

2017

SEB Green Bond Investor Report



SEB

About this report

In February 2017, SEB issued its inaugural green bond. This report provides an overview of SEB's allocated eligible project portfolio as well as the environmental impact achieved by the use of proceeds from SEB's inaugural green bond.

The SEB approach to sustainability

Global challenges resulting from climate stress, increased consumption, waste and pollution are larger than ever before. SEB's ambition is to create long-term value from an economic, ethical, social and environmental perspective. We take responsibility for how we conduct our business, how it affects our customers, employees, shareholders and society at large. SEB aims to identify and seize opportunities for positive impact as well as avoiding adverse impacts through the bank's own activities or through our financial products and transactions.

As a pioneer in green bonds, SEB is today a global sustainable finance specialist and advisor.

The green bond market was developed by SEB together with the World Bank and a number of Swedish investors in 2007 and 2008. We recognise the economic importance of climate stress and by engaging in products such as green bonds we can better understand the underlying drivers and trends. Such insights have allowed SEB to support our clients' strategies and long-term commitments towards a low carbon economy. New processes and networks have been established within SEB to increase internal engagement across the bank and to identify new green business opportunities.



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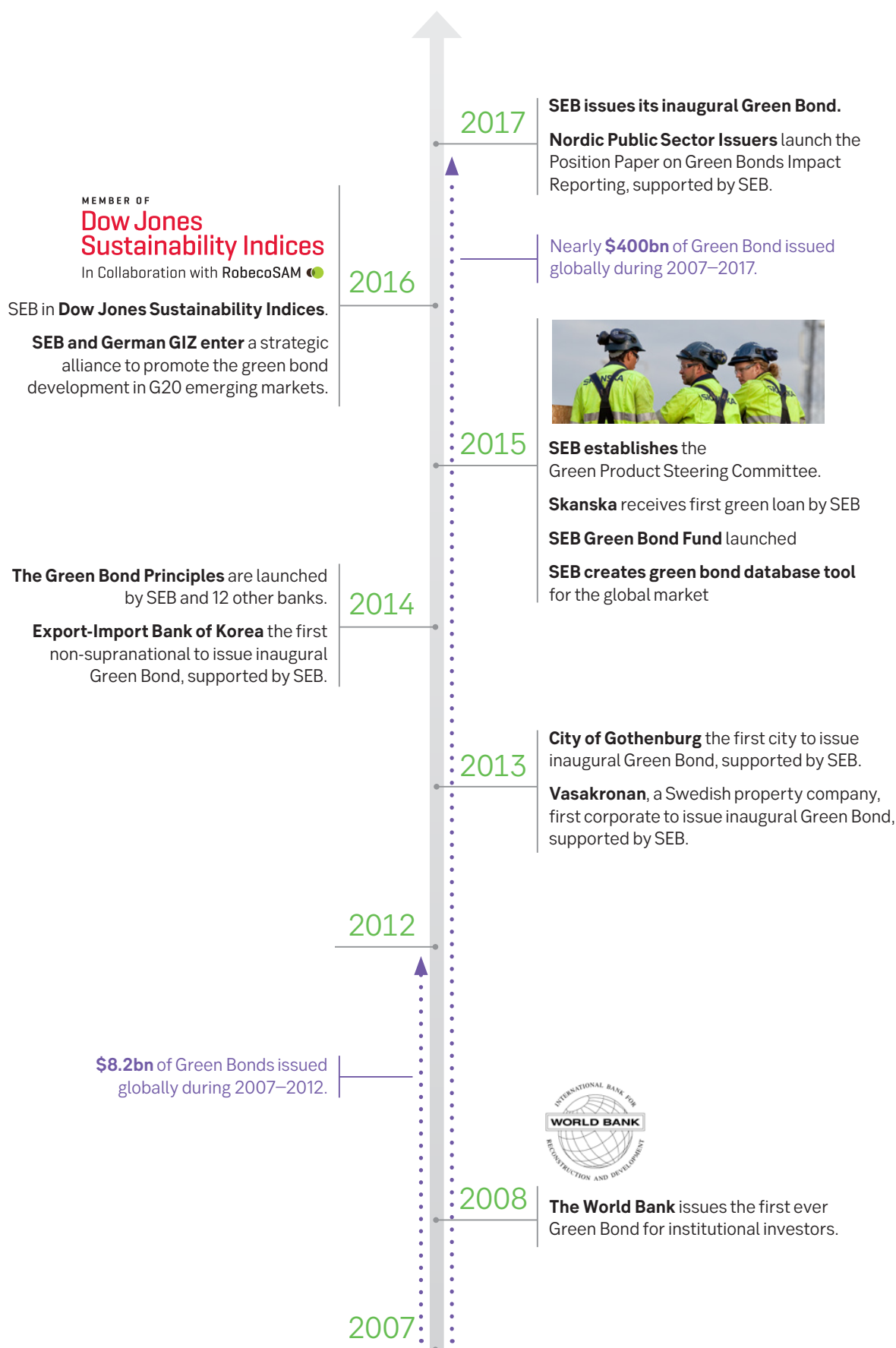


Johan Torgeby
*President and
Chief Executive
Officer*



As pioneers in green bonds, we are convinced that green financing solutions are key in developing a sustainable society. We will continue to support our clients in creating a better world."

SEB's Green Bond milestones



Key figures SEB's Green Bond

Bond	Feb 2017, 0.3%, 5 yrs Senior
Issuer	Skandinaviska Enskilda Banken AB (publ)
Type	Senior Unsecured
Rating	Aa3/ A+ / AA- (M/S/F, all stable)
Nominal amount	EUR 500,000,000
Settlement date	17 February 2017 (T+5)
Maturity date	17 February 2022 (5 year)
Listing	Irish Stock Exchange (regulated market)
ISIN	XS1567475303
Distribution by region	Germany, Austria, Switzerland (29%) Benelux (20%) Nordics (19%) France (19%) UK, Ireland (10%) Other (3%)
Distribution by investor type	Asset Managers (45%) Pension, Insurance (35%) Banks (20%)



With a strong Green Bond Framework and high standards on transparency, SEB intends to further develop and expand sustainable financing in the next few years. SEB intends to be a regular green bond issuer, preferably in EUR and USD, but smaller markets should not be excluded to support the growth of the green bond market and the transition to a low carbon economy."

John Arne Wang, Group Treasury

Impact reporting

SEB's Green Bond Framework is diversified and includes a broad range of eligible project criteria enabling inclusion of loans in the bank's green loan portfolio. SEB is providing quantitative environmental impact data on a sector-based and at an aggregated level. SEB follows the methodology and recommended calculations of the Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting¹, disclosed herein.

The UN's Sustainable Development Goals² (SDGs) are increasingly becoming integrated into action plans of nations, organisations as well as the private sector. SEB's green bond contributes to several of the 17 SDGs which is illustrated in this report.



The SDG's highlighted above are goals on which SEB's green bond's use of proceeds has primary impact.

SEB's key reporting aspects

- SEB reports on the basis of the share of the projects'/ assets' total investment cost that has been financed with proceeds from the green bond
- Reported impact is based on amounts disbursed and outstanding to a project (as opposed to amounts committed)
- Direct environmental impact is reported, such as renewable energy generation, energy savings and reduced emissions
- Where applicable, indirect emissions, such as avoided emissions are reported
- Where possible, actual impacts (ex post) are reported for. When not possible, e.g. ongoing construction of the project, expected impacts (ex ante) are reported
- SEB reports on a portfolio basis, and in Swedish kronor (SEK). F/X rate as per 31 Dec 2017
- For this document, the reporting period ends on 31 Dec. 2017

Methodology

- European mainland mix including Norway has been used as default baseline emission factor for electricity
- Emission factor calculated as Combined Margin according to IFI Harmonized Framework³ methodology, combining a Build Margin and Operating Margin. Same combination of Build Margin (50%) and Operating Margin (50%) used for all electricity projects
- Combined Margin to be applied for SEB's 2017 impact reporting: 380 g CO₂e/kWh²
- Energy savings from green buildings disclosed as a net value', based on energy use per square meter and year and compared to a baseline scenario in which buildings comply with applicable national regulations, for Sweden 80 kWh/m² and year

1) Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting, published in October 2017. SEB, together with Nordic Investment Bank and Crédit Agricole CIB acted as advisors.

2) SEB has in this impact report made references to the SDGs for the relevant eligible project categories. For more information about the SDGs, please read more at the [UN's SDG web site](https://www.un.org/sustainabledevelopment/)

3) International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting, November 2015.

SEB Green Bond Framework summary

The [SEB Green Bond Framework](#) is the key document in SEB's work with green bonds. The framework is in line with [the Green Bond Principles](#)¹, guidelines that recommends transparency and disclosure and promotes integrity in the development of the green bond market by clarifying the approach for issuing a green bond. SEB is following the four core components of the Green Bond Principles and includes the recommended external review section.

1) <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

1. Use of proceeds



■ Renewable energy

- Wind, solar, small scale hydro, tidal, geothermal, bio energy + related infrastructure

■ Energy efficiency

- District heating, smart grids, energy recovery leading to energy efficiency gains of at least 25%

■ Green buildings

- Energy use at least 25% below regulation and certain certifications (outside of Sweden)
- Renovation with energy efficiency gains >35%

■ Clean transportation

- Non-fossil or hybrid transportation solutions/systems + infrastructure

■ Waste management

- Methane capture, waste-to-energy

■ Emission reduction

- Reduced emissions of CO₂, SO_x, NO_x, particulates, heavy metals and dioxins

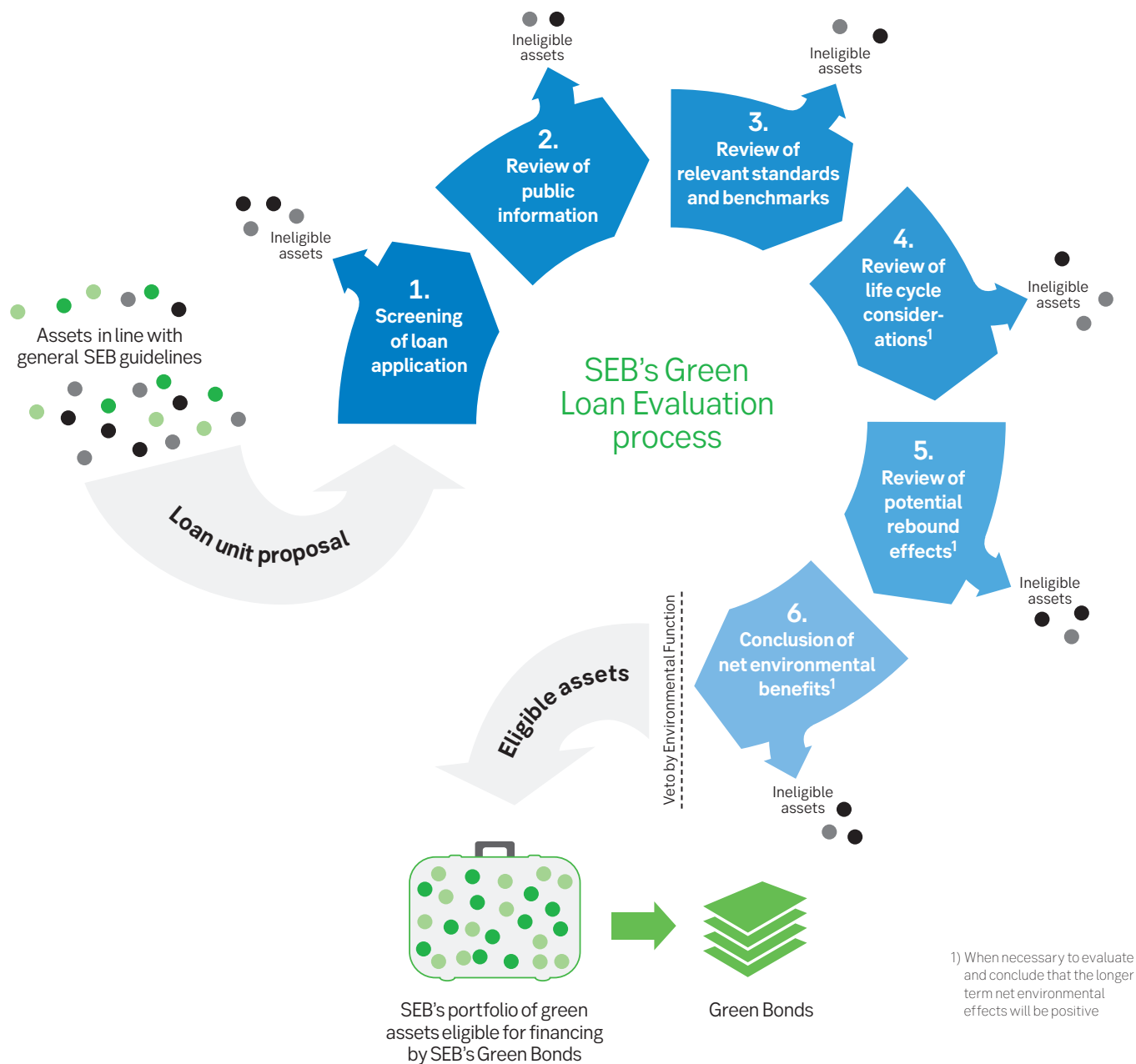
■ Water & wastewater management

- Drinking water production, wastewater treatment, management of water resources

■ Sustainable forestry

- Forestry with FSC/equivalent certification or at an advanced stage of the certification process

2. Process evaluation and selection



3. Management of Proceeds

SEB has established a virtual green balance sheet to manage the proceeds of its green bonds.

4. Reporting

SEB reports on the allocated proceeds as well as the environmental impact.

External review

To ensure that SEB's Green Bond Framework meets high environmental and climate ambitions in line with international standards, SEB has obtained an independent, academic second opinion by the CICERO¹ led Expert Network on Second Opinions (ENSO). Read the full report: ['Second Opinion' on SEB's Green Bond Framework](#).

1) The Centre for International Climate and Environmental Research in Oslo

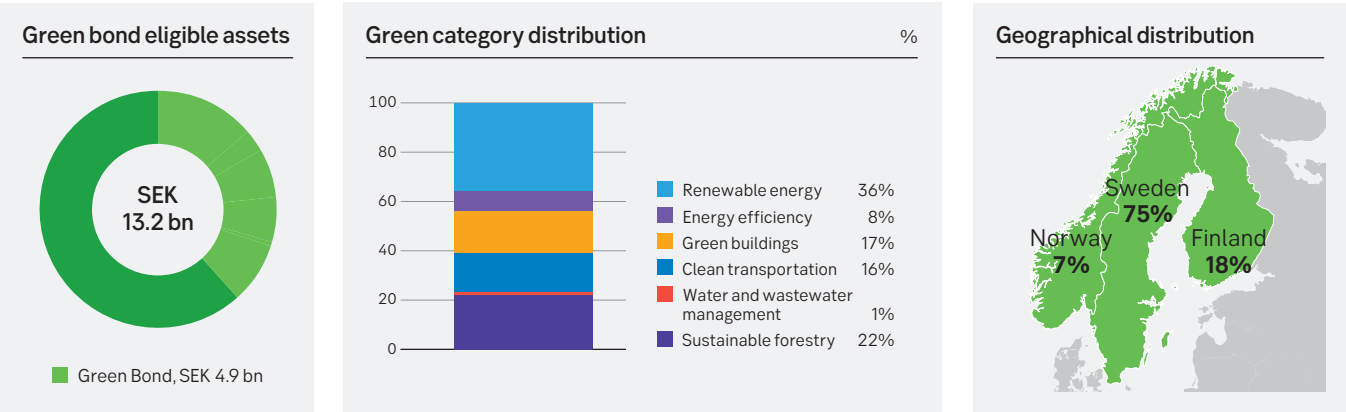
SEB has engaged an external, independent assurance provider, PWC, to annually review the adherence to defined processes and use of proceeds set out in the Green Bond Framework. Please read the review letter at p 11.















SEB's Green Bonds Framework, in line with the company's broader commitment to environmental sustainability, provides a clear process for project approval. Based on an overall assessment of the project types that will be financed by the green bond and governance and transparency considerations, SEB's Green Bond Framework gets a dark green shading."

CICERO (November 2016)

The Green Loan pool



Quantitative environmental impact of the Green Bond

		Use of Proceeds, SEK	Impact 2017 CO ₂ e reductions tonnes	SDGs	Effect (MW)	Electricity/energy produced (GWh)	Energy savings (GWh)
Renewable energy, 36%	Wind power	942,749,758	87,367 ¹	 	72 ²	230 ³	—
	Hydro power	780,386,346	48,270		29	127	—
	Biogas	40,699,201	3,462 ⁴		—	14	—
Energy efficiency, 8%		394,814,723	39,605 ⁵	 	12	183	
Green buildings, 17%		861,683,392	996 ⁶	 	—	—	2.6
Clean transportation, 16%	Biogas buses	57,580,928	1,025 ⁷	 	—	—	—
	Electric trains ⁸	730,781,047	—		—	—	—
Water and wastewater management, 1%		37,264,563	94 ⁹	 	—	—	0.25 ¹⁰
Sustainable forestry, 22%		1,062,040,041	39,128 ^{11,12}	 	—	—	—
TOTAL		4,907,969,999	219,947		113	554	2.85

1) Including 14,161 estimated future CO₂e reductions

2) Including 11 MW under construction

3) Including 37 MW estimated future energy savings

4) SEB's share of biogas production sums up to 13.6 GWh. The biogas is used for transportation and replaces petrol to an amount of 1.5 million litres. Applying an emission factor of 2.3 kg CO₂e/litre for petrol (ref. DEFRA, 100% mineral based petrol, <https://www.gov.uk/government/publications/green-house-gas-reporting-conversion-factors-2017>) this corresponds to a reduction of 3,462 tonnes CO₂e.

5) Energy efficiency includes a project producing electricity and district heating from biofuel. For 2017 the energy production from SEB's share of the district heating sums up to 134 GWh. For district heating, an emission factor of 158 g CO₂e/kWh is used (ref. Nordic Public Sector Issuers' Position Paper on Green Bonds Impact Reporting, Appendix E). This corresponds to a reduction of 21,196 tonnes CO₂e. The electricity production sums up to 48 GWh. Applying the Combined Margin of 380 g CO₂e/kWh. This result in a direct environmental impact of 18,409 tonnes of reduced CO₂e.

6) Green buildings in SEB's green bond portfolio have an area of almost 60,000 square meters

7) Driven distance by biogas buses has been compared to diesel driven buses with an emission factor of 1.282 kg CO₂e/km (ref. [NTM](#), 15 passenger).

8) No detailed reporting has been available on electrical trains.

9) Estimated future CO₂e reductions

10) Estimated future energy savings

11) CO₂ assimilation through forestry

12) 2016 figures, there is no reason to believe that the 2017 figure should differ from 2016

Example 1 of eligible assets

Arenastaden, Pyramiden 4



SEB has provided a SEK 2 billion green loan credit facility to the Swedish property developer Fabege AB. The green loan finances the property Solna Pyramiden 4, which also is the new headquarter of SEB. The property is in the processes for achieving a BREEAM Excellent certification.

The building is a well-insulated house with sun screening to minimise heating and cooling need. The ventilation is optimised to provide effective heat recycling. This together with energy efficient equipment, as for example low energy lighting and electricity accumulation from down-going elevators, assures an energy consumption for the building well below Swedish building norms. The specific energy consumption is planned to be about 38 kWh/square meter and year to be compared to the applicable building norm of 80 kWh/square meter and year.



“Pyramiden 4 is one of the most resource and energy effective properties we have developed and a good example of sustainable city development.”

Kaan Tektas, Project manager, Fabege

The building is supplied with district heating and district cooling as well as 100% renewable electricity.

Online monitoring of water and energy is in place to ensure good handling of resources. Low water technology is used in showers, toilets and kitchen equipment and the building has a 5000 square meter sedum roof to decrease storm water. 420 square meter solar cells on the roof produces electricity for charging of electrical vehicles.

Fabege AB is a property company focusing on urban development and commercial properties. With 90 properties with a market value of close to SEK 60 billion Fabege is an important actor on the Swedish market. Fabege works with partners to develop sustainable city districts with offices, housing and services.

Example 2 of eligible assets

Sydvatten



SEB has provided a SEK 100 million green loan credit facility to the Swedish drinking water provider Sydvatten AB. The green loan will contribute to the financing of a 25-kilometer raw water pipe alongside an already existing connection, between the Äktaboden reservoir to Sydvatten's Ringsjöverket water purification plant. Besides creating redundancy in the network and to expand its overall capacity to a growing number of consumers in the region, the project will reduce the need to constantly pump water into the purification plant by enabling gravity-fed water inflow. This is expected to reduce the annual electricity consumption by 3 million kWh annually. The construction of the new pipeline is ongoing and is planned to be finalised during 2019.



– This is one of the largest projects in the history of Sydvatten. The dimensions of the raw water pipes together with the length makes it one of the biggest projects in the country, tells Lars Balkfors, project manager. All in all, it took us three years of planning with over 100 environmental permits, and three years to build.

Sydvatten AB is a municipally owned company producing drinking water for approximately 900,000 inhabitants in the region of Skåne, including the cities of Malmö and Lund. Sydvatten was founded in 1966 and is today one of Sweden's largest providers of drinking water.

Independent Auditor's Limited Assurance Report

To Skandinaviska Enskilda Banken AB (publ)

We have been engaged by Skandinaviska Enskilda Banken AB (publ) ("SEB") to undertake an examination of selected information in SEB's Investor Report dated April 2018, concerning the SEB Green Bond issued in February 2017.

Assurance scope

The scope of our work was limited to assurance over the processes and systems for financing of eligible assets and allocating proceeds from the Green Bond to such assets, as described in the Investor Report (the "selected information"). The reporting criteria against which this information was assessed are relevant parts of the SEB Green Bond Framework per November 2016, available on the SEB website.

Our assurance does not extend to any other information in the Investor Report. We have not reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts.

Responsibilities of SEB management

The management of SEB is responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing an Investor Report that is free of material misstatements, whether due to fraud or error, in accordance with the *SEB Green Bond Framework*.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the selected information specified above based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and the process for selection of eligible assets, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information.

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 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 a reasonable assurance engagement.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies ISQC 1 (*International Standard on Quality Control*) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the SEB Investor Report has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, April 12, 2018
PricewaterhouseCoopers AB



Peter Nyllinge
Authorised Public Accountant



Fredrik Ljungdahl
Sustainability Expert Member of FAR



This is SEB

SEB is a leading Nordic financial services group with a strong belief that entrepreneurial minds and innovative companies are key in creating a better world. Our vision is to deliver world-class service to our customers. We assist 2,300 large corporations, 700 financial institutions, 400,000 small and medium-sized companies and 4 million private individuals with advice and financial solutions.

In Sweden and the Baltic countries, we offer comprehensive financial advice and a wide range of financial services. In Denmark, Finland, Norway, Germany and the United Kingdom, we have a strong focus on a full-service offering to large corporate and institutional customers.

The international scope of the operations is reflected in SEB's presence in some 20 countries with 15,000 employees.

We have a long-term perspective in all of our operations and contribute to the development of markets and communities.

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