

# Sector Guidelines:

## Road, rail and air transport

### Scope and purpose

The overall objective of these sector guidelines is to promote sustainability performance in our business relations with corporate clients, portfolio companies and suppliers in all jurisdictions where Swedbank Group operates. The sector guidelines are applicable to all companies within the sector and in all stages of the value chain.

### Sustainability impact

These guidelines apply to road, rail and air transport, passenger transport as well as air freight and logistics. Please also see the separate sector guidelines for shipping.

The Economic, Social and Governance (ESG) risks and impacts in the sector relate to energy and fuel consumption and the associated emissions, spillage and pollution to air and water stemming either from transported goods or from the vehicular or air freight fleet used, as well as transportation of hazardous goods. Other material aspects are health and safety at work, working conditions, and energy efficiency which is also the top cost-saving strategy among transport companies.

### Expectations and recommendations

Swedbank expects clients, portfolio companies and suppliers to operate in accordance with relevant international norms, as well as regional and national laws, regulations and permits. We expect our business partners to manage material sustainability issues in a systematic manner within the field of human rights, labour rights, climate, environment and business ethics. We also recommend that companies involved in the transport sector:

- Identify material sustainability aspects and adopt relevant policies, objectives and targets;
- Have policy commitments that meet responsibilities with regard to human rights, labour rights, environmental

protection, health & safety and anti-corruption;

- Prevent discrimination and improve equal treatment of men and women;
- Apply relevant management systems or other tools to monitor processes regarding material environmental impact, risk management and mitigation of accidents – in particular oil spills, leakages and handling of explosives;
- Respect the rights of workers;
- Ensure compliance with labour laws and occupational health and safety norms;
- Ensure equal treatment for migrant workers;
- Measure greenhouse gas emissions (GHG), set reduction targets and disclose figures and results in a transparent manner;
- Monitor and publicly disclose scope 3 emissions including partners and subcontractors;
- Minimise fuel consumption;
- Optimise fuel-efficiency and actively invest in transition to less fossil-dependent fleets. Develop energy-efficient services enabling customers to reduce their carbon emissions;
- Report transparently on tax payments at group and country level in line with established global initiatives;
- Conduct due diligence on supplier management of environmental, social and business ethics issues and integrate sustainability criteria within procurement processes. Verify compliance with company standards on a regular basis;
- Report regularly on material sustainability issues in line with established reporting framework standards, such as GRI.

Relevant norms, guiding principles & standards

- ✓ The 10 principles of the United Nations Global Compact<sup>i</sup>
  - ✓ UN Guiding principles on Business and Human Rights<sup>ii</sup>
  - ✓ International Labour Organization (ILO) standards, conventions and recommendations on work environment and labour standard<sup>iii</sup>
  - ✓ ISO International standards<sup>iv</sup> such as ISO 14000<sup>v</sup> and ISO 14064<sup>vi</sup>
  - ✓ Greenhouse Gas Protocol<sup>vii</sup>
- Collaborate with third-party professional Corporate Sustainability experts and establish dialogue with counterparties on environmental and social matters;
  - Report transparently on sustainability performance.

**Implementation**

Sustainability risk assessment is an integral part of Swedbank Group's risk assessment within corporate lending, investment and procurement. Sector guidelines set the context for risk assessment. In order to comply with our existing sustainability framework Swedbank shall:

- Ensure understanding of existing and potential clients' and portfolio companies' activities and risks. This means that Swedbank may require relevant documentation such as certificates and policies in order to understand the sustainability governance and performance;
- Evaluate suppliers' sustainability performance and integrate sustainability requirements as a mandatory part of supplier agreements. This means that Swedbank may terminate supplier relationships in the event of non-compliance with our supplier code of conduct;
- Continuously educate relevant Swedbank staff on general and specific Corporate Sustainability trends, issues and opportunities;
- Monitor our portfolios to mitigate risks including sustainability risks;

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<sup>i</sup> The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

<https://www.unglobalcompact.org/about>

<sup>ii</sup> The United Nations Guiding Principles on Business and Human Rights (UNGPs) are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

[http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>iii</sup> International labour standards refer to conventions agreed upon by international actors to protect basic worker rights, enhance workers' job security, and improve their terms of employment on a global scale. The intention of such standards is to establish a worldwide minimum level of protection from inhumane labour practices through the adoption and implementation of said measures.

<http://www.ilo.org/dyn/normlex/en/f?p=1000:12030:0::NO>

<sup>iv</sup> A standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. ISO International Standards ensure that products and services are safe, reliable and of good quality.

<http://www.iso.org/iso/home/standards.htm>

<sup>v</sup> The ISO 14000 family of standards provides practical tools for companies and organisations of all kinds looking to manage their environmental responsibilities.

<http://www.iso.org/iso/home/standards/management-standards/iso14000.htm>

<sup>vi</sup> ISO 14064-1:2018 specifies principles and requirements at the organisation level for quantification and reporting of greenhouse gas (GHG) emissions and removals.

<https://www.iso.org/standard/66453.html>

<sup>vii</sup> The Greenhouse Gas (GHG) Protocol, developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), sets the global standard for how to measure, manage, and report greenhouse gas emissions.

<http://www.ghgprotocol.org/>