



Shipping

Sector policy

*Statement for the SEB Group
Derived from the Instruction for the
President and Chief Executive Officer.*



SEB

Preamble

a) About SEB

SEB is a leading Nordic financial services group, offering a wide range of financial services to private, corporate and institutional customers in eight countries in Northern Europe. The international nature of our business is reflected in a presence in 20 countries worldwide. In total, SEB has 17,000 employees.

Through its business activities, SEB has an impact in many countries and local communities. Banks, in general, play an important role in society, by providing credit and managing financial assets in ways that promote economic growth and prosperity. SEB's vision is to be the trusted partner for customers with aspirations. Responsible corporate behaviour is a means to remain successful in a changing global environment.

b) SEB and Corporate Sustainability (CS)

At SEB, sustainable development means building a sustainable business as a bank and financial institution: supporting customers and employees, creating long-term value for our shareholders, contributing to the economy as a whole and being a force for good in the communities in which we live and work.

By running a business which takes responsibility for the environment, makes a social contribution and shows good corporate governance and ethical behaviour, we contribute to a sound and sustainable economic development.

Our efforts are guided by international initiatives and codes of conduct, including the UN Global Compact and the UN Principles for Responsible Investments (PRI). SEB is also a signatory of the Equator Principles and The United Nations Environment Programme Finance Initiative (UNEP FI).

c) Purpose with Sector policies and Position statements

We aim to support sustainable business practices for the long term and believe that by improving our own work, as well as encouraging the progress of others, real and lasting change can be achieved.

Addressing the environmental, social and governance aspects of doing business involves managing both risk and opportunity. As a guide for managing sustainability issues at SEB, we have developed position statements and policies for certain industry sectors.

The purpose of these policies and statements is to establish a common framework for a proactive and future-oriented dialogue with the clients and portfolio companies we work with, focusing on business opportunities and risk reduction.

d) Scope and external guidance

The sector policies and position statements are applicable in all markets where SEB operates and include banking services such

as financing and advisory work. SEB's Wealth Management division is a signatory to the UN PRI, and is thereby committed to integrating sustainability aspects in its activities. SEB's sector policies and position statements will further influence this process.

SEB's sector policies and position statements provide guidelines on best practice as well as on the international conventions and standards that we encourage companies to follow. We aim to work with our clients and portfolio companies towards improved business practices. This will be a step-by-step process.

By remaining engaged with clients and portfolio companies, we believe we can make a bigger contribution than by exiting relationships if we find that they do not live up to our recommended approach. In such cases, our preference will be to support clients and portfolio companies to make satisfactory progress along a credible, transparent and time-bound implementation plan. Ultimately, SEB has the option, over time, to terminate the relationship with any client not progressing in line with the suggested plan.

e) Existing policies and position statements

We have initially selected issues and sectors where there are great potential of environmental and social aspects to be considered and which are of relevance to our business.

As of February 18, 2011, the following sector policies have been adopted: Arms and Defence, Mining and Metals, Shipping, Forestry, Fossil Fuels and Renewable Energy.

As of February 18, 2011, the following position statements have been adopted: Climate Change, Freshwater and Child Labour.

f) Engagement and feedback

We welcome comments and feedback on our approach to sector policies and position statements. Any feedback could be directed to SEB's Group Corporate Sustainability office at cs@seb.se.

In addition, please also visit:

SEB's corporate website

To find out more on our approach to Corporate Sustainability, for our full Sustainability Reporting, our facts & figures; www.sebgroup.com/sustainability

SEB Sustainable Perspectives

Our dedicated social media site with our Sustainability Academy and QUIZ, stories and best practices through which you can learn more about corporate sustainability in general and at SEB in particular; www.sebgroup.com/sustainableperspectives

Sector policy – Shipping

Introduction

The shipping industry, through the transportation of raw materials, semi-finished goods and finished goods from producing countries for further processing and to end-user markets, is a major facilitator of global trade and is thereby a fundamental industry for society. The International Maritime Organisation (IMO) estimates that the industry transports 90 per cent of the world's transported goods. The global shipping industry is therefore an integral part of the world economy, where demand is affected by global economic cycles and supply is regulated by the industry itself. Shipping is recognised as one of the most efficient forms of commercial transport in terms of CO₂ emissions per tonne of cargo.

However, the shipping industry can have a negative impact on the environment through emissions and involuntary discharges. Despite this the industry has not been included in current regulation (the Kyoto Protocol, UN and EU regulations) on the emissions of CO₂. Further the industry is lagging behind in environmental efforts and is experiencing political and organisational challenges in adapting a coherent strategy to reduce CO₂ emissions. The shipping industry also has local impact on the environment and society through involuntary discharge and the recycling of vessels.

Most negative social and environmental impact can be either avoided or minimised to acceptable standards, if companies follow well-established international and industry standards. This Sector Policy is applicable to all companies involved in shipping, including companies constructing, servicing and recycling vessels as well as relevant suppliers.

Objectives

The overall objective of this policy is to promote a sustainable shipping industry, to prevent adverse environmental and social impact and to support good governance, using international and industry standards as a guideline. All stages in the life cycle of a vessel, from design and construction to operation and recycling, need to be addressed in order to meet these objectives. SEB expects clients and portfolio companies involved in the shipping industry to:

- track and attempt to minimise their CO₂, sulphur oxide and nitrogen oxide emissions;
- adhere to generally accepted principles on responsible management of ballast water;
- protect the health and safety of employees, contractors and communities;
- comply with, and preferably exceed, environmental regulations, permits and legislations;
- have appropriate corporate governance structures;
- have a developed ethical- and environmental policy on recycling of vessels;

- assess, monitor and manage environmental and social risks effectively and transparently; and
- support and adapt to relevant international standards directed towards minimising environmental and social impact.

SEB expects all shipping companies to have prudent occupational health and safety procedures, as well as responsible management for any construction or decommissioning of assets.

Standards, conventions and guidelines

SEB expects its clients and portfolio companies to operate in accordance with relevant international, regional and national rules and regulations set by classification societies, flag states, port states and the United Nations (IMO and International Labour Convention). The most notable rules and regulations are:

- Safety Of Life At Sea (SOLAS)¹;
- International Convention on Load Lines²;
- International Convention for the Prevention of Pollution from Ships (MARPOL)³;
- International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)⁴;
- International Convention on the Control of Harmful Anti-fouling Systems on Ships (HAFS)⁵;
- International Convention for the Control and Management of Ships Ballast Water & Sediments⁶;
- Convention on the International Regulations for Preventing Collisions at Sea (COLREG)⁷;
- Maritime Labour Convention (ILO)⁸;
- Guidelines set by the International Transport Worker's Federation⁹;
- International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (not yet in force)¹⁰; and
- International Safety Management Code ("ISM")¹¹.

The above rules, regulations and guidelines are monitored by port state controls (for example the Paris Memorandum of Understanding on Port State Control, US Coast Guard, the Tokyo Memorandum of Understanding on Port State Control in the Asia-Pacific Region), flag state controls and by classification societies such as Lloyd's Register and Det Norske Veritas. We also expect our clients and portfolio companies to be covered by appropriate insurances to cover cleanup costs in the event of an accident. We pay special attention to ensure that our companies have full protection and indemnity insurance in accordance with the standard rules of the International Group of P&I Clubs. We also expect the insurer to be a known and reputable company.

Implementation

As an integrated part of the client dialogue related to advisory and financing services, SEB is to proactively and continuously review the corporate sustainability (CS) policies and activities of its clients and portfolio companies. In order to implement the Sector Policy and meet the objectives set forth, SEB will:

- ensure a thorough understanding of existing and potential clients' and portfolio companies' activities and the purpose of the provided financial product or service;
- continuously educate relevant SEB staff on general and specific CS trends, issues and opportunities;
- collaborate with third-party professional CS experts; and
- establish dialogue with counterparties over environmental and social matters.

1) <http://www.imo.org/>

2) <http://www.imo.org/>

3) <http://www.imo.org/>

4) <http://www.imo.org/>

5) <http://www.imo.org/>

6) <http://www.imo.org/>

7) <http://www.imo.org/>

8) <http://www.ilo.org/global/standards/maritime-labour-convention/lang--en/index.htm>

9) <http://www.itfglobal.org/language-selector.cfm>

10) <http://www.imo.org/>

11) <http://www.imo.org/>