

Communication on Progress (COP) 2010/04 - 2011/04

Swedbank's purpose is to promote a sound and sustainable financial situation for the many households and businesses. The inclusion of sustainability in the bank's purpose is just as much a reflection of its history as a declaration for the future. With roots in the Swedish savings bank movement and agricultural credit societies, Swedbank has a strong tradition of corporate social responsibility and ethical standards.

Swedbank's sustainability work is manifested in, among other things, its lending to private customers. As a bank for the many households and companies, we have a responsibility to clarify any risks that could affect our customers' long-term finances. In spring 2009 we therefore introduced stricter requirements on loan-to-value ratios for mortgages and took part in the debate on risk-taking by customers who borrow to buy their homes. As a result of this debate, we have seen during 2010 a shift in customer behavior towards longer fixed rate periods and a greater willingness to amortize.

Sustainable business conduct

For several decades the Private Finance Institute in Sweden has analyzed private finance issues and in various ways provided information to the public in this area. In 2010 similar institutes were established in Estonia, Latvia and Lithuania. The operations have the same purpose in all four of the bank's home markets: to analyze factors that affect private finances from an individual and household perspective and educate people. The institute's vision is to help people improve their private finances by better understanding their needs and opportunities at different stages of life.

Sustainable products

Swedbank's private customers in Sweden are offered loans on beneficial terms for investments in energy savings. Corporate customers are offered loans for eco-friendly cars. During 2009 and 2010 private customers in Estonia were offered loans on beneficial terms to buy energy efficient homes. For Swedbank's corporate customers, all loans over SEK 1m must first undergo a systematic sustainability analysis regarding human rights, corruption, environmental issues etc. More than 250 000 analyses are conducted annually. The bank's Swedish operations present an annual sustainability award. In 2010 Inreco which recycles and resells personal computers received the award.

Through its WWF affinity card, Swedbank donates SEK 0.50 to the WWF every time a customer pays with the card, while the cardholder contributes SEK 25 of the annual fee. In total SEK 7.1m was donated to the WWF.

Swedbank Robur is a Nordic leader in socially responsible investing. Thanks to the attention it gave to research and asset management early on, the company today is able to offer a wide range of products that emphasize responsible business and environmental technology. Swedbank Robur's socially responsible funds offer investments in companies that have clearly demonstrated that they can manage social, ethical and environmental risks.

Swedbank Robur decided in August 2010 that its socially responsible funds will not invest in companies that extract oil from tar sands, since it does not consider the current technology a sustainable alternative.

Sustainability projects

Unemployment among young people has risen in the wake of the financial crisis at the same time that the gap between young people entering the job market and older workers facing retirement is expected to grow in the 2010s. In the autumn of 2009 Swedbank started a project in Sweden together with the savings banks to give young people between the ages of 18 and 24 trainee positions for several months to gain experience. The idea behind the project was that Swedbank and the savings banks would utilize their extensive network of contacts to offer trainee positions. Through the initiative, Swedbank has encouraged all its branch managers to identify trainee opportunities at their own branches as well as with the bank's business customers. During 2010, the initiative resulted in 1 500 trainee positions with outside companies and 150 within Swedbank.

During 2010 Swedbank's Institute of Private Finances initiated Ung Ekonomi (Young Economy); a program that aims at educating youths in issues related to private finances. The youths shall be better prepared for adult life through private finances education, which will be a part of the new curriculum for upper secondary schools in Sweden in 2011. Together with the savings banks Swedbank has created a program to be used in the schools. The purpose is to promote a sound and sustainable financial situation early in life.

Sustainability goals

The following environmental targets are set for 2013:

- Swedbank will reduce carbon emissions by 10%, in relation to outcome 2009.
- Swedbank will to reduce its purchase of paper by 10%, in relation to outcome 2009.
- 90% of the Swedbank's employees should be of the opinion that it is important to take environmental aspects into consideration in the banks dealings with customers and suppliers.
- 90% of Swedbank's customers should feel that Swedbank is the best bank at taking environmental responsibility.

Reporting

Swedbank Robur has signed the UN's global Principles for Responsible Investments (PRI). This requires it to contribute to greater transparency on environmental and social issues as well as in terms of corporate governance in the companies in which it invests. Swedbank Robur's stance on responsible business is also expressed in its ownership policy.

Collaborations

During 2010 Swedbank cooperated with "Food banks" in Latvia. The "Food Bank" project was started to help contribute to countering negative effects from unemployment and the economic crisis. Food parcels have been distributed in all regions of Latvia, in close cooperation with local charity organizations and food producers. Families with children have been the main recipients. This project was awarded the Spidola Award, which has been instituted by Economists Association.

Swedbank supports different kind of projects related to education at all its home markets. One important example is Mission Possible - a social responsibility initiative in the area of education - that was founded by Swedbank, Lattelecom and Partners in Ideas Fund in 2007. In May 2010, the Latvian President Valdis Zatlers attended the annual event of "Mission Possible - For Schools and Leaders", at Swedbank headquarters in Riga. The long-term goal of Mission Impossible is to build a movement of ambassadors, who will positively impact the quality of education in Latvia.

As part of its work to compensate for its environmental impact, Swedbank, together with Globe Forum, is today launching a new marketplace for crowd funding of Swedish companies in the sustainability area. Swedbank will thus be the first company in Sweden to contribute compensation to offset climate change locally.

Gender equality and diversity

Swedbank considers diversity and gender equality to be success factors and a natural part of its operations. We strive to maintain an even distribution between women and men with different experience and backgrounds. One example is the Swedish Telephone Bank, where around 30 languages are spoken. Cultivating differences among employees creates an environment where everyone has an opportunity to maximize their full potential. This is a competitive advantage that supports Swedbank's goal to be a force for good in society. In 2010 Swedbank ranked highest among Swedish banks in the insurance company Folksam's annual gender equality Index. The award confirms that the bank has a diverse staff in terms of gender, age and education as well as adequate job rotation among various positions in both the Group Executive Committee and the Board of Directors. Swedbank has also received the Anna Collert gender equality award, which is presented to a company in the financial services industry for outstanding work in supporting gender equality.

Awards

On 28 April Swedbank in Lithuania received the National Responsible Business Award 2010. It is the highest social responsibility award in Lithuania, and was initiated by the former President and is supported by the Ministry of Environment, the Ministry of Economy and the Ministry of Social Security and Labour. Swedbank also received this award in 2007 and 2008. National Responsible Business Awards are granted to companies that take into account the interests of stakeholders and demonstrate leadership and sincere commitment to transparent and ethical behavior.

Swedbank was ranked as the best bank in Estonia as well as in Lithuania by Euromoney, one of the world's leading financial markets magazines in July 2010. Euromoney announced the winners in its annual Awards for Excellence 2010 competition, one of the most prestigious awards in the global banking industry, on July 8 in London.

Support of Global Compact

Swedbank has been part of the local community and worked closely with customers for almost two centuries. Swedbank's operations are still based on the same goal: to help the many people and businesses achieve a solid financial sustainability. Today, our engagement in the community turns into concrete action plans to achieve ambitious targets in environmental, ethical and social areas. Since 2008, Swedbank has a CSR policy enacted by the Board of Directors, based on the UN's 10 principles concerning human rights, working conditions, environment and corruption. These principles are an important part of Swedbank's long-term work for a good environment and a sustainable society. Supporting the Global Compact initiative and renewing Swedbank's ongoing commitment to the initiative and its principles is therefore a natural thing for us to do and we will continue to do so.

// Mr. Staffan Dahlbeck, Head of Group Sustainability