

## **Communication on Progress (COP) 2011/04 - 2012/04**

*Within Swedbank sustainability issues are driven from a distinct business perspective and are seen as important ways of increasing profitability and attracting customers, employees and investors. Swedbank's history is based on the idea of providing people with the opportunity to save money in order to build a more secure and better future. Now, nearly 200 years later, our business is still built on the same foundation. Social engagement is a critical element in our business model and is in line with our values and our purpose. As a bank, we enable our customers and partners to grow and achieve success through lending and investments. Our commitment is to do this sustainably and responsibly. Only then can we create long-term relationships with our customers. In February 2012 Swedbank adopted a new group wide sustainability strategy which describes how Swedbank shall integrate human rights, the fight against corruption and climate considerations in our business. The strategy is well in line with the different aspects of the Communication on Progress and Swedbank continues its support of the United Nations Global Compact.*

*Camilla Robinson Seippel, Head of Public Affairs, Swedbank.*

### **Financially sustainable deposits and lending**

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

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

### **Group wide sustainability analysis in corporate lending introduced 2012**

For our many corporate customers, we offer sustainable financial advice by making sure they have a long-term liquidity plan and are prepared for their financial future. Debt should remain reasonable regardless of economic conditions. In connection with business loans exceeding SEK 1m, a sustainability analysis is conducted in the areas of human rights, corruption and the environment. The analysis is an integral part of the credit analysis and is designed to evaluate how risks related to these areas could affect our profitability and reputation, and of those of our customers, if they materialise, as well as customers' repayment ability

and the collateral value. Dialogue with the customer also creates new business opportunities for both the bank and customer, because we are able to jointly focus on an issue or see an investment need tied to a future sustainable development. The sustainability analysis has been in use in Sweden since 2010.

During January 2012 the Sustainability analysis was implemented throughout the entire Swedbank Group.

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

### **Revised group wide Sustainability Strategy**

We believe that respect for human rights and the planetary boundaries is essential for our own and our customers' future and that our contribution to a sound and sustainable society is essential. Within our sphere of influence we want to take an active part and contribute to reaching a stable climate, promoting human rights and fighting corruption. Swedbanks Sustainability strategy, which was revised during 2012, explains how the bank will integrate human rights, the fight against corruption and climate considerations in its business:

- By taking into account our customers' and holdings' sustainability risks and opportunities in our investment- and credit decisions. We will assist our customers in reaching their individual financial objectives while also helping them understand how different alternatives affect people, society and the environment. We try to evaluate how these risks would affect our own and our customers' profitability and reputation if they were to materialize.
- By taking responsibility for the social and environmental impact from our own operations. We assess risks related to human rights, corruption and climate change through our employment policies and practices and in our supply chain. We will implement stringent internal procedures and processes to fight corruption and monitor respect for human rights. We aim at operating with as little emission of greenhouse gases as possible to reduce our direct climate impact.

#### *Human Rights*

We acknowledge that businesses can affect individuals' human rights, and hence have a responsibility to respect them. Investors and international policy statements in the area of business and human rights are driving the development for an increased corporate responsibility to respect human rights.

#### *Corruption*

We recognize that corruption has an adverse effect on communities and individuals since it threatens the law, democratic development and human rights and freedoms. The impact of corruption on society is also considerable since it impedes economic growth, distorts competition and represents serious legal and reputational risks.

#### *Climate change*

We recognize that one of the most serious challenges facing humanity is the ongoing climate change. We see that climate change threatens to undermine future global prosperity and inflict significant social, economic and environmental costs on the world. We see that all actors of society, both politicians and companies need to take decisive action to enable a successful transition to green growth and a more climate efficient and resilient society. Policy decisions and market forces are driving development in this direction.

#### **Sustainability Strategy - Targets**

##### *Sustainable banking – overall targets for Human rights, Corruption and Environment:*

- By 2012 we will have developed a process for sustainability supply chain management, which can be followed-up on a yearly basis. Included in this process are: pre-assessment of suppliers, sustainability requirement, training and follow up (self assessment and third party audits when self assessment indicates high risk)
- By 2012 we will carry out mandatory training for all employees in sustainable banking and our role in society.
- Starting in 2013, and then on a yearly basis, we will present our investment/credit dialogues where human rights, corruption or environmental issues have been addressed and the results of such dialogue, as well as investment/credit decisions made where human rights, corruption and climate issues have been determinant.

##### *Human rights and corruption:*

- By 2012 we will develop a policy for human rights.
- By 2012 we will assure transparent communication of our procedures for preventing and fighting corruption.

- By 2012 we will ensure that a general human rights introduction and a deeper understanding of diversity and anti-discrimination is included in the new manager training in all our home markets (currently only included in the Swedish version).

#### *Climate:*

- Starting in 2013, and then on a yearly basis, we will present our investment/credit dialogues where human rights, corruption or environmental issues have been addressed and the result of such dialogue, as well as investment/credit decision made where human rights, corruption and climate issues have been determinant.
- By 2013 we will reduce emissions by 15% compared to our 2010 emissions by working on our energy consumption, business travel, transport, service vehicles, and material consumption throughout our value chain.
- By 2015 we will reduce emissions by 30% compared to our 2010 emissions.
- By 2018 we will reduce emissions by 40% compared to our 2010 emissions

#### **Sustainable local engagement**

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

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

#### *Young Jobs*

During the beginning of 2010 Swedbank and the savings banks launched the project Young Jobs. The idea is to use Swedbank's and the savings banks extensive network of branches to encourage the creation of trainee positions for people in the ages between 18 and 24. The aim of the project is not only to create trainee positions at the actual branches, but more importantly to encourage and help the bank's corporate

clients to offer trainee positions themselves. The employees at Swedbank's 350 branches in Sweden have close relationships with local business owners as well as with municipality representatives. The bank's employees have a good understanding of the local companies' operations as well as their needs and are therefore in a good position to identify possible job openings. The project is conducted in cooperation with local employment offices.

Young Jobs has contributed to increased regional labour force mobility and has helped decrease the number of young people leaving their home towns to seek jobs further afield, thus stimulating regional growth. The project can easily be replicated by other banks and larger companies in Sweden and Swedbank actively encourage other companies to start similar projects. During spring 2011, Swedbank released a book describing the experiences from the first year of the project. The book also contains advice and check lists for other companies that wish to start similar projects.

The project has resulted in 3000 trainee positions with outside companies and 400 within Swedbank since the start in 2009.

#### *Job at last*

In Sweden there are approximately 65,000 people with a non-Swedish background and an academic education who are unemployed and 211,000 immigrants are registered as job-seeking. During late autumn 2011 Swedbank launched Finally Job, a project with the purpose of finding academic graduates among all foreign born people in the Employment Service records and ensure that they are matched with the right job. The project started as a pilot with 17 trainee positions within Swedbank's branches in the south part of Sweden in co-operation with the Swedish Employment Center. During this first period the candidates have undertaken training and education as well as work experience under supervision from an appointed supervisor from the staff. Going forward, the aim of the project is not only to create trainee positions at the actual branches, but more importantly to encourage and help the bank's corporate clients to offer trainee positions themselves, in a manner similar to Young Jobs.

## **Continued work with diversity and gender equality**

As a bank for the many, Swedbank considers diversity and gender equality important to its success and a natural part of its operations. We strive to maintain an even distribution between women and men with different experience and backgrounds. Cultivating differences among employees creates an environment where everyone has an opportunity to maximise their full potential at the same time that the increased dynamic facilitates creative discussions internally. Unique individuals with unique qualities, track records, competencies and expectations are a competitive advantage and support Swedbank's goal to be a positive force in society.

We also strive for a corporate culture that understands the importance of balancing work and family life. We see this as essential to improving work performance. In 2011 Swedbank introduced a programme called "Parents and Careers," which gives new parents an opportunity to meet colleagues in the same situation, listen to interesting lectures and together with a coach discuss how to improve this balance.

## **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.

## **Environmental impact**

Since 2007 Swedbank conducts an annual review of the bank's climate impact with focus on greenhouse gas emissions. The group wide results for 2011 demonstrate a decrease in CO<sub>2</sub>e emissions (greenhouse gases recalculated to carbon dioxide), from 80 000 tonnes during 2010 to 74 000 tonnes during 2011. Swedbank's goal is to reduce emissions by 15 percent until 2013, by 30 percent until 2015 and by 40 percent until 2018.