

Product name: SEB European Equity Small Caps

Legal entity identifier: 5299003MHF7KIZXQAT37

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 checked="" type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <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 made sustainable investments with a social objective: ___%	<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 <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 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.

To promote general sustainability characteristics, such as fair business practices, human rights, labour rights, anti-corruption and fair competition, the sub-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 sub-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 the global greenhouse gas emissions, the sub-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.

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.

● How did the sustainability indicators perform?

The SIMS-S score for the fund at the end of 2022 was 4.88. The benchmark has a SIMS-S score of 5.22. The lower SIMS-S score for the fund is not due to a lack of focus on sustainability, but more a consequence of a lack of data for the portfolio companies. The improvement of data quality for the smaller companies in Europe is an ongoing process, where the investment team is actively encouraging the companies to disclose data in order to improve their scores.

The sustainability indicator outcome for 2022 showed that the fund voted at the AGMs of 39 companies and engaged with 13 companies. Engaging with companies' managements is important but also time consuming. Throughout the year, the investment team engaged in several meetings with managements of both current portfolio holdings as well as potential future investments. The most common topics in terms of sustainability engagement this year have been around the inclusion of ESG in long-term management incentives plan. This is considered a very efficient tool to accelerate focus on ESG for companies.

The fund successfully managed the exclusion criteria set by the fund company in terms of sustainability. The benchmark consists of 995 stocks of which 93 are excluded.

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

● **...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 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
Chemometec A/S	Health Care	6.05	Denmark
Reply SpA	Information Technology	4.27	Italy
SIG Combibloc Group Holdings Sarl	Materials	4.05	Switzerland
Medistim ASA	Health Care	3.91	Norway
Mensch und Maschine Software SE	Information Technology	3.65	Germany
Beijer Ref AB	Industrials	3.47	Sweden
Invisio Communications AB	Industrials	3.28	Sweden
Encavis AG	Utilities	3.24	Germany
Carel Industries SpA	Industrials	3.19	Italy
Netcompany Group AS	Information Technology	3.09	Denmark
ID Logistics Group	Industrials	3.03	France
Harvia Oyj	Consumer Discretionary	2.98	Finland
Medios AG	Health Care	2.87	Germany
YouGov PLC	Communication Services	2.75	United Kingdom
Trainline PLC	Consumer Discretionary	2.72	United Kingdom

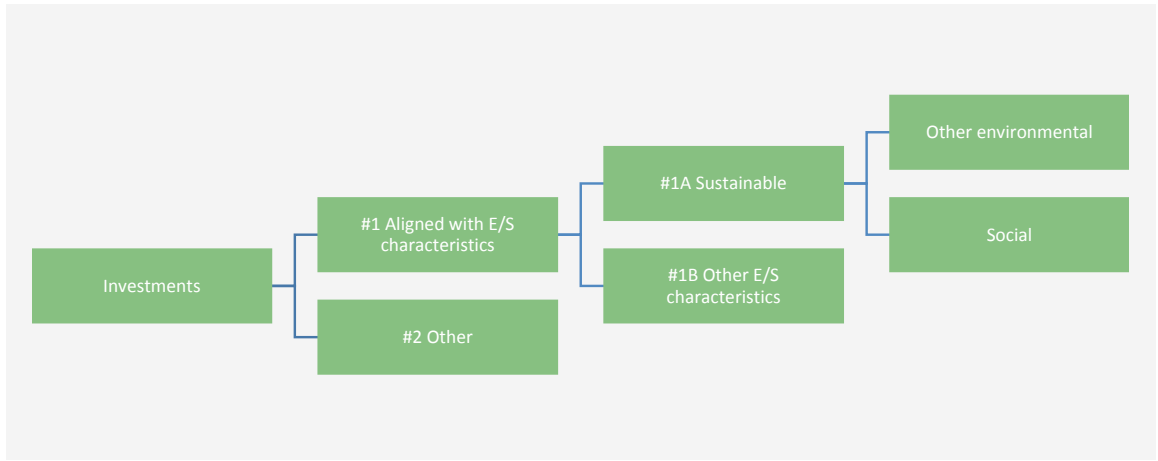


What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

● What was the asset allocation?

As at 31 December 2022 98.19% of the Assets under Management were aligned with E/S characteristics. As at 31 December 2022 1.81% of the Assets under Management were classified as "Other". These Assets consisted of Cash. The product did not commit to any sustainable investments during the period, and only cash and derivatives 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 98.19% of the Assets under Management were aligned with E/S characteristics.

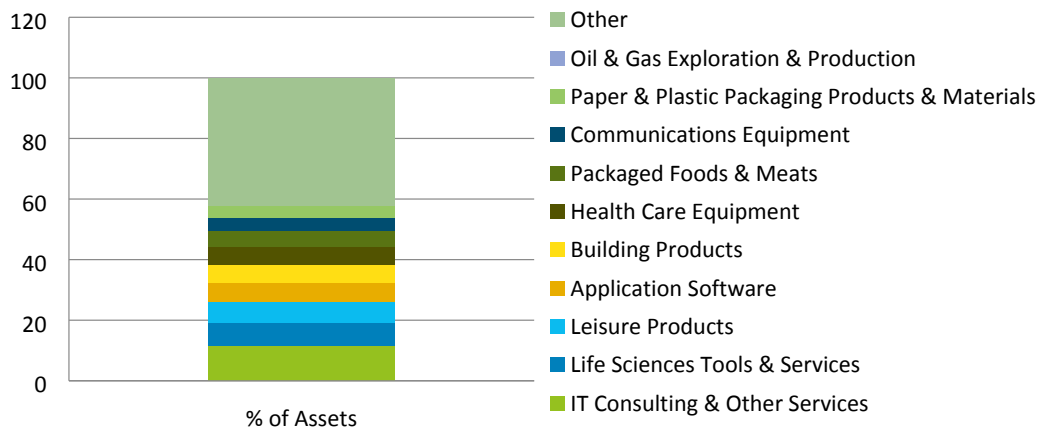
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. As at 31 December 2022 1.81% of the Assets under Management were classified as "Other". These Assets consisted of Cash.

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

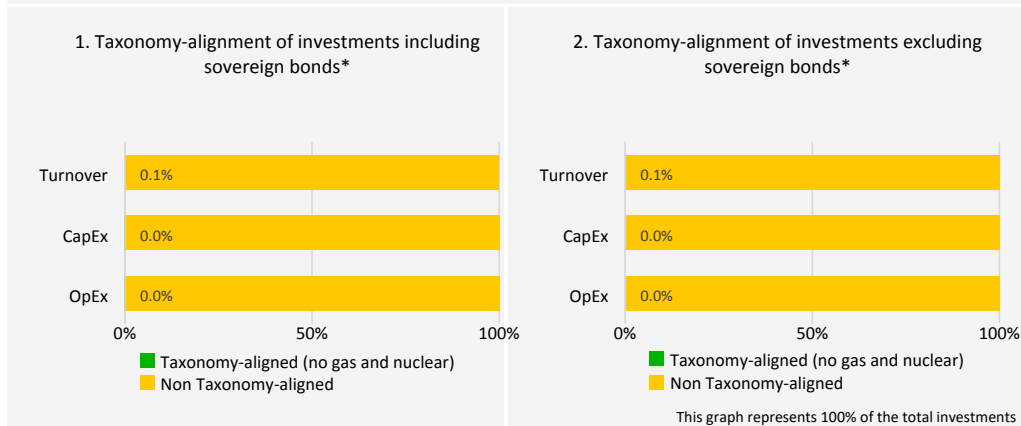
* available data on the sub-fund's investments are reported to be zero.

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.



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

● **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 and derivatives.

The purpose of cash is liquidity and flows, the purpose of derivatives was efficient portfolio management techniques. There was during the period no minimum environmental or social safeguards for these investments.



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

The fund promotes environmental and social characteristics by actively investing in companies with a focus on sustainability in their offering, and by including companies that will benefit from increased focus on environmental change through less energy consumption and emissions. Sustainability is among the important factors in the quality process for the fund. The investment team also uses scores from the Management Company's proprietary sustainability model from the ESG team, called SIMS-S. Throughout the year, energy efficiency and renewable energy have become even more important. The fund has a strong focus on energy efficiency through investments in companies like Beijer Ref, Carel, Systemair and Interpump.

It is the management team's core belief that a strong focus on sustainability will generate higher return on invested capital over time, with lower risk measured as lower cost of capital. Focus on environmental aspects should generate either higher revenue or higher gross margins, as companies offer products and/or services that at least do not do any harm to the world and preferably can help create more energy efficiency. Focus on social aspects should contribute to more efficiency within the organization as companies treat their people in a proper manner, and over time help generate better operating margins.

Active ownership is an integrated part in the investment process for many reasons. Engaging with companies provides a better understanding of issues they are facing and can contribute to companies being better aligned with a more sustainable future. Throughout the year, we have had engagement with Systemair, Ateme, Chemometec and VAT, 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.

● 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.

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