

Annual Report 2002

Sustainability



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FöreningsSparbanken and the concept of sustainability

FöreningsSparbanken seeks to promote long-term and sustainable social development. This sustainability report for 2002 details the bank's operations from economic, environmental and social standpoints.

FöreningsSparbanken has a long tradition of initiatives in the areas of environment and sustainability. The bank has always been deeply committed to the local communities it serves. From the bank's start in the first half of the 19th century, the goal has always been to offer financial services for a wide spectrum of people, while also contributing to social development. This is a central component in the bank's work for long-term, sustainable development.

For many years now, environmental awareness has been an integral part of the bank's business operations. To quote from the bank's environment policy: "The bank is aware of the global environmental issues and how, directly and indirectly, the bank can have an impact on the environment."

In 2002, the bank's environment and stability initiatives widened and intensified. Commitment has increasingly focused on what is today called "Corporate Social Responsibility" (CSR) or, in other words, the obligations companies have towards society as a whole (see, in particular, the section of this sustainability report dealing with FöreningsSparbanken's role in society).

FöreningsSparbanken's commitment to sustainability is directly connected to the bank's long-term profitability. The bank has every reason to believe that its focus on sustainability issues not only increases customer loyalty and confidence, but also strengthens the FöreningsSparbanken brand. Furthermore, sustainability initiatives

contribute to the identification of new business possibilities and the reduction of risks and operating costs.

This report is not third-party verified. Unless otherwise stated, the information in this report relates primarily to the bank's Swedish operations and its wholly owned subsidiaries.

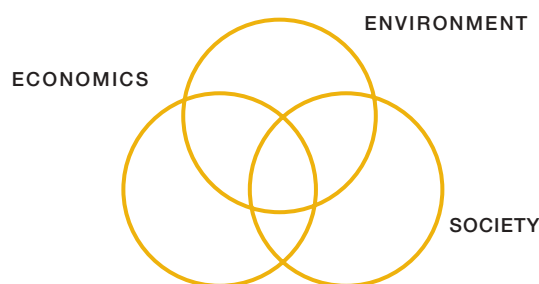
Important events in 2002

- ◆ The bank joined the UN's Global Compact.
- ◆ In the Down Jones Sustainability Index (DJSI), FöreningsSparbanken was ranked third best bank worldwide as regards sustainability.
- ◆ The bank entered a collaboration with three organizations devoted to children's welfare: Bris, SOS Barnbyar and Friends.
- ◆ The implementation of the bank's environmental management system continued.



This is sustainability

The concept of sustainability centers on the economy, the environment and society functioning as a harmonic whole. Sustainability can also be defined as: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition was formulated by the World Commission for Environment and Development, also known as the Brundtland Commission.



President's statement

Social responsibility – a part of our business operations

Contributing and responding to social development and, in a variety of ways, accepting a clear social responsibility, is an economically vibrant part of FöreningsSparbanken's business operations.

Our strong local presence and close relations with customers make it natural for us to take an active part in social development throughout Sweden. In its turn, this development, along with changes in customer needs and wishes, shapes FöreningsSparbanken's own growth.

Guiding us is the system of values that has sprung from our historic roots in the socially-oriented savings bank movement and the farming cooperative credit societies of the early 19th century. Our values are central elements in our corporate culture. They serve as an inner compass for our employees – a compass that helps point the way in customer relations and business decisions. When everyone pulls in the same direction, and has a uniform view of the bank's role in society, our particular character is concretized and the bank stands strong, even in a turbulent world.

In 2002, the spotlight often fell on issues concerned with confidence in business institutions. This has even further increased the focus on the concept of sustainability, which is itself intimately bound up with corporate views of ethics and morality. FöreningsSparbanken's operations have a firm base in our system of values.

At a time when ever more enterprises are talking about Corporate Social Responsibility, it is important to realize that FöreningsSparbanken has always been active in such issues. One example of this, taken from our banking operations, is the constant interchange of information and knowledge we have with our customers in respect of private finance and using the Internet. Our local branches and the Swedish Savings Banks Foundations (the latter owning 20 percent of the stock in FöreningsSparbanken) have also long supported socially useful ventures in research, education and other forms of knowledge sharing (e.g. in culture, youth activities and enterprise development). FöreningsSparbanken was also the first company in Sweden to incorporate environmental considerations into both its external business and its internal operations.

Our customers, employees, shareholders and society at large all expect FöreningsSparbanken to shoulder a responsible role. Thus, it is pleasing that, according to a Finansmonitor survey, we are considered to be the Swedish bank that takes most social responsibility. It is also



BIRGITTA JOHANSSON-HEDBERG, PRESIDENT AND CEO

gratifying that FöreningsSparbanken was placed third bank worldwide in the Dow Jones Sustainability Index.

Continued deregulation and rapid IT development have ensured that the pace of world change has not abated. The increasingly clear globalization embodied in this embraces FöreningsSparbanken too. Against this background, in 2002, the bank decided to join the UN's Global Compact. Under this voluntary initiative, companies actively support fundamental human rights, working conditions that accord with the ILO conventions and greater environmental responsibility.

However, local communities remain the basis for individuals and many companies. Hence the particular importance of adopting a long-term approach to initiatives that reinforce the positive consequences the bank's operations have for the environment and society. This contributes to sustainable development and closer relations with key stakeholders. Social responsibility is thus an economically vibrant part of the bank's business. FöreningsSparbanken is keen to remain a bank for everyone and to play an active part in long-term, sustainable development.

Stockholm, February 2003

A handwritten signature in dark ink, which appears to read 'Birgitta Johansson-Hedberg'. The signature is fluid and cursive, written over a light background.

Birgitta Johansson-Hedberg
President and CEO

FöreningsSparbanken in brief

FöreningsSparbanken was formed in 1997 with the merger of Föreningsbanken and Sparbanken. The joint history of these banks goes all the way back to 1820 when, based on the European model, the country's first savings bank was founded in Gothenburg.

The savings bank movement rapidly established itself in Sweden. At its height, there were 498 savings banks in the country. After this date, to increase their strength, banks started to merge. When Sparbanken Sverige was formed in 1992, almost 90 savings banks elected to remain independent from, but to collaborate with, Sparbanken Sverige.

Föreningsbanken sprang from the farming cooperative credit societies, whose purpose it was to meet the growing demand for capital in the agricultural sector. The first farming cooperative credit society was set up in 1915, just outside Stockholm in Västerhaninge. In 1992, the 350 local branches of Föreningsbanken were restructured to become part of a single, joint stock bank.

When FöreningsSparbanken was formed in 1997, the independent savings banks generally took over the branch operations of Föreningsbanken in their areas.

Today's FöreningsSparbanken is a modern, full service bank with a network of branches ensuring full coverage throughout Sweden. Along with the independent savings banks and its jointly owned banks, FöreningsSparbanken has over 6 million private customers and over 350,000 corporate customers. On top of this, the majority of municipalities, county councils and large nationwide

organizations are also customers of the bank. Customers have over 850 branches serving them. In Sweden, FöreningsSparbanken has around 9,000 employees.

Important events:

- 1820 The first Swedish savings bank was formed in Gothenburg.
- 1915 The first farming cooperative credit society was founded in Västerhaninge.
- 1942 Sparbankernas Bank was formed as a central bank for the savings banks.
- 1958 Jordbrukets Bank was formed as a central bank for the farming cooperative credit societies.
- 1969 Farming cooperative credit societies and savings banks were put on a par with other banks and could compete on equal terms.
- 1974 Jordbrukskassan changed its name to Föreningsbanken.
- 1992 Föreningsbanken AB and Sparbanken Sverige AB were formed.
- 1994 Föreningsbank's shares were listed on the Stockholm stock exchange.
- 1995 Sparbanken Sverige's shares were listed on the Stockholm stock exchange.
- 1996 Sparbanken Sverige became the first bank in Sweden to publish an environment report.
- 1997 In February, the boards of Föreningsbanken and Sparbanken Sverige proposed a merger between the banks. FöreningsSparbanken formally came into being in November and its shares started trading on the Stockholm Stock Exchange.
- 2000 FöreningsSparbanken became the first bank in Sweden to publish a sustainability report. The decision was taken to implement an environmental management system throughout the bank.
- 2002 FöreningsSparbanken joined the UN's Global Compact.



Customers

FöreningsSparbanken has over 6 million private customers and more than 350,000 corporate customers. On top of this, the majority of municipalities, county councils and large nationwide organizations are also customers of the bank.

A bank for everyone

FöreningsSparbanken is keen to be a bank for everyone. Whatever a person's financial resources, ethnic background, sex, age, qualifications, physical capacities or location, FöreningsSparbanken has to be there for everyone. At the same time, the bank must also address each individual's needs.

One concrete expression of this is the way FöreningsSparbanken reaches its customers through a strong local presence exerted via its nationwide branch network covering the entire country. This is complemented by other channels such as Internet and telephone banking. The bank also maintains special services for people with hearing or seeing disabilities.

In a number of towns, to meet the needs of customers from various ethnic backgrounds, FöreningsSparbanken has established special, multicultural branches. Examples include the branches in Rosengård outside Malmö, Biskopsgården in Gothenburg and Rinkeby outside Stockholm.

FöreningsSparbanken constantly seeks to have ever closer dialogue with its customers. The bank's regular customer surveys ("market capital surveys") are an important element in this. The results of these surveys are used in evaluating and developing the bank's operations. Many of the key facts given in this report are taken from the market capital surveys.

Large customer base

Private individuals		Municipalities/County councils	
• FSPA	4.4 million customers	• FSPA	211 municipalities *
• Jointly owned	0.4 million customers	• Jointly owned	20 municipalities
• Independent	1.3 million customers	• Independent	93 municipalities
• Hansabank	3.4 million customers	• FSPA	21 county councils
FöreningsSparbanken			
Small and medium-sized enterprises		Nationwide organizations	
• FSPA	244,000 companies	• Trade union, cooperative and ecclesiastical organizations	
• Jointly owned	25,000 companies		
• Independent	93,000 companies		
Large companies			

* Several municipalities have accounts with FSPA, independent savings banks and jointly owned banks.

Products and services

FöreningsSparbanken offers a number of products and services that have a special environmental profile, or are shaped after special ethical criteria – sustainability criteria. The marketing of these special products and services continued in 2002. Customer interest in investments that pay particular attention to sustainability is steadily increasing. Trade union and other organizations, many of which are FöreningsSparbanken customers, have certainly not hesitated to accord this issue increasing importance. To meet customer demands, "social analyses" figure amongst the tools used in making investment decisions. Special, environmental analyses are carried out when considering corporate loans.

Funds

On a worldwide basis, funds with environmental and ethical placement criteria are amongst those showing the sharpest growth, both as regards numbers and volumes. FöreningsSparbanken's funds are managed by Robur. In 2002, around three percent of Robur's total fund volume was represented by these special funds. With approximately SEK 6 billion under its management, this makes Robur one of the country's leading managers of environmental and ethical funds. Roburs Miljöfonden, which has a managed capital of SEK 540 million, is Sweden's largest environmental fund.

Robur manages 6 equity funds with an environmental and/or ethical focus. These are:

- ◆ Etikfond Global MEGA.
- ◆ Miljöfonden.
- ◆ Svenska kyrkans miljöfond Talenten.
- ◆ Svenska kyrkans värdepappersfond.
- ◆ Svenska kyrkans aktiefond MEGA.
- ◆ Gåvofonden.

Robur also manages a mixed fund and 2 fixed income funds:

- ◆ Svenska kyrkans mixfond MEGA.
- ◆ Svenska kyrkans räntefond.
- ◆ Svenska kyrkans räntefond MEGA.

In addition to the above, a number of individual investment projects with an ethical profile are run for institutional investors.

How do you rate FöreningsSparbanken as regards	Positive ratings, %	
	Private	Corporate
The attention it pays to environmental issues?	46	47
Its products and services with an environmental profile?	41	39
Its being a positive force in your local community?	56	55
Its being a bank for everyone?	63	58

The funds are based on an ethical analysis model and an environmental analysis model. These exclude, for example, enterprises involved in armaments, tobacco, alcohol and commercial gaming. Applying a list of 21 environmental criteria maintained by the external Environment and Ethics Committee, the environmental analysis model selects the environmental leaders from all business sectors in the Nordic countries.

The WWF card

Marketing of the WWF card continued in 2002. This resulted in a volume increase of over 130 percent on the previous year. Consequently, the card contributed around SEK 1.2 million to the World Wildlife Fund's operations. At the end of 2002, there were 16,429 WWF cards in circulation.



Environmental loans – individuals

FöreningsSparbanken offers loans to private individuals for investments that help improve the environment. Examples include solving damp and radon problems in buildings, using environment-friendly construction materials and switching to more environment-friendly heating systems.

Claims and complaints

During the year, as an element in the continuous endeavor to increase customer satisfaction, a review of the procedures relating to claims and complaints was commenced. The result is an entirely new system and improved procedures for complaints. In 2003, new procedures for registering claims will be implemented.

◆ Twenty-two percent of FöreningsSparbanken's main bank customers consider that environmental and ethical considerations are very or extremely important in the choice of a bank.



Employees

The bank's primary success factor is its employees. The knowledge they have of the needs of the bank's customers, and their ability to translate this knowledge into products and services that create added-value for the customer, is invaluable. In the continued development of the Group, competence enhancing programs, for managers and other employees alike, are of great strategic importance.

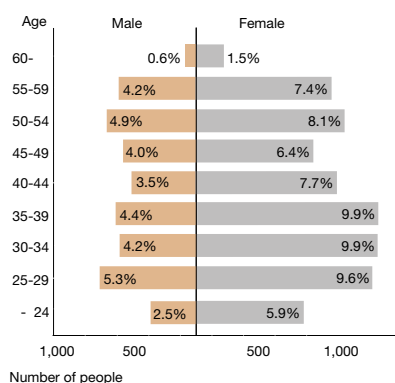
Human capital surveys

FöreningsSparbanken has long experience in measuring and valuing intangible assets, their development and their impact on Group profitability. During the past year, the model for measuring and valuing was reworked to become even more focused on the drawing up of action plans.

The development of the bank's human capital is satisfactory, the motivation and leadership values, for example, being particularly high.

The empowerment index (commitment, job satisfaction, competencies, responsibility, authority and support) is very high.

Age and sex demographics



Employee data

Average number of employees	9,998
Sexes	58 % female 42 % male
Managers	31 % female 69 % male
Staff turnover	4 %
Internal transfers	16 %

Health

In 2002, prompted in part by rising illness figures for the industry as a whole, FöreningsSparbanken started a group-wide program, "Health Offensive". The overall goal behind this push is that the bank should reduce absence through illness, lower the costs associated therewith and profile itself as an employer that looks after the well-being of its staff.

In connection with this program, the bank has defined a number of concepts to help monitor progress. Amongst these are:

- ◆ Long-term well.
- ◆ Absence through sickness.
- ◆ Well-being index.

Long-term well is the percentage of employees taking no more than five sick days in a 12 month period. Absence through sickness is calculated as the number of hours lost in relation to contractual working hours. The well-being index shows the percentage of employees who say that they are satisfied with their well-being.

Further initiatives for increasing health-consciousness and awareness in the bank are planned for 2003.

	Result 2002 percent	Goal 2003 percent
Long-term well	71.5	80
Absence through sickness	4.8	3.8
Well-being index	75	80

Manager development

In 2002, besides the normal manager development programs, the Group's President and senior managers held 17 regional meetings to which the Group's approximately 800 managers were invited. This resulted in the Group's President and senior managers meeting all managers twice. All the meetings focused on increased customer satisfaction, sales and growth.

New activities for the development of managers were devised and added to the existing possibilities. Three of these activities focus on managership – the ability to handle the formal powers and responsibilities attached to the manager's role.

In collaboration with the Stockholm School of Economics, a program centered on strategic enterprise management was also drawn up. In 2003, the program will have 26 participants. The program is an important part of FöreningsSparbanken's development of managers to fill bank management positions.

Professional roles and competence profiles

In 2001, much effort went into the identification and description of all the professional roles encompassed by



the bank's branch operations. To be able to supply the right competencies for every customer, these professional roles were implemented in all branches in 2002. The competence profiles describing the individual professional roles also serve as a tool for a more needs-determined development of expertise. The goal is to achieve an even greater return on the bank's investment in competence development.

Young Professionals

Autumn 2002 saw the start of Young Professionals, a network for young FöreningsSparbanken employees. The main purposes of the network are that it should stimulate professional development of the Group's younger employees, promote social togetherness and help widen the contact network within the Group.

The network is an element in the bank's endeavors to be one of Sweden's most attractive employers. It will give individuals even greater control over the development of their careers.

Codetermination

IDA is the Swedish acronym for the codetermination agreement signed, in autumn 2000, by FöreningsSparbanken and the Financial Sector Union of Sweden. In Swedish, the individual letters of IDA stand for insight, involvement and responsibility. With the exception of the Union's representatives, who work with the bank in accordance with the "process principle", all employees are invited to participate in codetermination. Under the process principle, the Union's representatives are involved, from the very beginning, in the preparation and implementation of organization-related decisions. For employees, IDA provides the opportunity to play a part in determining how they are to work and develop their skills. The personal development reviews each employee

has with his or her manager are an important tool in the IDA process. The reviews lead to individual action plans that promote personal development.

In the summer of 2002, a further union (Akademikerföreningen) signed an agreement that entails adoption of the approach embodied in IDA.

Training

With "The World's Best Training", the bank's aim is to create and use training opportunities that, without increasing costs, give maximum effect in minimum time. This also involves discovering ways of prioritizing the competence development that gives the greatest benefit as regards increasing customer satisfaction and employee motivation.

The bank's competence system is used to define competence requirements and identify competence gaps. The system makes it easier to select from the Group's many courses and supports different forms of training. Aptitude testing is also on offer.

Equality

During the year, a new equality policy for the Swedish sections of the Group was drawn up and adopted. The policy mirrors FöreningsSparbanken's view that equality is of strategic importance, and that the equality aspect should, therefore, be integrated into all parts of the bank's standard operations. A workplace where there is equality gives employees greater opportunity to use and develop the competencies and knowledge they have acquired. This is of permanent benefit to FöreningsSparbanken and its profitability.

Program 55+

FöreningsSparbanken has set up a long-term program for employees who are 55 or over. The program's goal is to capitalize on the collective expertise within the company and thereby sharpen efficiency and business focus. A further aim is the changing of attitudes towards older employees.

Program 55+ got under way 1 January 2003 and covers:

- ◆ Healthcare:
 - ◆ Exercise during working hours and a target group-oriented health survey.
- ◆ Competence development – individual action plans:
 - ◆ The bank's operations depend on the expertise of all employees. Hence, it is vital to invest in competence development for all employees, irrespective of age. Competence development for this target group (the 55's and over) is thus not a question of offering target group-oriented courses, but the competence development that FöreningsSparbanken's operations require.
 - ◆ Reduced hours from age 58 – reducing posts from 100 percent to 80 percent at a 90 percent salary:
 - ◆ Giving this target group more lifestyle flexibility will benefit energy and efficiency at work. It is also likely that more people will feel inclined to prolong their professional careers rather than take early retirement.

Shareholders

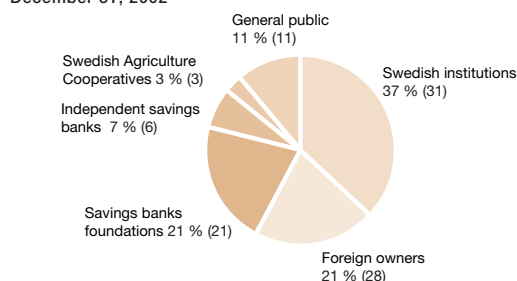
FöreningsSparbanken offers its shareholders long-term and durable profitability on a par with that offered by the best, comparable banking and finance enterprises in Europe.

Achieving the above demands immense cost-consciousness, satisfied customers and committed employees. FöreningsSparbanken's relations with its owners (i.e. shareholders) are marked by continuity and openness. As regards both value and dividends, the bank has to ensure that its owners are presented the possibility of stable and competitive growth.

Shareholdings as of December 31		
Percentage of capital and votes	2002	2001
Savings banks foundations	21.0	20.8
Independent savings banks	7.2	6.3
Alecta	4.5	4.8
Robur funds	3.7	3.6
Swedish Agriculture Cooperatives	3.2	3.2
Nordea funds	2.3	0.6
AMF Pension	2.2	1.7
AFA Försäkringar	2.1	1.7
SHB/SPP fonder	2.0	1.4
SEB funds	1.8	1.3
Skandia	1.6	1.9
SPK	1.4	2.3
FSPA resultatandelsstiftelser	1.4	1.4
Other Swedish institutions	13.9	9.9
General public	11.1	10.8
Foreign owners	20.6	28.3
Total	100.0	100.0

FöreningsSparbanken's share is one of the most widely owned in Sweden. The smaller shareholders are predominantly customers of the bank. The number of foreign owners is around 20 percent. FöreningsSparbanken's share is listed on Stockholmsbörsen's A list (Stockholm stock exchange's list of most traded shares) as

Shareholder categories



"FSPA A". The trading unit for the bank's stock on this Exchange is 100 shares. There is only one type of share, the A share, and each share carries one voting right. Similarly, all the shares carry an equal right to a share in the bank's assets and profits.

The Group's goal is a long-term rate of return on equity that exceeds a weighted average for the Danske Bank, Den Norske Bank, Handelsbanken, Nordea and SEB banking groups. In the long-term, dividends should amount to at least 30 percent of profit after tax.

FöreningsSparbanken's stock is also listed in the majority of indexes that have a sustainability orientation. For the third year in a row, the bank's stock was selected for inclusion in the Dow Jones Sustainability Index (DJSI). In this, the world's foremost sustainability index, FöreningsSparbanken's work with sustainability led to the bank being ranked third best worldwide in 2002. The bank feels that this gives its sustainability initiatives a direct and positive link to shareholder value and the good performance of the bank's stock.

The Swedish Savings Banks Foundations

The Swedish Savings Banks Foundations (Sparbanksstiftelserna) constitute the largest, single shareholder group in FöreningsSparbanken. All together, the foundations own 21 percent of the share capital.

The foundations have two objectives. Self-evidently, one of these is to be shareholders. The other is to promote commerce, research, education, sport or culture in the individual foundation's sphere of influence. There are 22 savings banks foundations spread around the country. The foundations also contribute money to the Savings Banks Research Institute, a body that supports certain types of research in Sweden.



Number of shareholders, December 31, 2002

Size of holding	Total shares	Number of shareholders
1-500	35,621,577	379,830
501-1,000	10,640,687	15,534
1,001-2,000	5,846,317	4,164
2,001-5,000	4,440,965	1,449
5,001-10,000	2,270,771	320
10,001-20,000	2,603,297	180
20,001-50,000	5,641,999	178
50,001-100,000	7,507,933	105
100,001-500,000	38,332,344	163
500,001-	414,902,953	131
Total	527,808,843	402,054
<i>Of which, asset manager registered</i>	<i>381,854,033</i>	<i>18,590</i>

Business ethics

FöreningsSparbanken strives to ensure the ethicality and morality of its operations. In recent years, not least against the background of several “corporate scandals”, both international and within Sweden’s borders, the significance of good governance has increased.

As a result of the above, the issues connected with business ethics have widened to take in areas such as money laundering, bribes and corruption. This is reflected in the OECD’s conduct guidelines for multinational companies. Similarly, good governance is being given increasingly more room in Global Reporting Initiative’s revised international guidelines on sustainability reporting.

The bank’s fundamental values serve as a guiding light that, in all activities, emphasizes the best interests of the company and not the individual.

FöreningsSparbanken has far-reaching guidelines and policies on ethical issues. This has undoubtedly contributed to the bank’s being free of doubtful practices. Clearly enough, FöreningsSparbanken observes the relevant national and international laws. On top of this, several committees that report to the board address various strategic questions in the area of ethics. Shareholders and stakeholders can, through dialogue with the bank, present ideas and proposals. The regular stakeholder dialogues held by the bank are a case in point here.

Another aspect of ethics and morality is the bank’s championing of financial openness with its stakeholders. This avoids the type of conflicts associated with golden parachutes, bonus systems and other forms of remuneration.

Further instances of the good governance of FöreningsSparbanken’s operations are provided by the bank’s work for ethical sustainability and its acceptance of environmental and social responsibility. Clear evidence of this exists in the bank’s implementation of an environmental management system that complies with ISO 14001.

Safety and security

FöreningsSparbanken actively seeks to guarantee the highest possible levels of safety and security for its customers, employees and stakeholders in general. This applies just as much to safety considerations such as health as it does to security considerations in respect of, for example, the assets the bank handles. Thus, physical safety and the security of the bank’s various systems are accorded equal importance.

FöreningsSparbanken has comprehensive safety and security procedures. These permeate all aspects of the bank’s operations. In the IT area, constant attention is paid to increasing the security of the bank’s systems. There are also special safety and security courses held annually at all branches and other units. This training includes sections on customer and employee safety in emergencies, information security and bank confidentiality.

Legal proceedings

In 2002, as regards disputes or claims in connection with environmental issues, FöreningsSparbanken was not involved in any legal proceedings in the ordinary courts.



Society

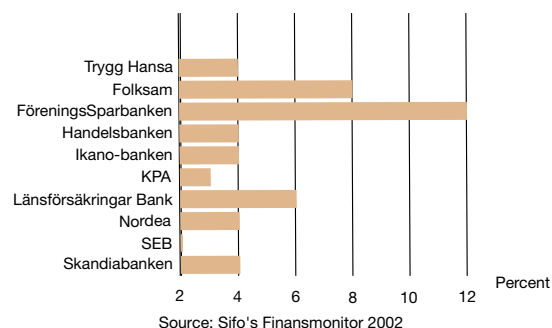
FöreningsSparbanken's sense of social responsibility draws its values from the concept of accessibility and is expressed in the endeavor to be a bank for everyone. Whatever a person's financial resources, ethnic background, sex, age, qualifications, physical capacities or location, FöreningsSparbanken has to be there for everyone. At the same time, the bank must also address each individual's needs.

FöreningsSparbanken enhances its accessibility in a number of ways. For example, working together with a number of interest organizations, the bank promotes public understanding of financial matters by, amongst other initiatives, arranging various types of courses. The bank also provides special services for those with seeing or hearing disabilities. In a number of towns, to meet the needs of customers from various ethnic backgrounds, FöreningsSparbanken has established special, multicultural branches. Examples include the branches in Rosengård outside Malmö, Biskopsgården in Gothenburg and Rinkeby outside Stockholm.

The bank's social responsibility also embraces the safeguarding of human rights (working conditions included therein) and the championing of good business ethics. Codetermination, equality and issues connected with diversity are thus well established and integrated in the bank's operations.

Furthermore, in 2002, the bank decided to join the UN's Global Compact. Under this voluntary initiative, companies actively support fundamental human rights,

Which of the following companies is best at taking social responsibility?



working conditions that accord with the ILO conventions and greater environmental responsibility.

On top of this, as part of its commitment to social development, the bank gave considerable financial support to several research projects in the field of social studies. Via sponsorships, the bank also supports a wide range of activities in sporting, cultural and other fields that have a social perspective.

In the annual Finansmonitor survey for 2002, FöreningsSparbanken was judged to be the Swedish financial sector company that the general public considers to take the largest social responsibility.

Accessibility and diversity

One of FöreningsSparbanken's fundamental goals is to offer financial services for a wide spectrum of people. As regards this accessibility goal, the bank's values are expressed in its endeavor to be "a bank for everyone". This involves reaching different customers with products and services suited to the individual customer's needs and expectations.

The concept of accessibility is intimately bound in with the bank's views on diversity. To be truly a bank for everyone, FöreningsSparbanken has to be receptive and capable of offering its services to customers regardless of their age, sex, ethnic background, physical capacities, etc.

Through accessibility, the bank helps to maintain and develop a sound financial infrastructure that serves all parts of society.

A bank for everyone	
Being a bank for everyone irrespective of...	involves, amongst much else:
◆ Whether one lives in a large town or tiny hamlet	a large branch network, Internet banking, telephone banking.
◆ Qualifications	courses in IT and finance.
◆ Age	IT courses for the elderly, classes for schoolchildren.
◆ Sex	special courses, e.g. "shares and pensions for women".
◆ Ethnic background	multicultural branches.
◆ Financial needs	a wide range of products and services.
◆ Physical capacities	services for people with seeing or hearing disabilities.

Social commitment and projects

Both in Sweden and internationally, FöreningsSparbanken participates in a large number of projects with a social orientation. For example, the bank has several extensive

collaborations with nationwide organizations, educational institutions and bodies active in trade and industry. Locally, the bank also contributes to a number of social development initiatives.

Examples of the bank's projects with a social orientation:

- ◆ Internet courses in collaboration with, amongst others, trade union and pensioners' organizations.
- ◆ In collaboration with TCO (the Swedish Confederation of Professional Employees), "Knowledge for a new working life", a project to highlight future growth possibilities in Sweden's various regions.
- ◆ "Growth Arena", a joint project with Kommunförbundet (the Swedish Association of Local Authorities), Landstingsförbundet (the Swedish Federation of County Councils) and Svenskt Näringsliv (the Confederation of Swedish Enterprise) to stimulate municipal growth.
- ◆ "Towns together", a project where the bank, housing companies and the suburbs of Rosengård, Biskopsgården and Rinkeby work together to improve the opportunities open to local inhabitants and industry.
- ◆ Research foundations – the bank provides financial support for research projects in the field of social studies.



Environmental initiatives

FöreningsSparbanken's operations have both a direct and an indirect impact on the environment. During the year, the bank's initiatives to minimize any negative impact intensified. The continuing work with the bank's environmental management system is an example of this.

Awareness of the bank's environmental impact has increased amongst employees. This is partly due to the courses held in connection with the environmental management project. New models for the integration of environmental initiatives into the bank's operations have also been established.

Direct and indirect environmental impact

The bank's direct environmental impact is that which arises directly from the bank's operations. The connection is simple and clear. FöreningsSparbanken has identified two main sources of direct environmental impact:

- ◆ Business trips.
- ◆ Resource consumption – this includes electricity, paper, other office consumables and waste disposal.

The bank's indirect environmental impact is primarily determined by customers' choices of products and services, and the ways in which customers use the bank. Indirect environmental impact results from the bank affecting other actors in a way that increases or decreases their environmental impact. FöreningsSparbanken's environmental initiatives are concentrated in the "Loans", "Savings" and "Payments" business areas.

An environmental analysis in the granting of corporate loans is an example of an area where the bank has a considerable, indirect environmental impact. Such analyses provide a means whereby the bank can avoid granting credit where there are real and significant threats to the environment. Environmental analyses are thus an integral part of business assessments. Examples of the risks the environmental analyses take into consideration include elevated environmental taxes, new demands from governmental bodies, legislation, the possibility of customer boycotts, environment-related demands from customers, the risk of environmental accidents and the risk of land contamination. Environmental analyses can also demonstrate that, from the environmental and business standpoints, it is correct to provide finance for investments aimed at improving a company's environmental impact. Furthermore, analyses can show that even where

a grant seems to result in an initially negative impact on the environment, the decision to invest may be sound.

The bank and ISO 14001

In 2002, there was an intensification of the work being done towards the bank's environmental management system achieving the internationally recognized ISO 14001 certificate at the beginning of 2003. The environmental management system was implemented throughout the bank's standard line operations in 2002.

In connection with the work related to the environmental management system and certification, a comprehensive training program was one of the initiatives run for all employees. All the basic training was led by a tutor – a relatively unusual accomplishment where so many people had to be trained in such a limited time. On top of this, training was coordinated and given locally at various centers throughout the country. Environmental training has been monitored by two separate self-tests on the bank's intranet.

The work to introduce the environmental management system has been comprehensive. Through project and work groups, all units and parts of the bank have participated. With the aim of crystallizing the connections between environmental initiatives and the bank's business operations, there has also been an extensive internal information program.

ISO 14001 is an international standard for environmental management systems. The standard helps companies and organizations structure their environmental initiatives. An environmental management system sets out how work for the environment is to be executed. It does not state what has to be done – that is something for each company to decide. The minimum level is to observe the relevant environmental legislation and to address the most important environmental issues. The system provides a model that aims at the continual improvement of the work put into enhancing the environment.

Our most important environmental issues

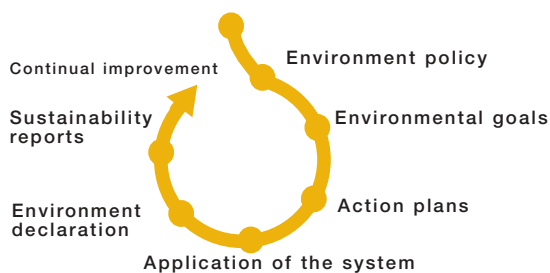


Illustration: Kemi- & miljö AB

Indirect and direct environmental impact

By supplying products and services with a special focus on ethics/the environment¹⁾ and, in addition, carrying out an environmental analysis when considering loan applications or making investments, the bank can influence other companies' environmental initiatives. Furthermore, offering banking services via the Internet is one example of how customer trips to and from branch offices can be minimized. All together, these count as FöreningsSparbanken's indirect environmental impact.

Indirect environmental impact

Products and services ¹⁾	Environmental impact	2002
Environmental analysis model when evaluating loan applications	When evaluating loans, the applicant's environmental impact and risks are mapped out. The model serves as an incentive for corporate customers to review their operations from an environmental perspective.	◆ 242,000 corporate customers
Environmental loans EIF loans to companies	Loans to companies for environment-enhancing investments.	◆ SEK 36 million in new loans
Environmental and ethical funds	Money is invested in companies with a good record of environmental initiatives. The capital comes from environmental and ethical funds.	◆ 2.9 percent of Robur's fund volume
WWF card	SEK 50 of the annual fee, and SEK 1 per payment, goes to the World Wildlife Fund (WWF). This organization is actively involved in reducing CO2 emissions and preserving biological diversity.	◆ SEK 1,147,000 to the WWF ◆ 16,429 issued WWF cards
Internet banking Telephone banking WAP	Amongst other advantages, these services help to minimize travel and to reduce paperwork. The environmental effects are reductions in: acidification, over-fertilization, and climatic disturbance. Resource saving is a further effect.	◆ 1,342,905 Internet banking customers ◆ 2,045,605 telephone banking customers ◆ 14,800 WAP customers
Branch network In-store banking	Having a bank outlet close to hand reduces travel. The environmental effects are reductions in: acidification, over-fertilization and climatic disturbance.	◆ 538 branches ◆ 320 in-store banks

¹⁾ For more information on FöreningsSparbanken's products and services, see pages 7–8

In the work being put into FöreningsSparbanken achieving ISO 14001 certification, the most important areas of the bank's direct environmental impact have been identified. These are business trips and the consumption of energy and paper. By showing that it practices as it preaches, the bank's environmental initiatives engender credibility amongst customers and employees. Each unit's work for the environment also brings to light opportunities for cost savings.

Direct environmental impact

	2000	CO ₂	2001	CO ₂	2002	CO ₂
Electricity	62.2 GWh 5.9 MWh/emp ¹⁾ 149 kWh/m ²	63 kg/emp	53.6 GWh 5.2 MWh/emp 126 kWh/m ²	0.35 kg/emp ²⁾	48.9 GWh 4.9 MWh/emp 119.7 kWh/m ²	
Office supplies						
– paper ³⁾	100 kg/emp		171 kg/emp		52 kg/emp	
– envelopes ⁴⁾	58 kg/emp		63 kg/emp		20 kg/emp	
– forms	26 kg/emp		28 kg/emp		25.2 kg/emp	
– consumables	2,210/emp		1,745/emp		1,275/emp	
Business trips						
– car	796 km/emp ⁴⁾	158 kg/emp	818 km/emp	162 kg/emp	677 km/emp	136 kg/emp
– hire car	153 km/emp	23 kg/emp	77 km/emp	15 kg/emp	325 km/emp	65 kg/emp
– plane	1,336 km/emp	151 kg/emp	1,057 km/emp	119 kg/emp	1,137 km/emp	85 kg/emp
– train	418 km/emp	0.002 kg/emp	490 km/emp	0.003 kg/emp	616 km/emp	0.004 kg/emp
Secure transport	1,350,000 km	311 tons	1,500,000 km	345 tons	1,560,000 km	352 tons

¹⁾ Emp = employee.

²⁾ The branches where electricity is included in the rent – 30 of 538 units are not in this calculation.

³⁾ Paper volumes are calculated on purchased rather than used quantities.

⁴⁾ As not all units were included in the previous year's figures, the totals have been adjusted upwards.

⁵⁾ Includes outsourced mailshots.

Goals and goal achievement

FöreningsSparbanken has formulated, and works towards, a number of strategic goals in the area of sustainability. These goals are continuously monitored. Goals and goal achievement are recorded below.



Goals and goal achievement

	Key indicator	Result 2001	Goal 2002	Result 2002	Goal 2003
Customers	Percentage satisfied customers	–	–	25 percent	Increase
Employees	“Employeeship” index	35	40	41	40
	Satisfied employee index	–	–	65	71
Society	Sifo’s evaluation of social responsibility in the financial sector	21 percent	Be the company that is best at taking social responsibility	Achieved	Be the company that is best at taking social responsibility
Shareholders	Inclusion in the Dow Jones Sustainability Index (DJSI)	Achieved	Be amongst the top ten companies in the DJSI sector index	Achieved	Be amongst the top ten companies in the DJSI sector index
Environment	Be the bank that, according to Sifo’s Finansmonitor, is considered to be the best environmentally	17 percent	Not set	Evaluated every other year only	25 percent



The structure for sustainability initiatives

FöreningsSparbanken's sustainability initiatives are an integral part of its business operations. It is the bank's ambition that sustainability should pervade all contact it has with its various stakeholders. For this reason, the bank does not have a formal structure for its sustainability initiatives. However, in 2002, environment coordinators were appointed for all branches, business areas and staff functions.

Below is a list of key people and functions in FöreningsSparbanken's sustainability initiatives.

Key people

Birgitta Johansson-Hedberg, President and CEO.

Göran Theodorsson, Executive Vice President, Director of Human Resources.

Lars Eklund, Executive Vice President with special responsibility for operational risks and, up until 14 February 2003 inclusive, overall responsibility for sustainability issues in the bank.

Peter Nygårds, manager in charge of social contacts and, from 15 February 2003, with overall responsibility for sustainability issues in the bank.

Staffan Salén, Executive Vice President and, up until 10 April 2003 inclusive, Information Director.

Jesper Berggren, acting Head of Communications (as of 11 April 2003).

Britt-Marie Lundh, Senior Vice President Environmental Affairs.

Functions

Finance and economics: Group Controller, Finance and Economics Secretariat.

Environment: Support, environmental management system, loans, environment-related products and services, IT.

Society: Personnel, competence development, equality, work environment, regional projects, integration, international issues, research and development, ethical products.

Ordering the report

Copies of the printed version of this Sustainability Report can be ordered via www.foreningssparbanken.se/hallbarhet, or by telephoning +46 (0)8-5859 00 00. Copies can also be ordered by contacting the nearest FöreningsSparbanken branch.

Contacting us with your views

Britt-Marie Lundh, FöreningsSparbanken's Senior Vice President Environmental Affairs, welcomes your comments and views on the bank's sustainability initiatives and sustainability reports. Please email them to her at britt-marie.lundh@foreningssparbanken.se

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Göran Theodorsson, Executive Vice President, Director of Human Resources.

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