



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 status¹. 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's sustainability due diligence.

As a bank, SEB has the ability to contribute to Human Rights, for example through financing social infrastructure and engage in responsible lending. At the same time, SEB 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 has developed this Social and Human Rights Policy to describe SEB's Social and Human Rights management.

2 Definitions

Client: A Company with which SEB has a business relationship.

Companies: Legal corporate entities 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.

Investment: Where SEB, directly or indirectly through investment products, managed by SEB or its subsidiaries, invests in equities and fixed income securities.

Portfolio Company: Company where SEB Group has an equity ownership excluding insurance wrapper solutions/products where the Client makes the investment decision.

SEB or SEB Group: Skandinaviska Enskilda Banken AB (publ.) and its subsidiaries, branches and representative offices.

3 Purpose

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

4 Scope

The policy covers SEB's financing and investment processes, as well as its own operations (SEB as a workplace) and its business partners, such as SEB's supply chain. This thematic policy shall be implemented in all parts of the SEB Group, taking local or sector-specific rules into account, when relevant. Branches and subsidiaries shall take necessary steps to implement this thematic policy.

4.1 Exempt activities

- 1) Intermediation services such as provision of investment opportunities and thereto related research activities;
- 2) Securities financing activities;

¹ See the United Nations Universal Declaration on Human Rights

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- 3) Externally managed funds and holdings in externally managed funds²;
- 4) Financial products where the employees in Companies in scope are the beneficiaries, e.g. Occupational Pension;
- 5) Any activity that the SEB Group is obliged under law or regulation to provide.

5 SEB's Social and Human Rights management

SEB'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's social and Human Rights development and performance.

5.1 Commitment to respect all Human Rights

SEB 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, Investment, supply chain processes and its own operations, SEB will seek to respect human rights. In other words, SEB has the ambition to avoid causing or contributing to adverse social and Human Rights impacts through its own activities. SEB will also seek to prevent or mitigate adverse social and Human Rights impacts that are directly linked to its operations, products or services by its business relationships. If SEB causes or contributes to adverse social and Human Rights impacts, SEB will take the necessary steps to cease or prevent the impacts or SEB's contribution to them.

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 carries out social and Human Rights due diligence of its Clients and Portfolio Companies, see chapter 6.³ SEB will screen for actual and potential adverse social and Human Rights impacts and will address findings according to the measures in this policy.

5.3 Stakeholder engagement, grievance mechanism, monitoring and reporting

SEB 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 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's business activities and operations can be reported through SEB's digital external whistleblowing service

² For SEB managed investment products investing in external funds there is a preference for funds that fulfil SEB's sustainability policies, PRI or equivalent

³ SEB'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 SEB. Therefore, these areas are not included in the due diligence process that is described in this policy.

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that is also open to third parties.⁴ SEB will respect and cooperate with State-based non-judicial⁵ and judicial grievance mechanisms if cases that are linked to SEB are brought to such a mechanism.

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

6 Due Diligence process

SEB'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.

Identify - <i>Screen to identify adverse impact</i>	<ul style="list-style-type: none">• Screening against specific expectations in Human Rights risk sectors• Screening against certain markets/geographies• Controversy screening against SEB's position statements
Assess - <i>Assess the findings in the screening</i>	<ul style="list-style-type: none">• Reach an opinion on the risk of an actual or potential adverse social and Human Rights impact
Address (cease, prevent or mitigate) - <i>Act on the assessment</i>	<ul style="list-style-type: none">• Set expectations on Client or Portfolio Company

6.1 Identifying adverse social and Human Rights impacts (screening)

The purpose of the screening is to identify risk for potential or actual adverse Human Rights impacts. This is done through a combination of screening against policies and processes in risk sectors, general controversy screening and transaction specific screening for transactions involving high Human Rights risk countries.

6.1.1 Screening against specific expectations in Human Rights risk sectors

Clients and Portfolio Companies that operate in Human Rights risk sectors are covered by specific expectations as described in SEB's respective sector policies⁶. The following sector policies include specific social and Human Rights expectations:

- Agriculture, Fishing, Aquaculture and Animal Welfare
- Arms and Defence
- Forestry
- Gambling

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

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

⁶ 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.

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- Mining and Metals
- Renewable energy
- Shipping
- Tobacco
- Transportation

6.1.2 Screening against certain markets/geographies

When SEB supports transactions with a credit/risk element involving cross border trade⁷, there are specific expectations depending on what country the Client's trading counterpart is based in. If a country is defined as a high Human Rights risk country⁸, SEB expects the Client, in relation to its size and risk exposure⁹, to have implemented the following:

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

The trading counterpart¹⁰ should also be screened for controversies, see Controversy screening below.

6.1.3 Controversy screening against SEB's position statements on social and Human Rights

Clients and Portfolio Companies are subject to a controversy screening, to identify any activities with adverse Human Rights impact¹¹. SEB's position statements on social and Human Rights, as set out in chapter 7, is used to define SEB's position on any adverse Human Rights impact that was identified in the screening.

6.2 Assessment of findings in the screening processes

The findings in the screenings 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 in the screening process:

- Clear indications of adverse impact or risk of adverse impact because of the Client or Portfolio Company,

⁷ E.g. Trade finance, supply chain finance and export finance products

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

⁹ 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.

¹⁰ This can be different from the credit exposure.

¹¹ The specific thresholds when this applies is defined in divisional implementation instructions.

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- The Client or Portfolio 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 was identified in the screening. 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 Client or Portfolio Company's product has a potential adverse Social or Human Rights impact,
- The Client or Portfolio Company operates in a Human Rights risk environment such as countries with weak institutions, fragile states, conflict areas, repressive states,
- The Client's or Portfolio Company's supplier or other business partner, to which there is a strong link, was identified in the screening process as having adverse Human Rights impact.

6.3 Measures to address actual and potential adverse impacts

SEB will address the findings in its screening and assessment by engaging for example through dialogue with Clients and Portfolio Companies, or through other type of engagement, including building leverage¹². The purpose is that over time the adverse, or potentially adverse impact, will cease, be prevented or mitigated.

Depending on the outcome of the assessment in 6.2, the Clients and Portfolio Companies are subject to certain expectations, e.g. to implement a plan or have systems in place that address the risk that was identified in the screening. The following expectations apply in the event of actual adverse impacts:

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

6.4 Restrictions

The following areas have such risk of adverse social and Human Rights impacts that SEB has restrictions on financing and investments¹³:

¹² Leverage is considered to exist where a company has the ability to effect change in the practices of another entity that causes the adverse impacts.

¹³ SEB's other sector policies may have restrictions that are not directly related to social and Human Rights.

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- Controversial weapons, see Sector Policy on Arms and Defence
 - Weapons trade to countries in conflict, see Sector Policy on Arms and Defence
 - Tobacco, see Internal Sector Policy on Tobacco
 - Gambling, see Internal Sector Policy on Gambling
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7 SEB positions on social and Human Rights

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

7.1 Core 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 encourages its clients to take measures to produce new, green and decent jobs, supporting healthy communities.