

**Product name:** SEB Pension Fund Extra

**Legal entity identifier:** 549300QCWZY01HZG0135

## 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 <b>sustainable investments with an environmental objective</b> : ____% <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 <b>sustainable investments with a social objective</b> : ____%	<input 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 ____% 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 <b>did not make any sustainable investments</b>



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

The sub-fund promoted environmental and social aspects.

For the investments in units or shares of other funds, the sub-fund prioritized and promoted funds from fund management companies with exclusion policies that were in essence similar to SEB Investments Management's.

More information on exclusion criteria could be found in the Sustainability Policy, available at the web page of the Management Company (sebgroup.com).

The sub-fund prioritized and promoted funds from fund management companies which were signatories of the Principles for Responsible Investments (PRI), and funds that had been classified as Article 8 or Article 9 according to the Sustainable Finance Disclosure Regulation (SFDR, Regulation (EU) 2019/2088 of the European parliament).

If the sub-fund invested directly in companies, and not only in units or shares of other funds, the following characteristics were also promoted:

- 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 the 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.
- In addition, active ownership was exercised with the ambition of influencing companies in a more sustainable direction, related to above-mentioned challenges and aspects.

### ● How did the sustainability indicators perform?

The outcome of the sustainability indicator's proportion of the fund's underlying fund units that essentially correspond to SEB Investment Management's exclusion criteria was good; the proportion amounted to 100%.

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

The outcome of the sustainability indicator's proportion of the fund's underlying fund units where the managing fund company has signed the UN's Principles for Responsible Investment (PRI) was good; the proportion amounted to 100%.

The outcome of the sustainability indicator's proportion of the fund's underlying fund units that have been classified as Article 8 or Article 9 according to Regulation (EU) 2019/2088 (SFDR) was good; the share amounted to 77.7%.

The outcome of the sustainability indicator's integration of sustainability is measured using SIMS-S, an internal tool that, based on a number of sustainability parameters, gives an overall sustainability rating for the entire portfolio. The rating scale runs between 0 and 10, where 5 is the norm. SEB Pension Fund Extra has a score of 6. The fund excluded 14% of the companies in the investment universe as these either violated international norms, conventions and standards or operate in an industry that the fund company chose not to invest in.

Through SEB Investment Management's corporate governance work, the fund company influences companies it is invested in via participation in election committees and voting at general meetings where the fund is a major owner or where our portfolio has a significant investment. In many Swedish, and some Nordic companies, we are often one of the largest shareholders. Therefore, we also have ongoing dialogues directly with these managements and boards. During the year, we voted in 1 general meeting on behalf of this fund. The fund company has also, through collaboration with Federated Hermes EOS, carried out dialogues and engagement with 96 companies.

● **...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



## 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
SEB Sweden Equity Fund	N/A	8.29	N/A
SEB Sverigefond Småbolag	N/A	5.86	N/A
SEB Global High Yield Fund	N/A	4.92	N/A
Robeco QI Global Dynamic Duration	N/A	3.71	N/A
SEB Danish Mortgage Bond Fund	N/A	3.65	N/A
Apple Inc	Information Technology	3.14	United States
Morgan Stanley Investment Funds - Global Asset Backed Securities Fund	N/A	2.82	N/A
Microsoft Corp	Information Technology	2.69	United States
SEB Korträntefond SEK	N/A	2.4	N/A
Alpha UCITS SICAV - Fair Oaks Dynamic Credit Fund	N/A	2.25	N/A
Twelve Capital Catbond Fund	N/A	1.41	N/A
Alphabet Inc	Communication Services	1.32	United States
Hershey	Consumer Staples	0.93	United States
Fair Oaks High Grade Credit Fund	N/A	0.9	N/A
Accenture PLC	Information Technology	0.9	United States

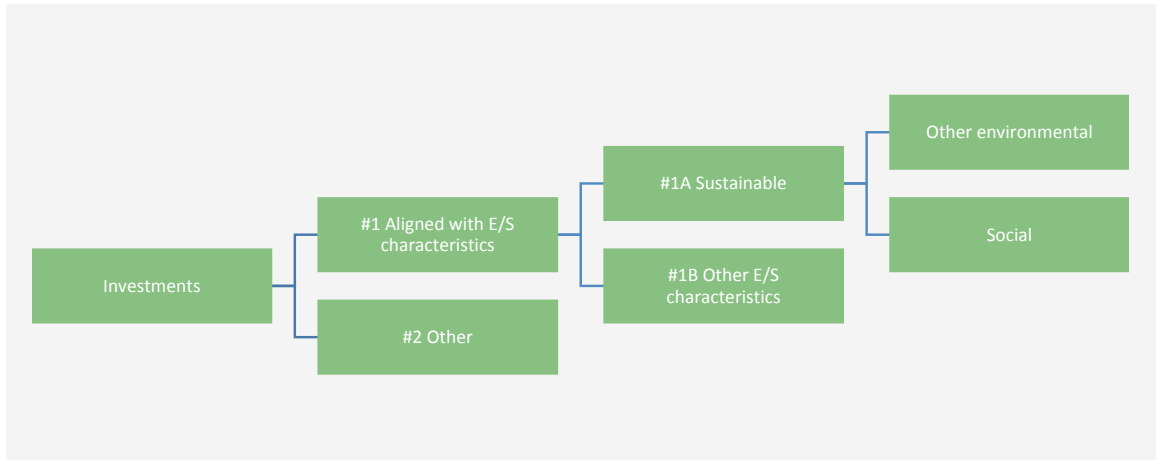


## What was the proportion of sustainability-related investments?

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

### ● What was the asset allocation?

As at 31 December 2022 95.66% of the Assets under Management were aligned with E/S characteristics. As at 31 December 2022 4.34% of the Assets under Management were classified as "Other". These Assets consisted of Cash, Currency Contracts, Futures and Other Derivatives. 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 95.66% of the Assets under Management were aligned with E/S characteristics.

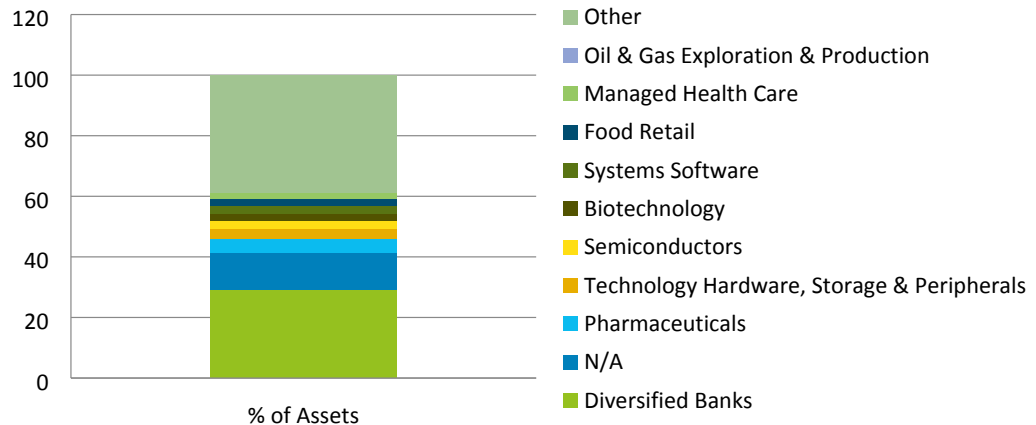
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. As at 31 December 2022 4.34% of the Assets under Management were classified as "Other". These Assets consisted of Cash, Currency Contracts, Futures and Other Derivatives.

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

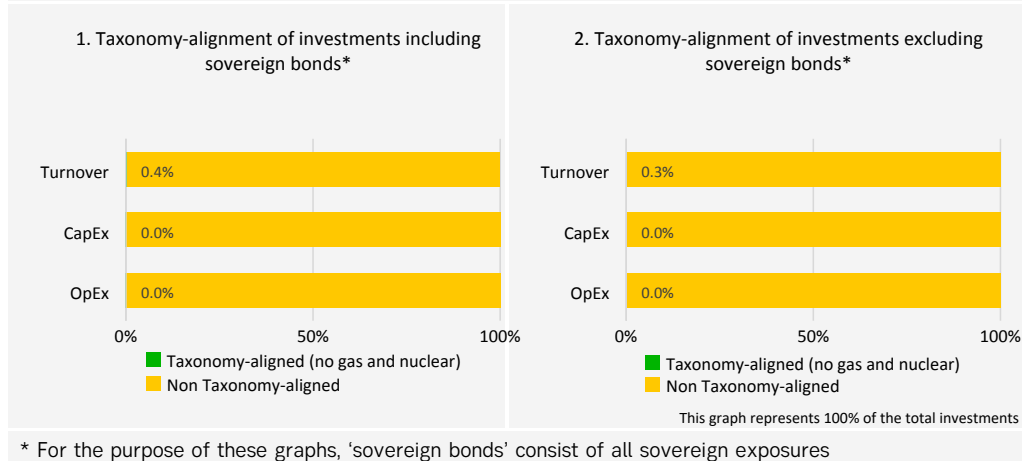
\* available data on the sub-fund's investments are reported to be zero.

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?

Through the portfolio's ownership in SEB Sverigefond, we have selected, among others, Atlas Copco, Nibe and Alfa Laval. These companies help with the transition from fossil fuels to more environmentally friendly and sustainable alternatives, which also contributes to lower greenhouse gas emissions. SEB Sverigefond excludes companies that do not meet the fund company's strict sustainability criteria. For example, companies that are active in commercial gaming operations, where more than 5% of the turnover comes from the production, distribution or service of commercial games for money are excluded. One such company is Evolution. Likewise, Swedish Match is excluded because they are involved in the tobacco industry. More than 5% of their turnover comes from the distribution of tobacco. During the period, SEB Sverigefond has had several sustainability dialogues with, among others, Atlas Copco, Boliden, Stora Enso, Elekta and Cary Group. These dialogues can be proactive, to improve the general sustainability work, or reactive, to try to influence a particular issue where it is possible that the company does not live up to international rules and guidelines. The dialogue with Atlas Copco covered their general sustainability work, but specific areas around diversity and gender equality, as well as compensation and incentive programs linked to sustainability factors were also addressed. With Cary Group, SEB Sverigefond discussed the EU taxonomy, environmental footprint, and recycling of glass from windshields, as well as the advantages of joining the Science Based Targets initiative (SBTi), which the company chose to do at a later stage. Sustainability linked to supply chains, the connection between sustainability and remuneration and incentive programs, as well as companies' transparency around sustainability reporting have had a particular focus during the period. Through corporate governance work, the fund company also influences the companies via participation in election committees and votes at general meetings where SEB Sverigefond is a major owner, or where the fund company has a significant investment.

At the beginning of the year, the portfolio had holdings in Artisan Global Value, a value-oriented global equity fund. Despite dialogues with the fund company, we were not completely satisfied with their ESG work. We therefore sought a replacement with a similar focus on value companies on the global stock market. The fund company Barrow Hanley was willing to adapt its ESG policy to SEB Investment Management's, and at the end of February the portfolio was switched from Artisan to Barrow Hanley. Since the change, Barrow Hanley has developed clearly better than Artisan.



## 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.