

Social engagement that became a bank

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Swedbank's history dates back to Sweden in 1820 and is based on the idea of providing people with the opportunity to save money in order to build a more secure and better future for themselves. Now, nearly 200 years later, our business is still built on the same idea. Social engagement is a critical element in our business model and is well in line with our values and our purpose.

Only when the communities where we work prosper will we succeed in the long term. At the same time banks are essential to a functioning society because we transfer money between different parties. Social issues are therefore driven from a distinctly business perspective and are seen as an important way to increase profitability and attract customers, employees and investors.

Sustainability in our core business

As a bank, we make it possible for our customers and partners to grow and achieve success through lending and investments. Our commitment is to do this sustainably and responsibly. Only then can we create long-term relationships with our customers.

Financially sustainable deposits and lending

In our lending to private customers and businesses, we take responsibility by clarifying risks and protecting the customer's long-term finances. In 2009 we introduced stricter requirements on loan-to-value ratios for mortgages and launched a debate on household risk-taking – a debate that continued in 2011 and that resulted in longer fixed rate periods, a greater willingness among customers to amortise and better regulation in the market.

For out many corporate customers, we offer sustainable financial advice by making sure they have a long-term liquidity plan and are prepared for their financial future. Debt should remain reasonable regardless of economic conditions.

Swedbank tries to maintain a long-term balance between lending and deposits in each market, which is the basis for sustainable growth and for a less financial fluctuating economy. We conduct continuous analyses of micro indicators to identify unsustainable behaviours which could affect the banking sector, society and individuals.

Socially and environmentally sustainable deposits and lending

Respect for human rights and the planet's resources is critical to our future. We are active within our sphere of influence and contribute to a stable environment, promote human rights and

fight corruption. These areas are also important in determining whether our customers are financially sustainable.

Our corporate customers may face social and environmental challenges that affect their reputations and success – and thus our reputation and our success. If these challenges are managed correctly, they can have a positive effect. If not, they could have disastrous consequences.

“Our social engagement is critical to our future and competitiveness.”

Sustainability is an area in where our customers and other stakeholders increasingly expect us to know the business-related risks and opportunities as well as laws and guidelines. This knowledge helps us to understand our customers and enables us to be a relevant advisor. In this capacity, we can help them to succeed and improve their businesses. We meet these challenges in our operations in two ways:

- **By considering risks and opportunities in our investment and credit decisions**

In connection with business loans above SEK 1m, a sustainability analysis is conducted in the areas of human rights, corruption and the environment. The analysis is an integral part of the credit analysis and is designed to evaluate how risks related to these areas could affect our profitability and reputation, and of those of our customers, if they materialise, as well as customers' repayment ability and the collateral value. Dialogue with the customer also creates new business opportunities for both the bank and customer, because we are able to jointly focus on an issue or see an investment need tied to a future sustainable development.

As one of the largest asset managers in the Nordic region, Swedbank Robur works actively with sustainability analysis of companies, and as an owner it influences companies sustainability work.

- **By taking responsibility for the social and environmental impacts of our own operations**

We evaluate risks related to human rights, corruption and the environment and introduce strict internal routines and processes in these areas. We also strive to minimise greenhouse gas emissions in order to reduce our direct environmental impact.

Sustainable local engagement

In addition to integrating social issues in our core operations, we have chosen to play a bigger role in the community and champion local development. We contribute financial know-how and our local network of contacts in the markets where we are active. In doing so, we support, collaborate in and launch external initiatives to promote a sound and sustainable financial situation mainly in the areas of education, jobs and entrepreneurship – all of which are critical to society's growth.

Our initiatives target groups in society with a weaker position in the labour market, which is currently true primarily of young people and foreign-born residents. By providing them with the right educational opportunities and working experience, or helping them to start their own businesses, we can facilitate the future generational change faced by many businesses and society.

“By offering trainee positions, we lower the threshold to the labour market.”

EXAMPLES OF SUSTAINABLE LOCAL ENGAGEMENT

Training in personal finance

Since the early 1960s the Institute of Private Finances has monitored areas that are important to personal finance by informing, educating and making data widely available. In this way it has been helping people for more than 50 years to make sound financial decisions. Since 2010 the institute has also operated in Estonia, Latvia and Lithuania.

In autumn 2011 personal finances became an obligatory subject at high school level in Sweden. Through a project called Young Finances, the Institute of Private Finances has been working since last spring to produce learning materials in this new subject at the same time that our advisors lecture in schools.

Strong young students in vulnerable situations

We are active partner in “Teach First”, a national initiative in Estonia and Latvia to raise the quality of education. The aim is to assist young students in at-risk areas by educating and recruiting top students, who then commit to teaching in these areas. In four years over 100 new teachers have come through Teach First programme.

“Starting my own life” is another initiative in the Baltic region, where our employees teach young people from orphanages to prepare for job interviews.

Practical training for young people

One way to ease youth unemployment in Sweden and at the same time encourage them to stay in their communities longer is to lower the threshold to the labour market by offering trainee positions. Launched in 2009 in close cooperation with the Swedish Public Employment Service, the “Young Jobs” project utilises the extensive retail networks of Swedbank and the savings banks to provide trainee positions to young people

between the ages of 18 and 24. Youngsters from the local community receive positions either at a bank branch or with one of our many corporate customers. Together, we provide them with important experience and new contacts they can utilise in their future professional lives. Since the start we estimate that nearly 3 000 positions have been created around the country, including 300 in the bank. Seven of ten of the bank's trainees have gone on to some form of employment.

Practical training for foreign-born academics

In 2011 we launched a project in collaboration with the Swedish Public Employment Service to offer foreign-born academics a way to enter the workplace. It started in Malmö, where 15 people have begun six-month trainee positions on either the private or corporate side. During the first three weeks Swedbank analyses the candidates' formal and informal qualifications. This information is forwarded to the Public Employment Service and the candidates themselves, who learn where they may need further training to improve their employability. This is a project that not only adds valuable competence to society but also gives Swedbank access to important new networks and high potential employees and, no less importantly, the opportunity to diversify as a bank.

Another local example of the bank's social engagement can be found in Fagersta, 100 miles northwest of Stockholm. Besides high youth unemployment and a relative dearth of new businesses, the local municipality is also facing a large number of Somali refugees, who have not been given enough opportunity to integrate into Swedish society. The project is a close cooperation between Swedbank, the local business community and the municipality, where Swedbank is providing trainee positions to young Somalis aged 18–24. Its local branch has for some time also had a Somali interpreter to support advisors.

OTHER

Swedbank has committed to the UN Global Compact Initiative, whose principles cover human rights, labour rights, the environment and anti-corruption.

Swedbank also participates in the Swedish Finance Coalition against Child Pornography by preventing payments in the financial system.

For several years the bank has been reporting according to the Global Reporting Initiative's (GRI) C level. For more information, visit www.swedbank.com/corporate-sustainability.

Swedbank Robur has signed the UN's Global Principles for Responsible Investments (PRI), which require it to integrate environmental, social and corporate governance issues into investment decisions as well as dialogue with the companies it invests in and encourage greater transparency in these areas.

Visit www.swedbank.se/csr for more information.