Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

# Product name: SEB Dynamic Bond Fund

**Legal entity identifier:** 529900H6I0SORXW04096

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Did this financial product have a sustainable investment objective?**

| ☐ Yes | ☑ No |
|---|---|
| ☐ It made **sustainable investments with an environmental objective**: ___% | ☑ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of **34.02%** of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☑ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☑ with a social objective |
| ☐ It made **sustainable investments with a social objective**: ___% | ☐ It promoted E/S characteristics, but **did not make any sustainable investments** |

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

During the 2023 reference period, the fund promoted environmental and social characteristics by considering sustainability risks and opportunities both before the fund invested in an individual company, through the ongoing monitoring of investments, and by investing in bonds from issuers classified as sustainable and in sustainabilty-labelled (use of proceeds) bonds. To support the work of assessing the issuers' sustainability risks and opportunities, the fund's management team used a quantitative tool in the form of the SEB Investment Management Sustainability Score, SIMS-S.

SIMS-S is the fund company's proprietary sustainability model that rates all companies in the fund's investment universe based on multiple aspects of sustainability to establish a comprehensive and unbiased view. The model consists of two main components: sustainability risks and sustainability opportunities. The model uses data from multiple vendors and is continuously modified as new data and new insights become available. The sustainability rating includes both a current status picture and a forward-looking perspective for each company. This provides fund managers the opportunity to assess current and future sustainability factors that can affect risk and return in the longer term.

Sustainability risks refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant negative impact on the value of the investment.

Sustainability opportunities refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant positive impact on the value of the investment.

The fund has also promoted environmental and social attributes through its continuous efforts to influence companies' business models in a more sustainable direction. The fund company has influenced companies on behalf of the fund by voting at general meetings, through dialogues with management teams and boards and in cooperation with other asset managers or partners.

Furthermore, the fund promoted environmental and social characteristics during the reference period by applying the fund company's exclusion criteria. The fund excluded investments in companies operating in industries or business areas deemed to have significant sustainability challenges.

Read more about the fund company's exclusions in the sustainability policy which can be found at sebgroup.com/fundcompanysustainability.

**Sustainability indicators** measure how the environmental or social characteristics pro-

### How did the sustainability indicators perform?

The fund achieved a SIMS-S rating of 5.6 at the end of 2023. SIMS-S ratings are set on a scale of 0-10 with a normal distribution, which means that the normal outcome for a company is 5.0 and that most companies have a rating between 4.0-6.0.

moted by the financial product are attained.

In 2023, the fund had 64 corporate engagements in 27 companies, corresponding to 33% of the portfolio. These dialogues differed in nature, with some being very detailed and time-consuming while others were handled within a limited time. This means that the number of dialogues has not been directly linked to the amount of time and resources spent on advocacy dialogue. A significant part of the fund's sustainability process is to invest in green, social and sustainabilty (use of proceeds) bonds, and at the end of the year, these bonds constituted 28.7% of the fund.

### ...and compared to previous periods?

During the year, the fund continued to invest in green bonds and prioritised continuing to increase shares. By continuing to invest in green collateral, the fund encouraged issuers to take further steps to incorporate environmental aspects into their businesses.

In 2023, the fund had a SIMS-S rating of 5.6, which is in line with the score of 2022.

In 2023, engagement dialogues were carried out with 27 companies among the fund's holdings, which was 8 more companies than in 2022. The proportion of green, social and sustainability bonds amounted to 28.7% in 2023, while the level was 28.0% in 2022. In 2023, roughly the same issuers were excluded from the universe based on one of the fund company's exclusion criteria as in 2022.

### What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

During the 2023 reference period, the fund was committed to making sustainable investments to a minimum share of 20%.

During the period, the fund owned one or more companies that could be classified as sustainable investments whose economic activities were deemed to contribute to one or more of the following environmental and social objectives.

Social objectives:

• United Nations Social Development Goals (UN SDGs): SDG 1 — No poverty; SDG 2 — Zero hunger; SDG 3 — Good health and well-being; SDG 4 — Quality education; SDG 5 — Gender equality; SDG 6 — Clean water and sanitation; SDG 8 — Decent work and economic growth; SDG 10 — Reduced inequalities; SDG 11 — Sustainable cities and communities; and SDG 16 — Peace, justice and strong institutions

• Other social sustainability goals such as gender equality, social inclusion and diversity

Environmental objectives considered environmentally sustainable according to the EU Taxonomy:

• The six goals defined by the EU Green Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Environmental objectives that are not considered compatible with the EU Taxonomy

• The United Nations Environment-related Sustainable Development Goals (UN SDGs): SDG 6 — Clean water and sanitation; SDG 7 — Affordable and clean energy; SDG 9 — Industry, innovation and infrastructure; SDG 11 — Sustainable cities and communities; SDG 12 — Responsible consumption and production; SDG 13 — Climate action; SDG 14 — Life below water; and SDG 15 — Life on land

• Operational resource efficiency in key environmental areas such as carbon use, water use or use of raw materials

The sustainable goals included in SEB Investment Management’s definition of sustainable investments and quantitative thresholds are:

Environmental goals

• 10% of the company's revenue, capital expenditure or operating costs have been classified by estimation or reporting as significantly contributing to the six EU Taxonomy goals

• 20% of the company's revenue has been assessed as contributing to other global environmental goals, directly or indirectly linked to the UN SDGs

• The company outperforms its sector and region in terms of emission factors according to quantitative data

• The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data

• The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives

• Project-specific contributions via sustainability-labelled bonds such as Green bonds and Sustainable bonds (use of proceeds)

Social goals

• 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs

• The company outperforms relative to its region in terms of gender equality factors, according to quantitative data

• The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals

• Project-specific contributions via sustainability-labelled bonds such as Social bonds and Sustainable bonds (use of proceeds)

The fund company applies a pass/fail methodology, whereby an entire investment is classified and reported as sustainable if the requirements for contributing, not doing significant harm and good corporate governance are met. Other management companies may use a different methodology and criteria to classify an investment as sustainable. Therefore, the levels of sustainable investments may differ between fund companies depending on the methodologies, criteria and data providers used, and not only on levels of sustainability within the funds.

### How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

To ensure that no sustainable investment caused significant harm to any environmental or social sustainable investment objective, the fund worked with the following principles during the reference period:

• Excluded companies that did not comply with international norms and standards;

• Excluded companies operating in controversial sectors and business areas;

• Excluded companies that had exposure to fossil fuels or other activities with negative environmental impacts;

• Excluded companies that were not considered to fulfil the levels of minimum social safeguards as defined by the EU Taxonomy; and

• Used an external research partner's assessment of the companies' corporate governance structure, labour relations, tax compliance and remuneration.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

During the reference period, the fund company's model for detecting companies with extreme values among the negative impact indicators was used to avoid investing in companies that have caused significant harm. The negative impact indicators for sustainability factors used are those outlined in Annex I of the Sustainable Finance Disclosure Regulation's technical standard (CDR 2022/1288) - as well as the relevant indicators in Tables 2 and 3 of Annex 1 of CDR 2022/1288. However, the indicators are dependent on the current availability of data, but where sufficient coverage has been available, companies with significant negative performance in a geographical and sectoral context have not been included as sustainable investments.

Some indicators that were considered through the exclusions outlined in the fund company's sustainability policy, were, in particular:

• Companies with activities in the fossil fuel sector;

• Companies with facilities/operations located in or near biodiversity-sensitive areas where the activities of these companies negatively impact these areas;

• Companies that do not comply with international norms and standards, such as the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;

• Companies involved in the manufacture or sale of controversial weapons (landmines, cluster bombs, chemical and biological weapons); and

• Companies whose activities affect endangered species.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

During the reference period, the fund's investments have been aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through the norm-based exclusion criteria set out in the fund company's sustainability policy and using the SIMS-S.

Norm-based exclusions mean that the fund company expects issuers to adhere to international laws and conventions such as the following:

• The UN Principles for Responsible Investment;

• The UN Global Compact;

• The OECD Guidelines for Multinational Enterprises; and

• The UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Companies with confirmed violations are not considered sustainable investments.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

## How did this financial product consider principal adverse impacts on sustainability factors?

During the reference period, the fund considered principal adverse impacts on sustainability factors through the exclusions outlined in the fund company's sustainability policy where companies with operations in the following were excluded:

- Companies with activities in the fossil fuel sector;
- Companies with facilities/operations located in or near biodiversity-sensitive areas where the activities of these companies negatively impact these areas;
- Companies that do not comply with international norms and standards, such as the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Companies involved in the manufacture or sale of controversial weapons (landmines, cluster bombs, chemical and biological weapons); and
- Companies whose activities affect endangered species.

In the fund's fundamental analysis process, a sustainability assessment of, among other things, each company's products, services, operations, and suppliers is conducted. To support the work of assessing the companies' sustainability risks and opportunities, the fund managers used a quantitative tool in the form of the SEB Investment Management Sustainability Score, SIMS-S.

Using SIMS-S, the fund company's proprietary sustainability model, the following indicators for adverse impacts were considered:

- Greenhouse gas emissions of the investee companies;
- The carbon footprint of the investee companies;
- Greenhouse gas intensity of the investee companies;
- Whether companies operate in the fossil fuel sector;
- Energy consumption intensity per sector with high climate impact, for the investee companies;
- Whether the investee companies have facilities/operations located in or near biodiversity-sensitive areas where the operations of these companies negatively impact these areas;
- Emissions to water generated by the investee companies;
- The amount of hazardous waste generated by the investee companies;
- Whether the companies we invest in lack processes and compliance mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises;
- The unadjusted gender pay gap in the investee companies;
- Gender distribution of the board of directors of the investee companies;
- Whether the investee companies have decarbonisation initiatives in place to align with the Paris Agreement; and
- Whether the investee companies have a supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour).
- PAI 4: Exposure to companies active in the fossil sector
- PAI 10: Violations of UN Global Compact Principles & OECD Guidelines for multinational enterprises
- PAI 14: Exposure to controversial weapons

During the ESG integration process using the SIMS-S combined with fundamental analysis:

From Annex 1 - Table 1 of CDR (EU) 2022/1288

- PAI 1: GHG emissions
- PAI 2: Carbon footprint
- PAI 3: GHG intensity of investee companies
- PAI 4: Exposure to companies active in the fossil sector
- PAI 7: Activities negatively affecting biodiversity-sensitive areas
- PAI 8: Emissions to water
- PAI 9: Hazardous waste ratio
- PAI 10: Violations of UN Global Compact Principles & OECD Guidelines for Multinational Enterprises

- PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- PAI 12: Unadjusted gender pay gap
- PAI 13: Board gender diversity
- PAI 14: Exposure to controversial weapons

During the investment period, these PAIs are considered:

- In engagement dialogues with issuers:

PAI 13 from Annex 1 - Table 1 of CDR (EU) 2022/1288

## What were the top investments of this financial product?

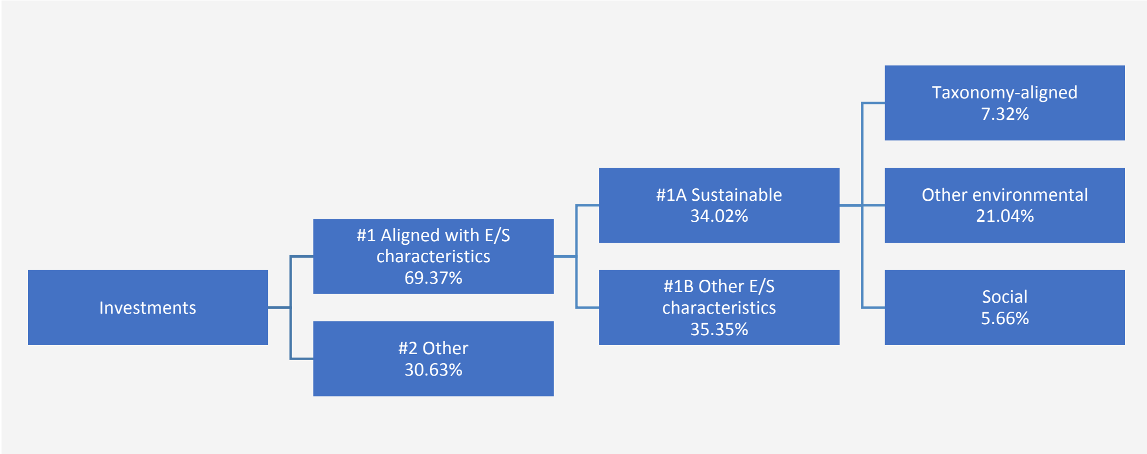
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31 December 2023

| Largest investments | Sector | % Assets | Country |
|---|---|---|---|
| Sveriges Säkerställda Obligationer | N/A | 14.26 | Sweden |
| Stadshypotek AB | Financials | 11.21 | Sweden |
| Landshypotek Bank AB | Financials | 3.28 | Sweden |
| Klövern | Real Estate | 1.65 | Sweden |
| Länsförsäkringar Bank | Financials | 1.52 | Sweden |
| Islandsbanki HF | Financials | 1.52 | Iceland |
| Kungsleden AB | Real Estate | 1.44 | Sweden |
| Bonnier Fastigheter Finans Publ AB | N/A | 1.40 | Sweden |
| Castellum AB | Real Estate | 1.38 | Sweden |
| Spar Nord Bank A/S | Financials | 1.34 | Denmark |
| Intea Fastigheter AB | N/A | 1.34 | Sweden |
| Fastighets AB Balder | Real Estate | 1.28 | Sweden |
| DNB Bank ASA | Financials | 1.27 | Norway |
| FastPartner AB | Real Estate | 1.17 | Sweden |
| Scania CV AB | Industrials | 1.17 | Sweden |

## What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

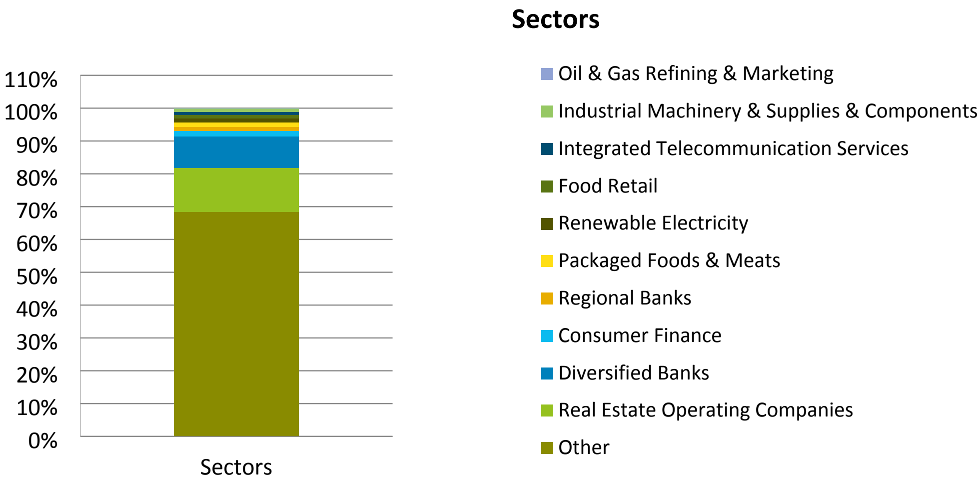



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

## In which economic sectors were the investments made?




## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy [1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☑ No

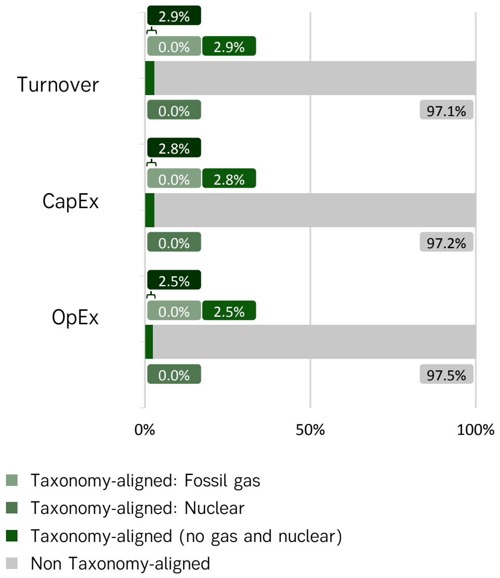
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

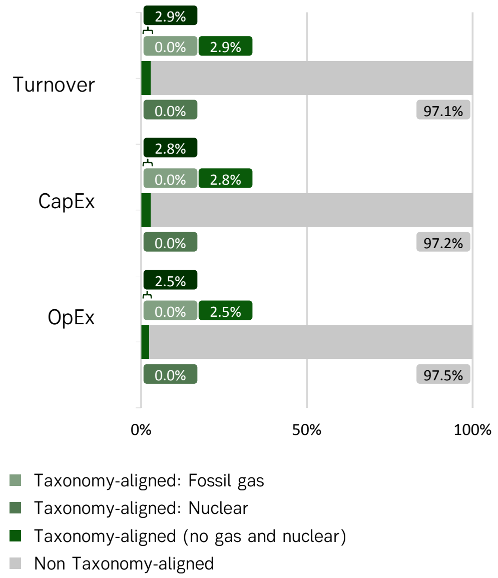
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*




2. Taxonomy-alignment of investments excluding sovereign bonds*




This graph represents 98.16% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

### What was the share of investments made in transitional and enabling activities?

During 2023, the share of investments in transitional activites was 0.0%. The share in enabling activites was 0.0%.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

For the previous reference period (2022), the share of investments whose revenue was compatible with the EU taxonomy was 1.0%, compatible capital expenditure was 1.2%, and operating expenditure 0.0%.

## What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable eco-

At the end of 2023, the fund had an equivalent of 21% of investments that were classified as sustainable investments with environmental objectives but not compliant with the EU Taxonomy.

The fund also had the option of investing in sustainability-labelled bonds, such as green bonds. The funding from these bonds had to be used to contribute to an environmental goal in order to receive their green label, but taxonomy reporting for individual financial securities is often lacking.

It is likely that in the vast majority of cases, the companies' goals have clear connections to the goals found in the EU's Green Taxonomy, but that reliable data is lacking for such a classification. The EU Green Taxonomy does not cover all economic sectors that are relevant for the fund to invest in and nomic activities under Regulation (EU) 2020/852.

that contribute to sustainability goals. There were also relatively few companies that reported in accordance with the EU Green Taxonomy. This may have been due both to their size and their geographical location.

The fund company uses an internal process to define the contributions to environmental objectives and the classification of sustainable investments. The environmental goals included in the fund company's definition of sustainable investments and quantitative thresholds are:

• 20% of the company's revenues have been assessed to contribute to other global environmental goals, directly or indirectly linked to the United Nations Sustainable Development Goals (UN SDGs);

• The company outperforms its sector and region in terms of emission factors according to quantitative data;

• The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data; and

• The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as contributing if the investment meets one or more of the above criteria.

### What was the share of socially sustainable investments?

At the end of 2023, the fund had investments corresponding to 5.7% classified as socially sustainable investments.

The fund company uses an internal process to define the contribution to social goals and the classification of sustainable investments. The social goals included in the fund company's definition of sustainable investments and quantitative thresholds are:

• 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs;

• The company outperforms relative to its region in terms of gender equality factors, according to quantitative data; and

• The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as sustainable if the investment meets one or more of the above criteria.

The fund also had the option of investing in sustainability-labelled bonds such as social bonds. The funding from these bonds had to be used to contribute to a social goal.

### What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Cash in the meaning of ancillary liquid assets, sovereigns, supranationals (when not a sustainability-labelled bond), mortgage bonds/covered bonds (when not a sustainability-labelled bond), for other investments where data is missing and derivatives.

The purpose of cash was liquidity and flows; the purpose of derivatives was efficient portfolio management techniques; and the purpose of mortgage bonds, sovereigns, and supranationals was for allocation/investment strategy reasons.

For mortgage bonds, the minimal environmental and social safeguards included the exclusionary process where issuers with confirmed breaches of international norms and standards are excluded, and there were no investments made in entities for sovereigns and supranationals under US, EU, UK or OECD sanctions.

## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund continued investing in green bonds during the year. By the end of the year, green bonds accounted for roughly a fourth of the fund's assets. Green bonds are bonds in which proceeds are earmarked for investments with a clear positive environmental impact. The fund has, for example, invested in green bonds issued by real estate companies, fish producers and energy companies along with issuers within different sectors, such as Boliden and ICA. Aside from green bonds, the fund also invested in social bonds and sustainability-linked bonds issued by, for example, Kinnevik, Kahrs, First Camp and Greenfood, as well as sustainability bonds issued by Studentbostäder i Nordens and the investment company VEF.

The fund excluded companies that did not meet the fund company's extensive criteria for sustainability. As examples, Norwegian oil company Aker BP and its owner Aker were excluded due to their involvement in the extraction of fossil fuels. The gaming sector, including issuers such as Betsson and Catena Media, companies within the defence sector, such as SAAB, and the tobacco company Swedish Match were also excluded.

The fund management team had engagement dialogues with companies related to their sustainability work. The dialogues had a focus on environmental characteristics, with reducing greenhouse gas emissions being the main target. Reporting on Scopes 1-3 emissions, and a clear pathway to reducing these by committing to science-based targets were the main points of engagement. For the real estate sector, the main focus was on energy efficiency improvements of buildings with lower energy classifications. Sustainability-linked incentive programmes for executives has also been a recurring subject of discussion. During the year, engagement dialogues were held with Corem, European Energy and Castellum, among others.

## How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How does the reference benchmark differ from a broad market index?**

  The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

  The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform compared with the reference benchmark?**

  The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

- **How did this financial product perform compared with the broad market index?**

  The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.