



## Executive summary

### Background and rationale

Skandinaviska Enskilda Banken AB (publ) (further – SEB, we, the Bank) is a pioneer of the green bond market, a founding signatory of the Net Zero Banking Alliance and the Bank is fully committed to aligning its business to the Paris Agreement. We have outlined goals and ambitions to be reached by 2030 in our sustainability strategy and this includes a Carbon Exposure Index, Sustainability Activity Index and a Transition Ratio (p.5).

We collaborate with our clients to ensure that we are all well informed about the potential risks and opportunities and to accelerate the pace of transition within our society. This Framework has been created to allow our bond investors to engage with and support the Bank's lending to selected Eligible Green Assets.

### Highlights of the Framework

- SEB's Green Bond Framework has been developed to align with the 2021 ICMA Green Bond Principles.
- The Framework has also been developed to, more broadly, align with the substantial contribution part of the technical screening criteria of the EU Taxonomy as of December 2021. For transparency, details about the alignment with, and deviations from, the substantial contribution part of the technical screening criteria of the EU Taxonomy are presented in Appendix I.
- SEB will use green bond proceeds raised through this Framework to exclusively finance Eligible Green Assets that correspond to the long-term vision of a low carbon and/or environmentally sustainable society.
- The Framework is established for positive screening and enables the financing of selected capital expenditures and R&D.
- The Framework enables both the new financing and refinancing of Eligible Green Assets.
- Eligible Green Assets can fall into one of ten categories, renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity, clean transportation, sustainable water and wastewater management, climate change adaptation, circular economy and green buildings.
- The evaluation and selection procedure for Eligible Green Assets includes an assessment of potential lock-in and rebound effects, as well as life-cycle considerations. Eligible Green Assets should have clear, net positive, long-term environmental impacts.
- There will be annual Green Bond Investor Reports, which will include an independent limited assurance from an auditor.
- Cicero Shades of Green has been engaged to provide a Second Party Opinion.

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# About SEB

SEB is a leading northern European financial services group with a history dating from 1856. Innovation, entrepreneurship and an international perspective are part of our DNA.

We engage with our clients through long-term relationships, personal advice and digital services. We take responsibility for how we conduct our business and how we affect our customers, employees, shareholders and society at large.

The Bank is present in some 20 countries worldwide.

# Our approach to sustainability

SEB has a strong ambition to accelerate the pace towards a prosperous and sustainable future for people, businesses and society. The Bank is committed to supporting customers in the transition towards a low-carbon economy. By offering leading advice, innovative and sustainable financing and investment solutions, we enable our customers to bring their ideas to life. We aim for a common understanding of the way forward and we are convinced that companies integrating environmental, social and governance aspects into their strategy and operations are more successful in the longer term. SEB wants to be a leading catalyst in the transition.

## Climate change in focus

Global climate change is one of the most serious challenges facing society today and is of high priority to SEB. We have an important role to play in collaborating with our customers in the transition towards a low-carbon economy, to align with the Paris Agreement and reach net zero emissions by 2050. We are a part of, and will continue to be a part of, the transition that is required to achieve this goal.

As one of 43 founding members and signatories of the Net-Zero Banking Alliance (NZBA), SEB commits to set Paris-aligned targets for the reduction of greenhouse gas emissions related to our lending and investment activities by 2030 and 2050. Targets will be set when a baseline is ready (expected in 2022).

## Measuring progress

In November 2021, SEB announced an updated sustainability strategy including newly defined ambitions and goals within the climate area.

*The Carbon Exposure Index* is a volume-based metric capturing our fossil fuel credit exposure. SEB's goal is to reduce the fossil credit exposure within the bank's energy portfolio, which includes power generation and distribution as well as oil and gas, by 45–60 per cent by 2030 compared with a 2019 baseline. The Carbon Exposure Index means that SEB will be in line with or outperforming the strictest 1.5 degree-aligned climate scenario assumptions provided by the International Energy Agency and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

*The Sustainability Activity Index* is a volume-based metric capturing our sustainability activity, measuring volumes for sustainability-related lending, sustainable finance advisory, venture capital investments within Greentech and Article 9 financial investment products' share of assets under management. The ambition is to increase average activity 6–8 times by 2030 compared with a 2021 baseline.

*The Transition Ratio* is a volume-based ratio based on SEB's Customer Sustainability Classification Model. This means that we are assessing our customers' climate impact and alignment towards the goals set out in the Paris Agreement, by classifying our credit portfolio. By using this tool, we get a better understanding of our customers' transition journeys and can support them in reducing their carbon footprints.

Read about [SEB's sustainability strategy, ambitions and goals](#).

## Transitioning with our customers



We believe we can make the greatest positive impact for the climate by collaborating with our customers and supporting them in their transition journeys. SEB is working to phase out coal and reduce the exposure to fossil fuels in its credit and investment portfolios. We have developed a model for assessing the current and future climate impacts of our corporate customers, the [Customer Sustainability Classification Model](#).

This model, which is an important aspect of SEB's business strategy and risk management, is a hands-on tool for the Bank's client executives and is used to engage with corporate customers in constructive dialogues about their decarbonisation strategies.

The tool allows us to deepen the dialogues with customers about climate related challenges and opportunities. These dialogues have also proven to be valuable for clients when they need to establish metrics and reporting methods to better help investors understand the value of their work in this area.

Read more in SEB's Climate Report, included in the [Annual and Sustainability Report](#).

## Sustainable finance as a driving force

SEB is a pioneer in the green bond market and collaborated with the World Bank in 2008 to create the world's first green bond issuance for institutional investors. Since then, we have been strongly committed to developing our advisory services and sustainability offering, as well as to guiding new standards and principles to the market. Today, SEB is a world leading sustainable finance provider and advisor, and the Bank has integrated sustainability into a broad range of products. For several years, SEB has been actively engaged in the European Union's work on Sustainable Finance, both in the Technical Expert Group developing the EU Taxonomy as well as on the EU Platform for Sustainable Finance.

## Managing climate change risks

SEB's impact on the climate is both direct through our own emissions and indirect through the emissions of our customers. SEB has long incorporated sustainability risks in credit assessments and customer selection processes. The management of climate-related risks is integrated into the existing governance and processes for identifying, monitoring, measuring and reporting risks. Capabilities and methodologies are continuously strengthened to reflect the growing understanding of how climate-related risks impact the business models of our customers, repayment capacity and ability to access financing. A methodology has been developed to assess the transition risks of our customers under various climate scenarios over time.

## Sustainability governance

Assessing and managing the risks and opportunities associated with climate change is an integral part of SEB's sustainability governance framework and the general governance of risk management.

The Group Executive Sustainability Committee, chaired by the President and CEO, is responsible for executing the sustainability strategy and for adopting climate-related policies. The Group Risk Committee is a group-wide, decision-making committee that addresses all types of risk at the group level, including sustainability and reputational risks.

Read the full description of [SEB's sustainability governance](#).

## Sustainability policy framework

SEB has an established framework of thematic and sector policies. The Corporate Sustainability Policy defines the framework for sustainability in SEB and provides a governing platform for our sustainability work for all business decisions, including investment and credit decisions. The Environmental Policy provides a basis for how we work to protect the environment, how we manage our direct environmental impact, and how we work with customers, suppliers and business partners. We continuously review our policies to strengthen the business and to be aligned with international and national requirements. In 2021, SEB conducted a review of the Sector Policy on Fossil Fuel. This policy includes a roadmap for how we will phase out our exposure to coal and to unconventional oil, as well as how we will continue to gradually reduce our credit exposure to fossil fuels by applying a cap to exploration, production and oilfield services activities.

Read more about [SEB's policies](#).

## International commitments



SEB is committed to a broad range of [international agreements](#) and has signed frameworks that guide the Bank in its work. This includes the UN Global Compact, the UN Universal Declaration of Human Rights, the Equator Principles, the Principles for Responsible Investments and the Task Force on Climate-related Financial Disclosures (TCFD).

The Bank is a signatory of the UNEP FI Principles for Responsible Banking, a collaboration between the UN and the global financial sector, launched in 2019. By signing this initiative, we have committed to aligning our business to the Paris Agreement and the UN's Sustainable Development Goals.

In 2021, SEB was one of the founding signatories of the Net-Zero Banking Alliance (NZBA), an initiative aimed at accelerating the transition of the global economy towards net zero emissions by 2050, at the latest.



# Green Bond Framework

This Framework has been developed to align with the 2021 ICMA Green Bond Principles (GBP) and, more broadly, to the substantial contribution part of the technical screening criteria of the EU Taxonomy as of December 2021<sup>1</sup>. Alignment with, and deviations from, the substantial contribution part of the technical screening criteria are described in Appendix I.

As market standards for green bonds develop, including the Standard for European Green Bonds, SEB may update this Green Bond Framework to ensure adherence to the best practices of the market. The four core pillars of the Green Bond Principles, and the recommendation to engage an independent external reviewer for heightened transparency, are:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External review



<sup>1</sup> Refers to [EUR-Lex - L:2021:442:TOC - EN - EUR-Lex](#) (europa.eu), 'Commission Delegated Regulation (EU) 2021/2139 of June 4 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives'. This Regulation will be referenced throughout the Framework using 'EU Taxonomy (December 2021)', or similar.



## Use of proceeds

SEB will use the proceeds from green bonds to finance, exclusively, Eligible Green Assets that correspond to the long-term vision of a low carbon and/or environmentally sustainable society. All proceeds raised through this Green Bond Framework will be used in compliance with SEB's sustainability policy framework<sup>2</sup>. The legal documentation for each green bond shall refer to this Green Bond Framework. An amount equal to the proceeds of the green bonds will, in whole or in part, finance or refinance Eligible Green Assets, in each case as determined by SEB in accordance with the criteria defined in this Framework.

This Framework is established for positive screening and enables the financing of capital expenditures for the construction, installation, manufacture, expansion, upgrade and renovation of Eligible Green Assets as well as the financing of related research and development.

Eligible Green Assets can either make a substantial contribution towards a low carbon and/or environmentally sustainable society themselves, or directly enable others to make a substantial contribution towards a low-carbon and/or environmentally sustainable society.


Green bond proceeds can finance new Eligible Green Assets and refinance existing Eligible Green Assets. New financing is defined as Eligible Green Assets that are planned, ongoing, or have been finalised up to one year before the approval by the Environmental and Sustainable Product Steering Committee (ESPS Committee). If the Eligible Green Assets were finalised and taken into operation more than one year before the approval in the ESPS Committee, they are defined, monitored and reported as refinancing. The distribution between new financing and refinancing will be reported in the Green Bond Investor Report.

In line with the Standard for European Green Bonds<sup>3</sup> (July 2021), and given that potential Eligible Green Assets differ substantially in terms of expected lifetime, this Framework does not apply a specific look-back period for Eligible Green Assets. However, the ESPS Committee assesses applications for refinancing and approves or rejects them as Eligible Green Assets based on the nature of the asset, its expected remaining lifetime and the tenor of the loan.



<sup>2</sup> Our sustainability policies | SEB (sebgroupp.com)

<sup>3</sup> Article 4 of the Regulation (EU) on European Green Bonds, EUR-Lex - 52021PC0391 - EN - EUR-Lex (europa.eu)

GBP categories	Eligible Green Assets	Core UN SDG Targets <sup>4</sup>	Environmental objective <sup>5</sup>
<b>Renewable energy</b>	<p>Renewable energy production facilities, supporting infrastructure, technologies and solutions, including from the following renewable sources<sup>6</sup>:</p> <ul style="list-style-type: none"> <li>• Solar energy (photovoltaic, concentrated solar power, and solar thermal heating).</li> <li>• Wind power (offshore and onshore).</li> <li>• Ocean energy.</li> <li>• Geothermal (where life-cycle GHG emissions are lower than 100g CO<sub>2</sub>e/kWh).</li> <li>• Hydropower, where the facility complies with one of the following: <ul style="list-style-type: none"> <li>– the facility is a run-of-river plant and does not have an artificial reservoir;</li> <li>– the power density of the facility is above 5W/m<sup>2</sup>;</li> <li>– the life-cycle GHG emissions are lower than 100gCO<sub>2</sub>e/kWh.</li> </ul> </li> <li>• Bioenergy; biomass, biogas and biofuels.<sup>7</sup></li> <li>• Hydrogen; the manufacture of equipment for the production and use of green hydrogen, the production of green hydrogen.<sup>8</sup></li> <li>• Ammonia; the production of ammonia from green hydrogen and/or ammonia recovered from waste water.</li> </ul>	 <p><b>Target 7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<b>Climate change mitigation</b>



<sup>4</sup> Some of the targets of the United Nation's Sustainable Development Goal's referenced in this column are related to 2020, however they have been included in this Framework due to their ongoing relevance.

<sup>5</sup> EU Taxonomy Environmental Objectives (Article 9 of the Taxonomy Regulation EU 2020/852).

<sup>6</sup> In all cases renewable fuels cannot be blended with any fossil fuels to remain eligible.





<sup>7</sup> Food-and feed crops are not used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids.

<sup>8</sup> Activities of downstream purchasers do not necessarily affect the eligibility of a potential asset. As an example, a company which is producing hydrogen electrolyzers could be eligible for financing through this Framework and would not be required to prove that the future contractors purchasing the electrolyzers will be producing hydrogen that meets the technical screening criteria of the EU Taxonomy.

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<b>Energy efficiency</b>	<p>The promotion of a low carbon and energy efficient society through electrification, as well as the improvement of energy efficiency<sup>9</sup> through technologies and/or processes including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• District heating/cooling distribution (where the system is using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat).</li> <li>• Energy storage (including batteries, hydrogen storage, thermal energy storage, and pumped hydropower storage).</li> <li>• Production of heat/cool using waste heat.</li> <li>• Smart grid technology and/or infrastructure.</li> <li>• Energy efficient products, technologies, and processes, including energy efficient equipment for buildings (e.g. insulation, LED lighting and HVAC (heat, ventilation and air conditioning), instruments for measuring and controlling the energy performance of buildings, etc.).</li> <li>• Retrofitting of supporting infrastructure for the transmission and distribution of electricity.<sup>10</sup></li> <li>• Energy efficient electric heat pumps where the Global Warming Potential of the refrigerant does not exceed 675.</li> <li>• Green iron and steel produced with green hydrogen.</li> <li>• Data-driven solutions for GHG emissions reductions.</li> </ul>	<div data-bbox="991 315 1134 456">  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <p><b>Target 7.3</b> By 2030, double the global rate of improvement in energy efficiency.</p> <div data-bbox="991 607 1134 748">  <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <p><b>Target 9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<b>Climate change mitigation</b>

<sup>9</sup> SEB understands that the ambitiousness of an efficiency improvement can vary significantly depending on the potential Eligible Green Asset which is being reformed. As such SEB has not established a minimum threshold for the 'Energy efficiency' category as a whole. The Environmental and Sustainable Product Steering Committee will review each potential case to establish whether the efficiency improvement is ambitious with the aim of achieving best market standards and will report on any approved Eligible Green Asset within this category.

<sup>10</sup> Transmission and distribution electricity lines must not be dedicated to supporting fossil fuel power plants.

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<p><b>Pollution prevention and control</b></p>	<p>The management of waste in a responsible and environmentally friendly manner, as well as the abatement of greenhouse gas emissions and other pollutants.</p> <p><b>Waste management</b> Waste management, such as the reduction of the amount of waste through process efficiency improvements, waste-to-energy<sup>11</sup> and recycling facilities (where at least 50%, in terms of weight, of the waste is converted into secondary raw materials).</p> <p><b>Emission and discharge reduction</b> The reduction of emissions and discharge to air, water and soil through physical, chemical and mechanical methods.<sup>12</sup></p>	<div data-bbox="991 309 1134 454">  <p><b>3 GOOD HEALTH AND WELL-BEING</b></p> </div> <p><b>Target 3.9</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p> <div data-bbox="991 629 1134 775">  <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> </div> <p><b>Target 11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> <div data-bbox="991 972 1134 1117">  <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> </div> <p><b>Target 12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p><b>Target 12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <div data-bbox="991 1547 1134 1693">  <p><b>14 LIFE BELOW WATER</b></p> </div> <p><b>Target 14.1</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.</p>	<p><b>Climate change mitigation</b></p> <p><b>Pollution prevention and control</b></p> <p><b>Transition to a circular economy</b></p>



<sup>11</sup> Waste-to-energy facilities are only be eligible where the energy recovery from waste follows a waste hierarchy to ensure that an ambitious amount of the waste is reused and recycled before being converted to energy. Life cycle aspects of waste transportation will also be taken into consideration.

<sup>12</sup> This includes carbon capture and storage (CCS) bioenergy carbon capture and storage (BECCS).

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<p><b>Environmentally sustainable management of living natural resources and land use</b></p>	<p>Environmentally responsible and socially beneficial management of natural systems including, but not limited to, sustainable forestry where the forest land is certified<sup>15</sup> in accordance with the Forest Stewardship Council (FSC) and/or the Programme for the Endorsement of Forest Certified (PEFC).</p>	<div data-bbox="991 315 1134 461"> <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> </div> <p><b>Target 12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources.</p> <div data-bbox="991 584 1134 730"> <p><b>15 LIFE ON LAND</b></p> </div> <p><b>Target 15.2</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.</p>	<p><b>Climate change mitigation</b></p> <p><b>The protection and restoration of biodiversity and ecosystems</b></p>

<sup>15</sup> Forest land where the certification process is at a sufficiently advanced stage or there is a high degree of certainty that such certification will be received may also be eligible for financing, in each case as determined by SEB's Environmental Function.

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<b>Terrestrial and aquatic biodiversity</b>	<p>The conservation, preservation and/or restoration of nature and biodiversity, as well as natural habitats and ecosystems including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• The protection and restoration of coastal, marine and watershed environments.</li> <li>• Restoration of damaged habitats (e.g. reforestation using drones, restoration of disused production areas).</li> <li>• The conservation and restoration of forests and woodlands.</li> <li>• Protection and preservation of biodiversity and natural ecosystems.</li> </ul>	<div data-bbox="991 315 1134 461">  <p><b>6 CLEAN WATER AND SANITATION</b></p> </div> <p><b>Target 6.6</b> By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p> <div data-bbox="991 651 1134 797">  <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> </div> <p><b>Target 11.4</b> Strengthen efforts to protect and safeguard the world's cultural and natural heritage.</p> <div data-bbox="991 943 1134 1088">  <p><b>14 LIFE BELOW WATER</b></p> </div> <p><b>Target 14.5</b> By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.</p> <div data-bbox="991 1346 1134 1491">  <p><b>15 LIFE ON LAND</b></p> </div> <p><b>Target 15.1</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetland, mountains and drylands in line with obligations under international agreements.</p> <p><b>Target 15.5</b> Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.</p> <p><b>Target 15.a</b> Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.</p>	<b>The protection and restoration of biodiversity and ecosystems</b>

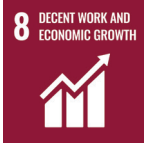

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<b>Clean transportation</b>	<p>Zero emission and low carbon transport solutions for public, passenger and freight<sup>14</sup> purposes, including:</p> <ul style="list-style-type: none"> <li>• Rail transport; where the trains, wagons and coaches have zero direct (tailpipe) CO<sub>2</sub> emissions.</li> <li>• Road transport; zero direct (tailpipe) CO<sub>2</sub> emissions vehicles, as well as public transport vehicles that run on biofuels and/or other renewable fuels.</li> <li>• Water transport; vessels that have zero direct (tailpipe) CO<sub>2</sub> emissions.</li> <li>• Any relevant supporting infrastructure, including: <ul style="list-style-type: none"> <li>– Infrastructure dedicated to non-motorized mobility, e.g. bike lanes;</li> <li>– Electrical charging and hydrogen refuelling stations and installations.</li> </ul> </li> </ul>	 <p><b>Target 11.2</b> By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p>	<b>Climate change mitigation</b>
<b>Sustainable water and wastewater management</b>	<p>The management of water and/or wastewater in a sustainable way including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Water and/or wastewater collection, treatment and supply systems.</li> <li>• Improved water efficiency through reduced leakage.</li> <li>• Plants and/or systems which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons).</li> <li>• Other sustainable water and/or wastewater management measures including, water purification, water saving, water conservation and the re-use of water.</li> </ul>	 <p><b>Target 6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p><b>Target 6.4</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<b>The sustainable use and protection of water and marine resources</b>

<sup>14</sup> The transport solutions may not be dedicated to the transport or storage of fossil fuels.

GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<b>Climate change adaptation</b>	<p>The enhancement of climate resilience through planning, piloting, testing and implementing relevant adaptation measures, with the objective of reducing the exposure of man-made and natural systems to the impacts of climate change.<sup>15</sup></p>	<div data-bbox="991 315 1134 461">  <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <p><b>Target 9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> <div data-bbox="991 725 1134 871">  <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <p><b>Target 11.5</b> By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic products caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.</p> <div data-bbox="991 1178 1134 1323">  <p><b>13</b> CLIMATE ACTION</p> </div> <p><b>Target 13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <div data-bbox="991 1491 1134 1637">  <p><b>14</b> LIFE BELOW WATER</p> </div> <p><b>Target 14.2</b> By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.</p>	<b>Climate change adaptation</b>

<sup>15</sup> The eligibility assessment of adaptation assets will be based on the requirements for substantial contribution to climate change adaptation in the EU Taxonomy (December 2021).



GBP categories	Eligible Green Assets	Core UN SDG Targets	Environmental objective
<b>Circular economy</b> <sup>16</sup>	<p>The promotion of resource efficiency and the transition towards a circular economy including through, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Products, production technologies and processes where there is a significant reduction<sup>17</sup> in the use of virgin materials and/or natural resources in one or more stages of the targeted life-cycle.</li> <li>• Plastic as a raw material and/or product, which is fully manufactured by the mechanical recycling of plastic waste.</li> <li>• Recycling of end-of-life batteries.</li> </ul>	 <p><b>Target 8.4</b> Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p>	<p><b>Climate change mitigation</b></p> <p><b>Transition to a circular economy</b></p>
<b>Green buildings</b> <sup>18</sup>	<p>New and existing buildings which meet the following criteria:</p> <p><b>New buildings</b></p> <ul style="list-style-type: none"> <li>• Where the Primary Energy Demand (PED) is, or will be, at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures. The energy performance is or will be certified using an Energy Performance Certificate (EPC).</li> </ul> <p><b>Existing buildings</b></p> <ul style="list-style-type: none"> <li>• Buildings built before 31 December 2020<sup>19</sup>, where the building has an Energy Performance Certificate (EPC) class A, or the building has a Primary Energy Demand (PED) which is within the top 15% of the national or regional building stock.</li> <li>• Renovations<sup>20, 21</sup> of existing buildings that either lead to a reduction in the Primary Energy Demand (PED) of at least 30%, or where the building meets the applicable national and regional building regulations for 'major renovation' according to the Directive 2010/31/EU<sup>22</sup>.</li> </ul>	 <p><b>Target 7.3</b> By 2030, double the global rate of improvement in energy efficiency.</p>	<p><b>Climate change mitigation</b></p>

<sup>16</sup> Circular economy adapted products, production technologies and processes.

<sup>17</sup> The Environmental and Sustainable Product Steering Committee will review each potential Eligible Green Asset to establish whether there is a second party opinion, or equivalent, demonstrating a 'significant' reduction in the use of virgin materials and evaluating rebound and life-cycle aspects.

<sup>18</sup> To help establish NZEB criteria, SEB will utilise <https://epbd-ca.eu/database-of-outputs>

<sup>19</sup> Buildings built after this date will have to meet the criteria outlined under 'New buildings'.

<sup>20</sup> If a renovated building meets the criteria for Existing buildings, outlined within the 'Green buildings' section of this framework, then the building as a whole can be classified as an Eligible Green Asset. If the renovation does not bring the building within the specified criteria but results in a 30% reduction in the PED, then only the cost of the renovation can be classified as 'green'.

<sup>21</sup> Minor renovations of buildings could be eligible for financing through this Framework if they meet the criteria specified under 'Energy efficiency'.

<sup>22</sup> As stated in directive 2010/31/EU, a 'major renovation' means the renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25% of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25% of the surface of the building envelope undergoes renovation.

## Process for project evaluation and selection

All potential Eligible Green Assets must undergo SEB's regular credit processes, including customer acceptance standards and credit risks assessments, whereby sustainability is an essential part of the assessment process.

SEB's Environmental and Sustainable Product Steering Committee (the ESPS Committee) evaluates and selects Eligible Green Assets in line with the criteria defined in this Framework and SEB's sustainability policy framework. The ESPS Committee meets on a regular basis and is comprised of representatives from Treasury, Sustainable Banking, lending divisions and Business Control. The ESPS Committee is chaired by SEB's Environmental Function and the Environmental Function has the right to veto any potential Eligible Green Asset.

The evaluation and selection procedure includes an assessment of potential lock-in and rebound effects, as well as life-cycle considerations. Eligible Green Assets should have clear, net positive, long-term environmental impacts. The ESPS Committee reserves the right to refrain from including an asset into the Eligible Green Asset Portfolio, even if it meets the eligibility criteria. This could be, for example, due to insufficient indications that long-term environmental impacts will be net positive (for instance, as indicated by life-cycle considerations), the risk that significant harm is done to other sustainability objectives (environmental as well as social), or for purely practical reasons (e.g. inadequate monitoring systems).

The ESPS Committee is also responsible for monitoring that Eligible Green Assets remain aligned with the criteria outlined in this Framework. If it comes to the attention of the ESPS Committee that an asset no longer meets certain eligibility criteria (e.g. following liquidation, concerns regarding the alignment of an underlying activity with the eligibility criteria, etc.) the asset will be removed from the Eligible Green Asset Portfolio.



## Management of proceeds

An amount equal to the proceeds from green bonds, issued by SEB, will be allocated to finance or refinance Eligible Green Assets, according to the criteria outlined in this Framework. To manage the proceeds from our green bonds, SEB has established an Eligible Green Asset Portfolio to ensure monitoring of the allocated proceeds. The proceeds will be earmarked against the Eligible Green Asset Portfolio and will be monitored within the internal systems of the Bank. The Eligible Green Asset Portfolio will be reviewed regularly by the ESPS Committee to account for any re-allocation, repayments or drawings, on the Eligible Green Assets within the Portfolio.

On a quarterly basis any such amounts will be adjusted to reflect the amount advanced for the financing, and any repayment or prepayment, of Eligible Green Assets in the immediately preceding quarterly period. SEB will only issue new green bonds when the Eligible Green Asset Portfolio exceeds the total amount of SEB's outstanding green bonds, including the potential new issuance. In the unlikely event that the full amount of outstanding green bonds is not matched by the Eligible Green Asset Portfolio, any unallocated proceeds would be handled in the same way SEB manages its liquidity reserves.



## Reporting

SEB will report on the allocation of proceeds from green bonds as well as, on a best effort basis, the expected or actual outputs and/or environmental impacts of the Eligible Green Asset Portfolio in a Green Bond Investor Report. The Green Bond Investor Report will also provide, on a best effort basis, information on the alignment of the Eligible Green Asset Portfolio with the EU Taxonomy's technical screening criteria for substantial contribution (December 2021). Where confidentiality agreements, competitive considerations or a large number of underlying assets limit the amount of detail that can be made available, information may be presented on an aggregated portfolio basis or in generic terms. The Green Bond Investor Report will be published on an annual basis. The reporting will take guidance from the most recent version of the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting, as well as the most recent version of ICMA's Harmonized Framework for Impact Reporting Handbook. The methodology for deriving the impact indicators will be outlined in the Green Bond Investor Report.

### Allocation reporting

Allocation reporting will include the following information:

- A description of outstanding green bonds and the amount of proceeds allocated at end of the reporting period.
- A breakdown of the Eligible Green Asset Portfolio by category.
- Geographical distribution of Eligible Green Assets, on a country level.
- Ratio of new financing to refinancing.

### Impact reporting

The Green Bond Investor Report will also include impact reporting with an aim to disclose the environmental impact of the Eligible Green Asset Portfolio financed under this Framework where feasible and subject to data availability. Impact reporting will be based on SEB's financing share of each Eligible Green Asset. The impact assessment is provided with the reservation that not all related data can be covered and that calculations will therefore be on a best effort basis.<sup>23</sup> The impact assessment will, where we find it appropriate, be based on the Key Performance Indicators (KPIs) presented in the table below.



<sup>23</sup> SEB is aware that this Framework opens up for the financing of both manufacturing and installation of Eligible Green Assets. If the scenario should arise that SEB Green Bonds have financed both the manufacturing and the installation of the same Eligible Green Asset, only the environmental impact of the use-phase of the asset will be reported on.

GBP categories	Example of impact indicators
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>• Annual renewable energy generation (GWh)</li> <li>• Capacity of renewable energy (MW)</li> </ul>
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>• Annual energy savings (GWh)</li> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> <li>• Description of the expected improvement in energy efficiency</li> </ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>• Waste that is prevented, minimised, reused or recycled before and after</li> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> </ul>
<b>Environmentally sustainable management of living natural resources and land use</b>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced (tCO<sub>2</sub>e)</li> <li>• Area of land managed (km<sup>2</sup>)</li> </ul>
<b>Terrestrial and aquatic biodiversity</b>	<ul style="list-style-type: none"> <li>• Area of land affected</li> <li>• Qualitative description</li> </ul>
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> </ul>
<b>Sustainable water and wastewater management</b>	<ul style="list-style-type: none"> <li>• Annual water savings</li> <li>• Annual energy savings (GWh)</li> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> </ul>
<b>Climate change adaptation</b>	<ul style="list-style-type: none"> <li>• Area protected (m<sup>2</sup>)</li> </ul>
<b>Circular economy</b>	<ul style="list-style-type: none"> <li>• Material recovery rate (%)</li> <li>• Description of the reduction of virgin materials</li> </ul>
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>• Annual energy savings (GWh)</li> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>e)</li> </ul>

## External reviews

### **Second Party Opinion (pre-issuance)**

SEB has engaged Cicero Shades of Green to issue an independent Second Party Opinion of this Green Bond Framework. The Green Bond Framework, the Second Party Opinion issued by Cicero Shades of Green, and the Green Bond Investor Reports will be made publicly available on SEB website.

### **External verification (post-issuance)**

On an annual basis, SEB will engage an independent external auditor to provide a limited assurance on the processes and systems for the financing of Eligible Green Assets, as well as on the allocation of proceeds from SEB's green bonds to Eligible Green Assets, as is described in SEB's Green Bond Framework. The assurance from the auditor will be included in Green Bond Investor Report.

# Appendices

## Appendix I - EU Taxonomy alignment<sup>24</sup>

GBP categories	Alignment	Comment	Reference <sup>25</sup>
<b>Renewable energy</b>	<b>Mostly aligned</b>	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). The Framework does not reference EU Taxonomy criteria for the Bioenergy subcategory, instead SEB will refer to its own sector policy (which takes into consideration the EU Taxonomy). It should also be noted that the manufacturing of equipment for the production and use of green hydrogen which may be eligible for financing through the framework, without the need for the manufacturer to be able to prove that its downstream clients (which may be unknown at the time of manufacturing) will be producing hydrogen which is aligned to the EU Taxonomy. This is because SEB wants to encourage the growth of the green hydrogen economy and sees this prerequisite as a potentially limiting measure.	3.1, 3.2, 3.10, 3.15, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 4.9, 4.13, 4.14, 4.16, 4.17, 4.18, 4.20, 4.21, 4.22, 4.24, 5.6, 5.7, 5.8, 7.6
<b>Energy efficiency</b>	<b>Partially aligned</b>	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). However, the material improvement of a metric/ threshold in terms of energy efficiency (e.g. a reduction in energy consumption) is typically a core element of this Green Bond Principles category. It is unclear exactly how a material improvement in efficiency would consistently align with meeting static technical screening criteria. Therefore, there is not full alignment with the EU Taxonomy within this category, however, technical screening criteria will be taken into consideration when deciding on the eligibility of an Eligible Green Asset. It is also worth noting that the manufacturing of green iron and steel, using green hydrogen, is considerably less carbon intensive than steel aligned with the EU Taxonomy's technical screening criteria for the substantial contribution to climate change mitigation (December 2021).	3.4, 3.5, 4.10, 4.11, 4.12, 4.15, 4.25, 5.2, 5.4, 7.3, 7.5, 8.2
<b>Pollution prevention and control</b>	<b>Partially aligned</b>	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). However, as 'pollution prevention and control' is one of the EU Taxonomy's six environmental objectives, as of the date of publishing this framework, the most relevant technical screening criteria for this category are likely to be established in the future. The Framework also includes the financing of waste-to-energy; however, the EU's Sustainable Finance platform has indicated that the incineration of non-hazardous waste will not be included in future Taxonomy Regulation.	5.1, 5.9, 5.11, 5.12, 8.2, 9.2

<sup>24</sup> Alignment with the technical screening criteria for substantial contribution to climate change mitigation and/or climate change adaptation, as outlined in the EU Taxonomy (December 2021).

<sup>25</sup> All references relate to Annex I of the EU Taxonomy Regulation (December 2021), except for the category of 'climate change adaptation' which refers to Annex II of the EU Taxonomy Regulation (December 2021).

Note section 9.1 (Close to market research, development and innovation) could be relevant for any of the categories.

GBP categories	Alignment	Comment	Reference
<b>Environmentally sustainable management of living natural resources and land use</b>	<b>Not aligned</b>	Although technical screening criteria have been established for forestry, SEB has chosen to deviate away from the EU Taxonomy's proposed technical screening criteria in this case, in favour of aligning more closely with the well-established forestry certification schemes.	NA
<b>Terrestrial and aquatic biodiversity</b>	<b>Not applicable</b>	'The protection and restoration of biodiversity and ecosystems' is one of the EU Taxonomy's six environmental objectives. Therefore, as of the date of publishing this framework, the most relevant technical screening criteria for this category are likely to be established in the future.	NA
<b>Clean transportation</b>	<b>Partially aligned</b>	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). One exception is that public transport vehicles running on biofuels and other sustainable fuels may be eligible for financing through the Framework, whereas the EU Taxonomy has more detailed criteria specified for the different vehicle types. It is also worth noting that the Framework has not opened up for many of the hybrid transport solutions which are included in the EU Taxonomy, up until 2025.	3.3, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16
<b>Sustainable water and wastewater management</b>	<b>Not aligned</b>	Although some technical screening criteria for the substantial contribution to climate change mitigation have been outlined in the EU Taxonomy (December 2021) for water and wastewater management, mostly with respect to the energy efficiency, SEB has not included these criteria in the framework. 'The sustainable use and protection of water and marine resources' is one of the EU Taxonomy's six environmental objectives and therefore, as of the date of publishing this framework, the most relevant technical screening criteria for this category are likely to be established in the future.	NA
<b>Climate change adaptation</b>	<b>Aligned</b>	Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change adaptation as outlined in the EU Taxonomy (December 2021).	Annex II
<b>Circular economy</b>	<b>Partially aligned</b>	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). However, as 'the transition to a circular economy' is one of the EU Taxonomy's six environmental objectives, as of the date of publishing this framework, the most relevant technical screening criteria for this category are likely to be established in the future.	3.4, 3.17
<b>Green buildings</b>	<b>Mostly aligned</b>	Where possible Eligible Green Assets will, on a best effort basis, be aligned with the technical screening criteria for the substantial contribution to climate change mitigation as outlined in the EU Taxonomy (December 2021). However, the Framework does not reference the special considerations for buildings greater than 5000m <sup>2</sup> .	7.1, 7.2, 7.7



## Appendix II – Supporting documents

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[Annual & Sustainability Report](#) – in accordance with Swedish Annual Accounts Act, Chapter 6, and the Global Reporting Initiative, GRI Standards, core option. The report is aligned with the TCFD (Task Force on Climate-related Financial Disclosures) and UNEP FI Principles for Responsible Banking.

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[Policies](#): Corporate Sustainability Policy, Credit Policy on Corporate Sustainability<sup>26</sup>, Customer Acceptance Standards<sup>26</sup>, Environmental Policy, Human Rights Policy, Inclusion and Diversity Policy, Code of Conduct, Code of Conduct for Suppliers, Tax Policy.

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**Position statements:** Child Labour, Fresh Water and the UK Modern Slavery Act.

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**Sector policies:** Arms and Defence, Forestry, Fossil Fuel, Gambling, Mining and Metals, Renewable Energy, Shipping, Tobacco.

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<sup>26</sup> Internal SEB documents.

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