

# Sustainability management

Swedbank's vision and values guide its sustainability work. The governance model and operational structure are designed to support Swedbank's purpose – a sound and sustainable financial situation for the many households and businesses – and steer sustainability work in the bank. Sustainability management is largely integrated in the Group's operational controls and comprises the bank's sustainability policies, strategy, Group goals, implementation, monitoring and reporting. The goal is to maximise business and social benefits and minimise the negative effects of Swedbank's business and operations.

The sustainability strategy clearly sets out Swedbank's aim to promote social development and has incorporated the UN's global sustainable development goals and the Paris Agreement. The strategy is based on Swedbank's governing framework (policies, position statements and sector guidelines) and is implemented in close collaboration with the business unit managers as specific unit goals and activities to ensure compliance with the Group's goals and business planning.

## Governing framework

The Board of Directors is ultimately responsible for governance of sustainability work and adopts the bank's policies in the area (available on [swedbank.com/sustainability](http://swedbank.com/sustainability)). These policies apply to the Group and are designed to set a general standard for managing the business and ensuring that employees comply with current laws and regulations. The Group's positions on the defence industry and climate change are decided by the bank's CEO. These instructions contain more detailed regulations than a policy. The CEO can issue instructions for implementing a policy.

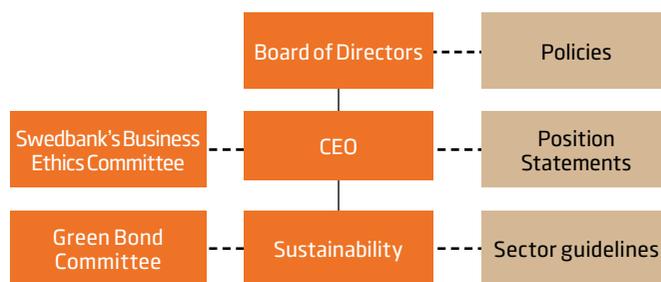
Swedbank's sector guidelines, which support the sustainability analysis, are established by the Head of Sustainability, who is also ultimately responsible for them. The overarching goal of the sector guidelines is to promote sustainability in the bank's relationships with corporate customers, portfolio companies and suppliers to the Swedbank Group.

Group Sustainability, which is led by the Group Head of Sustainability, consists of an expert group of seven employees. The Group Head reports directly and indirectly to the Group Executive Committee and is responsible for developing the bank's sustainability, environmental and human rights policies and guidelines as well as for the bank's strategy, monitoring and reporting in the area. However, responsibility for implementation and performance rests with the entire company. A strategic analysis of credit risks is conducted annually by Group Risk with recommendations to the business segments for their business planning. The overarching aim is to consistently maintain the bank's low risk profile. In recent years climate-related risks and opportunities have taken on greater urgency and are now being integrated in the bank's strategy and operational plans.

The Board of Directors adopts the bank's anti-corruption policy, which is updated annually. Group Legal is responsible for developing guidelines in the anti-corruption area. Responsibility for the implementation of the anti-corruption policy rests with the entire organisation. To further strengthen the bank's work with business ethics, an Anti-Financial Crime (AFC) unit was established with a focus on strengthening the fight against money laundering and financial crime. In addition, a Special Task Force was appointed to strengthen the work with the ongoing money laundering investigations.

## Business Ethics Committee

To complement the rules on sustainability and business ethics, Swedbank has a Business Ethics Committee to handle these issues. Questions regarding the environment, human rights, social responsibility, business ethics and



corruption can be escalated to the committee from any part of the organisation. The committee's role is to provide guidance on business decisions associated with sustainability risks and in this way reduce negative impacts.

## Climate and environmental management

Swedbank's climate and environmental work is guided by an environmental management system with ISO 14001 certification. The purpose of the system is to better organise and structure environmental work, reduce impacts and encourage sustainable business. The bank prepares, introduces, maintains and continuously improves the system in accordance with the requirements of the standard. The environmental management system and environmental policy complement the Group's sustainability policy and provide specific guidelines for the bank's environmental work.

The bank's environmental policy and goals address the most significant impacts, show the way forward and focus attention on measures that can make the biggest difference for the environment. On this basis ambitious efforts are made to responsibly manage resources and reduce climate impacts in several of the bank's core processes, including by reducing direct emissions from business travel, energy consumption at our branches and through procurement. As part of the environmental management system, reporting is provided continuously for the annual "Management Review" and for internal and external audits of the system.

## Commitments

Swedbank has joined the Science Based Targets Initiative, which uses scientific methods to identify and support innovative methods for companies to establish greenhouse gas reduction goals in line with the Paris Agreement. During the year Swedbank contributed to a methodology that can result in scientific targets for the entire financial industry. These targets will guide and govern the bank's sustainability work. Swedbank has also endorsed TCFD's recommendations, which affect the bank's governance, strategy, risk management, targets, metrics and reporting on the climate and environment. In addition, Swedbank in September signed the UN Principles for Responsible Banking, a shared commitment to adopt the Paris Agreement and the UN's Sustainable Development Goals and do more to deliver on them.