-style-type: none"> <li>Updated fraud prevention model implemented.</li> <li>Updated and clarified whistle-blowing process.</li> <li>Focus on AML has resulted in increased number of reports to Finance Police.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the process to monitor behaviour within the Internet bank.</li> <li>Monitor impact of clarified whistle-blowing process.</li> </ul>
 <ul style="list-style-type: none"> <li>Continue to improve PRI implementation.</li> <li>Integrate ESG aspects into investment process of three of the major investment teams.</li> <li>Improve engagement process.</li> </ul>	●	<ul style="list-style-type: none"> <li>ESG into Global team investment process.</li> <li>Policy for property investment to include ESG.</li> <li>247 ESG related owner engagement dialogues.</li> <li>Process for responsible supply chain improved, 50 largest suppliers risk assessed.</li> </ul>	<ul style="list-style-type: none"> <li>Improve transparency and communication on external web.</li> <li>Cont ESG integr into investment process in 4 of the invest. teams.</li> <li>Develop and refine ESG investment products.</li> </ul>
<b>Environmental responsibility</b>			
 <ul style="list-style-type: none"> <li>Continue CO<sub>2</sub> reduction towards target of –45 per cent.</li> <li>Reduce electricity consumption with 2.5 per cent per annum on average, in order to reach a 20 per cent reduction by 2020.</li> </ul>	●	<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions –36% 2012 vs 2008, –18% in 2012.</li> <li>Video and teleconference conference usage + 30% and 7%.</li> <li>Travel emissions –18%.</li> <li>Paperless branch in Estonia.</li> <li>Continuous efforts to reduce paper consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Continue CO<sub>2</sub> reduction towards target of –45% by 2015.</li> <li>Reduce electricity usage with 2.5% per year on average.</li> </ul>
 <ul style="list-style-type: none"> <li>Implementation to continue. All relevant clients in Merchant Banking to be assessed by end 2012.</li> <li>Sustainable financing solutions based on customer insights.</li> <li>Savings and investment solutions to reflect customer insight and preferences.</li> </ul>	●	<ul style="list-style-type: none"> <li>Increased awareness about CS issues in most parts of the Group.</li> <li>Nine out of ten MidCorp and MB clients assessed against sector policies and position statements.</li> <li>CS dialogues in Baltic division.</li> <li>Green Bonds for retail customers.</li> <li>One additional SRI fund: Corporate Bond Fund.</li> <li>Eco-leasing product in Baltic generates great interest.</li> <li>210 eco-renovation projects financed in Baltics.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing assessment of clients in terms of sector policies and position statements, increase focus on engaging in client dialogues.</li> <li>Review of existing policies.</li> <li>Increased CS knowledge by analyst and client executives and applicable decision makers.</li> </ul>
<b>Social responsibility</b>			
 <ul style="list-style-type: none"> <li>Further employee engagement.</li> <li>Increased focus on diversity, e.g in leadership training.</li> <li>Strengthen strategic focus on health and a sound workplace.</li> <li>Retain and develop SEB's talent pool.</li> </ul>	●	<ul style="list-style-type: none"> <li>Activities focused on diversity launched.</li> <li>SEB Wellness initiative launched with Health council.</li> <li>Maintained positions as employer of choice in most markets.</li> <li>Mapping of adherence to labour standards and human rights within SEB underway.</li> </ul>	<ul style="list-style-type: none"> <li>Increased share of engaged employees.</li> <li>Activities to increase diversity and improve gender balance.</li> <li>Strengthen strategic focus on health and a sound workplace.</li> </ul>
 <ul style="list-style-type: none"> <li>Continue to share expertise and knowledge in all our markets.</li> <li>Initiatives to further facilitate accessibility of, and availability to SEB's services.</li> </ul>	●	<ul style="list-style-type: none"> <li>Chief economist often quoted.</li> <li>Senior economist active in public debate.</li> <li>Household economists continue to educate consumers in Baltic countries and in Sweden.</li> <li>Customer service channels broadened (Facebook, twitter, mobile app etc).</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate accessibility for SME as well as private customers via mobile banking.</li> <li>Improve customer ability to move seamlessly between channels.</li> </ul>
 <ul style="list-style-type: none"> <li>Strategy for community investments and sponsorship to be concluded.</li> </ul>	●	<ul style="list-style-type: none"> <li>Group sponsorship strategy decided. We engage for future generations: Children and youth, Entrepreneurship and Education and Knowledge sharing (financial literacy).</li> <li>Agreement with Mentor prolonged until 2015.</li> <li>Staff volunteering projects in several locations.</li> </ul>	<ul style="list-style-type: none"> <li>Further develop partnership with Mentor.</li> <li>Further develop partnerships to support entrepreneurship.</li> <li>Increased engagement among all employees.</li> </ul>

# A senior economist's perspective on banks' role in society



**The financial sector is everywhere in modern society.** Payments and credits are lubricants that make the wheels spin. But finance and capital is also an engine, by capital put to work, for example through investment. Banks have a key role in this, for the private individuals, businesses and the public sector.

## The bank and the family

We humans grow up, start families and obtain housing, we consume and save, retire and grow old. At every stage we use bank services. We borrow for our housing, we have a checking account, we save for our elderly years and for our childrens' future, we use debit and credit cards – and maybe sometimes we invest in riskier investments. When we go on holiday we often exchange currencies. Each week, yes every day, we thus interact as citizens with the bank, participating in financial flows in society.

## The bank and the company

Also companies are born, they grow, employ, expand, invest – and die. Just like a family, the company uses the bank's services at every stage of the lifecycle. When a company is founded capital is required, investment credits are needed and for expansion perhaps an IPO is necessary. If the company expands internationally, it must manage different currencies and to meet various financial regulations. Every day payments are made and received. And the financial markets continuously evaluate the company's market capitalisation and credit rating.

## The bank and the public sector

The legal system and defence, schools and kindergartens, hospi-

tals and nursing homes have money to manage. Taxes flow into the public sector – some of those taxes are from banks which pay tax on their profits – and public expenses are paid. Municipalities and counties renew loans and pay down debts. Investments in infrastructure must be financed, often with loans. The state has a foreign exchange reserve to be invested as well as a national debt that requires amortisation and interest payments. Government bonds are traded in the financial markets, and the central bank's monetary policy becomes operative through the market interest rates. Yes, even the environmental policy operates via financial markets, such as emissions rights trading.

## Great responsibility

The fact that banks are everywhere – in all sectors, in all phases of our lives, in business development and in all parts of the public sector – entails great responsibility. Banks are businesses that will yield profits to its owners. But they are also pillars of society, institutions that have a special responsibility for a well-functioning society.

If banks and their customers take on too much risk, this can result in financial crises. Therefore, banks are regulated on both international and national level. Since banking is based on trust, transparency and accountability is additionally important.

A bank like SEB must therefore think and act long-term. SEB wants to take responsibility both for today's economy and the impact of the business in the long term. For economic growth and balance, as well as for a greener economy, for jobs and prosperity in the local environment. We want to be a long-term financial partner for both businesses and individuals. This report is about how SEB acts in matters like these.

Klas Eklund, *Senior Economist, SEB*

## SEB's customers



**2,800**

### Corporates and Institutions

SEB is the leading corporate and investment bank in the Nordic countries, serving large corporations, financial institutions, banks and commercial real estate clients with corporate banking, trading and capital markets and global transaction services. Comprehensive pension and asset management solutions are also offered.



**400,000**

### SME customers

SEB offers small and medium-sized corporate customers several customised products that were initially developed in co-operation with SEB's large corporate clients. In addition, numerous services are specifically designed for small companies and entrepreneurs.



**4,000,000**

### Private customers

SEB provides some four million individuals with advice and services to meet all their financial needs. These include product and services for daily finances, savings, loans, pension solutions, cards, wealth management and life insurance.

# SEB supports entrepreneurs

**SEB has been working in the service of enterprise** for more than 155 years. We have a long tradition of supporting entrepreneurs and small businesses. The large, multinational Swedish groups who today are successful all over the world have once all been small. SEB has supported many of them from the start, both in good times and bad. We stand by their side as a trusted partner.

Starting and developing businesses strongly contributes to creating future growth and the vast majority of new jobs created in recent years have been created in small businesses, both in Sweden and in our neighbouring countries. We support these businesses – on their terms – help them reviewing their business needs in different phases of their life cycle and thereby create opportunities for growth.

## Well established partner organisations

In some areas however, other partners are more suited to help the entrepreneur. Thus, SEB collaborates with established entrepreneurial organisations, both in Sweden and in the Baltic countries, a comprehensive way of supporting the company wherever it is in the development curve. We call this concept The Entrepreneur staircase and it highlights the support available to the enterprise at all stages. The staircase consists of five steps (*please see to the right*).

In Sweden, SEB collaborates since 2010 with the organisation Ung företagsamhet (Young Enterprising) that trains teachers to support their students to be more creative, entrepreneurial and enterprising. High school students are here given the opportunity to start, run and liquidate a business. Through this partnership over 7,000 students in Stockholm, Göteborg and Malmö had the opportunity to take part of our offering during 2011/2012.

## Support for further growth

General advice about launch and growth of start-up companies is very important and, therefore, we also strongly support and collaborate with entrepreneurial organisations, such as Nyföretagarcentrum (Enterprise Agency), IFS (International Entrepreneur Association in Sweden), Venture Cup and Connect.

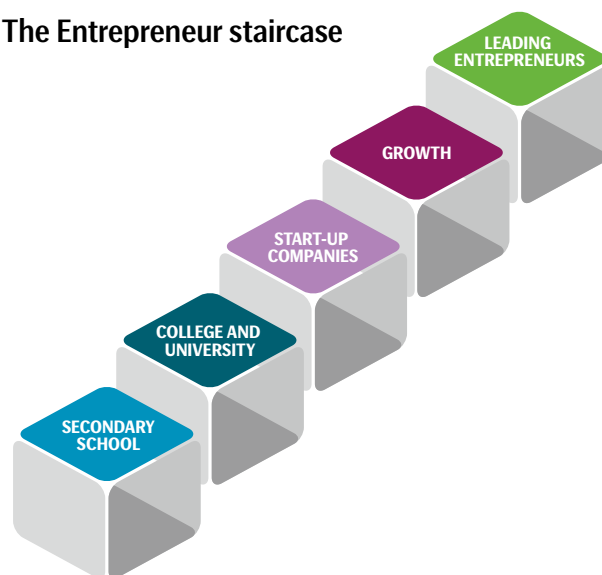
As the main sponsor of Ernst & Young's price Entrepreneur of the Year, SEB rewards people who have built up successful businesses through innovation, growth, intelligence, perseverance and hard work. Peter Bronsman, Kopparbergs Brewery AB, received the award in 2013. At the end of 2012 the award "SEB A Perfect Entrepreneur" was distributed for the first time (*please see adjacent text*).

## Baltic activities

In Estonia SEB has been actively involved in the development of the entrepreneurial environment, for example by supporting The Ajujaht (Brain Hunt) the entrepreneurship competition – a good example of how support by trusted partners is needed already at the ideas stage, contributing to the founding of enterprises and supporting start-ups with sound advice and experience.

In Latvia SEB sponsors a similar competition and TV show, Firmas Noslēpums ("Company's secret"). SEB also supports the Business Plan Tournament in Lithuania.

## The Entrepreneur staircase



## Entrepreneur award to help malaria patients



The Swedish IT entrepreneur Hjalmar Winbladh was the first winner of the newly established prize "SEB A Perfect Entrepreneur" which was distributed in October 2012. He will with SEB's support develop a patent that has not previously been on the market, a mobile "app", which will provide poor and the sick access to qualified medical advice by using relatively inexpensive technology.

The award is a result of cooperation between SEB, Karolinska Institutet and A Perfect Guide. The aim is to promote social entrepreneurship, by appointing a talented entrepreneur to become a partner in one of the many innovative projects Karolinska Institutet has initiated.

The idea is to combine successful research with strong entrepreneurship, and thus be able to implement one of the many unused patents.

"I am very happy for this award. What I appreciate the most is the link between entrepreneurship and innovation, that I through my entrepreneurship will have the opportunity to help others", said Hjalmar Winbladh, when receiving the award from SEB's CEO Annika Falkengren.



# Responsible selling and marketing

## What's the issue?

Relationships and trust are the foundation of everything we do. Our customers entrust us not only their money but also their aspirations and their plans for the future. We want to be their partner in good as well as bad times and we have a long-term perspective in everything we do. It is our job to listen, to use our knowledge in a simple way, giving clear advice to our customers on how to realise the dreams and secure the future.

In a society with a high rate of change, where uncertainty and complexity increases, there is a growing need to feel secure and confident, not least for the economy. This applies to individuals as well as businesses.

At SEB, we believe that trust and relationship with our customers is key to our success. By constantly striving for clarity and transparency, by offering high quality of advice and supplies, we take responsibility for always doing our best for our customers. That is why we call ourselves the Relationship Bank.

## Customer insights

We have an ambition to strengthen the employees' insights of customers, and to increase understanding of how behaviour affects customer relationship. We have done this through dialogue meetings of the organisation – You are SEB – and through a customer insight portal on the intranet where the results of various surveys are presented. The goal is for all employees, even those who do not have daily contact with customers, to understand their role and impact on how customers perceive us, so that they can contribute to an even better experience.

## Accountability

As a bank, we have a responsibility to protect the client's long-term financial security. We wish to have close contact with our customers in order to understand new and changing needs, as well as signals of possible problems. In this way we contribute with responsible advice and can find well-adapted solutions.

In recent years, there are several examples of when we have offered our support to clients who have experienced major change, e.g. when Saab in Sweden went bankrupt or when AstraZeneca in February 2012 alerted 1,200 employees in Södertälje of notice.

In the Baltic countries SEB has supported 3,500 households by adjusting payment scheme for interest and amortisation.

## Training of advisors

SEB continuously deepens and broadens current understanding among employees. Providing financial advice to corporate customers requires special knowledge of the conditions that affect entrepreneurs. Therefore, we have in 2012 introduced a training block for all of our personal and financial advisors to ensure that they have the right skills and that we deliver the best advice to entrepreneurs, both for the company and the entrepreneur's private economy. All of SEB's customer advisors, about 3,500, are now licensed or certified in our retail business and within Private Banking. During 2013, we will move towards external certification

“ We are transparent on pricing of mortgage loans, on a daily basis. ”

of all advisors. Client executives are continuously trained to ensure up-to-date competence.

## Amortisation requirements

SEB believes in taking a prudent and cautious approach to household economy and we want to ensure that customers at all times have a safety margin of the value of their property in relation to the loans. In December 2012, SEB decided, as the first bank in Sweden, to introduce amortisation requirements on loan to value ratios above 70 per cent. At loan to value ratios below 70 per cent, amortisation is a recommendation.

SEB is still the only Swedish bank that is fully transparent, on a daily basis, on our funding costs for pricing of mortgages. This can be followed on our web site [www.seb.se](http://www.seb.se) and on the customer's Internet bank, a service that is appreciated by the customers.

## Making banking easy to understand and to use

SEB wants to make it easier for customers to gain control and a comprehensible view of over their finances, and we are fully aware of the request for simplicity and transparency that exists within the financial services. For small and medium sized enterprises,

## Key performance indicators

	2012	2011	2010	2009	2008
Employees trained in Code of Conduct, per cent*	75	93	93	87	n/a
Licensed or certified advisors, private & SME business Sweden, per cent	100	100	100	98	90
Total customer complaints, Retail banking Sweden	6,125	6,348	7,264	n/a	n/a

\*From 2012 only e-trainings monitored, earlier included workshops and class room trainings. For more information, see CS Fact Book

SME's, we offer a special – mobile – advisory role. During 2012 we increased the number of advisors. In Sweden we now have around 130 mobile advisors make visits to the customer instead of the customer coming to the bank. These customers also have access to a personal advisor at the Telephone customer service.

By the Enkla ("Simplicity") concept, we make banking easy to understand and to use. It now comprises lending, deposits, custody, pensions and SME banking. We listen to our customers' request for new digital services such as e-mailings instead of traditional posting, financial guides, and transparent pricing.

### New innovative savings product launched in Estonia

For historic reasons, the tradition of personal savings is not strongly established among people in the Baltic countries. SEB is making efforts to raise the awareness on this issue. In a recent survey, made in SEB Estonia, we found that even people who have the financial capacity to set aside money often do not do that. As the tax system was developed in 2012, it now allows employers – in addition to paying wages – to contribute into the employee's third pension pillar as well, while not treating these payments as a fringe benefit. As a consequence, SEB introduced the Employer Pension scheme, paying an additional 2 per cent of the employee's gross wages to the 3rd pension pillar of the employee if the employee also contributes 2 per cent from their wages. It is voluntary for the employee and the accumulated assets will belong to the employee after the expiry of the employment contract.

“ SEB in Estonia launched a new savings product, the Digital Coin Jar. ”

In 2012, SEB in Estonia also launched a new savings product called Digikassa (Digital Coin Jar). When customers pay with a debit card, SEB's systems round the amount to the nearest euro and deposit the difference in a special savings account. In the end of 2012 almost 13,000 contracts had saved 141,800 euros. The Digikassa service is free of charge and is available to all customers with a debit card.

### Responding to customer complaints

Customers can submit comments via multiple channels – in person at the office, over the phone, and Web channels in various forms. It applies both to compliment, suggestions or complaints. Our ambition is to address a complaint directly and as close to the source of the resulting complaint as possible.

If the employee who receives the case cannot resolve the issue, we contact the customer within 48 hours with information regarding decisions to act or if the matter should be further investigated. There is a special customer relations team that handles appeals in cases where the customer still does not feel satisfied. Complaints are registered in SEB's operating risk information system.



### Environmental challenges vs. strengthened relationships

**As the relationship bank**, in our part of the world SEB cares about dialogue and interaction between people. We know that by listening, reflecting and taking action, we will achieve the best results. Meeting our customers in person are extremely valuable, as well as for our employees to meet across boundaries, both across units and countries.

At the same time, we have a strong ambition to reduce our direct environmental impact. Our goal is to reduce the carbon emissions between 2008 and 2015 by 45 percent. We currently reports emissions from all activities that we have control over, such as energy and electricity consumption in our own properties, paper consumption and business travel.

The most effective way to reach our targets is to reduce business travels, especially by airplanes. At the end of 2012/2013, SEB had reduced emissions by 36 percent, which shows that we are on the right track.

But is it at the expense of our relationships, internal as well as external? Customers' needs are always top priority. However, when we decide about whether a trip should be made or not we always consider the options carefully. The perspectives of time, cost and our own footprint guide us when prioritising. Internally we strive to increase the use of video, web and phone conferencing. But here, too, we always weigh this against how we believe physical meetings in the end could benefit the customer.



## Financial Coalition Against Child Pornography

**SEB is since 2009 engaged** in the Swedish Financial Coalition Against Child Pornography, an organisation whose purpose is to prevent and obstruct payments for documented sexual abuse of children through the Swedish financial system. This work has been effective and it is now rare that card payments is used when buying images of abused children.

In the Financial Coalition Swedish banks and financial institutions, interact with e.g ECPAT (End Child Prostitution and Trafficking), the Swedish Police and the Swedish Financial Supervisory Authority to prevent the possibility of making payments for child pornography.

But the goal of preventing trade with documented sexual abuse is not reached. Trading takes new paths, and efforts are intensified to understand the new and possible payment routes and how they can be prevented, for example, to analyse new payment services via the Internet and mobile telephones.

International cooperation is also under development. In December 2012 a meeting was held with 47 countries to lay the groundwork for a global alliance. In addition, the aim is to further highlight the issue for increased awareness in the community. SEB is since 2012 represented in the Coalition steering group through our Head of Group Corporate Sustainability.

## Code of Business Conduct

Trust is a crucial asset for SEB. Without the trust from our customers, employees and other stakeholders we would not be able to operate. This is the foundation for SEB's Code of Business Conduct that was updated in 2012. The code describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by the values. The code is a condensation of group-wide policies and guidelines, such as the Ethics policy and the Gift and Entertainment instruction.

The code helps employees do the right thing by:

- describing the responsibilities that come with employment in SEB
- guiding us in business relationships
- guiding us in solving potentially difficult situations and managing conflicts of interest
- providing tools for reporting irregularities (whistle-blowing)
- describing to external parties how we behave

Potential incidents related to corruption and other illegal activities are naturally subject to immediate action. General adherence to the Code is discussed on a regular basis and in connection with the yearly performance development dialogues.

For more information visit:

[www.sebgroup.com/about-SEB/Corporate-Governance](http://www.sebgroup.com/about-SEB/Corporate-Governance)





# Tackling financial crime

## What's the issue?

Financial crime is a major international problem. To prevent this type of crime is a high priority at SEB, especially as it is constantly changing, and the possible consequences for societies and the world economy can be substantial. SEB is a major provider of loans, payments and other financial services and it is our responsibility to protect our customers and the assets that we manage.

SEB devotes considerable resources to prevent financial crime and its damaging effects on our business, our customers and on local and global economies. We collaborate with partners at an international level, monitor transactions, check our customers according to Know-Your-Customer process (KYC) and against existing sanctions lists and train our employees. We focus on three key areas:

- Fraud prevention
- Actions to prevent money laundering and financing of terrorism
- Compliance with government sanctions against criminal suspects

Fraud prevention has been a priority for SEB in recent years. We have strengthened our strategy through a number of activities:

- **Clarified process for “whistle-blowing”** to detect existing anomalies at an early stage and for reporting irregularities. Employees or other persons can now easily find information on how to report possible unethical or unlawful behaviours. The reporting person's identity will be kept secret during the subsequent follow-up, enquiries and discussions relating to the matter, provided that we are not obligated by law to disclose it.
- **Improved process for scenario analysis** through real examples from the surroundings SEB can learn from fraud cases that have occurred in other banks. SEB develops methods for finding abnormal behaviours through continuous system monitoring.
- **Enhanced process to control third-party employees** who have access to SEB's premises or business-critical systems.

During 2012 we strengthened various processes related to fraud. A new function established within the security department to manage and develop these processes, and to report fraud risks to management and the board. In the second half of the year, the new and updated processes were introduced.

## Increased internal cooperation

Several units within SEB cooperate to combat fraud – among them Security, Compliance, Internal Audit, Information Security, Human Resources and Risk Management. This includes helping business- and support functions to build and maintain “fraud-proof” banking processes. We will focus further on increasing coordination between various functions that interact in their fraud prevention efforts.

“ We have clarified our process for whistle-blowing. ”

## Training of employees

To succeed in tackling financial crime, employees must be made more aware of developing trends in fraud and how to deal with them. Employees need to be mindful of suspected fraud, regardless of whether it concerns external attempts to commit financial crime, or if there are internal persons acting in an improper manner. To raise awareness of financial crime and money laundering, SEB has developed e-training programmes targeted at all employees. In addition, work shops and classrooms trainings are held with targeted groups.



## Combating fraud vs personal integrity

**As a bank**, we have high standards for the safety of our operations. We comply with applicable national and international rules and we have since long well established partnerships with multiple stakeholders. Employees receive training on handling information about our customers, based on the KYC process. In some circumstances information on where payments are directed and how they will be used will be required.

This might be perceived as offensive and as an invasion of their privacy. But where should the line be drawn between our responsibility as a financial institution and the safety of the customers' transactions? What can it lead to if we were to reduce information requirements we place on our customers?

A likely scenario is that the number of money laundering cases would increase and that we facilitate trading of illegal services. SEB will do what it can to prevent a development in that direction.

## Key performance indicators

	2012	2011	2010	2009
Employees completed anti-money laundry e-training, per cent	90	93	98	89
Employees completed fraud prevention e-training	51	49	49	43
Markets and sites with “Know-Your-Customer” (KYC) process and instructions/total	21/21	21/21	21/21	19/21

For more information, see CS Fact Book



# Responsible ownership

## What's the issue?

Businesses that actively manage the environmental, social and governance impact of their business are more able to reduce risks and costs, and to attract capital and seize opportunities. As a large institutional investor, SEB seeks to engage with holdings to pursue long-term value creation. Acting responsibly forms an important part of the mandate given by our customers.

For SEB, the key words framing our responsible ownership activities are integration, engagement, collaboration and communication. These areas are also what we committed our organisation to when we signed the six principles of the UN Principles for Responsible Investment (PRI) in 2008.

The PRI encompasses all our work as a responsible investor. Previous years we have showed the implementation score that we received from the UN PRI. In 2012 PRI overhauled the reporting and scoring framework, and therefore will not provide its signatories with a score. We have continued our efforts to implement the principles; across portfolios, across asset classes, and together with clients, service providers and other investors, as described in

“ Our CS strategy is implemented into about two thirds of applicable total assets under management. ”

the following sections. By the end of 2012 we had integrated our sustainability strategy into approximately two thirds of applicable total assets under management, either through our active ownership work, or through our ESG integration efforts. We have a policy excluding from our investment universe companies involved in manufacturing and/or marketing of anti-personnel landmines and cluster munitions.

## Engaging with holdings

The past year saw some landmark events on the international scene as well as here in Sweden relating to active ownership. In the UK, the Kay Review was released, encouraging increased engagements with company boards, as well as emphasising the benefit of long-termism for investments. The EU continued its discussions around corporate as well as investor reporting, and in Sweden the Eurosif European SRI study (the European Sustainable Investment Forum, [www.eurosif.org](http://www.eurosif.org)) showed that engagement is still one of the foundations for Swedish investors' work with responsible investments. During 2012, we held 247 ESG dialogues with portfolio companies. 54 of those we did on our own, while 193 were in collaboration with our external advisors and PRI.

We continued our work with engaging with companies on relevant issues, with the aim to improve our portfolio companies.

Overall we monitor a universe of more than 2,500 companies to identify the key issues for engagement. On the corporate governance side, we were engaged through 64 AGM's focusing on topics such as incentive programmes and board diversity with a particular focus on female board representation.

As regards environmental and social aspects, we continued our work from previous year regarding climate change, which focuses on increasing the quality of climate reporting by our portfolio companies. We further actively supported the CDP Water Program by encouraging companies to respond to the annual Investor Information Request, and participated in the PRI working group on anti corruption encouraging selected companies to disclose information on anti corruption management systems, in total 21 dialogues focused on anti-corruption measures.

## ESG integration

We have continued our work to integrate ESG (Environmental, Social and Governance) aspects into the investment teams, primarily working with international equities, real estate and private equity. On behalf of our international investment teams, the specialised ESG analysts review companies and industries on what we deem to be the most important ESG indicators. We then analyse the individual companies using external research providers combined with our in-house research. The result of



## Responsible business in conflict zones and high risk areas

For many companies, the main growth opportunities are located in emerging markets where challenges regarding political instability, civil unrest and corruption are not uncommon. When companies establishing business here manage the challenges properly, they can generate great profits, and benefit the local communities by providing job opportunities and stability. When companies manage them the wrong way, it can result in unforeseen costs, that they exacerbate the local challenging conditions, and that they eventually might have to pull out from these markets. Thus, this is a highly relevant dilemma for many companies in our portfolio.

SEB participates in a UN Global Compact/PRI Expert Group related to this. The Expert Group, consisting of investors and multinational companies, is piloting the implementation on a framework document 'Guidance on Responsible Business in Conflict-Affected and High-Risk Areas', aiming to further how companies can do business in complex areas in a responsible way.

The lessons learned from the working group will be shared publicly so that any company or investor can capitalise on the pilot work. For us, it serves as a good basis for dialogues with our portfolio companies regarding the challenges. In the long run, we hope that the work in this field will help companies minimise risks, and capitalise on opportunities, and also to increasingly add to stability and positive development in conflict zones and high risk areas. This will ultimately benefit our investment portfolios, and thus our clients.

For more information about the Guidance, please visit [www.unglobalcompact.org](http://www.unglobalcompact.org).



this analysis is used by the portfolio managers, being one of the factors on which the investment decision is based.

Assessing the relevance of ESG contribution to fixed income and sovereign bonds is one of the challenges we face. In order to address this, we have joined the PRI fixed income work stream, which focuses on promoting and facilitating responsible investments. The working group is currently exploring the fixed income-specific processes related to ESG integration.

### Collaboration and communication

SEB participates in a number of responsible investment related initiatives, for example in the Nordic SIFs (Sustainable Investment Forum), which works towards furthering the topic of responsible investments in each country, PRI Clearinghouse initiatives and PRI/Global Compact Expert Groups, and collaboration with the Swedish Sustainable Value Creation, an initiative among some of the largest Swedish institutional investors, aiming at increasing board level engagement regarding ESG issues.

We also work to spread knowledge on topics we believe will improve our portfolio companies. One such example is Integrated Reporting, which we expect to increase significantly in importance for companies in the years to come. SEB became therefore member of the UN PRI working group on the topic. We further invited an expert from the International Integrated Reporting Council ([www.theiirc.org](http://www.theiirc.org)), and arranged a roundtable in the fall of 2012 with select portfolio companies in order to share knowledge and experience.

When we evaluate and select external fund managers we consider whether the respective organisation is a signatory to the UN PRI or not. In total, 57 percent of all our external fund managers have signed the UN PRI. The numbers for new external fund managers for 2012 are 80 percent.

### Sustainability aspects for Private Equity investments

From a sustainability perspective, Private Equity investments is an area that has grown in focus over the past years.

The asset class private equity has proved to be very well suited for integration of ESG aspects. This is due to the nature of the investments with a defined holding period of three to seven years, during which clear targets are set for how to plan improvement of the company and added value.

SEB has been managing private equity asset since 1997 and today's portfolio consists of more than SEK20bn. The sustainability approach we have applied up to date is to assess the underlying companies' activities to ensure that these are aligned with our corporate values and to avoid sensitive industries.

This has resulted in ESG aspects having affected our investment decisions both positively and negatively. In one case a mining company with large potential environmental liabilities, its ESG profile led to us refraining from investing. A strong ESG profile can lead to an enhanced conviction that we should invest, as was the case with a company operating water treatment facilities.

We are currently revisiting the ESG aspect of our investment process with the aim to refine how ESG issues are considered for our investments.



### Venture capital – a necessity for cleantech

Availability of financing plays a vital role in the movement towards a more sustainable society. The transformation to clean and resource efficient technologies put very large demands on traditional and new innovative ways of financing in order to achieve the sheer magnitude of investment needed.

These particular issues were on the agenda at WWF's annual Climate Solver conference in November 2012, where SEB was represented by its Venture Capital and Corporate Sustainability units. The theme for the event was "Financial Vehicles – Driving Private Investments in Climate Innovations".

Commercialisation of transformative climate innovations is necessary to limit carbon emissions. Attractive proven technology receives financing through ordinary banking products or new innovative products such as the Green Bond, which SEB pioneered in 2008 together with the World Bank. However, new technology is in a different position. This requires combined public-private initiatives on several levels.

During the conference the panel discussed issues such as the importance of foresighted governments to establish robust public-private frameworks, for research funding but mainly for early commercialisation of technologies. The public role in early stage financing and in co-financing is especially important in the support of industries with long and uncertain technology development cycles, such as e.g. cleantech sector.

Tax advantages for private individuals are one proposed way but not enough. To allow for the magnitude of funding often required in e.g. cleantech, such co-financing must also attract Scandinavian institutional money to be invested with competent local venture funds. Nordic institutional funds in private equity are almost solely allocated to buy-out funds rather than to venture funds. Globally, industrial corporates are recently increasing their participation in cleantech venture capital, which is positive for the future.

Hans Engblom, *SEB Venture Capital*



# Sustainable finance and investments

## What's the issue?

To address the many social and environmental challenges the world faces, new thinking, innovations and financial assistance are needed. Banks can play an important role by creating financial solutions and assisting customers in their sustainability efforts. By including environmental and social factors in our business decisions and discussions with customers, we are long-term better equipped to mitigate risks and seize opportunities.

In our role as a large corporate bank and asset manager we have considerable indirect impact. We are convinced that we can influence the development towards a more sustainable economy and want to collaborate with our clients in order to drive sustainable growth, protect the environment and contribute positively to society. It is about how we act as lenders to productive investments and how we act as stewards of savings.

## Responsible lending

Sustainability issues are part of SEB's on-going dialogue in all markets with large corporate customers, and with many small ones. The Bank has three position statements (climate change, child labour and access to freshwater) and six sector policies (arms and defence, forestry, fossil fuels, mining and metals, renewable energy and shipping), that were adopted in 2011. They serve as the foundation for the dialogues, but regardless of sector, key sustainability issues are discussed with companies. The policies highlight relevant international conventions, guidelines and standards that we ask the companies we do business with to adhere to.

This dialogue complements the procedures for knowing and understanding the customers and for making relevant business and credit decisions. For more complex sustainability evaluations, internal and external expertise is involved.

As of June 2011, sector policies and position statements are included in the regular business review as well as in the annual credit review for large and medium-sized corporates. By year-end 2012, we have assessed almost nine out of ten of our structure finance customers and large and medium-sized corporate customers applicable to our sector policies and position statements. We also

have held future-oriented dialogues, based on the sector policies and position statements, with more than 70 companies. These dialogues have been well received by our clients.

## Risk management

Managing risk is a core activity in a bank and therefore fundamental to long-term profitability and stability. Risk is closely related to business activities and business development and, therefore, to customer needs. Of the various risks that SEB assumes in providing its customers with financial solutions and products, credit risk is the most significant. SEB applies a robust framework for its risk management, having long since independent risk control, credit analysis and credit approval functions. Board supervision, an explicit decision-making structure, a high level of risk awareness among staff, common definitions and principles, controlled risk-taking within established limits and a high degree of transparency in external disclosure are the cornerstones of SEB's risk and capital management.

The fundamental risk management work is conducted in the front-line and is supported by an established decision making hierarchy and group-wide rules and policies. It is the front-line's responsibility to make an initial assessment of risk, including environmental and social risks, in a customer relationship as well as in individual, proposed transactions. This assessment is then tested both by the business management and by the risk organisation as part of the way SEB works with a comprehensive view of the client.

The aggregate risk-taking is measured regularly by SEB's independent risk control unit. The quality of risk management is controlled by both internal and external auditors. SEB has approval from the Swedish Financial Supervisory Authority to use advanced methods of risk measurement for the majority of the credit portfolio, for market risk and for operational risk.

For more details on SEB's risk management, please see the 2012 Annual report, pages 38–53, and [www.sebgroup.com](http://www.sebgroup.com)

## Credit policies and credit process

The overriding principle of SEB's credit granting is that all lending shall be based on credit analysis and be proportionate to the customer's ability to repay. Customers shall be known by the Bank and the purpose of the credit should be fully understood. Sustainability aspects have gradually been incorporated into the credit

## Key performance indicators

	2012	2011	2010	2009	2008
Green Bonds – money raised since inception, USDm	2,500	2,000	1,600	1,000	300
Equator Principle transactions, total number	3	12	10	0	7
Number of Socially Responsible Investment/ethical funds	16	15	16	14	14
Total assets under managements in SRI/ethical funds, SEKm	21,135	14,848	16,008	11,105	6,413
SRI/ethical funds share of total assets under management, per cent	1.72%	1.26	1.21	0.87	0.56

For more information, see CS Fact Book

## Decision making procedure



policy and reflect SEB's approach to sustainability with increased emphasis on opportunities as well as risks related to environmental, social and governance issues. This includes our three position statements and six industry sector policies (see previous page).

### Equator Principles

In 2007, SEB adopted the Equator Principles (EP), 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. The principles are based on the International Finance Corporation's (IFC) performance standards. Signatory financial institutions are required to apply the Principles to project finance deals amounting to more than USD 10 million.

In project financing, in contrast to corporate finance, the lender looks primarily to the revenues generated by a single project both as the source of repayment and as collateral for the loan. The Principles, which typically apply to complex installations such as power plants, refineries and waste treatment plants, have contributed to developing and operating such large projects in accordance with good international practice. During 2012, SEB was involved in three financings reported under the Principles.

During the year the process of taking the third version of Equator Principles (EP III) forward, has been ongoing. SEB has been taking part in the public consultation process that took place during the autumn 2012 and also at the annual meeting in December 2012. Should this version eventually be realised, the number of transactions under the EP's will significantly increase, due to the nature of SEB's business.

### Responsible investments

Our corporate sustainability strategy as regards investments is in accordance with our commitment to UN PRI (please read more on page 14). The strategy has been implemented for approximately two-thirds of applicable assets under management, in the asset classes equities, corporate bonds, real estate and private equity.

We offer investment products designed to meet a variety of

concerns and responsible investment preferences among SEB's customers. Traditionally, responsible investments have focused on equities and equity products, whereas fixed income and alternative investments have received less interest. However, we are seeing increasing client demand for products also in other asset classes, corresponding with our product development. For example, one corporate bond fund with specific sustainability criteria was launched during the year. Thus SEB now offers 16 (15) funds with a socially responsible investment profile with aggregate Assets under Management of almost SEK 21bn (15bn). These are managed using a combination of negative screening, positive screening, ESG integration and thematic approach. The norm-based screening is the foundation for most funds, and is combined with other approaches depending on the preferences of the clients.

### Green Bonds

SEB has during the year continued to work with the World Bank, the European Investment Bank and other multilateral financial institutions on issuing Green Bonds. We are also working closely with number of other issuers including corporates and municipalities.

Since SEB pioneered the issuance of Green Bonds together with the World Bank in 2008, we have raised USD 2.5 (2) billion for Green Bonds on behalf of the World Bank as well as other issuers. These bonds fund investments in countries throughout the world,

“ We have raised USD 2.5bn for Green Bonds since 2008. ”

and are designed to mitigate climate change or help people and communities adapt to it. At the end of 2012, 110 (88) investors have invested in the Green Bonds issued through SEB and the total Green Bond market has since the start developed to about USD 7.5 billion. We remain the largest underwriter on the market and we are interacting with a number of governments to develop mechanisms to engage private capital in climate investments. We are also active in the reference group created to support one of the board members of the UN Climate Fund.

### Strengthened process for responsibility in supply chain

SEB has strengthened the process for ensuring responsibility throughout the supply chain, including development of a self assessment tool for suppliers. A risk assessment of the supply chain has been conducted and has been applied for the fifty most important suppliers, representing approximately 40 per cent of SEB's total spend on suppliers.

Example of SEB support for projects aiming for environmental protection and social development



**1 Estonia**  
 In the spring 2012 SEB financed new boilers and improvements of the pulp digester line at the paper mill Horizon Tselluloosi ja Paberi AS. The improvements lead to decreased energy cost by 25% and water consumption by 0.7 million m<sup>3</sup> (-17%). These recent updates in the plant give a cost-cutting of at least 2.5 million euros per year. For this project, the most important environmental implication of the investment was a 35% or 10 500 tonnes reduction of CO<sub>2</sub> emissions.

**2 Latvia**  
 SEB has co-funded the 2nd and 3rd stage of construction of Ventspils regional waste recovery project in Pentuļi polygon. It was finalised in December 2012. The aim is to reduce the amount of waste for incineration and to reduce green house gas emissions. The 2nd and 3rd stage include a mechanical waste pre-treatment station and actions to improve biogas collection and utilisation.

**3 Finland**  
 Vantaa Energy will build a waste-to-energy plant which will produce both electricity and heat. The waste-to-energy plant will also contribute to the mitigation of climate change as it will reduce the use of coal by 30%, overall emissions will also decrease by some 20% from the present level and it will reduce the amount of mixed waste ending up in the landfill. SEB is one of the main financing institutions of this project.

**4 Lithuania**  
 SEB has on behalf of Hidrostatyba UAB provided new Advance payment and Performance guarantees to Vilnius University. Guarantees will secure project completion of the National centre for physical sciences and technology. The project, when completed, will further improve higher education in physical sciences and technology in Lithuania.

**5 Germany**  
 SEB is arranging financing for a 32.5 MW onshore wind park in Mecklenburg West-Pomerania in Germany. This will consist of 13 turbines, each with an output of 2.5MW and designed for maximum yield in moderate and low-wind conditions. The wind park is estimated to produce 64 GWh of clean energy per year, sufficient to supply 16,000 homes. Compared with a lignite-fuelled power station, the wind farm will be able to reduce annual carbon dioxide emissions by around 64,000 tons.

**6 Turkey**  
 SEB has with Green Bonds facilitated energy projects in Turkey for International Bank for Reconstruction and Development (IBRD), a part of World Bank. The overall project's objective is to help increase energy production from indigenous renewable sources and to enhance energy efficiency, thereby reducing greenhouse gas emissions. The project will finance renewable resources, such as geothermal, for heating and cooling purposes.

**7 Germany**  
 SEB is arranging financing for a 16.8 MW onshore wind park in Hessen in Germany. The wind park consists of seven wind turbines, each of 2.4 MW, and is estimated to produce 44 GWh per annum.

**8 United Kingdom**  
 In a consortium of 10 commercial banks, SEB takes part in the financing of a 270MW offshore wind park 8 km off the Lincolnshire in UK. Seventy-five 3.6-MW turbines are to be installed, enough to supply some 200,000 households with electricity.

**9 Lithuania**  
 SEB as Syndicate agent has together with other 5 banks been financing Akmenes cementas AB to change technology from "wet" to "dry" cement production. The purpose is to decrease CO<sub>2</sub> emission by 40%, improve working conditions and increase efficiency by 20%. The investment will also reduce operation cost by 20%.

**10 Latvia**  
 During 2012 SEB reached another record in apartment building renovation in Latvia. The funding has increased by 155% compared to 2011 and 172 apartment buildings have been renovated, increasing energy efficiency and apartment standard. All in all SEB has funded the renovation of 300 apartment houses in Latvia in amount of 30 million LVL since 2009.



# Reducing our environmental footprint

## What's the issue?

Many scientists believe that global warming is one of the most serious threats to both humanity and our planet. More and more research emerges, arguing that the speed of climate change is increasing and substantial preventive actions is needed. Although the direct environmental impact of our operations is limited, we have the obligation and opportunity to do what we can to limit our footprint.

In 2009, SEB decided to reduce the annual CO<sub>2</sub> emissions by 45 per cent by 2015. The decision reflected our ambition to address a broader range of environmental issues. Energy use, paper consumption and business travel, and the related greenhouse gas emissions, represent the most material direct impact of our operations on the environment. This ambitious reduction remains the overall target for our carbon chasing within SEB.

## Carbon management

Our approach to reduce our carbon footprint starts with accounting for our CO<sub>2</sub> emissions related to the operations over which we have control, such as energy and electricity use in our own buildings, paper consumption and business travel (Scope 2 and 3 emissions). We include the emissions from eleven countries, accounting for more than 94 per cent of our income and 96 per cent of our employees.

We monitor our direct environmental footprint on a quarterly basis and report on the information requested by investors, customers and employees in our CS report and also in specific reports, e.g. the Carbon Disclosure Project (CDP).

A specific Carbon Chasing Committee steers and monitors the work to reduce SEB's emissions and we draw on guidance from the Greenhouse Gas Protocol for our carbon reporting.

## Carbon emissions: -18 per cent

Compared to 2011, we have reduced our emissions by further 18 per cent and compared to our baseline set 2008 by 36 per cent. This result has mainly been achieved by increased energy efficiency initiatives, decreased paper use and decreased travelling.

Our long term target remains to reduce our carbon dioxide emissions by 45 per cent by 2015, from the baseline 2008. To achieve this we will continue to optimise our offices and processes to reduce our energy consumption. We also aim to gradually increase the share of renewable electricity from the 87 per cent used in 2012.

We have, however, decided to no longer compensate for our own carbon footprint. The international market for carbon emission allowances has seen falling prices and a development unlike the way we envisaged, and thus not achieving the intended effect.



## Energy use in offices and branches

Energy use in our offices and branches has decreased by 17 per cent since 2008. We have successfully implemented a wide range of small energy efficiency measures both in the office space that we own or rent and in the data centres that we manage. Combined with the switch to renewable energy sources made, carbon emissions from energy consumption have been reduced by almost 60 per cent against the 2008 baseline.



## Paper consumption

We are constantly working to reduce our paper consumption. We are aware of that we are not a forerunner compared to peers related to our paper consumption but we are putting increasingly more resources into reducing it. As an example, we piloted our first paper less office in Estonia in May 2012. It was well received by our customers. We also made our contracts note electronically available on our Internet bank for private individuals, saving 20,000 letters monthly. During 2010–2012 we have redirected 2.1 million physical mailings to the more environmentally-friendly "B-post", corresponding to 8 tonnes decrease in CO<sub>2</sub> emissions. In total SEBs paper consumption was reduced by 276 tonnes in 2012, corresponding to almost a 21 per cent reduction compared to 2011.



## Water and waste

Water consumption and waste generation have 2012 compare to 2011 increased by 9 and 25 per cent respectively. This is mainly due to better monitoring.



## Green IT and data centres

During 2011 the implementation of "managed print service" was launched at our main sites in Sweden. At the end of 2012 the monthly reduction of pages printed reached 40%, corresponding to two million less pages monthly. In 2012, the implementation of the New Office Workplace (NOW) transformation project was launched. NOW will replace current workplace with a client technology based on Windows 7 and includes functionality for intelligent power management of the equipment. Even though just started, the NOW transformation has saved 90 MWh for 2012.

## Key performance indicators

	2012	2011	2010	2009	2008
Total CO <sub>2</sub> emissions, tonnes	28,497	34,590	38,598	41,628	44,412
CO <sub>2</sub> emissions, tonnes/employee	1.7	2.1	2.3	2.5	2.3
Energy consumption MWh/employee	6.8	7.3	8.9	7.9	7.2

For more information, see CS Fact Book



# Valuing our people

## What's the issue?

An engaging, sound and healthy work environment encourages high quality performance as well as high employee satisfaction and loyalty. This is in the interest of both customers and shareholders. To retain our position as the relationship bank in our part of the world SEB must attract, develop and retain the best people so that we can provide the best service and experience to our customers.

To SEB, long-term relationships are crucial. Together with our four core values – commitment, mutual respect, professionalism and continuity – they permeate our business and our culture. They form the basis for how we behave towards each other and how we want our customers, partners and other stakeholders to perceive us.

However, a corporate culture needs to be maintained and developed. In 2012, we continued our dialogue on this. The “You are SEB” initiative enables all of SEB to discuss our identity, how we work, act and behave on a regular basis – thus what shapes the image of our company in the eyes of the customers.

### Commitment and collaboration

Employees express opinions and demonstrate involvement in many different forums.

Through the use of our internal collaboration tool, “Connect”, our employees can exchange ideas and find new ways of working together. Compared to traditional tools, the social software enables closer co-operation between colleagues across geographical and hierarchical boundaries. Colleagues can also easily give each other recognition. Visitors range from 2,500 and 4,000 per day and more than 12,200 employees have joined colleague networks.

For the fourth consecutive year, employees have been able to chat with SEB’s top management on the intranet, and these chats continue to be much appreciated. In 2012, CEO Annika Falkengren held 12 chat sessions and over 350 questions were answered by members of the Executive Committee.

### SEB an attractive employer

Attracting top talent is a key success factor for SEB. The Bank has long been considered one of the most attractive employers in Sweden, as well as in the Baltic countries. In 2012, SEB was once again ranked as the most popular employer, among banks, in Sweden among young professionals with a business degree.

In the Baltic countries, SEB has long been a very popular employer, especially in Lithuania where SEB 2012 was named the most desirable employer in the country for the sixth time overall by Verslo Zinios, CV.It (2005, 2007, 2009–2012). SEB was also awarded as the most attractive employer CV Market. In Latvia, SEB was appointed according to TNS Latvia as one of the top five employers in 2012.

### Continuous development

At SEB, we work in an environment of continuous change and development, and we want to be a workplace with committed and motivated employees. We believe that people constantly want to develop, feel valued and included. Thus we provide large scope for individual development. Employees are, to a large extent, expected to take responsibility for their own development by taking advantage of the opportunities provided and the structured process that is in place.

Every year each employee, in meetings with his or her closest manager, sets individual targets and makes a plan for personal development and skills enhancement. The plan is documented in an IT system, followed up on a regular basis and is evaluated through personal feedback and coaching. The development plan has a long-term perspective, and puts great emphasis on ensuring that the employee’s goals are aligned with the Bank’s objectives and selected focus areas. This also helps us to ensure that development activities support SEB’s strategy.

### Coordination of development programmes

In 2012, SEB’s employee and leadership development programmes have been restructured and coordinated across the Group, and clarified on the intranet. The aim was to clarify different career

## SEB’s core values

### Commitment

We are all dedicated to that everything we do creates stronger customer relations.

### Professionalism

We make it easy for people to do business with us by sharing our knowledge and being accountable for our actions.



### Mutual respect

We are open and always strive to earn the trust of others as well as from each other.

### Continuity

We learn, challenge and take action based on our long experience



There was a top engagement among the 100 top talents in Latvia that gathered for one day of personal development in 2012.

paths for managers and professionals, increase flexibility, and to act globally – while offering local support.

The new structure also provides the individual employee with good insight and overview of the educational opportunities offered. Naturally, all training needs to be relevant to the SEB's activities and ultimately benefit the customer. At the same time, we truly believe that learning on the job is of high importance. That is when most of the real development takes place.

Mobility between divisions and business units is encouraged. All job vacancies are regularly published on SEB's intranet and employees are invited to make new contacts through the internal career days that are organised several times a year in Sweden, Germany and the Baltic countries.

### Maintain and develop SEB's talent pool

SEB has a structured work to develop and retain talent, both in the short and long term. Development is calibrated at all management levels, and in 2012 we launched both central and local initiatives around talent. For example, several new leadership development programmes were launched, as well as a team development platform. In spring 2012 SEB arranged a Change Forum – a workshop with 90 key people who had the opportunity to share success factors as well as several diversity initiatives.

In Latvia 100 top talents gathered for one day for personal development as well as for inspiration. Prominent external speakers shared experiences and knowledge, and the employees were given the opportunity to expand their network and to share experiences in areas like team work, working environment and personal development.

### Diversity in focus

SEB's goal is to offer our people equal opportunities to develop individually, regardless of gender, ethnicity, age, sexual orientation or religion. We strive for a gender balance at every level within

the organisation and to increase the proportion of employees with foreign backgrounds. We believe that true diversity, mixed backgrounds and experiences, leads to overall better performance. Like many global companies, SEB has fewer women in senior operational positions and in senior leadership roles. We are working actively with this, both in terms of structure and process, as well as targeted initiatives such as mentoring programmes. In 2012 we launched a mentoring programme for female executives where senior management and senior executives act as mentors for one year. The purpose is to visualise female talents, network and share experiences across divisions and countries. In 2012, 13 female managers participated in this program.

SEB is also one of the ten leading Swedish companies involved in the "Battle of the Numbers." The initiative includes a total of 100

“ We believe that true diversity, mixed backgrounds and experiences, lead to overall better performances. ”

women and aims to transform words into action when it comes to getting more women into management positions at both operational and decision-making levels, developing new processes and procedures that will enable more women to advance in business.

In 2012 SEB also introduced diversity as a highlighted and integral part of the basic leadership programme for new managers in SEB. The aim is to increase all managers' understanding of the value of increased diversity.

**Health and safety**

Well-being is a prerequisite for being able to do a good job. An engaging and healthy work environment encourages good performance and promotes employee ambassadorship. The annual work-environment-review is an important part of the statutory and systematic work-environment-management that helps create and maintain a healthy working environment in which everyone can perform well. All of our employees in the Nordic countries and in Russia are represented in formal health and safety committees. Globally, over 66 per cent of our employees have representation in such committees. In countries where no formal committees are in place, health and safety is on the agenda in staff meetings.

In 2012, SEB launched a new strategy, SEB Wellness Programme, to strengthen preventive health efforts. The main perspective is to focus on pro-active activities promoting well being and preventing illness, rather than retroactive actions once an employee has fallen ill.

“ SEB’s new health strategy is anchored in the latest research. ”

The concept is anchored in the latest research and based on the recommendations of SEB’s Health science council introduced in 2012. Four professors and physicians share their view on the latest development in the area and provide support and advice on health related issues. They also give inspirational lectures to employees and senior management about both physical and mental health. SEB Wellness Programme is initially introduced in Sweden and is planned to be rolled out throughout the Group shortly.

Employees are expected to take responsibility for their own health, but SEB offers help and support. The support includes physical examinations on regular basis and customised benefits, such as wellness and health promoting activities. SEB in Sweden offers the Employee Assistance Programme, an opportunity for employees to get support from a registered psychotherapist through a phone service. The purpose is to help employees in need of temporary support at an early stage, disregarding the reasons

for the support, i.e. whether it is work or non work related.

SEB offers employees a variety of services and solutions, adapted to local conditions, such as, parental leave subsidy, health benefits and corporate health care. We encourage and facilitate for employees to balance work and leisure. An example is the initiative “Children in a bank” in Estonia – where children of employees are invited to get acquainted with their parents’ work through the establishment of a playroom.

SEB Estonia launched a corporate pension scheme for its employees during 2012. SEB is one the first companies in Estonia to offer that benefit. *Please read more on page 11.*

Within SEB’s Life division a pilot health programme was launched in 2012. The primary goal is to establish a long-term mindset of the importance of health and wellbeing. The focus is on lifestyle, physical activity and stress along with leadership issues. An activity plan has been set up based on health surveys among the employees. Going forward, in-depth dialogue meetings will be conducted based on the health surveys to capture ideas for improvements, a lifestyle-oriented health check will be introduced and will expand the offering of health support activities.

**Responsible conversion**

SEB is constantly working to improve efficiency. If redundancies occur, we strive to always, in cooperation with the unions, manage them responsibly and to support employees who may need to find new challenges.

Whenever possible, SEB always try to offer jobs in other parts of the company to match the needs of the individuals who are open to new opportunities. If employees do not find a new job within SEB, the ambition always is to coach and support the individual to find as a good solution as possible.

**Labour rights**

SEB follows local collective agreements and national legislations as regards labour rights in the countries where we are present. To safeguard that we have the same policies implemented at all our sites of operation, to the extent possible, we did a self assessment of the present conditions during the latter part of 2012. The results from this assessment are currently being evaluated and will be used for further development of our internal labour standards and policies. However, the assessment shows no risk for forced or compulsory labour or child labour at our sites.

**Key performance indicators**

	2012	2011	2010	2009	2008
Total number of employees, incl part-time employees	17,474	18,862	20,599	20,835	22,443
Employee turnover, per cent	9.3	9.3	10.9	11.0	13.8
Average length of employment, years	11.6	11.1	11.1	11.1	10.9
Gender by management type, all managers (male/female)	58/42	57/43	56/44	58/42	56/44
Gender Senior managers (male/female)	76/24	77/23	74/26	73/27	75/25

*For more information, see CS Fact Book*





## Employee engagement in times of change

**We believe that engaged and motivated employees** are essential for our success. SEB, like many other companies, acts in a constantly changing environment, and we continually challenge ourselves in terms of how we work – we question and we revise when appropriate or necessary.

One potential consequence of this way of working is the risk for redundancies. When this occurs, we work hard to manage this responsibly and to find the best support for employees who may need to find new challenges.

At the same time, all the employees that remain might also need support and inspiration to move on. The feeling of relief in keeping your job can be mixed with feelings of guilt towards those who leave. In addition, people may worry about the future, often involving altered and/or extended tasks.

At SEB, we manage these challenges in different ways, many involving direct support to managers and key persons who drive change processes. In 2012, we have implemented several activities in order to address this issue. Around 500 persons across SEB have participated in different kinds of change management activities.

Our initiative to strengthen corporate culture, You are SEB also provides useful support to groups/teams undergoing change. Other tools include new venues for people to meet across the organisation. One example is the internal career days, arranged in several countries, where employees can learn more about SEB and our products and services, be inspired, learn from other employees' various career choices. Hopefully, these new insights can open up for new thoughts about the employees' own development.



# Investing in communities

## What's the issue?

Companies and the communities where they operate are inter-dependent, so what is good for society, is good for business. We recognise that a thriving society is vital for our future success as a bank. In addition to the role that our business plays in the communities where we operate, we support local community organisations, sharing both time and money and working together with carefully chosen partners and people.

We are convinced that the development of society goes hand in hand with our own long-term progress. Without people with knowledge, dreams and aspirations our society loses momentum.

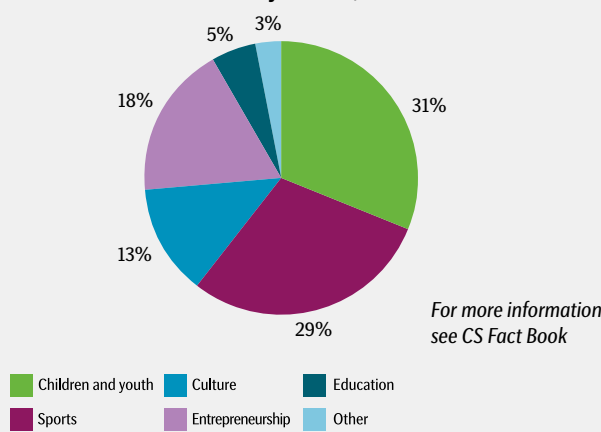
In December 2012 SEB decided on a new group-wide sponsor strategy. Our sponsorships are about creating partnerships with people and organisations, building a society we all want to be in.

As a corporate citizen we engage for future generations. We support innovations, children and young people. We do this with a long-term perspective for both businesses and people. SEB partners with the best in class organisations and remain involved in the decisions about how our finances are spent. We seek to use our resources and infrastructure so that we make the most of our investments. Our entire social investment amounted 2012 to SEK 53 million, or about 0.37 percent of our operating profit before tax. Operations financed partly by central funds and partly with the help of SEB's local office.

## Supporting innovations and youth

SEB has a long tradition of supporting entrepreneurs, and believes that Sweden benefits from an increased number of entrepreneurs that develop businesses and create future growth and jobs. The vast majority of new jobs created in recent years have been created in small businesses. To contribute to this support and SEB collaborates with several organisations to help the country's entrepreneurs. *Read more on page 9.*

Economic contribution by theme, 2012



“ We engage for future generations. ”

Since 1997 SEB supports the non-governmental organisation Mentor, and since 2001, our employees are engaged in being a role model for young people. Involvement can take many forms, from participation in a seminars, e.g. on parenting, to being a mentor and support for a youth during one year. In 2012 nearly 100 employees in Sweden chose to engage as a job mentor, to visit a school and inspire students on their own profession. Many employees testify that the engagement is rewarding both in daily work and personal development. *Learn more about this on page 25.*

## Broad employee commitment

In the Baltic countries, there is a broad commitment among employees to support young people and children in need of help. Cooperation with Mentor is ongoing in all countries, for example in Lithuania where since 2004 more than 100 employees have served

## SSE Riga Business Sustainability Centre



In May 2012 the Centre for Sustainable Business at SSE (Stockholm School of Economics) Riga was opened. The centre is an independent institute within SSE Riga and its aim is to foster a discussion in the business community as well as in society on sustainability. SEB, Nordea and Swedbank donated one of the largest sum in the university's history – 1.8 million euros (SEK 15 million).

The centre was inaugurated on May 17, 2012 with an expert panel discussion and presentations. The event was attended by representatives from more than 80 businesses, confirming the high interest in implementation of the principles of sustainability in the Latvian business environment.

“At SEB, corporate sustainability means developing and creating your business in such a way that not only tomorrow, but also after ten and a hundred years we as an organisation would be well managed and operate upon the basic principles of transparency in order that the environment would be as green and beautiful as it is today, and in the end local society would live in a secure environment. We believe that today we are building the future and with the Opening of Business Sustainability Centre we will strengthen the sustainable business environment in Latvia, Lithuania and Estonia,” said David Teare, Head of Baltic Division of SEB.

as mentors for young people. SEB also supports Lithuania's largest charitable campaign for orphans, who in 2012 collected nearly SEK 60 million. In Lithuania many activities aim at increasing financial literacy among young people, as well as to presenting possible career paths among students.

In Latvia SEB supports the international charity SOS Children's Villages which offers long-term care of orphans in over 100 countries. In 2012, over 500 SEB employees engaged in various activities, such as strengthening children's knowledge about money and finances. SEB supports two children's villages in cities Valmiera and Īslīce, and two facilities for young people in Jelgava and Iecava.

SEB Charity Fund (Heategevusfond) in Estonia has been established to provide children deprived of parental care a chance to feel equal in relation to their peers who grow up in regular families. The Fund also provides an opportunity for the bank's employees to get involved as volunteers. About 70 volunteers are involved in the work and the fund has 7,000 regular donors. Through donations new furniture has been purchased and activities have been organised for children. In 2012 SEB Charity fund offered 60 Estonian young people who have lost their parents a full day course on managing their personal finances. SEB offers about 1.3 million in direct financial contributions to the fund each year.



## Sports and culture

Since 2006 SEB is the main sponsor of the Swedish Tennis Association. Through the joint project SEB Next Generation we enable 1,000 girls and boys aged 10–15 years in the Nordic countries to develop their talent and to create an identity and community within the sport. SEB Next Generation seeks to give young people the opportunity to develop their tennis skills, and be able to develop in a positive environment with professional guidance. In the Baltic countries, SEB supports a variety of sporting events such as tennis tournaments and running races.

SEB is the sponsor of the Stockholm Concert Hall and Stockholm Royal Philharmonic Orchestra. As part of this cooperation, the orchestra performs concerts especially for SEB's customers, both in Stockholm and at the SEB office. SEB is also collaborating with the Riga Chamber Orchestra Sinfonietta (since 2006) and the Estonian National Opera (since 2009).

## M Mentor

### Erik Nyman, Operational Risk Analyst, SEB



"Young people are like a blank slate. Their whole adult life is ahead of them – and what if I could make a difference and be a good role model?"

That's how Erik Nyman, risk analyst at SEB Group Risk Centre, reflected last year when he decided to become a mentor. Erik realised that he, in his daily life, rarely came into contact with young

people, only other adults, colleagues, friends, etc. He contacted the organisation Mentor that SEB has close cooperation with, and was paired with Felix, 16 years old.

Erik and Felix meet and socialise a couple of hours every other week. Both like to work-out, they are interested in music, though not of the same kind of music.

"But we are curious and learn from each other. We work out, we might go to a concert, to the cinema or the theatre."

The mentor is an adult who does not make demands, that is not a parent or teacher, but someone with life experience who can listen in a different way.

"Felix and I live in the same society, but we experience it so very differently. I think of how much easier life was when I was young. There were no cell phones or Internet, there were fewer choices, while freedom was still greater, not so boxed as I perceive it today. And the labour market is so much harder, higher barriers to enter and greater uncertainty. To be able to support a teenager, through my workplace, to share his experiences, thoughts and advice on the future, feels very important and valuable", says Erik Nyman.



# Access to financial services

## What's the issue?

Access to finance is crucial to economic activity. A responsible bank makes its services available to all people, regardless of socio-economic standing, ethnic origin, disability or other factors. Our goal is to serve our customers whenever and wherever they desire. By sharing our specialist knowledge, we empower people to make more informed financial decisions and contribute to better functioning societies.

## Financial capability

We believe that the general public's ability to understand financial matters is important for the individual as well as for society at large. At SEB, we therefore continuously strive to find new and better ways to share our expertise in various ways. Our Chief Economist and other experts regularly appear in media and frequently engage with customers in a variety of forms.

Our household economists in Estonia, Latvia, Lithuania and Sweden, are engaged in a broad range of initiatives to increase the knowledge of personal finance and economic affairs among the general public. Key research reports cover insights and development of the national housing and savings markets. In 2012, special focus has been on the propensity to save and potential implications for future pensions etc. As an example, recent research shows that in Sweden women on average only save about two thirds of the amount men save, partly a reflection of more women working part time and that the average salary levels are lower. This is likely to result in women having smaller pensions and potentially smaller buffers when they retire. Insights such as these are discussed and communicated with the aim to raise awareness and debate and are included in our advice to customers.

In Sweden and in the Baltic countries, SEB is also an active participant in a range of public/private initiatives aimed at increasing knowledge of personal finance and economic affairs, often in collaboration with local authorities, such as the central bank or the finance inspection. Examples include seminars in Lithuania on personal finance management with about 750 participants in total, as well as lectures on entrepreneurship for teachers in Lithuanian schools and lectures directed to schoolchildren and young mothers. In Estonia, SEB works together with other banks in preparing for financial literacy classes in all schools, sending a hundred of voluntary bankers as speakers all across the country.

## Reaching out to customers

SEB puts great emphasis on making our services accessible to our customers whenever and wherever they need. To complement our branch offices and customer visits, SEB's telephone banks are open 24 hours a day, every day of the year. This service is available for both private customers and business customers. In Sweden, personal customer service is available in more than 20 languages. Our expanded social media presence provides additional contacts with customers. We currently offer customer service via Facebook

and Twitter in Sweden, Estonia and Latvia and via Facebook in Lithuania. This much appreciated service allows us to both answer general questions on personal finance and economics as well as specific concerns regarding daily banking. New technology is continuously used to improve our banking services. In the recent year, mobile phone banking has been in focus; the mobile bank app for small businesses was added in Sweden, and the "M-signature" was launched for smart phones in Lithuania.

In November 2012, SEB launched the payment service Swish in collaboration with six other bank groups in Sweden. Swish enables individuals to send money to other users in real time by connecting mobile phone numbers to bank accounts. Initially, this service, which is quick, simple and secure, is available for person- to person transactions. By mid January 2013, 150,000 private individuals had signed up for the new service in SEB.

In the Latvian municipality Jelgava, SEB has introduced an e-card for school pupils. The card is used as an ID and for payment in public transportations. Parents deposit the money to their child's e-card and when the card is swiped in front of the POS terminal in the municipality bus, the payment is processed. At year end 2012 around 6,000 e-cards were issued.



## Financial services for all

Over the years, SEB has developed various tools to facilitate banking for customers with special needs. A good example is the security tool "digipass", adjusted for customers that are visually impaired or otherwise have trouble with small buttons, to do their banking via the internet, the Telephone bank and the self service Bank by Phone.

Both internationally and locally, there is an increasing focus on the provision of banking service for children and students. This is the case also for SEB. In some markets, such as Estonia, basic banking services are available to children of any age, as long as the parents or guardian is in agreement, at a low cost. From the age of seven, the child may manage the account independently, also with the use of a debit card. In Sweden, we offer independent accounts with debit card from the age of 13, free of charge.

## Key performance indicators

SEB meeting places and knowledge sharing	2012
Branch offices, number	292
Internet bank, number of visits, million	156
Mobile bank, number of visits, million	34
Telephone bank, number of calls, million	3.8
Downloads of telephone and Ipad Apps, private and SME	219,000
Expert reports, private and SME	102
Research reports on macro economic development	51

For more information, see CS Fact Book

# Corporate Governance at SEB

SEB attaches great importance to the creation of clearly defined roles for officers and decision-making bodies in such areas as the credit approval process, corporate finance, asset management and the insurance operations. The external framework that SEB adheres to in its governance, includes, among other things, the:

- Companies Act
- Annual Accounts Act
- NASDAQ OMX Stockholm regulations
- Swedish Code of Corporate Governance
- Banking and Financing Business Act

The internal framework includes among other things the Articles of Association, adopted by the General Meeting of Shareholders. Policies and instructions that have been drawn up to clearly define the division of responsibility within the Group are important tools for the Board and the President in their governing and controlling roles. Of special importance in this context are the Rules of Procedure for the Board, Instructions for the President and the Group's activities, Group's Credit Instruction and Risk Policy, Instruction for Handling of Conflicts of Interest, Ethics Policy, Instruction for Procedures Against Money Laundering and Financing of Terrorism and Remuneration Policy.

SEB's Code of Business Conduct describes and lays out SEB's values and standards of business conduct and provides guidance on how to live by these values. Policies and guidelines for sustainability, such as the Corporate Sustainability policy and various group-wide position statements and industry sector policies addressing environmental, social and governance issues are also

of vital importance. SEB's Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code of Corporate Governance. No deviations from the Code are reported for 2012.

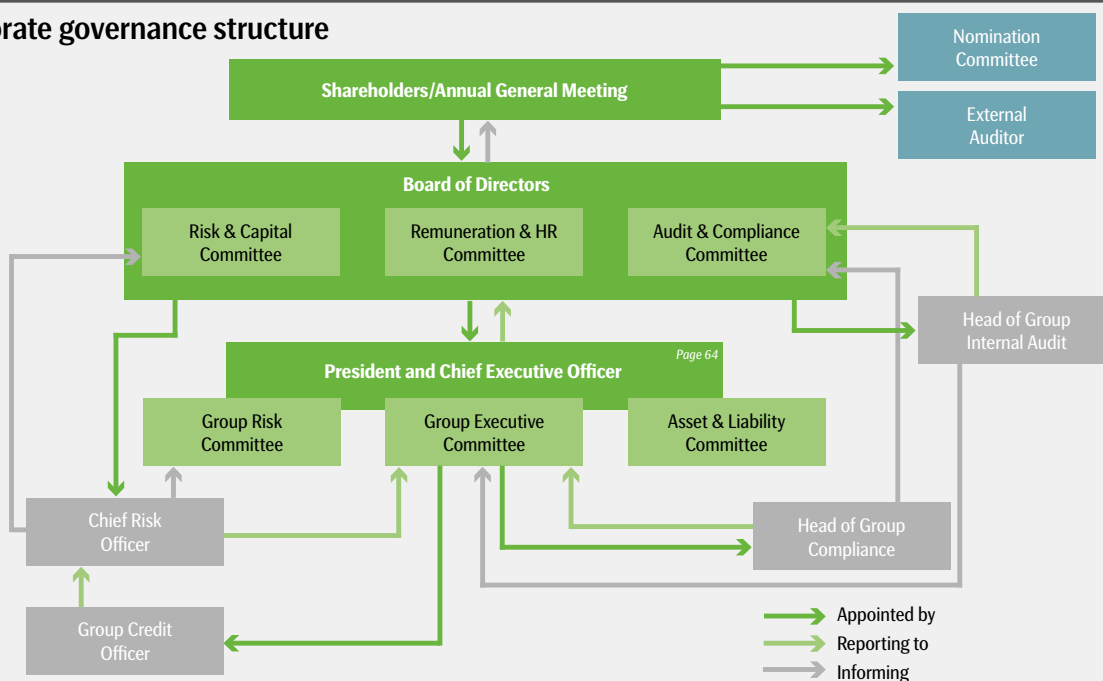
For more details on corporate governance at SEB, please see the Corporate Governance report 2012 in the Annual Report, pages 54–68 or [www.sebgroup.com/about-SEB/corporate-governance](http://www.sebgroup.com/about-SEB/corporate-governance).

## Global initiatives and governance of corporate sustainability

SEB's corporate sustainability work is based on Swedish laws and regulations as well as internationally recognised guidelines and initiatives, primarily the ten principles for business activities from the UN Global Compact. These principles cover the areas of human rights, labour standards and conditions, environment and anti-corruption. In addition, SEB's sustainability efforts are based on the OECD guidelines for multinational companies, the UNEP Finance initiative and the UN Principles for Responsible Investments (PRI). SEB has also adopted the Equator Principles, a voluntary set of guidelines for managing potential risks related to environmental and social impact in project finance.

A structure is in place to implement the corporate sustainability strategy throughout SEB (see chart on page 28). The overall view is that governance, social and environmental aspects should be fully embedded in our way of doing business and making decisions. Therefore, CS is incorporated into existing business processes wherever possible. Each manager and employee is ultimately responsible to make the right decision and to be accountable.

## Corporate governance structure



SEB's activities are managed, controlled and followed up in accordance with policies and instructions established by the Board and the President (CEO).

## Governance structure for the corporate sustainability work

<b>Board of Directors</b>	Adopts the Corporate Sustainability (CS) Policy. As applicable, matters are dealt with by the Board or by any of its established committees: The Risk and Capital Committee; the Audit and Compliance Committee and the Remuneration and Human Resources Committee.
<b>Group Executive Committee (GEC)</b>	Decides upon the Group targets and SEB's approach to Corporate Sustainability. Approves the CS Policy. Head of Group Communication holds the CS responsibility in the GEC.
<b>Corporate Sustainability (CS) Committee</b>	Governance, environmental and social issues are overseen by the CS Committee, a sub-committee of the GEC. Chaired by the Head of Group Communication. Responsible for advising the GEC and the executive committee. Has representation from all divisions and key functions.
<b>Group Corporate Sustainability</b>	Coordinates and drives the overall sustainability agenda within SEB. Responsible for the implementation of the CS Policy as well as for reporting on its annual progress. Headed by the Group Head of Corporate Sustainability and supported by the Group Environmental Manager.
<b>Local CS Committees; Business and country coordinators; Programme Managers</b>	Manages the business priority work on a daily basis within a specified division, country or staff function (Procurement, Real Estate, HR, IT, Marketing, Security etc).
<b>Managers and employees</b>	Each head of a division, business area, group function is responsible for ensuring that activities carried out and instructions adopted are in accordance with the CS Policy. Employees are expected to act in accordance with the CS Policy.

## About this report

This report describes SEB's approach and presents targets, guidelines, measures and key achievements related to the Groups contribution to sustainable development.

SEB's sustainability strategy is focused on eight business priorities in three areas of responsibility – governance, environmental and social. These priorities reflect the issues that SEB's stakeholders see as the most significant. The process to define what to include in the report is based on feedback on previous reports from internal and external stakeholders, best practice within Corporate Sustainability (CS) reporting both in the financial industry and in general, important events during the past year, feedback from SEB's CS Committee and stakeholder dialogues with owners, employees, customers, non-governmental organisations, authorities and communities.

The reporting organisation's name is Skandinaviska Enskilda Banken AB (Publ) ("SEB"), headquartered in Stockholm, Sweden. The report comprises the entire organisation of the SEB Group, except as specifically stated. As regards governance and economic issues, the CS Report covers SEB Group. Regarding social and environmental aspects, please see CS Fact Book for possible limitations of scope.

SEB has published a CS report annually since 2007. The report covers the preceding fiscal year, January to December 2012. In

some cases information for early 2013 is included to present an up-to-date picture. The previous report was published in March 2012. There has been no significant change from previous report in scope and boundary. The information in this report is obtained from various internal systems and reports. To complement this written report, a CS Fact Book is published online at [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability).

Risk management and corporate governance constitute key aspects of SEB's sustainability work. These areas are described in detail in the Annual Report 2012, and briefly in this report, and are thereby audited by PwC. We use the Global Reporting Initiative, GRI, G3 guidelines and the Financial Services Supplement, as our main reporting framework. The report has not been externally assured as we are still working on improving our reporting processes. A first step in that direction is, however, the GRI application check of our reporting which has been made by PwC, according to which we report at level B. Our GRI index is found on the inside back cover.

As part of SEB's commitment to the UN Global Compact, we report on our activities and performance through a combination of this report and an annual Communication on Progress (COP). Our COP table of reference can be found online at: [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability).

# GRI Index SEB 2012

A GRI application check of our reporting has been made by PwC, according to which we report at level B. Page references relate to the Corporate Sustainability Report 2012 (CS), the Annual Report

2012 (AR), the CS Fact book (CSF) and [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability) (www).

● = Full, ○ = Partly

1 Strategy and analysis			
1.1	CEO statement	CS 1	●
1.2	Description of key impacts, risks, and opportunities:	CS 3-4, 6	●
2 Organisational profile			
2.1	Name of the organisation	CS 28	●
2.2	Primary brands, products, and/or services	CS inside front cover, AR inside front cover	●
2.3	Operational structure	AR 64-66	●
2.4	Location of organisation's headquarters	CS inside back cover	●
2.5	Countries of operation	CS inside front cover	●
2.6	Nature of ownership and legal form	AR 16-17	●
2.7	Markets served	CS inside front cover, AR 10-11	●
2.8	Scale of the reporting organisation	CS inside front cover, AR 10-11, 19-23	●
2.9	Significant operational or other changes during the reporting period	AR 18	●
2.10	Awards received in the reporting period	CS inside back cover, AR 11	●
3 Report parameters			
<b>Report profile</b>			
3.1	Reporting period	CS 28	●
3.2	Date of most recent previous report	CS 28	●
3.3	Reporting cycle	CS 28	●
3.4	Contact for questions regarding the report	CS inside back cover	●
<b>Report scope and boundaries</b>			
3.5	Process for defining report content	CS 28, 3-5	●
3.6	Boundary of the report	CS 28	●
3.7	Specific limitations on the scope or boundary of the report.	CS 28	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, etc	CS 28; No joint-ventures	●
3.9	Data measurement techniques and the bases of calculations	CSF 3, 5, 8, 9	●
3.10	Comparability with previous reports	CS 28; CSF 3, 5, 8, 9	●
3.11	Significant changes from previous reporting periods in the scope, boundary, etc	CS 28	●
<b>GRI content index</b>			
3.12	Table identifying the location of the Standard Disclosures in the report	CS inside front cover	●
3.13	Policy and current practice with regard to seeking external assurance for the report	CS 28	●
4 Governance, Commitments and Engagement			
<b>Governance</b>			
4.1	Governance structure of the organisation	CS 27	●
4.2	Role of the Chairman of the Board in the organisation	AR 56-57	●
4.3	Independent and/or non-executive board members	AR 57	●
4.4	Mechanisms for shareholders and employees to provide recommendations etc to the Board	AR 55; CS 13, 20	●
4.5	Remuneration to Board members, senior managers and executives, and link to the organisation's performance	AR 57, 67-69, 91-99	●
4.6	Processes for avoiding conflicts of interest in the Board	AR 54	●
4.7	Process for determining the qualifications and expertise of the Board members	AR 56	●
4.8	Mission, values, codes of conduct, and principles relevant to ESG performance	www; CS 6, 12, 20	●
4.9	Board procedures for overseeing economic, environmental, and social performance, including relevant risks and opportunities	CS 27; AR 55, 58-59	●
4.10	Processes for evaluating Board performance, particularly with respect to economic, environmental and social performance	AR 56, CS 27, 28, www.	●
<b>Commitments to external initiatives</b>			
4.11	Explanation of if and how the precautionary approach or principle is applied	CS 1, 16; AR 38-53	●
4.12	Association to externally developed charters, principles, or other initiatives	CS 1-2, www.	●
4.13	Memberships in associations	CS 2, www.	●
<b>Stakeholder engagement</b>			
4.14	List of stakeholder groups	CS 4	●
4.15	Basis for identification and selection of stakeholders with whom to engage	CS 4-5	●
4.16	Approach to stakeholder engagement	CS 4	●
4.17	Key topics and concerns raised through stakeholder engagement, and response by the organisation	CS 4-5	●
Economic performance indicators			
<b>Disclosure on management approach</b>			
	Economic performance	AR 18-23, 64-65; CS 3; CSF 3	●
	Market presence	CS inside front cover; AR 10-11	●
	Indirect economic impact	CS 3, 8-12, 14-18, 24-26	●
<b>Economic performance</b>			
EC1	Direct economic value generated and distributed	CS 3, 24-25; CSF 3	●
EC2	Risks and opportunities for the organisation due to climate change	CS 3-5, 14-19	●
EC3	Coverage of the organisation's defined benefit plan obligations.	AR 94-96	●
EC4	Financial assistance received from government	None received, CSF 3	●
<b>Indirect economic impact</b>			
EC8	Infrastructure investments and services provided primarily for public benefit	No such investments	○
EC9	Significant indirect economic impacts, including the extent of impacts.	CS 3, 8-9	○
Environmental performance indicators			
<b>Disclosure on management approach</b>			
<b>Energy</b>			
EN3	Direct energy consumption	No such consumption according to definition	○
EN4	Indirect energy consumption	CS 19; CSF 4-5	●
EN5	Energy saved due to conservation and efficiency improvements	CS 19	○
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	CS 16-18	○
<b>Water</b>			
EN8	Total water withdrawal	CSF 4-5	○
<b>Emissions, effluents and waste</b>			
EN16	Direct and indirect greenhouse gas emissions	CS 19; CSF 4-5	●
EN17	Other relevant indirect greenhouse gas emissions	CS 19; CSF 4-5	●
EN18	Initiatives to reduce greenhouse gas emissions	CS 19; WWW	●
EN22	Total weight of waste by type and disposal	CSF 4-5	○
<b>Products and services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services	CS 3, 6-7, 14-19	●
<b>Compliance</b>			
EN28	Fines and monetary sanctions for noncompliance with environmental laws	zero; CSF 5	●
<b>Transport</b>			
EN29	Environmental impacts from transportation	CS 19; CSF 4-5	○

## Social performance indicators, Labour practices and decent work

<b>Disclosure on management approach</b>			
Goals, performance and policy	CS 1, 6-7, 20-23; AR 3-5	●	
Organisational responsibility	AR 54, 59	●	
Training and awareness	CS 20-23	●	
Monitoring and follow-up	CS 7, 20-23	●	
Having a sound, safe and secure workplace is part of a manager's leadership and responsibilities. The human resources and security functions provide support with policies and processes as well as advice on proactive measures. A group level HR unit is responsible for SEB's HR policies and processes. These are implemented by, and when necessary adapted to the local regulatory framework. They are followed-up by the local HR units, and the respective business units, in all countries where SEB is operating. As regards security related aspects, Group Security is responsible for policies and practices, which are adapted to local requirements.			
<b>Employment</b>			
LA1 Total workforce by employment type and region	CS 22; AR 99; CSF 6	●	
LA2 Employee turnover	CS 22; CSF 6	○	
LA3 Benefits provided to full-time employees	CS 20-22;	○	
<b>Labour/management relations</b>			
LA4 Percentage of employees covered by collective bargaining agreements	CS 22; CSF 7	○	
LA5 Minimum notice period(s) regarding operational changes	CS 22; CSF 7	○	
<b>Occupational health and safety</b>			
LA6 Percentage of total workforce represented in health and safety committees	CS 22, CSF 8	○	
LA7 Rates of injury, occupational diseases, lost days, absenteeism	CS 22; CSF 7	○	
LA8 Programmes to assist workforce members regarding serious diseases	CS 22	○	
LA9 Health and safety topics covered in formal agreements with trade unions	CSF 8	○	
<b>Training and education</b>			
LA11 Programs for skills management and lifelong learning	CS 20-23	●	
LA12 Percentage of employees receiving regular performance and career development reviews	CS 20; CSF 7	●	
<b>Diversity and equal opportunities</b>			
LA13 Composition of governance bodies and workforce	AR 13, 60-63, 99; CS 21-22; CSF 7	○	

## Human rights

<b>Disclosure on management approach</b>			
Human Rights issues can be both direct and indirect for SEB. In the direct case, these issues are governed by the UN Global Compact, SEB's CS Policy, Diversity Policy and our Code of Business Conduct. They are primarily the responsibility of each manager in their leadership role. Support is provided by HR which is responsible for the applicable policies and practices. The Compliance function (2nd line of defence) and Internal Audit (3rd line of defence) have a role to secure compliance.	CS 1, 3, 5, 6, 12-17, 20-23; AR 12-15, 55		
The indirect cases are primarily the responsibility for the business divisions in their investment and financing decisions, and the credit organisation.			
<b>Investment and procurement practices</b>			
HR1 Consideration of human rights with regard to investments	CS 14-17	●	
HR2 Screening on human rights among significant suppliers	AR 15; CS 17	○	
HR3 Training on human rights aspects relevant to operations	CS 12, 14-17, 21	●	
<b>Non-discrimination/child labour/forced and compulsory labour</b>			
HR5 Operations where freedom of association and collective bargaining may be at significant risk	CS 22; AR 48, 66	○	
HR6 Operations where there is a risk for incidents of child labour	None, CS 22; AR 48, 66	●	
HR7 Operations where there is risk for incidents of forced or compulsory labour	None, CS 22; AR 48, 66	●	

## Society

<b>Disclosure on management approach</b>			
Goals and performance	CS 1, 3, 5, 6-7	●	
Policy	CS 1, 6, 12, 27; AR 55	●	
Organisational responsibility	AR 64; CS 27	●	
Training and awareness	CS 10-13, 14-17, 20-21	●	
We know that the way we act affects the world in which we operate. It is our responsibility to do business in an ethical and sustainable way. Our core values and our Code of Business Conduct guide our actions.			
<b>Corruption</b>			
SO2 Business units analysed for risks related to corruption	All business units annually analysed; AR 66	●	
SO3 Employees trained in organisation's anti-corruption policies and procedures	CS 10, 12-13	●	
SO4 Actions taken in response to incidents of corruption	CS 13; AR 48	●	
<b>Public policy/Anti-competitive behaviour/Compliance</b>			
SO6 Contributions to political parties, politicians and related institutions	None	●	
SO7 Legal actions for anti-competitive behaviour	AR 21	●	
<b>Product responsibility</b>			
Disclosure on management approach	CS 3, 6, 10-11; 16-17	●	
PR5 Practices to customer satisfaction	AR 5-8, 10-11, CS 4, 10-13, Inside back cover	●	
<b>Marketing communications/customer privacy/compliance</b>			
PR6 Programs for adherence to laws, standards, and voluntary codes for marketing communications	CS 10-12	●	
PR8 Complaints regarding breaches of customer privacy and losses of customer data	CS 10-11; AR 48	○	
<b>Financial Services Sector Specific Disclosure</b>			
<b>Disclosure on management approach</b>			
FS1 Policies with specific environmental and social components applied to business lines	AR 14-15, 55; CS 12, 14-17, 27	●	
FS2 Procedures for assessing and screening environmental and social risks in business lines	CS 14-17	●	
FS3 Processes for monitoring clients' implementation and compliance with environmental and social requirements included in agreements or transactions.	CS 16-17, 27; AR 38, 42, 64-65	●	
FS4 Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	CS 7, 14-17	●	
FS5 Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	CS 7, 9, 10-11, 14-17, 24-26	●	
<b>Product portfolio/audit</b>			
FS6 Percentage of the portfolio for business lines by specific region, size and by sector	AR 5-8, 10-11, 19-23, 85-86	●	
FS7 Monetary value of products and services designed to deliver a specific social benefit	CS 16-17	○	
FS8 Monetary value of products and services designed to deliver a specific environmental benefit	CS 15-17	●	
<b>Active ownership</b>			
FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	CS 14-15	●	
FS11 Percentage of assets subject to positive and negative environmental screening	CS 14-15; CSF 5	●	
FS12 Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	www.seb.se	●	
<b>Society performance</b>			
FS13 Access points in low-populated or economically disadvantaged areas	CS 26; www	○	
FS14 Initiatives to improve access to financial services for disadvantaged people	CS 26; www	○	
<b>Product responsibility</b>			
FS15 Policies for the fair design and sale of financial products and services	CS 6-7, 10-11	●	
FS16 Initiatives to enhance financial literacy by type of beneficiary	CS 10-11, 24; www	●	



## Awards and recognitions 2012

## Awarded by

### Customers

Bank of the year, Estonia, Latvia, Lithuania and Sweden	The Banker
Best client relationship bank in Sweden	Prospera
Best Nordic bank for large corporates	Prospera
SME Bank of the Year, Sweden	Finansbarometern
Best Private Bank in the Nordic region	The Banker and Professional Wealth Mgmt
Financial advisor of the year, Nordic region	Financial times and Mergermarket

### Employees

Best employer among banks, Sweden	Universum
Most attractive employer, Lithuania	Verslo Žinios & CV L:T
Among Top 5 most desired employers, Latvia	TNS Latvia

### Sustainability

Top ranked for transparency and anti-corruption work	Transparency International, Sweden
Included in the RobecoSAM Sustainability Yearbook 2013	RobecoSAM
Gold Category Latvia Sustainability Index	Institute for Sustainability and Corp. responsib.

## Sustainability indices

## Index provider

OMX GES Sustainability Sweden Index	Nasdaq OMX/GES
OMX GES Sustainability Nordic Index	Nasdaq OMX/GES
FTSE4Good	FTSE
ECPI Indices	ECPI
STOXX Global ESG Leaders Indices	STOXX
Ethibel EXCELLENCE Investment Register	Forum Ethibel

## International commitments

## Adopted/signed

CDP Water Disclosure	2010
Carbon Disclosure Project (CDP)	2008
Principles for Responsible Investments (PRI)	2008
UN Environment Programme Finance Initiative (UNEP FI)	2007
UN Equator Principles	2007
UN Global Compact	2004
OECD guidelines for Multinational Enterprises	2000
ICC Business Charter on Sustainable Development	1995

## Contact us

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# About SEB

SEB is a leading Nordic financial services group. As a relationship bank strongly committed to deliver customer value, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the Bank's operations have a strong focus on a full-service offering to corporate and institutional clients. SEB's activities are carried out with a long-term perspective to fulfill the Bank's role to assist businesses and markets to thrive. The international nature of SEB's business is reflected in its presence in some 20 countries worldwide. SEB serves more than 4 million customers and has around 16,500 employees.

## Our responsibility

We know that the way we act affects the world in which we operate. It is our responsibility to make sure that we do business in an ethical and sustainable way, attending to our customers' needs and protecting people and the environment. By being a well-managed and profitable company, we can use our resources, time, money and knowledge of our people to contribute to society.

This report presents our company from a sustainable perspective. It covers our non-financial performance 2012 – how we govern and manage our business responsibly to create value for our stakeholders. Our actions span the spectrum from small details to complex questions on the global business agenda.

Visit us: [www.sebgroup.com/sustainability](http://www.sebgroup.com/sustainability)

Contact us: [cs@sebgroup.com](mailto:cs@sebgroup.com)