



# **Social and Human Rights Policy for the SEB Group**

derived from the Rules of Procedure of the Board of Directors

adopted by the Board of Directors of  
Skandinaviska Enskilda Banken AB (publ)  
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**Sustainable Banking**

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# Social and Human Rights Policy

## 1 Introduction

Human Rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status<sup>1</sup>. They include for example the right to life and liberty, freedom of opinion and expression, freedom of peaceful assembly and association, equal pay for equal work and many more. The respect for Human Rights is an essential part of good business conduct, and therefore an integral part of SEB Group's sustainability due diligence.

As a bank, SEB Group has the ability to contribute to Human Rights, for example through financing social infrastructure and engage in responsible lending. At the same time, SEB Group acknowledges the social and Human Rights challenges that the world is facing and the adverse impact that businesses can have on Human Rights. In order to address such impacts, SEB Group has developed this Social and Human Rights Policy to describe how SEB Group manages its risks in relation to Social and Human Rights.

## 2 Definitions

**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.

**Exempt Activities:** Activities listed in 4.1 below.

**Human Rights:** The rights that are expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

**SEB:** Skandinaviska Enskilda Banken AB (publ)

**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.

## 3 Purpose

The purpose of this policy is to clarify SEB Group's social and Human Rights position and social and Human Rights management.

## 4 Scope

This 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.

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

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<sup>1</sup> See the United Nations Universal Declaration on Human Rights

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### 4.1 Exempt activities

The following activities are not covered by the policy

#### *When SEB Group lends*

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

#### *When SEB Group 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 Group does not make the investment decision<sup>2</sup>;
- 3) Externally managed funds, i.e. funds managed outside SEB. 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) Customer liquidity facilitating activities in securities markets and related research activities;
- 3) Financial products where the employees in companies in scope are the beneficiaries, e.g. occupational pension.

## 5 SEB Group's Social and Human Rights management

SEB Group's social and Human Rights management rely on the commitment to respect all Human Rights. This commitment includes e.g. carrying out social and Human Rights due diligence, engaging with stakeholders and reporting on SEB Group's social and Human Rights development and performance.

### 5.1 Commitment to respect all Human Rights

SEB Group is committed to the UN Guiding Principles on Business and Human Rights, the Children's Rights and Business Principles, the OECD Guidelines for Multinational Enterprises and the Equator Principles. In its financing, investments, supply chain processes and own operations, SEB Group will seek to respect Human Rights. In other words, SEB Group has the ambition to avoid causing or contributing to adverse social and Human Rights impacts through its own activities. SEB Group will also seek to prevent or mitigate adverse social and Human Rights impacts that are directly linked to the activities of its business relationships. If SEB Group causes or contributes to adverse social and Human Rights impacts, SEB Group will take the necessary steps to cease or prevent the impacts or SEB Group's contribution to them.

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<sup>2</sup> The investment might be registered in the name of SEB (e.g. certain pension products).

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### 5.2 Due diligence to identify, prevent and mitigate adverse impact

In order to identify, prevent and mitigate adverse social and Human Rights impacts, SEB Group carries out social and Human Rights due diligence of Companies with which it has a Business Relationship, see chapter 6.<sup>3</sup> SEB Group will conduct measures to identify actual and potential adverse social and Human Rights impacts and will address material findings according to the measures in this policy.

### 5.3 Stakeholder engagement, grievance mechanism, monitoring and reporting

SEB Group acknowledges the benefits of having an open dialogue with stakeholders to learn and draw on external expertise on issues and challenges of mutual interest and concern. Consequently, SEB Group will engage with stakeholders on Human Rights issues and, when relevant, incorporate the stakeholders' feedback in relevant processes.

Social and Human Rights grievances that are related to SEB Group's business activities and operations can be reported through SEB's digital external whistleblowing service that is also open to stakeholders, such as affected communities, consumers and end-users, and workers in the value chain.<sup>4</sup> SEB Group will respect and cooperate with State-based non-judicial<sup>5</sup> and judicial grievance mechanisms if cases that are linked to SEB Group are brought to such a mechanism.

SEB Group will communicate and report on its social and Human Rights development and performance in its Annual and Sustainability Report.

## 6 Due Diligence process

SEB Group's social and Human Rights due diligence process takes a risk-based approach and is carried out in the below 3 steps to identify, assess and address actual or potential material adverse social and Human Rights impacts.

<b>Identify</b> <i>- Measures to identify adverse impact</i>	<ul style="list-style-type: none"><li>• Screening against specific expectations in Human Rights risk sectors</li><li>• Screening against certain markets/geographies</li><li>• Controversy screening</li></ul>
<b>Assess</b> <i>- Assess the findings</i>	<ul style="list-style-type: none"><li>• Reach an opinion on the risk of an actual or potential adverse social and Human Rights impact</li><li>• For controversies, assess them against SEB Group's position statements (Chapter 7)</li></ul>
<b>Address (cease, prevent or mitigate)</b> <i>- Act on the assessed findings</i>	<ul style="list-style-type: none"><li>• Set expectations on Companies</li></ul>

<sup>3</sup> SEB Group's own operations and ways of working are covered by HR management processes and specific policies, such as SEB Code of Conduct and SEB Inclusion and Diversity Policy. SEB's supply chain is covered by Code of Conduct for Suppliers to the SEB Group. Therefore, these areas are not included in the due diligence process that is described in this policy.

<sup>4</sup> WhistleB, [Whistleblowing at SEB | SEB \(sebgroup.com\)](https://www.sebgroup.com/whistleblowing)

<sup>5</sup> For example, National Contact Points (NCPs) in countries that adhere to the OECD Guidelines for Multinational Enterprises.

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### 6.1 Measures to identify adverse social and Human Rights impacts

To identify risk for potential or actual adverse Human Rights impacts, a combination of different measures are conducted.

#### 6.1.1 Screening against specific expectations in Human Rights risk sectors

Companies that operate in Human Rights risk sectors are covered by specific expectations as described in SEB Group's respective sector policies<sup>6</sup>. The following sector policies include specific social and Human Rights expectations:

- Agriculture, Fishing, Aquaculture and Animal Welfare
- Arms and Defence
- Forestry
- Gambling
- Mining and Metals
- Renewable energy
- Shipping
- Tobacco
- Transportation

#### 6.1.2 Screening against certain markets/geographies

When SEB Group supports transactions with a credit/risk element involving cross border trade<sup>7</sup>, and the Company's trading counterpart is based in a country that is defined as a high Human Rights risk country<sup>8</sup>, SEB Group expects the Company, in relation to its size and risk exposure<sup>9</sup>, to have implemented the following:

- Human Rights and labour rights policy commitment
- Human Rights due diligence process

The trading counterpart<sup>10</sup> should also be subject to a controversy screening, see 6.1.3.

#### 6.1.3 Controversy screening

Companies are subject to a controversy screening to identify any activities with adverse Human Rights impact.

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<sup>6</sup> SEB has carried out a broad scoping exercise to identify the sectors of the bank's lending and investment activities where adverse social and Human Rights impacts are most likely to be present, or occur in the future, taking into account the scale and impact of the potential impact.

<sup>7</sup> E.g. Trade finance, supply chain finance and export finance products

<sup>8</sup> SEB uses a list of high human rights risk countries provided by ISS, an ESG data provider.

<sup>9</sup> Small and medium-sized enterprises (SMEs) are not part of this expectation. SMEs in this context follow the definition by the EU, meaning companies having staff of less than 250 employees and not exceeding annual turnover of 50MEUR or balance sheet value less than 43mEUR. Any limitations of application on smaller transactions are defined in product specific instructions.

<sup>10</sup> This can be different from the credit exposure.

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### 6.2 Assessment of findings

The findings in the identification step are assessed in order to reach an opinion of the risk of an actual or potential adverse social and Human Rights impact. The opinion of the risk will lay the ground for how to address the impact, see 6.3-6.4 below. The assessment is defined and performed in the divisions and implemented through a divisional-specific instruction taking the specific context and business model of the division into account.

The following considerations can be used as a guidance when assessing the risk of the identified potential adverse impact:

- SEB Group's position statements on social and Human Rights, as set out in chapter 7, define SEB Group's position and should be the basis when assessing identified controversies on adverse Human Rights impact;
- Clear indications of adverse impact or risk of adverse impact because of the Company;
- The Company lacks systems to manage social and Human Rights risks;
- The time that has elapsed since a relevant controversy took place and any actions taken to prevent continued adverse impact;
- Potentially vulnerable groups are subject to the actual or potential risk that has been identified. Examples of such groups, which can be present in all contexts, are indigenous peoples, women, national or ethnic, religious and linguistic minorities, children, persons with disabilities migrant workers and their families and human rights and environmental defenders;
- The use of the Company's product or service has a potential adverse Social or Human Rights impact;
- The Company operates in a Human Rights risk environment such as countries with weak institutions, fragile states, conflict areas, repressive states;
- The Company's supplier or other business partner, to which there is a strong link, was identified as having adverse Human Rights impact.

### 6.3 Addressing actual and potential adverse impacts

After assessing the findings, SEB Group will address and take action on material issues by engaging with Companies through dialogue or through other type of engagement. The purpose is that over time the adverse, or potentially adverse impact, will cease, be prevented or mitigated. The frequency of the engagement depends on the severity of the adverse impact.

Depending on the outcome of the assessment in 6.2, the Companies become subject to certain expectations, e.g. to implement a plan or develop systems that address the risk that has been identified. The following expectations apply in the event of established adverse impacts:

- SEB Group expects involved Companies to address the adverse impacts, to engage in meaningful and good-faith dialogue with stakeholders affected by the adverse impacts and to enable remediation, where relevant.

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- If a Company , over an extended period of time, does not comply with SEB Group's expectations and agreed timeline to improve, and this has material adverse social and/or Human Rights impact, SEB Group shall take an active decision on the Business Relationship.

### 6.4 Restrictions

The following areas have such risk of adverse social and Human Rights impacts that SEB Group has restrictions on Business Relationships with Companies. <sup>11</sup>:

- Controversial weapons, see Sector Policy on Arms and Defence
  - Weapons trade to countries in conflict, see Sector Policy on Arms and Defence
  - Tobacco, see Sector Policy on Tobacco
  - Gambling, see Sector Policy on Gambling
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<sup>11</sup> See each policy for further details on the restrictions. Other policies within SEB's sustainability policy framework may have restrictions that are not directly related to Human Rights.



## **Social and Human Rights Policy**

### **7 SEB Group positions on social and Human Rights**

SEB Group has the following positions in relation to good business and Human Rights practices. If controversies relating to adverse social and Human Rights impacts have been identified in the controversy screening, they are assessed against these positions:

#### **7.1 Human Rights**

- Operate in line with the UN Guiding Principles on Business and Human Rights, by
  - Embedding responsible business conduct into policies and management systems;
  - Undertaking Human Rights Due Diligence;
  - Identifying, ceasing, preventing and mitigating actual and potential adverse Human Rights impacts;
  - Tracking implementation and results;
  - Communicating how impacts are addressed;
  - Enabling remediation through appropriate grievance mechanism for labour and other stakeholders;
- Respect Human Rights by engaging with, rather than using criminal proceedings, against vulnerable groups that may oppose a project or operation.

#### **7.2 Core Labour rights**

- Respect the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, by
  - Promoting freedom of association and right to collective bargaining;
  - Eliminating all forms of forced or compulsory labour;
  - Abolishing child labour;
  - Having zero-tolerance towards all forms of discrimination, including but not limited to sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age.

#### **7.3 Health and safety and working conditions**

- Have occupational health and safety policies and processes in line with local legislation and internationally recognised health and safety standards when appropriate legislation is lacking;
- Respect any nationally set minimum wages or collectively bargained wages and aim for a development towards applying the concept of living wage and maximum of working hours;  
Having equal treatment and working conditions for migrant workers as well as applying fair recruitment practices.

#### **7.4 Regulations, standards and initiatives**

- Operate in accordance with relevant international, regional and national laws, regulations and permits;
- Operate in line with the OECD Guidelines for Multinational Enterprises.

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### **7.5 Gender equality**

- Strive for equal representation of women and men in managerial positions;
- Strive for gender pay equality.

### **7.6 Stakeholder engagement and interaction**

- Commit to engage with potentially and actually affected stakeholders, including in local communities where relevant;
- Ensure negative impact on community health and safety is mitigated in projects;
- Avoid involuntary resettlement wherever possible and minimize its impact on those displaced through mitigation measures such as fair compensation and improvements to living conditions in line with local legislation and internationally recognised standards when appropriate legislation is lacking;
- Acquire land and natural resources only with free, prior and informed consent (FPIC) from
  - indigenous peoples and
  - peoples with customary tenure rights.

### **7.7 Suppliers**

- Have a Code of Conduct that suppliers are expected to adhere to.

### **7.8 Just transition**

- Reduce the impact of job losses and industry phase-out on workers and communities when transitioning out of a technology/industry/site. When transitioning in to new technologies SEB Group encourages Companies to take measures to produce new, green and decent jobs, supporting healthy communities.