



Sector Policy on Transportation 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 Transportation

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Sector Policy on Transportation

1 Introduction

Transportation and mobility are vital for economic growth, connectivity, and accessibility, playing a crucial role in various aspects of society. However, transitioning towards a sustainable transportation system faces significant challenges, in order to achieve the target of the Paris Agreement.

SEB Group has varied exposures to the Transportation Sector through lending and investments. 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. To contribute to achieving the objectives of the Paris Agreement, SEB Group has set targets for 2030 within its Net Zero Banking Alliance commitment and developed this Transportation Policy. SEB Group believes in partnering with our customers on their transition journeys.

Key risks related to the Transportation Sector are listed in Appendix A to this 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 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 SEB Group has with a legal entity based on a legal agreement.

Company: Legal corporate entity conducting business.

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.

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

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

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

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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.

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.

Transportation Sector²: Companies, excluding shipping, directly involved as equipment manufacturer or operator (including leasing and vehicle sharing) of transportation activities for passengers or/and goods on road, rail and in the air.

3 Purpose

The purpose of this Sector Policy is to define SEB Group's position on Business Relationships with Companies involved in the Transportation Sector.

4 Scope

4.1 Applicability within 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 when 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 SEB Group invests and distributes investment products are exempt from this policy:

² Subsectors under the following NACE sector codes:

Road: 29 - Manufacture of motor vehicles, trailers and semi-trailers; 4931 – Urban and suburban passenger land transport; 494 - Freight transport by road and removal services; 771 – Renting and leasing of motor vehicles.

Rail: 302 - Manufacture of railway locomotives and rolling stock; 491 - Passenger rail transport, interurban; 492 - Freight rail transport; 4931 – Urban and suburban passenger land transport

Air: 303 - Manufacture of air and spacecraft and related machinery; 511 - Passenger air transport; 5121 - Freight air transport; land transport; 7735 - Renting and leasing of air transport equipment.

Additional: 3099 - Manufacture of other transport equipment n.e.c (not elsewhere classified); 4939 - Other passenger land transport n.e.c.; 531 – Postal activities under universal service obligation; 532 – Other postal and courier activities.

In case of conflict the policy takes precedent.

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- 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,³
- 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 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. 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 Companies with a material share of revenues, i.e. more than 15% of Company turnover, combining any of the following activities calculated at SEB Group global limit holder:

- Transport of passengers and/or freight in the aviation, rail and road sector,⁴
- Leasing, rental, and car sharing companies that rent out passenger and freight transport vehicles,
- Original Equipment Manufacturers (OEM) for aviation, rail and road vehicle manufacturing.

Shipping is covered by SEB Group's Sector Policy on Shipping and is not included in this Policy.

All SEB Group sector policies have different applicability levels:

³ The investment might be registered in the name of SEB Group (e.g. certain pension products).

⁴ Excluding taxi companies.

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

For more details on applicability levels see Appendix B.

5 Transportation Operators

5.1 Environmental Requirements

SEB Group Requires large Companies to disclose emissions intensity and/or absolute emissions across Scope 1-3 combined with targets for the short, medium and long term.

5.2 Environmental Expectations

General

SEB Group Expects Companies to:

- Have a Transition Plan,
- Identify any potential material impact through direct drivers of Biodiversity loss, and if adverse impact is identified, set relevant targets,⁵
- Have a fuel/energy-efficiency program,⁶
- For aircraft operators: Maintain carbon neutral organic growth from 2020⁷,
- Have an Environmental Management System, including potentially material topics, such as:⁸
 - o A waste management system,
 - o For aircraft operators: A noise management strategy & system to handle dangerous cargo,
 - o For rail transport operators: A noise reduction system & gaseous and particulate emission limits.

⁵ As defined by IPBES; Land/-Sea use change, Overexploitation of natural resources, Climate change, Pollution, and Invasive alien species.

⁶All: e.g. advanced training and education for eco-driving

Example aviation: IATA – Fuel Efficiency Program

Example rail transport: brake energy recovery.

⁷ New baseline in case of mergers and acquisitions required.

⁸ ISO 14001/50001 standard certification or similar.

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6 Transportation Equipment Manufacturers

6.1 Environmental Requirements

SEB Group Requires large Companies to disclose emissions intensity and/or absolute emissions across Scope 1-3 combined with targets for the short, medium and long term, at a minimum.

6.2 Environmental Expectations

General

SEB Group Expects Companies to:

- Develop a Transition Plan,
- Design for high durability, recyclability, easy disassembly, and adaptability,
- Have an Environmental Management System, including potentially material topics, such as:⁹
 - o Waste management plan,
 - o Water management plan,¹⁰
 - o Fuel-efficiency improvement strategy,
 - o Reduce plastic consumption and waste,
 - o Supply chain targets to reduce air, water, and soil pollution,
 - o Take actions to avoid substances of concern and/or trace these throughout the life cycle of the manufactured products.¹¹

Additional Expectations on aircrafts and aircraft engines

- Have a plan to:
 - o Develop new/upgraded aircraft models with a recycling rate of a minimum of 80%,¹²
 - o Develop and produce zero direct CO₂ emission aircrafts or (*if not economically and technologically feasible*), Produce aircrafts that are certified to run on 100% sustainable aviation fuels (SAF).

Additional Expectations on rolling stock

- Produce zero direct CO₂ emission rail transportation¹³ or (*if not economically and technologically feasible*), produce low-carbon alternatives.¹⁴
- Have a plan to:
 - o Improve noise and vibration management through additional controls, modern technologies and considerations in design and construction,
 - o Achieve >90% recovery and recycling rate for rolling stocks.¹⁵

⁹ ISO 14001/50001 standard certification or similar.

¹⁰ E.g. measure the amount of discharged wastewater and set targets for its reuse and recycling.

¹¹ prevent (if possible) using lead, mercury, hexavalent chromium, and cadmium in the production processes.

¹² AFRA Best Management Practice for Management of Used Aircraft Parts and Assemblies and for Recycling of Aircraft Materials (BMP); Best industry practices for aircraft decommissioning (BIPAD).

¹³ E.g. electric or fuel cell.

¹⁴ E.g. hybrid technology or bio-fuel.

¹⁵ E.g. Stena recycling (Recycling on Track for SL - 2017).

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Additional Expectations on trucks, buses and passenger cars

- Comply with the latest local or regional emission standards and reduction targets,¹⁶
- Have a plan to produce new vehicle models with a recycling rate of a minimum of 85%.¹⁷

7 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, HRDD,
- Health and safety policy,
- Established grievance and whistle blower mechanism.

Just transition

- In the transition plan, 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 activity/site or technological platform.

Specific expectations for transport operators:

Where potential risk or reported incidents is identified, SEB Group Expects Companies to implement:

- Actions to support the fight against human and drug trafficking,¹⁸
- A plan to prevent the spread of infectious diseases,¹⁹
- Clear policies on alcohol and other substance abuse,
- A security plan and targets to tackle harassment and insecurity issues.

¹⁶ For the EU: The latest EU emission standards → reduce CO2 emissions from new trucks by an average of 15% from 2025 and 30% from 2030, compared with 2019 levels.

¹⁷ EU Taxonomy [June 2021].

¹⁸ E.g. promoting awareness, educating drivers, establishing regulations.

¹⁹ E.g. hand sanitizers, temperature checks, special interiors to reduce fomites, cleaning procedures, etc.

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8 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.²⁰
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²⁰ OECD/G20 BEPS Project (15 actions) – Action 13: Country-by-Country Reporting.

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Appendix A: Sector Risks

Transportation Operators - Key sector risks (non-exhaustive list)

- Air emissions such as CO₂, NO_x or particulates,
- Soil and water pollution through leaching from tires,
- Noise and vibration impacting ecosystems and Biodiversity,
- Waste and wastewater from sanitation and catering services,
- Dangerous cargo,
- Health, safety and security for workers, passengers, and other road users,
- Accidents,
- Harassment and insecurities on public transportation,
- Human, drug and species trafficking,
- Infectious diseases.

Transportation equipment manufacturers – Key sector risks (non-exhaustive list)

- Air emissions (CO₂, VOC, dust, etc.),
- Wastewater and liquid wastes from processing,
- Hazardous materials and waste,
- Energy usage,
- Health and safety.

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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 Company	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 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.