



Sustainability in Swedbank,
extract from the 2003
Annual Report

Annual Report 2003



Employees. Its employees' knowledge of customer needs is the Bank's main success factor. Working continuously to ensure access to key competencies is therefore an issue of great strategic importance.

During the year the efforts to remain an attractive employer continued through investments in wellness programs, gender equality, competence development and leadership.

Attractive employer

In a competition arranged by the occupational pension company Alecta, FöreningsSparbanken was named Sweden's Best Workplace 2003 "for its work, as a group, in developing and implementing tools and programs that create a working environment where soft values are a cornerstone in the efforts to raise profitability." The determining criteria in the competition are committed leaders, long-term thinking, committed and involved employees, cooperation, preventives measures and profitability.

The Bank's codetermination agreement, IDA (Insight, Involvement, Responsibility), which encourages employees to take part in the Bank's operations, and "the Health Offensive project" were important reasons for FöreningsSparbanken's award.

FöreningsSparbanken's aim is to consistently be among Sweden's 20 most attractive employers. In the Universum Företagsbarometern survey in 2003, it ranked 17th.

Young Professionals is the Bank's network for young employees. The purpose of the network is to encourage social interaction and an exchange of knowledge.

Human capital development

For more than ten years, FöreningsSparbanken has continuously measured human capital development in Sweden.

Among the indexes it will follow from here on are the "Satisfied Employee Index," which measures employees' opinions of their personal situation; "Value-creating ability," which measures employees' opinions of their ability to create value for customers, and "Well-being," which measures employees' opinions on health-related issues.

In 2003 human capital reached the highest level since 1997.

Wellness

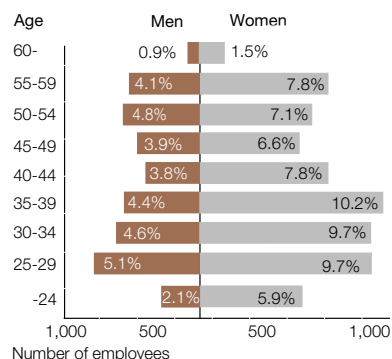
FöreningsSparbanken continues to pursue its Health Offensive aimed in part at reducing sick leave in Sweden. After several years of increased absences, sick leave declined from 4.8 to 4.6 percent in 2003. Special measures have been taken to intensify rehabilitation work.

To increase the focus on healthy employees, a new measure has been introduced, "long-term healthy employees," defined as employees who take a maximum of five sick days during a 12-month period. The share of long-term healthy employees rose from 71.3 to 73.2 percent in 2003. To ensure a systematic, long-term approach to health issues, the Bank has decided to create a new wellness and occupation health organization that integrates health and wellness issues with occupation health issues.

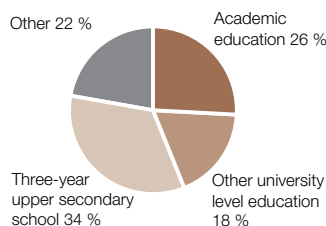
Gender equality

In the Swedish operations, gender equality objectives have been introduced to raise the share of women in

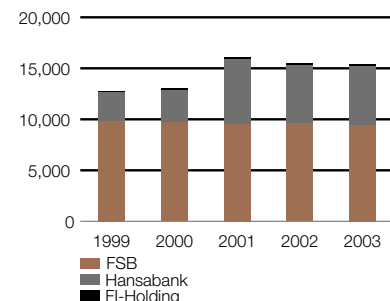
Group employees by age and gender in Sweden, December 31, 2003



Education level of Group employees December 31, 2003



Number of full-time positions in the Group



managerial and specialist positions and encourage more men to take parental leave. The gender equality objective for 2003 – that 35 percent of managerial and specialist positions are filled by women – was met. The share of men who take parental leave has risen from 38 to 41 percent.

Competence development

During the year a platform for competence development was implemented in the Swedish operations. The aim is to ensure that these efforts are focused on meeting operating needs and that managers and employees have the opportunity to quickly identify and meet competence needs.

The process of certifying all employees who deal directly with customers continued during the year and is an element in the Bank's internal quality work. At the same time it prepares the Bank to meet the require-

ments of Sweden's legislation on financial advisory services.

In the Swedish part of the Group, the total training investments amounted to SEK 146 M, or approximately SEK 15,500 per employee. The time devoted to competence development corresponds to about 2.5 percent of available hours per year.

Leadership

FöreningsSparbanken offers an extensive development program for its management. In 2003 the CEO and members of Executive Management held a large number of regional management meetings. All branch managers were invited to these meetings, held on two occasions in each region, to discuss the Bank's direction and priorities.

Employees

External employee turnover in Sweden

was 6 percent (4) during the year. Internal employee turnover was 15 percent (16).

The personnel reduction program in 2002-2003 was completed according to plan and comprised around 500 employees. The program did not require lay-offs.

Priorities

To ensure satisfied customers, satisfied employees and continued profitability, the following areas will be prioritized in 2004:

- Strengthen employees' competencies and increase customer focus in the organization
- Ensure adequate leadership at all levels of the Bank
- Create a working environment where employees have a greater sense of well-being and health risks are actively controlled.

Human capital development

	Local bank 2001	Other units 2001	Local bank 2003	Other units 2003
"Empowerment"	36	31	37	38
"Satisfied Employee Index"	**	**	65	62
"Well-being"	**	**	75	80

** Measurements were not made as part of these indexes in 2001.

No measurements were made in 2002.

Sustainability and the environment. Sustainability weaves together economics, the environment and community relations. For FöreningsSparbanken, environmental and sustainability work has been an integral part of its operations for several years.

FöreningsSparbanken has a tradition of strong commitment to the local community. Since its founding in the first half of the 19th century, the Bank's goal has been to offer financial services for broad-based groups while at the same time contributing to society's development. Responsibility to the community is a fundamental aspect of the Bank's values.

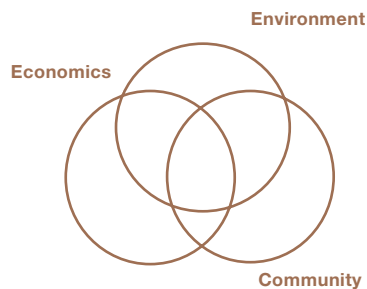
Sustainability

FöreningsSparbanken's work with environmental and sustainability issues was broadened and extended in 2003. FöreningsSparbanken's commitment to sustainability issues has a direct tie to its long-term profitability. By focusing on sustainability, the Bank feels it will improve loyalty and confidence among customers, while at the same time strengthening the brand. Sustainability work also helps to identify new business opportunities, reduce risk and cut operating expenses.

Sustainability weaves together economics, the environment and community relations. According to the World Commission on Environment and Development, also known as the Brundtland Commission, sustainability can also be defined as "development that satisfies present needs without compromising the ability of future generations to meet their own needs."

Integration of sustainability

For 2003, the Bank has chosen to report its sustainability work as an integrated part of its official annual report. This provides a more comprehensive description of the company and a complement to the financial information. The reporting conforms to



international guidelines for sustainability reporting as set by the Global Reporting Initiative, GRI.

COMMUNITY

FöreningsSparbanken's social commitment is a function of its values, including accessibility for everyone regardless of their circumstances. Social commitment is an integral part of the Bank's business operations.

In concrete terms, this is expressed in several ways. The Bank reaches its customers through a broad-based branch network across the country, complemented by other channels such as the Internet and telephone. In this way, the Bank contributes to maintaining and developing a financial infrastructure.

In areas with large immigrant populations, such as Rosengård in Malmö, Biskopsgåden in Gothenburg and Rinkeby outside Stockholm, the Bank is represented by special multicultural branches to serve bank customers with various ethnic backgrounds. In addition, it offers special services for the visually and hearing impaired. FöreningsSparbanken's efforts to adapt its website to the physically impaired resulted 2003 in its certification by the company

"Funka Nu". The website also received an award as the Bank Product of the Year by the magazine *Privata affärer*.

In cooperation with Sweden's senior citizens organizations, the Bank in 2003 produced a series of articles for their members' magazines on money, bill paying and the Internet. A special "senior's loan" is available. Young people have their own Internet bank, FöreningsSparbanken by Internet – Young. These are just two examples of how the Bank embraces diversity in society. In addition, it is engaged in a number of other cooperative projects and partnerships.

One example is a collaboration in which the Bank, along with Volvo, was the initiator behind Plural. Fifteen major Swedish companies are part of the project, started in 2003, to increase awareness of diversity issues in the business community and prove that diversity promotes growth and profitability.

In 2003 the Bank's efforts to certify all its financial advisors were intensified.

The Bank also participates, especially in cooperation with foundations, in various projects involving research and development in society.

Human rights

FöreningsSparbanken's operations rest upon a humanistic approach and respect for each person's value and integrity. From a sustainability perspective, it is important therefore that the Bank supports basic human rights, including the right of every worker to union representation. At FöreningsSparbanken, union membership among employees is in fact high, at about 80 percent.

In addition, FöreningsSparbanken is one of the few Swedish companies to support the Global Compact, the UN's voluntary initiative for companies to support basic human rights, workplace conditions according to ILO Convention standards and the environment. The UN's website mentions the multicultural banks and the "cities working together" project of FöreningsSparbanken.

In its purchasing, FöreningsSparbanken selects suppliers that meet the overall requirements of its environmental policy, environmental management system and other overriding rules.

Sponsorship

FöreningsSparbanken's sponsorship commitments have a direct connection to its business operations. A number of these commitments clearly have a community benefit. One example last year was Årets Nybyggare, a competition that promotes entrepreneurship among immigrants. The Bank also supports the organization Kooperation Utan Gränser (Without Boundaries), which arranges microfinancing in Africa and Latin America.

ENVIRONMENT

The Bank's environmental work should be looked at from the perspective of risks and opportunities. A concrete example of how this work is integrated in operations is the environmental analyses conducted in connection with business loan evaluations. By doing so, the Bank can avoid granting loans that may entail environmental risks. Environmental analyses also evaluate whether it makes business and environmental sense to grant loans for investments in improvements that will reduce a company's environmental impact. In the process, business opportunities for the Bank increase as well.

In 2003 FöreningsSparbanken also marketed a number of environmentally oriented products and services as well as others based on special sustainability criteria. These include a number of savings products, funds and cards.

ISO 14001

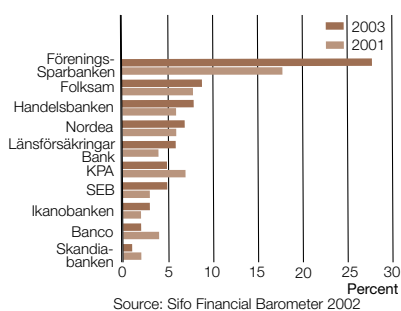
FöreningsSparbanken has drafted and implemented an environmental management system for its Swedish opera-

tions. In early 2003 the environmental management system was certified according to the international ISO 14001 standard. As a result, FöreningsSparbanken became the first Nordic bank with environmental certification. Certification was preceded by extensive preparations over several years. All units and parts of the Bank participated in the various projects and working groups involved with the environmental management system and preparations for certification. Essentially all personnel have received basic training, led by instructors. In addition, Executive Management has attended training specifically on environmental issues. The environmental training has been followed up with two series of tests for employees via the Bank's intranet. Special training has been provided for the Bank's environmental coordinators. In con-

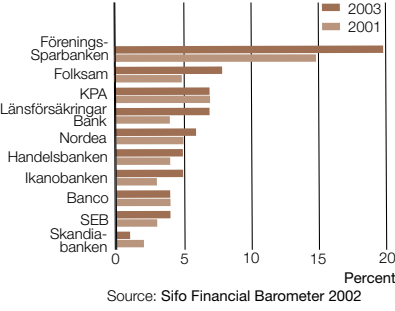
ISO certificate



Which of the following companies take their social responsibility most seriously?



Which of the following companies are the best at working with the environment?



nection with these efforts, extensive information work was done to clarify the connection between environmental work and the Bank's business operations.

The environmental management system has been implemented in the Bank's day-to-day operations since 2003.

Direct and indirect environmental impact
FöreningsSparbanken's greatest environmental impact is of an indirect nature, based on the choices its customers make. The Bank can play a role, for example, by offering socially responsible and environmentally oriented products and services. It also

conducts an environmental analysis in connection with each business loan application in order to minimize credit risks and encourage other companies' environmental work. By offering online banking services, the Bank also helps to reduce travel by customers to and from bank branches.

Indirect environmental impact in Sweden

Products and services	Environmental analysis in commercial lending	2002	2003
Environmental impact	With help of an environmental analysis model, companies' environmental work is analyzed from a risk perspective. This provides an incentive for commercial customers to review their environmental impact.	242,000 commercial customers' environmental work can be impacted	243,000 commercial customers' environmental work can be impacted
Environmental & socially responsible funds	Funds invest in companies engaged in credible sustainability work.	2.9% of Robur's total assets under management	3.7% of Robur's total assets under management
Sustainability equity-linked bonds	Share index loan with environmental and socially responsible focus.	SEK 44.3 M	SEK 33.6 M
WWF-card	SEK 50 of the annual fee and SEK 1 per payment are donated to the World Wildlife Fund, WWF, which works to reduce CO ₂ emissions and preserve biological diversity.	SEK 1,147,000 to WWF. 14,857 active cards	SEK 2,100,138 to WWF. 19,491 active cards
Shares of bank cards used in stores	These services contribute to reduced travel, transports and paper handling. The environment effects are lower acidification, overfertilization and climate impact as well as increased resource conservation.	73%	74%
Share of all giro payments made online	See above.	39%	46%
Internet bank	Alternative access to banking services reduces travel, transports and paper handling. The environment effects are lower acidification, overfertilization and climate impact.	1.3 million customers	1.6 million customers
Telephone bank		2.0 million customers	2.1 million customers
WAP		14,800 customers	21,500 customers
Branch network, number of branches		538	516
In-store banking terminals, number		241	235

Direct environmental impact in Sweden

	2000	CO ₂	2001	CO ₂	2002	CO ₂	2003	CO ₂
Electricity	62.2 GWh		53.6 GWh		48.9 GWh		49.5 GWh	
	5.9 MWh/empl ¹⁾	63 kg/empl	5.2 MWh/empl	0.35 kg/empl ²⁾	4.9 MWh/empl		5.1 MWh/empl	
	149 kWh/sq.m.		126 kWh/sq.m.		119.7 kWh/sq.m.		121.7 kWh/sq.m.	
Stationery								
- paper ³⁾	100 kg/empl		171 kg/empl		52 kg/empl		94 kg/empl	
- envelopes	58 kg/empl		63 kg/empl		20 kg/empl		47 kg/empl	
- forms	26 kg/empl		28 kg/empl		25 kg/empl		18 kg/empl	
- supplies	SEK 2,210 empl		SEK 1,745 empl		SEK 1,275 empl		SEK 2,112 empl	
Business travel								
- cars	796 km/empl ⁴⁾	158 kg/empl	818 km/empl	162 kg/empl	677 km/empl	136 kg/empl	656 km/empl	132 kg/empl
- rental cars	153 km/empl	23 kg/empl	77 km/empl	15 kg/empl	325 km/empl	65 kg/empl	276 km/empl	53 kg/empl
- air	1,336 km/empl	151 kg/empl	1,057 km/empl	119 kg/empl	1,137 km/empl	85 kg/empl	725 km/empl	130 kg/empl
- rail	418 km/empl	0.002 kg/empl	490 km/empl	0.003 kg/empl	616 km/empl	0.004 kg/empl	600 km/empl	0.003 kg/empl
Security transports ⁵⁾	1,350,000 km	311 tons	1,500,000 km	345 tons	1,560 000 km	352 tons	1,872 000 km	421 tons

¹⁾ "empl" = employee.

²⁾ Centrally procured electricity is a good environmental choice and explains the major reduction in carbon dioxide emissions.

³⁾ Paper volume is based on purchased volume, not consumed paper.

⁴⁾ The sum was adjusted from the previous year because all units had not been included.

⁵⁾ Estimated.

FöreningsSparbanken's direct impact on the environment is from its employees' business travel and the consumption of electricity and paper, among other things.

Business ethics and corporate governance

FöreningsSparbanken strives to maintain high ethical standards and morals in its business operations. The importance of good governance has increased in recent years, particularly in light of recent business scandals internationally as well as in Sweden. The importance of a company's reputation has increased. The scope of business ethics has therefore been broadened to include areas such as money laundering, bribery and corruption, financing of terrorism etc. Shareholders and other interest groups also have the opportunity, in dialogue with the Bank, to express their ideas and suggestions, for example, through frequent "stakeholder dialogues" that the Bank conducts.

Management systems

FöreningsSparbanken has special management systems for environmental and quality work. Its environmental management system is certified according to the ISO 14001 standard and comprises the Group's entire Swedish operations.

In addition, a number of units have introduced and had their certified quality management systems certified according to ISO 9001: Spintab, FöreningsSparbanken Finans, the Custody unit of Swedbank Markets and the Bank's lending operation.

Index and rating (SRI)

FöreningsSparbanken is rated continuously by a number of sustainability oriented stock indexes. In 2003 the Bank's share was included in, among others, the following indexes and evaluations.

Company	Volume
DJSI	EUR 2.45 bn
FTSE4Good	334 M £
Oekom	> EUR 1 bn

Goals and goal fulfillment 2003

FöreningsSparbanken has formulated a number of strategic goals in the sustainability area.

These goals are continuously followed up. Goals and goal fulfillment for 2003 are reported below.

Sustainability organization

President Jan Lidén is ultimately responsible for the Bank's sustainability work. The others responsible are Peter Nygårds, Head of Community Relations, Henrik Kolga, Head of Communications, and Göran Theodorsson, Head of Human Resources. Sustainability work is coordinated by the Bank's Environmental Manager, Britt-Marie Lundh.

Read more about the Bank's environmental policy and sustainability work at www.foreningssparbanken.se/hallbarhet

Strategic goals and goal fulfillment

	Key ratio	Goal 2002	Outcome 2002	Goal 2003	Outcome 2003	Goal 2005
Community	Be the best company at taking responsibility for the community *	Be the best company at taking responsibility for the community	Achieved	Be the best company at taking responsibility for the community	Achieved (28%)	35%
Owners	Included in Dow Jones Sustainability Index (DJSI)	Be among the ten best companies in DJSI industry index	Achieved	Be among the ten best companies in DJSI industry index	Not achieved	Be among the ten best companies in DJSI industry index
Environment	Be the best company at working with the environment *	Not specified	Not measured 17% 2001	25 percent of the Swedish population should consider FSB the best at working with the environment	20%	25%

* Source: Sifo Financial Barometer; refer to graphs on page 19.