



# **Sector Policy on Transportation 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)  
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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.

To contribute to achieving the objectives of the Paris Agreement, SEB Group has set targets for 2030 within its Net Zero Banking Alliance commitment. SEB Group's Transportation Policy is part of the transition structure of our sustainable business strategy. In doing so, SEB Group believes in partnering with our customers on their transition journeys.

SEB Group has exposures to the Transportation 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 Transportation Sector, which are listed in Appendix A.

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 variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.<sup>1</sup>

**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.

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<sup>1</sup> As defined by Convention on Biological Diversity.

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**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.

**Transition Plan:** A strategy that lays out the undertaking's targets, actions, and resources for its transition towards a low carbon economy in accordance with the Paris Agreement.

**Transportation Sector<sup>2</sup>:** 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. It complements SEB Group's ambitions and targets to support an orderly transition to a low carbon society.

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<sup>2</sup> Subsectors under the following NACE sector codes:

Road: 29 - Manufacture of motor vehicles, trailers and semi-trailers; 494 - Freight transport by road and removal services; 771 – Rental and leasing of motor vehicles; 309 – Manufacture of transport equipment n.e.c.  
Rail: 302 - Manufacture of railway locomotives and rolling stock; 491 - Passenger rail transport, 492 - Freight rail transport.

Air: 303 - Manufacture of air and spacecraft and related machinery; 51 Air 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, 4931 – Scheduled passenger transport by road.

In case of conflict the policy takes precedent.

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### 4 Scope

#### 4.1 Applicability within the SEB Group

This Policy applies to the 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,<sup>3</sup>
- 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 Sector Policy covers Companies with more than 15% of Company revenue from any of the following activities combined, calculated at SEB Group global limit holder:

- Transport of passengers and/or freight in the aviation, rail and road sector,<sup>4</sup>

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

<sup>4</sup> Excluding taxi Companies.

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- 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:

- 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 Transportation Operators

### 5.1 Requirements

SEB Group Requires large Companies to disclose emissions intensity and/or absolute emissions across Scope 1-2 and relevant Scope 3, combined with targets for the short, medium and long term.

### 5.2 Expectations

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,<sup>5</sup>
- Have a fuel/energy-efficiency program,<sup>6</sup>
- For aircraft operators: Maintain carbon neutral organic growth,<sup>7</sup>
- Have an environmental management system, in line with an international accepted standard, including potentially material topics such as:<sup>8</sup>
  - o A waste management system,

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<sup>5</sup> Land/-Sea use change, Overexploitation of natural resources, Climate change, Pollution, and Invasive alien species. (In line with definition from IPBES).

<sup>6</sup>All: e.g. advanced training and education for eco-driving

Example aviation: IATA – Fuel Efficiency Program

Example rail transport: brake energy recovery.

<sup>7</sup> New baseline in case of mergers and acquisitions required.

<sup>8</sup> ISO 14001/50001 standard certification or similar.

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- For aircraft operators: A noise management strategy & system to handle dangerous cargo,
- For rail transport operators: A noise reduction system & gaseous and particulate emission limits.

Where potential risk or confirmed incidents are identified, SEB Group Expects Companies to implement:

- Actions to support the fight against human and drug trafficking,<sup>9</sup>
- A plan to prevent the spread of infectious diseases,<sup>10</sup>
- Clear policies on alcohol and other substance abuse,
- A security plan and targets to tackle harassment and insecurity issues.

## 6 Transportation Equipment Manufacturers

### 6.1 Requirements

SEB Group Requires large Companies to disclose emissions intensity and/or absolute emissions across Scope 1-2 and relevant Scope 3, combined with targets for the short, medium and long term.

### 6.2 Expectations

SEB Group Expects Companies to:

- Have a Transition Plan,
- Design for high durability, recyclability, easy disassembly, and adaptability,
- Have an environmental management system, in line with an international accepted standard. including potentially material topics such as:<sup>11</sup>
  - Waste management plan,
  - Water management plan,<sup>12</sup>
  - Fuel-efficiency improvement strategy,
  - Reduce plastic consumption and waste,
  - Supply chain targets to reduce air, water, and soil pollution,
  - Take actions to avoid substances of concern and/or trace these throughout the life cycle of the manufactured products.<sup>13</sup>

*Additional Expectations on aircraft and aircraft engine manufacturers*

- Have a plan to:

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<sup>9</sup> E.g. promoting awareness, educating drivers, establishing regulations.

<sup>10</sup> E.g. hand sanitizers, temperature checks, special interiors to reduce fomites, cleaning procedures, etc.

<sup>11</sup> ISO 14001/50001 standard certification or similar.

<sup>12</sup> E.g. measure the amount of discharged wastewater and set targets for its reuse and recycling.

<sup>13</sup> prevent (if possible) using lead, mercury, hexavalent chromium, and cadmium in the production processes.

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- Develop new/upgraded aircraft models with a recycling rate of a minimum of 80%,<sup>14</sup>
- Develop and produce zero direct CO<sub>2</sub> 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 manufacturers*

- Produce zero direct CO<sub>2</sub> emission rail transportation<sup>15</sup> or (*if not economically and technologically feasible*), produce low-carbon alternatives.<sup>16</sup>
- Have a plan to:
  - Improve noise and vibration management through additional controls, modern technologies and considerations in design and construction,
  - Achieve >90% recovery and recycling rate for rolling stocks.

### *Additional Expectations on manufacturers of trucks, buses and passenger cars*

- Comply with the latest local or regional emission standards and reduction targets,<sup>17</sup>
- Have a plan to produce new vehicle models with a recycling rate of a minimum of 85%.<sup>18</sup>

## 7 General Expectations

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.
- 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.

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

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<sup>14</sup> 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).

<sup>15</sup> E.g. electric or fuel cell.

<sup>16</sup> E.g. hybrid technology or biofuel.

<sup>17</sup> For the EU: The latest EU emission standards → reduce CO<sub>2</sub> emissions from new trucks by an average of 15% from 2025 and 30% from 2030, compared with 2019 levels.

<sup>18</sup> EU Taxonomy [June 2021].

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- 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.<sup>19</sup>
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<sup>19</sup> OECD/G20 BEPS Project (15 actions) – Action 13: Country-by-Country Reporting.

## **Sector Policy on Transportation**

### **Appendix A: Key Sector Risks**

(non-exhaustive lists)

#### ***Transportation Operators***

- Air emissions such as CO<sub>2</sub>, NO<sub>x</sub> 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,
- Spread of infectious diseases.

#### ***Transportation equipment manufacturers***

- Air emissions (CO<sub>2</sub>, VOC, dust, etc.),
- Wastewater and liquid wastes from processing,
- Hazardous materials and waste,
- Energy usage,
- Product quality and safety,
- Product design and lifecycle management,
- Health and safety of workers.

## Sector Policy on Transportation

### Appendix B: Policy Application Levels

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

<i>Application level:</i>	<i>Company size</i>		
	<b>Retail Companies</b>	<b>SMEs</b>	<b>Large Companies</b>
Restrictions	-	✓	✓
Requirements	-	✓	✓
Expectations	-	-	✓

✓ 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** are 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 revenue 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.