



UN GLOBAL COMPACT
COMMUNICATION ON
PROGRESS 2013

S|E|B

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

Corporate Sustainability Report

13

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“ We have a vital role in supporting sustainable growth. This requires resilience and a long-term perspective built on transparency and good governance. ”

Annika Falkengren
President and Chief Executive Officer

This is SEB

SEB's representation worldwide



Subsidiaries, branches and representative offices

SEB's activities principally embrace customers based in the Nordic and Baltic countries and Germany. The Bank has 286 branch offices in Sweden and the Baltic countries.

Operating income

By geography, per cent

| | 2013 | 2012 |
|-----------------------|------|------|
| Sweden | 59 | 57 |
| Norway | 8 | 8 |
| Denmark | 8 | 8 |
| Finland | 4 | 4 |
| Germany ¹⁾ | 7 | 7 |
| Estonia | 3 | 3 |
| Latvia | 2 | 3 |
| Lithuania | 3 | 4 |
| Other | 6 | 6 |

1) Excluding centralised treasury operations.

2013 in brief

| | 2013 | 2012 |
|---|--------|--------|
| Operating income, SEK m | 41,553 | 38,823 |
| Profit before credit losses, SEK m | 19,266 | 15,171 |
| Operating profit, SEK m | 18,127 | 14,235 |
| Return on equity, per cent | 13.1 | 11.1 |
| Earnings per share, SEK | 6.74 | 5.31 |
| Proposed dividend, SEK | 4.00 | 2.75 |
| Common Equity Tier I capital ratio ¹⁾ , per cent | 15.0 | 13.1 |
| Core Tier I capital ratio ²⁾ , per cent | 11.0 | 10.1 |

1) Basel III 2) Basel II with transitional rules

Corporate objectives

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

Strategic priorities

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

SEB's customers

Rewarding relationships are the cornerstones of our business. Ever since A O Wallenberg founded SEB in 1856, we have provided financial services to assist our customers in reaching their financial objectives.

2,900

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 cooperation 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 products and services for daily finances, savings, loans, pension solutions, cards, wealth management and life insurance.

Mission

To help people and businesses thrive by providing quality advice and financial resources

Vision

To be the trusted partner for customers with aspirations

Brand promise

Rewarding relationships

Responsible banking for future generations



SEB has for almost 160 years been in the service of enterprise, in active and close partnership with our customers. As a bank, our role is to be involved and to contribute to the development of society. We do this by managing our business responsibly. We aim to create long-term value, embracing opportunities and managing risks, not only from an economic, but also from an ethical, social and environmental perspective. Our belief is that high customer loyalty and employee commitment are prerequisites for our success.

The global economic environment is slowly recovering from the past years' turbulence. SEB's Nordic and Baltic platform is stable, but we know that global issues like growing social imbalances, corruption and climate change present numerous challenges. From that perspective, we have a vital role in supporting sustainable economic growth. This requires good governance as well as resilience and a long-term perspective.

SEB contributes in many ways. Sound risk and credit management are fundamental, as is a responsible investment approach. Our support for entrepreneurs and innovation has a long tradition. Thanks to these people's energy, creativity and perseverance numerous jobs are created each year. I am proud to say that SEB in Sweden during the year has interacted with 140,000 small and medium sized companies. In addition, we have promoted networks and meeting points for entrepreneurs, and met about 10,000 of these future or present entrepreneurs.

Green bonds and microfinance fund

Product development play an important role for furthering the sustainability agenda. Examples include green bonds, developed in co-operation with the World Bank, with a total market today of about USD 14 billion. We have also launched the first Swedish microfinance fund, where investments are used to fund microloans to entrepreneurs in developing countries.

We are committed to engaging with stakeholders and to listen to their opinions. In 2013, we have therefore further developed our process for determining the most important issues for stakeholders and for our business. The analysis showed that we to a large extent already are prioritising the most important issues, such as customers, financial strength, ethics and employee engagement. We will review these issues on a regular basis.

Since 2009, SEB has a structured approach to sustainability. International co-operation provides the foundation of our sustainability work and we are committed to global initiatives such as the

UN Global Compact, the Principles for Responsible Investments and the Equator Principles. For us, understanding our customers, their challenges and opportunities, makes us a better financial partner and investor.

During 2013, we have taken important steps towards an even more responsible business. We developed our Human Rights Policy, have installed a security filter on all computers to prevent internet crimes against children, and we have decided to exclude nuclear weapons in our investment portfolios.

Engaging employees in dialogues

Having engaged and motivated employees is a prerequisite for serving our customers right and thus for our success. Based on our core values – commitment, mutual respect, professionalism and continuity – we strive to improve the way we work. The 2013 employee survey showed that our employees are very satisfied with SEB as a workplace and have a strong belief in the Bank's future, but we can be even better at internal collaboration and at meeting customer needs. All over the Bank, we have enhanced discussions around these issues. Thousands of employees have been involved in value dialogues and I personally often engage in dialogue meetings with small groups of employees. I can truly say these are rewarding boosts of energy!

We contribute to the local communities where we are present by supporting future generations – children and youth, entrepreneurship and innovation, education and know-how. In 2013, our contribution was SEK 55 million.

Looking ahead

Going forward, we will continue to work on integrating sustainability throughout our business. We will, through a structured approach, deepen and enhance the dialogue with our stakeholders, enhance business processes and strategic sustainability dialogues with clients and portfolio companies. We will also continue to increase knowledge and awareness among our employees, highlighting sustainability issues as a natural part of our everyday work, for example through round-table discussions and e-learning. By taking responsibility, also on an individual level, I am convinced that SEB will move forward towards increased value creation in society.

Stockholm, March 2014

Annika Falkengren
President and Chief Executive Officer

Integrating sustainability into business

An important part of SEB's role is to be involved in and to contribute to the development of society. We believe that the best way to do this is by integrating sustainability into our core business, in all processes and in our daily way of working throughout the organisation. We have made progress within all areas but still have challenges to overcome.



Viveka Hirdman-Ryrberg *
Head of Group
Communications

Why is it important for SEB to work with sustainability?

As a bank, we are an integrated part of society, and we know that what we do has an impact. Therefore, we want to contribute to building a society we all want to, and can, be part of. In 2009, SEB decided to address sustainability issues in a more systematic way. I think that decision was crucial. Otherwise we would not have come as far as we have in integrating sustainability into business and we would also have missed addressing quite a few challenges.

What are SEB's main sustainability issues going forward?

We will continue to integrate sustainability throughout SEB. This includes further review of business processes from a sustainability perspective and strategic sustainability dialogues with clients, and portfolio companies within our asset management business. Building on the materiality process of 2013, we have more work to do in deepening dialogues with our stakeholders. We will also work on further enhancing transparency including continuing to promote transparency for the industry as a whole.



Cecilia Widebäck West *
Head of Group Corporate
Sustainability

What are SEB's main sustainability accomplishments in 2013?

We have made progress in all areas. The examples range from having clarified the Board of Director's responsibility for the sustainability strategy, to having launched a microfinance fund, developed our Human Rights Policy and a Supplier Code of Conduct and increased employee engagement. Basically all applicable large and medium corporate clients have been assessed from a sustainability aspect. We have increased the number of strategic sustainability dialogues we hold with our clients.

What main sustainability related challenges do you have?

Key for our success is to even further increase employee awareness and knowledge about, and engagement in, sustainability issues. I am happy to see that there have been major changes in how society, customers and employees, regard sustainability issues. We need to attract and retain motivated and committed employees. They expect us to contribute to a sustainable society and that we show how we do just that.



Magnus Carlsson
Head of Merchant Banking

What are your main sustainability accomplishments in 2013?

SEB has together with the World Bank been a pioneer in developing green bonds, as a way to fund environmental and sound projects around the world. Today, we continue to have a world leading position in this field and have, since the start in 2008, raised about USD 3.5 billion in green bonds for organisations such as the European Bank for Reconstruction and Development, the World Bank and the Export-Import Bank of Korea. In September, we facilitated the first Nordic municipality green bond issuance with a SEK 500 million bond for the City of Gothenburg.

What main sustainability related challenges do you have?

Sustainability is high on the corporate agendas, but I find it hard to point out one particulate challenge. Key for us is to work with our customers to contribute to sustainable development. By thoroughly integrating our sector policies and position statements in all our processes we strive for an even deeper strategic dialogue with our clients.



Mats Torstendahl
Head of the Retail Banking

What are your main sustainability accomplishments in 2013?

Sweden needs a positive business climate and SEB can contribute by supporting new businesses that develop and create new jobs. We do this by our continued focus on entrepreneurship. We have well-functioning collaborations in place with organisations that supports entrepreneurship at all levels, from student start-ups and newly established companies up to the most established ones.

What main sustainability related challenges do you have?

The banking industry has more to do in terms of restoring confidence in our crucial role in the economy and how we perform that role. It's about trust and transparency. We must ensure that our customers can make independent decisions and that we provide them with the right tools to do so. We also have an ambition to transfer from paper mailings to digital information. In 2013, we have reduced our paper usage and achieved annual cost savings of approximately SEK 40 million.

Years of action

2004

2013

2004
SEB signed the UN Global Compact.

2007
• First Nordic Bank to adopt the Equator Principles.
• SEB's first Corporate Sustainability Report published.

2006
SEB published Code of Business Conduct.

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 Group Executive Committee.
• CS Report in line with Global Reporting Initiative guidelines.

2010
• Support Young Enterprising (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 – A Perfect Entrepreneur.
• Launch of whistleblowing process.

2013
• SEB launched microfinance fund.
• Facilitated first ever corporate green bond as well as first green bond for a Nordic municipality.
• Human Rights policy approved by the GEC.



Anders Johnsson
Head of Wealth Management

What are your main sustainability accomplishments in 2013?

We launched the first microfinance fund of its kind on the Swedish market this year. We are proud to be able to offer our clients a product like this, which has an explicit positive social and development impact. The fund has received a lot of positive feedback from clients. We have also continued the integration of sustainability aspects in investment decisions and fund management. In late autumn for example, we decided to exclude nuclear weapons from all future investments.

What is the best way for you, as an organisation, to contribute?

Mainly in three ways: Firstly, by being an active owner, and by working to improve the performance in our holdings and investments. Secondly, by managing our funds well to achieve sustainable returns to our investors/customers. Thirdly, by continuing to develop investment products where the sustainability aspects are integrated, thus responding to the increasing demand we see from clients.



David Teare *
Head of the Baltic division

What are your main sustainability accomplishments in 2013?

We have made valuable contributions to communities in Estonia, Latvia and Lithuania. Volunteering (Mentor), financial support (Children's homes) and encouraging youth engagement (tennis camps) have all been highly appreciated by the people and organisations that have been involved and beyond. We continue the support for the Sustainable Business Centre at Stockholm School of Economics in Riga, promoting sustainability research as well as education through conferences and events. In Estonia we ran a full day event for the whole bank (900+ employees), raising awareness and generating dialogue around sustainability.

How do you integrate sustainability into your business?

We share and align initiatives across the three Baltic states, e.g. by promoting financial literacy and taking a leading role in preventing financial crime. We are implementing group corporate sustainability sector policies and position statements in our credit processes and business committees.



Martin Johansson *
Head of Business Support

What are your main sustainability accomplishments in 2013?

Since 2011 we have reduced energy consumption by 20 per cent. This has been achieved, among others by re-using excess heat from our data centres, that today accounts for a large proportion of the heating in our core properties.

What main sustainability challenges do you have?

We engage actively in the local community surrounding our offices in Rissne, outside Stockholm. SEB is one of the biggest employers in these areas where many young people live in an environment of economic and social exclusion. A big challenge for society is to narrow the gap between school and work life. That is why we engage and cooperate with schools in these areas. Our employees serve as role models for young people, they guide them in making plans for their futures, teach and inspire them about economics and work life. We also collaborate to offer internships to young people.



Johan Andersson *
Chief Risk Officer

Why is it important to integrate the sustainability aspects in the business processes?

Among our core principles are responsible lending, knowing our customers well and secure their repayment ability. We are convinced that all companies over time sooner or later have to adjust to sustainable processes. When valuing our customers' long-term ability to pay it is therefore natural to consider issues of responsibility. Much of the risk related work is about preventing excessive risk taking, to protect both the customer and the bank. SEB wants to be, and act as, a long-term trusted partner.

How does SEB integrate the sustainability aspects into risk assessments?

SEB's credit policy reflects our approach to corporate sustainability. Our industry sector policies – arms and defence, forestry, fossil fuels, mining and metals, renewable energy and shipping – are also part of the credit granting process and are used in customer dialogues.

* Member of the Corporate Sustainability Committee. The CS Committee is led by the Head of Group Communications, also a member of the Group Executive Committee. The CS Committee has 13 members, representing all divisions and vital functions of SEB Group. Meetings are held every quarter.

SEB creates value

SEB is tightly connected to society and the Bank's stakeholders in many ways. Like all banks, SEB supports the economy and overall society by providing financial services to households, businesses, institutions and the public sector. These activities also benefit the Bank's direct stakeholders: employees, suppliers, the public sector and shareholders. This overview illustrates the value creation process.

Banks' key role as financial engines in society takes place in three main areas:



Financial intermediation

Banks provide solutions for those with money to invest and for those in need of borrowing. Banks also act as safe and efficient intermediaries between them.



Payments

Banks provide domestic and international payment services which are the basis for all economic activity.



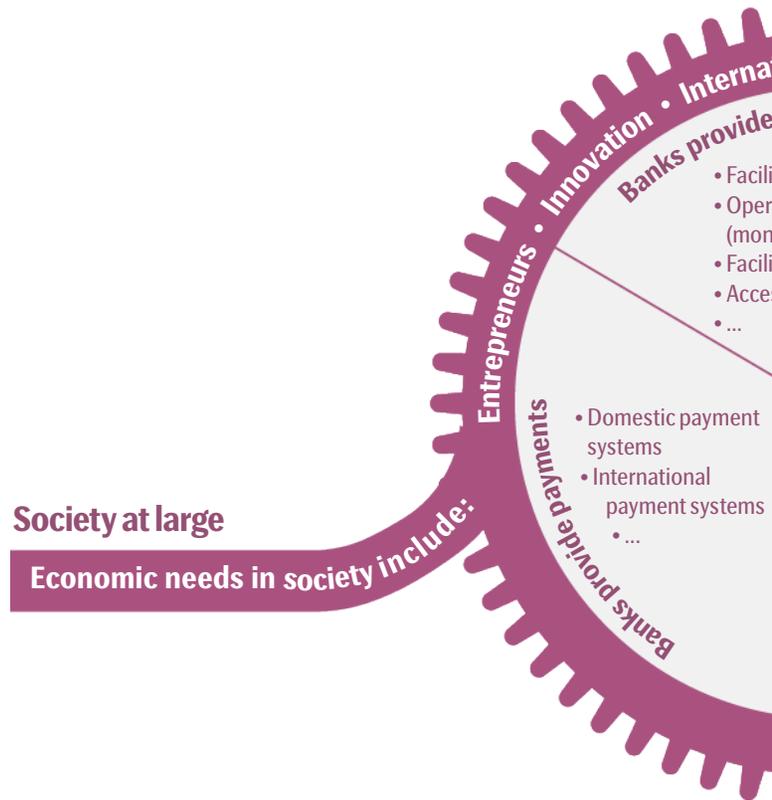
Risk management

Banks assume risk and assist customers with financial risk management.

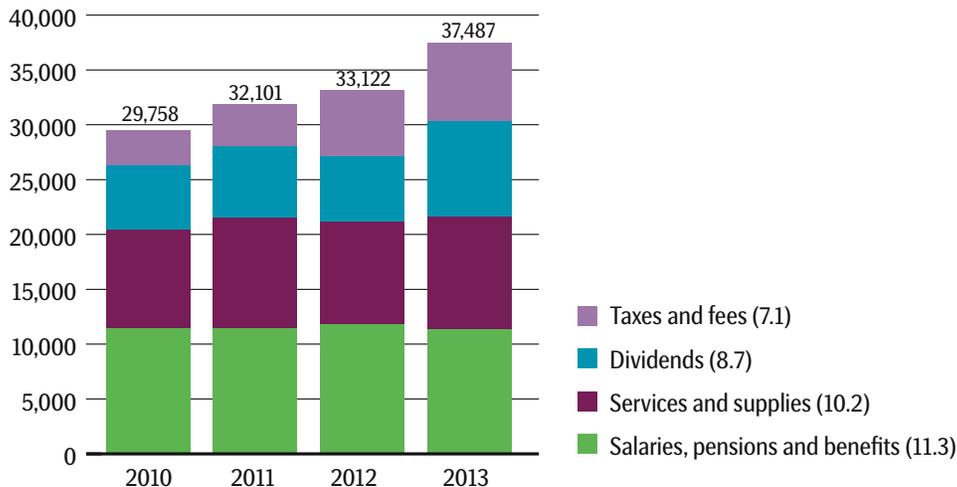
As all these areas are essential to society, banks are an integral part of the economy. Financial markets are at the core of creating economic and social value in a modern society.

Corporate,
public sector

Financial needs

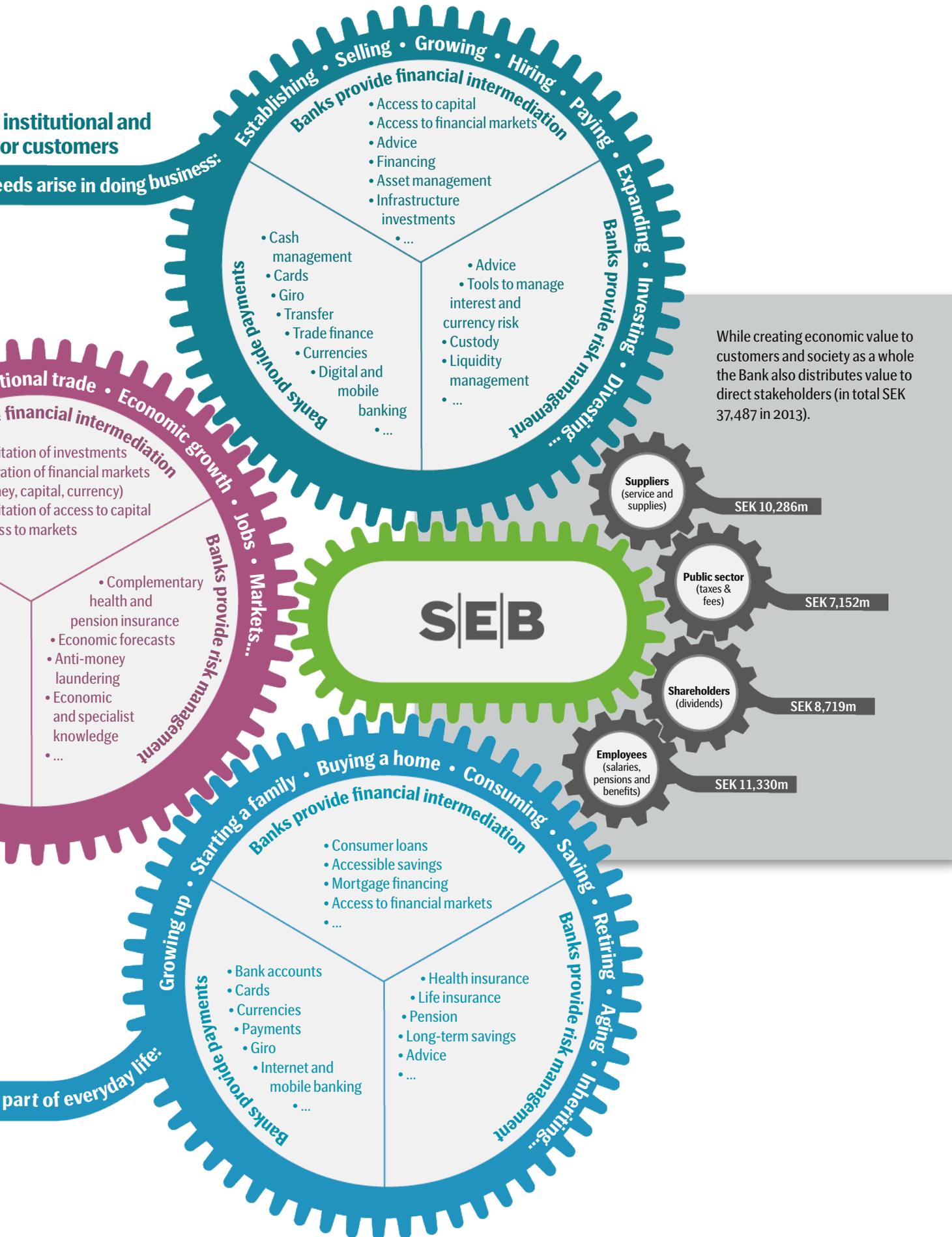


SEB's value distribution



Private individual
customers

Financial needs are



We engage with stakeholders

Understanding, learning and being responsive to SEB's stakeholders' expectations is critical to our ability to create long-term value. We identified our key stakeholders in 2009, through a thorough analysis which we follow up yearly. We have a particular focus on customer insights, but also engage in dialogue with local communities, non-governmental organisations, employees, business partners, financial analysts and owners.

Through a range of channels and methods, we gather, monitor and analyse essential feedback across our business. The backbone consists of various on-going 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.

Stakeholder dialogues help us develop our approach to sustainability and to integrate sustainability throughout the business. During the year, SEB established a more robust process for determining the most important issues for stakeholders and for SEB's business (see page 7).

Our stakeholders



| Stakeholder | Primary engagement channels | Main issues raised during 2013 |
|--|--|--|
| 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"> • Long-term customer relations • Sustainability & Responsibility • Overall brand perception • Customer service across all meeting points • Advisory based on client's need • Coordinated client approach • Confirm/acknowledge client's choice |
| Employees | Annual employee survey, open internal chats with executive management, town hall meetings, value dialogues, SEB Way transformations and weekly continuous development whiteboard meetings, leadership development programmes, everyday learning tools, Workers Councils meetings; annual health and safety reviews. | <ul style="list-style-type: none"> • Development/career opportunities • Competence development • Leadership • Strengthening external reputation • Health/work life balance • Working with sustainability • Remuneration |
| 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 and in connection with result presentations. | <ul style="list-style-type: none"> • Financial resilience • Sustainable growth and return • Sustainability performance • Human capital • Transparency |
| Government and regulators | Economic and policy trend analysis, industry forums and meetings. | <ul style="list-style-type: none"> • Regulation • Consumer debt levels |
| Suppliers and business partners | Questionnaires and individual meetings. | <ul style="list-style-type: none"> • Strategic partnerships • Accountability |
| 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"> • Job-creation • Ethical behaviour, anti-corruption • Human rights and nuclear weapons • Transparency • Sustainability performance • Local community support |

Establishing a materiality process

Material issues are topics that reflect SEB's significant impact. They influence stakeholders' perception of our performance and impact our ability to create and sustain value. During the year, SEB established a more robust process to identify these issues and why they are important.

The process aims to support our strategy of integrating sustainability into the business, engages key stakeholder groups in dialogue on relevant issues and is focused on value creation on a three to five years' perspective.

Our process

Defining materiality is an evolving process. Our new approach started with the identification of potentially important issues. This first investigation included:

- Research on mega-trends and issues – highlighted by sustainability analysts – that affect SEB's operations, financial products, relationships, reputation, markets, customers as well as sustainability work.
- Main issues raised by key stakeholder groups, see page 6 for details. 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 drive profitability.
- Competitor priorities. We benchmarked six financial sector companies from four markets.

Based on the above input, we identified 42 issues – covering financial, intellectual, human resources, relationships and environment. These issues were ranked using the knowledge of internal experts on our stakeholders and their views, as well as on our business plan. For this we engaged nine internal experts.

The ranking included an analysis of current and potential business impact on a three to five years' perspective. In addition, we conducted five deep interviews with targeted representatives of key stakeholder groups to gain knowledge on their priorities and assessment of SEB's ability to deliver value over the long term. A final discussion was thereafter held in the Corporate Sustainability Committee.

Main conclusions

The analysis showed that SEB to a large extent already is prioritising the most important issues. 21 issues, out of the total of 42, were ranked as highly relevant for both stakeholders and business. These were:

- Financial strength and resilience, competitive and stable return, risk management, regulatory compliance.
- Trust and confidence in the finance sector, customer recognition, customer relations, responsible selling and consumer advice, stakeholder dialogues.



- Capability to respond to unstable economic growth and volatile financial markets and increasing regulation.
- Talent management, employee engagement, ethical business behaviour, preventing financial crime and responsible conversion.
- Brand management, capacity for innovation and data protection.
- Integrating ESG (environmental, social, governance) aspects in financing and investments and providing a range of e-services.

Identified hygiene factors

A number of issues have been identified as hygiene factors; as long as SEB seems to manage them well they have low impact on value creation. These include corporate governance, working conditions and remuneration.

Direct environmental aspects are not deemed as the most important.

Emerging issues, meaning issues to monitor for future relevance, include tax transparency, financial inclusion and potential implications of changing valuations of fossil fuel based assets.

Next step

The materiality analysis will provide input to business planning. We aim to ensure that SEB works effectively with the issues identified as important for creating value, for stakeholders and the business. Going forward, SEB will monitor and analyse emerging issues as mentioned above to ensure preparedness and appropriate responses. We will build on the established process and enhance the dialogue with internal and external stakeholders in a structured way, and will review the universe of issues on an annual basis.

Sustainability strategy

Our vision is to be the trusted partner for customers with aspirations. This implies being a responsible bank for future generations. For SEB, sustainability means the delivery of long-term value in economic, ethical, social and environmental terms. We do this by targeting three areas – Responsible Business, People and Community and Environment. Progress has been made in many areas, but our work continues as stakeholder expectations and our own ambitions are continuously evolving.

We believe that a sustainable business strengthens trust in the market and leads to long-term success. In order to achieve our goals regarding customer satisfaction, employee commitment and stable and competitive returns, it is vital that we identify and manage risks and opportunities. Thereby we can also contribute to the communities in which the bank operates and to the development goals of the international community.

Approach

SEB's corporate sustainability work involves all parts of the Group and extends to all markets in which we are active. We integrate sustainability throughout our business, working with customers and other stakeholders. This work is long-term and is constantly evolving to reflect changes in stakeholder expectations, the business environment and our own ambitions. Our efforts are focused on eight business priorities in three areas – Responsible business, People and Community and Environment. These priorities reflect the issues that our stakeholders see as the most significant.



Our ambition over the next three to five years

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 know-how, 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. 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 investments
Ensure that we perform our ownership role responsibly, promoting good business ethics and governance. To be the leading Nordic asset managers within responsible investments.

Sustainable finance
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 business 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 new technology and innovation. Sharing our expertise to customers and the broader community. Make it easier for customers to interact with the bank on their own choice and regardless of physical ability.

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.

Reducing our footprint
Managing our direct environmental impact. Reduced CO2 emissions by 45%, from 2008. Reduce energy consumption. Increased focus on sustainability aspects in relations with suppliers and other business partners.

| Objectives 2013 | Status | Performance 2013 | Objectives 2014 |
|---|--------|---|---|
| Responsible business | | | |
|  <ul style="list-style-type: none"> • Further improved customer recommendations. • Further enhanced SME advisory through financial planning tools. | ● | <ul style="list-style-type: none"> • Improved customer recommendations in Sweden, maintained in the Baltics. • Tailored advisory based on segments and industry expertise. • 2,262 advisors (private+SME) in Sweden SwedSec licensed (100%). | <ul style="list-style-type: none"> • Further improve customer satisfaction. • Further focus on the customers' entire economy and needs. • Building on long-term relationship with all customers and continue the strategic focus on entrepreneurship. |
|  <ul style="list-style-type: none"> • Strengthen the process to monitor transaction behaviour in the Internet bank. • Monitor impact of clarified whistle-blowing process. | ● | <ul style="list-style-type: none"> • Transaction monitoring: implemented possibility to stop/delay suspected fraudulent transactions. • Reports are regularly made through the process. | <ul style="list-style-type: none"> • Transaction monitoring: More sophisticated risk grading of transactions. |
|  <ul style="list-style-type: none"> • Improve transparency and communication on external web. • Continued ESG integration into investment process in 4 of the investment teams. • Develop and refine ESG investment products. | ● | <ul style="list-style-type: none"> • Upgraded web page on Responsible investments on SEB's external web site. • ESG integration has continued in investment process for selected (4) investment teams. • Launch of Microfinance Fund and Private Equity III for Institutional Clients. | <ul style="list-style-type: none"> • Increased communication on active ownership activities and impact analysis • Create overarching responsible investment framework for all asset classes. • Continue to develop and refine ESG investment products for all distribution channels |
|  <ul style="list-style-type: none"> • Ongoing assessment of clients in terms of sector policies and position statements, increase focus on engaging in client dialogues. • Review of existing policies. • Increased CS knowledge by analyst and client executives and applicable decision makers. | ● | <ul style="list-style-type: none"> • 97% of applicable large and medium corporate clients sustainability assessed. Strategic sustainability dialogues with approx. 100 clients in 2013. • Broadened group of green bond issuers. First issue by Nordic municipality and first corporate green bond. • Human rights policy developed. • Implementation of Equator Principles (EP III). | <ul style="list-style-type: none"> • Enhanced focus on sustainability in strategy discussions. • Develop and roll-out roundtable discussions on corporate sustainability. • Review of existing sector policies. • Additional focus on EP III training linked to project-related corporate loans. |
| People and Community | | | |
|  <ul style="list-style-type: none"> • Increased share of engaged employees. • Activities to increase diversity and improve gender balance. • Strengthen strategic focus on health and a sound workplace. | ● | <ul style="list-style-type: none"> • Result in employee survey (Employee Engagement index 70) in line with result from previous survey (not comparable). • Participation in national diversity project Battle of the Numbers, resulting in several activities. • Upgraded employee health check launched in Sweden, several health focused activities offered to employees. | <ul style="list-style-type: none"> • Further improve employee engagement, e.g. through value dialogues and activities from diversity initiatives. • Aligning work environment to international EU standards (OHSAS) for more systematic way of working (Swe). • Implementing the global leadership programme Art of Execution. |
|  <ul style="list-style-type: none"> • Facilitate accessibility for SME as well as private customers via mobile banking. • Improve customer ability to move seamlessly between channels. | ● | <ul style="list-style-type: none"> • New corporate smart phone app for corporates launched • Renewed Internet bank. • Mobile Banking ID launched. • Updated smart phone app for the private market. | <ul style="list-style-type: none"> • Develop and enhance the digital and mobile offering for private and corporate customers. • Further focus on multi-channel banking (based on sound advisory) making it easier for all customers to interact with the bank. |
|  <ul style="list-style-type: none"> • Further develop partnership with Mentor. • Further develop partnerships to support entrepreneurship. • Increase social engagement among all employees. | ● | <ul style="list-style-type: none"> • Broadened Mentor activities through the Proffs-mentor programme. Some 1,900 employees engaged in Mentor or other youth initiatives. • Shift in portfolio towards entrepreneurship and innovation, education and know-how, and youth. • Increased engagement activities e.g. in Business Support (Rissne) through Dream Challenge. | <ul style="list-style-type: none"> • Deepen employee social engagement as a tool for health support. • Further develop engagement in local communities towards youth. • Strengthen internal awareness of entrepreneurship and of our community investments. |
| Environment | | | |
|  <ul style="list-style-type: none"> • Continue CO2 reduction towards target of -45% by 2015. • Reduce electricity usage with 2.5% per year on average. | ● | <ul style="list-style-type: none"> • Reduced CO2 emissions -36% vs 2008, virtually unchanged during 2013. • Emissions from travel increased by 2.3%. • Electricity consumption decreased by 5% vs 2012. • Developed a Supplier Code of Conduct, improved supplier assessment process. | <ul style="list-style-type: none"> • Assessment of our largest suppliers (covering 80% of spend) from a sustainability perspective • Continue CO2 reduction towards target of -45% by 2015. • Reduce electricity usage with 2.5% per year on average |



Responsible selling and marketing

What's the issue?

Relationships and trust are the foundation of everything we do. Our customers entrust 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 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.

SEB's vision is to be the trusted partner for customers with aspirations. We believe most people have ambitions for their future, and we work to earn their trust as a partner every day, in good times and bad, and help them fulfil their ambitions. We know that our customers' trust is crucial for our business.

We are also fully aware of the high rate of change and the complexity of today's society. That is why we regard it as extremely important to listen to our customers and to analyse their needs from a long-term perspective. We want to make it easier for them to gain control and to get a comprehensive view of their finances. We provide them with the relevant tools to make their own decisions and we highlight the opportunities as well as the risks.

Our advisors do this in a responsible manner and we strive to make sure that our customers understand the consequences of our advice, which shall be of high quality and be based on the customer's long-term needs. When needed, our Code of Business Conduct guides us in our business relations.

“ We continuously deepen and broaden understanding among employees. ”

Licensed advisors

We are committed to ensuring that our customers always have access to professional savings and investing advice and we continuously deepen and broaden current understanding among employees. During the year, all 2,262 employees in the Swedish

Retail Banking division who work with advising have undertaken the conversion test to obtain the SwedSec license. With the new license, all employees who work with advising towards customers have a clear proof that they have relevant experience in both investment advisory and insurance broking. There is also increased demands on advisors. An example of this is the requirement for documentation of customer meetings.

At SEB, we want to ensure that our customers have a sound financial position and we were the first Swedish bank to introduce amortisation requirements for mortgages when value ratios are above 70 per cent. 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 viewed on our web site www.seb.se as well as on the Internet bank.

Taking responsibility by correcting mistakes

SEB takes responsibility for its actions. In November 2013, SEB in Latvia identified a mistake in the definition of the interest rate used for certain loan agreements with long term rates in euros, US dollars and Swiss francs. Upon identifying the mistake, SEB turned to Consumer Protection Bureau and Latvian Financial Supervision authority to consult if the proposed way of solving the mistake was the most appropriate taking into account customer protection aspects. Based on the opinion from authorities mentioned above, SEB took the decision to compensate customers negatively affected by this mistake.

In Sweden, SEB ended a local agreement with the credit company BlueStep. The agreement meant that certain customers, who were denied a mortgage by SEB because they did not meet all the credit requirements, were informed of the possibility to turn to BlueStep. If they then became a customer there, SEB received compensation. The agreement was ended in April 2013, and in reality, very few customers were affected.

Facilitating fund selection

From experience, we know that many people find fund offerings and solutions complex. In Sweden, a selected and more clearly presented range of funds aims to facilitate the choice for customers. Today, around 70 funds have been selected.

We strive for further improving and developing our offering to meet customer expectations and will continuously review the quality. We will do this by removing funds with a narrow investment focus and thus limited demand, and funds that have not lived up to the expectations.

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|--|--------|--------|-------|-------|
| Employees trained in Code of Conduct, of total headcount, per cent* | 70 | 75 | 93 | 93 |
| Total customer complaints, Retail banking, Sweden | 4,781 | 6,125 | 6,348 | 6,264 |
| Total customer complaints, Retail banking Baltic (Estonia, Latvia and Lithuania) | 17,476 | 20,482 | n/a | n/a |

* From 2012 only e-trainings displayed. Increased focus on workshops and dialogue meetings. For more information, see CS Fact Book (www.sebgroup.com/sustainability).



New and upgraded service channels

As technological development advances, we want to meet our customers via additional new channels. Social media, like Facebook, Twitter and Skype are channels where we interact and can give support. During 2013, SEB has in many of its home markets taken several steps towards more easily accessible services, on Internet and on different mobile devices.

To the extent possible, we develop new solutions with our customers. In February, as the first bank in Sweden, we launched a mobile bank for companies. In addition to regular account and payment solutions the app can also authorise payments. The Swedish Internet bank with a new interface was launched during the autumn as well as the updated mobile-app and the much-appreciated mobile BankID.

Upgrading in the Baltics

In Estonia and Lithuania, we also launched upgraded mobile banking services. Customers can now get a quick overview of recent transactions, including account balances and information about how they are doing compared to the monthly budget in SEB's financial planner tool. The new services work well for both smartphones and tablet computers such as the iPad. In Estonia, on average, 55,000 people visit SEB's mobile bank each month.

During the year, we also launched a new financial planning tool – the FAM (Financial Advisory Model) – a new advising tool where company advisors together with the business customer can simulate different scenarios, for example how a new investment might affect the company. SEB is working to achieve better integration between units in the three Baltic countries in many areas, including consolidating IT systems where possible. The mobile bank is one such project.

Appreciated digital coin jar

The digital coin jar that was launched in Estonia 2012 has become appreciated by customers. 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 2013 around 50,000 contracts had saved 4.2 million euros (13,000 contracts and 141,800 euros in 2012). The Digikassa service is free of charge and is available to all customers with a debit card.

“ Customers submit comments and feedback via multiple channels. ”

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. This applies both to compliment, suggestions or complaints.

Our ambition is to address a complaint directly and as close to the source 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. All complaints are registered in SEB's operating risk information system.



Tackling financial crime

What's the issue?

Financial crime is a major international problem. Preventing this type of crime is a high priority for SEB, especially as it is constantly changing, and the consequences for societies and the 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 customers, our business and on local and global economies. We collaborate with partners locally and internationally, train our employees, monitor transactions and check our customers according to the Know-Your-Customer process (KYC) and against existing sanctions lists. We focus on three key areas:

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

Strengthened strategy

In 2013 we have strengthened our strategy through several activities. We have implemented the ability to stop and investigate suspected fraudulent online and mobile transactions. Cyber criminals depend on a network of mule accounts to funnel money to off shore accounts. Having the ability to stop transactions that are addressed to known mule accounts targets criminals' main weak spot.

We have also strengthened the process for customer identification. Access to online and mobile banking channels are secured through several security layers, one of which consists of an electronic signature enabled through either a card reader device or a digipass. SEB has increased the level of security when issuing these devices to ensure that customers' assets are well protected.

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.

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.

Whistle-blowing process

SEB's whistle-blowing process was clarified and strengthened in 2012. Most reports of suspected irregularities are still made to local managers. Reports are also regularly made to the Head of Compliance and Head of Internal Audit, mostly via telephone or the specific email address. Most notifications come from employees, but complaints also come from customers, suppliers and other stakeholders. Issues raised include suspected cases of violations of the Bank's internal instructions for credit-granting, gifts and entertainment, and potential conflicts of interest. All reported incidents or circumstances are promptly investigated and, when applicable, reported to the bank's CEO and the Audit and Compliance Committee.

Financial Coalition Against Child Pornography



SEB is since 2009 engaged in the Swedish Financial Coalition Against Child Pornography (“Financial Coalition”). The purpose of the Financial Coalition is to prevent and obstruct payments for documented sexual abuse of children through the Swedish financial system. These efforts are based on the overall crime-prevention goal to stop child sexual abuse.

The Financial Coalition is a unique cooperation where Swedish banks and financial institutions, IT- and telecom companies interact with ECPAT (End Child Prostitution and Trafficking), the Swedish Police, the Swedish Financial Supervisory Authority and the Swedish Departments of Justice and Finance. The work has been effective and it is now rare that card payments are used for this trade. However, the criminal trade takes new paths and efforts are intensified to understand new potential payment routes and how they can be prevented. During 2012 and 2013, SEB has been active in the Financial Coalition steering group through our Head of Group Corporate Sustainability.

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|--|-------|-------|-------|-------|
| Employees completed anti-money laundry e-training, of total headcount, per cent | 93 | 90 | 93 | 98 |
| Employees completed fraud prevention e-training, of total headcount, per cent | 53 | 51 | 49 | 49 |
| Markets and sites with “Know-Your-Customer” (KYC) process and instructions/total | 21/21 | 21/21 | 21/21 | 21/21 |
| Suspicious market transactions (MAD) reported, number | 21 | 20 | 35 | 23 |

For more information, see CS Fact Book (www.sebgroup.com/sustainability).

Safe use of smart phones promoted in Estonia



In Estonia, where internet usage is high, a project has been initiated at national level to promote the safe use of smartphones and other devices. The overall aim of the project is to raise security awareness among mobile smart device users, developers and retailers. The project will promote the safe use of mobile smart devices and also aims to ensure that secure software solutions

are easily accessible and user-friendly. The goal of the project is to ensure that 70% of mobile smart device owners in Estonia use their devices in a secure way by the end of 2017.

Eerika Vaikmäe-Koit, Member of the Management Board SEB Estonia said: "In the future, most of the banking services will be used through different smart devices. The banks pay constant attention to and make extensive investments for increasing the security of their IT systems, despite the fact that the security of using electronic banking services is not solely dependent on banks. The client's own awareness and diligence play an important role there."

The agreement was signed on 5 November 2013 by Certification Centre, the Estonian Information Systems Authority, SEB, Swedbank, TeliaSonera, EMT, Elisa and Tele2.



Are smart phones a threat to user security?

In today's high tech society, most citizens have become accustomed to immediate access to information, services and tools. This is also valid for banking services and products. SEB is committed to continually simplifying services and products in order to facilitate for our customers. In line with the rapid technological development, especially of mobile devices like "smart phones", banks now offer services that enable our customers to make large transactions, payments etc wherever they are by only pressing a few buttons.



EUROPEAN CENTRAL BANK

But this development is also associated with risks. SEB actively works to prevent all types of financial crimes, not least internet-related. At a European level, the European Central Bank (ECB) has set up a voluntary cooperative initiative between authorities, to address areas where major weaknesses and vulnerabilities are detected. The attention is currently on mobile phones. ECB notes* that the use of mobile devices and technologies for payments creates new risks to the security of payments. ECB identifies four potential security exposures:

1. The current generation of mobile devices and their operating systems were not designed with the security of payments in mind.
2. The use of radio technology for the transmission of sensitive payment data and personal data exposes mobile payments to risks that other payments do not entail.
3. Mobile payments involve new actors, including mobile network operators.
4. The general public is less aware of information security risks when using mobile devices compared with when making internet payments from desktop PCs or laptops at home.

Many questions can be raised. How easy should it be to manage large amount of money via a mobile phone, and how quickly do we expect services to be performed? Where are the boundaries of responsibility, between the bank and the customer?

We as a bank always put security first. Our customers should feel totally confident that their assets are not jeopardized and that the services we provide are reliable. We work to raise the awareness among customers about risks and about their own responsibility for the safety of their phone, how the code is handled, etc. Simultaneously, SEB keeps focus on IT-security, and we realize that this, along with the need for thorough Know-Your Customer controls, is a challenge that will shape the society for a long time to come.

(*20 November 2013 – ECB public consultation on Recommendations for the security of mobile payments)



Responsible investments

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, seize opportunities and to attract capital. As a large institutional investor and asset manager, SEB seeks to engage with the companies we invest in to pursue long-term value creation. Acting responsibly forms an important part of the mandate given by our customers.

SEB has during 2013 continued to improve the work with responsible investments. Our commitment to the United Nations-supported Principles for Responsible Investments initiative, PRI, has guided our work with active ownership, integration of environmental, social and governance (ESG) aspects into investment decisions and our product development. We invest in listed equities, fixed income, real estate and private equity and believe we can have a positive impact in all these categories, why we focus our work across asset classes.

Improving our holdings – active ownership

As one of the largest investors in the Nordics, it is our responsibility to actively engage with companies we invest in regarding corporate governance, social and environmental aspects. We believe that we in this way can improve value of the assets we invest in, thus creating value for us and our clients. For our equities investments, we do this mainly in two ways: individual engagements regarding company specific issues, and collaborative engagements regarding relevant themes or topics. We also apply active ownership for our real estate and private equity investments. For these asset classes, we do this through ensuring that the holdings are improved from an ESG perspective during our ownership period.

Thematic engagement and exclusions

Our thematic engagement initiatives currently, range in terms of companies and topics. We participate in a group of international investors that are engaging with 14 companies in the Chemicals industry on the issue of phasing out hazardous chemicals.

We have expanded our commitment in the PRI anti-corruption initiative from last year, leading the discussions with new companies, as well as following up on the performance of previous years'

engagement. The results from the first engagement phase show that 16 of 21 companies had improved their practices against the indicators. SEB, together with a number of other investors are engaging some 45 companies from 18 countries in 14 sectors to improve their anti-corruption practices.

We also joined a PRI Clearinghouse initiative regarding hydraulic fracturing ('fracking') and shale gas. The initiative aims at improving disclosure, as well as encouraging the adoption of best practice in the companies in the industry.

From our investment funds we exclude companies involved in the production of illegal weapons (anti-personnel landmines, cluster munitions, chemical and biological weapons) and nuclear weapons programmes in the development or production phase. The exclusion list can be found at sebgroupp.com/Responsiblebanking.

Integration of ESG in our investments

The most challenging aspect of responsible investment is integration of ESG issues in investment decisions. We have three categories of equity portfolios; actively managed portfolios, quant driven portfolios where the investments are based on mathematical models, and index funds whose main purpose is to follow an underlying index as closely as possible. For the two latter categories, the ESG element consists of active ownership, as described in the previous section. For actively managed portfolios, we pin-point relevant ESG factors – risks as well as opportunities – that are subsequently integrated in the investment decisions by the portfolio managers. We have chosen a team-by-team approach when implementing this, and aim to cover all equities teams by the end of 2014.

With regards to other asset classes, we have taken ESG factors into account for real estate and private equity for several years. During 2013 we launched one real estate fund, and one private equity fund. The ESG team worked closely with both teams to create a structured model for how to integrate ESG aspects in each part of the investment cycle for the funds.

Furthering the topic – collaboration and other initiatives

SEB participates in a range of initiatives and collaborations, where we can learn from others, as well as contribute our knowledge and experience to further the responsibility agenda outside our organisation. We are an active supporter of the PRI since 2008, participating in the fixed income working group, as well as in several collaborative engagement initiatives through the PRI Clear-

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|---|--------|--------|--------|--------|
| Total assets under management (AuM), SEKbn | 1,408 | 1,228 | 1,175 | 1,321 |
| Shared of assets managed evaluated according to sustainability criteria, per cent | 67 | 67 | | |
| Number of Socially Responsible Investment/ethical funds | 17 | 16 | 15 | 16 |
| Total assets under managements in SRI/ethical funds, SEKm | 27,271 | 21,135 | 14,848 | 16,008 |
| Total engagement dialogues with portfolio companies | 196 | 247 | 259 | 237 |

For more information, see CS Fact Book (www.sebgroupp.com/sustainability).



Mrs. Muong Sreymom is running clothes sewing business for wholesalers in Poi Pet in Cambodia. In 2011, she decided to take a loan of equivalent SEK 20,000 from a micro finance institution. She has now hired more workers and has increased from 8 to 20 sewing machines.

SEB first to offer customers fund for microloans



As the first bank in Sweden, SEB started in 2013 a microfinance fund, an investment product with clear sustainability profile. 23 of SEB's institutional clients invested in the fund, investments that will be used to provide microfinance services to small business owners and entrepreneurs in South America, Africa and Asia.

"Microfinance is about enabling people who are outside the financial system to get access to basic financial services such as credits, savings and insurance. Our fund does that," says the fund manager Viktor Andersson, and continues: "Microfinance is a way for our clients to get a stable return on their investment, at the same time as the money is doing something good for people who really need it."

inghouse. Furthermore, we signed the PRI Principles for Investors in Inclusive Finance, since we work according to them in the SEB Microfinance Fund (read more on page 15).

We continued our support for the Swedish, Finnish and Danish SIFs (Sustainable Investment Forum), as well as the Swedish investor collaboration Sustainable Value Creation. As part of our Swesif engagement, SEB, together with five other Swedish financial institutions, made the new version of the sustainability profile available in the Swedish premium pension system.

The sustainability profile complements the fund factsheet for SRI/ethical funds, describing the fund's work on sustainability issues. The starting point is the three approaches which the fund can apply: positive selection, negative selection and impact on companies. This is an important step towards improved transparency for SRI/ethical funds.

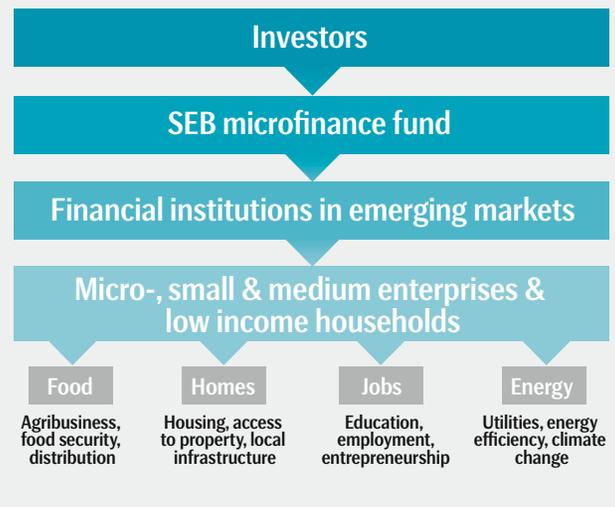
When we evaluate and select external fund managers we consider whether the respective organisation is a signatory to the PRI or not. In total, 65% of all our external fund managers have signed the PRI. This is an increase of 8% since last year.

The money in the fund is used to directly finance so far 32 microfinance institutions in emerging markets, which in turn have the contact with the end clients, the entrepreneurs. The institutions are selected based on their work with social impact, as well as on their credit quality. And very often the two aspects coincide:

"Institutions who have a strong social performance, who set interest rates responsibly, who have a solid work to prevent over-indebtedness among clients, often have the best credit quality. It is only logical that an institution who takes good care of their clients will succeed in the long run", says Viktor Andersson.

According to the World Bank, more than 120 million people around the world get access to basic financial services through microfinance, services which they would otherwise be excluded from. SEB Microfinance Fund reaches some 3 million entrepreneurs via the institutions we finance, a majority of which are women.

Investment value chain



Green bonds around the world in 2013

SEB's green bonds continued to capture global interest in 2013 as the market reached new momentum. The market moved from the multilateral financial institutions and now also includes other issuers such as government agencies, municipalities and corporates.

Green bonds were first issued by the World Bank in 2008 after developing the concept with SEB in 2007. Since then, SEB has seen sustainability issues increase in importance among all client segments, from institutional investors to lenders.

During 2013, various types of entities issued green bonds worth around USD 10 billion. This is more than the total issuance in 2008 – 2012 and reflects a rapidly rising interest in issuing and investing in green bonds. The total market amounts to about USD 14 billion.

Among numerous deals during the year, a few stand out. In February, SEB was lead arranger when the Export-Import Bank of Korea (known commonly as KEXIM) issued a USD 500 million green bond. That marked the first time an Asia-based institution applied the green bond framework to an issuance. SEB also

worked with the African Development Bank (AfDB) and stood as lead manager as the AfDB launched its inaugural USD 500 million green bond.

In autumn of 2013, green bonds broke even more new ground. In September, SEB supported the City of Gothenburg to become the first Nordic municipality to issue green bonds according to the framework introduced by the World Bank. Gothenburg made an initial SEK 500 million issuance as part of a broader SEK 2 billion programme to promote environmentally-aware product innovation and use. In November, SEB assisted Kommunalbanken in Norway in setting up a green bond framework and stood as lead arranger for their inaugural USD 500 million green bond. Back in Sweden, in November SEB facilitated the first ever corporate green bond for the real estate company Vasakronan with a SEK 1.3 billion issuance.

The green bond framework is one way to generate awareness among investors on climate-related challenges and solutions. Since green bonds have the same characteristics as regular bonds (in terms of risk, reward, legislation and documentation), this allows mainstream financial mandates, which represent 98 per cent of investable capital, to engage in climate related investments. Learn more about green bonds on www.sebgroup.com.

SEB Venture Capital – contributing to a vital industrial landscape



Sweden and the Nordic countries have a strong position as an innovative and research intense region but has a lack of venture capital financing for companies in early commercialisation stages. SEB has since 1995 a unit, SEB Venture Capital, which invests in entrepreneurial and innovative companies in early growth stages.

For SEB, this has clear connections to the bank's history and role as a long-term financial partner as well as our role in society.

"The aim is to find and invest in those young companies that have the best potential to contribute to shaping a new vital industrial landscape", says David Sonnek, Head of SEB Venture Capital. He continues:

"At the same time, we thoroughly consider the environmental and social impact of each potential investment. We look how the company's products or services address sustainability issues, favouring novel technologies with a clear sustainable edge in regarding e.g. energy and waste. We also influence companies to implement responsible consumer protection and to be aware of diversity issues, e.g. by inclusive recruitment policies."

Technology and life science

The main sectors for our investments are technology and life science. The technology investments are focused primarily on telecom and IT, where many companies have become world leaders in their respective fields.

Within the life science portfolio, several companies are in early commercialization stages of technologies with large market potential. Examples are clinically proven methods of early detection of skin

cancer (SciBase), fetal monitoring (Neoventa) and new drugs targeting severe inflammatory bowel disease (Index Pharmaceuticals).

Detecting malignant melanoma

Founded in 1998, SciBase is a Swedish medical technology company that has developed a unique method to accurately detect malignant melanoma, the fastest growing type of cancer and one of the cancer forms with the highest mortality rate. SciBase's method is based on a technology called Electrical Impedance Spectroscopy (EIS) which uses the varying electrical properties of human tissue to categorise the cell structures and thereby detect malignancies. Following 20 years of academic research at Karolinska Institutet in Stockholm, the ability of the Nevisense point-of-care device to accurately detect melanoma has been proven in the world's largest prospective study of its kind and is now being commercially introduced.

"SEB is an owner with a long-term commitment and belief in the product. This commitment has laid the foundation for the successful implementation of SciBase extensive product and clinical development program", says Anders Lundqvist, President and CEO at Scibase.



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



Foto: Joachim Lagercrantz

“Carbon emissions must be reduced. We are proud to have taken a leading position as a real estate company reducing our carbon footprint. In 2006, we started this journey, and now seven years later we are supporting all of our real estate and its customers with renewable energy”, says Hans Wallenstam, CEO for Wallenstam.

Sweden

SEB has been financing two wind power projects for Wallenstam AB in the municipalities of Munkedal and Laholm in southern Sweden. The two projects have a combined effect of 20 MW. Wallenstam is the only real estate company in Sweden that is self-sustaining related to production of renewable energy. Installed wind- and hydro power corresponds to 100 MW and produced electricity equals the electricity consumed in the company’s real estate and by its customers.

Estonia

SEB Estonia has agreed to finance Utilitas OÜ, one of the leading heat production and distribution groups in Estonia, investments for 2013–2016. The main target of the group is to change the fuel mix from current 80 per cent gas – 20 per cent biomass to 80 per cent biomass – 20 per cent gas by 2016. This will result in a more sustainable energy production as well as in a reduction in the energy price.

United Kingdom

The wider Thameslink project is a large infrastructure programme by the UK Government to develop and improve the London commuter network. SEB has along with other banks been involved in the financing of the rolling stock element of the project. The Thameslink project is living up to high set environmental standards, improving biodiversity benefits in central London and reaching high set carbon emission strategies as well as strategies for noise and nuisance. The trains, Siemens’ Desiro City, are designed to be lightweight and offering energy savings of up to 50 per cent compared to existing similar trains.

Lithuania

Kauno energija AB is shifting to biofuel combustion. Three boiler houses (17 MW) will be refurbished through long-term financing from SEB. Kauno energija AB is the main heat and a hot water supplier company operating in Kaunas City, Kaunas and Jurbarkas regions.

Latvia

SEB has financed a flying lab for the Latvian Centre for Remote Sensing. The airplane with built-in latest generation of remote sensing technology system and spectral laboratory will be analysing air and water pollution. It is also able to collect data about and assess biotope condition, biodiversity, the overall situation in the forest as well as agriculture.

Lithuania

SEB has granted a lease back-facility to finance a sorting machine for industrial and household waste which will reduce waste to landfill by 50 per cent. Ekonovus UAB is one of the largest waste management companies in Lithuania engaged in collection, sorting and sale of secondary raw materials and collection of household waste.



Sustainable finance

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, we are convinced that we can influence the development towards a more sustainable economy. We want to collaborate with our clients in order to drive sustainable growth, protect the environment and contribute positively to society. We see that we often get good results through a dialogue with customers on how they deal with a difficult issue and what they can do to avoid a problem. By raising the issue of sustainability practices we show that we think sustainability is important and part of our overall assessment, even when there is no specific issue on the table. For us, understanding our customers, their challenges and opportunities, makes us better financial partners and investors.

Responsible lending

Sustainability issues are an integral part of SEB's counterparty assessment as well as business and credit processes. We have ongoing dialogues in all markets with large corporate customers, and many smaller ones as well. The Bank's three position statements (climate change, child labour, freshwater) and six sector policies (arms and defence, forestry, fossil fuels, mining and metals, renewable energy, shipping), which were adopted in 2011, serve as the foundation for these discussions. However, regardless of sector, key sustainability issues are discussed with companies.

The policies highlight relevant international conventions, guidelines and standards, such as UN Global Compact, that we wish the companies we do business with to adhere to. By including environmental and social factors in our business decisions and discussions with customers, we are better equipped to mitigate risks and seize opportunities. Our primary objective is to establish a platform for a proactive and future-oriented dialogue with our

customers and portfolio companies on sustainable development. This dialogue complements the established procedures for knowing and understanding the customers and for making relevant business and credit decisions. For more complex sustainability discussions and evaluations, internal and external expertise is involved and when necessary the decision is referred to a higher level.

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 2013, we have assessed 97 per cent of our large and medium-sized corporate customers applicable to our sector policies and position statements. 94 per cent of these were in compliance with our policies. During the year, we have held strategic sustainability dialogues with about 100 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 established independent risk control, credit analysis and credit approval functions supported by a toolbox of advanced internal models. The cornerstones of our risk and capital management are 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.

Our business model provides a solid foundation for making the right decisions. 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 within

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|---|------|------|------|------|
| Green Bonds – money raised since inception, USDbn | 3.5 | 2.5 | 2 | 1.6 |
| Green Bonds – total market, USDbn | 14 | 7.5 | | |
| Equator Principle transactions, total number | 11 | 3 | 12 | 10 |
| Eco-renovation projects, (Estonia, Latvia, Lithuania), number | 244 | 210 | | |
| Eco-renovation projects, (Estonia, Latvia, Lithuania), SEKm | 229 | 288 | | |

For more information, see CS Fact Book (www.sebgroup.com/sustainability).



SEB is measured regularly by the Bank'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 2013 Annual Report, pages 36–48 and 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 policy and reflect SEB's approach to sustainability with increased emphasis on opportunities as well as risks related to environmental, governance and social issues, including human rights. This includes the position statements and industry sector policies, mentioned on page 18.

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. On June 4, 2013, the third version of Equator Principles (EP III) was adopted by the signatory financial institutions. SEB has during the last years taken part in developing the EP III. This work has been carried out in working groups involving the signatories and, through an extensive stakeholder process, multilateral financial institutions, non-governmental organisations, corporates as well as corporate associations.

In addition to the earlier scope where only project finance and project finance advisory services above 10 MUSD have been included, EP III will include project-related corporate loans above 100 MUSD where the client has effective operational control. Moreover, the tenor of the loan should be at least two years and our part of the financing at least 50 MUSD. Other improvements in EP III are; increased focus on human rights in high risk environments, improved external reporting on transactions that reach financial close, higher attention to climate change in the due diligence phase of the transactions and new requirement on alternative analysis for high CO2 emitting project. EP III is applied from January 1, 2014.

During 2013, SEB was involved in 11 transactions under the Principles, whereof 8 was categorised as B* project and 3 categorised as C.

* Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.

Decision making procedure



Human rights

SEB has during 2013 developed its Human Rights Policy. Our stance on human rights has earlier been expressed in different bank policies but has now been merged into one standalone policy, "Human Rights Policy for the SEB Group". The policy is based on the UN's Guiding Principles on Business and Human Rights and the framework "Protect, Respect, and Remedy" along with SEB's core values.

We believe that, although governments have the primary duty to protect and ensure fulfilment of human rights, business entities have a responsibility to respect human rights and can play a positive role in the communities where they operate. Our approach to human rights issues particularly influences how we manage employees, suppliers and relationships with clients and portfolio companies and is an essential part of our commitment to doing business well.

We are convinced that public human rights' reporting helps create awareness of the issues and provides management with the possibility to track performance. We are committed to reporting publicly on the bank's human rights development and performance annually in the Corporate Sustainability report.

Human rights is included in different trainings within the bank, e.g. in our Code of Conduct, sector policies and leadership. During 2013 we also held workshops for groups in the bank where increased knowledge of human right is of importance.



Valuing our people

What's the issue?

An engaging, inclusive and stimulating 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. Having the most committed employees is an explicit goal in SEB's business plan.

Ever since AO Wallenberg founded SEB in 1856, our employees have provided financial services to assist our customers in reaching their financial goals. Building trust and long-term relationships has during all these years been crucial and something that we always put on top of our agenda.

We believe that people constantly want to develop, feel valued and included, and that motivation and empowerment occur in relationship between people. When we feel respected and valued, when we have opportunities to develop and a mandate to act – that is when we perform at our best.

People strategy

SEB's approach to people is built on four cornerstones – professional employees, great leaders, high performing teams and effective organisation.

Professional people. Our employees take pride in serving customers, are dedicated, and ready to assist. Working for SEB means professional and personal growth and development opportunities for all.

Great leaders in SEB care about and develop their people and continuously build rewarding relationships. They are role models and promote the right mind-set and behaviours.

High performing teams focuses on both leaders and team members working in a dynamic and trustful way, collaborating towards common goals.

Finally, an **effective organisation** is based on the belief that SEB shall be an inclusive, business-driven organisation where people feel respected and valued as professionals. SEB is an agile organisation that has the capacity to adapt to changing market needs.

Employee survey

We work with developing our internal corporate culture and regularly examine how employees perceive their situation. 2013 year's survey Insight (which was a modified version from the previous Voice) measured two different indices, Employee Engage-



SEB's approach to people is built on four cornerstones.

ment Index (70), which shows how committed employees are to contributing to the bank's success, and Performance Excellence Index (74), which shows how well the organisation meets customer needs through good customer service, efficient processes and high product quality. Both results are in line with SEB's peers.

The survey shows that SEB's employees are very satisfied with SEB as a workplace (81%) and have a strong belief in the Bank's future (81%). There is good co-operation among employees (88%), and employees highly recommend SEB's products and services (79%).

Among areas for improvement, the survey pointed to a need to more clearly align employees' individual roles with SEB's overall objectives, to be even better at meeting customers' needs, and to enhance internal communication within units and divisions.

“ All divisions have initiated round table meetings. ”

During the autumn, work began to improve these areas. All divisions have initiated round table meetings and units adapt the work according to their own circumstances and needs. As an example, the Wealth division introduced a managers' blog and created a shadow management team. The progresses are monitored on a quarterly basis. Going forward, SEB will conduct the Insight survey yearly.

Equal opportunity and diversity

SEB has for many years worked with improving diversity and providing equal opportunity. The ambition is that all employees will perceive the same opportunities to develop regardless of their gender, ethnic origin, age, sexual orientation or faith. We have a clear ambition to increase diversity both in terms of gender, age and ethnic background. It is both an important business issue and a clear social responsibility. SEB's goal is to have an equal gender balance in all leadership positions. At year-end, the share of women in all managerial positions was 42 per cent.

In 2013 SEB was one of ten Swedish corporations to participate in "Battle of the Numbers", a project dedicated to advancing more women to operational management positions. During the year a total of 100 women, including ten from SEB, analysed what companies can do to attract, recruit and develop more talented women. The women have shared experiences; both challenges and good examples.

As a result of the project, SEB enhances the support to leaders in coaching, ensure gender-neutral recruitment processes and implement gender diversity scorecards to measure and monitor equality in the divisions and for the Group.

Another initiative taken to improve gender balance is the mentor programme for 13 talented senior women and the members of SEB's Group Executive Committee, which was held from 2012 to 2013. This initiative provided a wealth of experience and insight for both sides.

Since 2011, we have a special focus on equal pay. In 2013 work began to evaluate the past years' accomplishments and the implementation of salary negotiation. Work continues in 2014 with the ambition to come to terms with the unjustified pay disparities between men and women.

“ We have increased our engagement within the European Works Council. ”

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 all sites of the present conditions during the latter part of 2012. This resulted in short action list with the aim to close the outstanding gaps. These have now been closed. The assessment also showed no risk for forced or compulsory labour or child labour at any of our sites.

We have during 2013 been increasing our engagement within the European Works Council (EWC). Its purpose is to bring together employee representatives from the different European countries in which a multinational company has operation and to improve the informing and consulting of employees within the company. We are also pleased to see a higher membership rate in trade unions for our Baltic operations for 2013.

Responsible conversion

As most organisations, SEB constantly works to improve efficiency. If redundancies occur, we aim to in cooperation with the unions, manage them responsibly and to support employees who may need to find new challenges. Whenever possible, SEB tries 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 is to coach and support the individual to find as a good solution as possible.

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.



Board game on values encourages dialogues

Through the programme “You are SEB” we have during the past years worked with developing the corporate culture in order to be even better at putting the customer first, working more simply, and increasing cooperation. One of the tools used is the Value Dialogue Board Game, a method to create dialogue around core values and behaviours, based on situations that can occur within a unit or division.

By playing the game with dices and score cards, it encourages discussions in small teams. It gives the participants guidance, insight on gaps in attitude and provides feedback to management groups.

Value Dialogue was successfully introduced in the Merchant Banking division already in 2008, in the Baltic division in 2010, and during spring 2013 within Business Support that underwent major change during the year. More than 3,000 employees in Business Support globally participated during the past year.

To each situation six answers are suggested on the scoring cards. The management group has agreed on a ranking of each of them. Through the suggested answers, the participants have then the possibility to discuss the situations and the scoring with the management group, although it is underlined that nothing is to be considered as “black or white”. That is why the dialogue thereby is crucial.

The Value Dialogue Board Game was in 2013 also introduced within SEB's Private Banking business, and in the Retail division in 2014.

Example:

Strategic Roadmap

You are a Project Manager and your project's objective is to deliver new functions for the business. The system and process area you are operating within have no clear strategic roadmap for this function. What do you do?

Attracting talents and developing employees

Attracting and developing top talent is a key success factor for SEB. We are one of the most popular banking employers in many of the countries where we operate. SEB in Sweden was once again ranked as one of the most popular among young professionals with a business degree. Among computer scientists and engineers SEB is increasing its popularity.

In Lithuania SEB was named the most desirable employer in the country for the seventh time by Verslo Zinios, CV.lt (2005, 2007, 2009–2013). In Germany SEB was named one of the best employers in the country for the sixth consecutive year.

We are actively working to build long term relationships with tomorrow's employees, both through meetings at colleges and universities in social media such as Facebook and LinkedIn.

Implementing an everyday learning culture

To reach the vision "To be the trusted partner for customers with aspiration" competence is a key success factor. That is why SEB in 2013 has put large focus on strengthening "everyday learning" among employees. The aim is to give employees a natural opportunity to take responsibility for both sharing and acquiring knowledge.

A Corporate Learning Model is established with four levels:

1. Traditional training – a structured course portfolio with group common purchase routine
2. Business plan driven learning – learning plans and building key role competence
3. Learning for customer excellence – focus on job performance
4. Best practice and knowledge sharing – focus on role models and networks

"Our ambition is to implement an everyday learning culture in SEB with new modern learning concepts aligned with our business aspirations" says Kristina Bixo, Head of Learning Management. The Corporate Learning Model aims to achieve benefits for both the company (reduced production costs and reduced loss of working hours) and for the individual (increased performance for the end user, activities accessible "just-in-time", increased flexibility for the user).

New learning methods such as rapid e-learning, screen recordings and films have been introduced. The advantages are numerous – the courses are easy to complete, they are accessible at the user's convenience, and they offer a simple means of boosting knowledge for individuals as well as groups of individuals.

Global leadership development programmes

SEB has a long tradition of developing talents and leaders and has a global framework for the leadership development programmes. This enables leaders to develop the capabilities needed, enabling personal growth and building necessary leadership skills. This is part of the People strategy described at page 20.

SEB's training programme for first-line managers provides fundamental knowledge in both strategic and operational areas. In 2013, some 100 new managers participated in parallel during a calendar year. Evaluation of the programme is conducted on a continuing basis and shows highly encouraging results.

For more experienced managers and senior specialists, SEB offers a collection of independent courses centred on major leadership themes such as business focus, change, co-operation and communication. By December 2013 nearly 1,200 individuals from throughout SEB had participated in one or more of these courses.

A new programme for middle management was launched in late autumn 2013; the Art of Execution Programme. The main objective is to foster a deep understanding of contexts, management of execution and the ability to lead others. The participants will expand knowledge in general management areas such as business, control and leadership and increase their knowledge how to connect own business context and challenges with SEB's overall vision, goals and strategy.

“ By year-end, 28 of 30 teams have shown clear improvements. ”

Team development platform

In 2011, SEB launched a team development platform. The aim of this platform is to support (management) teams in areas such as clarifying objectives and roles, streamlining decision-making, building trust and open communication, and promoting active participation in teams. By year-end, 30 management teams had obtained some form of support through this platform. This has led to clear progress, and 28 of these teams have shown clear improvements and become high-performing teams. In addition, work teams across all SEB are benefiting from using the platform in a way that matches their ambitions and meets their needs.

Why values are important



"As a leader I want to set a good example. I try to always live according to our values and hope to encourage an environment in which commitment, mutual respect, continuity and professionalism are a matter of course. I think that this will grow in importance going forward. Younger people clearly feel it is increasingly important to work in a culture that is aligned with their own values. A job is no longer "just a job". For me personally, commitment means the most. Professionalism, continuity and mutual respect can be built upon, but commitment has to come from the heart. When you do something you're passionate about and that fulfils a purpose, you automatically do a good job and have fun at the same time!"

Elisabeth Sterner *Wealth Management*

Engaging employees in sustainability



In September 2013, almost all of the 900 employees of SEB Estonia gathered to discuss corporate sustainability in all of its aspects.

“Responsibility is not project-based acting, it is a state of mind,” said SEB Estonia CEO Riho Unt.

The purpose of the event was to increase awareness of employees in corporate sustainability and to help employees in perceiving and establishing the links between their work and corporate sustainability and thereby achieve better business results. Three customers were invited to take part and share their views. They were asked about what being responsible and sustainable means to them and their companies. Employees also sent extra questions via SMS, to be answered on the Intranet.

Discussing behaviours

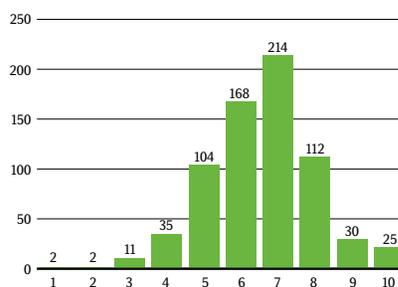
The employees also played a board game by collecting points through discussing different behaviour related cases. Examples ranged from how to make sustainable credit decisions to how to act when a drunken customer wants to take out cash from his childrens' account.

Riho Unt was satisfied with the event: “The event was successful and we can be proud that we did something that has never been done before. No large company in Estonia has ever organised a corporate sustainability event for its employees with so many participants. I hope we are good role models,” Riho Unt said.

The winning team donated the prize (4,085 euros) to SEB Charity Fund for their scholarship programme. The week before the event, the Estonian intranet was open for voting for who to donate to.

How responsible is SEB?

Scale 1–10 (700 answers from Estonia)



Business and responsibility

What does sustainability mean for the financial industry and how does SEB work with sustainability? In a series of meetings, hundreds of SEB employees listened to Senior economist Klas Eklund's in-house lectures on this theme.



The trend is clear. Responsible businesses are becoming more profitable, said Klas Eklund. He ment that global companies must take responsibility, which also is reinforced by financial crises and rising unemployment.

Mr Eklund noted that a growing number of employees, customers, managers and owners want companies to do more than just make money – they also should want them to be “good citizens”.

Eklund said that in this new world, focusing only on maximising profits will become more difficult. Companies must also develop strategies for sustainability and responsibility. Responsibility may mean many things, he said. But, in general the trend is towards “greener”, more social business and better governance.

“If we have trouble showing that responsibility have so far paid off on the bottom line, we have even more trouble believing it will not do so going forward.”

“Any company that does not develop a sustainability strategy and integrates it into their business strategy may not be appreciated by stakeholders – and will find it more difficult to defend its profitability,” Eklund said.

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|--|--------|--------|--------|--------|
| Total number of employees, headcount, incl part-time employees | 16,717 | 17,474 | 18,862 | 20,599 |
| Employee turnover, per cent | 11.1 | 9.3 | 9.3 | 10.9 |
| Sick-leave rate, share of ordinary working hours, Sweden, per cent | 2.44 | 2.55 | 2.5 | 2.7 |
| Gender by management type, all managers (male/female) | 58/42 | 58/42 | 57/43 | 56/44 |
| Gender Senior managers (male/female) | 74/26 | 76/24 | 77/23 | 74/26 |

For more information, see CS Fact Book (www.sebgroup.com).

Promotion of health and sound work environment

At SEB, we firmly believe that personal health and a sound work environment encourages good performance and promotes employee engagement.

SEB's health strategy, SEB Wellness Programme, focuses on a pro-active health work, promoting well-being and preventing illness, rather than on retroactive actions. The strategy is anchored in the latest research and based on the recommendations of SEB's Health science council that was introduced in 2012. A better understanding of what influences our health is an important factor for success.

SEB Wellness Programme, established in Sweden, will step by step be introduced in our other home markets, tailored to each country's conditions. An SEB wide community will also be established, covering Sweden, the Baltic and Nordic countries and Germany, where health and work environmental issues will be discussed.

Wellness check

Employees are expected to take responsibility for their own health, but SEB offers help and support. In 2013, the Wellness Check was launched – two kinds of health and fitness tests for employees focusing on lifestyle, stress prevention and physical activity. By the end of the year more than 70 per cent of the employees in Sweden had completed the tests.

A large majority also participated in the many inspirational activities that were offered, lectures on physical activity, nutrition and stress, and various challenges encouraging daily physical activity.

Another appreciated tool that is offered in Sweden and Germany is the Employee Assistance Programme, an opportunity for employees to get support from a registered psychotherapist through a phone service.

During the year, defibrillators to prevent cardiac arrest have been installed in all 164 branches in Sweden. 6–8 people per

defibrillator have received the necessary training in cardiopulmonary resuscitation (CPR) and handling of defibrillators. The goal is to secure the entire SEB where possible.

Sick-leave rates

Sick-leave rates, both short-term and long-term, remain low in SEB Sweden (see *CS Fact Book*), in spite of a general increase in society. The total sick-leave rate in Sweden is 2.44 per cent, which is low compared to other industries, and lowest among banks.

A thorough work has been done to decrease long-term sick leave, an effort that has been very successful. In 2004 about 430 persons were in focus for rehabilitation compared to just over 60 persons in 2013. However, women like in the rest of society, have considerable higher sickness absence than men. This is an area that SEB plans to investigate thoroughly to find out the reason for the differences.

Work environment 2013

SEB's systematic work environment activity in Sweden, as agreed with the unions, was also improved in 2013. The annual review is an important part of the statutory and systematic work-environment-management that helps create and maintain a healthy working environment. In 2013, the yearly work environment training programme led to an increase in the share of documented annual work environment reviews, from 73 per cent in 2012 to 90 per cent in 2013. We strive to meet the requirements for safety certification according to the international standard OHSAS 18001.

Employees in the Nordic countries and in Russia are represented in 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.

Health project led to reduced sick-leave rates



SEB has for many years successfully worked to reduce sick-leave rates (see above). Despite overall low levels, there are local variations. One example is the Swedish part of the life insurance business, where the management has chosen to enhance the proactive health work even further with a broad focus, on culture and leadership issues.

A two-year strategic health project was launched in 2012 as a pilot within SEB's overall strategic health initiative, starting off with a survey.

The result showed some clear areas for improvement, well reflected at Business Service, a unit of around 150 persons that during the preceding years also had undergone major transformation and had high sick leave rates.

Many of the 150 employees felt strong lack of involvement.

Their work had become extremely streamlined, without any customer contact. 'Like sitting in a black box,' one person said, according to Kerstin Sjöstrand, head of Business Service since February 2011.

Focus in the project is the individual's health, health promoting leadership and organisational health. Together with employees and managers, the business area has created involvement, insight and willingness to change towards a proactive health work.

The greatest progress seen is an improved dialogue between managers and employees about health issues and that managers have been strengthened in their ability to create a sense of coherence.

Clear results have been achieved, not least at Kerstin Sjöstrand's unit Business Service where sick-leave rates have been more than halved in three years, from 8.9 per cent in December 2010 to 4.16 per cent in December 2013. During the project, the insight of how rewarding a strategic health work is also for the employer has been clear.



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.

People need equal access to finance and banking services. We therefore work to improve access to our services and to improve financial literacy in society. This includes sharing our expertise advice, financial and economic education as well as tools and technologies that facilitate access to banking services.

Many activities have been carried out during 2013, essentially in our home markets where we have retail customers. In Sweden, our experts produce several reports every year within areas like macro, investment and house hold economy. More than 140 reports were published within areas during 2013. Our experts are also involved in activities where they meet and interact with the general public, for examples in chats on public web sites and via Twitter. In 2013, our household-economists participated in 10 chats regarding private economy and welfare. Our macro-economic expert Chief Economist Robert Bergqvist is one of the most quoted persons in Swedish media.

Spreading our knowledge

In the Baltic countries, SEB also works actively with spreading our knowledge. The experts and economists publish reports, such as Baltic Household Outlook, Lithuanian Macroeconomic Review and the quarterly Household Savings Barometer. In Lithuanian, the Financial Markets Institute was established together with other financial market players

SEB's ambition is to provide expertise in financial and practical tips for everyday living, the family budget. In Estonia, SEB collaborated with the Bank Association and The Financial Supervision during the "Financial Adult Learners' Week". 26 SEB volunteers carried out 50 lessons to adults. SEB also participated in "Financial Literacy Day" in cooperation with the Bank Associations members. 30 employees/volunteers from SEB gave 46 lessons in both Estonian and Russian in primary- and secondary schools all over the country to share financial knowledge and raise school pupils' level of financial literacy.

"Window to the future"

As an initiatives reaching out to young, elderly people, disabled, non-native etc, SEB is a member of "Window to the future", promoting the use of the internet for these groups through training and promotion activities.

In 2013, as Latvia was preparing for the introduction of the euro currency on January 1, 2014, SEB was involved in several

activities to spread knowledge and practical information. Seminars were held by SEB employees with customers, a special live broadcast which was watched by about 500 Russian customers. Throughout the year, several visits have been organised to Latvian companies where SEB experts gave individual seminars about the euro introduction and other topics related to finances.

Open 24 hours a day

We use our products and services and our core competencies to provide greater access to financial services. 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 where it also is possible to access contact centre via Skype free on charge – much appreciated by clients calling from abroad. Self-service network zones have also been expanded.

Involving users and accessibility experts

We continuously develop our tools in order to facilitate for customers. One example is the new interface of the Swedish Internet bank where we involved users and accessibility experts in the development in order to create better accessibility for all individuals with their different needs and abilities.

We also offer the security tool "Digipass", adjusted for customers that are visually impaired to do their banking services via the Internet, the Telephone band and the self-service Bank by Phone. In Latvia, SEB has cooperated with non-governmental organistaions for disabled people with an aim to improve access to branches and ATM's. Installation of doorstep ramps, movable stairway climbers etc in branches have been made for disabled people.

Key performance indicators

| SEB meeting places and knowledge sharing | 2013 | 2012 |
|--|------|------|
| Branch offices, number | 286 | 292 |
| Internet bank, number of visits, million | 162 | 156 |
| Mobile bank, number of visits, million | 59 | 34 |
| Telephone bank, number of calls, million | 4 | 3.8 |
| Downloads of mobile and Ipad Apps, private and SME, thousand | 271 | 219 |
| Expert reports, private and SME | 68 | 102 |
| Research reports on macro economic development | 73 | 51 |



Investing in communities

What's the issue?

As a bank, we are an integrated part of society, and we know that what we do has an impact. Therefore, we want to contribute to building a society we all want to, and can, be part of. In addition to the role that our business plays, we support local communities. We share both time and money and work with carefully chosen partners and people.

At SEB, we engage for future generations. We support the development of local communities, in partnership with organisations and institutions in our home markets. We focus on Entrepreneurship and Innovation, Children and Youth and Education and Know-how. For us, it is important to be involved in the decisions about how the money is spent. In addition we always seek to use our own resources and infrastructure to make the most of our investments. This is primarily about our employees' engagement and our time spent. SEB is not allied to any political parties. We do not provide financial support to any political parties, nor do we make any other type of political donation.

Supporting entrepreneurs and innovation

SEB has been working in the service of enterprise for almost 160 years and we have a long tradition of supporting entrepreneurs and small companies. We do this through our core business in collaboration with well-established organisations that support entrepreneurs and entrepreneurship.

We truly believe that society benefits from an increased number of entrepreneurs that develop businesses and create future growth and jobs. Therefore, we want to encourage and support both future and present entrepreneurs at all levels, and we strive to meet as many as possible.

In Sweden, we meet thousands of students through our cooperation with Ung Företagsamhet (Young enterprising). We meet with start-up companies through Venture Cup, Connect, IFS (International Entrepreneur Association) and Nyföretagarcentrum as well as with the most experienced ones. In 2013, SEB in Sweden arranged or participated at more than 45 activities and met with approximately 10,000 people around this theme. Christina Wahlström, founder, CEO and owner of Mama Mia prenatal care, was in 2013 awarded with SEB A Perfect Entrepreneur.

Also in Finland, SEB supports young entrepreneurs through Junior Achievements.

SEB has a wide range of activities towards entrepreneurs also in all three Baltic countries. Some of the examples include the

Estonian project, "Brain Hunt" that aims to find innovative and environmentally friendly innovations. In Lithuania, SEB partners with the magazine "BznStart" in the project "240 Minutes of Charge" for existing and future businesses ready for challenges. Examples in Latvia include the "Contest of ideas", the TV broadcast for start-ups "Company's secret" and the award for developing companies "Gazelle", in cooperation with Daily business.

Children and youth

SEB has a broad engagement towards youth and children, both at national levels and in the local communities. Our support for the organisation Mentor started in 1997 and is today active in Sweden as well as in the Baltic countries. The range of activities has widened and during 2013 around 1,900 employees were engaged in different kinds of activities. As examples, they engaged as a personal mentor for young people, inspired students about the own profession, taught about personal finances, how to apply for the first job, and attended seminars about parenthood.

We engage in local communities, such as around our offices in Rissne, outside Stockholm, which relatively weak socio-economic development. SEB is here one of the biggest employers and many of our employees engage in mentorships and serve as role models. They guide students in making plans for their futures and teach about private finance.

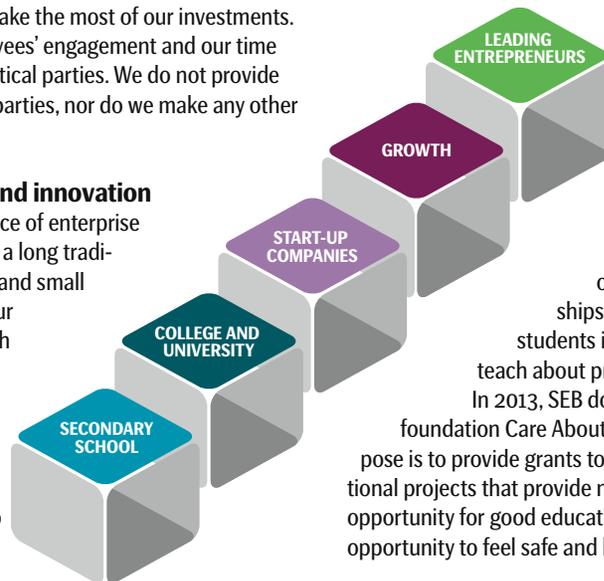
In 2013, SEB donated 3MSEK to HM Queen Silvia's foundation Care About the Children. The foundation's purpose is to provide grants to well-defined Swedish and international projects that provide needy children around the world the opportunity for good education, good health care as well as the opportunity to feel safe and happy during their childhood.

Broad Baltic engagement

In all the Baltic countries SEB contributes to children and youth in need of extra support. As an example, in Latvia we partner with "SOS Children Villages" and "The Livlust Foundation" where SEB provides financial support and is involved with employees as volunteers.

In Lithuania, SEB organises with TV3 the "Dreams come true" campaign to raise money for orphans and sick children. The campaign that raised EUR 374 in January 2014 is an annual event and the largest support project in the country. Employees were during the year also mentors for a group of at-risk children, and organised mentor summer camps where 77 children were involved.

In Estonia SEB Charity Fund is Estonia's largest charity foundation. Through SEB's support, children without present parents are offered shelter. The fund has also awarded scholarships to young mothers who wish to continue their interrupted school.





In January 2014, SEB in Estonia and the University of Tartu signed a cooperation agreement creating the Vega Fund. Through this new grants fund for students and researchers at Estonia's institutions of higher education, SEB will be funding the introduction of knowledge-intensive solutions into everyday use with 150,000 euros over three years. By this, SEB aims to contribute to ensuring that enterprising spirit is backed up by financial substance. The creation of the Vega Fund is an important step in bringing the knowledge of institutions of higher education into practice and in strengthening the position of Estonian businesses in the face of global competition.

In Germany, we engage through the SEB Foundation where employees can apply for funding for local, social initiatives.

Education and know-how

We actively contribute to spreading knowledge. We support research and education through a number of programmes with universities, both by contributing to professorships and research projects and by well-established partnerships for students at universities in Sweden and around the Nordics.

We have since long cooperation with Stockholm School of Economics (SSE) and since 2012 we support SSE Riga Sustainable Business Centre. Thanks to the financial support from SEB and two other Nordic banks, 720 scholarships are granted to students from the Baltic States over five years, reducing their annual SSE Riga tuition fees from EUR 6,000 to EUR 3,500.

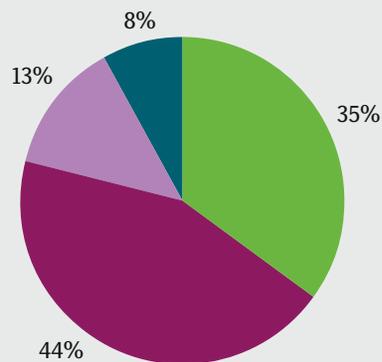
SEB also grants scholarships for best achievement for students in Latvia in cooperation with several universities and institutions.

Sports and culture

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 self-esteem and the opportunity to develop their tennis skills. In the Baltic countries, SEB supports a variety of sporting events such as tennis tournaments and running races.

SEB the sponsor of the Stockholm Concert Hall and Stockholm Royal Philharmonic Orchestra. In early 2014 we renewed our engagement. We also sponsor the Gothenburg Symphonic Orchestra and collaborate with the Riga Chamber Orchestra Sinfonietta (since 2006) and the Estonian National Opera (since 2009).

Economic contribution by theme to social partnerships, incl management costs 2013



For more information see CS Fact Book

- Children and youth 19.5 SEKm
- Entrepreneurship and innovation 7 SEKm
- Sports and culture 24.5 SEKm
- Education and know-how 4.3 SEKm



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 CO2 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 represent the most material direct impact of our operations on the environment.

Carbon management

Our approach to reduce our carbon footprint starts with accounting for our CO2 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 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

During the year, SEB's CO2 emissions amounted to 28,600 tonnes, virtually unchanged during the year, and a total reduction of 36 per cent compared to our 2008 baseline. The reduction has mainly been achieved by energy efficiency initiatives, decreased paper use and decreased emissions from company cars. Our long term target to reduce our CO2 emissions by 45 per cent by 2015 remains.



Energy use in offices and branches

Energy use in our offices and branches has decreased by 15 per cent since 2008. Our electricity consumption has decreased 26 per cent for the same period. One reason for the decrease is the move to new energy efficient buildings in Denmark

and Germany but also our continuous effort to improve energy efficiency in our present buildings. This, combined with the switch to renewable energy sources, has reduced our carbon emissions from energy consumption by almost 60 per cent compared to 2008, corresponding to about 13,800 tonnes CO2. We will continue to optimise our offices and processes to reduce energy consumption.



Paper consumption

We have continued our efforts to reduce paper consumption including internal printing and external physical mailing. Besides the reduction of resources, this is important from a customer satisfaction perspective. Dialogues show that our customers prefer electronic contract notes and account statements versus physical printed. As an example we have in the Baltics reduced our CO2 emissions by almost 10 tonnes through reducing physical mailing by 12.5 million letters. We also have stopped sending out the semi-annual account statement from Trygg Liv, corresponding to savings of 13 tonnes of paper and 18 tonnes of CO2. Paper consumption was reduced by 3 per cent in 2013 compared to 2012. Since 2008, it is reduced by 60 per cent.



Green IT and data centres

Since the introduction of "managed print service", we can for our main sites in Sweden 2013 see a 10 per cent reduction of pages printed compared to 2012. We have also during 2013 replaced old IT structures with more efficient server and storage technology as well as optimising present equipment in use. Through this project, we can see a major shift from a steady yearly growth rate of 15–17 per cent in energy use during the last 5 years, to a decrease over the last 12 months. As we reported in last year's CS report, the implementation of the New Office Workplace (NOW) transformation project was launched end of 2012. NOW includes functionality for intelligent power management of PC equipment. When comparing 2013 versus 2012, we can see an electricity consumption reduction of about 1 GWh.



Business travel

Our greatest challenge related to carbon emissions is traveling. Even though we have been promoting traveling by train and the use of video conferencing as well as other alternative ways of holding meetings, we see no decrease in CO2 emissions compared to 2012. As business travel stands for over 50 per cent of our total CO2 emissions, it is of importance to further increase our efforts as regards finding alternatives and changing behaviour. Please find more information on our environmental performance in CS Fact book page 8–9.

Key performance indicators

| | 2013 | 2012 | 2011 | 2010 |
|---------------------------------|--------|--------|--------|--------|
| Total CO2 emissions, tonnes | 28,501 | 28,497 | 34,590 | 38,598 |
| CO2 emissions, tonnes/employee | 1.8 | 1.7 | 2.1 | 2.3 |
| Energy consumption MWh/employee | 7.3 | 6.8 | 7.3 | 8.9 |

For more information, see CS Fact Book



SEB's new headquarter in Frankfurt, Skylight, is optimised from an environmental and sustainable perspective, e.g. including LED lighting and detection sensors as well as recycled and low emission construction materials. The building will be minimum Leed Gold certified. Leed stands for Leadership in Energy and Environmental Design.

Responsible sourcing

SEB strongly believes that responsible sourcing creates value for us as a bank, our suppliers and the society as a whole. During 2012, we started to assess our top 50 suppliers from an environmental and social perspective, corresponding to 40% of our spend. This accomplished, we decided to take a broader approach to our supply chain. In 2013, we therefore started reviewing the scope for the supplier assessment process.

In the new scope we decided to cover all our major suppliers as well as all critical suppliers. With critical suppliers we mean companies, business areas or countries where we see possible higher risks in the supply chain. The process will also cover all our outsourcing and all new suppliers (contract above 500,000 SEK) being considered by the bank. To take the assessment process of suppliers a step further, we also decided to change from an in-house assessment to an external service provider, Ecovadis.

In parallel to the assessment process, we also have finalised a stand-alone Supplier Code of Conduct which enables SEB's suppliers to fully understand our approach to supply chain and facilitates the supplier assessment process.

The content of our new Supplier Code of Conduct has been extracted from our existing policies, e.g. SEB's Code of Business Conduct and our policy on Human Rights as well as international recognised standards. In the new assessment process that will be implemented during 2014, we take a broad approach to corporate sustainability with efforts targeting governance, business ethics,

human rights and labour aspects as well as environmental and social responsibility.

Suppliers is then categorised as low-, medium or high risk. Suppliers identified as high risk, we will engage through a dialogue to confirm findings in the assessment and start a dialogue concerning remedial actions. The responsibility for the assessment and follow up on suppliers will be within procurement.

Supplier screening process



PLAN = assess supplier screening process and decide on new criteria for triggering remediation of low performing suppliers

DO = perform Supplier Screening

CHECK = analyse result and identify suppliers below set up thresholds

ACT = engage supplier in corrective action plan

Impact, risks and opportunities

As a bank we have a central role to play in sustainable development. We have a direct impact as well as an indirect impact on the communities where we operate. It is about how we act as lenders to productive investments, how we act as asset manager and owner, how we act as stewards of savings and how we manage risks and payments. This is also about how we act as employer and a member of the community.

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

By sharing our specialist knowledge, we can also empower people to make more informed financial decisions and contribute to better functioning societies. For society at large, as well as people within, access to finance and banking services is vital for bringing forth economic activity.

Behaviour towards our customers

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. Concurrently, our corporate culture and how we work to provide an engaging, sound and healthy work environment has a direct impact on our people, their satisfaction and loyalty.

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 uninterrupted levels of service.

As a bank and service company, our direct environmental impact is limited and relates primarily to energy for heating and cooling of offices, electricity use, paper consumption and our business related travel.

Sustainability trends – risks and opportunities

Economic uncertainty and growing social and environmental imbalances 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 such as SEB. Regulation, political and stakeholder pressure will therefore continue to have an impact on the business environment for banks. There is a need for motivated, highly educated and experienced employees.

Environmental challenges like climate change, the depletion of natural resources or social challenges like responsibilities in the supply chain can have a direct impact on a company's business performance. Banking or investing in poorly managed businesses,

including mismanaged environmental and social impact, 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 want and 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, our customers and on local and global economies.

“ For us, adherence to international best practice remains a necessity. ”

Trust is everything

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. 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.

Motivated and experienced employees

Committed and competent people are vital for developing such financial solutions and for attracting and retaining loyal customers. By providing an engaging, sound and healthy work environment we want to encourage high quality performance as well as high employee satisfaction and loyalty. This is in the interest of our people as well as customers and shareholders and other stakeholders.

Financial resilience and profitability is a prerequisite for us 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. In addition, this gives us the opportunity to work for the long-term and invest in the future of societies in which we operate.

Governance of Corporate Sustainability

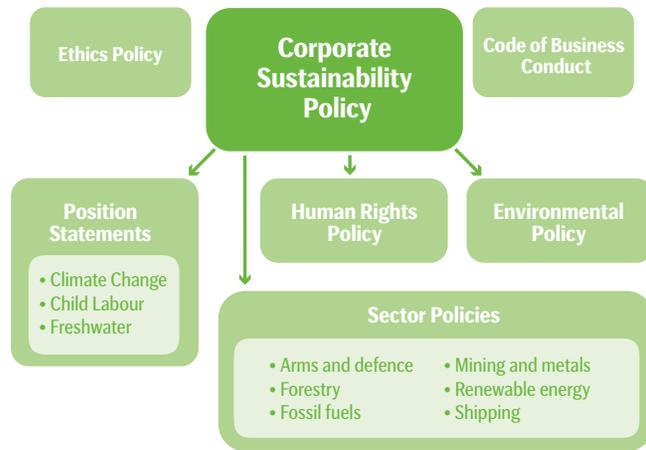
SEB's corporate sustainability work is based on Swedish laws and regulations as well as the internationally recognised guidelines and initiatives that we are committed to. In particular, we emphasise the UN Global Compact and its ten principles. These principles cover the areas of human rights, labour standards and conditions, environment and anti-corruption. In addition, SEB is committed to the Principles for Responsible Investments (PRI), the UNEP Finance initiative, the UN's Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Equator Principles. The internal framework, which include references to the above, consists of SEB's corporate sustainability related policies and our Code of Business Conduct.

CS Strategy decided by the Board of Directors

The Board of Directors is responsible for deciding on SEB's Corporate Sustainability (CS) strategy.

The President and Chief Executive Officer (CEO) decides in the Group Executive Committee on the development and the execution of the CS approach, in line with the strategy set by the Board.

The CEO has assigned an operational steering group, the CS Committee, responsible for SEB's corporate sustainability activities. The CS Committee has 13 members and is chaired by the Head of Group Communication, member of the Group Executive Committee. The Committee includes senior representatives from all SEB's divisions and applicable Group functions, including Group Corporate Sustainability. The main part of the sustainability work is done within the line organisation – as part of our day-to-day business – but with the support of Group Corporate Sustainability.



The purpose with the Corporate Sustainability Policy is to define the framework for sustainability in SEB and provide a governing platform for SEB's work. The Policy furthermore supports SEB's Environmental Policy, Human Rights Policy and SEB's position statements and sector policies. The latter regulate our view on specific key issues and industry sectors that are considered more critical from an environmental and social perspective.

Governance structure for the corporate sustainability work

| | |
|---|---|
| Board of Directors | Decides on the Corporate Sustainability (CS) strategy, adopts the 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. |
| President and Chief Executive Officer (CEO) | Decides on the development and the execution of the corporate sustainability approach, in line with the strategy set by the Board. Adopts the Environmental Policy, the Human Rights Policy as well as Position Statements and Sector Policies. |
| Corporate Sustainability (CS) Committee | An operational steering group assigned by the president and CEO. Sets the agenda for SEB's sustainability work, follows-up on the development, practices and progress and decide on policies. Chaired by Head of Group Communication, member of the Group Executive Committee. |
| Group Corporate Sustainability | Responsible for SEB's day-to-day management of the corporate sustainability activities in accordance with the directives of the Board. Co-ordinates and drives the overall sustainability agenda within SEB, ensures implementation and report on progress. |
| Local CS Committees; Business and country coordinators; Programme Managers | Manage the sustainability work on a daily basis within the specified division, country or staff function. Report on progress. |
| Managers and employees | Each head of division, business area, group function is responsible for ensuring that activities are carried out and instructions are in accordance with the adopted are in accordance with applicable policies, such as the CS Policy. |

For information about corporate governance at SEB, please see the Corporate Governance report in the 2013 Annual Report, pages 36–48 or <http://sebgroupp.com/en/About-SEB/Corporate-Governance/Corporate-Governance/>

Auditor's Limited Assurance Report

To the readers of the SEB CS Report and CS Fact Book

Introduction

We have been engaged by the management of SEB to undertake a limited assurance engagement of total energy consumption (in buildings) and total CO₂ emissions for the year 2013, presented on p. 28 in the CS Report 2013 and p. 8 in the CS Fact Book 2013. In addition, we have been asked to perform a GRI application level check.

Responsibilities of the Board of Directors and Executive Management

The Board of Directors and the Executive Management are responsible for ongoing activities and for the preparation and presentation of the CS Report (including CS Fact Book) in accordance with applicable criteria.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the specified information in the CS Report (including CS Fact Book) based on the procedures we have performed.

We have conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Review of Historical Financial Information", issued by IFAC.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the CS Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than, for a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express a reasonable assurance opinion.

The criteria on which our procedures are based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the specified information in the CS Report, as well as the accounting and calculation principles that the company has developed and disclosed. These criteria are presented on p. 9 of the CS Fact Book. We consider these criteria suitable for the preparation of the specified information in the CS Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the specified information in the CS Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 3 March 2014

PricewaterhouseCoopers AB



Peter Nyllinge
Authorized Public Accountant



Fredrik Ljungdahl
Expert member of FAR



Awards and recognitions 2013

Awarded by

Customers

| | |
|---|---|
| Best bank of the year, Sweden, Estonia, Lithuania | Euromoney |
| Best bank at risk management | Treasury Management International (TMI) |
| SME Bank of the year, Sweden | Privata Affärer |
| Best Private Bank in the Nordic region | The Banker and Professional Wealth Mgmt |

Employees

| | |
|-------------------------------------|------------------------|
| Most attractive employer, Lithuania | Verslo Žinios & CV L:T |
| Top Employer in Germany | CRF Institute |

Sustainability

| | |
|---|---|
| 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

| |
|--|
| UN Global Compact |
| Principles for Responsible Investments (PRI) |
| UN Environment Programme Finance Initiative (UNEP FI) |
| OECD guidelines for Multinational Enterprises |
| Equator Principles |
| United Nations Guiding Principles on Business and Human Rights |
| Carbon Disclosure Project (CDP) and CDP Water Disclosure |
| ICC Business Charter on Sustainable Development |
| Financial Coalition Against Child Pornography (national) |

Contact us

| | |
|-----------------------|---|
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| Contact: | Tel: +46 8 763 50 00, e-mail: cs@seb.se |
| Internet: | www.sebgroup.com/sustainability |

Name and Head office

| | |
|--------------------------------|---|
| Postal Address: | Skandinaviska Enskilda Banken AB SE-106 40 Stockholm, Sweden |
| Visiting address: | Kungsträdgårdsgatan 8, Stockholm, Sweden |
| Corporate registration number: | 502032-9081 |



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About this report

This report describes SEB's approach and present targets, guidelines, measures and key achievements related to the Group's contribution to sustainable development. The process to define what to include in this report includes feedback from previous reports from internal and external stakeholders, best practice within Corporate Sustainability (CS) reporting, important events during the year as well as the materiality analysis done in the autumn of 2013, (see p. 7). The report comprises the entire organisation of the SEB Group, except as specifically stated (see CS Fact Book for limitations in scope).

SEB has published a CS report annually since 2007. The report covers the preceding fiscal year, January to December 2013. In some cases information for early 2014 is included. The previous report was published in March 2013. There has been no significant change from the 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.

Our main reporting framework is the Global Reporting Initiative, GRI, G3 guidelines and the Financial Services Supplement. SEB's auditor PwC has been engaged to perform a limited review of indicators related to energy and emissions (see p. 32). Key aspects of SEB's sustainability work, such as risk management, corporate governance and staff composition and remuneration, are included in the annual accounts of SEB. These are audited by PwC, please see Auditor's report p. 151, SEB Annual Report 2013. The GRI application check of our reporting has been made by PwC, according to which we report at level B. Our GRI Index is found below.

As part of SEB's commitment to the UN Global Compact, we report on activities and performance through this report as well as Communication on Progress which can be found at www.sebgroup.com/sustainability.

GRI Index SEB 2013

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 2013 (CS), CS Report, inside

front cover (CS IFC), inside back cover (CS IBC I, II, III), the Annual Report 2013 (AR), the CS Fact Book (CSF), and 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 8-9, 30 | ● |
| 2 Organisational profile | | | |
| 2.1 | Name of the organisation | CS IBC III | ● |
| 2.2 | Primary brands, products, and/or services | CS IFC, AR 10-11 | ● |
| 2.3 | Operational structure | CS IFC, AR cover+49-56 | ● |
| 2.4 | Location of organisation's headquarters | CS IBC III | ● |
| 2.5 | Countries of operation | CS IFC | ● |
| 2.6 | Nature of ownership and legal form | AR 16-17, 49-56 | ● |
| 2.7 | Markets served | CS IFC, AR 10-11 | ● |
| 2.8 | Scale of the reporting organisation | CS IFC, 23 | ● |
| 2.9 | Significant operational or other changes during the reporting period | NONE | ● |
| 2.10 | Awards received in the reporting period | CS IBC III | ● |
| 3 Report parameters | | | |
| Report profile | | | |
| 3.1 | Reporting period | CS IBC I | ● |
| 3.2 | Date of most recent previous report | CS IBC I | ● |
| 3.3 | Reporting cycle | CS IBC I | ● |
| 3.4 | Contact for questions regarding the report | CS IBC III | ● |
| Report scope and boundaries | | | |
| 3.5 | Process for defining report content | CS 6-7, IBC I | ● |
| 3.6 | Boundary of the report | CS IBC I | ● |
| 3.7 | Specific limitations on the scope or boundary of the report. | CS IBC I | ● |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, etc | CS IBC I, no joint-ventures | ● |
| 3.9 | Data measurement techniques and calculations | CSF 3-9 | ● |
| 3.10 | Comparability with previous reports | CS IBC; CSF 3-9 | ● |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, etc | CS IBC I | ● |
| GRI Content Index | | | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report | CS IBC I | ● |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report | CS 32, CS IBC I | ● |
| 4 Governance, Commitments and Engagement | | | |
| Governance | | | |
| 4.1 | Governance structure of the organisation | AR 49-57 | ● |
| 4.2 | Role of the Chairman of the Board in the organisation | AR 52-55 | ● |
| 4.3 | Independent and/or non-executive board members | AR 52 | ● |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations etc to the Board | AR 50, 52, WWW (AGM) | ● |
| 4.5 | Remuneration to Board members, senior managers and executives, and link to the organisation's performance | AR 50, 62-63, 95-98 | ● |
| 4.6 | Processes for avoiding conflicts of interest in the Board | AR 49-53 | ● |
| 4.7 | Process for determining the qualifications and expertise of the Board members | AR 50-51 | ● |
| 4.8 | Mission, values, codes of conduct, and principles relevant to ESG performance | CS IFC, CS 31 | ● |
| 4.9 | Board procedures for overseeing economic, environmental, and social performance, including relevant risks and opportunities | CS 31; AR 50 | ● |
| 4.10 | Processes for evaluating Board performance, particularly with respect to economic, environmental and social performance | AR 50-51, WWW (AGM) | ● |
| Commitments to external initiatives | | | |
| 4.11 | Explanation of if and how the precautionary approach or principle is applied | CS 14-19, 31, AR 56 | ● |
| 4.12 | Association to externally developed charters, principles, or other initiatives | CS 1, 31, IBC III, www. | ● |
| 4.13 | Memberships in associations | CS IBC III, www. | ● |
| Stakeholder engagement | | | |
| 4.14 | List of stakeholder groups | CS 6 | ● |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | CS 6-7 | ● |
| 4.16 | Approach to stakeholder engagement | CS 6 | ● |
| 4.17 | Key topics and concerns raised through stakeholder engagement, and response by the organisation | CS 10-11, 20-24, AR 4-9, 22-23 | ● |
| Economic performance indicators | | | |
| Disclosure on management approach | | | |
| | Economic performance | AR 18-25 | ● |
| | Market presence | CS IFC, AR 10-11 | ● |
| | Indirect economic impact | CS 14-19, 26-27, 30 | ● |

| | | | |
|--|--|---|---|
| Economic performance | | | |
| EC1 | Direct economic value generated and distributed | CS 4-5, 26-27; CSF 3 | ● |
| EC2 | Risks and opportunities for the organisation due to climate change | CS 1, 16-19, 30, WWW. | ● |
| EC3 | Coverage of the organisation's defined benefit plan obligations. | AR 93-95 | ● |
| EC4 | Financial assistance received from government | None received, CSF 3 | ● |
| Indirect economic impact | | | |
| EC8 | Infrastructure investments and services provided primarily for public benefit | No such investments | ● |
| EC9 | Significant indirect economic impacts, including the extent of impacts. | CS 4-5, 30 | 🕒 |
| Environmental performance indicators | | | |
| Disclosure on management approach | | | |
| Energy | | | |
| EN3 | Direct energy consumption | No such consumption according to definition | ● |
| EN4 | Indirect energy consumption | CS 28; CSF 8-9 | ● |
| EN5 | Energy saved due to conservation and efficiency | CS 28 | 🕒 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services | CS 16-17 | 🕒 |
| Water | | | |
| EN8 | Total water withdrawal | CSF 8 | 🕒 |
| Emissions, effluents and waste | | | |
| EN16 | Direct and indirect greenhouse gas emissions | CS 28; CSF 8-9 | ● |
| EN17 | Other relevant indirect greenhouse gas emissions | CS 28; CSF 8-9 | ● |
| EN18 | Initiatives to reduce greenhouse gas emissions | CS 28; WWW. | ● |
| EN22 | Total weight of waste by type and disposal | CSF 8 | 🕒 |
| Products and services | | | |
| EN26 | Initiatives to mitigate environmental impacts of products and services | CS 14, 16-19, 28 | ● |
| Compliance | | | |
| EN28 | Fines and monetary sanctions for noncompliance with environmental laws | zero; CSF 9 | ● |
| Transport | | | |
| EN29 | Environmental impacts from transportation | CS 28; CSF 8-9 | 🕒 |
| Social performance indicators, Labour practices and decent work | | | |
| Disclosure on management approach | | | |
| | Goals, performance and policy | CS 1, 8-9, 20-24 | ● |
| | Organisational responsibility | AR 54-56 | ● |
| | Training and awareness | CS 20-24 | ● |
| | Monitoring and follow-up | CS 9, 20-24 | ● |
| Employment | | | |
| LA1 | Total workforce by employment type and region | CSF 5; AR 99; | ● |
| LA2 | Employee turnover | CSF 5 | 🕒 |
| LA3 | Benefits provided to full-time employees | CS 20-24; AR 62, 90-98, WWW. | ● |
| Labour/management relations | | | |
| LA4 | Percentage of employees covered by collective bargaining agreements | CS 21, CSF 6 | ● |
| LA5 | Minimum notice period(s) regarding operational changes | CSF 6 | 🕒 |
| Occupational health and safety | | | |
| LA6 | Percentage of total workforce represented in health and safety committees | CS 24 | ● |
| LA7 | Rates of injury, occupational diseases, lost days, absenteeism | CSF 6 | 🕒 |
| LA8 | Programmes to assist workforce members regarding serious diseases | CS 24 | 🕒 |
| Training and education | | | |
| LA11 | Programmes for skills management and life-long learning | CS 21-22 | ● |
| LA12 | Percentage of employees receiving regular performance and career development reviews | CSF 6 | ● |
| Diversity and equal opportunities | | | |
| LA13 | Composition of governance bodies and workforce | AR 58-59, 99; CSF 6 | 🕒 |
| Human rights | | | |
| Disclosure on management approach | | | |
| | | CS 1, 2, 5, 7, 12-17, 20-23; AR 12-15, 55 | ● |
| Investment and procurement practices | | | |
| HR1 | Consideration of human rights with regard to investments | CS 19, WWW. | ● |
| HR2 | Screening on human rights among suppliers | CS 29 | 🕒 |
| HR3 | Training on human rights aspects | CS 18-19, 29 | ● |
| Non-discrimination/child labour/forced and compulsory labour | | | |
| HR5 | Operations where freedom of association and collective bargaining may be at significant risk | CS 19-21; WWW. | 🕒 |
| HR6 | Operations with a risk for incidents of child labour | CS 19-21; WWW. | ● |
| HR7 | Operations where there is risk for incidents of forced or compulsory labour | CS 19-21; WWW. | ● |
| Society | | | |
| Disclosure on management approach | | | |
| | Goals and performance | CS 1, 4-5, 8-9 | ● |
| | Policy | CS 1, 8, 27-28, 30, AR 50 | ● |
| | Organisational responsibility | AR 55; CS 31 | ● |
| | Training and awareness | CS 10-12, 21-23 | ● |
| Corruption | | | |
| SO2 | Business units analysed for risks related to corruption | All business units annually analysed; AR 56 | ● |
| SO3 | Employees trained in organisation's anti-corruption policies and procedures | CS 12, CSF 4, AR 43 | ● |
| SO4 | Actions taken in response to incidents of corruption | None | ● |
| Public policy/Anti-competitive behaviour/compliance | | | |
| SO6 | Contributions to political parties, politicians and related institutions | None, cs 26 | ● |
| SO7 | Legal actions for anti-competitive behaviour | AR 56, 127 | 🕒 |
| Product responsibility | | | |
| | Disclosure on management approach | CS 8, 10-11, 30 | ● |
| PR5 | Practices to customer satisfaction | AR 4-11, CS 4,10-11, | ● |
| Marketing communications/customer privacy/compliance | | | |
| PR6 | Programmes 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 43 | 🕒 |
| Financial Services Sector Specific Disclosure | | | |
| Disclosure on management approach | | | |
| FS1 | Policies with specific environmental and social components applied to business lines | CS 18-19, 31, | ● |
| FS2 | Procedures for assessing and screening environmental and social risks in business lines | CS 14-19, 28-29 | ● |
| FS3 | Processes for monitoring clients' implementation and compliance with environmental and social requirements included in agreements or transactions. | CS 18-19, 31 | ● |
| FS4 | Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines | CS 2-3, 10-12, 21, 23 | ● |
| FS5 | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities | CS 10-19, 29 | ● |
| Product portfolio/audit | | | |
| FS6 | Percentage of the portfolio for business lines by specific region, size and by sector | AR 10-11, 26-34, 84-85, 104-107 | ● |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit | CS 15, CSF 4 | 🕒 |
| FS8 | Monetary value of products and services designed to deliver a specific environmental benefit | CS 16-17, CSF 4 | ● |
| Active ownership | | | |
| 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, 18, CSF 4 | ● |
| FS11 | Percentage of assets subject to positive and negative environmental screening | CS 14, 18, CSF 4 | ● |
| 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 (responsible and active ownership) | ● |
| Society performance | | | |
| FS13 | Access points in low-populated or economically disadvantaged areas | CS 25; www. | 🕒 |
| FS14 | Initiatives to improve access to financial services for disadvantaged people | CS 25; www. | 🕒 |
| Product responsibility | | | |
| FS15 | Policies for the fair design and sale of financial products and services | CS 8-9, 10-11, www. | ● |
| FS16 | Initiatives to enhance financial literacy | CS 25; www. | ● |

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 16,000 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 and covers our performance 2013 – 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

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