

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 Eastern Europe Small and Mid Cap ex. Russia Fund

Legal entity identifier: 52990020FRYUW71CG47

### 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 type="checkbox"/> Yes	●○ <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of <b>42.88%</b> of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ____%	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



### 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 a company and the ongoing monitoring of the investment, and by investing in companies classified as sustainable investments. In the fund's fundamental analysis process, the fund managers assessed the sustainability of, among other things, each company's products, services, operations and suppliers.

To support the work of assessing the companies' sustainability risks and opportunities, the fund 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 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 SIMS-S, exclusions and SEB Investment Management's sustainability approach at [sebgroup.com/fundcompanysustainability](https://sebgroup.com/fundcompanysustainability).

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

● **How did the sustainability indicators perform?**

The fund achieved a SIMS-S rating of 5.9 at the end of 2023, which was higher than the fund's benchmark index which had a rating of 5.6. 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.

In 2023, the fund had 25 corporate engagements with 7 companies, corresponding to 13.7% 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. The fund voted at the annual general meetings of 6 companies.

The fund excluded 26.9% of the benchmark index's value and the number of excluded companies totaled 13. The benchmark index included 57 companies.

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

In the previous period (2022), 11 companies were excluded from the index corresponding to a total of 44 companies or 29.3% of the companies in the benchmark index. The companies were excluded due to either violation of international norms, conventions, or standards or operations in an industry that the fund company chose not to invest in.

● **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 fund does not commit to making sustainable investments.

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

The fund does not commit to any sustainable investments. However, during the reference period, the fund considered the following principles during the reference period:

- Excluded companies that do not comply with international norms and standards;
- Excluded companies operating in controversial sectors and business areas;
- Excluded companies that have exposure to fossil fuels or other activities with negative environmental impacts;
- Excluded companies that are 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' governance structure, labour relations, tax compliance and remuneration.

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

The fund does not commit to any sustainable investments. However, during the reference period, the fund took into account the fund company's model for detecting companies with extreme values among the negative impact indicators 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.

Therefore, 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 are considered through the exclusions outlined in the fund company's sustainability policy, 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?*

The fund did not commit to any sustainable investments, but during the reference period, the fund considered the norm-based exclusion criteria stated in the management company's sustainability policy and using the SIMS-S.

**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.

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
- 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

Read more about exclusions within SEB Investment Management's sustainability approach at [sebgroup.com/fundcompanysustainability](http://sebgroup.com/fundcompanysustainability).

*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.*



## 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 but also by using SEB Investment Management Sustainability Score, SIMS-S, the fund company's sustainability model. 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.

To support the work of assessing the companies' sustainability risks and opportunities, the fund used SEB Investment Management Sustainability Score, SIMS-S. It was used in portfolio construction, where the sustainability rating was included as part of the selection process of the companies in which the fund was to invest. SIMS-S was used both as a weighted sustainability score, where companies with a high score were favoured, but also broken down into sub-scores where certain parts of the sustainability rating were highlighted when certain sustainability themes/criteria were given a greater focus in the selection process. Restrictions on the minimum score according to SIMS-S were included in the selection process.

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).



## 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

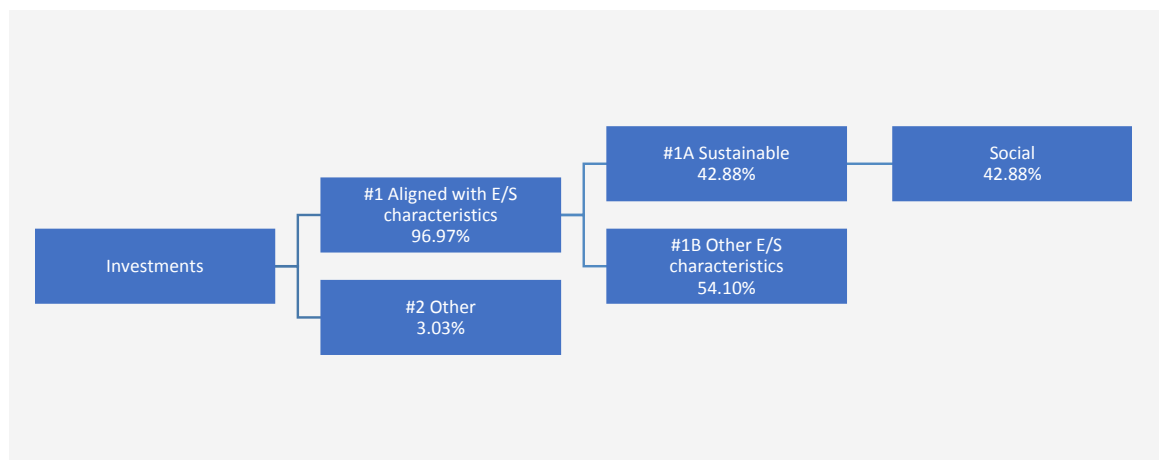
Largest investments	Sector	% Assets	Country
Komerční banka a.s.	Financials	8.16	Czech Republic
Bank Pekao SA	Financials	7.85	Poland
Powszechny Zakład Ubezpieczeń SA	Financials	5.43	Poland
Pepco Group Ltd	Consumer Discretionary	4.63	United Kingdom
Nova Ljubljanska Banka dd	Financials	4.48	Slovenia
Orange Polska SA	Communication Services	4.34	Poland
Hellenic Telecommunications Organization SA	Communication Services	4.19	Greece
Powszechna Kasa Oszczędności Bank Polski SA	Financials	4.16	Poland
LC Corp SA	Real Estate	3.44	Poland
InPost SA	Industrials	3.11	Poland
Kruk SA	Financials	3.03	Poland



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

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

### ● What was the asset allocation?



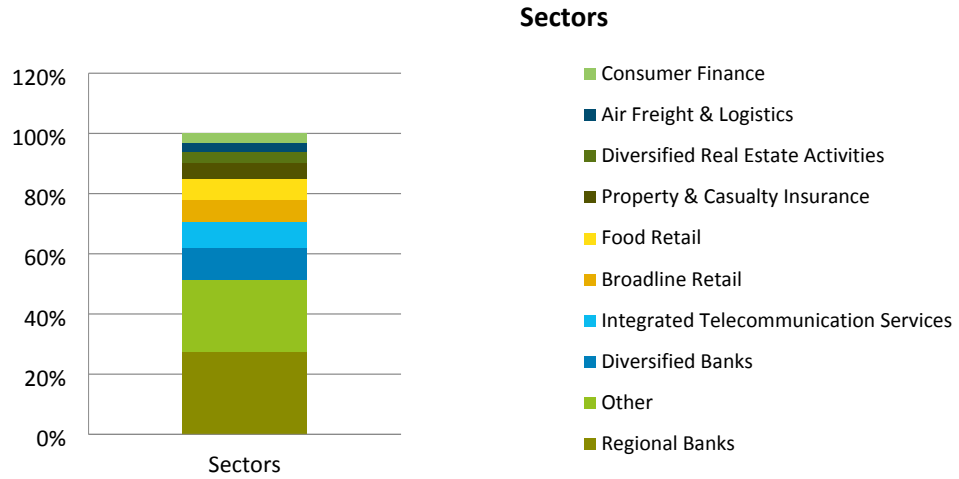
**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#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<sup>1</sup>?

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

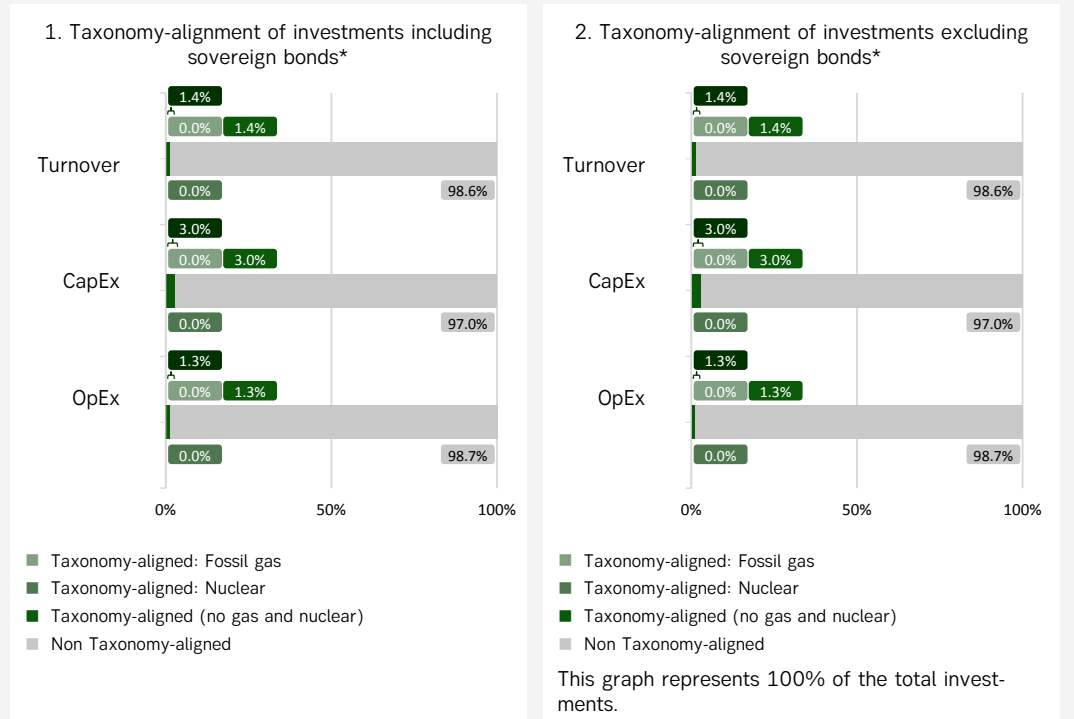
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> 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.



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

● **What was the share of investments made in transitional and enabling activities?**  
 During 2023, the share of investments in transitional activities was 0.4%. The share in enabling activities was 0.7%.

**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.

● **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 0.0%. Compatible capital expenditure was 0.0% and operating expenditure 0.0%.



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

At the end of 2023, the fund had an equivalent of 0% of investments that were classified as sustainable investments with environmental objectives but not compliant with the EU Taxonomy. The EU Green Taxonomy does not cover all economic sectors that are relevant for the fund to invest in and 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.

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

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 SEB Investment Management'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 42.9% 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 SEB Investment Management'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.
- 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.



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

During the period, the fund used cash to manage liquidity and flows. During the reference period, the fund did not conclude that any environmental or social minimum protection measures were deemed necessary for these investments.



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

During the reference period, the fund actively excluded investments in, for example, PKN Orlen and CEZ with heavy coal components in revenues.

The fund has also worked on advocacy and corporate governance. The fund managers continued engagement with Enefit Green, the Estonian solar and wind producer, which had a fossil fuel component reported below 10% of revenue. Due to the engagements, the company was made aware of the issues, and during 2023 began targeted exits in some fossil fuel revenue subsidiaries in two Estonian cities. The fund managers actively worked with the company on improving its reporting and disclosure standards regarding emissions, and the company now has a sustainability report although it still must improve its metrics disclosures. In total, the fund had 25 corporate engagements in 7 companies during the period and voted at 6 AGMs.

During the reference period, SEB Investment Management updated its sustainability policy with a clear position on biodiversity. Nature is the foundation of societies and economies and there is a growing appreciation for the need to include nature and biodiversity in investment decisions. SEB Investment Management does not invest in companies that have verified violations of biodiversity-related norms. The fund company also excludes companies that operate and have a negative impact on endangered species or bio-sensitive areas, including Arctic drilling.

Furthermore, the fund company monitors the companies with the greatest influence on and exposure to deforestation of tropical forests and aim to set zero-tolerance targets for deforestation as the global data quality on deforestation improves.

Since 2023, SEB Investment Management has been a member of the Taskforce for Nature-related Financial Disclosures (TNFD) Forum and is a signatory of the Finance for Biodiversity Pledge. In addition, the fund company also works independently to increase the quality and coverage of biodiversity data through collaborations with various actors within or close to the scientific community.



## 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.