

# Detailed sustainability report in accordance with GRI G4



This year Swedbank has integrated its sustainability report in the Annual Report. A challenge in many respects, but also an important step to clarify how we implement sustainability in our business processes.

In 2013 we moved up to GRI G4 level Core. All GRI data is compiled in the sustainability report and reviewed by Deloitte AB. Additional information regarding sustainability to that provided in the Annual Report is provided in this document. The document specifies each indicator individually and includes Swedbank's material aspects. The reported information applies to the calendar year 2014, unless otherwise indicated. In the Annual Report, Deloitte will present an "Auditor's Limited Assurance Report" on the sections belonging to the sustainability report.

GRIR = Swedbank's GRI Report 2014 AR = Annual Report 2014

The sustainability information reviewed by the auditors in 2014 can be found on pages 14–18, 176–189 and in this document.



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	<p>Procurement is a general process designed to be used with all types of purchases within the bank, whether for internal or external needs. The process has been created to be independent of organisational affiliation and flexible enough to be used for both products and services.</p> <p><b>When does the process begin?</b> The process begins when a requested purchase has been approved by an authorised manager of the bank, after which the question of how the purchase will be financed must be resolved and approved. When these questions have been answered, a procurement request is filled in and sent to the bank's procurement committee.</p> <p><b>When does the process end?</b> The process ends when the purchase has been delivered or when a contract has been signed and the result of the purchase confirmed.</p> <p><b>Work flow</b></p> <ul style="list-style-type: none"> <li>• The individual responsible for the purchase fills in a procurement request and sends it to the bank's procurement committee. The committee verifies the request, assigns a sourcing manager and legal advisor (if needed), and then approves the purchase. If not approved, the case is escalated to the business area for a final decision.</li> <li>• After approval by the committee, the purchase can be made in one of two ways: <ul style="list-style-type: none"> <li>– Through an existing framework agreement.</li> <li>– A sourcing manager is appointed by the committee to support the business unit in writing a contract and finalising the deal.</li> </ul> </li> <li>• At the point where the actual purchase is made, central support functions should be involved to provide the sourcing manager with the right expertise to ensure the best possible terms, guarantee duality and implement the purchase professionally.</li> <li>• When the purchase has been completed, the results must be documented and the contract sent to the bank's central vault for storage.</li> </ul> <p>Swedbank is a service company with a relatively small supplier base consisting of around 15 000 suppliers. The bank's annual procurement costs amount to SEK 7bn, divided into 5 categories: Banking Services (trading systems, information systems, etc.), IT and Telecom, Facility Management, Marketing and Communication, and Professional Services (HR). Purchases from suppliers in high-risk areas in terms of sustainability amount to about SEK 90m.</p> <p>Swedbank tries to influence its entire supply chain through specifications on suppliers and their subcontractors, including the code of conduct for suppliers. Sustainability work in our supplier relations is distinguished by dialogue, transparency and a mutual desire to develop. The classification of countries and industries with high risk is based on information from Transparency International, FTSE4Good and Maplecroft, among others. In 2015 Swedbank's procurement unit will double its audits. The primary purpose is to discuss its work with aspects of the bank's code of conduct and our shared challenges in integrating sustainability into the entire value chain.</p>
<b>G4-13</b>	Significant changes during the reporting period AR 67–68 note K2

**GRI – Standard Disclosures**  
**Global Compact – principles**

	<b>Reference/Information</b>
<b>G4-14</b> Whether and how the precautionary approach or principle is addressed by the organisation	<p>AR 67 note K2</p> <p>Swedbank follows the UN Global Compact's 10 principles, which include the precautionary principle, based on which we have integrated environmental risk assessments in central processes such as lending, investments and procurement.</p> <p>In our sustainability risk assessments of investments, lending and procurement, we define high-risk industries as those that clearly have greater risks related to the environment, working conditions, human rights and/or business ethics than other industries. We usually divide up industries into high risk, intermediate risk and low risk. The risk in certain sectors differs from the main industry's risk and is assessed separately.</p> <p>We also have tools to look at geographical risks related to corruption and human rights. In doing so we assess whether the company's risks are impacted by its own practices and business model as well as the industry's risk exposure and geographical exposure.</p> <p>Because of Swedbank's advisory role, the Sustainability Ethics Council plays an important role in aligning the entire organisation to minimize sustainability risks and any negative impacts for the bank.</p>
<b>G4-15</b> External charters, principles, or other initiatives to which the organisation subscribes or which it endorses	<p>Sustainability is integrated in the bank's business operations. Respect for human rights, the environment and anti-corruption are everyday concerns that affect business strategies, the credit process, investments, procurement and financial advice. The work is governed by internal regulations and international guidelines. We formulate qualitative and quantitative targets, which are followed up annually. For more information on our priorities in 2015, see page 176 in the Annual Report.</p> <p><b>UN Global Compact</b> – Swedbank signed the UN Global Compact in 2002.</p> <p><b>UN Principles for Responsible Investments (UNPRI)</b> – Swedbank Robur signed the principles in 2009.</p> <p><b>ISO 14001</b> – Swedbank's Swedish operations have been environmentally certified since 2003.</p> <p><b>Global Investment Performance Standard (GIPS)</b> – Swedbank Robur's funds have been certified since 2001.</p>
<b>G4-16</b> Memberships of associations and national or international advocacy organisations	<p><b>UN Global Compact</b> – Swedbank signed the UN Global Compact in 2002</p> <p><b>UN Environmental Programme for the Financial Sector (UNEP FI)</b> – Swedbank is a member of the UN's environmental programme for the financial sector.</p> <p><b>UN Principles for Responsible Investments (UNPRI)</b> – Swedbank Robur signed the principles in 2009</p> <p><b>ISO 14001</b> – Swedbank's Swedish operations have been certified since 2003</p> <p><b>ICC's Business Charter for Sustainable Development</b> – Swedbank supports these guidelines and is a member of the CSR reference group</p> <p><b>European Savings Banks Group and World Savings Banks Institute</b> – Swedbank is a member of these international organisations</p> <p><b>Global Investment Performance Standard (GIPS)</b> – Swedbank Robur's funds have been certified since 2001</p> <p><b>UN Framework on Business and Human rights</b> – Swedbank bases its human rights work on these UN guiding principles</p> <p><b>Financial Coalition against Child Pornography</b> – The bank cooperates with the Swedish police and other Swedish financial companies to stop the online sale of child pornography through the coalition</p> <p><b>ECPAT</b> – Global network where Swedbank contributes to the issue of child exploitation in various international contexts</p> <p><b>Chambers of Commerce</b> – Strengthen the relationship between Swedbank's regions and the local chamber of commerce</p> <p><b>NMC the Swedish Association of Sustainable Business</b> – Swedbank is a member of this cross-industry network for sharing experiences from working with the environment and sustainable development</p> <p><b>SVN Sweden</b> – Swedbank is a member of Social Venture Network Sweden to share ideas and experience with other companies and organisations regarding ethics, the environment and social responsibility</p>

**GRI – Standard Disclosures  
Global Compact – principles**

**Reference/Information**

**Identified material aspects and boundaries**

**G4-17** Entities included in the organisation's consolidated financial statements or equivalent documents

AR 42–53

**G4-18** Explain the process for defining the report content and the aspect boundaries and how the organisation has implemented the reporting principles for defining report content

**Process for defining material aspects**

A realisation that sustainability issues and the bank's core business are linked has steered our work in recent years. Through risk analysis, we have identified important issues and practices. Our focus has been on integrating sustainability aspects in the bank's central processes and developing governing documents and tools for the entire Group.

The world is constantly changing, and in 2013 we conducted a materiality analysis to ensure that previously identified issues are still relevant. The first step was a market analysis based on trends, changing regulations and guidelines, and issues driven by non-profits, stakeholder organisations and the media.

The next step was a series of meetings to identify which aspects we considered important for Swedbank. From a stakeholder and business perspective we then made it a top priority to narrow the list down to a manageable number of aspects to present to our stakeholders. We did so through an online survey, where we asked a thousand Swedish private and corporate customers, a hundred employees and the ten largest owners for their views on our sustainability work. We also asked which areas they felt were most important to build on. The survey showed that our customers see the bank's efforts to promote local and regional growth as worth continuing. Many also want the bank to offer corporate customers greater support in handling challenges related to sustainability. Our largest owners want the bank to continue working with social and ecological aspects in our products and services.

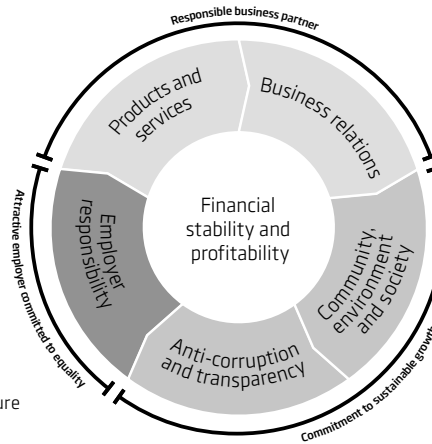
Based on this, and the analysis conducted on stakeholder priorities in Estonia, Latvia and Lithuania in 2013, we developed a final list of aspects:

**Products and services**

- Customised advice
- Accessible, simple digital solutions
- Reliable and secure products and services
- Socially and environmentally sustainable products and services

**Employer responsibility**

- Gender equality and diversity
- Sound compensation culture
- Work-life balance
- Attract and retain competent personnel



**Anti-corruption and transparency**

- Deter corruption internally
- Ethical business relationships
- Transparent reporting of earnings and taxes

**Business relations**

- Promote sound borrowing
- Support corporate customers in their sustainability work
- Drive sustainable development in business
- Strengthen the Swedbank brand
- Sustainable procurement

**Community, environment and society**

- Society's development and growth regionally and locally
- Education
- Respect for human rights
- Combat climate change

We have now used these aspects for over a year and feel it is time to take the next step in understanding how our stakeholders and business should guide what we focus on. Our aim is to again, with input from market analysis, evaluate which aspects are the most important, this time with a broader scope where the materiality analysis is based on processes and business decisions. The sustainability organisation dialogued closely during the year with the bank's executive management, Board of Directors and business area heads to design targets, which has also helped to more clearly define our priorities.

During the year the stakeholder dialogue was shifted to the communication organisation, which will make existing processes more structured and measurable. The dialogues conducted during the year, which serve as a basis for the new descriptions for our stakeholder groups, are seen as the starting point for a more active and structured dialogue.

**G4-19** Material aspects identified in the process for defining report content

AR 188–189, G4–18 above

**GRI – Standard Disclosures  
Global Compact – principles**

**G4-20 and G4-21** Whether the impacts are occurring within and outside the organisation for each identified aspect

**Reference/Information**

In the table below we report our material impacts for each material aspect and stakeholder group as well as the strategic policies available to support each aspect.

The table is included as part of our materiality analysis and together with the rest of the report provides a comprehensive overview of what has been identified and reported as material. Our aim is to be transparent about our sustainability work. Most policy documents referred to in the table below can be accessed through our external websites: [swedbank.com/corporate-sustainability](http://swedbank.com/corporate-sustainability) and [swedbank.se/om-swedbank](http://swedbank.se/om-swedbank).

Aspects	Material Impact				Strategic documents supporting the aspects
	Employ-ees	Custom-ers	Society & the world around us	Owners and investors	
<b>Products and services</b>					
Customised advice		X	X	X	Code of Conduct
Accessible and simple digital solutions		X			Sustainability policy
Reliable and secure products and services		X	X	X	Sustainability policy, Environmental policy, Anti-corruption policy
Socially and environmentally sustainable products and services		X	X	X	Sustainability policy, Environmental policy, Human rights policy, Anti-corruption policy
<b>Employer responsibility</b>					
Gender equality and diversity	X	X	X	X	Gender equality and diversity policy, Code of Conduct
Sound compensation culture	X		X	X	Occupational health and safety policy, Gender equality and diversity policy, Salary principles at Swedbank
Work-life balance	X				Code of Conduct, Occupational health and safety policy
Attract and retain competent personnel	X	X		X	Code of Conduct, Gender equality and diversity policy
<b>Anti-corruption and transparency</b>					
Deter corruption internally	X	X	X	X	Anti-corruption policy, Code of conduct, Conflict of interest policy, Sustainability analysis in lending, Sector guidelines
Ethical business relationships	X	X	X	X	Anti-corruption policy, Human rights policy, Code of Conduct, Supplier Code of Conduct, Conflict of interest policy, Sustainability analysis in lending, Sector guidelines
Transparent reporting of earnings and taxes		X	X	X	Sustainability policy, Anti-corruption policy, Human rights policy, Sustainability analysis in lending, Sector guidelines
<b>Business relationships</b>					
Promote sensible borrowing		X	X	X	Credit policy, Code of Conduct
Support sustainability work by corporate customers		X	X	X	Sustainability policy, Human rights policy, Anti-corruption policy, Environmental policy, Position on defence equipment, Sector guidelines, Sustainability Analysis in lending
Drive sustainable development in business		X	X	X	Sustainability policy, Human rights policy, Anti-corruption policy, Environmental policy, Position on defence equipment, Supplier Code of Conduct, Sector guidelines, Sustainability Analysis in lending
Strengthen the Swedbank brand	X	X		X	Code of Conduct, Human rights policy, Anti-corruption policy, Environmental policy, Position on defence equipment, Occupational health and safety policy, Sustainability policy
Sustainable procurement			X	X	Sustainability policy, Environmental policy, Human rights policy, Anti-corruption policy, Supplier Code of Conduct, Sector guidelines
<b>Community, environment and society</b>					
Social development and growth, regionally and locally	X	X	X	X	Sustainability policy, Supplier Code of Conduct, Credit policy, Code of Conduct
Education	X		X		Sustainability policy, Occupational health and safety policy, Gender equality and diversity policy
Respect for human rights	X	X	X	X	Human rights policy, Gender equality and diversity policy, Supplier Code of Conduct
Combat climate change	X	X	X	X	Code of Conduct, Environmental policy, Sector guidelines
Financial stability and profitability	X	X	X	X	See all strategic documents above

**GRI – Standard Disclosures  
Global Compact – principles**
**Reference/Information**

<b>G4-22</b>	The effect of and reasons for any restatements of information provided in previous reports, and the reason for such restatements	AR 184  Reporting of the Group's greenhouse gas emissions for 2014 has been revised to accommodate new reporting requirements. In previous reports only operational leasing through the auto leasing company Autoplan was included, but for 2014 emissions from finance leasing are as well. The change significantly increased the Group's greenhouse gas emissions.
<b>G4-23</b>	Significant changes from previous reporting periods in the scope and aspect boundaries	AR 7  We see no material changes in the scope or boundaries for the aspects. The aspects are still relevant and our primary aim is to integrate sustainability in our core business.

**Stakeholder engagement**

<b>G4-24</b>	List of stakeholder groups engaged by the organisation	AR 7  Swedbank's stakeholders are divided into four main categories: Customers, Employees, Owners and investors, and Society & the world around us. Based on these main categories, Swedbank interacts with a large number of stakeholder groups with varying regularity. These stakeholder groups include the following:  <ul style="list-style-type: none"> <li>• Authorities</li> <li>• Municipalities and county councils</li> <li>• Regulators</li> <li>• Pension managers</li> <li>• Asset managers</li> <li>• Analysts</li> <li>• Journalists</li> <li>• Unions</li> <li>• Students</li> <li>• Foundations</li> <li>• Not-for-profit organisations</li> <li>• Stakeholder organisations</li> <li>• Trade organisations</li> <li>• Associations</li> <li>• Primary schools</li> <li>• Upper secondary schools</li> <li>• Colleges</li> <li>• Universities</li> <li>• Suppliers</li> <li>• Subsidiaries</li> <li>• Group companies</li> <li>• Competitors</li> <li>• Ratings agencies</li> <li>• Sustainability index</li> <li>• Auditors</li> </ul>
<b>G4-25</b>	The basis for identification and selection of stakeholders	AR 7  We identify our stakeholders as those who are materially impacted by and impact our operations. This is the basis for choosing our overarching stakeholder groups. Based on our Group framework, market analysis, internal discussions and an active, structured process to create and participate in various forums for dialogue and advocacy we develop our process to identify and select relevant stakeholders in each overarching stakeholder group.
<b>G4-26</b>	The organisation's approach to stakeholder engagement	Group Communications and Public Affairs provide guidelines, support and coaching on stakeholder engagement, but since the bank has a decentralised structure many of the initiatives are launched and managed at a local level by the retail operations.  The purpose of Swedbank's stakeholder model is to describe the interaction with the bank's most important stakeholders. The bank's aim is that decisions will be made as close to the customer and local community as possible. This applies to business decisions and decisions related to the bank's other stakeholders. Since the bank operates in four different home markets, there are major differences in terms of local implementation, which complicates an overall description of the forms of interaction. We see these local adjustments as necessary and effective, since they make it easier for the bank to maintain a large number of very different relationships with different stakeholders.

**GRI – Standard Disclosures  
Global Compact – principles**

**G4-27** Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics

**Reference/Information**
**Priority issues in 2014**

Some of the most important issues Swedbank handled in its relations with stakeholders in 2014 are summarized below.

**Preparations for tighter capital requirements**

The EU and the national supervisory authorities want to see higher capital levels, with Swedish regulators going further than their international counterparts against the backdrop of the large banking sector in Sweden. The regulatory changes are designed to increase the banks' capital base to make them more resilient during periods of stress. To ensure that its operations keep functioning even during unfavourable conditions, Swedbank maintains an additional capital buffer over and above the legal capital required.

In addition, the bank conducts internal stress tests to see what effects adverse scenarios would have. With their help we determine whether the capital buffer is satisfactory. The bank's own stress tests are significantly tougher than those the authorities conduct.

**Acquisition of Sparbanken Öresund**

Swedbank announced that it intended to acquire all the shares in Sparbanken Öresund on 14 February 2014. As part of the deal, Swedbank pledged to sell certain branches to Sparbanken Skåne, which was created through the merger of Färs & Frosta Sparbank and Sparbanken 1826. Sparbanken Skåne became Sweden's largest savings bank. The deal was reviewed and approved by the Swedish Competition Authority and the Swedish Financial Supervisory Authority during the spring.

**Swedish Shareholders' Association's class action with National Board for Consumer Disputes against Swedbank Robur**

In December the Swedish Shareholders' Association filed a class action against Swedbank Robur with the National Board for Consumer Disputes. The Swedish Shareholders' Association claims that two funds, Allemansfond Komplet and Kapitalinvest, were not actively managed for an extended period and that Swedbank Robur therefore should repay a portion of the management fee. The issue of active versus passive management is complicated and affects not only Swedbank Robur but is of fundamental importance to the industry in Sweden and abroad. Swedbank disputes that the funds have not been actively managed and believes it was clear in explaining its management approach and the fees it charges.

**Young Economy – Lectures on personal finance**

Swedbank and the savings banks offer lectures on personal finance free of charge to upper secondary schools. The lectures are planned in close consultation with the school.

**Young Jobs – Job market for young people**

Between 2009 and 2014 Swedbank helped to create 10 000 trainee positions for unemployed young people as part of a project called Young Jobs. Over 900 young adults have been offered trainee positions at Swedbank and about 40 per cent stayed with the bank in some type of position.

**A Job at Last – Integration in the job market**

"A Job at Last" is an initiative by Swedbank and the Swedish Public Employment Service to make it easier for foreign-born graduates to find the right employers.

**Sustainability dialogues with suppliers**

Swedbank partners actively with its subcontractors to increase sustainability locally and globally through the supply chain. In addition to a code of conduct for suppliers as well as sustainability risk assessments and evaluations, we dialogue closely with our suppliers. Swedbank's procurement unit will double the number of supplier visits in 2015 to discuss the bank's code of conduct and sustainability in the supply chain.

**Coalition against child exploitation**

To prevent commerce in child pornography through the financial system, Swedbank has been working since 2009, together with other Swedish banks, in the Financial Coalition against Child Pornography, an initiative of ECPAT. The aim is to stop payments between criminals by having the police provide banks with information on the payment recipients behind criminal websites. As a member of the coalition's steering committee, Swedbank is working actively with information and communication through seminars and meetings, including during Sweden's summer political rallies in Almedalen.

**UNEPFI Working Group on Business and Human rights**

The United Nations Environment Programme Finance Initiative (UNEPFI) is a collaboration between the United Nations and the global financial sector to increase awareness about sustainability in the financial sector and help to reduce negative impacts on the environment and society. Swedbank is part of a working group that is drafting guidelines together with UNEPFI for human rights in the financial sector.

**Growth Days**

Growth Days have been arranged by the bank since 2009 to bring together business leaders, researchers, students, politicians and opinion makers to define and seek solutions to future challenges. Growth Days serve as a forum where issues about the global economy's impact and international trade are tied to the Swedish economy with the goal of developing and encouraging entrepreneurship that spark growth locally and regionally. In 2014 Growth Days were held in Umeå.

**Customer Ombudsman**

A new complaint system was implemented in summer 2014. The system gives the bank's employees the opportunity, in conversation with customers, to document criticism of the bank's services and products and forward it to the appropriate individuals to better meet customers' expectations. Suggestions by customers led to changes during the year, including automatic three-month mortgage renewals unless the customer requests otherwise and the option to choose monthly mortgage notifications.



**GRI – Standard Disclosures  
Global Compact – principles**
**Reference/Information**

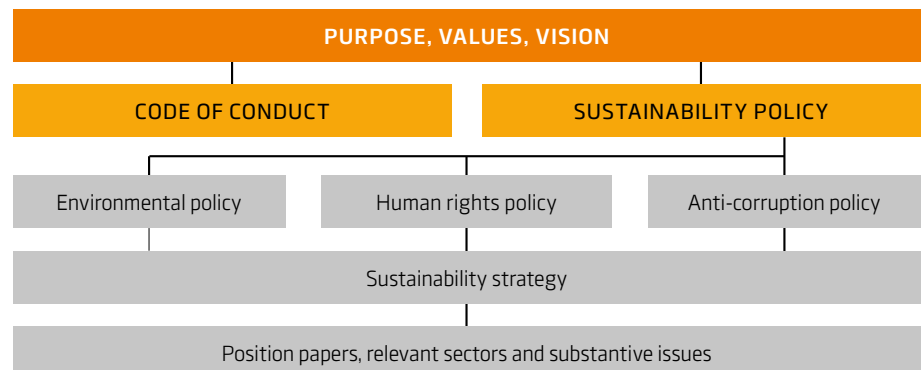
Report profile		
<b>G4-28</b>	Reporting period	GRIR 2
<b>G4-29</b>	Date of most recent previous report	The most recent previous reporting period is 1 January 2014 –31 December 2014
<b>G4-30</b>	Reporting cycle	Swedbank's reporting cycle is yearly
<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents	AR back cover
<b>G4-32</b>	Report the 'in accordance' option the organisation has chosen, the GRI Content Index for the chosen option and reference to external assurance	AR 0  The sustainability report in Swedbank's 2014 Annual Report follows the Global Reporting Initiative (GRI) guidelines, version G4, and has been audited by Deloitte AB in accordance with the assurance report on page 192. The tables on pages 187–189 of the Annual Report list the GRI indicators we report and references to where information can be found. We also show how our efforts support the Global Compact's ten principles for sustainable businesses. GRI publishes international guidelines on sustainability reporting, which are used by organisations around the world. Swedbank reports according to GRI's core level. Swedbank is confident that the Sustainability Report meets the requirements of a report prepared according to GRI's G4 Sustainability Reporting Guidelines core level. Deloitte AB confirms that the Sustainability Report has been prepared according to the core level. The GRI index with direct links can be found at <a href="http://swedbank.com/gri">swedbank.com/gri</a> .  The sustainability report comprises Swedbank's Annual Report and this document. The Sustainability Report in its entirety falls within the scope of the review in accordance with the assurance report on page 192 of the Annual Report. Swedbank has therefore decided not to specify that each disclosure is part of the review, other than that the reporting of CO <sub>2</sub> emissions according to Scope 1, Scope 2 and Scope 3 is covered by the review. The scope of the other review procedures for disclosures is based on an assessment of materiality and risk.  Global Compact is a UN initiative to convince companies to take responsibility for human rights, labour rights, the environment and anti-corruption. Swedbank signed the Global Compact in 2002 and is implementing its ten principles for sustainable businesses. In the tables on GRI's standard disclosures and specific standard disclosures below, we also report on how our work supports the Global Compact's principles.
<b>G4-33</b>	Policy and current practice with regard to seeking external assurance for the report	AR 176, 192

**Governance**

<b>G4-34</b>	Governance structure of the organisation	AR 42–59
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**Ethics and integrity**

<b>G4-56</b>	The organisation's values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	AR 0  Internal rules are based on the bank's vision, purpose and values as well as external rules imposed by regulators and legislators. Based on our vision, purpose and values, we have created a framework for sustainability issues. The sustainability framework describes our responsibility to the communities where we do business and play an important role. It defines sustainability for Swedbank and guides how we integrate sustainability into our banking business. All policies are adopted by Swedbank's Board and apply to the entire Group. All Swedbank employees are required to follow a code of conduct that covers their individual responsibilities, the bank's values and business ethics. The code of conduct places considerable responsibility on each employee to follow the bank's values and rules.  Our policies and strategic documents can be found in G4–21 on page 7. For information on Swedbank's corporate governance, see pages 42–59.
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# G4-DMA

According to GRI G4, the reporting organisation can describe in the so-called Disclosures on Management Approach (DMA) why certain sustainability aspects are identified as material to the organisation and how the organisation manages and tracks material aspects.

We have based our work on what we consider material for us as a bank and have developed our sustainability aspects on the basis of our core processes. In autumn 2013 we conducted a stakeholder analysis and verified that we are working with aspects that are relevant to our stakeholders. This analysis continued to apply in 2014.

We have chosen to report GRI G4-20 and G4-21 in a detailed table on page 6 of this document, where we show our material impacts within and outside the bank as well as the strategic policies that support each aspect and its integration in the bank's processes and business.

## Financial stability and profitability

**a) Report why the aspect is material** – being a profitable bank with low risk enables us to meet our customers' needs in both the short and the long term. To stay competitive over time and ensure our survival, we have to build up reliable profitability and instil confidence, so that investors see us as a secure investment with robust earning capacity. We also ensure that our employees can contribute to a sustainable society with good growth.

As a bank, our biggest impact on people and the environment is indirectly, through our lending, payments, investments etc. This makes us an important part of the financial system, with a responsibility for reducing risks and promoting a sustainable financial situation for our customers. Sustainability risks can rarely be distinguished from financial risks, so it is important that we try to minimize all risks.

Helping young people to better understand personal finances and promoting a sound lending culture are also important to our efforts to promote a sound and sustainable financial situation.

**b) Report how the organisation manages the material aspect or its impacts** – In 2014 we focused on improving customer value, strengthening our market position and developing new and improved digital functions. This was done to accommodate customers' changing habits while maintaining stability and profitability. We have been working on more attractive self-service solutions, increased cost efficiencies and a product and service offering better suited for customers with more extensive needs. We have also focused on greater transparency, so that customers can make better informed choices and understand our products, as well as to increase customer value.

We work actively to teach children and young people about personal finance. Together with the savings banks, we offer lectures free of charge to upper secondary schools. The educational package, called Young Economy, is designed to help young people better understand how to manage money and the financial issues associated with college, moving away from home, moving in with others, etc. We also publish a magazine, Lyckoslantén, to help children understand money in an easily accessible way.

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**c) Report the evaluation of the management approach** – All managers have targets tied to these priorities and their progress is tracked by the Group Executive Committee. In terms of our commitment to teaching young people about personal finance, we compile information on the number of lectures in schools, other statistics on Young Economy and the number of copies of Lyckoslantén we distribute.

## Products and services

(Customised advice, accessible and simple digital solutions, reliable and secure products and services, socially and environmentally sustainable products and services)

**a) Report why the aspect is material** – At the same time as our products and services such as investments, financing and payment solutions are our biggest impact on people and the environment, they are also our biggest opportunity to contribute to sustainable development. One example is our sustainability funds, which place extensive criteria on the companies they invest in.

New technological opportunities in the form of digitisation create new ways to distribute products and services. They also empower consumers, who, thanks to increased transparency, can more easily compare providers. Banks are seeing growing demand for digital services, especially among younger customers, whose demand for financial products and services is expected to rise with age and income. In addition to improvements for customers, digitisation also means opportunities for banks, including in the form of efficiency gains as less cash is used in society. At the same

time, the willingness of customers to quickly adopt new digital solutions is attracting completely new players to the market.

With digitisation comes a great need for stable IT environments that work securely 24 hours a day. The shift from branches to mobile and Internet banking raises the need for protection against external threats.

Annual Report pages 4, 24, 34

## b) Report how the organisation manages the material aspect or its impacts

Group Products was formed in 2013, the top priority has been raising customer value. This means listening to customers' needs, maintaining competitive prices, offering effective and competent advice, and developing a digital product portfolio. For example, we have been working continuously to reduce the number of products and to make it easier for customers, while also cutting costs. We also have agile product groups that assist in meeting customers' new needs quickly and cost-effectively.

Group IT's three priorities in 2014–2015 are stability, reliability and efficiency. This will be achieved by reducing the number of products, adapting and simplifying the IT structure, and reducing complexity for customers.

Sustainable and sound lending means taking responsibility and maintaining a long-term perspective. A borrower's solvency, solidity and collateral are always the determining factors. Prior to approving any corporate loan of at least SEK 1m in Sweden, a sustainability risk assessment is done that includes corruption and environmental risks.

A central part of our savings offering is fund management. As a responsible fund manager and active owner, we dialogue directly with companies and participate in their annual general meetings and nominating committees to influence them in a sustainable direction. Sustainability risk assessments are a natural part of our investment decisions and companies that do not live up to our sustainability criteria are excluded.

Annual Report page 24

**c) Report the evaluation of the management approach** – The bank has ambitious goals in terms of reducing the number of products and improving availability across all channels. All affected units/managers are tracked on a monthly basis. Advisors at branches are tracked through scorecards, where managers link each employee's individual goals with common goals.

## Employer responsibility

(Gender equality and diversity, sound compensation culture, work-life balance, attract and retain competent personnel)

**a) Report why the aspect is material** – One of Swedbank's non-financial goals is to increase employee engagement. This helps our customers to be successful. To achieve this, it is important to find a sound level of compensation which also enables us to attract and retain competent employees. We also feel that greater gender equality as well as diversity are important to our business. They lead to better work environments, better service for our customers and better opportunities to attract and retain talented people.

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**b) Report how the organisation manages the material aspect or its impacts** – In 2014 the bank focused on increased internal mobility, skills development and succession planning in order to increase employee engagement and motivation. Remuneration within Swedbank is designed to attract employees with the skills needed to achieve the bank's purpose, within given cost parameters. As far as possible remuneration will be set on an individual basis to encourage each and every employee to perform in line with the bank's goals, strategy and vision. We work actively to eliminate unwarranted wage differences, strike a balance between women and men in executive positions, and increase diversity. Diversity at Swedbank in Sweden was measured for the first time in 2014 with the help of data from Statistics Sweden, with the goal of setting targets in this area. The Baltic retail operations have different challenges and in 2015 will create their own targets and activities.

**c) Report the evaluation of the management approach** – We track employee engagement, employee willingness to recommend the bank as an employer, the leadership index and other areas through an annual employee survey. HR has a big responsibility to meet these goals and is monitored continuously by the Group Executive Committee to ensure that the targets are reached. Every business area will be asked to provide monthly updates on diversity and gender equality to reach the results faster.

## Anti-corruption and transparency

(Deter corruption internally, ethical business relationships, transparent reporting of earnings and taxes)

**a) Report why the aspect is material** – In a world with a growing population and finite resources, businesses are facing increasing demands to contribute to change and adapt to a new reality. For us as a bank, it really means reducing risks and offering new solutions to current and future challenges.

Our commitment to financial stability and a stable and sound financial market includes contributing to a stable, reliable and effective business climate. This requires doing business with respect for human rights and deterring corruption. All employees have a responsibility to live up to the bank's policies and guidelines to ensure that we abide by these aspects.

As a bank, payment flows are part of our core business. Preventing illegal activities such as terrorist financing, money laundering, distribution of child pornography, etc. is therefore a material issue for us.

Taxes are important from both a sustainability and business perspective. They are an expense for companies and a major source of revenue for society.

Annual Report page 14

**b) Report how the organisation manages the material aspect or its impacts** –

Sustainability risks cannot be distinguished from financial risks, which is why they are considered in all loans, payments and investments. As support, there are industry-specific sustainability risks that focus on the environment and corruption, among other areas.

Swedbank Robur invests in a large number of companies in Sweden and internationally. As part of every financial analysis, we identify the company's sustainability risks and opportunities for improvement. Certain companies are ruled out for sustainability reasons, but our preference is to stay as an owner in order to have an influence.

We have a Group-wide anti-corruption programme and an anti-corruption policy to spell out our commitment, role and practices internally and in relations with customers and partners.

In 2014 a mandatory e-learning programme was launched to clarify money laundering, "know-your-customer" and other guidelines for these material processes and for payment services. This will ensure that everyone who works at the bank understands their obligations and what is expected in various situations.

Since 2008 Swedbank has maintained a Group-wide tax policy adopted by the Board of Directors. Tax issues are also integrated in our policy on human rights and transparency.

**c) Report the evaluation of the management approach** – work actively through e-learning and other activities to teach employees our code of conduct, anti-money laundering guidelines, human rights policy and anti-corruption policy. Most training is mandatory and each manager is responsible for evaluations. In many cases we are also required to conduct extensive internal audits to ensure that we follow the guidelines in place.

Swedbank is one of the biggest corporate income taxpayers in Sweden and together with other banks accounts for nearly 10 per cent of the country's total corporate income tax revenue.

## Business relationships

(Promote sensible borrowing, support sustainability work by corporate customers, drive sustainable development in business, strengthen the Swedbank brand, sustainable procurement)

**a) Report why the aspect is material** – For several years Swedbank has debated the importance of more responsible loan amortisation in order to reduce Swedish household debt. The goal is to promote a sustainable financial situation for the individual and society as a whole. This work includes taking responsibility for reducing the indirect impacts on people and the environment that can arise through our customers' operations. It is important therefore that we actively assist customers in their business and investment decisions, where our knowledge can reduce risks and increase growth.

Thanks to our size, but also because of the central role we play in the financial system, we have an opportunity to drive sustainable growth in society. This will contribute to a future market Swedbank can grow in. It is important that we play a role, not least by ensuring that Swedbank continues to be seen as a stable bank with low risk.

As a bank, we have our biggest impact on people and the environment indirectly, through our lending, payments, investments, etc. This makes us an important part of the financial system, with a responsibility for reducing risks and promoting a sustainable financial situation for our customers. Sustainability risks can rarely be distinguished from financial risks, so it is important that we try to minimize both risks.

Even though we are not a manufacturer, we have a direct impact through our purchases. How we travel and what types of IT equipment we buy have an impact since we are a large company. We have an opportunity to influence our suppliers by placing demands on the products and requiring suppliers to sign our supplier code of conduct.

**b) Report how the organisation manages the material aspect or its impacts** – We maintain an open dialogue with politicians and the business community to promote a sound lending culture. We are engaged in activities where we can promote sustainable growth such as "A Job at Last" and Lyckoslanten. Internally we are beginning to require ownership of these issues in the business operations to encourage development and commitment as well as measurability.

Sustainable and sound lending means taking responsibility and maintaining a long-term perspective. A borrower's solvency, solidity and collateral are always the determining factors. Prior to approving any corporate loan of at least SEK 1m in Sweden, a sustainability risk assessment is done that includes human rights, corruption and environmental risks.

A central part of our savings offering is fund management. As a responsible fund manager and active owner, we dialogue directly with companies and participate in their annual general meetings and nominating committees to influence them in a sustainable direction. Sustainability risk assessments are a natural part of our investment decisions, and companies that do not live up to our sustainability criteria are excluded.

To ensure that Swedbank follows laws and regulations to prevent money laundering and financing of terrorism, our work requires us to know our customers and understand where their money comes from.

We have focused on sustainable procurement in recent years. We require suppliers of goods or services over EUR 50 000 to sign our code of conduct as a binding part of any contract and to self-monitor compliance. We also audit and monitor our suppliers.

**c) Report the evaluation of the management approach** – Internally we also track the share of mortgages that are over 70 per cent of the property value. We have a process which ensures that all large corporate loans undergo an assessment of sustainability risks in the customer's business and thereby open a dialogue. In our procurement we monitor that internal procurement processes are used and that the supplier code of conduct is signed with each contract. Every manager is required to verify that their employees are receiving mandatory e-learning on sustainable banking.

## Community, environment and society

(Social development and growth, education, respect for human rights, combat climate change)

**a) Report why the aspect is material** – As a major player in the financial market, we can influence society, people and the environment – both directly and indirectly through our customers, suppliers and employees. We do so every day, since it is our way to contribute to a growing and sustainable society. If we teach young people about managing money, we will have a better informed, engaged customer in the future. By monitoring human rights risks in our procurement and our customers' businesses, we are helping to achieve stability and growth. If we reduce our own direct emissions and choose to invest in companies that work towards the same goals, we help to fight climate change and its risks.

**b) Report how the organisation manages the material aspect or its impacts** –

Since 1926 we have published "Lyckoslanten", a magazine distributed to 500 000 young teens to teach them about managing money. As part of "Young Economy", we lecture about finance to upper secondary students. Similar initiatives are underway in Estonia, Latvia and Lithuania. We are involved in the Financial Coalition against Child Pornography and are focused on preventing sellers from receiving payment. Swedbank Robur actively dialogues with the companies it invests in to reduce emissions, guarantee human rights and eliminate those that are not best in class. We also work actively with our own emissions through our travel, energy consumption in our offices, and the products/services we choose to buy. In corporate lending, a risk assessment contains both environmental and human rights questions.

**c) Report the evaluation of the management approach** – Our own climate impact is measured and monitored semi-annually, with clear goals steering the means of travel and choice of suppliers. Swedbank Robur is transparent in its dialogue with companies and reports how many it has dialogued with and which it has excluded. Visits to suppliers ensure compliance with the code of conduct, and the risk assessment in the lending process identifies those customers with whom we have to further discuss sustainability risks.

Material aspects	DMA and indicators		Reference/Information
	Economic impacts		
	Economic performance		
<b>Sound compensation culture</b>		Compensation within Swedbank	AR 106, note K13  All employees play a part in building a stable, long-term bank based on Swedbank's values. Our aim is to offer market-based pay rates, but not market-leading pay rates. The majority of employees receive both fixed and variable pay. Our general remuneration programme complies with the Swedish Financial Supervisory Authority's guidelines and is designed to offer a long-term performance incentive that also increases customer and shareholder value. For more information on Swedbank's remuneration programmes, see note G13 of the 2014 Annual Report.
<b>Social development and growth, regionally and locally</b>	G4-EC1	Direct economic value generated and distributed	AR 16-17, 185  As part of the Swedish savings bank movement, Swedbank has been involved since its start in issues of social development. Today our focus is on young people, especially in the areas of education, the labour market, housing and entrepreneurship. We join with our customers and other stakeholders to support initiatives through financial contributions or by donating our employees' time. The figure on pages 17 and 185 show the distribution.
<b>Financial stability and profitability</b>		Results and ROE	AR 0
		Capital adequacy ratio	AR 95, note K4
<b>Sound lending culture</b>		Households with loan-to-value ratio over 75% of property value (%)  Share of households with loan-to-value ratio over 75% that amortise	AR 16-17, 179  Lending is the core business of a bank. For it to be sustainable and for the bank to work efficiently, lending must be done responsibly. In recent years Swedbank has introduced more extensive amortisation requirements on its mortgages. Today we are seeing a change in attitude among customers. The desire to pay off mortgages has increased. Amortisation is now seen more as savings and less as an expense. The bank shares this view, and we want to make it easier for customers to pay off their loans. In early 2013 Swedbank introduced an option in Sweden that allows borrowers to amortise up to an additional 20 per cent of their loan each year without prepayment fees.

Material aspects	DMA and indicators	Reference/Information																												
	<b>Indirect economic impacts</b>																													
<b>Social development and growth, regionally and locally</b>	G4-ECB Significant indirect economic impacts, including the extent of impacts	AR 185  <b>Indirect economic impacts</b> The results of external investor surveys, which provide a view of Swedbank's sustainability performance based on stakeholders' priorities, are shown below.  <table border="1"> <thead> <tr> <th>Investor surveys</th> <th>2014</th> <th>2013</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Dow Jones Sustainability Index (score)<sup>1</sup></td> <td>76</td> <td>72</td> <td>73</td> </tr> <tr> <td>FTSE4Good ESG rating (score)<sup>2</sup></td> <td>4.0</td> <td>3.6</td> <td>3.6</td> </tr> <tr> <td>CDP (score)<sup>3</sup></td> <td>77C</td> <td>76B</td> <td>77C</td> </tr> <tr> <td>Transparency International Sweden (ranking)<sup>4</sup></td> <td>4</td> <td></td> <td>4</td> </tr> <tr> <td>Folksam's Responsible Business Index (ranking environment/human rights)<sup>5</sup></td> <td></td> <td>13/9</td> <td></td> </tr> <tr> <td>AllBright (ranking)<sup>6</sup></td> <td>51</td> <td>43</td> <td>14</td> </tr> </tbody> </table> <p>1) Max score is 100. Companies with the highest scores in each industry qualify for membership. Swedbank is not included in DJSI.  2) Swedbank has qualified for FTSE4Good Index. FTSE 4Good ESG ratings were launched in 2011. The max score is 5 and ratings are measured in March and September.  3) Max score is 100A.  4) Swedbank's ranking among Sweden's 20 largest companies. The survey was conducted in 2012 by Transparency International Sweden. The transparency of the companies reporting was evaluated.  5) Swedbank's ranking among listed Swedish companies (235). Separate ratings for the environment and human rights. The Folksam CSR Index is conducted biannually.  6) Swedbank's ranking among 254 companies. The AllBright Report maps gender equality in managements and boards of listed Swedish companies.</p> <p><b>Integration of Sparbanken Öresund</b>  In 2014 Sparbanken Öresund became part of Swedbank, when 16 savings bank branches were integrated in Swedbank. The acquisition took place against a backdrop of tighter banking regulations and international rules that place equally tough demands on small banks as large ones. Other factors included changing customer behaviour and digitisation, which increase the need for faster service and higher security. A key to the integration process was and is to ensure that customers are fully benefiting in the southern region, including through increased availability and better digital services.</p>	Investor surveys	2014	2013	2012	Dow Jones Sustainability Index (score) <sup>1</sup>	76	72	73	FTSE4Good ESG rating (score) <sup>2</sup>	4.0	3.6	3.6	CDP (score) <sup>3</sup>	77C	76B	77C	Transparency International Sweden (ranking) <sup>4</sup>	4		4	Folksam's Responsible Business Index (ranking environment/human rights) <sup>5</sup>		13/9		AllBright (ranking) <sup>6</sup>	51	43	14
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	Education	AR 183, G4-LA9																												

Material aspects	DMA and indicators		Reference/Information
	<b>Environmental impacts</b>		
	<b>Energy</b>		
	G4-EN5	Internal energy consumption	AR 19, 184  Our internal energy consumption consists of electricity, heating, cooling and gas. It is reported in relation to greenhouse gas emissions, number of employees and earnings under Social value – Environmental impacts in the Annual Report.
	<b>Greenhouse gas</b>		
<b>Combat climate change</b>	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	AR 184  Measurement method for our Scope 1 emissions:  In all calculations of greenhouse gas emissions, we have used Ecometrica software through a system called Our Impact, which is administered by U&We. Our emissions are reported in accordance with the Greenhouse Gas Protocol, a standard for reporting climate data developed by the World Resources Institute. For more information, see <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> . Our Scope 1 emissions are generated by cooling equipment and company-owned vehicles. Emissions from our cooling equipment are estimated through operational controls (based on weight and type of cooling medium). Emissions from company-owned vehicles are estimated with the help of our financial controls. None of our Scope 1 emissions are biogenic.
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	AR 184  Measurement method for our Scope 2 emissions:  Energy-related indirect emissions of greenhouse gases (Scope 2) generated by our offices are estimated based on operational controls over our offices/buildings.
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	AR 184  Our other indirect emissions of greenhouse gases (Scope 3) does not include biogenic CO <sub>2</sub> e emissions.
	G4-EN18	Greenhouse gas (GHG) emission intensity	AR 184  The emissions intensity of our direct and indirect greenhouse gas emissions (through energy consumption and other activities) is estimated by comparing them with the Group's total office space and number of employees. This is done to facilitate comparisons with other financial institutions. They are reported under Social value – Environmental impacts in the Annual Report.
	<b>Wastewater and waste</b>		
	G4-EN23		AR 184  All waste reporting can be found under Social value - Environmental impacts in the Annual Report.

Material aspects	DMA and indicators		Reference/Information
	Environmental evaluations of suppliers		
<b>Sustainable procurement</b>	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	AR 186  The ability to integrate sustainability aspects in Swedbank's procurement depends in large part on which stage of the procurement process that the central procurement unit gets involved. Swedbank's business areas own all contracts and demand specifications. The procurement unit therefore works continuously with internal originators to get involved in the process as early as possible and ensure that work is done in accordance with the procurement process. If a supplier has been selected before the procurement unit gets involved, our requirements are stipulated in contracts and by having the supplier sign our code of conduct. Procurement is a general process designed to be used with all types of purchases within the bank, whether for internal or external needs. The process has been created to be independent of organisational affiliation and flexible enough to be used for both products and services. Management of Swedbank's procurement is governed by sector and procurement volume. In the procurement process, all purchases over EUR 50 000, aggregated on an annual basis, are managed by the central procurement unit. This is done by submitting a request using internal tools. Requests are then sent to the procurement committee for approval. The current practice limits opportunities to track how large a percentage of new suppliers are screened for sustainability. The share shown in the Annual Report is based on the number of purchases where the central procurement unit was involved to some degree in 2014.
<b>Social impacts – Working conditions</b>			
	Hiring		
<b>Attract and retain competent personnel</b>	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	AR 182  Gender equality, diversity and internal mobility are important issues for the bank. The goal is that our employees will reflect the diversity in our customer base and to help our employees improve their skills through increased internal mobility.
<b>Work-life balance</b>		Special support after parental leave	AR 182  We try to create a corporate culture that embraces a work-life balance. As a basis for career planning, we maintain a continuous dialogue between employees and managers. To assist employees after parental leave, we offer individual consultations with HR, a coaching programme for those who want to stake out in a more sustainable direction personally and professionally, and a monthly newsletter. The services differ in our various home markets. Swedbank's goal is to facilitate a work-life balance. Our aim is to create a climate where it feels natural for employees to balance their personal and professional lives and where both men and women take parental leave. We also want to help both parents when their children are ill. Parental leave will be encouraged in all units and levels of the bank and should not affect an employee's career and salary. Keeping the demands of the business in mind, working conditions will be adapted so that parents can more easily combine work with family. If the business allows, distance and part-time work will be accepted and offered.

Material aspects	DMA and indicators	Reference/Information																																								
	<b>Skills development</b>																																									
<b>Attract and retain competent personnel</b>	G4-LA9	Average hours of training per year per employee by gender, and by employee category																																								
		AR 183																																								
		We use a 70-20-10 model for skills development: 70 per cent through day-to-day work, 20 per cent through colleagues and 10 per cent through learning. The number of training hours measures how large a percentage of our skills building activities involve learning i.e. 10 per cent.																																								
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	<b>Diversity and gender equality</b>																																									
<b>Diversity and gender equality</b>	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity																																								
		AR 182																																								
		Swedbank began measuring the number of employees with a foreign background (employees born abroad or with two foreign-born parents) in 2014, following a strategic decision to focus on gender equality and diversity in coming years. A survey is done anonymously by Statistics Sweden. The Board of Directors is not included since they are too few to ensure anonymity. Swedbank believes that greater diversity and gender equality are crucial to our business. Improvements lead to better work environments and service for customers, while helping us to attract and retain talent.																																								
		In the Baltic countries there are other grounds for discrimination under the umbrella of diversity that are more relevant to their markets. They have not worked with this issue for as long, so their priorities and performance measures will first be set in Q1 2015.																																								
	<b>Equal pay for men and women</b>																																									
<b>Diversity and gender equality</b>	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation																																								
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<b>Sustainable procurement</b>	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria																																								
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Material aspects	DMA and indicators		Reference/Information
	<b>Social impacts – Human rights</b>		
	<b>Investments</b>		
<b>Respect for human rights</b>	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	AR 179
	<b>Supplier assessments for human rights</b>		
<b>Respect for human rights</b>	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	AR 186, G4-EN32
	<b>Social impacts – Organisation's role in society</b>		
	<b>Local communities</b>		
<b>Available and simple digital solutions</b>	FS13	Access points in low-populated or economically disadvantaged areas by types	AR 178 All reporting on availability in the areas that were addressed can be found under Customer value – Customers in Annual Report.
	FS14	Initiatives to improve access to financial services for disadvantaged people	AR 178, GRIR G4-FS13 <b>Early help prevents payment problems</b> Major life events can quickly change a person's financial situation. Swedbank works proactively to assist customers who are facing financial difficulties. By contacting them and dialoguing early on, we can prevent problems before they arise. Each case is analysed individually, and together with the customer we create an action plan. The bank has a centre of excellence to support the branches in working with customers with payment difficulties. <b>Disabilities</b> Disadvantaged groups in society is important to us. In recent years we have had various partnerships with organisations that represent the disabled, including Funka Nu, to ensure that our website works as well as possible for as many customers as possible. Among the products and services we offer: <ul style="list-style-type: none"> <li>• Security tokens with larger buttons and sound</li> <li>• Services available through the Internet Bank and Facebook to make it easier for customers who have difficulty getting to a branch</li> <li>• Certain folders and product sheets in Braille</li> <li>• "Get Started" videos for the Mobile Bank and Mobile Bank ID in eight languages other than Swedish</li> <li>• Security information online and through the Telephone Bank in 12 languages</li> <li>• Option that allows the hearing impaired to receive personal service</li> </ul> <b>Prepaid cards</b> Prepaid cards for the public sector were introduced during the year. The cards can be used to pay out financial assistance and pensions to those who lack ID numbers or bank accounts. They can also be used as a debit card for public service employees in schools, housing, social services, etc. With prepaid cards, municipalities can replace expensive, risky cash payments with a secure and convenient electronic payment. The card can be used in all stores and ATMs and helps to assimilate those who use it. In the first year nearly 30 per cent of the country's municipalities signed up for the service.

Material aspects	DMA and indicators	Reference/Information
Support sustainability work by corporate customers	Sustainability analysis in lending	<p>AR 179</p> <p><b>Responsible lending</b> Lending is the core to banking. To keep that core sound and the bank working efficiently, responsible lending is essential. In recent years Swedbank has introduced more extensive amortisation requirements on mortgages. Today we are seeing a change in attitude among customers, who are more willing to pay off their mortgages. Amortisation is now seen more as a form of savings and less as an expense. This is a view that bank shares, which is why we want to make it easier for our customers to pay off their mortgages. In early 2013 Swedbank began allowing customers in Sweden to amortise up to 20 per cent of their mortgage each year without a fee. The current housing shortage in several parts of Sweden is constraining growth, increasing household debt and restricting mobility in the labour market. According to an analysis by Swedbank, the housing shortage in Stockholm will mean the loss of SEK 21bn in growth on average for each of the next 20 years. Swedbank welcomes the increased regulation of the financial sector, which in recent years has led to a more sustainable international banking industry. In our opinion, however, the increased capital requirements for banks are not the most expedient way to address Sweden's housing shortage. Swedbank's commitment to finding solutions to this structural problem will continue.</p> <p><b>Guidelines for sustainable corporate lending</b> All decisions on corporate customers include a sustainability risk analysis. Through our analysis model we look closely at the company's environmental impact and how it addresses corruption. We also look at what the company is doing to guarantee respect for human rights e.g. in its supply chain, among employees and in the local community. We verify that it has a structured approach to environmental work and evaluate how responsibilities are delegated as well as routines and monitoring. The purpose is to ascertain whether any risks related to these areas could affect our profitability and reputation and the customer's. In discussions with the customer, we also try to find new business opportunities such as investment needs tied to sustainable development in the industry. In 2013 we drafted extensive internal guidelines for nine different industries that we consider high risk from a sustainability perspective. The guidelines describe the biggest risks each industry faces and suggest questions to bring up in conversations with customers. Environmental issues have been included in the bank's Swedish lending process since the early 2000's. In 2010 a more comprehensive sustainability analysis was introduced. Since January 2012 the analysis is used in all of Swedbank's home markets. The sustainability analysis is conducted for all corporate loans above SEK 1m in Sweden and EUR 800 000 in the Baltic countries.</p>
Education	Improve public understanding of personal finances	<p>AR 185, G4-ECB</p> <p><b>Personal finances on the agenda</b> By teaching people about personal finance, we help them to make better decisions about their money. Since the 1960s Swedbank has monitored personal finance issues in Sweden and in various ways spread information and knowledge to the public. In 2010 these efforts were expanded to Estonia, Latvia and Lithuania. By monitoring and analysing market factors, regulations and political decisions, we can identify current and future economic opportunities for households. We publish reports on everything from children's allowances to retirement planning and look at areas such as savings, loans, taxes, welfare systems and family law. In 2014, 659 Young Economy lectures were held for 21 120 students. The Institute for Private Finances in Estonia, Latvia and Lithuania is developing informational material and lectures and arranging seminars to inspire teachers and teach young people how to manage money.</p> <p><b>Sharing experience inspires students</b> We want to put students in closer contact with the job market and encourage them to continue their studies. In Lithuania and Estonia, the bank helped to develop a project where professionals in various fields lecture in schools and offer study visits to their workplaces. The Lithuanian programme "Who needs it" and Estonia's "Back to School" help teachers find guest lecturers through a web portal. In 2014, 702 lectures were held in Estonia and 960 in Lithuania. Swedbank's employees are among the active lecturers. During the year they held 421 lectures as part of the two projects.</p>

Material aspects	DMA and indicators	Reference/Information
Combat corruption	Anti-corruption	AR 16, 179
	G4-S03 Number/percentage of operations assessed for risks related to corruption and the significant risks identified	<p>Since 2013 the bank has had an anti-corruption policy for the entire Group. It clarifies the bank's commitment, role and practices internally and in relations with customers and partners. In this way, corruption risks are managed in the same way as other business risks.</p> <p><b>Anti-corruption measures</b> We are committed to the principles of openness and integrity. This includes contributing to a stable, reliable and efficient business climate in the countries where we do business. We do so by maintaining respect for human rights and through anti-corruption measures. To help us, internal regulations and training are available to guide individual employees. Given the nature of our operations, we have to assume that there is a risk of corruption at every level, which is why we maintain a Group-wide anti-corruption programme. In 2013 the Board of Directors adopted a new anti-corruption policy that clarifies Swedbank's commitment, role and practices internally and in relations with customers and partners. The policy is part of the anti-corruption programme that encompasses existing routines and processes as well as new and updated support systems and guidelines. As part of the programme, the bank's anonymous whistleblower system was improved in 2014. All Swedbank employees have been instructed in how to address issues involving corruption, bribes, and conflicts of interest in mandatory training on the bank's code of conduct. In early 2014 mandatory training on sustainable banking was introduced to give all employees the opportunity to further improve their knowledge.</p> <p><b>Preventing money laundering</b> To prevent the bank's payment systems from being used as a tool for criminal activity, we have adopted clear internal regulations based on Swedish and European laws. All employees attend mandatory training to learn to recognise transaction patterns, behaviour and situations that involve, or are connected with, money laundering. In this way we can effectively fight money laundering and lay the foundation for a stable and sound financial market.</p> <p><b>Sustainability analysis in lending</b> When evaluating any corporate loan application, a customer history, risk assessment and transaction analysis are always conducted. Understanding the company's ownership structure and the purpose and nature of the loan and continuously monitoring transaction flows are essential to prevent money laundering and corruption. A sustainability perspective is a natural and integral part of the lending operations. Environmental considerations, social responsibility and business ethics are included in the analysis. We also discuss general sustainability risks with the customer based on our analysis. As support, we have industry guidelines with information on sector-related sustainability risks. When necessary, the Ethics and Sustainability Council is contacted for recommendations.</p> <p><b>Whistleblower system</b> The whistleblower system was introduced in late 2013. Although information has been published on the system, it will not be fully implemented before all employees in the Group have attended training on the code of conduct in early 2015. They will learn how and why they can anonymously report suspected criminal activity. Employees are encouraged to report even minor offences when it is inconvenient to do so openly. In 2014 one case was reported, but after an investigation did not lead to any actions. It involved an employee dissatisfied with how an internal project had been carried out.</p> <p><b>Priorities for Swedbank</b> In 2014 the bank developed an e-learning programme on corruption that was launched in early 2015 to better inform employees. Corruption has also become a bigger topic in the training that retail employees are required to take. Ownership of the anti-corruption policy was transferred in 2014 to Compliance, where it will be revised and a new decision taken by the Board in June 2015.</p> <p><b>Sustainability and Ethics Council</b> Swedbank's Sustainability and Ethics Council addresses issues where the environment, human rights, social responsibility, business ethics or anti-corruption are a critical factor in business decisions. Its role is to provide guidance throughout the organisation to minimise sustainability risks and any negative impacts for the bank. The members represent the bank's various business areas and Group Functions. Meetings from the Council's minutes are distributed to the CEO and Group Executive Management.</p>

Material aspects	DMA and indicators	Reference/Information
Ethical business relationships	Share of suppliers undergoing business ethics risk assessments	G4-EN32
	Share of holdings in fund portfolios undergoing business ethics risk assessments	AR 180-181
	Number of corporate customers undergoing business ethics risk assessments	AR 179
Transparent reporting of earnings and taxes	Reporting of taxes for the year	AR 0-1, 111 note K18  Taxes are an important sustainability issue as well as a business issue. Since 2008 Swedbank has maintained a Group-wide tax policy adopted by the Board of Directors as an integral part of the accounting policy. We have also integrated taxes as an important issue in our human rights policy and transparency. We are now analysing how we can further develop our commitment and transparency in tax issues, which is a priority in 2015. Swedbank is one of the biggest corporate income taxpayers in Sweden and together with the country's other banks accounts for about 10 per cent of total corporate income taxes. We provide tax-related information on a continuous basis and pay tax in all countries where we do business. We report transparently the taxes we pay in our various markets.
	Reporting of profit for the year	AR 0-1, 102 note K7
<b>Social impacts – Product responsibility</b>		
<b>Product and service labelling</b>		
Customised advice	G4-PR5	Results of surveys measuring customer satisfaction  AR 9, 13  In Sweden, customer satisfaction is measured by SQI, a survey of around 300 of the bank's customers, and CSI, which covers over 40 000. According to SQI, Swedbank's customer satisfaction was below the industry average at 64 (-2) for private customers and 66 (+2) for corporate customers. According to CSI, which provides each major branch with information on what it needs to improve, there was a gain of 2 points. Improvements were made across the board, but branches with the lowest satisfaction made the biggest gains. Customer satisfaction in our digital channels is generally higher. In the Baltic countries, customer satisfaction is measured every second year. In 2014 it decreased in Estonia, mainly among non-Estonians and older customers, but rose among younger and mortgage customers. In Latvia and Lithuania, customer satisfaction increased, mainly among younger customers.
	Reliability of IT systems	AR 37  Group IT's main focus has been on stability, reliability and two factors that have helped it to succeed: adjustments to the business and its people. We have shifted more work to the Baltic countries and have continued to improve efficiencies and automate our operations to remain competitive. This will continue in 2015, but to accelerate the pace and improve flexibility we will expand the efficiency programme by adding agile teams that work together with the business operations.
Strengthen the Swedbank brand	Results of surveys measuring customer satisfaction	AR 9, 13, G4-PR5
<b>Product portfolio</b>		
Socially and environmentally sustainable products and services	FS6	Percentage of the portfolio for business line by specific region, size (e.g. micro/SME/large) and by sector  AR 179  In our sustainability risk assessments of investments, lending and procurement, we define high-risk industries as those that clearly have greater risks related to the environment, working conditions, human rights and/or business ethics than other industries. We usually divide up industries into high risk, intermediate risk and low risk. The risk in certain sectors differs from the main industry's risk and is assessed separately. We also have tools to look at geographical risks related to corruption and human rights. In doing so we assess whether the company's risks are impacted by its own practices and business model as well as the industry's risk exposure and geographical exposure. Swedbank's portfolio currently is not divided by company size. There are different definitions externally and internally and a decision on which one to use must be made before reporting can begin. Estonia, Latvia and Lithuania divide up there companies differently, which further complicates a single definition.

Material aspects	DMA and indicators		Reference/Information
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	AR 179  All reporting of these products and services can be found under Customer value Banking services in the Annual Report.
	FS8	Monetary value of products and services designed to deliver environmental benefit for each business line broken down by purpose	AR 179  All reporting of these products and services can be found under Customer value Banking services in the Annual Report.
	<b>Active ownership</b>		
<b>Drive sustainable development in business</b>	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	AR 180–181  Company impact: In 2014 Swedbank Robur contacted 332 (189 in 2013) companies concerning sustainability issues. Since it offers over a hundred different funds, Swedbank Robur has holdings in around 2 200 companies. To have the most impact, Swedbank Robur prioritises companies where it is a principal owner, though it also contacts selected companies with major sustainability challenges. The share of companies contacted concerning sustainability issues compared with the total number of companies Swedbank Robur had a holding in corresponded to about 15 per cent in 2014. This percentage is not completely accurate, since we do not own all the companies we contacted.
<b>Socially and environmentally sustainable products and services</b>	FS11	Percentage of assets subject to positive and negative environmental or social screening	AR 180–181  At year-end 2014 Swedbank Robur managed SEK 424bn (SEK 357bn in 2013) with special sustainability criteria, corresponding to 40 per cent (40 per cent in 2013) of Swedbank Robur's total assets under management. The assets are managed by the Ethica, Talenten, Förbundsfonden, Folksam and KPA fund families as well as through Folksamgruppen's insurance portfolios. Of the assets under management with special sustainability criteria, SEK 28bn was managed with positive and negative sustainability criteria by the Ethica, Talenten and Förbundsfonden fund families at year-end 2014. This represents 3 per cent of Swedbank Robur's total assets under management. Positive sustainability criteria mean that only sustainability leaders in each industry are eligible for the fund. Negative sustainability criteria mean that companies associated with violations of international sustainability norms are excluded, as are companies with more than marginal ties to the production and distribution of weapons, munitions, tobacco, alcohol, gambling and pornography. None of the criteria are required by law. The detailed criteria can be found at <a href="http://swedbankrobur.se/om-swedbank-robur/ansvarstagande-kapitalforvaltare">swedbankrobur.se/om-swedbank-robur/ansvarstagande-kapitalforvaltare</a> . Of the assets under management with special sustainability criteria, SEK 396bn was managed with negative sustainability criteria according to KPA Pension and Folksam at year-end 2014. This represents 38 per cent of Swedbank Robur's total assets under management. These criteria exclude companies that produce tobacco products from Folksam's portfolio, and companies that produce tobacco, alcohol, weapons and those associated with gambling from KPA's portfolios. In addition, KPA Pension and Folksam both have environmental, human rights and corruption criteria that could lead to exclusion. None of the criteria are required by law.