

Swedbank Board of Directors' comment to shareholder proposal to AGM 2021 – item 23 a-b in proposed agenda

The shareholder proposal and the Board of Directors' recommendation

In letter dated 2021-01-25, a shareholder submitted a proposal that the Annual General Meeting 2021, resolves that:

1. Swedbank adopts guidelines regarding immediately declining new loans to;
 - a. Projects aiming at extracting fossil fuels
 - b. Companies whose main activity is to extract fossil fuels (excluding specific projects focused on activities other than fossil fuel extraction).
2. Swedbank before the Annual General Meeting 2022 reports exposure in loans to companies whose main activity is fossil fuels extraction.

The Board of Directors recommends the shareholders to vote against the proposal at the annual general meeting.

Basis for the Board of Directors' recommendation

The direction is clear, Swedbank sees climate change as one of the greatest challenges of our time. Considering our history, our purpose and our vision, we are determined to facilitate a climate transition that aligns with the Paris Agreement and to contribute to meeting the UN Sustainable Development Goals (SDG).

Five years ago, we decided to reduce our oil-related assets. Swedbank's oil-related portfolio is small in comparison with the balance sheet as a whole and the ongoing reduction and restructuring of the portfolio is continuing. We have already previously decided not to directly finance coal-fired power plants and companies that generate over 5 percent of their revenue from coal production.

Swedbank revised its strategic direction in the end of 2020 and placed sustainability at the core of the business strategy. Swedbank's vision is a financially sound and sustainable society where Swedbank empowers the many people and businesses to create a better future. Consequently, in end of January 2021, Swedbank decided not to provide any new direct financing of unconventional production of fossil fuels. Nor exploration of new gas and oil fields unless the customer can supply and demonstrate a transition agenda for its entire value chain that aligns with the Paris Agreement. This is one step in our sustainable business strategy.

Though, we will not and cannot, even if we fully agree with the direction, immediately decline all new loans to projects and companies aiming at extraction of fossil fuels. Fossil fuels still play a major role in society in facilitating a controlled transition and will do so for a fairly long period of time. The most important thing we can do is to stay involved and finance the necessary transition.

Swedbank continuously develops its climate change disclosure through improved data collection and future climate scenario testing. In Swedbank's Annual and Sustainability Report 2020 we already disclose detailed exposure towards climate risks in our lending and investments including specific sector splits according to the TCFD Recommendations.