

**Comment on report of funds' holdings in Borneo**

Hans Ek, responsible for sustainability and ownership related questions within SEB Investment Management, the asset and fund management business at SEB:

The companies mentioned are IOI Corp., BHP Billiton, Deutsche Bank, and the Swedish company, AAK (Aarhus Karlshamn). SEB's fund companies have smaller holdings in the first three, primarily through investments in index funds. In AAK, SEB's funds have larger holdings in both actively managed funds and index funds.

The situation in Borneo's rainforest is tragic and involves a difficult situation for the indigenous population. Protection and respect for human rights should be central to the countries and companies with direct impact on the ground. We, as indirect and as a minority investor, take responsibility to influence and act for change.

At this stage SEB has no intention to divest the holdings in the four companies as we have an active dialogue with the companies and the views expressed in the report will instead be included and emphasized in the ongoing dialogues.

We take our responsibility to influence the situation through an active dialogue with the companies. We do this on our own when we have active positions and have therefore been in discussion with AAK since many years and see both progress in their work and also a company that takes this and other issues regarding environment and human rights serious. AAK's awareness of risks connected to production of palm oil has increased significantly over the past years and their focus on trading predominantly with certified palm oil is secured.

We as a fund company follow both the UN Guiding Principles and other widely accepted international standards. To achieve greater success in our advocacy work as a minority investor, as an effect of our index funds' investments, we collaborate with other investors as well as with global leaders in sustainability dialogues. This combination, own dialogue, collaboration with other investors and asset pooling through leaders in sustainability dialogues gives us a stronger position in the dialogues with the companies.

Since many years SEB is engaged in a collaborative initiative on palm oil together with international investors under the guidance of the UN PRI's (United Nations Principles for Responsible Investment). The focus has been on environmental issues, corruption and a broader perspective on human rights, which include child labor, labor rights and indigenous peoples' rights. The report from FFG and Swedwatch will have a direct impact on this work as we will increase the focus on human rights, especially indigenous peoples' rights. This change will have an effect on the companies mentioned in the report but also include around 15 more companies that are approached under the UN PRI initiative.

During 2016 one of our ESG-specialists joined UN-PRI in a site visit in order to understand the situation from own experience. The journey has contributed a lot to our work and will be included in a climate-strategy that will be set during 2017, as well as in our collaborative initiatives.