SEB

Sector Policy on Arms and Defence for the SEB Group

derived from the Sustainability Policy for the SEB Group

adopted by the Risk and Capital Committee of the Board of Directors
of Skandinaviska Enskilda Banken AB (publ)
5 June 2025

Sustainable Banking

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Sector Policy on Arms and Defence

1 Introduction

SEB Group recognises and subscribes to the right of every nation to defend itself, as stated in the United Nations charter. The ability to do so requires access to means to fulfil that right. At the same time the Arms and Defence sector is naturally linked to complex geopolitical and ethical considerations.

SEB Group has exposure to the Arms and Defence sector. This Sector Policy has been developed to support business decisions to align with SEB Group's Sustainability Policy and risk appetite framework. This supports SEB Group's efforts to deliver according to its long-term strategy.

The policy aims to address key risks related to the Arms and Defence sector, which are listed in Appendix A.

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

2 Definitions

Arms and Defence Activities: Development and manufacturing of arms and defence equipment such as weapons, ammunition, explosives, military fighting vehicles and other military equipment.[1]

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

Controversial Weapons:
- Anti-personnel mines,
- Biological weapons,
- Chemical weapons,
- Cluster weapons,
- Depleted uranium ammunition.

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.

[1] For subsectors, use the following NACE codes as guidance: C25.4, C20.5.1, C30.4. For a full list of military equipment, use the following document: Commission Delegated Directive (EU) 2021/1047 on defence-related products. In case of conflict the policy takes precedent.

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

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

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

3 Purpose

The purpose of this Sector Policy is to define SEB Group's position on Business Relationships with Companies involved in Arms and Defence Activities.

4 Scope

4.1 Applicability within the SEB Group

This Policy applies to SEB Group excluding SEB Asset Management Holding AB and its subsidiaries, and Gamla Livförsäkringsaktiebolaget SEB Trygg Liv, taking local rules into account where relevant.

Exempt activities

The following investment and ancillary services related to when 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,[2]

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

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 Sector Policy covers Companies where more than 5% of the total Company revenue, including subsidiaries, calculated at SEB Group global limit holder level, is derived from Arms and Defence Activities. For nuclear weapons and Controversial Weapons, no threshold is applied.

All SEB Group sector policies have different applicability levels:

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

For more details on applicability levels see Appendix B.

5 Restrictions

Controversial Weapons
SEB Group avoids Business Relationships with Companies that produce Controversial Weapons.

Nuclear Weapons
SEB Group avoids Business Relationships with Companies, headquartered outside of a NATO country, that are involved in the development, testing, production, manufacturing, acquisition, possession or stockpiling of nuclear weapons.[3]

Semi-automatic arms
SEB Group avoids Business Relationships with Companies with more than 5% of its revenues from production of semi-automatic arms intended for civilian[4] use, such as AR-15 and AR-10.

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[3] The Non-Proliferation Treaty (formally the Treaty on the Non-Proliferation of Nuclear Weapons) – signed by 191 states including all Nato countries – states that nuclear-weapon states agree not to transfer nuclear weapons to any non-nuclear-weapon state, and that all non-nuclear-weapon states agree not to receive, manufacture or acquire nuclear weapons.

[4] Non-military and non-law enforcement activities

Transactions

SEB Group avoids supporting transactions involving sales of Arms and Defence-related equipment that either lacks an export license from a country in the EU/EEA/UK/CH or is destined to countries or areas that are subject to EU embargo or other relevant sanctions

6 General Expectations

SEB Group Expects Companies in scope of this policy 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,
- Human Rights Due Diligence (HRDD) process for its sales and export activities taking into account the characteristics of the product as well as the conflict and human rights situation of the export destination.[5]

SEB Group Expects Companies in scope of this policy to maintain high standards of accountability and integrity regarding their business by:

- Complying with relevant export license regulations in respective country, including for dual use items which can be used for both civil and military purposes and have been defined by an official export licensing authority,

- Complying with trade restrictions such as EU embargoes and other relevant sanctions lists.

- Adhering to standards, conventions, and guidelines that are already incorporated in the laws and regulations of EU-member states.[6]

- Applying an anti-corruption policy in proportion to its size and risk-exposure,

- Annually publishing a sustainability report or similar comprising material sustainability matters,

- Tax reporting according to country-by-country principle, when relevant.[7]

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[5] If no such process exists, SEB will make an enhanced due diligence on trade finance transactions supporting the Company.

[6] Such standards and guidelines include the United Nations Convention on Prohibition or Restriction on the Use of Certain Conventional Weapons Which May Be Deemed to be Excessively Injurious or to Have Indiscriminate Effects (‘the Inhumane Weapons Convention’), The United Nations Arms Trade Treaty, Global Principles of Business Ethics for the Aerospace and Defence Industry and for the EU -The Council Common Position 2008/944/CFSP.

[7] OECD/G20 BEPS Project (15 actions) – Action 13: Country-by-Country Reporting.

Appendix A: Sector Risks
(non-exhaustive list)

- Corruption,
- Adverse impact on human rights,[8]
- Disproportionate and indiscriminate impact on civilians,
- Escalation of conflicts.

[8] Examples of human rights of interest for this sector (however not exhaustive) are the right to life, the right to health, the right to not be subjected to torture or to cruel, inhuman or degrading treatment or punishment, the right to not be subjected to arbitrary interference with your privacy, the right to peaceful assembly.

Sector Policy on Arms and Defence

Appendix B: Policy Application Levels

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

	Company size		
Application level:	Retail Companies	SMEs	Large Companies
Restrictions	-	✓	✓
Expectations	-	-	✓

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

Retail Companies are defined as counterparties where SEB Group's credit exposure is below EUR 1 million.
SMEs are defined as counterparties where SEB Group's credit exposure is above EUR 1 million and the counterparty is not defined as large companies. Note that the material share of revenues at SEB 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.

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