



Sector Policy on Mining and Metals for the SEB Group

adopted by the Risk and Capital Committee of the Board of Directors of
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Sustainable Banking

Sector Policy on Mining and Metals

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Sector Policy on Mining and Metals

1 Introduction

The Mining and Metals Sector plays an important role in the development of our economy and society. Many metals are key inputs for the economic transformation towards a low carbon society. However, the industry can also have some potentially negative environmental and human rights impacts, if not addressed correctly.

SEB Group has varied exposure to the Mining and Metals Sector. This Sector Policy has been developed to ensure that business decisions are aligned with SEB Group's overall sustainability ambitions, as expressed in SEB Group's Sustainability policy.

Key risks related to the Mining and Metals Sector are listed in Appendix A to this policy.

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

2 Definitions

Biodiversity: The total variety of all Earth's species, their genetic information, and the ecosystems they form.¹

Business Relationship: A commercial relationship the SEB Group has with a legal entity based on a legal agreement.

Company: Legal corporate entity conducting business.

Conflict-Sensitive Areas: Areas in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.²

Dedicated Finance: Where the financing is channelled to a specified use of proceeds.

Deep-sea mining: The process of retrieving mineral deposits from the deep seabed – the ocean below 200m.³

¹ As defined by the Science-Based Targets Network (SBTN).

² OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-Risk Areas.

³ As defined by the International Union for Conservation of Nature, a UN specialised agency.

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Deforestation: The conversion of forest to agricultural use, with the exception for agroforestry projects.⁴

Expectation: Refers to SEB Group policy implementation levels. SEB Group Expects large Companies to adhere to Expectations stated in the Sector Policy. If no adherence, large Companies are Expected to take actions that, Over Time, will ensure adherence to the Sector Policy.

Mining and Metals Sector: Companies directly involved in prospecting and exploration, mine construction, mineral and peat extraction and mine operation as owner or on-site operating service provider, processing of minerals, mine closure and reclamation, manufacture of basic metals.⁵

Mitigation Hierarchy: A method which provides guidance on how to limit the negative impact on Biodiversity as far as possible and includes the following sequential steps: “Avoid”, “Minimize”, “Restore”, and lastly “Offset”.⁶

Mountaintop Removal: Mountaintop Removal mining (MTR), also known as mountain top mining (MTM), is a practice where the tops of mountains are removed. The earth from the mountaintop is then moved into neighboring valleys.

New Projects or Capacity Expansion: An identified location where any new commercial, industrial or infrastructure undertaking is taking place or any existing undertaking that is undergoing material change in output or function, which may result in changes to the operation’s sustainability impacts.

Over time: Defined as the initiation of actions within two years of policy Expectation being raised in effort to achieve adherence to the Expectation.

Requirement: Refers to SEB Group policy implementation levels. SEB Group Requires Companies to comply with SEB Group’s position. Non-compliance Requires active decisions on SEB Group’s Business Relationship.

Restriction: Refers to SEB Group policy implementation levels. SEB Group Restricts Business Relationships with Companies that are non-compliant with the policy position.

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.

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

⁴ Considering the Regulation (EU) 2023/1115 on deforestation-free products.

⁵ Subsectors under the following NACE sector codes: 07 – Mining of Metal Ores; 08 – Other mining and quarrying; 099 – Support activities for other mining and quarrying; 24 – Manufacture of basic metals.

⁶ The Biodiversity Consultancy.

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Sensitive Environmental Areas: National parks and nature reserves, Natura 2000 areas, UNESCO World Heritage sites, and Wetlands covered by the Ramsar Convention.

Transition Plan: A strategy that lays out the undertaking's targets, actions and resources for its transition towards a low carbon economy with the objective of limiting global warming to 1.5°C.

3 Purpose

The purpose of this Sector Policy is to define SEB Group's position on Business Relationships with Companies involved in Mining and Metals activities.

4 Scope

4.1 Applicability within the SEB Group

This Policy applies to the SEB Group (the parent company Skandinaviska Enskilda Banken AB (publ) and its subsidiaries) and shall be implemented in all parts of the SEB Group taking local rules into account where relevant, excluding SEB Asset Management Holding AB and its subsidiaries, and Gamla Livförsäkrings AB SEB Trygg Liv.

Exempt activities

The following investment and ancillary services related to when the SEB Group invests and distributes investment products are exempt from this policy:

- 1) Holdings of securities that are a consequence of seized assets in the ordinary course of business,
- 2) Investments in securities where SEB Group does not make the investment decision,⁷
- 3) Externally managed funds, i.e. funds managed outside SEB Group. 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.

In addition, the following activities are exempt:

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

⁷ The investment might be registered in the name of SEB (e.g. certain pension products).

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- 2) Trading in terms of market making and client order facilitation through the provision of liquidity in securities markets and related research activities. This includes related collateral management activities as well as financing of externally managed securities portfolios (provided the portfolios are diversified and the borrower itself is not covered by this policy),
- 3) Financial products where the employees in Companies in scope are the beneficiaries, e.g. occupational pension.

4.2 Applicability to Business Relationships

This Policy covers Business Relationships with Companies with more than 15% of total revenues from activities in the Mining and Metal Sector.

All SEB Group sector policies have different applicability levels.

- Large companies: Restrictions, Requirements and Expectations apply,
- SMEs: Only Restrictions and Requirements apply,
- Sector Policies do not apply to Retail Companies but act as a guide.

For more details on applicability levels see Appendix B.

5 General

SEB Group avoids Business Relationships with Companies with material negative impact on Sensitive Environmental Areas. If an activity is approved by an official legal/licensing body within the EU, EEA, Switzerland or UK, the activity is not considered having material negative impact. If outside these geographical areas, the independent Environmental Impact Assessment of the activity must show that the mitigating actions taken will result in non-material negative impact.

6 Mining

6.1 Restrictions

SEB Group avoids Business Relationships with Companies that have reported involvement in any of the following:

- Activities in violation of EU Conflict Mineral regulation,
- Mountaintop Removal,
- Riverine tailings disposal (rivers and streams used for disposal activities) or submarine tailings disposal (submerged pipes used for disposal in the sea).

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6.1.1 Peat extraction

- SEB Group avoids new Business Relationships with Companies that are involved in peat extraction,
- SEB Group avoids providing Dedicated Financing or investments into New Projects or Capacity Expansion of peat fields.

6.2 Expectations

6.2.1 General

SEB Group Expects Companies to adopt and follow internationally accepted voluntary sector initiatives and standards wherever they are applicable, such as:

- Kimberley Process Certification Scheme for diamond mining,
- International Cyanide Management Code for gold mining,
- Extractive Industries Transparency Initiative (EITI),
- The member requirements of the International Council on Mining and Metals framework (ICMM).

6.2.2 Existing operations

SEB Group Expects Companies to:

- Develop a Transition Plan,
- Identify potential adverse impact through direct drivers of biodiversity loss and set relevant targets,⁸
- Have an environmental management system including material environmental impacts such as:⁹
 - o Land conversion strategy to limit sustainability impact,
 - o Water management plan, in and around mine sites,¹⁰
 - o Mining waste disposal management plan,
 - o Responsible and risk-based management for tailings disposal and storage facilities (dams) according to international standards,¹¹
 - o Renewable energies in e.g. production or transportation processes,
 - o Minimizing visual, noise and vibration impacts from vehicle engines and power generation as well as air emissions such as dust or gaseous emissions,
 - o Emergency response plan.
 - o Financially secured mine closure and reclamation plan.

⁸ As defined by IPBES; Land/-Sea use change, Overexploitation of natural resources, Climate change, Pollution, and Invasive alien species.

⁹ An environmental management system is a set of processes and tools that enable a Company to manage its environmental responsibilities. For example, ISO 14001 or similar and for new projects: ISO 20887:2020 or similar standards.

¹⁰ Such as: impact on water stressed areas and measure water intensity as well as measure the amount of discharged wastewater and set targets for its reuse and recycling.

¹¹ The Global Tailings Review "Global Industry Standard on Tailings Management" (2020).

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6.2.3 New Projects or Capacity Expansion

SEB Group Expects Companies to:

- Perform an environmental and social impact assessment (ESIA), when applicable,¹²
- Conduct a public consultation during the authorization process,
- In case of negative Biodiversity impact/conversion of natural habitats, apply the Mitigation Hierarchy.

7 Metals

7.1 Expectations

7.1.1 Existing Operations

SEB Group Expects Companies to:

- Have a Transition Plan,
- Have a policy aimed at the prevention of e.g. Deforestation, loss of Biodiversity as well as land conversion in their supply chain (mining),
- Apply Best Available Techniques (BAT),¹³
- Have an environmental management system including material environmental impacts such as:
 - o Water management plan, in and around production sites,¹⁴
 - o Waste disposal management plan, including slags and hazardous waste,
 - o Minimizing visual, noise and vibration as well as air emissions such as dust or gaseous emissions,
 - o Emergency response plan and corresponding insurances in case of environmental or social accidents and crises situations.

7.1.2 New Projects or Capacity Expansion

SEB Group Expects Companies to:

General

- Perform an environmental and social impact assessment (ESIA) when applicable,¹⁵
- Conduct a public consultation during the authorization process.

Aluminium

¹² EU Directive 2011/92/EU.

¹³ Best Available Techniques (BAT) Reference Document for the Non-Ferrous Metals Industries; Reference Document on Best Available Techniques for Energy Efficiency; Best Available Techniques (BAT) Reference Document for Iron and Steel Production.

Integrated Pollution Prevention and Control (IPPC) - Reference Document on Best Available Techniques in the Ferrous Metals Processing Industry.

¹⁴ Such as: impact on water stressed areas and measure water intensity as well as measure the amount of discharged wastewater and set targets for its reuse and recycling.

¹⁵ EU Directive 2011/92/EU.

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- Invest in secondary/recycled aluminum production if technically, economically and geographically feasible, or
- Invest in primary/new aluminum production aligned with the EU Taxonomy criteria.

Iron and Steel

- For Iron Ore steel making, apply low carbon technology alternatives, e.g. green hydrogen, CCS etc.,
- For Electric Arc Furnace (EAF) steel making, comply with the minimum steel scrap input relative to EAF high alloy steel and/or EAF carbon steel as stated in the latest EU Taxonomy.

8 Social Expectations

General

SEB Group Expects Companies to respect human rights as expressed in the United Nations Guiding Principles on Business and Human Rights through the implementation of the following:

- Human rights and labour rights policies including a Human Rights Due Diligence process, HRDD,
- Established grievance and whistle blower mechanism,
- Health and safety policy.

New Projects or Capacity Expansion

- In case of physical or economic resettlement: Policies in order to appropriately acknowledge, compensate and respond to community priorities,¹⁶
- In case of activities conducted in areas with indigenous people: Free, prior and informed consent (FPIC) principles to ensure the rights of indigenous people as well as transparent and culturally adapted communication.

Just transition

- In the Transition Plan, when relevant, disclose measures in line with relevant reporting legislation, to reduce the impact of job losses and industry phase-out on workers and communities when transitioning out of an industry/site or technological platform.

¹⁶ International Finance Corporation's Performance Standard on Land Acquisition and Involuntary Resettlement.

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9 Governance Expectations

SEB Group Expects Companies to maintain high standards of accountability and integrity regarding their business supported by:

- Sustainability report (annually published) or similar comprising, at a minimum, disclosure of overall climate impact as well as other material sustainability impact for own operation and relevant Business Relationships,
 - Anti-corruption policy in proportion to the size and risk-exposure of the Company,
 - Tax reporting according to country-by-country principle, when relevant,¹⁷
 - Commitment to EITI (Extractive Industries Transparency Initiative) disclosure principles, when applicable.
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¹⁷ OECD/G20 BEPS Project (15 actions) – Action 13: Country-by-Country Reporting.

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Appendix A: Sector Risks

Mining - Key sector risks (non-exhaustive list)

- Marine and terrestrial habitat alteration with impacts on ecosystems and Biodiversity,
- Contamination of soils and water reserves (including stress and scarcity),
- Emissions, including GHG and other pollutants,¹⁸
- Toxic mine waste and chemical leakages caused by tailings and waste rock,
- Tailings dam failures,
- Health and safety of workers and nearby residents,
- Negative human rights impact from, for example, physical resettlement or using customary land from indigenous people etc.,
- Fueling conflict in Conflict-Sensitive Areas,
- Bribery and corruption.

Ferrous and non-ferrous metals – Key sector risks (non-exhaustive list)

- Emissions, including GHG and other pollutants,
- Hazardous and solid wastes,
- Water stress and pollution,
- Health and safety of workers and residents.

¹⁸ Fine or coarse particulate matter (PM2.5, PM10), volatile organic compounds (VOCs), NO_x, SO₂ or CO.

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Appendix B: Policy Application Levels

Table 1: SEB Group policy applicability in relation to different sizes of Companies*

Application levels	Company size		
	Retail Companies	SME	Large companies
SEB Group Expects	-	-	✓
SEB Group Requires	-	✓	✓
SEB Group Restricts	-	✓	✓

✓ Implementation level applicable

“-“ Implementation level not applicable but can be used as guidance.

*For investment related activities, listed companies are considered as large companies, regardless of size.

Retail Companies is defined as counterparties where SEB Group's credit exposure is below EUR 1 million.

SME is defined as counterparties where SEB Group's credit exposure is above EUR 1 million and not defined as large companies. Note that the material share of revenues at SEB Group Global limit holder level still applies.

Large companies are defined as 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.