

Product name: SEB Dynamic Bond Fund

Legal entity identifier: 529900H6IOSORXW04096

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?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <ul style="list-style-type: none"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> 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?

The sub-fund promoted environmental and social characteristics within the meaning of Article 8 of SFDR.

- To promote general sustainability characteristics, such as fair business practices, human rights, labour rights, anti-corruption, and fair competition, the fund excluded companies that breached international norms and standards where the company could not present clear goals and ongoing measures to address the issue(s).
- To promote social and general sustainability characteristics, the fund excluded investments in companies that operated in sectors or business areas that were assessed to present major sustainability challenges, such as tobacco, recreational cannabis, pornography, commercial gambling, civilian weapons, and alcohol.
- In order to accelerate the reduction of global greenhouse gas emissions, the fund limited or had no exposure to companies involved in fossil fuels.
- The sub-fund integrated sustainability risks and opportunities by considering SEB Investment Management's proprietary sustainability model, in which companies were ranked on a set of sustainability performance parameters. Characteristics within the model included, but were not limited to, carbon emissions, climate solutions, diversity, and equality.
- The sub-fund also integrated sustainability opportunities by prioritizing and promoting sustainability bonds, such as green bonds and social bonds, in the investment process. This promoted, among other characteristics, energy efficiency, reduction of emissions, and social projects.
- In addition, active ownership was exercised with the ambition of influencing companies in a more sustainable direction, related to the above-mentioned challenges and aspects.

More information on exclusion criteria could be found in the Management Company's sustainability policy (sebgroup.com).

● How did the sustainability indicators perform?

As part of the work to identify risks and opportunities related to sustainable development, we use SIMS-S (SEB Investment Management Sustainability Score). The purpose of SIMS-S is to provide a relevant, forward-looking and company-specific sustainability rating as well as to provide guidance in relation to current and future sustainability factors that may affect long-term risks and opportunities. Companies are assessed based on several different factors, such as emissions, environmental goals, gender equality, taxonomy-related revenue and SDG contributions, and all of these together form the basis of the score. SIMS-S is included as part of the sustainability analysis and, together with the fundamental analysis, is the basis when we select issuers that promote sustainability.

In order to compare companies in a relevant way, and in a correct context, we mainly use an adjusted rating where the rating is normalized within the relevant sector and region. A company that has an adjusted

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

score above 5 means that the company is better than average in terms of managing risks and opportunities linked to sustainable development. The fund had an adjusted SIMS-S score of 5.57, which means that the issuers the fund is invested in generally outperform within their sectors and regions. Another essential part of the fund's sustainability work is investing in green and sustainability-linked bonds. At the end of the year, this share amounted to roughly a quarter of the fund's value. Engagement dialogues are also a central part of the sustainability work, and during the year we have carried out 19 engagement dialogues for the fund's holdings. 45 issuers in the fund's investment universe are excluded due to the fund company's exclusion criteria.

● **...and compared to previous periods?**

During the year, the Fund Company has developed, and quantified which indicators are included in the Fund. Based on this development, it is not accurate to compare the Fund's indicators with previous periods.

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

The product did not commit to any sustainable investments with an environmental objective during the period.

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

The product did not commit to any sustainable investments during the period.

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

The product did not commit to any sustainable investments during the period.

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

The product did not commit to any sustainable investments during the period.

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 not 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.

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

Prior to the investment decision, the following PAIs were considered:

· On an exclusionary basis:

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

- 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: Jan 1, 2022 to Dec 31, 2022

Largest investments	Sector	% Assets	Country
Sveriges Säkerställda Obligationer	Financials	14.03	Sweden
Stadshypotek AB	Financials	8.48	Sweden
Landshypotek Bank AB	Financials	1.88	Sweden
FastPartner AB	Real Estate	1.77	Sweden
Klövern	Real Estate	1.74	Sweden
Danske Bank A/S	Financials	1.6	Denmark
Telia Co AB	Communication Services	1.54	Sweden
International Bank for Reconstruction & Development	Supranationals	1.39	N/A
Svensk FastighetsFinansiering AB	Financials	1.35	Sweden
Islandsbanki HF	Financials	1.28	Iceland
Kungsleden AB	Real Estate	1.27	Sweden
Scania CV AB	Industrials	1.26	Sweden
Fastighets AB Balder	Real Estate	1.25	Sweden
Intea Fastigheter AB	Real Estate	1.18	Sweden
Teollisuuden Voima Oyj	Utilities	1.04	Finland

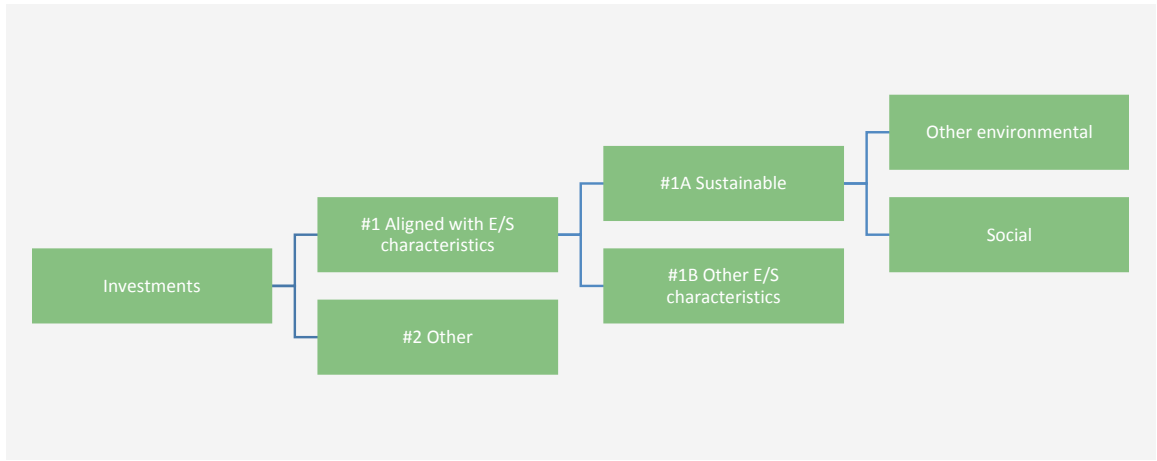


What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?

As at 31 December 2022 94.22% of the Assets under Management were aligned with E/S characteristics. As at 31 December 2022 5.78% of the Assets under Management were classified as "Other". These Assets consisted of Cash, Currency Contracts, Futures, Covered Bonds and Treasury Notes. The product did not commit to any sustainable investments during the period, and only cash, derivatives and sovereign exposures would fall under Other.



#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. As at 31 December 2022 94.22% of the Assets under Management were aligned with E/S characteristics.

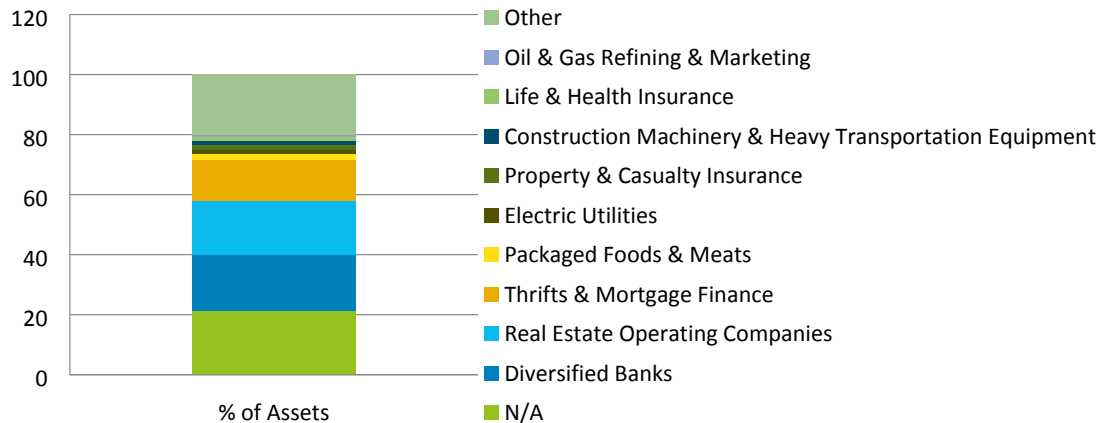
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. As at 31 December 2022 5.78% of the Assets under Management were classified as "Other". These Assets consisted of Cash, Currency Contracts, Futures, Covered Bonds and Treasury Notes.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- 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?**

Investments were made in the following sub-sectors, with a breakdown of the 10 largest sub-sectors:



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

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy*?**

- Yes:
- In fossil gas In nuclear energy
- No

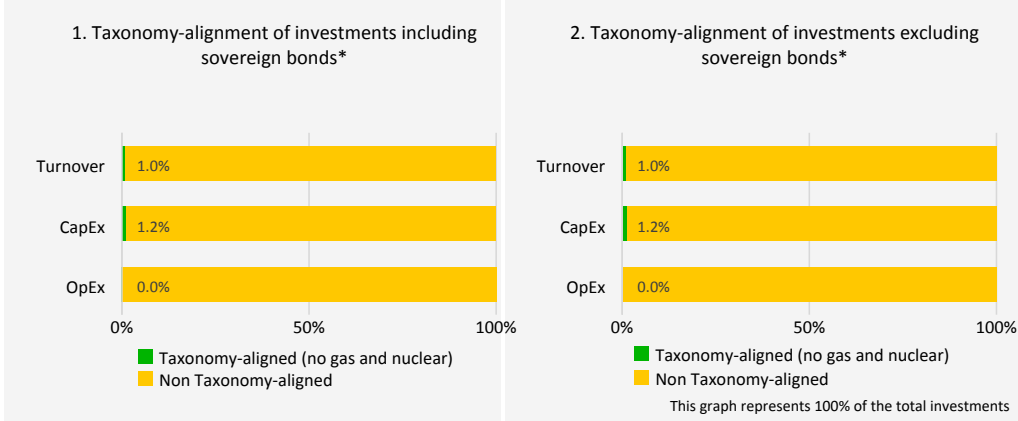
* available data on the sub-fund's investments are reported to be zero.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green

economy.
- **operational expenditure** (OpEx) reflects the 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.



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

The proportion of investments in transition activities and enabling activities are so low in relation to the fund's investments that, given uncertainties linked to data quality, it does not make sense to report this separately.

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

Due to ambiguity around on the allowed use of estimated taxonomy alignment data for taxonomy reporting there are no previous reporting to compare this year's taxonomy alignment to.



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

The product did not commit to any sustainable investments with an environmental objective during the period.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of socially sustainable investments?

The product did not commit to any sustainable investments with a social objective during the period.



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 labeled bond), mortgage bonds/covered bonds (when not a sustainability labeled bond), other investments for where data is missing and derivatives.

The purpose of cash is liquidity and flows, the purpose of derivatives was efficient portfolio management techniques and the purpose of mortgage bonds, sovereigns, supranationals was for allocation/investment strategy reasons. The minimal environmental and social minimum safeguards include for mortgage bonds the exclusionary process where issuers with confirmed breaches of international

norms and standards are excluded and for sovereigns and supranationals there were no investments made in entities 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 has been invested in a number of green bonds during the year, and it held about a fourth of its assets in green bonds at year end. The green bonds are bonds where the use of proceeds is earmarked for investments with a clear positive environmental impact. The fund has, for example, been invested in green bonds issued by real estate companies, fish producers and utilities, as well as companies in renewable energy, such as Bonheur, Scatec, Arise, Aker Horizons and European Energy. The fund has also invested in green bonds from the European Investment Bank, and well-known companies like Arla, Boliden, NCC, Ørsted, SCA and Telia. The fund has also been invested in other types of labelled bonds. Some examples are social bonds from Getinge and SBB, sustainable bonds from the investment company VEF and the International Bank of Reconstruction and Development, as well as sustainability-linked bonds from issuers like Kinnevik, Kährs, and Greenfood.

The fund excludes companies that do not meet the fund company's extensive criteria for sustainability. This includes the Norwegian oil sector, with issuers like Aker BP and its main owner Aker, the gambling sector, with issuers like Betsson and LeoVegas, the defense sector, with issuers like SAAB and Kongsberg, and the tobacco company, Swedish Match.

The fund managers and the fund company have had engagement dialogues with companies related to their sustainability work. The dialogues have had a focus on environmental characteristics, with reducing greenhouse gas emissions being the main target. Sustainability-linked remuneration for management, reporting on scope 1-3 emissions, and a clear pathway to reduce these by committing to science-based targets have been points of engagement. During the year we have had engagement dialogues Castellum, Corem, Teollisuuden Voima Oyj and Ørsted, among others.



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

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

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 does 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 does 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 does 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 does not use a benchmark index to achieve its promotion of environmental and social characteristics.