



**Sector Policy on Agriculture, Fishing, Aquaculture
and Animal Welfare
for
the SEB Group**

adopted by the
Risk and Capital Committee of the Board of Directors of
Skandinaviska Enskilda Banken AB (publ)
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Sustainable Banking

Sector Policy on Agriculture, Aquacultures, Fishing and Animal Welfare

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1 Introduction

The Agricultural, Aquaculture and Fishing Sectors are essential parts of many economies. The shift to sustainable agriculture, aquaculture and fishing practices is a necessity to secure global food supply, decrease carbon emissions and reduce negative impacts on the environment and societies.

SEB, has exposure to the Agriculture, Aquaculture and Fishing Sectors. This Sector Policy has been developed to ensure that business decisions contribute towards fulfilling SEB's overall sustainability ambitions, as expressed in SEB's Corporate Sustainability Policy.

This Sector Policy builds on the principles defined in the thematic Environmental Policy and the Social and Human Rights Policy, which are part of the overall Sustainability policy framework in SEB. Sustainability related policies in SEB are reviewed annually.

2 Definitions

Agricultural Sector¹: Companies directly involved in the cultivation of plants and breeding of livestock

Aquaculture Sector²: Farming and primary processing of finfish, shellfish and aquatic plants in the sea or inland waters³.

Business Relationship: A commercial relationship with a legal entity based on a legal agreement including, but not limited to, holding of securities.

Company: Legal corporate entity conducting business.

Deforestation: The permanent destruction of forests and woodlands and conversion to non-forest uses.⁴ The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures.⁵

Fishing Sector⁶: All companies directly involved in marine and freshwater fishing and primary processing.

GHG (Greenhouse Gas) Emissions: Emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrochlorofluorocarbons (HCFCs), ozone (O₃), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

Scope 1, 2 and 3: Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling. Scope 3 includes all other indirect emissions that occur in a company's value chain.

¹ Subsectors under the following NACE sector codes: 01 - Crop and animal production, hunting and related service activities. In case of conflict the policy takes precedent.

² Subsectors under the following NACE sector codes: 032 – Aquaculture. In case of conflict the policy takes precedent.

³ EU aquaculture (fish farming)

⁴ EU Commission, DG Environment

⁵ Food and Agriculture Organization 2001

⁶ Subsectors under the following NACE sector codes: 031 – Fishing. In case of conflict the policy takes precedent.

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SEB: Skandinaviska Enskilda Banken AB (publ)

SEB Group: Skandinaviska Enskilda Banken AB (publ) and its affiliates, such as subsidiaries, branches and representative offices. Foundations related to SEB are not part of the SEB Group.

3 Purpose

The purpose of this Sector Policy is to define SEB's position on Business Relationships with Companies involved in agricultural, aquaculture and fishing activities as well as animal welfare.

4 Scope

This Sector Policy is a Group Policy. As such it shall be implemented in all parts of the SEB Group, taking local or sector specific rules into account when relevant. It is noted that the fund company of the SEB Group, SEB Investment Management AB, for regulatory reasons is not party to this policy and instead establishes its own sustainability related policies.

The Sector Policy covers Companies with a material share of revenues, i.e. more than 15% of Company⁷ turnover, combining any of the following activities:

- Agriculture;
- Fishing;
- Aquaculture.

Any deviations from this policy shall be escalated in accordance with the Customer Acceptance Mandate Instruction.

Implementation level

All SEB sector policies have different implementation levels, i.e.: expect, require and restrict. This Sector Policy applies expect, require and restrict.

Expectation: SEB expects Companies to adhere to this Sector Policy. Non-adherence requires actions that over time will ensure adherence to the Sector Policy.

Require: SEB requires Companies to comply with SEB's position. Non-compliance requires active decisions on SEB's Business Relationship.

Restrict: SEB restricts Business Relationships with Companies that are non-compliant.

⁷ Calculated at SEB global limit holder level. For large companies where the share is close to 15%, SEB Sustainable Banking should be consulted.

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The below table shows how the policy implementation levels are applied to different sizes of Companies.

Implementation levels	Company size		
	Retail⁸	SME⁹	Large companies¹⁰
SEB Expects	-	-	✓
SEB Requires	-	✓	✓
SEB Restricts	-	✓	✓

✓ Implementation level applicable

"-" Implementation level not applicable, but can be used as guidance

*For investment related activities, listed companies are in scope, regardless of size

Activities not covered (Exempt) by the policy:

when SEB lends

1) Securities financing transactions, provided the borrower itself is not covered by this sector policy;

when SEB invests and distributes investment products

1) Investments in securities that are a consequence of seized assets in the ordinary course of business;

2) Investments in securities where SEB does not make the investment decision¹¹;

3) Externally managed funds, i.e. funds managed outside SEB AB. Sustainability considerations in portfolio management and advisory and other distribution and placement activities using externally managed funds are defined in divisional sustainability instructions;

4) Investments in securities where external sustainability data is not available at a reasonable effort and quality.

Other activities:

1) Any activity that the SEB Group is obliged to provide due to law or regulation;

2) Trading in terms of market making and client order facilitation through the provision of liquidity in securities markets and related research activities;

3) Financial products where the employees in companies in scope are the beneficiaries, e.g. Occupational Pension.

⁸ Counterparties where SEB's credit exposure is below EUR 1 million

⁹ Counterparties where SEBs credit exposure is above EUR 1 million and not defined as Mid/Large companies

¹⁰ Counterparties that fulfil two or more of the following and have not been defined as non-material Business Relationships in the divisions:

- More than 250 employees
- Turnover above 50m EUR
- Balance sheet value above 43m EUR

¹¹ The investment might be registered in the name of SEB (e.g. certain pension products)

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5 Agriculture

5.1 Key sector risk

Environmental

- Air emissions, including GHG¹² and other pollutants¹³;
- Water quality and stress;
- Soil pollution through toxic and persistent materials and substances;
- Loss of soil productivity and increased erosion and landslide risks;
- Habitat modification and conversion with negative impacts on biodiversity and ecosystems;
- Energy consumption;
- Waste generation;
- Noise pollution negatively affecting species;
- Reduced genetic diversity through preferential customer selection;
- Animal welfare;

Social

- Occupational health and safety of workers;
- Public health such as risk for antibiotic resistance or zoonotic diseases;
- Food safety;
- Working conditions for guest workers and other temporary workers;
- Child labour in developing countries;
- Negative human rights impact from, for example, physical resettlement or using customary land from indigenous people.

5.2 Restrictions

Sensitive environmental areas

SEB will avoid Business Relationships with Companies with material negative impact, such as land conversion, on sensitive environmental areas such as¹⁴:

- UNESCO World Heritage sites;
- Wetlands covered by the Ramsar Convention;
- Land-based Natura 2000 areas;
- National parks and nature reserves;
- High conservation value forests (HCVF)¹⁵;
- International Union for the Conservation of Nature Red Listed Species.

Deforestation, pesticides and antibiotics

¹² CO₂, CH₄, N₂O, SF₆, HFCs and PFCs

¹³ Fine or coarse particulate matter (PM_{2.5}, PM₁₀), volatile organic compounds (VOCs), NO_x, SO₂ or CO

¹⁴ If an activity is approved by an official legal/licensing body within the EU, the activity is not considered having material negative impact. If outside the EU, the independent Environmental Impact Assessment of the activity must show that the mitigating actions taken will result in minimal or no negative impact.

¹⁵ Forests that inherited biological, ecological, social or cultural values of outstanding significance as defined in FSC's "Common Guidance for the Identification of High Conservation Values – 10/2013":

HCV 1 -Species diversity; HCV 2 -Landscape-level ecosystems and mosaics; HCV 3 -Ecosystems and habitats; HCV 4 -Critical ecosystem services; HCV 5 -Community needs; HCV 6 -Cultural values.

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In addition, SEB will avoid Business Relationships with Companies that are involved in any of the following:

- Illegal logging or trading activities;
- Illegal or uncontrolled fire activities for land clearance and preparation;
- Deforestation of primary¹⁶ tropical forests;
- Illegal usage of fertilizers or pesticides;
- Material negative impact on animal welfare (see section 11);
- Routine use of antibiotics as a preventive measure to groups of healthy animals¹⁷;
- Trade in endangered species (CITES) unless it is authorized through CITES licensing system.

Palm oil and soy

SEB will avoid Business Relationships with Companies involved in the production of palm oil and soy that:

- Do not have a policy or statement regarding no Deforestation;
- Are not compliant or do not have a timebound plan for compliance with generally accepted production standard certifications^{18,19}.

5.3 Environmental expectations

In addition to applicable restrictions, SEB expects Companies active in crop and livestock farming to apply any of the following actions, depending on the respective size and relevance to the entity, in order to reduce climate impact:

- Comply with applicable national and international regulations²⁰ for genetical engineering;
- Have a sustainable feed system to decrease methane emissions from ruminants;
- Have a waste management system including animal sewage/sludge management to reduce leakage and optimize use of methane, nitrogen and phosphorus;
- Increase carbon storage through farming practices²¹;
- Switch from conventional/traditional farming methods to regenerative agriculture and sustainable intensification²²;
- Switch from fossil fuel to renewable energies within operation and transportation activities;

¹⁶ The naturally regenerated forest of native tree species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed. (FAO – Global Forest Resources Assessment 2020. Terms and Definitions)

¹⁷ As per EU regulation (EU) 2019/6 of the EU Parliament and of the Council of 11 December 2018 on veterinary medicinal products

¹⁸ RSPO (Roundtable on Sustainable Palm Oil) or equivalent certification such as: ISPO (Indonesia Sustainable Palm Oil) or MSPO (Malaysia Sustainable Palm Oil)

¹⁹ RTRS (Roundtable on Responsible Soy) or equivalent certification

²⁰ If within EU: Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the deliberate release into the environment of genetically modified organisms and repealing Council Directive 90/220/EEC - Commission Declaration

If outside of EU: UN Convention on Biological Diversity, Bonn Guidelines, Nagoya Protocol, Cartagena Protocol

²¹ E.g. Cash crops, intermediate crops, agroforestry, energy forests or the cultivation of perennial crops such as grassland with potential to contribute to increasing coal storage

²² E.g. nutrient looping / composting, precision agriculture, farmland irrigation, grazing land management, manure management, cropland management, rice management / rice intensification

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- Implement production possibilities for renewable energy²³ or increase already existing volumes.

Additional expectations on the production of certain agro commodities

SEB expects Companies involved in the production of cotton, coffee, cocoa and sugar cane to:

- Have a policy or statement regarding no Deforestation;
- Be either compliant with applicable sustainable production standard certifications or have a plan to increase the share of certified production volumes compliant with respective certification schemes²⁴.

6 Fishing

6.1 Key sector risks

- Air emissions such as GHG or SO_x;
- Coastal and marine habitat degradation and clearing with negative impacts on biodiversity and ecosystems;
- Overfishing and bycatch;
- Waste such as plastic or fishing gear;
- Health and safety of sea workers, e.g. onboard accommodation, working space, trainings;
- Working conditions e.g. working time (hours of work, rest periods, and work schedules), remuneration and -other contractual agreements;
- Human rights issues such as human trafficking and forced labour.

6.2 Restrictions

SEB will avoid Business Relationships with Companies that are involved in any of the following:

- Destructive fishing methods²⁵;
- Operations in Marine Protected Areas or No-take zones;
- Operations in coastal areas of occupied territories;
- Commercial whaling and shark finning;
- Trade in endangered species (CITES).

6.3 Requirements

SEB will avoid Business Relationships with Companies unless the following requirements are met:

- Adherence to all applicable national laws and regulations applicable to the operation of fishing vessels;

²³ Such as bioenergy, wind power, solar power an etc.

²⁴ E.g. : Cotton – Better Cotton Initiative (BCI) or equivalent; Coffee – 4C membership, UTZ or equivalent; Cocoa – UTZ, Fair Trade or equivalent; Sugar cane – Bonuscro certification or equivalent;

²⁵ Cyanide fishing, blast fishing

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- Operation in line with national, EU/EEA and international laws and regulations regarding total allowable catch quotas (TACs) for fish stocks and by-catch;
- Avoid bottom trawling in areas protected from bottom trawling.

6.4 Environmental expectations

In addition to applicable restrictions, SEB expects Companies to:

- Participate or have a plan to participate in relevant certification programs²⁶;
- Implement approaches for the following:
 - Fishing methods (including bait sourcing) and fishing gear to minimize the impact on other species and ecosystems²⁷;
 - Waste management²⁸, including lost and discarded gear and single use equipment.

7 Aquaculture (onshore and offshore)

7.1 Key sector risks

- Terrestrial, coastal and marine habitat degradation and clearing with negative impacts on biodiversity and ecosystems;
- Water quality and stress;
- Soil/water pollution through large quantities of nutrients;
- Natural gene modification due to impacts on biodiversity through e.g. escaped fish;
- Fish health and welfare;
- Sustainable sourcing of fish feed;
- Waste management;
- Health and safety of workers;
- Community resistance and indigenous peoples' rights.

7.2 Restrictions

SEB will avoid Business Relationships with Companies that are involved in any of the following:

- Fish feed input from illegal, unregulated and unreported (IUU) catches;
- Fish feed input from endangered species on the International Union for Conservation of Nature (IUCN) red list.

7.3 Environmental expectations

SEB expects Companies to:

²⁶Marine Stewardship Council (MSC), Bird Exclusion Devices (BEDS), Turtle Exclusion Devices (TEDS),

²⁷ Methods and gear that has proven to show high selectivity and low impact on ecosystems

²⁸ Waste hierarchy:

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- Have targets with one or more of GSSI (Global Sustainable Seafood Initiative) recognized certification schemes²⁹;
- Introduce monitoring and data collection/reporting systems to improve fish welfare;
- Have a(n):
 - Feed systems based on sustainable feed³⁰ and seabed management;
 - Waste management strategy;
 - Disease management strategy including optimized survival rates and a zero target for antibiotics if usage is avoidable;
 - Escape management and control with a target of zero escapes;
 - Policy on freshwater use and avoid production locations in areas with high risk of water stress, when relevant;
- Have a plan to:
 - Maximize the circularity of marine by-products;
 - Reduce GHG emissions from operation and transportation activities³¹.

8 Social expectations

General

SEB expects Companies, in proportion to the size and risk exposure of the entity, to respect human rights as expressed in the United Nations Guiding Principles on Business and Human Rights through the implementation of:

- Regular assessments of risks related to employees, guest workers and other stakeholders to the activity;
- Have a health & safety management system;
- Provide adequate working conditions including among others contract, housing and insurance for all workers including guest workers.

For operations in developing countries

- Have system to ensure no workers are under aged, i.e. child labour;
- Actions/policy against human trafficking when relevant.

When new areas are converted for agriculture

- Free, prior and informed consent (FPIC) principles to ensure the rights of indigenous people as well as transparent and culturally adapted communication;
- Appropriate compensation plans in order to acknowledge and respond to community priorities in cases of physical or economic resettlement³²;
- Actively engaging in constructive partnerships with affected stakeholders.

²⁹ Such as AKRFM (Alaska Responsible Fisheries Management Certification Program), IRFM (Iceland Responsible Fisheries Management Certification Programme), MSC (Marine Stewardship Council), BAP (Best Aquaculture Practices), GLOBALG.A.P., ASC (Aquaculture Stewardship Council), G.U.L.F. (Audubon Gulf United for Lasting Fisheries (G.U.L.F.)), CQA (BIM Certified Quality Aquaculture scheme), MEL Japan (Marine Eco-Label Japan V2 Scheme for Aquacultures and Fisheries)

³⁰ feed ingredients that are sourced in the way that is most respectful of ecosystems and biodiversity, e.g. ProTerra certification, FSC/ASC/MSC certification or similar

³¹ E.g. switch from fossil fuel to renewable energies and optimize logistics and transportation of products and staff

³² E.g. according to ICMM's [Land acquisition and resettlement: lessons learned](#) document or the International Finance Corporation's Performance Standard [on Land Acquisition and Involuntary Resettlement](#).

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9 Governance expectations

SEB expects Companies to maintain high standards of accountability and integrity regarding their business including:

- Sustainability report (annually published) or similar comprising, at a minimum, disclosure of overall material sustainability impact;
- Disclose the use of hormones, antibiotics and pesticides/other relevant substances;
- Anti-corruption policy in proportion to the size and risk-exposure of entity;
- Tax reporting according to country-by-country principle, when relevant³³.

9.1 Animal welfare

Animal welfare relates to the physical and mental state of an animal in relation to the conditions in which it lives and dies. The positions below apply to activities that directly involve terrestrial animals irrespective of sector. Specific health and welfare issues regarding animals from aquacultures are stated above (8. Aquacultures).

9.2 Key concerns

Key concerns include the following:

- Animal health;
- Genetic modification / engineering;
- Housing methods / living and breeding conditions;
- Food and nutrition;
- Slaughtering methods;
- Transportation practices.

9.3 Restrictions

SEB will avoid Business Relationships with Companies that are involved in any of the following:

- Non-compliance with national or regional legislations regarding animal welfare including e.g. housing, killing and capture methods;
- Non-medical animal testing;
- Cultivation of animals solely for skin- and fur manufacturing³⁴;
- Entertainment activities with animals that are not in line with the Five Freedoms of animals;
- Any type of animal fights;
- Trade of endangered species and wildlife/wildlife products under CITES;

³³ OECD/G20 BEPS Project (15 actions) – Action 13: Country-by-Country Reporting

³⁴Fur Free Alliance (n.d.), "Fur Bans", online: www.furfreealliance.com/fur-bans/, viewed in December 2021.

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- Manufacturing and trade of angora wool not certified by Caregora³⁵.

9.4 Expectations

SEB expects Companies to:

- Minimize transportation times for living animals and avoid animal transportations over 8hours (excluding the transportation of fish, shellfish and molluscs).
-