

2022-03-01

Communication on Progress – Swedbank

Swedbank's vision of a financially sound and sustainable society reconnects to the bank's purpose, to empower the many people and businesses to create a better future. During the year, Swedbank intensified its efforts to further contribute to a sustainable society, where sustainability is a part of everything the bank does. To accelerate this work, Swedbank's sustainability strategy is now fully integrated in the business strategy.

Commitment to the Ten Principles of the UN Global Compact

Swedbank's entire business is based on the idea of a sustainable economy. When the first savings bank was founded in Gothenburg more than 200 years ago, it was to help people of limited means to manage their money sustainably. In 2021, the bank still sees large opportunities when it comes to sustainability and our green business is growing. We focus on sustainable value creation for our stakeholders and therefore aim for a competitive return on invested capital, market-leading cost efficiency, low risk and an excellent customer experience, in combination with a strong commitment to sustainability. As part of this work Swedbank is committed to align our strategy and operations with the Ten Principles of the UN Global Compact on human rights, environment, labor and anti-corruption as well as the UN Principles for Responsible Banking (PRB), the UN's Sustainable Development Goals and the Paris Agreement.

Please see our compiled Sustainability Information for 2021 to read more about how Swedbank implements and follow up on the UN Global Compact's ten principles in our own operations as well as to empower our customers doing the right things to support a sustainable development in society.

Jens Henriksson, CEO Swedbank

Swedbank



2021

Compiled Sustainability Information

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This document compiles all the sustainability information presented in Swedbank's Annual and Sustainability Report 2021. The document is developed to facilitate for our stakeholders to find information about the bank's sustainability efforts, increase transparency and give us an opportunity to report on how we work with and implement sustainability in our business. The report conforms to the Global Reporting Initiative's (GRI) guidelines, version Standards, Core level and a limited review has been conducted by PricewaterhouseCoopers AB.

Sustainability information	2021	2020
Sustainable financing (SEK bn)	56.0	23.7
of which Swedish Banking	26,4	2.8
of which Baltic Banking	6.9	3.2
of which Large Corporates & Institutions	22.7	17.7
Asset management, Swedbank Robur		
Engagement work, participation in annual general meetings ¹	786	593
Engagement work, governance and sustainability dialogues ¹	1 155	948
Total carbon emissions from equity fund portfolios based on ownership interests in the portfolio companies (million tonnes CO ₂ e) ¹	1.7	2.4
Climate impact		
Direct climate impact, total emissions (million tonnes CO ₂ e)	0.009	0.01
Societal engagement		
Financial literacy presentations	3 152	2 101
Liquidity loans, Covid-19, SEK bn ²	0.6	1

1) Information from Swedbank Robur.

2) Offered to companies applying for a government loan guarantee to help them bridge short-term financial difficulties caused by Covid-19.

Swedbank's strategic direction

We empower the many people and businesses to create a better future. Our purpose is firmly anchored in our 200-year heritage. Since the start of the savings bank movement, we have believed that everyone has the opportunity to improve their financial situation. We have the same purpose today, where we believe that by providing the right advice, services and products to the many customers in our home markets every day, we can have a positive impact on their lives and on society.

A financially sound and sustainable society

Our vision is based on the belief that Swedbank, with our large customer base, can continue to greatly impact our society. We envision a society that is sustainable from an environmental, social, financial and ethical perspective. We believe that a sustainable bank with sustainable customers can contribute to a long-term sustainable society.

We make your financial life easier

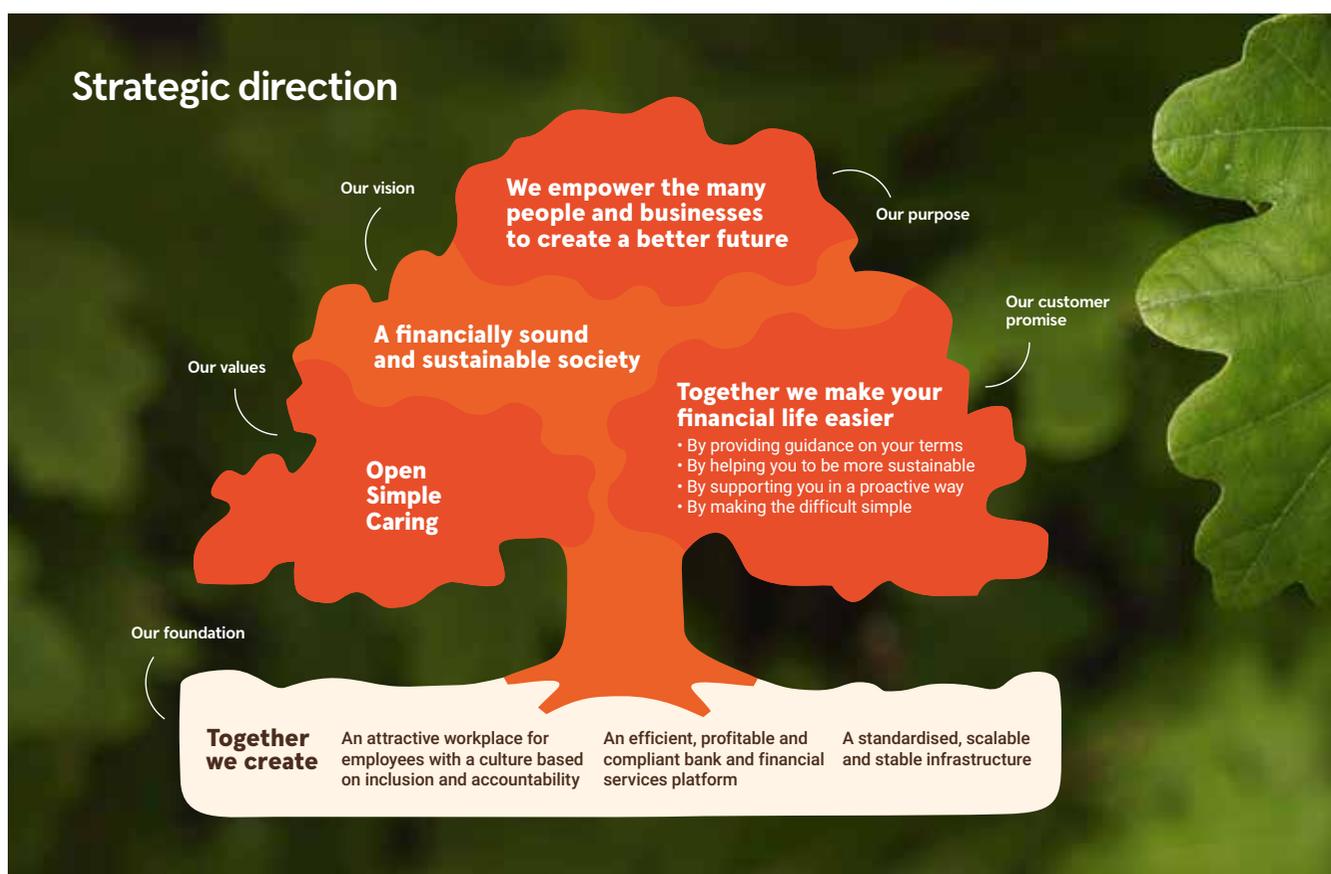
We promise our customers to advise them on their terms, help them with sustainable decisions and make the difficult simple. Our customers are key to our success, and we are there for them throughout their lifetime.

Open, Simple, Caring

Our values are at the centre of our identity and the basis of our culture. We are a straightforward, honest and reliable partner. We are accessible and easy to understand in order to create an uncomplicated banking experience. We are committed, helpful and attentive to our customers' needs.

Our foundation

The key building blocks are of great importance to deliver on our purpose, vision and customer promise. We always have to ensure that we offer an attractive workplace for employees with a culture based on inclusion and accountability. We have to be an efficient, profitable and compliant bank and financial services platform. It is also fundamental that we have a standardised, scalable and stable infrastructure.



Sustainable value creation for our customers, owners and society

We focus on sustainable value creation for our stakeholders and therefore aim for a competitive return on invested capital, market-leading cost efficiency, low risk and an excellent customer experience, in combination with a strong commitment to sustainability.

An easier financial life for our customers

Customer value is created by servicing our customers with proactive, timely and relevant offerings based on their needs in the channels they prefer. We focus on having a stable infrastructure and solid digital performance to enable accessibility to products and services when and where needed. Delivering high value to our customers is a precondition to sustainable profitability and our customers' choice of Swedbank as a trusted partner for their financial growth.

Competitive return and market-leading cost efficiency

Shareholder value is created through long-term and profitable growth and efficiency. We value consistent profitability over fast growth, since it creates stability and predictability for our customers and owners as well as society. Therefore, we do not follow short-term market trends and instead price our products based on risk and capital requirements. A strong financial performance is further upheld by market-leading cost efficiency. This allows us to continuously invest in our products and channels and offer competitive prices to our customers.

Low risk

Low risk in our operations is the basis for building trust and our long-term survival. It allows us to finance our operations through deposits from the public and funding from the capital market in order to lend money to households and businesses at competitive prices, even during difficult economic times. It further enables us to take informed and sound decisions balancing risks, return and market shares. With the transition towards digital solutions we also target high stability, availability and information security in all our systems to secure long-term customer relationships and trust.

Strong commitment to sustainability

Swedbank's strong commitment to sustainability is fundamental to our business. We support the green transition in society by minimising our own carbon footprint and through our investments, financing activities and services to our customers. We are highly engaged in our society and communities and take responsibility for our structural importance in the financial system by maintaining a strong financial position, robust asset quality and strong capitalisation.



Swedbank's strategic focus

Swedbank has four strategic focus areas:

Core business

Swedbank will focus on growing the strong and profitable core business in Latvia, Estonia, Lithuania and Sweden, our home markets. Swedbank primarily serves the many private customers and small to medium-sized corporates as well as a selected number of large companies within our core product segments: lending, financing, savings, insurance and daily banking. Partnerships and collaborations will be leveraged to address customer needs and the savings banks will remain our most important partner. Further, sustainability is an important part of Swedbank's core and Swedbank will continue to take lead in the sustainability transformation.

Customer value creation

Swedbank's operations are based on the relationship with our customers. We have a competitive advantage in being a digital bank with a physical presence and an ability to create value for customers based on their needs. Success has been built on long-term relationships and an offering that allows customers to entrust their whole financial situation with Swedbank. It is important to remain an attractive choice for the many customers and ensure that Swedbank delivers on their expectations and remains a reliable partner throughout their lives. This is achieved through a strategic focus on customer relationships and customer experience with a customer-centric mindset. The focus will be on delivering an "easier financial life" in line with the customer promise, with focus on proactivity, advice, sustainability and simplicity.

Fundamentals

To enable Swedbank's strong and profitable core business, the foundation on which the bank stands must be stable and resilient to ensure long-term shareholder value. It is strategically important therefore to focus on the fundamentals relating to regulatory compliance, internal governance and controls, stable and resilient technological infrastructure and being an attractive workplace with a culture based on inclusion and accountability. These areas are critical to ensure Swedbank's license to operate, sound risk management, customer trust and satisfaction, employee engagement and cost efficiency, but they are also central to further transformation in other strategic areas.

Operational efficiency

Our focus is to reduce complexity, standardise products and offerings and increase efficiency in processes and the ways we work in order to simplify for our customers and realise the value of our investments and resources. New technology and automation is a key lever to enable further efficiencies and release capacity for the most value-adding tasks. This will allow Swedbank to profitably serve the many, leverage economies of scale, continue to meet the expectations of our customers and keep up with competition.

Focus on sustainable value creation for customers, employees, owners and society

Swedbank’s strong commitment to sustainability is fundamental to our business. We continue to integrate a sustainability perspective as a natural element in everything we do, because we believe that sustainability is profitable in the long term for customers, employees, owners and society as a whole. Our ambition is to be a leading bank in sustainability.

Swedbank has signed and is actively committed to the UN Principles for Responsible Banking. The bank wants to contribute to the UN Sustainable Development Goals and the Paris Agreement. As part of this, Swedbank Robur has set a goal that by 2025 its aggregate assets under management will align with the Paris Agreement’s target to limit global warming to 1.5°C and by 2040 will be placed in carbon neutral investments. During the year, Swedbank Robur launched additional

Paris Aligned funds, where management and analysis are based on the EU Sustainable Finance climate benchmark.

Swedbank’s direct GHG emissions continued to decline during the year. The long-term goal is to reduce direct GHG emissions by 60 per cent from 2019 to 2030. At the same time, we will continue in 2022 to measure indirect emissions from the bank’s financing.

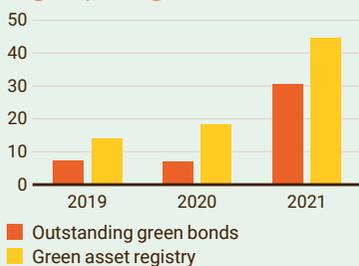


Reduce the bank’s climate impact



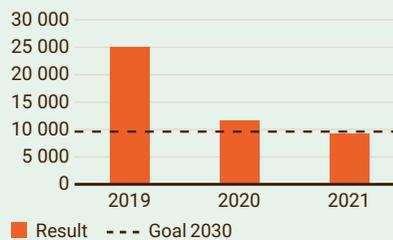
Why? Global warming is one of the greatest challenges of our time. Swedbank has a big responsibility to enable capital to flow to more sustainable investments and reduce our own climate impact. During the year, the bank continued to facilitate a climate transition in line with the Paris Agreement’s 1.5°C target and to contribute to the Sustainable Development Goals.

Growth in Swedbank’s green registry and green bonds, SEK bn



The registry for green assets increased by 220 per cent from 2019 to 2021. The large part of the increase in 2021 was due to the inclusion of green mortgages. Financing through the bank’s green bonds eliminated 595,029 tonnes of emissions during the year.

Direct GHG emissions, tonnes CO₂e



Result

Swedbank is making good progress towards the Group’s climate target to reduce direct emissions. In 2019–2021, the bank lowered emissions by 63 percent, which can largely be explained by the reduction in the number of flights due to the pandemic. Going forward, one of Swedbank’s priorities will be to maintain direct emissions at a low level.

In 2021, Swedbank improved its monitoring of indirect emissions at the customer level, in investments through Swedbank Robur and in financing. Emissions from Swedbank Robur’s funds are also measured and have decreased from 3.5 million tonnes CO₂e in 2019 to 1.7 million tonnes CO₂e in 2021. The work being done to improve the bank’s metrics for financed emissions will continue in 2022.

Sustainability year in brief

A selection of key events

26
Jan

Swedbank's position on climate change was updated during the year. The bank no longer directly finances unconventional fossil fuel production or exploration of new oil and gas fields. Later in the year this was expanded to include new oil tankers and new investments in crude refinery capacity for transport fuel (with the exception of biofuels).

12
May

During the year, Swedbank intensified efforts to increase its share of green lending and issued three green bonds. The bank has now issued green bonds in all the major currencies – USD, EUR, GBP and SEK – equivalent to SEK 30 billion.

9
Jun

Together with its customers, Swedbank has been a pioneer in green equity. In 2021, the bank was an advisor on the new Nasdaq Green Equity Designation for equity issuers that are considered green or in transition. The designation is available to publicly listed companies in Sweden, Finland and Denmark.

15
Oct

Swedbank is proud to have committed to Business Ambition 1.5°C, a coalition of UN agencies and businesses. Swedbank will decide on climate targets that align with what the latest research says is needed to meet the Paris Agreement's 1.5°C target (using the Science-Based Targets initiative's method and validation).

25
Oct

Swedbank shared first place in the banking category in Dagens Industri's sustainable company survey 2021, where Swedish listed companies with the most ambitious sustainability work are ranked.

29
Oct

Swedbank Robur established stricter fossil fuel criteria for all its funds and published new intermediate targets and methods to reach its goal of net zero by 2040.

12
Nov

For the second year in a row, Swedbank was included in the Dow Jones Sustainability World Index of the world's most sustainable businesses, demonstrating that the bank's sustainable business strategy is working.

The sustainability report aligns with the Global Reporting Initiative (GRI) and has been prepared in accordance with the GRI Standards: core option. The report has been reviewed by PwC (limited assurance) in accordance with the assurance report on page 244. The information in the sustainability report pertains to the calendar year 2021 (the previous report was 2020), unless otherwise indicated, and describes the most important aspects of Swedbank's sustainability work. The sustainability report comprises Swedbank AB and its subsidiaries (see Note G1 and P24). The aim is

to present the progress that has been made as well as areas that need further improvement.

In the notes, the results of the work are reported from the standpoint of four core processes: pay, save/invest, finance and procure. Results are also presented based on how the bank works with HR issues, the environment, taxes, business ethics and information security, human rights and social engagement. The sustainability report is presented on pages 18–29 and 198–237 and is published on www.swedbank.com.

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THE GLOBAL GOALS

For Sustainable Development

United Nations Sustainable Development Goals

Swedbank has committed to the UN Sustainable Development Goals.

Global Reporting Initiative

Swedbank's Annual and Sustainability Report 2021 is aligned with the Global Reporting Initiative.



United Nations Global Compact

UN Global Compact commitment

Swedbank has signed the UN Global Compact and supports the ten principles on human rights, labour rights, the environment and anti-corruption.



Task Force on Climate-related Financial Disclosures

Swedbank reports climate-related risks according to the Task Force on Climate-related Financial Disclosures (TCFD). See the bank's reporting on page 206–208.



Principles for Responsible Banking

Principles for Responsible Banking

As part of the effort to integrate sustainability in its business operations, Swedbank has signed the UN Principles for Responsible Banking.

Swedbank's sustainable business strategy

Swedbank's vision of a financially sound and sustainable society reconnects to the bank's purpose, to empower the many people and businesses to create a better future. During the year, Swedbank intensified its efforts to further contribute to a sustainable society, where sustainability is a part of everything the bank does, and thereby create long-term value for the bank and all its stakeholders. To accelerate this work, Swedbank's sustainability strategy is now fully integrated in the business strategy, a sustainable business strategy.

Basis of Swedbank's sustainability work

To identify which sustainability areas to focus on and report on, Swedbank mainly uses two different analyses: a materiality analysis to show which sustainability areas the bank's stakeholders consider the most important, and an impact analysis to describe the sustainability areas where Swedbank's business operations have the biggest impact. As guidance on integrating the key sustainability areas, the bank follows international commitments such as the Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI) and UN Global Compact. The bank also uses the sustainable finance regulations developed at a European level. With this as a basis, Swedbank has defined what sustainability means to the bank (see "Sustainability for Swedbank" on page 24) as well as a sustainable business strategy with an operational plan on how sustainability will be integrated in to the bank's operations.

Materiality and impact analyses

A continuous dialogue was maintained with stakeholders during the year to obtain feedback and ideas through customer surveys, industry forums and investor meetings. The bank closely monitors which sustainability areas are being covered by the media and trade associations. In this way, Swedbank gains insight into trends, business risks and opportunities that help the bank to contribute to a sustainable society. The year's dialogues were based on the materiality analysis conducted in 2020, since no major changes were made in 2021 that required it to be updated. Swedbank conducts a large materiality analysis every few years.

The materiality analysis was conducted by selecting sustainability areas based on the most material sustainability aspects for the financial sector. These areas were then used in a survey of around 120 key employees from the various business areas and Group functions who also had a good

understanding of the bank's stakeholders. Based on the results of the internal survey, a second survey was sent to external stakeholders. Responses were received from around 900 private customers, 400 corporate customers, 500 employees, 17 social actors (e.g. authorities and interest groups) and eight investors. The materiality analysis was conducted in Sweden, Estonia, Latvia and Lithuania.

The results show that stakeholders ranked the areas that were important to the bank's core business highest, while product and thematically oriented areas rated slightly lower. Moreover, all the sustainability areas were considered important, with a lowest average score of 7.4 (on a scale of 1–10). Areas such as financial stability, stable IT systems with high security, and business ethics are among Swedbank's main success factors, according to stakeholders. Other more product-related areas such as sustainable investment and sustainable finance are also considered important for Swedbank to have a positive impact on society. The results have been used as the basis of strategic business decisions and annual activity planning. For more details on the stakeholder dialogues, see page 202.

As a complement to the materiality analysis, Swedbank updated the portfolio impact analysis from a sustainability perspective during the year. The methodology used in the impact analysis is based on the UN Environment Programme Financial Initiative (UNEP FI), which is part of the Principles for Responsible Banking (PRB). The areas where the bank's portfolio has the greatest impact include climate change, resource efficiency, inclusive and healthy economies, and employment. For a more detailed description of the analysis, see page 203.

Both analyses are used as guidelines in developing the bank's business strategy in order to reduce negative sustainability impacts and increase positive impacts. A summary of the results of the materiality analysis and impact analysis is presented on the following page.

Summary of Swedbank's materiality analysis and impact analysis

	Order of priority from the materiality analysis	Note	Significant sustainability area from the impact analysis*	
Key parameters	1	Secure and stable IT systems	S7	Justice
	2	Business ethics	S7, S10	Inclusive & healthy economies
	3	Financially stable bank	S8	Inclusive & healthy economies
	4	Combat financial crime	S7	Justice
	5	Responsible governance	S7, S10	Inclusive & healthy economies
	6	High accessibility	S1	Justice
	7	Attractive employer	S6	Inclusive & healthy economies
Thematic areas	8	Promote sustainable investment	S2, S9	Employment
				Climate
				Biodiversity & ecosystem
				Waste
				Resource efficiency
9	Promote climate transition	S2, S3, S4, S5	Inclusive & healthy economies	
10	Societal engagement	S8	Climate	
11	Promote sustainable finance	S3, S9	Climate	
			Biological diversity & ecosystem	
			Waste	
			Resource efficiency	
			Inclusive & healthy economies	

* Can be both positive and negative impact.

The figure above describes the key sustainability areas based on the results of Swedbank's materiality analysis and impact analysis. The areas from the impact analysis have been aligned with the areas from the materiality analysis. A description of how the analyses were conducted is provided under Materiality and impact analyses on the previous page as well as on page 202–203.

Swedbank's most important voluntary commitments

It is in collaboration with others that Swedbank can make the biggest difference. The bank follows a number of international commitments to ensure that it lives up to international expectations. During the year, the bank continued to implement the PRB. By signing the principles, Swedbank has joined over 260 other banks committing to align with the Paris Agreement

and the Sustainable Development Goals as well as contributing to their success. Swedbank has also signed the UN Global Compact and bases its sustainability work on the underlying conventions and declarations. See a summary of the bank's most important commitments on the next page.

Commitment	Description
UN Global Compact	Global framework to encourage businesses to take responsibility for sustainability issues. The UN Global Compact consists of ten principles including human rights, labour rights, environmental issues and anti-corruption. The guidelines are based on international conventions and declarations.
Principles for Responsible Banking (PRB)	Framework and practices consisting of six principles to align the financial sector with the Sustainable Development Goals and the Paris Agreement.
UN Guiding Principles on Business and Human Rights	Guiding principles on how businesses should work with human rights.
UN Women's Empowerment Principles	Seven guiding principles on women's empowerment in order to adapt the financial sector to the Sustainable Development Goals.
Task-Force on Climate-related Financial Disclosures (TCFD)	Framework for reporting climate impacts and scenario testing of loans and investments that includes governance, strategy, risk management, and metrics and targets.
Science Based Targets initiative (SBTi)	Method for setting and validating science-based climate targets for companies in line with the Paris Agreement.
Equator Principles (EP)	Risk management framework for project financing to assess sustainability risks.
Principles for Responsible Investments (PRI) (Swedbank Robur)	Framework and practices consisting of six principles to increase the understanding of responsible and sustainable investments.
Climate Action 100+ (Swedbank Robur)	An investor-led initiative to ensure that the world's largest corporate greenhouse gas emitters take the necessary action on climate change.
Finance for Biodiversity (Swedbank Robur)	Commitment where signatories by 2024 will collaborate and assess their own impact as well as set targets and report biodiversity related data.
International Corporate Governance Network (Swedbank Robur)	An investor-led organisation whose mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.

Sustainable finance regulations set a new standard

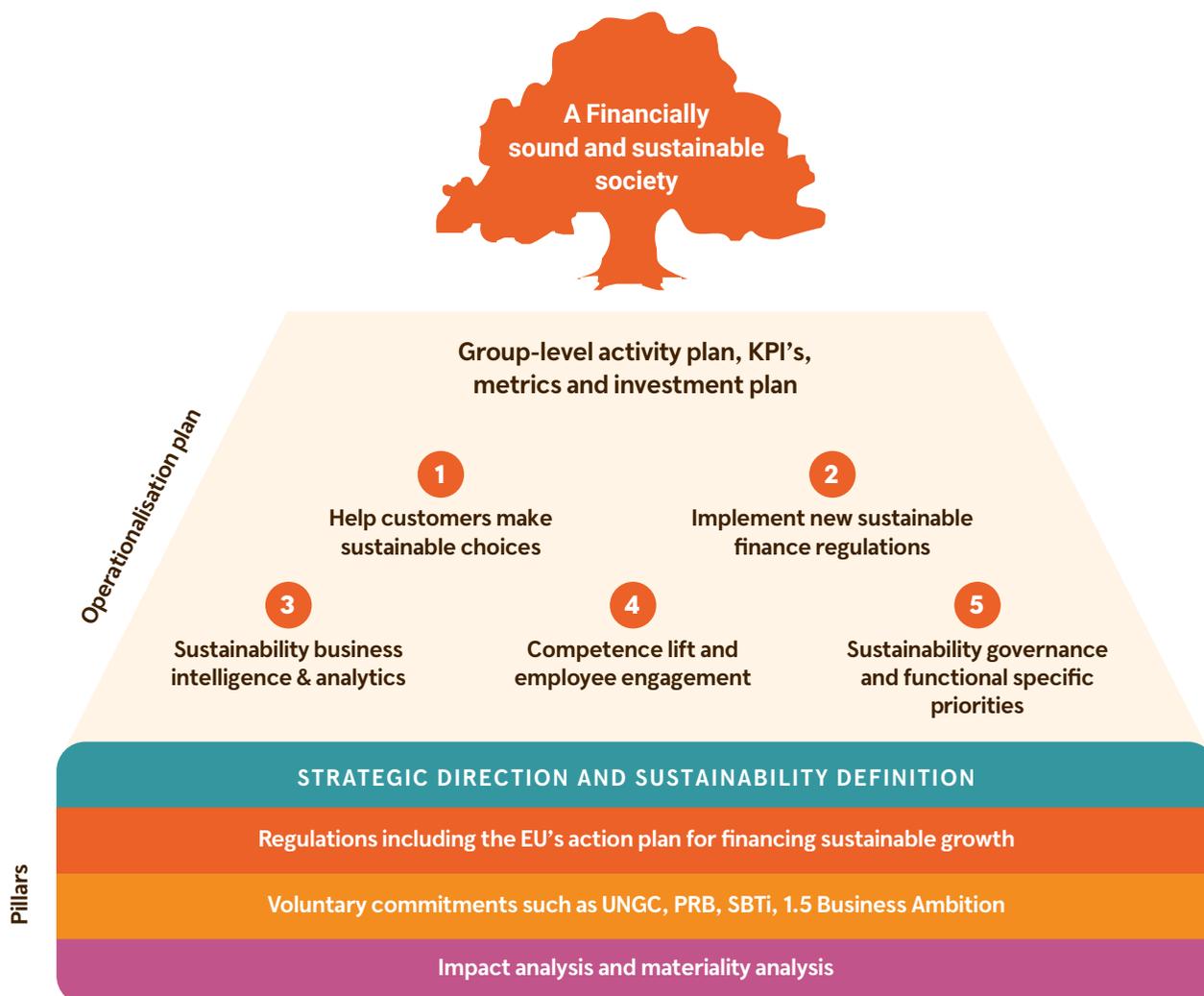
In recent years, the EU has developed a sustainability agenda with the EU Green Deal and the EU Action Plan on Financing Sustainable Growth where the latter focuses on the financial sector. Swedbank supports EU's vision and is developing its operations to contribute to a more sustainable economy where customers and investors can make well-informed decisions. Swedbank views the EU initiatives as something that can positively contribute to the bank's purpose, to "empower the many people and businesses to create a better future".

During 2022, several EU sustainable finance regulations will start to apply or be further developed. Those regulations with an application date in 2022 that impact the bank are the Sustainable Finance Disclosure Regulation (SFDR), the sustainability related amendments to MiFID II and IDD, the inclusion

of ESG risk in the Pillar 3 report and the Taxonomy Regulation ("the Taxonomy"). These regulations aim, among others, to enhance the transparency on how sustainable investments are and how sustainability risks are managed, as well as to better understand the sustainability preferences of the bank's customers when providing investment- or insurance advice.

The Taxonomy creates a classification system in the EU for environmentally sustainable economic activities. The purpose is to help investors identify environmentally sustainable investments. Swedbank is reporting in accordance with the Taxonomy for the first time in this Annual and Sustainability Report. For more information on Swedbank's mandatory Taxonomy reporting see page 204–205 and for the voluntary Taxonomy reporting see page 216–217.

Swedbank's sustainability work



Operationalisation of the bank's strategic direction

Based on the key sustainability areas as determined by the bank's stakeholders, the impact analysis, voluntary commitments and regulations, a definition was developed of what sustainability means to the bank. At the same time a business strategy with sustainability at its core was developed. The work during the year to operationalise the strategy resulted in a Group-level, five-year transformation plan centred on sustainability and stronger sustainability management through

the establishment of the Swedbank Sustainability Committee. The plan addresses the areas where the bank has to develop in order to deliver on the strategic direction as well as coordinate priority for activities and targets. It is also structured according to the five main areas that are integrated in Swedbank's activity plan in coming years. See a summary of the bank's work in the figure above.

Sustainability for Swedbank

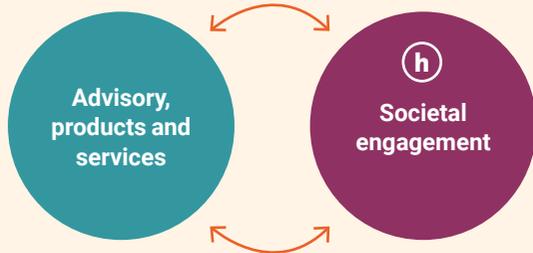
Doing things right

Sustainability basics through our own operations

- a Environmental Sustainability**
 - Environmentally safe operations
 - Paris-aligned financing and investments
- b Social Sustainability**
 - Diverse, inclusive and sustainable workforce
 - Fighting financial crime
- c Governance & Ethics**
 - Responsible corporate governance and business ethics incl. purchasing
 - Compliant business and transparent disclosure
- d Financial Sustainability**
 - Profitable and financially stable
 - Secure, accessible and stable infrastructure



- e Doing the right things**
Our impact and contribution through our customers
- f Empower the many People to create a better future by supporting sustainable choices**



- g Empower the many Businesses to create a better future by supporting the transition**

Integrating sustainability in the bank and by customers

Together with the strategic direction, Swedbank has defined what sustainability means to the bank and its stakeholders. This has resulted in the sustainability definition illustrated above, which rests on two pillars: “Doing things right” and “Doing the right things”. The definition supports the transition needed in society and is a natural element in the bank’s strategy to enable customers, employees, owners and society to create a better future.

‘Doing things right’ – a sustainable foundation is created through the bank’s own operations

Swedbank made important strides during the year to further integrate sustainability in all its operations. “Doing things right” is the foundation for the bank’s sustainability work and building blocks, and the source of the bank’s credibility. It is how we describe our internal work across four areas: Environmental Sustainability, Social Sustainability, Governance & Ethics and Financial Sustainability.

a Environmental Sustainability

Swedbank’s environmental impact consists of a direct impact from its own operations and an indirect impact via customers and suppliers. Swedbank has to continuously reduce the negative impact in the organisation by further improving processes and systems. As a bank, we also have a big responsibility to redirect capital flows to sustainable alternatives and empower private customers to transition to a more sustainable lifestyle and businesses to a Paris-aligned business model.

Environmentally safe operations

Over the years, Swedbank has invested in structured and purposeful work within the environmental area and was already in 2003, as the only listed bank in Sweden, environmentally certified according to ISO 14001. The environmental work is carefully structured according to this international environmental management standard, which also includes an annual third-party review.

Based on the management system, the bank decides on goals and implements initiatives with the aim of reducing the bank’s environmental impact. In 2021, Swedbank’s units and subsidiaries decided on more than 260 sustainability goals. Through the yearly Management Review, which is part of the management system and is carried out at Group management level, the bank’s clear and measurable sustainability goals are followed up on, with continued focus on development and improvement.

As for the emissions Swedbank cannot remedy on its own, the bank compensates. This has meant that Swedbank has been net zero since 2019 based on its direct emissions. Climate compensation is done by supporting Vi-skogen, which through tree planting, agro-forestry and sustainable cultivation methods contributes to the storage of carbon dioxide. In 2021, Swedbank compensated for 9 201 tonnes of carbon dioxide.

Swedbank reports on a wide range of environmental performance indicators. The main indicators to monitor the bank’s environmental impact are GHG emissions, energy consumption and business travel (for more details, see page 216–218). In the period 2019–2021, Swedbank reduced its direct GHG emissions by 63 per cent with Covid-19 as a strong factor due to the drop in air travel in 2020–2021.

Continuous upskilling for the bank’s employees on the environment and climate change is critical to development in this area. A large number of employees have received a thorough review of the IPCC’s latest climate report, and the bank’s e-training on climate risks is now available to all employees. The training comprises three levels: a mandatory course for all employees, more in-depth mandatory training for all those who meet customers as well as their support functions, and lastly a detailed course for everyone who participates in scenario analyses based on the TCFD recommendations.

During the year, Swedbank also initiated many activities to reduce its internal carbon footprint. One was a climate challenge to employees, where researchers from KTH Royal Institute of Technology analysed the role that organisations play in promoting more sustainable lifestyles. Over eight weeks, 137 employees participated in the project, which among other things analysed their personal carbon footprint using the digital tool Habit. The goal for the employees was to reduce the carbon impact by 22 tonnes, but in fact they achieved more than double that, 55.7 tonnes. The project was part of employee upskilling on climate change, which also helps us to better support customers in their transition.

Another climate related activity is the bank's work to digitise customer mailings, which is continuing. Some annual mailings have more than two million recipients and it is gratifying to see that the digital share is steadily growing. In 2021, it was around 75 per cent for several mailings, and the goal is to further increase that in coming years.

Paris-aligned financing and investments

Swedbank has an important responsibility to align the bank, its customers and society as a whole with the Paris Agreement's 1.5°C target. As part of this work, Swedbank has pledged to decide on science-based emissions reduction targets in accordance with Science-Based Target initiative (SBTi) and Net Zero Banking Alliance (NZBA). This means that Swedbank is committing to set both short- and long-term targets as needed to limit global warming to 1.5°C.

Swedbank is currently developing targets in accordance with the above-mentioned commitments and intends to gradually implement them for various asset classes where calculation methods are available. Swedbank has initially chosen to focus on the real estate sector, which includes both mortgages and financing for commercial properties, since it represents a significant portion of the bank's balance sheet.

The reduction targets in the real estate sector will be based on SBTi's Sectoral Decarbonisation Approach (SDA). By using SDA, the targets are developed using the baseline year's financed emissions as well as the annual reduction needed to achieve the overarching long-term target. In the work of setting science-based reduction targets, inadequate data is a challenge. Swedbank has chosen to use an emissions calculation method provided by the Partnership for Carbon Accounting Financials (PCAF). This makes it possible to initially perform the calculations with fairly limited data. As more data becomes available, the calculations will be based more on primary data and in this way improve the reliability. A preliminary assessment shows that the method is favorable for Swedbank, with good opportunities for improvement over time.

During the year, Swedbank Robur, Swedbank's asset management subsidiary, adopted stringent fossil fuel criteria for all its funds and published new intermediate targets and methods to reach its goal of net zero by 2040.

Assessing climate risks is another important part of the bank's environmental work to ensure future profitability and security for its customers. In addition to TCFD reporting and scenario testing (for more information, see page 206–208), Swedbank has established a cooperation with the Swedish Meteorological and Hydrological Institute (SMHI) to improve the bank's methods and skills to assess the physical climate risk in the property-related portfolio and understand how much

value is put at risk in different scenarios. The research shows that more extreme weather can be expected with heavy precipitation, more storms, a warmer climate and more humidity, which could lead to damages caused e.g. by moisture, mould and rot. These are factors that can impact a property's future value.

Swedbank's climate work draws attention

During the year, Swedbank's climate management was highlighted in the Financial Times Europe's Climate Leaders and the Haga Initiative's analysis of listed Swedish companies' climate goals. The former survey lists the 300 companies that achieved the largest GHG emissions reductions (scope 1 and 2) between 2014 and 2019. Swedbank's total score was 71 per cent, one of the highest among the Swedish companies and the strongest in the Swedish financial sector.

The Haga Initiative's Ambition Index 2021 shows which major publicly listed companies have goals to cut their direct GHG emissions in half by 2030, in accordance with the Paris Agreement's 1.5°C target. Swedbank was given green status, but also commended for its decision to set indirect climate targets for investments and loans.

b Social Sustainability

Swedbank feels that its success as a bank goes hand in hand with reducing social challenges. There is a big competitive advantage in being able to attract customers, employees and investors by contributing to a sound and sustainable society and being an inclusive bank. Swedbank offers banking services distinguished by being caring, simple and open to all customers and employees regardless of their financial situation, age, gender, ethnicity, sexual orientation or disability.

Work environment and health – strategically important areas

Offering a safe and stimulating work environment where employees can perform their best and build long-term relationships is strategically important for the bank and to build sustainable customer relations. In 2021, the Covid pandemic necessitated further measures to provide a work environment that functions both in the office and at home. The Group's Swedbank at Work concept consists of both working in the office and remotely depending on the employee's role and responsibilities.

For Swedbank, "sustainable employees" is a term that means employees who feel healthy and enjoy their work. A positive work environment and good health are important cornerstones to achieve this. Extensive work is being done to detect, manage and prevent illness, where managers play a central role.

Opportunities for personal development are another important part of creating a good work environment. The bank offers a wide range of internal training in various areas relevant to employees, such as the bank's code of conduct, environmental issues and anti-financial crime. In addition, nearly 10 000 employees have signed up to LinkedIn Learning, where they have free access to a large number of courses. The world is rapidly changing and the bank has to adapt to new conditions and needs and employees have to continuously improve their skills. The bank's view is that employees have to practice self-leadership and drive their own development.

The bank's occupational health and safety work is monitored and evaluated through employee surveys three times a year, to gauge how employees feel and how well they understand and deliver on the bank's strategically important areas. All managers are tasked with reviewing and following up the results with their teams. These surveys can thereby contribute to a continuous dialogue and open feedback culture. The results from Swedbank's Sustainable Employee index show a positive trend during the year and rose from 81 to 85.

Diverse, inclusive and sustainable workforce

Swedbank is an inclusive bank where gender equality and diversity are widely accepted. Differences are beneficial to the bank's decision-making, creativity and performance. The goal is to be a leader in gender equality and diversity in all our home markets and that the bank's employees will reflect the diversity of the local community. There is a strong belief that inclusion also increases employee competency and understanding for others and the varying needs of all customers. The employee surveys confirm that Swedbank offers an inclusive workplace.

Discrimination and harassment are taken with the utmost seriousness. In 2021, the process for handling discrimination and harassment cases was updated. Managers receive frequent training in the area and the units are offered workshops through the Swedish anti-bullying organisation Friends.

Fighting financial crime

One of Swedbank's biggest responsibilities is to prevent the Group from being used to facilitate the movement of criminal proceedings or transfer of funds destined to finance terrorism. In this sense, the bank isn't for everyone in that we work hard to exclude criminal elements. This is essential to Swedbank's vision of "a financially sound and sustainable society" and has major social consequences in the event of a failure. Like all financial institutions, Swedbank is exposed to the risk of being targeted for money laundering and terrorist financing (together called financial crime). Internal rules, processes, collaborations and support functions are in place to prevent the bank's payment systems from being used as a tool for criminal activity. As a general rule, the Group has an overarching policy on anti-money laundering and terrorist financing that is adopted by the Board of Directors and revised annually. The bank has established an Anti-Financial Crime unit (AFC) to strengthen AML/CTF work.

In January 2021, the 244-point AML/CTF action plan was concluded and replaced by the long-term AML/CTF & Sanctions Transformation Program, which aims for international best practices in the financial industry. The program comprises the development and improvement of controls and ensures a strong model and organisation to manage risks in the bank. This is facilitated by integrated systems, data and infrastructure, which create a solid and transparent foundation for AML/CTF work in the bank. The program's goal is to stay on the forefront in the fight against financial crime in order to alleviate the shortcomings identified in the investigations by the Swedish and Estonian FSA's. This work will take several years and result in higher efficiency.

In the fight against financial crime, Swedbank is active in the Swedish Anti-Money Laundering Initiative (SAMLIT), a collaboration with the Swedish Police Authority and the banks to better identify and combat money laundering, organised crime

and terrorist financing crime through increased information sharing. This has made it possible, for example, to more easily share new approaches, typologies and other patterns that have been identified together.

The work to resolve the historical shortcomings in internal governance and control is making step-by-step progress. The investigations by Nasdaq OMX and the Swedish FSA have been presented and concluded.

Swedbank has articulated a low-risk profile comprising the entire bank.

Governance & Ethics

Responsible corporate governance

Swedbank plays an important role in society for the many households and businesses. Without the products and services that banks provide, the financial system would cease to work. To maintain a functioning financial system, Swedbank has a corporate governance model that includes clearly defined responsibilities and effective internal governance and control, risk management and compliance. Managing sustainability risks responsibly is important to Swedbank and helps maintain trust in the brand. For more information on Swedbank's corporate governance, see pages 42–63.

Swedbank's work with sustainability risks

During the year, Swedbank refined its approach to sustainability risks. In the bank's Top-Down Risk Assessment, sustainability risk has been identified as one of the bank's greatest strategic risks, and a sustainability risk appetite has been introduced with special emphasis on climate-related risks. To limit the exposure to the most at-risk sectors, limits have been introduced for selected customer segments identified as especially vulnerable to transition risks. Customers in these sectors now also receive special attention in connection with individual credit decisions. The aim is to ensure that the bank makes well-informed credit decisions that also take into account climate-related transition risks. These risks arise, e.g. due to political decisions, breakthrough technological developments and changing market behaviour. The bank and many corporate customers are seeing accelerating development in environmental issues and climate change, which make the in-depth analysis important.

Other useful tools in this work are stress tests and scenario analyses. In the bank's Internal Capital Adequacy Assessment Programme (ICAAP) for 2021, the effects of a disorderly climate scenario that negatively impacts the macroeconomy has been taken into account. The effects of extensive flooding on property prices are investigated as well. Sustainability risk as a possible driver of liquidity risk has also been addressed in the Internal Liquidity Adequacy Assessment Programme (ILAAP). Moreover, Swedbank is collaborating with SMHI to analyse climate impacts in Sweden and the Baltic countries, including on the real estate sector. This will better improve understanding of the physical risks caused by climate change.

During the year, Baltic Banking conducted a self-assessment of the bank's climate risk management at the request of the European Central Bank (ECB). The evaluation describes the plans to ensure that Swedbank's Baltic operations meet the ECB's expectations for managing climate risks. For more on the ECB's expectations and Swedbank's risk management, see pages 206–208 and 216.

Business ethics

To maintain a viable financial system, Swedbank is dependent on public trust. Trust is built on behaviours that reflect the bank's values as an organisation. To ensure compliance with these values, guidelines are in place that require all employees to follow the bank's code of conduct. The code describes what Swedbank does in practice to follow the values simple, open and caring. For more information on the bank's code of conduct and other policies, visit Swedbank's website. To read more about the bank's anti-corruption work see page 223.

Compliance and transparent disclosure

Compliance and transparency are important parts of Swedbank's corporate culture. The bank is constantly increasing transparency on its sustainability management through reporting in accordance with e.g. TCFD, PRB and the Taxonomy. Increased transparency on the effects of loans and investments is being demanded by Swedbank's stakeholders, and it is important that the bank lives up to their expectations. Swedbank supports this development and sees great value in transparently disclosing relevant information to its stakeholders.

Contributing to a sustainable society requires transparent information, so that everyone can make better-informed decisions. For Swedbank, this means among other things that its auditors review all sustainability information in the Annual and Sustainability Report and that independent evaluations are conducted, e.g. of the bank's green bond framework and ISO 14001 environmental management system.

d Financial Sustainability

Financial sustainability is a natural part of Swedbank. For the bank to maintain a critical role in society requires long-term economic stability. It is important that Swedbank continues to develop a secure, accessible and stable infrastructure of banking services for customers.

Profitable and financially stable

Swedbank values consistent profitability ahead of rapid growth. This contributes to stability and predictability for the bank's stakeholders. The keys are a competitive return on invested capital and market-leading cost efficiency. Stability

is strengthened, e.g. by pricing products based on risk and capital requirements, and avoiding short-term market trends. This has helped Swedbank to maintain strong financial results. See the financial targets on page 17.

Secure, accessible and stable infrastructure

Swedbank is a digital bank with physical meeting points that focuses on maintaining a stable infrastructure and reliable digital performance to ensure that its products and services are available when needed. If Swedbank's digital performance is not what it should be, it could have negative consequences for customers. Efforts to develop a secure, accessible and stable infrastructure are therefore a high priority for the bank. Rapid digital development also increases digital vulnerability. Swedbank therefore devotes large resources to prevent violations, misuse of existing and new technology, cyberthreats and fraud. For more information on the bank's work with information security, see page 223–224.

e 'Doing the right things' – we contribute to and influence

The savings bank idea of savings and financial security is still a guiding force in the bank's operations. Swedbank wants to empower the many people and businesses to create a better future by making access to financial literacy and financial services more widely available and simple to understand. With advice and support, sustainable choices and simpler solutions, the bank helps people and companies to improve their finances and businesses. Together with customers, Swedbank is building a more economically sound and sustainable society.

The bank's advice, products and services facilitate the transition to a society that addresses economic, social and environmental concerns. Swedbank continuously develops its offerings from a sustainability perspective.

f Advice for private customers**Financial inclusion**

Swedbank's vision is a society that is financially sound and sustainable. Digitisation and new technology enable the bank to reach out to customers with services that save time, reduce costs and make everyday banking easier. Society's digitisation also means that these channels are increasingly exposed to

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Swedbank was listed in the Dow Jones Sustainability World Index for the second year in a row. The index annually ranks the world's most sustainable companies. Inclusion is proof that Swedbank has been successful in its work with corporate governance, risk management, human rights, the environment and labour issues.

Dow Jones Sustainability World Index Score

financial crime. For Swedbank, it is important that customers can do their banking in the digital channels safely and securely. Swedbank therefore has several ways to identify and carefully monitor the development of security solutions.

Due to the pandemic, Swedbank's customers interacted with the bank through digital channels to a greater extent. During the year, the bank, amongst other things, made it possible for children and young people to become customers digitally. To improve their mobile experience, the bank has created a financial dictionary especially for them. With a guardian's approval, young customers older than 12 can now upgrade their mobile SecurityID to a mobile BankID without visiting a branch. This is an improvement since Covid-19 testing requires identification with BankID. During the year, Swedbank also enabled private customers without a bank card to order cards through the Internet Bank. Demand for virtual services has quickly risen, and to improve Swedbank's digital accessibility in the Baltic countries a video advisory service has been launched for both private and corporate customers. Examples of other mobile services are subscription tools, shake balance inquiries by mobile phone, contact-less payments, integrated cost controls, budgeting tools, e-bookkeeping and 24/7 virtual user help.

Swedbank, the savings banks and the savings bank foundations created in partnership "Digital Economy" to help those who feel uncomfortable trying digital services such as BankID and Swish. During the year, a recurring day "Digital today" was also arranged in over 50 locations throughout Sweden. The goal of the nationwide initiative, in collaboration with other sectors of society, is to inspire everyone to willingly take part of the digital transformation.

In addition to a large branch network, the bank has a customer center responsible for non-physical channels that is also available for a large part of the day. Most services are available on digital platforms such as on the internet bank, mobile apps and tablets. In addition, all branches are accessible to those with disabilities in Sweden, and in the Baltic countries the figure is 96 per cent.

Financial health and well-being

Financial health and well-being are based on three factors: a feeling of financial security, a sense of financial freedom by being able to perform meaningful activities and a feeling of control over your finances. Swedbank helps the many customers to achieve financial security, freedom and control at every stage of life. Below is a selection of initiatives on financial health and well-being for private customers.

Our entire society is undergoing a digital transformation and Swedbank is now developing digital advice on a large scale for the many customers. The bank's customers should be able to combine digital aids and analysis tools with personal meetings with our advisors online or in any of our branches.

Swedbank continued during the year to meet its customers' needs when economic conditions change. Sustainable savings are attracting more people, especially the young. To encourage long-term savings in this group, a campaign called "Birthday Present 18" was launched in Estonia where custom-

ers who turn 18 receive one free share in Swedbank Robur's Access Edge Global fund. Swedbank has also continued to provide students and children financial literacy training in all home markets.

In Estonia, the bank launched a new form of personal savings to meet the increased demand generated by the country's pension reform. In the Baltic countries, the number of customers who use savings and investment products is quickly growing. To meet this demand, Swedbank now offers customers in the three countries 19 funds managed by Swedbank Robur.

In Estonia, Latvia and Lithuania, Swedbank participates in a state-guaranteed mortgage assistance programme to aid various groups in financing a home, based on established criteria. In Latvia, e.g. families (with three or more children) and those up to the age of 35 with a higher education or professional training can apply for these loans. During the year, the offer was expanded to include energy improvements to existing homes.

Climate change

Swedbank's aim is to help people make sustainable choices. To encourage green living, the bank offers an additional 10 basis point discount on a customer's mortgage if their home meets any of the bank's criteria, e.g. energy class A or B or the Nordic Swan ecolabel. The discount is applied after the customer has received a personal mortgage rate.

Swedbank has created a solar loan for private customers who want to invest in solar panels from a retailer of their choice. Private customers who plan to purchase a more environmentally friendly car are offered a lower loan rate.

Going forward, Swedbank will focus even more on helping customers with energy efficiency improvements in their real estate assets. Therefore the bank joined the initiative Energy Efficient Mortgages from the European Commission that includes around 70 loan companies. The collaboration aims to drive the development of energy-efficient investments and shape standards and financing models that can provide more favorable conditions for mortgage customers who improve the energy efficiency of their homes. Swedbank also participates in the Nordic Energy Efficient Mortgage initiative, which is based on the Nordic climate and housing standard.

g Advice for corporate customers

One of the bank's missions is to support corporate customers in transitioning to sustainable business models. This is done through dialogue, advice, financing products and services that contribute to the transition for the company and make them more competitive.

Green building loans and green housing loans are two new products for corporate customers that were launched during the year. Green building loans are designed for companies that build energy-efficient and sustainability certified properties in energy class A or B. Green housing loans are offered to companies that want to finance activities that align with Swedbank's green bond framework.

Together with six other banks, Swedbank is part of an initiative to contribute to a more sustainable construction industry. The banks have developed harmonised guidelines and tighter

lending requirements for construction and real estate companies. The harmonised guidelines are scheduled for launch in 2022. The aim, together with the real estate and construction sectors, is to achieve greater control over labour issues at every level of the supply chain, and in this way reduce the risk of employee mistreatment and financial crime.

Since 2017, Swedbank has been an issuer of green bonds in its own name. Based on the green bond business, the bank can support the financing of sectors that contribute to a more sustainable society. The increased interest in this type of bond enables the bank to further intensify its efforts to increase green lending. Swedbank is the first Nordic bank to issue a green bond in the U.S. market for the equivalent to USD 1bn. It was the third green bond in 2021, and by issuing green bonds and offering sustainable loans the bank promotes sustainable development. Swedbank has now issued green bonds in all the major currencies – USD, EUR, GBP and SEK – equivalent to SEK 30bn.

Swedbank also provides advice to customers seeking financing in the capital market and wants to do it by issuing green, social or sustainable bonds to, e.g. companies and municipalities. This also benefits investors who seek sustainable investments and buy these bonds, e.g. insurance companies and pension fund managers. Swedbank was an advisor on an average of two sustainable bond issues per week in 2021 and is the market leader in issuing bonds in Swedish kronor. Both for traditional and ESG bonds.

To coordinate advice on wholesale funding, Swedbank chose last year to further broaden its range of sustainable products. Swedbank has strengthened its leading position in green equity by collaborating with Nasdaq on the creation of a new designation for this asset class. The designation is available to companies listed on the stock exchanges in Sweden, Finland and Denmark.

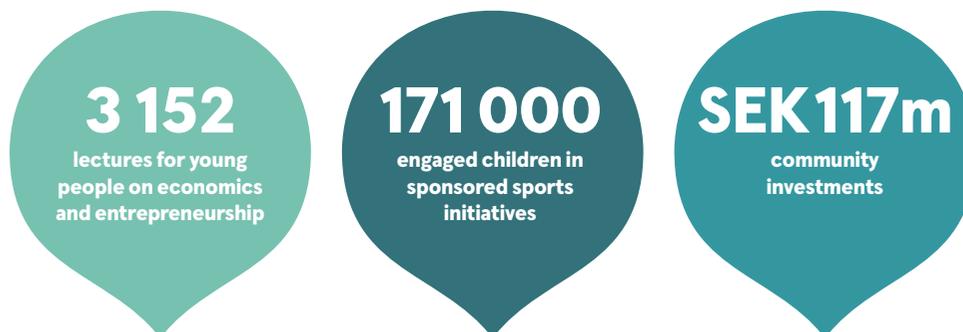
h Societal engagement

Societal engagement has played a key role throughout Swedbank's history. The first Swedish savings bank was founded in 1820 to help the general public save and achieve long-term financial security. As a leading bank in Sweden and the Baltic countries, Swedbank is in a position to influence, but is also influenced by, developments in society. The bank is engaged in social issues such as education, health and well-being, jobs and entrepreneurship.

As engaged owners, the savings banks and savings bank foundations, like Swedbank, are active in these issues and promote social development in line with the original values.

Part of Swedbank's profit goes to the foundations in the form of dividends and is invested in various social projects, mainly locally and regionally but also nationally.

Progress in these areas is important to society's development and the bank's business. For more information on Swedbank's societal engagements, see page 224–225.



Sustainability

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Sustainability management

Swedbank's governance model ensures that the bank can deliver on its core business – to empower the many people and businesses to create a better future. Sustainability management is based on a framework of sustainability policies, instructions, position statements and sector guidelines. The Group's operational controls also include Swedbank's strategic direction, Group-level goals, implementation, monitoring and reporting to integrate sustainability in the bank's core processes. Swedbank's definition of sustainability furthermore rests on two pillars: "Doing things right" and "Doing the right things".

Doing things right means integrating sustainability in Swedbank's own operations and is based on the bank's governing framework. For example, Swedbank applies the precautionary principle and follows the UN Global Compact's ten principles. Another example is Swedbank's ISO 14001 certified environmental management system, which organises environmental work and provides a structure to monitor targets and results. The management system requires the bank to continuously improve its operations in accordance with the requirements in the standard and report the results in the annual "Management Review" where the bank presents the results from the business units to the Group Executive Committee. The results are also presented in the internal and external audits of the environmental management system.

Doing the right things includes Swedbank's indirect impact through customers and their activities. First, Swedbank will give people the opportunity to create a better future by supporting sustainable choices through advice, products, services and societal engagement. Secondly, the bank will give businesses the opportunity to create a better future by supporting them as they transition, where the bank e.g. must ensure that its financing and investment align with the Paris Agreement's 1.5°C target.

The Board of Directors has ultimate responsibility for Swedbank's sustainability management. The Board is actively engaged in the bank's sustainability matters and receives continuous updates on the work. The bank's policies in the area are adopted by the Board. All of the bank's sustainability policies (available on swedbank.com/sustainability) are based on Swedbank's Code of Conduct, which sets the standard for Swedbank's sustainability management. Aside from the Code of Conduct, the policies most relevant to sustainability are the Group's Anti Bribery & Corruption Policy (ABC policy), Sustainability Policy, Environmental Policy, Human rights Policy, the bank's Code of Conduct for Suppliers, and the Policy on Diversity and Inclusion.

The President and CEO's main responsibility is to ensure that Swedbank can deliver on the strategic direction, which shows where the bank is headed and what has to be done to achieve the bank's vision and goals, of which a sustainable society is an important part. The CEO is also responsible for the Group's position statements on defence equipment and climate change as well as the instructions that support the implementation of the bank's policies. The position statements generally contain more details than Swedbank's policies.

Swedbank's sustainability committee was established in February 2021 and is led by the Head of Group Brand, Communication & Sustainability, who has been authorised by the CEO to lead the committee at the Group level. The committee's goal is to guide and support the management on sustainability related matters within the Group. Swedbank's sustainability committee handles areas involving human rights, tax issues, environmental challenges and ethical dilemmas.

All business areas and Group Functions have an opportunity, prior to a business decision, to request the committee's assistance with various sustainability matters. The committee provides knowledge and experience in the field and helps decision-makers within the Group understand risks and opportunities in order to make sound and sustainable decisions. The members, who include representatives of the Group Executive Committee, represent the bank's various business areas and Group Functions. The committee's recommendations must be followed, but cases can also be escalated to the CEO if a consensus cannot be reached. The cases that are taken up are monitored by and distributed to the CEO and Group Executive Committee on a quarterly basis.

In each Baltic country Swedbank has local Sustainability Committees following the same working principles and process as the group Sustainability Committee.

Group Brand, Communication & Sustainability drives Swedbank's sustainability management forward and passes on proposals to the CEO. Group Sustainability, which is part of this unit, is led by the bank's Head of Sustainability that reports to the Head of Group Brand, Communication & Sustainability. Group Sustainability's main task is to promote sustainability-related matters in strategies, goals and monitoring. The Head of Group Sustainability is also Chair of Swedbank's Green Bond Committee, which decides on green assets in accordance with the Green Bond Framework.

Group Sustainability consists of two units: Center of Excellence and Sustainability Management, with a combined staff of twelve. Sustainability Management mainly works with sustainable bonds, reporting and ISO 14001, while the Center of Excellence works with the integration of sustainability in each business area. Also included in the unit is Swedbank's programme to coordinate the implementation of the EU action plan on financing sustainable growth.

Throughout Swedbank, **sustainability ambassadors** have been appointed in the Group Functions, product areas and business areas. They serve as contacts with Group Sustainability and are responsible, together with the line manager, for aligning their operations with sustainability policies, instructions and routines. The sustainability ambassadors, together with the line managers, also draft action plans, environmental goals and activities with support from Group Sustainability. During the year, around 45 sustainability ambassadors helped to drive the sustainability agenda forward using the ISO 14001 environmental management system as a basis.

Other Group Functions collaborate with Group Sustainability on the integration of frameworks, policies and governance tied to sustainability. Each Group Function is responsible within its area of operation for sustainability management. The sustainability area and the skills needed determine which unit has the main responsibility. For example, HR is responsible for the Policy on Diversity and Inclusion.

Successful risk management requires a well-established risk culture and uniform approach. Swedbank's risk management is built on three lines of defence with clearly defined responsibilities. The **first line of defence** consists of risk management by the business operations within the business areas, product areas and Group Functions. Management in the first line is responsible for continuous and active risk management and owns the risks within their respective area. They ensure that appropriate processes and internal control structures are in place so that risks are identified, assessed, managed, monitored, reported and kept within the boundaries of the Group's risk appetite and Risk Management Framework.

The **second line of defence** is the bank's independent control functions, such as the risk organisation (Group Risk) and the compliance organisation (Group Compliance). They are responsible for the risk management framework, which includes all material risks in the Group, and determine whether an effective risk management process and controls are implemented in the bank. The second line of defence validates and challenges the first line's risk management activities. The functions are independent from the operations and report to the CEO and the Board.

The **third line of defence** consists of Swedbank's Internal Audit, an independent control function where the Head of Internal Audit is appointed by and reports to the Board and thus is independent of the executive management. Internal Audit's reviews are designed to create operational improvements by independently evaluating the bank's governance, risk management and internal control processes. The materiality analysis is considered in Internal Audit's annual risk assessment to ensure that relevant sustainability aspects are included in the audit plan. In 2021, Internal Audit conducted a number of reviews of the bank's sustainability commitments. The reviews included the areas of sustainable finance, sustainable investment, business ethics and information security. With the help of these reviews, processes and tools have been developed and refined.

Committees: The preparatory bodies Group Risk and Compliance Committee and Group Credit Committee are responsible for handling sustainability-related issues. The Procurement Sustainability Council handles procurement-related, escalated sustainability issues where the Head of Sustainability is also involved. In the case of difficult business decisions or when the framework does not provide enough guidance, issues can be escalated to Swedbank's Sustainability Committee.

Line managers in the business area and product area are responsible for implementing sustainability in the bank's business decisions and routines. They also monitor implementation of the sustainability framework.

Product areas: Sustainability is a key part of Group Products & Advice. Sustainability is incorporated in various areas such as lending, savings and insurance products, advisory processes and Swedbank's subsidiaries: Swedbank Insurance, Swedbank Robur and Swedbank Mortgage. This unit has dedicated sustainability teams and/or managers to ensure that the unit can meet various stakeholders' sustainability demands.

Business areas: Customers' demands for a sustainability focus in product offers are growing for Swedbank's business areas: Swedish Banking, Baltic Banking and Large Corporates & Institutions. To meet this demand, there is dedicated sustainability experts in each business area. They are mainly responsible for implementing the Group's sustainability framework and ensuring that the right resources and expertise are in place to meet customers' demands.

External audits of Swedbank's sustainability management are conducted by third parties for various purposes. Swedbank's Annual and Sustainability Report is audited based on the criteria in the GRI Standards, Swedbank's Green Bond Impact Report is audited annually, and an external ISO 14001 audit is also conducted. Third party audits are important to help Swedbank improve its sustainability processes, ensure high quality and contribute to further development.

For more information, see Swedbank's corporate governance report on page 42–63.

Commitments

- Equator Principles
- Principles for Responsible Banking (PRB)
- Science Based Targets initiative (SBTi)
- Task Force on Climate related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- Climate Action 100+ (Swedbank Robur)
- Finance for Biodiversity (Swedbank Robur)
- ICGN, International Corporate Governance Network (Swedbank Robur)
- Principles for Responsible Investments (PRI) (Swedbank Robur)

Memberships and networks

- Bankers' associations in Sweden, Estonia, Latvia and Lithuania.
- Energy Efficiency Financial Institutions Group (EEFIG)
- Diversity Charter in Estonia, Latvia and Lithuania
- European Savings and Retail Banking Group Sustainable Finance Committee
- ICC Business Charter for Sustainable Development
- Institute for Sustainability and Corporate Social Responsibility in Latvia
- Lithuanian Association of Responsible Business
- Nordic CEOs for a Sustainable Future
- The Swedish Association for Sustainable Business (NMC)
- Swedish Bankers' Association's Sustainability Council and Committee
- Swedish banking sector's (employer association BAO and trade union Finansförbundet) Central Gender Equality and Diversity Committee
- Swedish National Advisory Board for Impact Investing (NAB)
- UN Environmental Programme for the Financial Sector (UNEP-FI)
- UN Global Compact's Sustainable Ocean Business Action Platform in Norway

The above are a selection of Swedbank's commitments, memberships and networks.

Sustainability indexes

For the second year in a row Swedbank qualified for the Dow Jones Sustainability World Index, one of the world's most prestigious sustainability indexes. Each year the index ranks sustainable companies, and inclusion is proof that Swedbank has well-established sustainability practices in areas such as corporate governance, risk management, human rights, climate strategy and labour conditions. For the second year Swedbank was also ranked highest among major Swedish banks in Fair Finance Guide's annual policy report.

Swedbank follows the demands and recommendations in various sustainability surveys and indexes to ensure a high sustainability standard. This is for example done through a continuous dialogue with various stakeholder groups on the results in order to continuously develop the business.

Sustainability index/ranking	2021	2020	2019
Bloomberg Gender and Equality Index ¹	69	77	77
CDP ²	B	B	B
Dow Jones Sustainability World Index ³	84	81	76
EY SHE Index Sweden ⁴	82		
Fair Finance Guide ⁵	68	68	65
FTSE4Good ESG rating ⁶	4.3	4.5	4.6
ISS Corporate Governance ⁷	C (Prime)	C (Prime)	C (Prime)
MSCI ESG rating ⁸	AA	AA	A
Sustainalytics ⁹	24.8	27.6	27.5

1) Scoring scale 0–100 (max 100)

2) Scoring scale A–D- (max A). B was the average score for the financial sector in 2021.

3) Scoring scale 0–100 (max 100). The scores for 2019 was revised due to shortcomings in the bank's anti-money laundering work.

4) Scoring scale 0–100 (max 100)

5) Scoring scale 0–100% (max 100%)

6) Scoring scale 0–5 (max 5). Swedbank has qualified for the FTSE-4Good Index.

7) Scoring scale A+ – D- (max A+)

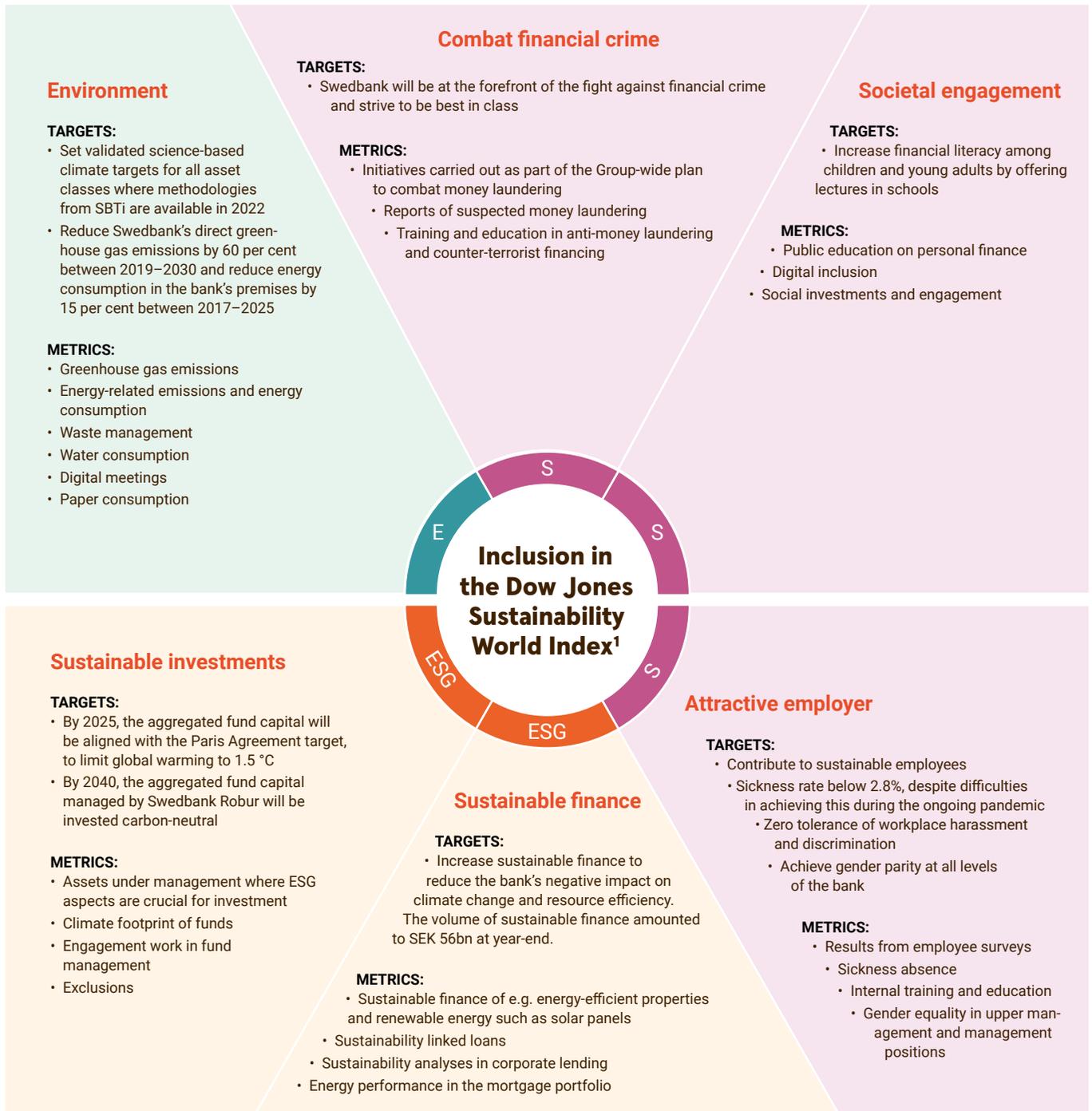
8) Scoring scale AAA – CCC (max AAA)

9) Scoring scale 0–10 negligible risk, 10–20 low risk, 20–30 medium risk, 30–40 high risk, 40+ severe risk.

Monitoring and evaluation

Swedbank considers it essential to continuously track its progress and contribute to a society that is sustainable from an environmental, social and governance (ESG) perspective. The model below presents a selection of targets and metrics for Swedbank’s material topics. Swedbank monitors the targets using an estab-

lished internal structure that included management and the Board of Directors during the year. The results are shown on pages 18–29 and in the sustainability notes on pages 209–229.



1) Inclusion in the Dow Jones Sustainability World Index is used as an overarching sustainability target for Swedbank. This means Swedbank must continuously improve its work within all material sustainability areas.

Stakeholder engagement

Stakeholder groups

Swedbank maintains a continuous dialogue with its various stakeholders. Customers, employees, owners and investors as well as society and the world around us are the stakeholder groups that the bank is most involved with. In addition to these main groups, Swedbank interacts with a large number of other groups at different levels. They include the following:

- Authorities
- Municipalities and county councils
- Regulators
- Pension managers
- Asset managers
- Analysts
- Journalists
- Unions
- Students
- Foundations
- Not-for-profit organisations
- Stakeholder organisations
- Trade organisations
- Associations
- Primary and secondary schools
- Colleges and universities
- Suppliers
- Subsidiaries
- Competitors
- Ratings agencies and indexes
- Auditors

Identifying and selecting stakeholders

Swedbank's stakeholder groups are based on which stakeholders are materially impacted by and have an impact on the bank's operations. Swedbank has then selected the relevant stakeholders within each group. The selection is based on the Group's overarching framework, market analysis, internal discussions and active participation in various forums for dialogue and advocacy.

Material topics and approach to stakeholder engagement

Through continuous dialogue with the stakeholder groups, Swedbank develops its operations. The bank receives support and guidelines for stakeholder dialogue from Group Brand, Communication & Sustainability. Dialogues are also adapted to each market and type of stakeholder depending on the geographical and industry context. Following is a description of some of the key topics discussed with stakeholders during the year.

Customers

The bank mainly dialogues with customers via its various channels, both physical and digital. Dialogues with customers also take place at marketing events and other activities. During the year, Swedbank continued to develop its digital offer and adapted it after the pandemic and restrictions at the time. By offering various webinar series, the bank has been able to maintain a dialogue with several stakeholder groups. In addition, annual customer surveys of various types are conducted to gauge customers' thoughts and suggestions. Key topics raised during the year included:

- Availability for Swedbank's customers in digital channels and services.
- Increased demand for savings and investment products with sustainability themes and advice on how customers can transition to a more sustainable business. Among sustainability areas, climate change was an even higher priority during the year.
- How Swedbank integrates sustainability issues in the bank's governance model and how they impact customers today and in the future. For example, the question of how corporate customers will finance their transition and how it could impact their future financing.
- Matters tied to previous shortcomings in the bank's anti-money laundering/combating the financing of terrorism (AML/CTF) work decreased during the year but still come up in some dialogues.
- Increased interest in how sustainability-related regulations impact the bank and its customers.
- The discussion of fraud issues increased during the year with customers wanting to know how Swedbank is combatting fraud.

Employees

The work environment for Swedbank's employees has a big impact on their performance, engagement and well-being. Another year with Covid-19 has affected the bank's employees in different ways. To track how employees feel about their jobs, surveys are conducted continuously. The results of the surveys and employee's opinions are discussed and followed up on by all units in the bank. Key topics raised during the year included:

- Further work on Covid-19 with the aim of creating a safe and secure workplace and limiting the spread of the coronavirus.
- Implementation of a clear strategic direction. Encouragement of an open feedback culture that enables successful performance by employees and the organisation. Continuous support and upskilling in key areas through specialised training.
- Communication on the bank's leadership principles and expectations on the bank's leaders as well as continuous support and upskilling in key areas through specialised training.
- Further development of the "Swedbank at Work" concept.

Owners and investors

Swedbank continuously dialogues on the Group's strategic direction and development with existing and potential investors, analysts and the media. The dialogues are mainly conducted through various channels such as quarterly reports, annual and sustainability reports, meetings with investors, teleconferences, the company's website and press releases. Key topics raised during the year included:

- How the bank is impacted by and manages the consequences of the pandemic, e.g. in terms of credit impairments, lending and amortisation exemptions.
- Ongoing action plan to further strengthen the bank's work with AML/CTF and the remaining regulatory investigations.
- The bank's sustainability agenda and work in connection with this transition.

Society and the world around us

Swedbank places great importance on being a good social partner and continuously cooperates with supervisory authorities and decision makers on issues related to the current sustainability agenda. This includes bilateral dialogue and collaborations with other banks through various trade organisations. For example, Swedbank is a member of the Swedish Bankers' Association's sustainability council and sustainability committee, the European Savings and Retail Banking Group's (ESBG) Sustainable Finance Committee and Corporate Social Responsibility Committee, and the European Banking Federation's (EBF) ESG Financial Markets Task Force. Most of the dialogue with authorities is with the Ministry of Finance, the FSA and other relevant Swedish authorities, but also with the European Commission, the European Central Bank and the European Banking Authority.

To promote social development, Swedbank is engaged in a number of initiatives. The bank continuously interacts with various groups in society through projects in all its home markets, including public education and volunteer work. Key topics raised during the year included:

- Issues related to EU regulations (e.g. the Taxonomy, disclosure regulation, sustainability related revisions to MiFID II). For example, the challenge of how the Taxonomy will be applied nationally to certain activities such as forestry have been discussed. The focus has also been on the reporting of sustainability risk management, the EU's AML/CTF regulations, and discussions on the social dimensions of the Commission's action plan to finance sustainable growth.
- Progress on internal AML/CTF work.
- Together with the savings bank foundations, several initiatives such as Young Economy, Digital Economy and Junior Achievement have strengthened the dialogue in these sustainability areas. As another example, Swedbank focuses on diversity and inclusion as a participant in the annual week-long political gathering Järvaveckan.
- Covid-19 has affected many and to support people who have been negatively affected, Swedbank has among other things created web pages that aggregate information, videos, calculators, tips and advice to help the bank's private and corporate customers. The partnership with the talent matching firm Gigstr and the Switch Jobs initiative also continued in 2021.

UN Principles for Responsible Banking

Swedbank signed the Principles for Responsible Banking (PRB) in 2019, joining over 260 other banks around the world. PRB accelerates the banking industry's contribution to the Sustainable Development Goals as well as the Paris Agreement and supports Swedbank in driving its positive impact and reducing the negative impact from the bank's core business.

Implementation of the principles

PRB consists of six principles: 1) Alignment, 2) Impact and Target Setting, 3) Clients and Customers, 4) Stakeholders, 5) Governance and Culture 6) Transparency and Accountability. These principles provide a global sustainability framework adapted to banking activities and mean that Swedbank adapts its strategic direction to align with the Paris Agreement and the Sustainable Development Goals. During the year, Swedbank conducted activities involving each principal with a focus on the continued implementation of the bank's new strategic direction, with the overarching vision to achieve a financially sound and sustainable society, and updated its portfolio impact analysis. The latter shows how Swedbank, through its products and services, impacts various sustainability areas from the UN Impact Radar, both positively and negatively. The bank's PRB self-assessment is shown on page 234–235.

Analysis of the bank's impact

At the beginning of the year, PRB released an updated method for banks' portfolio impact analysis. As in 2021, the focus has therefore been on Principle 2 – Impact and Target Setting. The impact analysis was updated in order to present a more detailed result and complement Swedbank's materiality analysis. More information on the analyses are presented on page 20–21.

Methodology

To understand and analyse how Swedbank, through its business, impacts and creates value for its stakeholders and society as a whole, an analysis was conducted of the bank's portfolio in 2021. It is important to take into consideration when interpreting the results that the methodology and tool launched by UNEP-FI is new and will continuously be refined and revised. In addition, the quality of the results depends on how well the underlying information fits the tool's structure and design. The aim is to give Swedbank a holistic view of its impacts.

The analysis was conducted on a Group level including Sweden, Estonia, Latvia, Lithuania and Norway utilising information from each business area: Swedish Banking, Baltic Banking and Large Corporate and Institutions (LC&I). The analysis was based on the income distribution for the corporate business in 2020 and on the various loan products for private customers as a way to cover the bank's entire operations and geographical distribution to the extent possible. Input data for the private market consisted of the number of active customers per financial product as of August 2021, while data for the corporate market consisted of income divided geographically and by sector as of 31 December 2020.

Every country is unique and therefore requires different measures when it comes to the areas impacted by sustainability aspects, e.g. biodiversity, infrastructure or food accessibility. The analysis tool takes this into account by assigning each country a weight. The weights are based on 22 impact areas across social, economic and environmental pillars to show the need in relation to how well the country performs in each area.

Asset management, insurance and capital market products were not covered by the analysis since the areas were not yet included in the analysis tool. Consequently, the end result is impacted, since a significant share of Swedbank's business is in these areas.

Results of the analysis

The results of the analysis show that Swedbank, through its business, plays an important role in society and its development. It is mainly in the areas of housing, inclusive and sound economies, and employment that Swedbank can impact in a positive direction, particularly in sectors such as real estate and manufacturing. The bank's positive impact in the area of housing is rooted in increased access to housing opportunities e.g. in the form of financing for individuals and construction and real estate companies. The bank also contributes positively to inclusive and sound economies by providing increased access to secure financial services.

This in turn generates a positive impact on UN Sustainable Development Goal 8 Decent Work and Economic Growth and Goal 11 Sustainable Cities and Communities.

The results also show that Swedbank, through its business, has an important commitment to limit its negative impacts, mainly in environmentally related areas such as climate change, biodiversity, waste and resource efficiency. In these areas the bank also has a positive impact on the food supply and livelihoods, for example, but at the same time improvement potential in the real estate, manufacturing, agricultural, forestry and fishing sectors as well as in certain parts of the energy sector.

Resource efficiency and a smaller climate impact are important areas that impact UN Sustainable Development Goal 12 Sustainable Consumption and Production and Goal 13 Climate Action.

Targets

In line with PRB's principles, Swedbank has adopted two overarching targets to help it contribute positively to the Sustainable Development Goals and the Paris Agreement.

- In 2022, set validated science-based climate targets for all asset classes where methodologies from SBTi are available.
- In 2022, increase Swedbank's sustainable finance. Total sustainable finance volume was SEK 56bn at year-end 2021.

The key to reaching Swedbank's targets is close collaboration with customers and industry colleagues in order to make the biggest possible difference. For implementation of the Group-level targets, the relevant Group Function is included as part of the bank's day-to-day activity and business planning. The targets are evaluated continuously as part of this process. In addition, Group Sustainability has a responsibility to build a better understanding of how the work and the progress being made affect the bank's identified impact areas in close dialogue with the responsible officials in each business area.

Swedbank's implementation of the Taxonomy Regulation

The EU has created a classification system for environmentally sustainable economic activities called the Taxonomy. The aim is to help investors identify environmentally sustainable investments. For an economic activity to be defined as environmentally sustainable under the Taxonomy, and thereby classified as aligned with the Taxonomy, it has to meet the following criteria:

- contributes substantially to one or more of the six environmental objectives,
- does not cause significant harm to the remaining environmental objectives, and
- meets certain social minimum safeguards.

The criteria for when an activity can be considered to substantially contribute and not cause significant harm are detailed in the technical screening criteria that are included in delegated acts. If an activity is not included in the technical screening criteria, it cannot be assessed under the Taxonomy and is therefore not a Taxonomy-eligible activity.

There are technical screening criteria for two of the environmental objectives: climate change mitigation and climate change adaptation. The other four environmental objectives do not yet have established technical screening criteria.

The Taxonomy is currently limited to the classification of environmentally sustainable economic activities. However, work is ongoing at the EU level to review whether the Taxonomy will be expanded to classify e.g. social sustainability and activities that could cause significant harm to the environment.

Operationalisation of the Taxonomy in the business strategy

Swedbank's vision, "A financially sound and sustainable society", is based on a conviction that the bank, together with its customers, can continue to have a major positive impact on society. The Taxonomy can help Swedbank to deliver on its vision by guiding customers to make well-informed and sustainable choices. Determining what is sustainable requires a common framework. Swedbank sees the Taxonomy as one of several future tools to assess environmental sustainability and to increase transparency in the financial industry. Going forward, the Taxonomy will help Swedbank and other banks to assess how future proof the activities of private and corporate customers are from an environmentally sustainable perspective. This will be important in Swedbank's work to define and reach its own climate targets in line with the Paris Agreement's 1.5°C target. Swedbank welcomes that companies engage and invest in Taxonomy-aligned activities.

In 2021, Swedbank established a Group-level coordination programme for the EU's sustainable finance regulations, including the Taxonomy. The chair of the steering committee is the Head of Group Brand, Communications & Sustainability. The programme is coordinated by Group Sustainability to facilitate implementation of the EU's mandatory sustainable finance regulations at the Group level.

The Taxonomy's potential impact on the bank's products and customers

The Taxonomy is expected to help give the financial industry a common language to easily compare the degree of sustainability in investments and in businesses. Since the Taxonomy is in an early stage, Swedbank is still analysing its impact on the bank's products and customers. The result of the Taxonomy's impact will therefore change over time.

In the area of savings, the Taxonomy will impact the sustainability information that funds, life insurance and portfolio management have to disclose according to the Sustainable Finance Disclosure Regulation (SFDR). In pre-contractual disclosure and periodic reporting, these financial products will have to include information on e.g. the product's ambition with regard to investing in Taxonomy-aligned

investments. This means that the Taxonomy will be used as a tool to compare these products. The Taxonomy will also affect the bank's insurance and investment advice when Swedbank begins to include sustainability preferences in advisory meetings. One reason for this is that the Taxonomy can be used to identify a customer's sustainability preferences.

For Swedbank to identify how Taxonomy-aligned its assets are, which mainly relates to the bank's loans, the bank will have to collect additional sustainability related information on its customers. The Taxonomy could be used as a tool in Swedbank's conversations with customers and thereby simplify the customers' transition journey. The Taxonomy could therefore have an impact on future customer meetings, customer dialogues and the information that must be collected on the counterparty. Initially, only a limited part of the market is expected to be Taxonomy-aligned. Swedbank is closely monitoring the EU's sustainable finance regulations and welcomes that the Taxonomy may be expanded to include more sustainability areas.

Taxonomy report 2021 and information on the quantitative indicators

Companies that are subject to the EU's Non-Financial Reporting Directive (NFRD), i.e., large public-interest companies with more than 500 employees ("NFRD companies"), have to report in accordance with the Taxonomy in their sustainability reporting. Swedbank is defined as a NFRD company and is subject to the requirements for credit institutions.

The financial year 2021 is the first year that NFRD companies, including Swedbank, are reporting according to the Taxonomy. For banks, the transitional rules for 2021 and 2022 are limited to the reporting of the extent to which their customers and counterparties' activities are Taxonomy-eligible as well as information on assets that cannot to be assessed under the Taxonomy, e.g. derivatives.

The reporting requirements under the Taxonomy were published by the European Commission in July 2021. This has left little time for implementing the requirements. The bank's Taxonomy reporting has been prepared based on Swedbank's interpretation of the reporting requirements. There is some ambiguity about the interpretation of the requirements, e.g. how exposures to regional and local governments will be treated. Swedbank has made the interpretation that exposures to regional and local governments are not included in any of the mandatory reporting for 2021.

The transitional rules for financial companies mean that Swedbank shall, for the financial year 2021, report the KPIs that are included in the table below. As a financial company, Swedbank will base the information for these KPIs on actual information, i.e. estimates cannot be used. The bank's customers and counterparties that are defined as NFRD companies will disclose the proportion of their Taxonomy-eligible and Taxonomy non-eligible economic activities for the first time for the financial year 2021. Since this information is not yet available, Swedbank does not report this exposure in the mandatory Taxonomy reporting.

The bank presents the Taxonomy reporting based on the consolidated situation as defined in the Regulation (EU) No 575/2013 of the European Parliament and the Council on prudential requirements for credit institutions. The consolidated situation consolidates the Group's insurance companies according to the equity method instead of full consolidation. The Entercard Group is consolidated by proportional method instead of the equity method. Otherwise, the same principles for consolidation are applied as for the Group. The assets in the Taxonomy report are presented as the carrying amount before provisions.

Swedbank's total assets amount to SEK 2 429 773m. The table below does not add up to 100 percent since other assets, such as cash and goodwill, and exposures to NFRD companies, regional and local governments and social security funds are not included.

Assets	Share of total assets, %
Taxonomy-eligible assets	40.7
Taxonomy non-eligible assets	6.0
Assets to central governments, central banks, supranational issuers	20.3
Derivatives, hedge accounting	0.4
Assets to companies not subject to NFRD	24.1
Trading portfolio	5.1
On demand inter-bank loans	0.1

Clarification of Taxonomy-related KPIs

To increase transparency on which assets are included in the various KPIs, this is clarified below.

Taxonomy-eligible assets

The proportion of Taxonomy-eligible assets consists of the assets that can be assessed under the Taxonomy. Today 12 sectors are subject to the Taxonomy. Some examples are forestry, energy, transport, construction and property management. The Taxonomy also limits which counterparties and products the bank may include in its reporting of exposures subject to the Taxonomy. The share of the bank's assets that are Taxonomy-eligible does therefore not provide any information on how environmentally sustainable the bank's assets are. An example to illustrate this is that all mortgages to households are Taxonomy-eligible, regardless of how energy-efficient the properties are.

Mortgages to households and repossessed real estate collaterals

Ownership of immovable property is seen as a Taxonomy-eligible economic activity. Consequently, loans to households collateralised by residential immovable property are therefore Taxonomy-eligible in their entirety. The majority of Swedbank's Taxonomy-eligible assets are mortgages to households, which means that when Swedbank reports environmentally sustainable assets for the financial year 2023, these loans will have the biggest impact on the results.

Repossessed real estate collaterals have also been included in their entirety.

Taxonomy non-eligible assets

This category includes loans to households excluding mortgages. Loans included are for example car loans and unsecured loans.

Assets to companies not subject to NFRD

Swedbank shall report on the proportion in their total assets of the exposures to companies not subject to NFRD ("non-NFRD companies"), i.e. do not meet all the criteria for NFRD companies. However, exposures to non-NFRD companies are to be excluded from the reporting on Taxonomy-aligned assets, and thereby also from Taxonomy-eligible assets.

To obtain the information on the bank's exposures to non-NFRD companies, Swedbank had to first identify the exposure to NFRD companies and then separate non-NFRD companies from the total exposure to companies. To identify NFRD companies, Swedbank has used internal data, that is data collected directly by Swedbank from the counterpart, and external data, that is data collected by Swedbank from third-party. When identifying NFRD companies, there are limits in the data on customers and counterparties. As a result, the information for non-NFRD companies may be inadequate.

Most of Swedbank's corporate clients are defined as non-NFRD companies.

On demand inter-bank loans, central governments, central banks and supranational issuers, as well as derivatives hedge accounting and trading portfolio

These assets are excluded from being reported as Taxonomy-aligned. Derivatives, hedge accounting, will however be included in the denominator in future KPI reporting under the Taxonomy, while exposures to central governments, central banks, supranational issuers and trading portfolio will be fully excluded.

Voluntary Taxonomy reporting

Voluntary Taxonomy reporting, which includes estimates, has also been prepared for the Annual and Sustainability Report for 2021 on pages 216–217.

TCFD recommendations

The banking and financial sector is the heart of the global economy. Climate change will impact the economic system and could, for example, adversely affect public infrastructure, agriculture, transport and real estate. Consequences such as droughts and flooding affect human health and well-being, which in turn creates a risk for the financial sector that Swedbank is a part of. Because of these effects, it is important that firms in this sector analyse how climate change will impact their operations, in the short and long term.

The Task Force on Climate-related Financial Disclosures (TCFD), which was created by the Financial Sustainability Board, is a framework that describes how companies should measure the financial impact of climate change on their business. Reporting according to the recommendations gives stakeholders insight into how climate change may affect operations and how Swedbank can counteract the bank's negative impact on the climate as well as increase the positive.

Scenario analyses are a useful tool to understand how global temperature increases could impact various sectors. Swedbank has conducted scenario analyses of TCFD's five sector groups 1) energy, 2) materials and buildings, 3) transportation, 4) agriculture, food, and forest products, and 5) finance. Two different scenarios have been analysed for these sectors: the Sustainable Development Scenario (SDS <2°C temperature increase) and the Stated Policy Scenario (SPS ~3°C temperature increase), both from the International Energy Association (IEA).

The scenarios include global, regional and sector levels in order to understand how various temperature increases could impact Swedbank's lending and investments in the future.

The table below shows a selection of climate-related risks and opportunities for Swedbank identified in the scenario analyses. For example, Swedbank sees a clear transition risk in the SDS scenario due to increased climate regulations and rapid technological development. The physical risks are most evident in the SPS scenario. The risks become most visible in the bank's business, where they can lead to increased credit risk and reputational risk. The opportunities arise in terms of new business volumes in the sectors where the transition is occurring. Regardless of the scenario, Swedbank sees change coming in every sector, and developments will be affected by political decisions, technological progress and demands from stakeholders, among other factors.

Short term (1–5 years)	Medium term (6–15 years)	Long term (16–25 years)
Risks		
<ul style="list-style-type: none"> Oil-related revenue and asset values fall, which contributes to increased credit risk in the energy sector. Costly investments for transition and electrification of the transport sector. Lower EU subsidies to farmers in favour of measures that target the environment and climate change could be a financial issue for the agricultural and forestry sector. New political laws and initiatives in all sectors. Rapid changes in consumption patterns in all sectors. 	<ul style="list-style-type: none"> Demand for new resource efficiency technology, e.g. precision agriculture in farming and forestry. Challenge to improve agricultural production methods that help to meet food demand with less climate impact. Lower demand for energy-intensive properties could lead to price declines/lower valuations in the real estate sector. ESG investors exclude engagements with significant exposure to areas with elevated climate risk within the financial sector. Reputational risk if the bank's own management of climate risks is seen as insufficient. Stricter climate policies force customers to develop solutions to reduce GHG admissions in all sectors. Customer demand for ESG advice in all sectors. 	<ul style="list-style-type: none"> More extreme weather events such as heat waves, more frequent forest fires and heavy precipitation could lead to unusable land and infestations within the agricultural and forestry sector. Sea level rise in flood-prone areas could lead to price declines and increased need for building maintenance and repairs in the real estate sector. Unsuccessful energy transformation in the real estate sector. Global impacts due to climate change that affect the global economy could have negative consequences for the financial sector. Investment and holding companies that have little focus on climate change or own assets that cannot be adapted are at risk of seeing some of their assets grounded in the financial sector.
Opportunities		
<ul style="list-style-type: none"> Increased financing need for investments in technology and distribution for the transition in energy sector. Expected growth in solar and wind power in both the energy and real estate sectors. Increased need for energy efficiency in the real estate sector. Established relations with major players make direct climate adaptation measures possible in the agricultural and forestry sector. Regulations and subsidies open up opportunities for investments in electric vehicles and renewable fuels in the transport sector. Develop advisory services focused on transition and integration of climate aspects, related products and issuance of debt and capital instruments in the financial sector. 	<ul style="list-style-type: none"> Increased investment needs for climate change adaptation in order to reduce physical risks, mainly in the agricultural and forestry and real estate sectors. The transition to more circular and resource-efficient processes could give customers a competitive edge in the real estate sector. Increased demand for ESG products and services in all sectors. Financing of new technologies, e.g. electrification, digitisation and automation, in all sectors. 	<ul style="list-style-type: none"> Extended growing season in Northern Europe due to higher temperatures and longer warm periods could result in increased food and lumber production, benefiting the agricultural and forestry sector. A growing bioeconomy could give customers access to new markets and segments due to increased demand for bioenergy as renewable raw materials in the agricultural and forestry sector. Lending to customers with a deep insight into the impact of climate change and their sector-specific transition needs in the financial sector.

Governance

The risk appetite describes the level of risk that the Board of Directors is prepared to expose the company to in order to achieve the bank's strategic targets. Swedbank's Board has decided on a risk appetite for sustainability risk (incl. climate-related risks). The Board monitors that the risk appetite is not exceeded through regular reporting from the independent risk management function. Management is responsible for annually integrating climate risks and opportunities in the bank's strategy and planning. Swedbank's Sustainability Committee was established during the year and includes members of the Group Executive Committee. Prior to business decisions, all business areas and Group Functions have the opportunity to utilise the committee's expertise in, for example, sustainability risk.

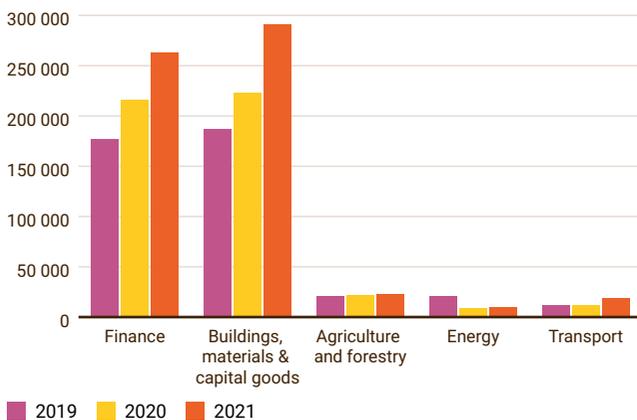
Strategy

To help the bank's customers through a sustainable transition, it is important to continuously analyse climate-related risks and opportunities. The following steps have therefore been taken, based on the work with the TCFD recommendations, as important elements in the bank's strategic direction:

- **Support the transition to a low carbon economy** – The bank will play an obvious part in the transition and help customers make more sustainable business decisions. Swedbank continues to try to offer products that meet the transition need and focus on advice that includes sustainability aspects.
- **Increase climate change awareness** – Education is one of the pillars to ensure that Swedbank and its employees have sufficient knowledge about climate change in order to proactively, through advice, help customers reduce their impact.
- **Transparent reporting** – The bank places a high priority on improving its climate reporting in a transparent and objective way. There is a high demand for increased information on climate-related risks and opportunities and the bank is therefore working actively to collect and analyse data from relevant sectors to meet this demand.

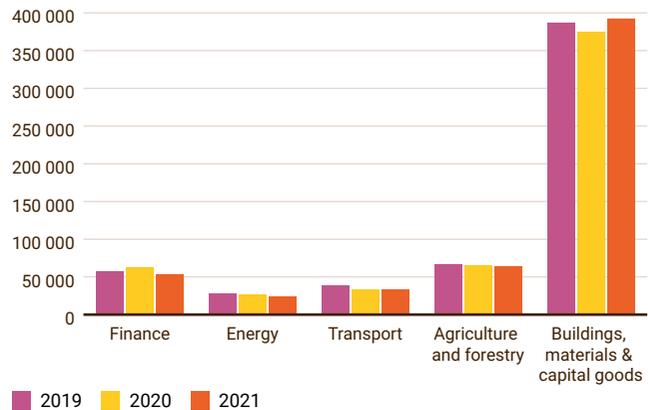
In 2020, Swedbank conducted scenario analyses where risks and opportunities tied to sectors with elevated risk due to climate change were analysed. Lending to these sectors started being reported as well. The following tables show lending to sectors with elevated risk due to climate change as well as the change over time.

Investments in TCFD material groups through Swedbank Robur, SEKm¹



1) Total fund assets under management refers to holdings in TCFD significant groups.

Lending to TCFD material groups, SEKm



Detailed TCFD information on Swedbank's exposure to climate risks in its lending can be found in Note 3.1.9 (Climate-related information).

Through the scenario analyses and other knowledge that the bank has on climate-related risks, and on customers and lending, the bank is considered resilient in both the short and long term. The identified transition risks in the next decade are reduced through Swedbank's low credit exposure to the most vulnerable sectors, such as energy and transport. The transition risks have been analysed and can be managed in close collaboration with customers to facilitate the transition. Swedbank is also adapting its advisory services and financing. The long-term analyses state that the physical climate risks could be material for Swedbank, since it has greater exposure in the real estate, agriculture and forestry sectors. The bank is also able to manage physical climate risks by preventing and mitigating the effect of various climate and weather events. Measures could include helping customers protect their properties or ensuring that companies can handle increased volatility in production and cash flows. Swedbank sees good opportunities together with customers to manage possible events and finance the new needs.

It should be underscored that this is the bank's assessment today, and as indicated is mainly based on qualitative analysis applied to the current portfolios. The greatest uncertainty is in the area of physical risks, where more knowledge, methodologies, standards and data will have to be developed and continuously improved. A collaboration was established with the Swedish Meteorological and Hydrological Institute (SMHI) in 2021 to better understand the risks in the property related portfolio.

Risk management

The risk management process comprises processes which ensure that risks within the Group are identified, assessed (and in appropriate cases measured), managed, monitored and reported. The process encompasses all types of risk and results in an assessment of Swedbank's risk level, which in turn serves as the basis of the internal capital adequacy assessment process.

One area that has grown in importance for society and Swedbank is sustainability risk, which is the inability to correctly manage environmental (including climate-related risks), social and governance aspects, such as human rights, fair labour and business ethics, which have the potential to adversely affect finances and/or the Group's brand and reputation. Sustainability risk is an important risk driver and can affect several types of risks, e.g., compliance, strategic, credit and operational risks. Sustainability risk has been included in the Group's Enterprise Risk Management (ERM) policy in order to integrate sustainability aspects in the Group's risk management process. Sustainability risk has been specified in the ERM policy since the end of December 2021 as ESG risk.

To ensure that Swedbank maintains a low risk exposure in the long term, the Board has defined an overall risk appetite. In line with this risk appetite, individual CEO limits have been established that together with limits at lower levels and risk

indicators are closely monitored and designed to provide early warning signals if the risk landscape would change.

Swedbank's identification of climate-related risks and opportunities starts with sector and scenario analyses (including TCFD), and the credit strategy reflects the conclusions of these analyses. A sustainability analysis is required with all corporate loans. The sustainability analysis is mandatory for all corporate exposures where the total group credit limit exceeds SEK 8m in Sweden and EUR 0.8m in the Baltic countries after deducting credits secured by residential mortgages.

Limits are also applied at the portfolio level for sectors identified in the TCFD analysis as especially vulnerable to climate-related risks. Through its position on climate change, Swedbank steers lending away from businesses that are not environmentally sustainable.

To identify possible sustainability risks, Group Risk compiles an annual Credit Risk Outlook, which presents identified climate risks and provides recommendations for the bank's credit strategy. Swedbank also conducts regular analyses of various trends that could affect lending.

In addition to managing climate-related credit risks, Swedbank has defined a risk appetite for sustainability risk which will ensure that the bank lives up to its sustainability goals and that every type of sustainability risk is considered, including credit risk, market risk, operational risk and compliance risk. The bank's Internal Capital Adequacy Assessment Process (ICAAP) also evaluates how climate-related physical and transition risks could impact the bank in an overtly negative scenario. The management of climate-related risks is also integrated in the bank's New Product Approval Process (NPAP), and in procurement all suppliers are reviewed from a sustainability perspective.

Management of climate risks in the investment portfolio – asset management

Analyses of the sustainability impact of companies and issuers are done partly on an aggregated level for all holdings and partly at a portfolio level for each portfolio manager. Both internal and external analyses are used to identify climate risks by fund or fund family. All company holdings are reviewed against the requirements in Swedbank Robur's Responsible Investment Policy. Each manager is also responsible for identifying climate risks in their portfolio and describing their investment process.

Three overarching methods are used to manage climate-related risks and integrate them in investment decisions: opt in, opt out and engage. Application of the method may differ depending on the type of asset and type of fund.

Monitoring of the fund company's risks and how they are managed is done on a quarterly basis by a special risk committee consisting of the fund company's CEO, Chief Risk Officer, head of asset management and representatives of the fund company's board. The committee is responsible for monitoring compliance with the fund company's risk policy. Sustainability management is monitored both externally and internally. The fund company's board receives a quarterly report on sustainability risks through the company's risk committee. External reporting is mainly integrated in annual reporting within the Swedbank Group, in annual reports for funds, the Sustainable Investment report, Swedbank Robur's TCFD report, separate reporting on voting and dialogues, and in customer reports.

More information on the management of sustainability related risks, including the climate, can be found in the instruction for integrating sustainability risks, Swedbank Robur's Sustainable Risk Policy and the process for managing negative consequences, all available on Swedbank Robur's website.

Climate-related training

Swedbank has three levels of training on climate change and climate-related risks and opportunities. The training programme consists of a general level that is mandatory for all employees, a more in-depth level mandatory for all employees who

interact with customers and related support functions, and detailed training for everyone who participates in the TCFD's scenario analyses.

Targets and metrics

Swedbank has joined the Science Based Targets initiative and uses its methods to develop emission reduction targets for the bank's value chain in line with the Paris Agreement's 1.5°C target. For more information on the work with the bank's environmental targets, see page 25.

Targets and metrics in the credit portfolio

The Board of Directors and the Group Executive Committee receive regular updates on sustainability-related risks through various reports on risk trends and exposures. Key indicators show exposures to sectors with elevated transition risks. With the help of these indicators, which are used to show risk drivers for credit risk, Swedbank monitors its exposure to segments with elevated climate risk.

Since all of the bank's customers, directly or indirectly, impact total GHG emissions, Swedbank has an important role to play, using a broad range of measures, to help them reduce their emissions. One way in the future to measure customers' environmental impact is to analyse their transition from "brown" to "green" according to the EU taxonomy. Therefore, Swedbank will gradually structure its environmental- and climate-related information on loans and assets according to the emerging standard in the EU, IFRS and other relevant standards so that it can measure and monitor that the bank, along with its customers, is contributing to a transition in accordance with the Paris Agreement.

Targets and metrics in investment portfolio

Aggregated assets under management will align with the Paris Agreement by 2025 and will be carbon neutral by 2040.

Carbon neutral fund capital means net zero absolute GHG emissions in scope 1 and 2 and relevant scope 3 categories from companies and issuers in the funds. According to the UN Intergovernmental Panel on Climate Change (IPCC), global GHG emissions have to reach net zero by 2050 to limit global warming to 1.5°C. Swedbank Robur annually reports the carbon emissions of the companies in its equity and corporate bond funds in relation to their income. An analysis conducted in the third quarter showed that GHG emissions for these equities and corporate bonds had decreased by 50 per cent between 2017 and 2020.

In October, the fund company set new net-zero milestones in its climate strategy: to cut emissions in half by 2030 (compared with 2019 benchmark) and 100 percent by 2040; to increase investments in climate solutions, and; to identify and prioritise dialogues with companies which account for the largest share of Swedbank Robur's owned emissions in material sectors. The milestone to cut emissions in half by 2030 will be achieved through increased investments in companies that have set net-zero targets themselves, with the overarching goal that the share of AUM in holdings that set net-zero targets will be 60 percent by 2030 and 100 percent by 2040. To increase investments in climate solutions, the initial focus is on renewable energy, where the benchmark is that 1.4 per cent of the fund company's portfolio's aggregated AUM will be invested in renewable energy by 2030 and then increased to 3.8 per cent by 2040. The priority dialogues are to identify and prioritise dialogues with companies in TCFD sectors that account for 70 per cent of Swedbank Robur's owned emissions. The method to calculate emissions and outcomes as well as definitions of key indicators are publicly available on the fund company's website.

S1 Available banking services

Material topic:

High availability

- During the year, the availability of internet banking amounted to 99.8% in all of Swedbank's home markets.
- The "Digital Economy" initiative with the savings banks and savings bank foundations helped customers who are uncomfortable trying digital services such as BankID and Swish.



Share of sales in digital channels, %

Sweden

71 ↗

Baltic countries

78 →

Available banking services

Swedbank strives to be a bank for the many people and businesses. The availability aspect is given high priority. It should be easy to access the bank's services and receive advice digitally through various platforms as well as physically at any of the bank's meeting points.

The customer experience, availability and stability are important parameters for the bank to reach over seven million customers with services that make their lives easier.

The availability benchmark for the digital channels is 99.73–99.81 per cent. Several incidents occurred in 2021, following which an IT resiliency plan was established to ensure that the bank remains competitive now and in the future. Digitisation is an established way to bank and allows us to reach even more customers via digital channels with services that save time, reduce customers' costs and simplify their day.

Digital inclusion

The broad customer base requires high availability in several aspects.

Classes on digital services are held in branches, digitally and through pensioners' networks, to help more seniors and others who do not feel included in the digital development. The Digital Economy initiative is a partnership with the savings banks and savings bank foundations with the aim of helping those who feel uncomfortable trying digital services such as BankID and Swish. One point of emphasis is online security and how to avoid fraud.

Customers in the Baltic countries are also able to log into the internet bank with biometric authentication, i.e. fingerprint or facial recognition. At swedbank.se customers can find information about the bank, banking services and security information in nine different languages. The website also has services that can make it easier for people with visual or hearing impairments.

In addition, the security token for the mobile and internet bank is available with larger buttons and louder sound as well as a voice assisted version.

Physical meeting points

In Sweden all branches are accessible for those with disabilities, and in the Baltic countries the figure is 96 per cent.

In partnership with retailers and suppliers of various services, Swedbank can offer banking services in more locations in its four home markets. The bank is also located in various instances in shopping centres and other public places. ATMs for cash handling are provided as well. In Estonia, Latvia and Lithuania there are over 1 100 ATMs. Swedbank partners with Bankomat AB in Sweden, which has ATMs in over 500 locations.

Swedish Banking	2021	2020	2019
Number of card purchases (million)	1 319	1 271	1 372
Branches	153	159	168
Number of digitally active customers (million) ¹	3.4	3.2	3.1
Availability in digital channels, internet bank (%) ²	99.80	99.74	99.84
Availability in digital channels, app (%) ²	99.79	99.71	99.76
Share of sales in digital channels, (%)	71	70	54
– of which Daily Banking products ³	41	36	29
– of which Savings & Pension	93	92	85
– of which Private Lending	24	20	17
– of which Corporate	8	7	7
– of which Insurance	19	17	11
Swish payments (million)	350	282	248
Prepaid cards (number) ⁴	15 661	13 642	16 172

1) Number of customers with at least 3 logins, including shake balance inquiries, in a digital channel in the last month. Including savings banks.

2) Refers to operating hours.

3) Refers to cards and payments. Sales in percentage measured in SEK.

4) Number of activated cards. Prepaid cards are used to pay out financial assistance and benefits to people without an ID number or bank account, or as a collective debit card for employees of schools, public housing, social services etc. The card, which replaces cash handling and can be used in all stores and ATMs, is offered to municipalities, regions, authorities and state-owned enterprises

Baltic Banking	2021	2020	2019
Number of card purchases (million)	710	652	628
Branches	80	82	99
Accessible branches and representation points	95	100	116
ATMs	1 142	1 148	1 162
Number of digitally active customers (million) ¹	2.2	2.0	1.9
Availability in digital channels, internet bank (%)	99.82	99.77	99.94
Availability in digital channels, app (%) ²	99.76	99.55	
Share of sales in digital channels, (%)	78	78	65
– of which Daily Banking products ³	72	74	64
– of which Savings & Pension	86	80	64
– of which Private lending	86	85	83
– of which Corporate	65	58	36
– of which Insurance	74	72	72

1) Number of customers with at least 3 logins, including shake balance inquiries, in a digital channel in the last month.

2) Refers to operating hours.

3) Refers to cards and payments.

Partnerships

- Getswish – Payment service
- Bankgirot – Real-time clearing service
- Minna Technologies – Subscription manager app
- Meniga – Mobile spending tracker
- Asteria – AI-powered smart cash flow management technology for small and medium-sized businesses
- Yabie – Cloud-based POS system for businesses

S2 Sustainable investments

Material topic:

Promote sustainable investment

- Investing sustainably is one way to positively impact environmental, social and economic factors.
- Through active influence and dialogue, Swedbank Robur can inspire and place sustainability and governance requirements on companies.
- During the year, Swedbank Robur adopted more stringent investment criteria for fossil fuels for all its funds. They took effect on 1 January 2021.
- Swedbank Robur published new targets and methods to reach net zero by 2040.



Participation in annual meetings

786 ↗

Dialogues on governance and sustainability issues

1155 ↗

Swedbank believes that responsible and sustainable investments make a difference for sustainable development and are essential to generate a long-term return. The subsidiary Swedbank Robur manages capital for customers, either in funds or discretionary management. Sustainability is an integral part of asset management. Swedbank is seeing growing demand for sustainable products from customers, at the same time that European regulations are being tightened, which will affect this market in the years to come. Today Swedbank Robur offers both light green funds, which promote the environment and social aspects, and dark green funds, which have sustainable investment goals, as classified by the European Sustainable Finance Disclosure Regulation (SFDR).

Sustainability in Swedbank Robur's funds

Swedbank Robur's vision is to be a world leader in sustainable value creation. The strategy to achieve this is to offer sustainable, simple and innovative products that create value for customers. Swedbank Robur's Responsible Investment Policy serves as the basis for the sustainability work in all its funds and today is an integral part of asset management. The policy is revised annually. As a major shareholder on the Stockholm Stock Exchange and with holdings in companies both in and outside Sweden, Swedbank Robur has a responsibility and an opportunity to engage. The fund company's dialogues and other work as an active owner are the key to developing the companies' work with sustainability and responsible governance. During the year, Swedbank Robur continued to play an active role in industry forums to improve customer information on sustainable funds in response to the EU Action Plan for Financing Sustainable Growth.

Work with new products and development of strategies and targets has been influenced by climate change, one of the greatest challenges of our time. Swedbank Robur has seen growing interest in creating a sustainable society in both younger generations and decision makers. During the year, it therefore launched Climate Impact, an actively managed fund that invests around the world. The fund has holdings in companies that are contributing to the Sustainable Development Goals 7 and 13 on sustainable energy and climate action. This is the latest in series of funds specially designed to meet sustainable development needs.

Asset management ¹	2021	2020	2019
Total assets under management by 2020-12-31 (SEKbn)	2 016	1 678	1 530
– of which in funds (SEKbn)	1 519	1 220	1 083
Assets under management factoring in sustainability (%) ²	100	100	100
Assets under management with expanded exclusion or inclusion criteria (%) ³	52	52	54
Investments in sustainable bonds (SEKbn)	38	29	21
AUM in funds classified as light or dark green according to SFDR (%) ⁴	100		
Funds managed for the purpose of meeting the 17 UN Sustainable Development Goals (of the total number)	13/94	11/89	6/85
Charitable donations from Swedbank Robur Humanfond ⁵ (SEKbn)	55	43	45

1) Assets under management as of 31 December 2021 refer to Swedbank's fund companies in Sweden, Estonia, Latvia and Lithuania. Other metrics in the table refer to Swedish funds.

2) Since 2018, all AUM are subject to Swedbank Robur's Responsible Investment Policy and apply sustainability risk assessments and exclusions.

3) Capital managed with exclusion criteria or criteria that are more extensive than the Responsible Investment Policy.

4) SFDR = EU Sustainable Finance Disclosure Regulation.

5) There were 73 affiliated charitable organisations. Total distributions since the fund's inception amount to approximately SEK 1.3bn.

Sustainable asset management

Sustainability is integrated in the investment philosophy of all asset management operations and sustainability criteria are part of the investment analysis for every asset class. During the year, Swedbank Robur's managers, sustainability analysts and corporate governance specialists continued to meet companies virtually, evaluate company risks and opportunities, and give them concrete suggestions to develop and support the sustainability work.

Swedbank Robur's funds actively invest in companies that focus on the environment and climate, human rights, working conditions or business ethics. Swedbank Robur has also participated in several issues of green and other sustainable bonds and continues to be a major player in this market. All managers annually present their funds' sustainability process and performance to the fund company's CEO, the head of asset management and the head of sustainability and governance.

Impact as an owner

Swedbank Robur is an active owner and maintains continuous contact with the boards and managements of companies in which its funds are major shareholders. To create sustainable value, the companies must have a good strategy and good operational controls, which includes opportunities and risks in corporate governance and sustainability. This benefits both the companies and fund investors. Swedbank Robur impacts companies around the world – partly on its own and partly through collaborations, e.g. with the UN-supported Principles for Responsible Investment (PRI) network, investor groups, engagement consultants and lobbying groups.

Dialogues during the year focused on climate transition and reporting strategies and the desire that companies adopt science-based targets. Swedbank Robur's partnership with the Net Zero Asset Manager initiative has influenced the content and choice of climate dialogues. Companies with unusually high emissions in sectors with a big climate impact have been contacted and encouraged to speed up their transition. Areas such as labour standards, human rights and supply chains were brought up in dialogues during the year, not least because of the changing conditions caused by the global pandemic.

A year ago, Swedbank Robur signed the Finance for Biodiversity Pledge. The network grew during the year from 37 to over 80 banks, asset managers and insurance companies. Three working groups were formed to provide guidance on among other things risk assessments and dialogues with companies on biodiversity. The network has also engaged with decision makers leading up to the COP15 of the UN Convention on Biological Diversity, which was held in October. Finance for Biodiversity's aim is to protect and restore biodiversity globally. Harmonised goals and methodologies to map and report risks and public policy advocacy are key aspects of the initiative. In collaboration with other investors, the fund company has engaged companies and decision makers active in and around Amazonas and Cerrado to reverse deforestation and better protect rain forests and their buffer zones.

Transparency is key to Swedbank Robur's ownership work and is constantly being improved. For several years, Swedbank Robur has provided detailed information on its voting at the annual meetings of Swedish and international companies and its participation in nomination committees. Swedbank Robur's principles for shareholder engagement, which cover all funds, are the basis of its ownership work. Important topics from a shareholder perspective include board composition, management compensation (including share-related incentive programs), capital structure, sustainability and that the companies have adequate systems for governance, control and disclosure.

Swedbank Robur promotes boards with the right combination of competence, experience and diversity, including gender parity, as well as a balance between independent and non-independent directors. The board must also actively address sustainability issues relevant to their company. For companies where Swedbank Robur has been on the nomination committee, the average share of women has increased compared with the baseline and, as in previous years, was higher than for listed companies as a whole. The fund company voted during the year at a number of annual meetings outside Sweden, including in the US, UK and Japan. During the year, Swedbank Robur voted for several "Say on Climate" proposals, the first of their kind, where the companies' boards presented proposals to their shareholders to approve robust climate strategies.

Engagement work in funds	2021	2020	2019
Participation in annual general meetings	786	593	429
– of which companies listed in Sweden	298	261	229
– of which companies listed outside Sweden	488	332	200
Participation in nominating committees ¹	111	96	94
– Share of women on corporate boards (%) ²	38	38	37
Dialogues on governance and sustainability issues ³	1155	948	645
Share of holdings in companies with dialogue			
– of which combined dialogues on E, S, G (%)	48	61	62
– of which dialogues primarily on the environment (%)	24	13	9
– of which dialogues primarily on social issues (%)	12	3	4
– of which dialogues primarily on governance (%)	16	23	25

1) Of which 109 (95) companies publicly listed in Sweden and 2 (1) listed in Finland.

2) Including CEO if elected as board member at AGM. Refers to boards where Swedbank Robur has participated in the nomination committee. Nomination committee companies vary from year to year. The baselines for the years 2019–2021 were on average 36%, 35% and 37% which is an annual increase of 1 (2019), 3 (2020) and 1 (2021) percentage points.

3) Refers to unique companies adjusted for duplications. Total number of companies contacted by Robur's sustainability analysts, fund managers and corporate governance specialists: 1 049 (625); by suppliers: 289 (206); and as part of investor collaborations: 177 (178).

Exclusions

Swedbank Robur does not invest in controversial weapons (cluster bombs, anti-personnel mines, chemical and biological weapons) or nuclear weapons. The funds also exclude companies that generate revenue from tobacco, cannabis, pornography and fossil fuels. As a rule, no more than five per cent of a company's sales may come from these sources. Fossil fuel companies in transition that meet specific criteria and are considered being able to meet the Paris Agreement's goal of net zero emissions by 2050 or which have set other relevant transition targets can be exempted in special cases. They are reported on a Green List on Swedbank Robur's website. In addition to the above-mentioned criteria, companies have been excluded because they seriously violated international norms and conventions to protect people and the environment without showing a willingness to change. During the year, decisions were made on two levels to exclude: funds that follow the Responsible Investment Policy and funds that go further in their criteria. For more information, see Swedbank Robur's exclusion strategy.

Carbon footprint of the funds

Swedbank Robur's climate target is to align its aggregated AUM with the Paris Agreement by 2025 and reach net zero by 2040. An analysis conducted in the third quarter showed that GHG emissions for managed capital decreased by 50 per cent between 2017 and 2020. The analysis is based on the Task Force on Climate-

related Disclosures' (TCFD) recommendations and shows average carbon intensity for Scope 1 and 2, expressed in tonnes of CO₂/SEKm.

In October, the fund company established an action plan to reach net zero. It describes the effect of the measures that have been taken to date to reduce emissions in the funds and presents three new milestones and measures in the climate strategy. The publication of these milestones came before Glasgow climate summit in a collective report from 43 members of the Net Zero Asset Manager (NZAM) initiative, which brings together asset managers from around the world to set net zero goals for their investments. Swedbank Robur was one of the first signatories of NZAM and the work led to the new milestones, which cover three areas: continued reduction of CO₂e emissions, increased investments in climate solutions, and targeted dialogues with companies in which it invests to speed up their transition.

In March, Swedbank Robur published its annual climate report describing the results of its funds' climate work in terms of emissions, engagement and investments.

Climate footprint	2021	2020	2019
Climate footprint of equity funds, weighted average (tonnes CO ₂ e) ¹	4	6	7
Total GHG emissions (million tonnes CO ₂ e) ²	1.7	2.4	3.5
AUM with Science Based Targets ³	30		
AUM in fossil fuel extraction ⁴	0		

1) Method in accordance with TCFD's recommendations. Weighted average emission intensity Scope 1+2, tonnes CO₂e/SEKm. The portfolio company's GHG emissions distributed by portfolio weight, i.e. the value of the company investment in relation to the portfolio value.

2) Method in accordance with TCFD's recommendations. Total CO₂e emissions from equity fund portfolios based on ownership interests in the portfolio companies.

3) Share of total AUM in equities and corporate bonds, in holdings with Science Based Targets.

4) Investment limits > 5 per cent of a company's turnover from fossil fuel extraction.

Swedbank Insurance

Swedbank Insurance, a wholly owned subsidiary of Swedbank, offers pension, endowment and personal/risk insurance for private customers and businesses. Swedbank Insurance's sustainability work in investments is based on Swedbank's vision, to enable an economically sound and sustainable society. Swedbank Insurance supports both the Paris Agreement and the Sustainable Development Goals. The insurance solutions contribute in many ways to a sustainable society, and especially important are the ties to goal 3 Good Health and Well-being and goal 8 Decent Work and Economic Growth. Swedbank Insurance is working to increase the information on sustainability for its investments to enable customers to make sustainable investment decisions. The insurance company also offers funds that are evaluated based on sustainability criteria at both the fund and fund company level. Swedbank Insurance's goal is to offer funds that embrace financial, social and environmental sustainability in their management.

The insurance company actively participates in industry forums to improve customer information on sustainability in insurance products and to meet current and upcoming EU legislation on sustainable growth.

During the year, Swedbank Insurance appointed a new head of sustainability and a sustainability analyst to further develop the sustainability work. A new website was created with sustainability information as well as a new sustainability policy and Responsible Investment Policy. Swedbank Insurance's policies provide a foundation for the sustainability management and cover all investments in traditional, unit linked or variable universal life insurance.

The ambition of the fund offering from a sustainability perspective is becoming increasingly important. The insurance company has therefore dialogued with external fund managers to assess and influence their sustainability work based on current and upcoming EU legislation. During this work, Swedbank Insurance has eliminated a number of funds whose sustainability levels did not meet its requirement.

When it comes to sustainability, climate change is one of today's greatest global environmental problems. Swedbank Insurance sets requirements for active climate work in the funds in which savers are offered to invest. During the year, Swedbank Robur launched the Climate Impact fund with Swedbank Insurance as the anchor investor. The insurance company annually publishes a sustainability report. Carbon footprint is measured and reported for investment portfolios in accordance with Swedish Insurance's recommendation. Sustainability ratings are measured and reported for funds in the investment portfolios in Morningstar globes. During the year, Swedbank Insurance also conducted a climate analysis of its equity and corporate bond holdings in the sectors most impacted by the transition to a fossil free society. The analysis was performed according to analysis program PACTA. The overarching conclusion was that the insurance company's share of investments that are highly exposed to climate risks is low compared with the global market.

S3 Sustainable finance

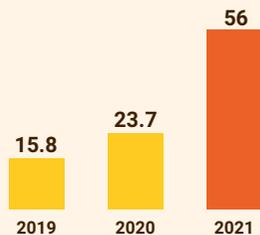
Material topic:

Promote sustainable finance

- Sustainability analysis is performed when lending to companies with higher credit volumes and during the year 40,542 analyses were performed on Swedbank's corporate customers.
- At year-end Swedbank's green asset register amounted to SEK 45bn, an increase of 143 per cent from 2020.



Sustainable finance volume 2019–2021 (SEKbn)



Included in sustainable finance:

- Green asset register
- Sustainability linked loans
- Other green private and corporate loans

Emissions avoidance (tCO₂e) from loans in the green asset register

595 029

Promoting responsible long-term lending is part of Swedbank's core business. For Swedbank, sustainable finance means long-term lending by assessing the customer's financial situation as well as identifying and analysing any sustainability risks through advice.

Responsible lending, Swedish Banking, private customers (%)	2021	2020	2019
Households with loan to value ratios above 70% of property value	10	14	16
Share of households with loan to value ratios above 70% that amortise (new lending) ¹	99	98	99
Share of households with loan to value ratios above 70% that amortise (total portfolio)	99	84	98

1) New lending refers to all mortgages paid out in the fourth quarter of each year.

Sustainability analysis in lending

In the lending process sustainability risks are taken into consideration in all loan reviews. A detailed sustainability analysis is done of corporate loan applications over SEK 8m in Sweden and EUR 0.8m in the Baltic countries. For other customers a basic assessment is made of sustainability-related factors based on the structure and complexity of the business.

Work was done during the year on a Group-wide basis to improve the sustainability analysis of corporate customers. Development of the model has focused on automation and simplification of the process as well as data management for reporting and monitoring purposes. The analysis looks at sector-specific risks from three perspectives: environmental, social and governance. The tool makes it possible in an automated way to identify the most material sustainability risks in a sector. This serves as the basis for the questions that the companies are asked to understand how they manage the identified risks. The idea is to gain a better understanding of Swedbank's corporate customers from a risk perspective and to help companies create a better future by identifying risks and opportunities early on. The work is expected to continue in 2022.

The sustainability analysis is supported by 13 sector guidelines, which serve as a tool to gain better insight into sustainability issues in various industries and provide suggestions and advice on which aspects should be addressed with the customer.

If a loan application is considered as having an elevated sustainability risk, it is escalated to the Swedbank Sustainability Committee for a more thorough analysis and guidance. The cases submitted to the committee in 2021 concerned ethical dilemmas related to Swedbank's exclusion list and Swedbank's two position statements on the defence equipment and climate change.

The position statements clarify that Swedbank will not directly finance new coal-fired power plants, exploration of new oil and gas fields, new oil tankers, or new or expanded crude refineries for transportation of fuel (with the exception of biofuel production) or finance companies that generate over five per cent of their turnover from the production of coal, oil or gas.

They also state that Swedbank will only provide financial services to the defence sector which conforms to national regulations and sanctions adopted by the UN Security Council, the European Union or the U.S. Additionally, the bank has zero tolerance for controversial weapons, which means that it will not provide financial services to companies that produce, maintain or trade controversial weapons.

Swedbank's position statements serve as the basis for the exclusion list of companies it will not work with. Companies can be excluded if they violate various international norms on human rights and the environment.

Sustainability analysis corporate lending	2021	2020	2019
Swedish Banking (no. of approved loan applications) ¹	36 399	36 484	35 668
Baltic Banking (no. of analyses)	2 678	2 655	2 453
Large Corporate and Institutions (no. of approved loan applications)	1 465	1 647	1 403
Total number of cases escalated to Swedbank's Sustainability Committee	13	8	10
– of which customer-related cases	4	3	8
– of which policy and governance-related cases	9	5	2

1) In 2020, the limit for mandatory sustainability analysis in Sweden was raised from SEK5m to SEK 8m. Revision for the year 2019 due to the modified calculation method where only cases with validated dates in the current period are included.

Mortgage loans, Swedish Banking, Energy class (SEK m) ¹	2021	2020	2019
Energy class A	2 040	1 629	
Energy class B	18 106	12 802	
Energy class C	45 882	33 783	
Energy class D	70 094	63 009	
Energy class E	82 362	87 219	
Energy class F	43 396	43 224	
Energy class G	17 972	15 381	
Not Classified	813 518	796 441	

1) Volumes as of 31 December 2021, energy classes as of October 2021.

Share of loans to the public by country, %	2021	2020	2019
Sweden	85	85	85
Estonia	6	6	6
Latvia	2	2	2
Lithuania	4	4	4
Norway	2	3	3

Share of corporate lending by sector, %	2021	2020	2019
Property management	48	46	46
Agriculture, forestry and fishing	12	12	12
Manufacturing	7	8	8
Retail	5	5	6
Shipping	2	2	3
Public sector and utilities	6	5	4
Construction	4	4	3
Corporate services	4	4	4
Transportation	2	2	3
Finance and insurance	3	4	3
Hotel and restaurant	1	2	2
Information and communications	3	2	2
Other corporate lending	3	4	4

Swedbank's green bond framework

Since 2017, Swedbank has an established framework for green bonds. The framework defines and categorises financing that contributes to a lower environmental impact and serves as the basis for the bank's green asset portfolio. During the year, three new green bonds were issued for a combined SEK 23bn and the green asset register continued to grow to SEK 45bn. Existing green mortgages were included in the asset portfolio during the year and accounted for the majority of the increase.

Loan volume and its expected impact are shown in the Swedbank Green Bond Impact Report, which is available to the public on Swedbank's website. The invested capital is mainly used to finance sustainable investments in real estate, renewable energy sources, green transports, forestry and waste management.

Swedbank's Green bonds	2021	2020	2019
Green Asset Register, total (SEK m) ¹	44 655	18 344	13 958
– share of renewable energy (%)	5	15	17
– share of green buildings (%)	90	75	83
– share of waste management (%)	3	6	
– share of green transports (%)	1	1	
– share of forest (%)	1	3	
Outstanding green bonds (SEK m) ²	30 526	7 028	7 216
Environmental impact			
Avoided emissions (tCO ₂ e)	595 029	589 547	434 678
Green buildings – energy savings (GWh)	21	19	13
Renewable energy – energy production (GWh)	1 805	1 831	1 725
Waste management – processed waste (tonnes) ³	150 000	150 000	
Forestry – FSC/PEFC certified forest area (ha) ³	26 740	26 740	
Green transport – public transit million passenger km ³	94	94	

1) Qualified green loans according to Swedbank's green bond framework. Also reported per business area in the tables Sustainable finance Swedish Banking, Sustainable finance, Baltic Banking and Sustainable finance, Large Corporates & Institutions LC&I.

2) Swedbank AB issuer.

3) No change in underlying assets.

Offers for private customers

- **Green mortgages** – Swedbank wants to promote sustainable housing and offers customers who live in green housing a discounted mortgage rate.
- **More environmentally friendly car loans** – Customers are offered a discount when they borrow for an environmentally classified car that meets certain criteria.
- **Solar loans** – Discounted interest rate on loans for solar panels.
- **State-guaranteed mortgage loan** – In the three Baltic countries Swedbank participates in a state-guaranteed mortgage assistance programme.

State guaranteed mortgage loan programmes	2021	2020	2019
Estonia			
– number of loans granted during the year	1 158	1 062	1 053
– portfolio volume (SEK m)	4 107	2 583	2 478
Latvia			
– number of loans granted during the year	2 120	1 581	1 521
– portfolio volume (SEK m)	10 258	4 119	3 241
Lithuania			
– number of loans granted during the year	957	726	746
– portfolio volume (SEK m)	1 595	1 118	877

Offers for corporate customers

- **Green loans** – Part of Swedbank's total financing offer designed to promote the environment and sustainability.
- **Sustainability linked loans** – Differ from green loans in that they can be used for general business purposes rather than a specific purpose. The loans are tied to the borrower's sustainability targets and strategy, and are monitored through social, ethical or environmental indicators.
- **Corporate loans for renewable energy** – Offered by Baltic Banking to encourage small businesses to finance the installation of solar panels, wind power farms and/or geothermal energy.
- **Liquidity loans** – Offered to companies that want to apply for a state loan guarantee to bridge short-term economic difficulties due to Covid-19.
- **ESG-related bonds** – Swedbank Sustainable Capital Markets, in business area Large Corporates and Institutions, offers green, social and sustainability bonds. Swedbank has also offered sustainability linked bonds in the capital market since 2019. Their structure differs from traditional green, social and sustainability bonds in that this type of debt instrument is used for general business purposes and the coupon rate is linked to meeting specific sustainability targets by a deadline.
- **Green equity** – Swedbank offers green equity. To classify as green, the majority (> 50%) of a company's revenue and investments must also be green. Green equity is available with IPOs, new share issues or as public recognition that all the company's outstanding shares are green (without any specific transactions).
- **Sustainability-related advice** – Swedbank Sustainable Capital Markets offers sustainability-related advice to both issuers and investors in the capital market. This includes ESG Risk Rating peer reviews based on data from external sources, evaluations of compliance with the EU taxonomy and weekly newsletters.

Sustainable finance, Swedish Banking	2021	2020	2019
Private			
Private lending, total (SEK bn)	1 017 000	972 000	948 000
Green mortgages (SEK m) ¹	1 106	479	52
More environmentally friendly car loans (SEK m)	177	105	3
Solar loans (SEK m)	170	136	69
Energy loans (SEK m) ²	18	22	30
Corporate			
Corporate lending, total (SEK m)	235 000	239 000	248 000
Liquidity loans, COVID-19 (SEK m) ³	464	782	
Green loans, portfolio volume (SEK m) ⁴	9 506	2 098	1 394
– of which renewable energy	265	276	377
– of which green buildings ⁵	9 241	1 822	1 017

- 1) The figures for 2021 and 2020 refers only to loans discounted during the year.
- 2) Financing of energy efficiencies in buildings. Does not include the savings banks.
- 3) Loans offered to companies that want to apply for a state loan guarantee. They are designed to help companies bridge short-term economic difficulties due to COVID-19.
- 4) Qualified green loans according to Swedbank's green bond framework.
- 5) Green and/or energy-efficient properties.

Sustainable finance, Baltic Banking	2021	2020	2019
Private			
Private lending, total (SEK bn)	115 000	106 000	104 000
Sustainable mortgages (SEK m)	153	9	
More environmentally friendly car leasing (SEK m)	544	134	
Solar panels loans (SEK m)	30	31	
Corporate			
Corporate lending, total (SEK bn)	84 000	76 000	82 000
Liquidity loans, COVID-19 (SEK m) ¹	171	215	
Renewable energy loans – small businesses (SEK m)	10	6	
Green loans, portfolio volume (SEK m) ²	6 127	3 022	571
– of which renewable energy	1 168	1 140	571
– of which green buildings ³	3 234	165	
– of which waste management	1 130	1 154	
– of which forestry	595	563	

- 1) Loans offered to companies that want to apply for a state loan guarantee. They are designed to help companies bridge short-term economic difficulties due to COVID-19.
- 2) Qualified green loans according to Swedbank's green bond framework.
- 3) Green and/or energy-efficient properties.

Sustainable finance, Large Corporates and Institutions LC&I	2021	2020	2019
Corporate			
Corporate lending, total (SEK bn)	226 000	221 000	222 000
Green loans, portfolio volume (SEK m) ¹	13 595	13 224	11 993
– of which renewable energy	968	1 314	1 469
– of which green buildings ²	12 375	11 645	10 524
– of which green transports	252	265	
Sustainability linked loans, portfolio volume (SEK m) ³	9 146	4 481	1 708
Capital market – ESG transactions			
Transactions that Swedbank arranged during the year (number) ⁴	99	63	51
Total volume that Swedbank arranged during the year (SEK bn) ⁴	49.9	36.6	25.3
Share in relation to total volume that Swedbank arranged during the year (%) ⁴	23.7	23.8	14
Total volume that Swedbank arranged from the start (SEK bn) ⁴	141.1	91.2	54.6

- 1) Qualified green loans according to Swedbank's green bond framework.
- 2) Green and/or energy-efficient properties.
- 3) Adjusted data for 2019 to correspond to utilised credit.
- 4) Swedbank AB issuer of ESG bonds (green, social and sustainability bonds).

Socially important lending (SEK m)	2021	2020	2019
Healthcare	5 333	4 582	4 143
– of which Swedish Banking	1 552	1 583	1 162
– of which Baltic Banking	675	505	530
– of which Large Corporates and Institutions	3 106	2 494	2 451
Education	1 715	1 730	1 774
– of which Swedish Banking	1 481	1 535	1 567
– of which Baltic Banking	3	13	2
– of which Large Corporates and Institutions	231	182	206

Equator Principles

The Equator Principles are a common risk management framework that banks can use to identify, assess and manage environmental and social risks when financing large projects. Swedbank has been a signatory to the Equator Principles since 2019, however there have not been any transaction that has fallen under the criteria during the year. In Swedbank's directive on sustainability in lending, the equator principles constitute part of the internal guidelines for risk assessments. The process clarifies that the bank's business areas are responsible for identifying potential transactions that should be reviewed. When a transaction is identified, an internal review team is formed. This team consists of representatives from the bank's risk and sustainability units and the business area in question, where each member has a clear role depending on their expertise.

Equator Principles	2021	2020	2019
Number of transactions		1	
– of which approved category A transactions			
– of which approved category B transactions ¹		1	
– of which approved category C transactions			

- 1) Project-related corporate loans.

S4 Procurement

Material topic:

Promote climate transition

- Suppliers must comply with the requirements in Swedbank's Supplier Code of Conduct.
- Risk of noncompliance with our requirements is evaluated as part of our procurement process.



Number of active suppliers

3 785

Total procurement volume

9 593

Swedbank has a coordinated procurement function whose purpose is to minimise the bank's external costs and risks when new business relationships are established with new or existing suppliers. Procurements must support the bank's strategic direction as well as internal and external regulations. Swedbank has around 3 785 suppliers and an annual procurement cost of approximately SEK 9.6bn, divided between IT and digital banking services, group services, financial products and corporate banking activities.

The procurement function has established five focus areas with related activities to achieve the bank's purpose and objectives. One of these areas is "Best in class in sustainable procurement", where three milestones have been established: reduce risk, increase positive impact, and innovation. Concrete measures are then taken with these focus areas in mind to become the best in the financial industry.

Reduce risk

In 2020, the procurement unit focused on further digitising the procurement process. The result is a more linear approach and greater oversight of how potential suppliers are evaluated, and thereby how the function manages risks.

Suppliers must meet the requirements in the bank's Code of Conduct for Suppliers and verify this before a contract is signed. The risk of noncompliance is evaluated as part of the bank's procurement process. The results of the evaluation are recorded in the bank's procurement system for monitoring and follow-up.

Suppliers are evaluated in several control areas through questionnaires and external data collection. During the year, the sustainability criteria were expanded to put more emphasis on high-risk countries and align the bank with the strategic direction. Swedbank's suppliers are mainly in Europe and over 99 per cent of them are in markets with lower assessed risk. In a next step, the country of production will also be assessed and requirements will be set for further evaluation at higher registered risk. Procurement also includes any reputational risks from external parties in the evaluation. The purpose is to be aware of any material risks and have a mitigation plan in place before new contracts are signed.

Noncompliance with Swedbank's Code of Conduct for Suppliers is addressed on a continuous basis. The goal is to contribute to improvements and reduce risks associated with the brand and society. In 2022, the bank will increase the focus on the monitoring process for high risk suppliers.

Positive impact

Swedbank's strategic direction serves as the basis for the areas where the bank will influence and contribute to the positive impact. The aim is to reach out to suppliers with a strong sustainability profile and maximise the exchange of competencies and strengths. Suppliers are mainly identified through a sustainability evaluation, but also through continuous dialogue.

In the area of diversity and inclusion, Swedbank has conducted a more thorough evaluation, particularly of contracts with consultants, to identify those who have reported strong sustainability results. Together with one of the suppliers, two seminars were held to build knowledge on inclusive leadership, with a focus on people diagnosed with asperger syndrome. Over 100 managers and employees attended the seminars.

Swedbank continuously dialogues with its suppliers. In 2021, the procurement unit did not conduct any face-to-face meetings due to Covid-19; all meetings were virtual instead. With its strategic suppliers, the bank measures and monitors targets in relevant sustainability areas. Particularly important areas during the year were CO₂e reductions and human rights. The targets will be monitored annually to track performance.

Swedbank is also trying to push its suppliers to develop circular services and products. For example, IT equipment is reused by the bank. In Sweden, where the largest share of the use occurs, approximately 97 per cent of all computers and monitors are reused. The bank is also trying to ship 50–60 per cent of the computers it purchases by train instead of air in 2021. In the last year, this saved an estimated 762 tonnes of emissions.

Innovation

In October, Swedbank Sustainability Innovation Day was arranged. Existing suppliers were challenged to produce innovative ideas that support the bank's strategic effort with the goal of accelerating the sustainability work vis-à-vis customers and internally. In total, over 50 ideas were received, eleven of which were selected to be presented by ten different suppliers live in Swedbank's studio and broadcasted digitally to over 270 participants.

A big reason for the success of the event was the engagement of participants, who provided feedback and asked challenging questions to the presenting suppliers. The further evaluation of the ideas for potential implementation will continue in the organisation in 2022.

A new area that the procurement unit is investigating is artificial intelligence in order to improve data collection while minimising labour input. Process digitisation has been underway for some time in close collaboration with developers. Some of Swedbank's contracts were signed before this work began. To identify information in older contracts, an AI solution was tested during the year to collect data tied to the bank's Code of Conduct for Suppliers. The hope is to be able to evaluate and ensure that the right data is in Swedbank's contracts in additional areas, and that measures can be taken if it is not.

Supplier audits	2021	2020	2019
Procurement value (SEKm)	9 593	14 219	9 680
Number of active suppliers	3 785	4 107	
Percentage of suppliers registered in countries with low environmental risk ¹	99		
Percentage of suppliers registered in countries with low social risk ²	99		
Number of supplier dialogues 2021 ³	46		
Number of sustainability evaluations 2021 ⁴	129		

1) Based on the Environmental Performance Index. All suppliers with risk scores over 50 are considered low risk.

2) Based on the Amfori BSCI index. All suppliers with risk scores over 60 are considered low risk.

3) Supplier dialogues are structured meetings with sustainability agenda managed by Swedbank.

4) Sustainability evaluation conducted on contracted suppliers in 2021.

S5 Environmental impacts

Material topic:

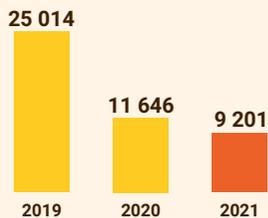
Promote climate transition

- ISO 14001 environmental management system provides a structured way to monitor Swedbank's environmental targets and improve the bank's environmental work.
- Swedbank has further developed the bank's sustainability reporting during the year, e.g. by reporting on the taxonomy and on financed emissions.



Climate action leads to results

Emissions from Swedbank's direct operations, tonnes CO₂e



Includes emissions from the bank's offices, business travel, security transports and paper consumption.

GHG emissions per earned krona, tonnes CO₂e/SEK



GHG emissions per employee, tonnes CO₂e/FTE



Swedbank has a responsibility to allocate capital to sustainable solutions that can reduce carbon emissions and develop timely solutions for society as a whole in order to address the consequences of climate change. To minimise global warming, the entire financial sector has to work together to greatly reduce GHG emissions.

Environmental management

Swedbank's environmental work is rooted in its Sustainability Policy and Environmental Policy, which are adopted annually by the Board of Directors. With its ISO 14001 certified environmental management system, the bank takes a structured approach to continuously reduce negative impact. The subsidiaries Swedbank Robur, Swedbank Insurance, Swedbank Mortgage, Sparia, Swedbank Fastighetsbyrå and PayEx AB are covered by Swedbank's certification. The management system includes the management of indirect impact through financing, investments, payments and procurement, as well as direct impact through the bank's internal operations. Each unit has operating managers responsible for their unit's environmental work. Swedbank also has a network of sustainability ambassadors who coordinate the operation's target-setting and monitoring.

Since 1996, Swedbank has reported its climate work in various types of environmental reports. The Group-wide targets adopted in 2020 encompassed direct GHG emissions in order to steer operations in the right direction. As of 2019, the target

is to reduce emissions by 60 per cent by 2030. The large part of the bank's own emissions are generated through energy consumption in the bank's offices as well as through business travel, as shown in the tables on pages 217–218.

To reduce emissions, the bank's property management unit encourages the use of energy-efficient and space-saving properties and works with property owners to adopt energy-conservation measures.

The bank has adopted intensity-based targets to curb energy consumption in its offices by 10 per cent per m² in 2017–2021, which the bank has managed to accomplish with an 18 per cent reduction. Now the bank is striving towards 15 per cent reduction in 2017–2025.

Swedbank also works actively to reduce the environmental impact of travel. Internal targets have been set by unit with a focus on increasing the share of meetings via digital platforms. In 2021, travel continued to drop significantly due to the global pandemic. The number of flights was reduced by 86 per cent compared with the previous year. Virtual meetings will continue to take priority over face-to-face meetings.

European Central Bank's guide on climate-related and environmental risks

In 2020, the European Central Bank (ECB) released a guide on climate-related and environmental risks to ensure that risks are managed safely and prudently in the banking sector. The guide describes the ECB's expectations on how banks should manage and transparently report environmental and climate-related risks. In 2021, Swedbank's Baltic operations conducted a self-assessment of how the bank manages climate-related and environmental risks and drafted an action plan to comply with the ECB's expectations. In 2022, the ECB will perform a full review of the banking sector's processes to manage climate-related and environmental risks.

The ECB's guide consists of 13 expectations. Examples of the expectations are that Swedbank need to understand how climate-related and environmental risks impact the business climate in the short, medium and long term through scenario analyses; integrate climate-related and environmental risks in the bank's overarching business strategy, business objectives and risk management framework; and report various indicators to measure emissions. Some of these expectations align with the Task Force on Climate related Financial Disclosures (TCFD). Since Swedbank already reports according to TCFD, some expectations are already in place while others have to be developed.

As an interim measure, Swedbank has committed to disclose Scope 3 emissions for its entire operations by 2023. One condition for reporting indirect emissions is that established methods and accurate data are available. During the year, Swedbank chose to use an emissions measurement method provided by the Partnership for Carbon Accounting Financials (PCAF), which is developing a uniform way to measure GHG emissions associated with financing. The method helps Swedbank to assess its existing financed emissions through a combination of financial information, information on individual collateral and regional data, and this is subsequently used as a basis for developing Swedbank's Scope 3 emissions targets. Swedbank will continue in 2022 to implement all of the ECB's expectations relating to the banking sector.

Voluntary Taxonomy reporting

Swedbank reports the bank's mandatory Taxonomy reporting on page 204-205. Since the mandatory reporting may not contain estimates, Swedbank has in this voluntary reporting chosen to include KPIs that are partly based on estimates. The reason is to increase transparency for the bank's stakeholders and to provide a comprehensive view of the bank's assets from the standpoint of the Taxonomy.

Swedbank's voluntary taxonomy reporting is consolidated and reported in the same way as the mandatory taxonomy reporting, i.e. consolidation based on the consolidated situation with the assets presented as the carrying amount before provisions. For more information see page 204. Which KPIs that are identical to Swedbank's mandatory reporting is clarified in the table on page 217 by a footnote.

Covered assets

As of the 2023 financial year, Swedbank will report how environmentally sustainable the assets on the balance sheet are with the Taxonomy. This will also be reported through the KPI Green Asset Ratio ("GAR"), which is calculated as assets that are consistent with the Taxonomy (numerator) divided by total covered assets (denominator).

According to the reporting requirements, certain exposures are excluded from the numerator regardless of whether they could meet the requirements of the Taxonomy or not. Examples of such exposures are those to non-NFRD companies and derivatives. These assets are included in the denominator of GAR and are therefore part of covered assets and will impact a future GAR. Certain other exposures – central governments, central banks and supranational issuers and the bank's trading portfolio are completely excluded from GAR.

Exposure to NFRD companies

Since the bank's customers and counterparties subject to NFRD will disclose the proportion of their Taxonomy-eligible and Taxonomy non-eligible economic activities for the first time for the financial year 2021, this information is not yet available. In this voluntary reporting, Swedbank has chosen to report on these customers and counterparties based on estimates. Swedbank has assessed how taxonomy-eligible its customers and counterparties are based on the NACE code applicable to the customer or counterparty based on their economic activities. NACE is the European statistical classification of economic activities. NACE classifies organisations according to their business activities. NACE codes have been used, since Taxonomy-eligible economic activities are identified partly with the help of NACE codes in the Taxonomy.

Assets	SEKm	Share of total covered assets, %	Share of total assets, %
Taxonomy-eligible assets	1 000 718	55.2	41.2
Of which mortgages to households and repossessed real estate collateral ¹	988 734	54.5	40.7
Of which exposure to NFRD ² companies	11 985	0.7	0.5
Taxonomy non-eligible assets	167 295	9.2	6.9
Of which loans to households other than mortgages ¹	147 424	8.1	6.1
Of which exposure to NFRD companies	19 871	1.1	0.8
Exposures to companies not subject to NFRD ¹	586 309	32.3	24.1
Derivatives, hedge accounting ¹	9 561	0.5	0.4
On demand inter-bank loans ¹	2 982	0.2	0.1
Exposures to regional and local governments and social security funds	6 337	0.4	0.3
Other assets (e.g. cash, goodwill etc.)	39 828	2.2	1.6
Total covered assets	1 813 030	100.0	74.6
Exposures to central governments, central banks and supranational issuers ¹	493 470		20.3
Trading portfolio ¹	123 272		5.1
Total assets	2 429 773		100.0

1) Identical KPIs as reported in Swedbank's mandatory Taxonomy reporting on page 204-205

2) NFRD = EU directive on non-financial reporting that includes sustainability reporting requirements for large companies of public interest with more than 500 employees

Measuring financed emissions

During the year, Swedbank worked on aligning itself with the Paris Agreement's 1.5°C target and pledged to set science-based emissions reduction targets in accordance with the Science-Based Target initiative (SBTi) and the Net Zero Banking Alliance (NZBA). As a starting point, Swedbank analyses its current financed emissions, which will then be used as a benchmark for future measurements and to develop climate targets.

One challenge is to access reliable data in order to analyse the bank's financed emissions. Swedbank therefore chose the Partnership for Carbon Accounting Financials (PCAF), which has a standardised method to measure financed emissions for banks. An analysis made by external consultants was conducted in 2021 to see whether PCAF was the right method for Swedbank, which the results showed. The determination was mainly based on PCAF, since it is one of the most common methods to calculate financed emissions and can be used with the data Swedbank has on financed assets. By using PCAF's method, Swedbank began during the year to calculate its financed emissions in the asset classes mortgages and commercial properties. The goal was to cover as large a share of the bank's properties as possible, but certain types have been excluded from the results as the reliability of the results has been lacking. Swedbank has chosen not to include properties that fall under type code 300–399 (rental units) in the Swedish calculation, since the bank does not have a method to separate emissions from individual apartments from the property's total emissions. This exclusion means that neither condominiums nor tenant owner associations are included in the results, because of which lending in the table differs from the financial reporting.

The calculation of financed emissions consists of three parts: the property's loan-to-value ratio, its energy consumption and an emissions factor. The loan-to-value ratio is used to measure how large a share of the property's emissions can be attributed to Swedbank. Energy consumption together with the emissions factor (emissions per unit of produced energy) is used to calculate the emissions. Access to information on the properties' energy consumption and energy sources

has been limited and therefore the figures have been estimated based on type of property and geographic location. This adds a degree of uncertainty to the results. Various sources have been used to estimate the figures, but as far as possible Swedbank has used the government's data from Statistics Sweden, the World Energy Council and the Swedish Energy Agency, among others.

See the table below for this year's results of the bank's financed emissions. The table includes five columns. The column "Asset class" shows whether it is a mortgage loan or a loan for commercial purposes. Carrying amount before provisions shows the lending volume. Scope 1 and scope 2 emissions contain information on the total financed emissions of the loans, i.e. the share of the property's emissions that Swedbank finances, which has arisen through energy use and through operations. Emissions intensity is the total financed emissions, divided by the total number of square meters in the portfolio. Weighted data quality point is the average data quality level Swedbank has on its properties, calculated according to PCAF's framework. Swedbank will continue to develop the calculations of the bank's financed emissions as well as underlying data during 2022.

Asset class	Carrying amount before provisions (SEKm)	Scope 1 & scope 2 emissions (tCO ₂ e)	Emissions intensity (tCO ₂ e/m ²)	Weighted data quality points (high quality = 1, low quality = 5)
Mortgages (Sweden)	331 604	58 893	1.93	4.5
Mortgages (Baltics)	90 280	215 161	12.59	3.97
Loans to commercial properties (Sweden)	73 303	14 356	3.14	4.5
Loans to commercial properties (Baltics)	37 937	812 740	36.87	4

Greenhouse gas emissions ¹ , tonnes CO ₂ e	2021	2020	2019
Total emissions	9 201	11 646	25 014
Reduction target 2030, 60% ²	15 008	15 008	15 008
Carbon offsetting ³	9 201	11 646	25 014
Total emissions after carbon offsetting	0	0	0

Emissions by scope according to GHG protocol

Emissions scope 1 ⁴	466	632	1 020
Emissions scope 2 ⁵	4 787	5 331	6 067
Emissions scope 3 ⁶	3 948	5 683	17 927

Emissions by country

Emissions, Sweden	3 842	5 847	14 692
Emissions, Estonia	2 146	2 394	3 559
Emissions, Latvia	1 594	1 735	2 425
Emissions, Lithuania	1 482	1 366	2 908
Emissions, other ⁷	137	304	1 430

Energy-related emissions according to Scope 2

Market-based	4 787	5 331	6 067
Location-based	14 805	16 444	18 801

1) Included GHG: carbon dioxide, methane, nitrous oxide and chlorofluorocarbons (refrigerants). In all GHG calculations, Swedbank used Ecometrica software through a system called Our Impact, administered by U&We, which annually revise their emission factors. Emissions are reported in accordance with the Greenhouse Gas Protocol (World Resources Institute).

2) The baseline year is 2019 which equals to 25 014 tonnes of CO₂ emissions.

3) Carbon offsets relate to carbon storage through sustainable tree planting.

4) Swedbank's direct emissions. Based on fuel consumption in company cars and refrigerant gas loss. Emissions from cooling equipment are estimated using operational controls (based on weight and type of cooling medium). Emissions from company-owned vehicles are estimated with the help of the bank's financial controls. None of Swedbank's Scope 1 emissions are biogenic.

5) Swedbank's indirect emissions in the form of electricity consumption and heating/cooling. Emissions are estimated based on operational controls in Swedbank's offices/buildings.

6) Swedbank's other indirect emissions from business travel, security transports, paper consumption, water consumption and waste. None of Swedbank's Scope 3 emissions are biogenic.

7) Norway, Finland, Denmark, USA, South Africa and China. Luxembourg was included 2019.

Emissions by category, tonnes CO ₂ e	2021	2020	2019
Sweden			
Office premises	1 890	2 229	2 555
Business travel	1 838	3 435	11 959
Other emissions ¹	114	183	178
Estonia			
Office premises	2 028	1 897	1 718
Business travel	112	466	1 806
Other emissions ¹	6	31	35
Latvia			
Office premises	1 245	1 156	1 284
Business travel	336	517	1 069
Other emissions ¹	13	62	72
Lithuania			
Office premises	1 057	785	888
Business travel	84	468	1 904
Other emissions ^{1,2}	341	113	116
Other countries			
Office premises	112	181	652
Business travel	24	122	776
Other emissions ¹	1	1	2

1) Security transports and paper consumption.

2) In 2021, the security transport company and calculation method were changed.

Other environmental data	2021	2020	2019
Energy consumption in our offices (MWh)	79 213	78 767	93 087
– of which Sweden	39 183	41 307	51 614
– of which Estonia	16 993	15 654	17 612
– of which Latvia	10 316	10 391	11 316
– of which Lithuania	11 875	10 469	11 453
– of which Other	846	946	1 092
Electricity consumption in our offices (MWh)	40 790	40 447	51 687
Renewable electricity as a share of total electricity consumption (%) ¹	99.9	98	82
Paper consumption (tonnes)	714	1 137	1 100
Share of Ecolabel paper (%)	100	98	
Water consumption (m ³ /FTE)	4	5	7
Recycled waste (tonnes)	529	440	437
Incinerated waste (tonnes)	461	328	315
Landfill waste (tonnes)	183	297	153
Hazardous waste (tonnes)	2.2	1.7	3
Compostable waste (tonnes)	47	11	
Number of digital conferences (million) ²	1.9	1.5	0.42
Number digital conference attendees (million) ²	3.60	4	1.69

1) Renewable energy refers to wind, biomass and hydroelectric.

2) Digital meetings via Skype/Teams.

Internal energy consumption ¹	2021	2020	2019
Total emissions from energy consumption (tonnes CO ₂ e/MWh)	0.066	0.07	0.07
Energy consumption per employee (MWh/FTE)	5.0	5.0	5.7
Energy consumption per m ² (MWh/m ²)	0.208	0.200	0.236
Energy reduction target of 10% per m ² 2017–2021 (MWh/m ²)	0.226	0.226	0.226
Energy reduction target of 15% per m ² 2017–2025 (MWh/m ²)	0.213	0.213	0.213

1) Swedbank's internal energy consumption consists of consumption of energy, heating, cooling and gas.

Comparative figures, tonnes CO ₂ e	2021	2020	2019
Total emissions per employee (tonnes/FTE)	0.59	0.74	1.52
Scope 1 and 2 emissions per employee (tonnes/FTE)	0.33	0.38	0.43
Total emissions per office space (tonnes/m ²)	0.024	0.030	0.063
Scope 1 and 2 emissions per office space (tonnes/m ²)	0.014	0.015	0.018
Emissions per income (tonnes/SEKm)	0.20	0.25	0.54
Scope 1 and 2 emissions per income (tonnes/SEKm)	0.11	0.13	0.15

AutoPlan

Swedbank is one of Sweden's largest fleet owners through the subsidiary AutoPlan, which offers fleet administration for companies. AutoPlan works actively to reduce its climate impact by helping customers adopt green car policies, supporting them on sustainability issues, and measuring and monitoring their climate impact. In 2021, 74 per cent of all new vehicles were electric or hybrid: 14 per cent electric and 60 per cent plug-in hybrids. In the Swedish market, AutoPlan has 5.8 per cent electric vehicles, compared with 1.7 per cent of the total market, and is working to expand its electric vehicle offering.

Swedbank has a company car programme that results in taxable wages. Since the programme was introduced in 2006, Swedbank and the savings banks have reached nearly 1 000 vehicles. Through the programme, Swedbank uses various incentives to encourage employees to drive more environmentally friendly cars. Almost all new passenger cars are electric or hybrids.

In addition to AutoPlan and its own fleet, Swedbank finances cars for many consumers and businesses. Here as well Swedbank works actively to increase the share of green cars. For example, a lower interest rate is offered on vehicles that emit less than 50 gr CO₂/km. Green Leasing is also offered in Estonia, Latvia and Lithuania, with a lower interest rate for more environmentally friendly cars.

Auto leasing AutoPlan	2021	2020	2019
Leasing of vehicles (tonnes CO ₂ e) ¹	169 158	175 777	195 219
Total number of leased cars	42 082	43 780	43 787
Average emissions, new cars CO ₂ (g/km) ²	71.18	87.07	110.6
Average emissions, total CO ₂ (g/km) ²	98.71	108.8	117.0
Average emissions, new company cars in Swedbank CO ₂ (g/km)	43	54	80

1) Emissions based on fuel consumption and fuel type per vehicle over one year.

2) Refers to company cars administered by Swedbank by Swedbank AutoPlan.

S6 Employees

Material topic:

Attractive employer

- In total, Swedbank's employees have received 497 490 hours of training, an increase of 37 per cent from 2020.
- Employee surveys in 2021 show high, stable engagement and that employees were satisfied about their jobs despite the pandemic and changes in how they worked.



Three years of improvement

Engagement index, 2021

2020: 81

85 ↗

Recommendation index, 2021

2020: 43

45 ↗

Sustainable employee index, 2021

2020: 82

85 ↗

Share of women and men



* Employee representatives are not included in the calculation of Board members.

Swedbank developed a new strategic direction in 2020 with strong engagement from employees, who were invited to participate in this work. In 2021, the strategic direction was implemented with the aim of unifying all of the bank's employees and clarifying the journey forward. In addition to our purpose, vision and customer promise, the strategic direction comprises Swedbank's values – Open, Simple and Caring – as well as the necessary conditions for the bank to live up to and act in accordance with the purpose and vision. All employees are expected to contribute to the bank's profitability and desired culture, and to comply with rules and processes.

The year was dominated by the ongoing pandemic. The overarching aim has been to maintain a safe and secure workplace and limit the spread of Covid-19. At the same time focus has been on keeping an inspiring and stimulating work environment and find new, flexible ways of working, where customers continue to receive high quality products and services and where employees can work from

home. The process has improved during the pandemic thanks to established virtual meeting options. This has been helped by new tools and systems support such as Microsoft Teams for all employees, which has also increased opportunities for advisors within Large Corporates and Institutions (LC&I), Swedish Banking, the savings banks and Baltic Banking to meet customers digitally.

Leadership and self-leadership

Being a leader at Swedbank means continuously adapting to rapid changes and challenges based on customers' demands, new ways of working and how the business develops and is driven forward. Building trust, inspire and demonstrate courage define how a leader at Swedbank should act.

All employees are offered opportunities to develop and find inspiration as market conditions change, and to take responsibility for their personal development. A rapidly changing and complex environment requires self-leadership, the ability to be flexible and a willingness to adapt to change and make the best of existing opportunities. Self-leaders also contribute to new thinking and promote a learning culture that helps the bank to develop.

Sustainable employees

Occupational health and safety is an important area to create a climate with sustainable employees. During the year, with an ongoing pandemic, the bank placed additional focus on preventing and managing illness among employees. Support in the form of targeted communication to managers and new management training has been developed on how ill health can be detected, managed and prevented, as well as how a common and systematic approach can contribute to sustainable employees. The key to this work is a close, continuous dialogue between manager and employees.

Through Swedbank at Work, the bank is continuing to develop and implement new ways of working. Swedbank at Work describes the bank's working methods, both physical and digital work environment and the design of workplaces and office space. The purpose of Swedbank at Work is to create healthy and functional workplaces to facilitate and encourage movement and variation during the workday, which is important to both physical and mental health.

The Swedbank Group's occupational health and safety targets for sustainable employees are as follows:

- Employees' valuation of their workload, work-life balance and a supportive and inclusive work environment.
- Reduce sickness absences. The goal remains <2.8% despite difficulties achieving this during the ongoing pandemic.
- The bank's zero tolerance for harassment and discrimination.

Diversity and inclusion

Swedbank's goal is a workplace free from discrimination that offers equal opportunities to everyone based on their unique needs and potential. To ensure an inclusive workplace and a culture where everyone feels respected and can perform at their best, it is important that gender equality, diversity and inclusion are naturally integrated in every part of operations. Updates and follow-ups are performed on a regular basis. To achieve gender parity, key indicators are in place for the CEO and Group Executive Committee, which measure wage gaps and gender parity in senior management and among managers at an aggregate level. Measurements are also taken based on classification and level of seniority.

Employee surveys confirm that Swedbank is an inclusive workplace. The work to prevent discrimination and harassment is treated with the utmost seriousness. In 2021, the process for addressing discrimination and harassment cases was updated. Managers receive regular training in the area and the units are offered workshops through Friends, a Swedish organisation to prevent bullying.

Gender equality and diversity are also an important part of the bank's societal engagement. Swedbank was a corporate partner of Baltic Pride in 2021, which was held in Riga, and the HBTQ+ network GLaS for employees has steadily grown and celebrated its first anniversary. Another goal for Swedbank is to increase gender parity in male-dominated areas such as technology and IT. The Swedbank Women in Tech network has promoted female employees who work in tech and IT. Swedbank is also collaborating with the external Swedish network Women in Tech which promotes female leadership in the tech industry.

Flexible working conditions are known to be an important factor to improve gender equality and diversity and in order to combine family and career. Flexibility at work was already a permanent and natural part of the bank's Swedbank at Work concept. Throughout the pandemic, the bank has applied a more flexible approach that offers the opportunity to stay home with children without loss of compensation in situations where schools have closed. Parents who return from parental leave are offered flexible schedules and can work part-time.

Swedbank works continuously at the Group level to ensure equal pay between men and women for the same or similar work. To identify wage gaps and take action, salaries are systematically analysed and compared to the market standard. Follow-ups are done regularly to eliminate any gaps. Management training and reviews of policies, guidelines and processes are done continuously to eliminate gender-specific disparities. When it comes to pay gaps where wages are compared regardless of the nature of the job, the gap is affected by the lower share of women in senior positions in the bank.

Swedbank participates in several third-party evaluations and indexes to continuously monitor diversity and inclusion work, e.g. Bloomberg Gender Equality Index 2021 and Financial Times Diversity Leaders in Europe. Swedbank has signed the UN Women's Empowerment Principles and is one of the founders of the EU Diversity Charters in its home markets.

Employee surveys and employee engagement

It is important to monitor and evaluate what employees think about their work on a regular basis. Swedbank's employee survey is called People Pulse and was conducted three times in 2021. The purpose of People Pulse is to encourage employees to grow, to understand how they feel, and to find out how well they understand and adhere to the bank's strategic areas. The survey is designed to track and promote behavioural changes on a daily basis as well as encourage a continuous dialogue and open feedback in every unit. The questions in People Pulse varied during the year and related to both engagement and strategically important areas. Nine areas have been identified and are being monitored: engagement, loyalty/interest, direction, compensation, work culture, performance, leadership, sustainable employees and unequal treatment.

In 2021, every People Pulse had questions on engagement and sustainable employees to measure how employees feel about their work situation and degree of engagement. The results show a high and stable level of engagement and that employees felt good about their job during the year despite the pandemic and changing work arrangements, with around half of all employees still working from home. The surveys conducted during the year had high response rates and reported improved results.

Employee engagement is critical to the bank's success. Engaged and proud employees create a better customer experience and more satisfied customers, and can thereby contribute to our business objectives. To fulfil Swedbank's vision and purpose requires that everyone is engaged and takes responsibility in line with the bank's expectations to fully embrace the values of openness, simplicity and caring. Measuring employee engagement is one way to ensure that Swedbank is an attractive workplace with a culture based on inclusion and responsibility.

Employee surveys, index	2021	2020	2019
Sustainable Employee Index¹	85	82	78
Target for sustainable employee index ²	80	85	
Engagement index¹	85	81	81
– Sweden	82	78	
– Estonia	89	85	
– Latvia	88	84	
– Lithuania	89	84	
Recommendation index^{1,3}	45	43	33
Target for recommendation index	40	33	
Leadership index⁴	86		85

1) Survey sent to all employees.

2) The Sustainable Employee Index was measured in previous years according to the traffic light model: green, yellow and red. Green is the target level and was previously from 80 and upward, but with a stretch target of 85. After requests from operations to simplify the measurement method for the Sustainable Employee Index, the bank set the same target for the entire Group, i.e. from 80 and upward, in 2021.

3) Likelihood of recommending Swedbank as an employer externally (eNPS). Calculated on a scale of 0–10, where the share of negative responses (0–6) is subtracted from the share of positive responses (9–10).

4) Not measured in 2020.

	2021	2020	2019
Internal training			
Total number of training hours ¹	497 490 ²	363 315	556 983
Training costs per FTE (SEK)	4 784	4 700	7 900
– of which mandatory	1 149	1 200	
– of which non-mandatory	3 635	3 500	
– of which women	5 498	3 400	
– of which men	3 660	1 300	
Training hours per FTE ¹	32	24	37
– of which men	24	18	28
– of which women	38	28	44
– of which managers	44	28	45
– of which specialists	30	24	32
Completed training			
– ethics (number) ³	16 593	16 797	3 693
– sustainability incl. climate (number)	7 636	16 149	15 896
– anti-money laundering and counter-terrorist financing (number)	17 625	17 153	15 976
Number of advisors with Swedsec license ⁴	3 976	4 031	4 023
Number of employees who completed the annual knowledge update (ÅKU) ⁴	6 298	6 254	5 743

1) The number of training hours measures only how large a percentage of skills building is done through traditional training (e-training and classroom training). The table also includes savings banks.

2) Share of mandatory training 24%.

3) Contains a section on anti-corruption policies and procedures.

4) Refers to Sweden.

Employees who have received training in anti-money laundering and counter-terrorist financing, by region (%)	2021	2020
Sweden	96	98
Estonia	99	99
Latvia	99	99
Lithuania	99	99
Group total	98	98

Employees who have received training in anti-money laundering and counter-terrorist financing, by category (%)	2021	2020
Managers	99	99
Specialists	97	98

Employees who received anti-corruption training in 2021	Number of employees	Percentage of total
Estonia	2 303	90
Managers	249	92
Specialists	2 054	90
Latvia	1 678	88
Managers	195	88
Specialists	1 483	88
Lithuania	2 268	89
Managers	256	92
Specialists	2 012	89
Sweden	8 437	85
Managers	942	92
Specialists	7 495	85
Total	14 686	87

Total number of employees by employment type 2020, by gender ¹	Female	Male	Total
Full-time	9 750	6 010	15 760
Part-time	1 261	515	1 776
Total	11 011	6 525	17 536

1) The variation in the number of employees during the year is fairly constant.

Total number and share of employees by employment contract 2020, by gender ¹	Female	%	Male	%	Total
Permanent	10 308	63	6 153	37	16 461
Temporary	703	65	372	35	1 075
Total	11 011	63	6 525	37	17 536

1) The variation in the number of employees during the year is fairly constant.

Total number of employees by employment contract 2020, by region ¹	Sweden	Estonia	Latvia	Lithuania	Total
Permanent	9 278	2 590	1 954	2 639	16 461
Temporary	678	120	145	132	1 075
Total	9 956	2 710	2 099	2 771	17 536

1) The percentage who are not employed by the bank is very low. The variation in the number of employees during the year is fairly constant.

Total number ¹ and share of new employees by gender, age group and country, %	2021	2020	2019
Women	58	55	61
Men	42	45	39
Under 30 years	52	45	54
30–50	43	49	42
50–	5	6	4
Sweden	48	57	34
Estonia	14	13	18
Latvia	17	13	21
Lithuania	21	17	27

1) Number of new employees: 2021: 2 178, 2020: 2 043, 2019: 1912.

Total number and rate of employee turnover by gender, age group and country, % ¹	2021	2020	2019
Women	9.7	6.4	9.3
Men	11.5	7.3	10.4
Under 30 years	16.6	9.0	14.1
30–50	8.4	5.5	8.0
50–	8.9	7.6	9.6
Sweden	8.8	6.0	9.4
Estonia	10.4	6.5	8.3
Latvia	11.2	7.3	10.9
Lithuania	14.9	9.3	11.7
Group total	10.3	6.8	9.7

1) Number of employees who left the bank during the year: 2021: 1 802, 2020: 1 166, 2019: 1 601.

Wage difference women vs. men, managers ¹ by country, %	2021	2020	2019
Sweden	-20	-20	-22
Estonia	-27	-30	-27
Latvia	-35	-35	-39
Lithuania	-29	-29	-32
Group total	-29	-30	-31

1) Includes managers at every level. HR responsibility is the common denominator for this category.

Wage difference women vs. men, level 1–3 managers by country, %	2021	2020	2019
Sweden	-26		
Estonia	-35		
Latvia	-17		
Lithuania	-27		
Group total	-27		

Wage difference women vs. men, specialists by country, %	2021	2020	2019
Sweden	-20	-20	-20
Estonia	-33	-34	-35
Latvia	-28	-28	-29
Lithuania	-33	-33	-34
Total	-31	-32	-32

Wage difference women vs. men, all employees by country, %	2021	2020	2019
Sweden	-21		
Estonia	-33		
Latvia	-32		
Lithuania	-36		
Total	-32		

Labour/management relations	2021	2020	2019
Percentage of employees with collective or local agreement or covered by labour law – Sweden ¹	100	100	100
Percentage of employees covered by collective bargaining agreements ^{2,3}	73	72	69

1) The members of the Group Executive Committee are not covered by collective agreements (except holiday regulations) and the Act on Employment Protection.

2) 100 per cent in Sweden and Lithuania.

3) Swedbank has established a Group-level European works council with participants from the various countries where it operates.

Level of education, %	2021	2020	2019
Sweden			
University degree	41	40	40
Other university education	10	11	11
Upper secondary school	48	47	48
Other education	1	2	1
Estonia			
University degree	64	64	62
Other university education	11	11	11
Upper secondary school	19	19	20
Other education	6	6	7
Latvia			
University degree	66	74	73
Other university education	17	16	16
Upper secondary school	17	10	11
Other education	0	0	0
Lithuania			
University degree	84	84	83
Other university education	6	5	6
Upper secondary school	5	5	5
Other education	5	6	6

	Number of employees who received performance review ¹		Number of employees who approved performance review		Percentage of employees who received performance review		Percentage of employees who approved performance review	
	2021	2020	2021	2020	2021	2020	2021	2020
Men	5 987	6 296	5 163	4 695	100	100	86	75
Managers	799	874	641	555	100	100	80	64
Specialists	5 188	5 422	4 522	4 140	100	100	87	76
Women	9 185	10 108	8 594	8 156	100	100	94	81
Managers	984	1 045	867	757	100	100	88	72
Specialists	8 201	9 063	7 727	7 399	100	100	94	82
Total	15 172	16 406	13 757	12 851	100	100	91	78

1) In a performance review, the manager and employee evaluate the year's performance. Evaluation and assessment of total performance are documented by the manager and approved by the employee.

Age distribution by country, %	2021	2020	2019
Sweden			
Under 30 years	21	21	21
30–50	51	50	49
50–	28	29	30
Estonia			
Under 30 years	19	19	20
30–50	66	68	68
50–	15	13	12
Latvia			
Under 30 years	22	22	24
30–50	71	71	70
50–	7	7	6
Lithuania			
Under 30 years	27	29	32
30–50	60	59	57
50–	13	12	11

Age distribution management and Board of Directors, %	2021	2020	2019
Group Executive Committee			
Under 30 years	0	0	0
30–50	13	21	25
50–	87	79	75
Board of Directors¹			
Under 30 years	0	0	0
30–50	18	40	22
50–	82	60	78

1) Excluding employee representatives.

57 Business ethics and information security

Material topic:

Secure and stable IT systems

Responsible corporate governance

Business ethics

Fight financial crime

- Swedbank will be at the forefront of the fight against financial crime and strive to be best in class.
- Swedbank started following the requirements of the new Swedish whistleblower law in December 2021, a half year earlier than required for large organisations.



Employees who have received AML/CTF training

Completed courses: 17 625

98%

Business ethics at Swedbank

Swedbank has zero tolerance for any type of corruption. The bank's anti-corruption work is structured in an ABC Framework consisting of Swedbank's Anti-Bribery and Corruption Policy (ABC Policy) as well as Group-level instructions that provide guidance to the bank's units and employees on questions of preventative measures. Every unit in Swedbank and its subsidiaries are responsible for identifying, evaluating and understanding which corruption risks they are exposed to as well as taking the necessary measures to mitigate and manage risks.

An important factor in order to mitigate and manage the bank's corruption risks is that employees have enough knowledge in the area. This means that all employees and consultants who work within the Group must complete a mandatory basic anti-corruption course when they join Swedbank, after which training is provided annually to keep them updated. Employees who work in functions at greater risk of corruption, such as procurement, HR and advisory services, have special anti-corruption training more frequently.

Information security strategy and management

Information security is always top of mind for the bank. It is an important area for various stakeholders, with supervisory authorities, customers, partners and society as a whole having greater demands and expectations. Swedbank works constantly to understand threat scenarios and determine if and where vulnerabilities exist and can be exploited to harm the bank and indirectly society as well. To ensure information security, the bank's CEO has decided on a strategy together with the Board of Directors. The Board provides advice and has access to the bank's risk and threat assessments and has also received training in the area.

Swedbank's information security strategy describes the strategic goals and vision. The bank's new strategic direction and supporting strategies for Tech, People, Consumer and Corporate outline the need to modernise and strengthen information security in order to support operational targets and change, manage information security risks and strengthen oversight and compliance. Swedbank's information security strategy was updated in 2021 for the new strategic direction, a changing threat and risk landscape, and new demands. Going forward, greater focus will be on working more uniformly and consistent with information security to strengthen the bank's digital operational resilience, and especially its cyber resilience to prevent attacks against Swedbank and close third parties.

Information security work is led by the bank's Chief Information Security Officer (CISO). The CISO is supported by a central function with responsibility for leading and coordinating the development and implementation of the bank's information security system based on the international ISO 27001 standard. The system is regulated based on policy documents and guidance as well as a control framework based on ISF Standard of Good Practice, which manages all of the tools and controls the bank uses to protect its information and customers' information. Several other functions provide important information security capabilities, including the IT organisation DBIT. An Information Security Manager is appointed by each business area and relevant Group functions as support for senior executives. Functions for security incident response and proactive security testing of the bank's IT environment are overseen by the CISO. It has become increasingly important for financial companies to test their information security capabilities and resilience. To ensure a high standard, Swedbank conducts external audits and third-party certification at least once a year.

Swedbank conducts periodic security tests, such as penetration testing of critical and new applications, systems and infrastructure as well as advanced simulations, so-called red teaming tests. The tests involve a controlled simulation of a cyberattack on an organisation's employees, processes and technology. The purpose is to identify deficiencies in order to then improve resilience. In addition to the tests, the bank regularly searches all its IT systems for vulnerabilities.

The incident response team, Swedbank SIRT, is an accredited SIRT organisation and member of the Trusted Introducer Network TF-CSIRT since 2010. The bank has insurance coverage for certain expenses that can arise in connection with a cyber incident. Swedbank has a rigorous framework to manage information security risks that arise when activities and assignments are outsourced. In connection with every procurement the supplier is analysed to ensure that they can live up to Swedbank's information security requirements, which is then included in the agreement and continuously monitored.

In 2021, Swedbank also issued new policy documents dedicated to information security, the CEO's information security instruction.

For information security to succeed, it is important to promote a security conscious culture. All employees must understand the importance of good security in their daily work and be given the opportunity to develop their own security skills and awareness of current threats. All of Swedbank's employees must complete information security training, which includes the General Data Protection Regulation. The bank also has customised measures for specific employee categories. In addition, it is important that employees know how to report suspicious incidents.

General Data Protection Regulation (GDPR)

Swedbank has extensive experience storing and managing customers' personal information, and it is important that the customers feel secure about how their personal information is used. Confidential information is a key aspect of daily banking operations and is used e.g. in customer surveys, daily banking services and market analyses. Correctly managing personal information is also critical to prevent and investigate criminal activity. It is also important when conducting payment, credit and risk assessments. To ensure compliance with the GDPR, the bank has processes in place for using personal information. For example, Swedbank has appointed data protection officers to serve as contact points, give advice in difficult cases, and cooperate when needed with the Swedish Authority for Privacy Protection (ICY). The data protection officers act independently and are especially concerned with cases from the whistleblower's standpoint. The network of data protection officers is coordinated by the bank's Group Data Protection Officer.

Whistleblowing ensures compliance

Swedbank's operations are guided by its values: Open, Simple and Caring. The Group's whistleblower routine encourages all employees and external stakeholders to report potential or actual violations of local laws or noncompliance with the Group's policies. The tool is available in every native language in the bank's home markets as well as English and enables anonymous, confidential reporting.

Swedbank started following the requirements of the new Swedish whistleblower law in December 2021, a half year earlier than required for large organisations, showing that Swedbank early on realised the importance of detecting and mitigating risks and fraud in a systematic and objective way.

In 2021, the bank received 122 reports, five of which related to operations in Estonia and six related to Latvia and Lithuania. Of these 122 reports, 31 reports have been assessed as whistleblowing in accordance with Swedbank's definition.

IT security, data protection and crime prevention	2021	2020	2019
Number of suspicious orders and transactions (MAR) ¹ reported	63	76	57
– of which Sweden	38	46	23
– of which Estonia	3	0	2
– of which Latvia	11	10	16
– of which Lithuania	11	20	16
Number of suspicious transactions involving money laundering/terrorist financing (SAR) ^{1,2} reported	8 598	5 501	4 597
– of which Sweden	6 851	3 480	2 736
– of which Estonia	608	973	882
– of which Latvia	748	591	632
– of which Lithuania	391	457	347
Whistleblower reports	122	61	30
Processing of personal data			
Number of queries/complaints from registered parties to data protection officer, total ²	8	13	10
– of which Sweden	0	7	5
– of which Estonia	1	1	0
– of which Latvia ³	4		
– of which Lithuania	3	5	5
Number of queries/complaints from data protection authority, total	19	6	7
– of which Sweden	6	0	0
– of which Estonia	1	0	0
– of which Latvia	3	1	1
– of which Lithuania	9	5	6

1) Market Abuse Regulation (MAR) and Suspicious Activity Report (SAR). Banks are obligated to report suspicions of market abuse: insider trading, market manipulation and unlawful disclosure of inside information (MAR). According to the Anti-Money Laundering Act, Swedbank is also obligated, without delay, to report suspicions of money laundering or terrorist financing (SAR) to the Financial Intelligence Unit of the Swedish Police.

2) Registered parties that have submitted queries or complaints through correspondence by mail or email to the data protection authority.

S8 Societal engagement

Material topic:

Societal engagement

- Swedbank teaches financial literacy to children and young people in all its home markets.
- Volunteering by employees shows a strong commitment to social issues.



Societal investment, SEKm

117 ↗

Number of lectures

3 152 ↗

Financial literacy training for young people

Swedbank’s societal engagement is largely focused on teaching personal finance and how various life choices can affect the future. Swedbank meets many children and young people through various initiatives and helps to promote financial literacy. In this way the bank reaches out broadly with its message and knowledge to thousands of children and young people, regardless of background and prior knowledge.

Through the “Young Economy” initiative with the Swedish savings banks and savings bank foundations, 92 700 (53 753) students attended lectures in 2021. Swedbank’s employees in Sweden guest lecture in schools during working hours. Due to the pandemic, all lectures were held online. In Latvia Swedbank held 140 online lectures for high school students through the bank’s Ready for Life programme, which also distributed educational material to classes that was used by more than 1 200 teachers and reached 31 000 students. In Estonia, Latvia and Sweden educational material has been created and used for digital presentations, and in Lithuania a new book called “Start Now: A Financial Guide for Young People” has been published. Copies of the book were also donated to preschools and libraries around the country.

Together with the Economy Museum in Sweden, Swedbank has created an educational programme available both online and in printed versions. The programme combines Swedbank’s Young Economy lectures and the museum’s current exhibits.

In Latvia and Lithuania the “Financial Laboratory” initiative gives children and young people access to digital presentations, virtual tours and other educational material. Swedbank’s Estonian employees have the opportunity during working hours to guest lecture, online or in person, in schools via the digital platform Back to School. During the year, Swedbank organised Lithuania’s largest online learning programme, known as Mokononika. Over 250 000 participants were introduced to 24 short lessons on financial literacy, sustainability, citizenship and other important topics.

An initiative called Digital Economy contributes to digital inclusion in society. Through local presentations – both physical and digital – the bank’s employees inform and guide those who want help getting started with digital services.

Educating the public in all four home markets also includes drawing attention to current economic issues. Swedbank arranges seminars on these and other current topics tied to its societal engagement.

Societal engagement for today

Swedbank has worked for several years with two labour market initiatives: "Young Jobs" and "A Job at Last". Due to the pandemic, another initiative called "Switch Jobs" was initiated in 2020 and continued in 2021. In collaboration with the talent matching firm Gigstr, "Switch jobs" was launched to enable Swedish companies to share employees due to Covid-19.

In Latvia and Estonia, the bank is engaged in projects where college graduates and those who want to change careers receive additional training to become teachers and thereby help to create a more equitable educational system. The teachers are placed in schools with the highest resignations. In 2021, 38 participants were accepted to the programme in Estonia and 93 in Latvia.

The bank participates every year in Politicians' Week in Almedalen and Järva, Sweden, and similar events in Latvia, Estonia and Lithuania, to promote dialogue between politicians, businesses and other organisations. Due to Covid-19, Almedalen and Järvaveckan were held digitally in 2021. In Latvia the bank participated in and was a co-arranger of the annual democracy festival LAMPA, which was held both in-person and digitally. Swedbank arranged a stage with 14 sustainability related events and sustainability programmes for young people. In Lithuania Swedbank partnered with Food Bank with the goal of stressing the importance of sustainability, responsible consumption and environmental protection. It also initiated the "17/Seventeen" project, which interactively introduced the Sustainable Development Goals to the general public.

Swedbank in Sweden has been working for several years with the organisation Friends, which is another important engagement in schools, in sports and online focused on preventing bullying. As part of this collaboration, anti-bullying protection is included in the home insurance, which provides support and compensation to the victim.

Health and exercise are also important social issues. In addition to the health aspect, it is a proven way for many new immigrants in Sweden to integrate in society. The bank sponsors various forms of sporting activities, mainly with a focus on young people and often involving football. During the summer, the bank participated in the youth football camp arranged by the Swedish Football Association, which brought together over 23 000 players from around Sweden. Swedbank also sponsored a football academy with free football programmes in areas where participation in sport is low allowing 19 local clubs to offer free football practices.

In Estonia Swedbank is one of the founders of Estonian Health Tracks, which offers free access throughout the year to 120 outdoor tracks around the country. In Latvia Swedbank supports the national Olympic Committee and its Olympic month, which works with schools and youth to inspire and encourage them to exercise on a daily basis. In 2021, the initiative had more than 148 000 participants.

Entrepreneurship and innovation collaborations

To encourage innovation and entrepreneurship, Swedbank has projects with several organisations. One way is to teach entrepreneurship to young people whilst they are still in school, increasing their likelihood that they will start new businesses and create jobs.

Junior Achievement in Sweden and Latvia and Everyone Can in Lithuania are different types of entrepreneurial collaborations focused on young people. In Estonia Swedbank is a co-arranger of one of the largest entrepreneurial festivals in the Baltic countries, sTARTUp Day, which brings together more than 3 000 start-up representatives, CEO's, investors, university students, specialists and enthusiasts from around the world to learn, pitch and discuss topics such as startups, innovation, and future technologies. In Lithuania Swedbank also organised the initiative "Anyone Can Do It – Small Business Academy" to support sustainable growth in small businesses, which has been around for several years but is still struggling to gain momentum. Ten firms were selected to receive their own mentors and methods to use to improve their businesses.

Strong engagement among employees

Back in 2008 Swedbank and Good Deed Foundation joined together to establish the donation portal "I love to help", the largest website of its kind in Estonia, which brings together customers and various charitable organisations to provide help in vulnerable areas. All employees of Swedbank in Estonia have an opportunity to volunteer, and in 2021 engagement was higher than ever before. A total of 1 230 employees volunteered for the initiative Summer of Good Deeds. In Latvia Swedbank runs a program for employee engagement called "Let's Do It Together", which combines more than 10 different activities where employees offer to help others and the community by providing their knowledge, energy, time and other resources.

In Lithuania Swedbank's volunteering programme is called We Care. Here as well employees have an opportunity during working hours to volunteer in a wide range of areas.

Societal investment, SEKm.	2021	2020	2019
Societal investments, total	117	101	104
– of which Sweden ¹	83	75	89
– of which Estonia	14	14	7
– of which Latvia	13	7	3
– of which Lithuania	7	5	5

1) Of which 55 SEKm consists of charitable donations from Swedbank Robur Humanfond 2021.

Societal investment per engagement 2021, %	Sweden	Estonia	Latvia	Lithuania
Sponsorship of social activities	32	53	68	18
Employees' societal engagement during paid working hours	2	15	2	16
Management costs	0	6	30	66
Products and services with a social value	0	0	0	0
Gifts from customers via the bank's products and services	66	26	0	0

Number of presentations	2021	2020	2019
Sweden ¹	2 318	1 498	2 283
Estonia	60	67	157
Latvia	134	218	683
Lithuania	640	318	674

1) Refers to the Young Economy initiative in collaboration with the Savings Banks and Savings Bank Foundations. Including savings banks.

Direct economic value generated and distributed, %	2021	
	SEKm	% ¹
Total income	46 890	
Interest paid to the public (deposits)	354	1
Interest paid on other funding/financing	5 818	12
Deposit guarantee fees	461	1
Resolution fees	791	2
Tax for the year	4 645	10
Non-deductible VAT	1 681	4
Social insurance costs and pensions	3 787	8
Salaries and fees incl. shares in Swedbank	8 356	18
Payments to suppliers, home markets	9 593	20
Proposed shareholder dividend	12 632	27
Profit for the year reinvested in the bank	8 239	18

1) Distribution of financial value creation in relation to total value.

S9 Human rights

Material topic:

Promote sustainable lending

Promote sustainable investment

- Within the bank's core processes, investment, lending and procurement, sustainability analyses are carried out where human rights is included as an important area.



Human rights are one of the four areas to determine whether a company can be included in Swedbank Robur's sustainability funds.

1 of 4

Swedbank respects universal human rights in all markets where it operates. As a basis for its active efforts to respect human rights, Swedbank follows the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact. Swedbank's focus is that companies should be aware of human rights risks and work to strengthen human rights in their business operations.

A Group Policy on Human Rights, adopted by the Board of Directors, clarifies the bank's responsibility to take precautionary measures and prevent human rights violations. Swedbank's Code of Conduct also makes clear the responsibility of employees to act in accordance with the bank's values on equal respect for everyone. On this basis, risks related to human rights are continuously assessed in processes and business decisions. This means that the bank's core processes – investing, lending and procurement – undergo sustainability analyses in which human rights are central. These core processes are defined as material and, as a result, are central to the assessment of human rights risks.

In 2021, Swedbank conducted an analysis of the methods used to identify, understand and act on potential and actual human rights impact. The focus has been on the core processes investing, lending and procurement as well as Swedbank's internal work. In compliance with the UN Guiding Principles on Business and Human Rights, the analysis has covered the effectiveness of Swedbank's methods for 1) analysis and assessment of consequences and impacts on human rights, 2) channels where stakeholders can report concerns about or detected adverse effects on human rights, 3) actions taken in response to the results from point one and two, 4) changes in risks, and 5) integration of the results. The analysis has allowed the bank to assess the effectiveness of the methods and improvements needed to further advance Swedbank's human rights work. The following parts of the note describe how these core processes, including the internal work, take due diligence into account in an operational context.

Human rights in lending and investments

Swedbank conducts a sustainability analysis in connection with all corporate loan applications where human rights could be a fundamental concern. In the analysis the bank discusses with the customer any risks associated with e.g. its supply chain, and if the company has production, procurement or sales in high-risk countries. The customer's ability to manage sustainability-related risks is of high importance. It also assesses the company's understanding of its potential risks of violating human rights and whether such risks are systematically mitigated in the company's operations (see more about Swedbank's sustainability analysis on page 212).

As support for the analysis, the advisor has sector guidelines on sustainability risks specific to each sector to facilitate dialogue and risk assessment. The guidelines create further opportunities to identify and minimise potential and actual risks that commonly occur in the company's operational context. For example, companies in mining and metals are analysed and informed of concerns involving respect for the local population, gender equality and occupational health and safety. If the company is considered to have material sustainability risks, the case is forwarded to a credit committee for final decision. All firms financed by Swedbank undergo an annual follow-up on sustainability aspects. The follow-up also covers issues that give Swedbank a chance to persuade the companies to better address human rights.

Swedbank Robur's investment process includes an analysis of all holdings in terms of how well they live up to international conventions and declarations of human rights based on the OECD Guidelines for Multinational Enterprises and the ILO's core conventions, among other things. Every investment is also preceded by a risk assessment that includes human rights, based on the risks associated for example with the industry, geographic location and whether the company is mature enough to identify, prevent and manage social, environmental and governance issues. To prevent and reduce serious consequences involving human rights, Swedbank Robur participates in different types of dialogues with companies. There are various types of dialogues: with companies at especially high risk that are on Swedbank Robur's watch list, in response to incidents, on topics such as human rights, and as a stakeholder in companies in which the funds are major investors. Children are an especially vulnerable group and Swedbank Robur has a position statement on children's rights, which is used to influence companies.

Swedbank has adopted a Group position statement on the defence equipment, which sets the conditions for providing financial services to this sector and is safeguarding against human rights violations. Swedbank has among other things zero tolerance for nuclear weapons and controversial weapons, which means it will not provide financial services to companies that produce, maintain or trade with these weapons.

Gender equality and diversity in the bank's operations

All employees of the bank receive mandatory sustainability training on topics such as gender equality, diversity and human rights. Gender equality and diversity are important to the bank's work environment and corporate culture. For that reason, Swedbank tries to represent people with different backgrounds, ethnicities and ages in its marketing. To further improve working conditions for employees, Swedbank encourages continuous dialogue between managers and employees in addition to the basic training. The Group Executive Committee supports development in this area by clearly integrating an equality perspective in the business. For more information on Swedbank's work, see page 219–222.

Swedbank's internal work involving human rights issues is evaluated continuously, both when specific indicators of lapses arise, but also in general, where approaches and activities are discussed and analysed to increase the bank's understanding of what can possibly cause harm. The continuous evaluation gives Swedbank the opportunity to work proactively and take appropriate measures. This approach has led to changes, for example, in work processes, internal training and integration of specific activities and projects.

Supply chain evaluations

Swedbank assesses risks related to human rights in its procurement process. The scope of the assessment depends on the industry and where the supplier is located geographically, which is determined through an initial screening. If the supplier is considered high risk with respect to human rights, a more thorough evaluation is conducted. In addition, all suppliers that are part of the bank's central procurement unit must sign Swedbank's Code of Conduct for Suppliers, where human rights expectations are a critical element. Existing suppliers are monitored, mainly through dialogue, to determine whether established demands are being met. The monitoring also gives Swedbank the opportunity to consider any changes in the suppliers' operational contexts that could impact human rights. For more information on Swedbank's work, see page 215.

Swedbank's Code of Conduct for Suppliers requires due diligence on human rights, and the bank therefore expects all suppliers to report any violations, whereupon Swedbank, together with the specific supplier in certain cases, decides on suitable measures. This could, for example, entail modifications to operational processes without delay.

S10 Taxes

Material topic:

Responsible corporate governance

Business ethics

- Taxes are an important sustainability issue and Swedbank strives to be transparent in all tax reporting and contacts with authorities.



Reporting in accordance with the new GRI tax standard (GRI 207: TAX 2019), which includes disclosures on tax strategy, governance and risk management.

Being a good taxpayer and contributing to the community is a fundamental part of a company's sustainability work. In accordance with Swedbank's vision and values, it is important to address tax issues responsibly, ethically and transparently. This responsibility applies to tax issues that affect both the bank and its customers.

Taxes are an important sustainability issue for Swedbank. Since 2008, Swedbank has a Group-wide Tax Policy adopted by the Board of Directors (available on swedbank.com/sustainability). The policy is updated annually. Swedbank follows current Swedish and international tax laws, regulations and standards, but also strives to act in accordance with the laws' purpose. Swedbank openly reports operating profits, assets and tax costs in every country where it operates. Swedbank acts transparently in all communication with tax authorities in all relevant countries and tries to maintain strong, long-term relationships built on openness and trust. In situations where there may be alternative interpretations of case law, Swedbank relies on internal and/or external experts to ensure appropriate and accurate interpretations. When needed Swedbank enters into dialogue with the tax authorities.

Swedbank's economic contribution

In addition to paying corporate tax, Swedbank is a major employer in its home markets and provides jobs for more than 16 500 people. By paying social security charges for its employees, the bank contributes to social welfare. Swedbank incurs large net costs for value-added tax (VAT). In addition, Swedbank pays bank fees in the form of a resolution fee and deposit guarantee fee, which contribute to society's financial stability. Swedbank's total cost for taxes and social security was approximately SEK 8 600m in 2021. During the year, Swedbank also paid approximately SEK 1 250m in bank fees.

Operating taxes

The sustainability analysis conducted in connection with corporate loan applications requires the borrower to transparently report taxes. Swedbank has internal processes to reduce the risk that its operations are exploited for tax evasion purposes.

Swedbank does not provide tax advice or engage in artificial arrangements whose main purpose is tax avoidance. Transactions containing elements that typically could be interpreted as tax-driven receive extra scrutiny. In difficult situations a transaction can be escalated to the Group's Business Ethics Committee. Swedbank withholds, pays and reports the taxes that its private customers owe for interest, dividends and various types of savings.

In addition to the Tax Policy, the Swedbank Group has position statements on tax issues, e.g. in the bank's sector guidelines and in Swedbank's public positions on investments and asset management.

Internal tax management

Ultimate responsibility for tax management and tax policy rests with the Board of Directors. Swedbank's CEO makes sure that tax policy is followed and that the right resources and competence are available to the organisation to manage tax issues. The Group Corporate Tax and Group Operational Tax departments monitor compliance, including by annually reviewing the tax statements of large Group companies, questioning any differences between the subsidiaries' effective tax rates and the standard tax rate, and examining the Group's internal pricing. Further, the bank's control functions perform risk-based compliance reviews of documentation, reporting and tax deductions for customers. In addition, there are externally performed controls made by the tax authorities in the bank's home markets and by US tax authorities with respect to specific US requirements. The external auditors review the tax expense and the sustainability report.

All activities in Swedbank should be characterised by high ethical standards, where every transaction, relationship and activity are assessed based on the bank's ethical norms and positions. Swedbank will not engage in aggressive tax planning, the main purpose of which is to reduce tax costs. Swedbank has a whistleblower routine for employees and other stakeholders to report suspicious misconduct that do not align with the bank's values, policies or ethical norms, including Swedbank's Tax Policy (whistleblower routine).

Tax issues that entail a material financial risk and/or reputational risk for the Swedbank Group are reported to the CEO and Board of Directors. Through an annual materiality analysis, Swedbank evaluates the significance of external tax reporting by its stakeholders.

Swedbank is an active member of the Swedish Bankers' Association's tax committee, which in turn is a consultative committee on new tax legislation.

2021	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Finland	Denmark	Luxembourg	China	Spain	Total
Primary activities of the organisation ¹	RB, WB, AM, Other	RB, WB, AM, Other	RB, WB, AM	RB, WB, AM	RB, WB, AM	RB, WB, AM	RB, WB	RB, WB	Business being phased out	RB, WB	Other	
Number of employees ²	9 315	2 491	1 886	2 485	267	13	53	35		18	2	16 565
Revenues from thirdparty sales ³	35 943	3 712	2 085	2 783	2 126	84	-129	188	2	85	11	46 890
Revenues from intragroup transactions ³	913	273	89	195	-516	71	711	11		-52		1 695
Operating profit (SEKm) ³	20 709	2 042	820	1 255	277	55	554	84		16	5	25 817
Tangible assets (SEKm)	3 743	283	332	828	248	35	38	10		6		5 523
Tax expense – paid (SEKm)	3 740	306	32	185	-78	-2	42	2		4		4 231
Current tax expense – accrued (SEKm)	3 950	304	22	200	35	14	108	7		4	1	4 645
Non-deductible VAT (SEKm)	1 408	68	51	140	14							1 681
Social security contributions (SEKm)	1 794	272	115	14	55	2	2	5		3		2 262
Resolution fees (SEKm)	682	26	28	36	15		4	1				792
Deposit guarantee fees (SEKm)	251	52	85	72								460
Effective tax rate, excl. temp differences (%)	19.1	14.9	2.7	15.9	12.6	25.5	19.5	8.3	25.0	25.0	25.0	18.0
Statutory tax rate (%)	20.6	14.0	20.0	20.0	25.0	25.0	20.0	22.0	25.0	25.0	25.0	
Difference current/statutory tax	-1.5% (-316)	0.9% (18)	-17.3% (-142)	-4.1% (-51)	-12.4% (-34)	0.5% (0)	-0.5% (-3)	-13.7% (-12)	0% (0)	0% (0)	0% (0)	(-540)
Explanation difference current/statutory tax (SEKm)												
Special tax rate for insurance business	-200											-200
Associated companies reported after tax	-167				-21			-13				-201
Non-deductible interest on subordinated loans	159											159
Temporary differences	-113	15		-22	-6			-3				-129
Latvia taxed at dividend distribution (temporary difference)			-143									-143
Variable tax rate within jurisdiction				-9	-4							-13
Other	5	3	1	-20	-3		-3	4				-13

1) RB-Retail banking, WB-Wholesales banking, AM-Asset management

2) Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions

3) Amounts are based on consolidated financial statements. Intra-group transactions within each jurisdiction have been eliminated

List with names of tax resident entities per jurisdiction can be found at [swedbank.com/investor-relations/risk-and-capital-adequacy.html](https://www.swedbank.com/investor-relations/risk-and-capital-adequacy.html)

About this sustainability report

2020 is the twelfth year in a row that Swedbank's report has followed GRI's framework for sustainability reporting. The GRI report is linked to material topics, which are defined based on the bank's materiality analysis, and how these material topics coincide with GRI's general and topic-specific disclosures.

Data collection and calculation methods

Swedbank's data collection process utilises a large number of internal and external systems. The data that appears in the sustainability report is reported by the bank's data suppliers through Swedbank's digital sustainability platform.

The systems used to collect, and in some cases calculate, the data and statistics presented in each section are reported below:

S1 Accessible banking: The information in the section is mainly compiled through the bank's financial reporting. The number of payments is obtained through the platform jointly owned by Swedish banks to facilitate Swish payments in real time.

S2 Sustainable investment: The information on assets under management per fund is obtained from the bank's financial system. The climate calculations are based on data from an external supplier. Sustainability analyses are performed using an internal programme at Swedbank Robur based on data from several large ESG data suppliers. Dialogs are logged.

S3 Sustainable finance: The information on corporate loans is obtained from the bank's financial reporting. The volume of sustainability-related products is compiled from internal and external systems. The information on sustainability analyses that have been performed is obtained from several different CRM systems.

S4 Procurement: The bank's supplier statistics are compiled through the Supplier Risk & Contract Management and an external digital platform.

S5 Environmental impacts: A digital system for climate calculations is provided by an external supplier. Data on consumption of energy, paper and water as well as security transports and waste management is compiled directly from the bank's suppliers. Information on the bank's business travel is compiled through a system

from an external supplier, and Autoplan's car leasing data is obtained from the bank's fleet administration system.

A limited selection of environmental data is based on a different financial period than the standard sustainability reporting.

S6 Employees: The information is obtained from the bank's HR system and training data from the internal training portal.

S7 Business ethics and information security: Data on suspicious orders and transactions (MAR) and reports of suspicious transactions regarding money laundering/terrorist financing (SAR) are obtained from systems specially designed for this purpose. Whistleblower reports are registered and filed through internal systems and handled by the Compliance unit, PayEx is not included.

S8 Societal engagement: The information is compiled through several different internal systems and the bank's internal sponsorship navigator, a system designed for Swedbank.

H9 Human rights: Sustainability analyses by Swedbank Robur are based on data from several large ESG data suppliers. Information on sustainability analyses within lending is obtained from several different CRM systems.

S10 Taxes: The information is obtained from the bank's financial notes, internal reporting system and HR system.

Changes, recalculations and omissions

Changes and recalculations of measurement data are reported when the information that has been calculated in a new way is presented in the report. Swedbank report according to the GRI Standards, Core level, but make a few omissions as indicated in the table below.

GRI Standard	Reasons for omission	Explanation
205-1	Not applicable	The percentage, type of corruption risk identified through the risk assessment in each core process, and total number analysed based on corruption risks are measured only for certain parts of the organisation and, as a result, key figures cannot be presented for the Group as a whole. Swedbank is working actively to develop its risk assessments. The bank will work to include these indicators in coming years.
405-1	Not applicable	Age groups by employment contract is not a key indicator that Swedbank uses in its reporting today. The bank will work to include these indicators in coming years.

GRI Content Index

Swedbank reports according to the GRI Standards, level core. Shown below are the GRI indicators associated with the key topics that were defined based on the bank's materiality analysis, and how these key topics align with GRI's general and topic-specific disclosures. The same table shows how Swedbank's work supports the Global Compact's ten principles and how Swedbank lives up to the Swedish act on sustainability reporting. One or more disclosures are reported for each material topic. Swedbank has used one or more of GRI's disclosures where available and report them in the table below. For material topics that lack GRI disclosures, the bank's own disclosures have been used. At least one general or topic-specific dis-

closure is reported for each of Swedbank's material topics in accordance with the GRI Standards. Swedbank's sustainability reporting aligns with the GRI's four principles for defining report content: stakeholder inclusiveness, materiality, sustainability context and completeness.

GRI 101: Foundation
 GRI 102: General Disclosures
 GRI 103: Management Approach

GRI 200: Economic
 GRI 300: Environmental
 GRI 400: Social

Disclosure number	Disclosure title	Page reference	Global Compact (principle no.)
GRI 101: Foundation			
GRI 102: General disclosures			
Organisational profile			
102-1 (GRI 2016)	Name of the organisation	Front cover	
102-2 (GRI 2016)	Activities, brands, products, and services	117 note G6	
102-3 (GRI 2016)	Location of headquarters	70 note G1	
102-4 (GRI 2016)	Location of operations	118 note G7	
102-5 (GRI 2016)	Ownership and legal form	30–31	
102-6 (GRI 2016)	Markets served	7, 32, 118 note G7	
102-7 (GRI 2016)	Scale of the organisation	13, 32–33, 65–67, 70 not K1, 111 not K6, 124 not K13	
102-8 (GRI 2016)	Information on employees and other workers	124 note G13, 219–222	1–6
102-9 (GRI 2016)	Supply chain	215	1–6
102-10 (GRI 2016)	Significant changes to the organisation and its supply chain	215	1–10
102-11 (GRI 2016)	Precautionary principle or approach	199	7–9
102-12 (GRI 2016)	External initiatives	19, 22, 200	
102-13 (GRI 2016)	Memberships of associations	200	
Strategy			
102-14 (GRI 2016)	Statement from senior decision-maker	4–6	
Ethics and integrity			
102-16 (GRI 2016)	Values, principles, standards, and norms of behaviour	24, 199, 215, 226	1–10
Governance			
102-18 (GRI 2016)	Governance structure	42–63	
Stakeholder engagement			
102-40 (GRI 2016)	List of stakeholder groups	202	
102-41 (GRI 2016)	Collective bargaining agreements	221	3
102-42 (GRI 2016)	Identifying and selecting stakeholders	20, 202	
102-43 (GRI 2016)	Approach to stakeholder engagement	20, 202	
102-44 (GRI 2016)	Key topics and concerns raised	20, 202	
Reporting practice			
102-45 (GRI 2016)	Entities included in the consolidated financial statements	18, 34–41	
102-46 (GRI 2016)	Defining report content and topic Boundaries	20–21, 199–202, 229–230	1–10
102-47 (GRI 2016)	List of key topics	21	
102-48 (GRI 2016)	Restatements of information	63, note G2, 218, 220	
102-49 (GRI 2016)	Changes in reporting	20–21, 202	
102-50 (GRI 2016)	Reporting period	18, 244	
102-51 (GRI 2016)	Date of most recent report	18	
102-52 (GRI 2016)	Reporting cycle	18	
102-53 (GRI 2016)	Contact point for questions regarding the report	254	
102-54 (GRI 2016)	Claims of reporting in accordance with the GRI Standards	18, 230	
102-55 (GRI 2016)	GRI content index	230–233	
102-56 (GRI 2016)	External assurance	18, 244	1–10

GRI Topic-specific disclosures

Below is a list of specific disclosures associated with the key topics as defined based on the year's materiality analysis, and how these key topics align with GRI's topic-specific disclosures. The same table shows how our work supports the Global Compact's ten principles.

One or more disclosures are reported for each key topic. Swedbank has used one or more of GRI's disclosures where available and report them in the table below using GRI's designations. For material topics that lack GRI disclosures, Swedbank has used its own disclosures, which do not have GRI designations. At least one topic-specific disclosure is reported for each of our material topics in accordance with the GRI Standards.

Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
Business ethics				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 223–224	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Reporting of taxes for the year	129 note G18, 227–228	
		Reporting of profit for the year	2, 65–66	
Attractive employer				1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 25–26, 219–220	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 219–222	
GRI 401: Employment				
401-1 (GRI 2016)		New employee hires and employee turnover	221	
GRI 404: Training and Education				
404-1 (GRI 2016)		Average hours of training per year per employee	220	
404-3 (GRI 2016)		Percentage of employees receiving regular performance and career development reviews	220, 222	
GRI 405: Diversity and Equal Opportunity				
405-1 (GRI 2016)		Diversity of governance bodies and employees	42–63, 124 note G13, 221–222	
Financially stable bank				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	10–11, 20–21, 34–41	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–201	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Results and ROE	2, 65–66	
		Capital adequacy ratio	109 note G4	
		Profit for the year	2, 65–66	
		Dividend per share	2, 30–31	
Sustainable investment				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 210–211	

Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 210–211	
G4-FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	210–211	
Sustainable financing				1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 26–27, 206–208, 212–214	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	201, 212–214	
		Households with loan-to-value ratio over 70% of property value	212	
		Share of households with loan-to-value ratio over 70% that amortise	212	
G4-FS6		Percentage of the portfolio for business lines by specific region, size and by sector	213	
G4-FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	213–214	
G4-FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	213–214	
Promote climate transition				7–9
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 24–25, 206–208, 216	
103-2 (GRI 2016)		Management	42–63, 199–200, 206–208	
103-3 (GRI 2016)		Sustainability management assessment	201, 216–218	
GRI 302: Energy				
302-3 (GRI 2016)		Energy intensity	218	
GRI 305: Emissions				
305-1 (GRI 2016)		Direct (Scope 1) GHG emissions	216–217	
305-2 (GRI 2016)		Energy indirect (Scope 2) GHG emissions	217	
305-3 (GRI 2016)		Other indirect (Scope 3) GHG emissions	217	
305-4 (GRI 2016)		GHG emissions intensity	216–218	
GRI 306: Waste				
306-3 (GRI 2016)		Waste generated	218	
Combat financial crime				10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 26	
103-2 (GRI 2016)		Management	42–63, 199–201	
103-3 (GRI 2016)		Sustainability management assessment	201, 223–224	
GRI 205: Anti-Corruption				
205-1 (GRI 2016)		Operations assessed for risks related to corruption	223–224, 229	
205-2 (GRI 2016)		Communication and training about anti-corruption policies and procedures	199, 220, 223	
		Percentage of suppliers undergoing business ethics risk assessments	215	
		Percentage of holdings in fund portfolios undergoing business ethics risk assessments	210–211	
		Number of corporate customers undergoing business ethics risk assessments	212	
		Number of suspicious orders and transactions reported	224	

Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
		Number of suspicious transactions regarding money laundering/terrorist financing reported	224	
Societal engagement				1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 224–225	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	201, 224–225	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Social investment	225	
Responsible governance				1–6, 10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	124 note G13, 223–224, 228	
		Compensation within Swedbank	124 note G13	
GRI 201: Economic Performance				
201-3 (GRI 2016)		Defined benefit plan obligations and other retirement plans	124 note G13	
207-1 (GRI 2016)		Approach to tax	227–228	
207-2 (GRI 2016)		Tax governance, control and risk management	227–228	
207-3 (GRI 2016)		Stakeholder engagement and management concerns related to tax	202, 227–228	
207-4 (GRI 2016)		Country-by-country reporting	118 note G7, 228	
Secure and stable IT systems				3–6, 10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 27, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	223–224	
		Number of complaints from registered parties to data protection officer	224	
		Number of complaints from Swedish Data Protection Authority	224	
High availability				1–2
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 209	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	209	
		Availability in digital channels	209	

PRB Self-Assessment

The following table shows page references in Swedbank's Annual and Sustainability Report where PRB reporting is presented. Swedbank's PRB Self-Assessment follows the Principles of Responsible Banking's requirements for self-assessment.

Areas 2.1, 2.2, 2.3, 2.4, 5.3 and 6.1 and have been reviewed by PwC (limited assurance) in accordance with the assurance report on page 244.

Requirement	Swedbank's self-assessment	Reference
Principle 1: Alignment		
<i>Swedbank will align its business strategy to be consistent with and contribute to the UN Sustainability Development Goals, the Paris Agreement and other relevant and national frameworks, from both the individual's and society's perspective.</i>		
1.1 Description of business model	<ul style="list-style-type: none"> Swedbank is a leading bank for the many households and companies in its four home markets: Sweden, Estonia, Latvia and Lithuania. Swedbank's main business is organised in three product areas: lending (residential and commercial properties), payments (cards and payment processing) and savings (funds, equities and deposits). Main customer segments: private customers, corporate customers, tenant owner associations, public sector and financial institutions. Swedbank's corporate lending based on largest sector exposure: property management, agriculture, forestry & fishing, and manufacturing. 	12–13, 32–33, 79 note G3, 117 note G6, 245
1.2 Description of the business strategy	<ul style="list-style-type: none"> Swedbank's purpose is rooted in its 200-year history, where the bank has, since the start of the savings bank movement, been committed to providing opportunities for all people to improve their financial situation. This idea remains unchanged and is central to the bank's purpose to this day and established by offering relevant advice, services and products to the many customers in its home markets every day. For more information on Swedbank's sustainable business strategy, see pages 7–12. 	7–12
Principle 2: Impact and Target Setting		
<i>Swedbank will continuously increase its positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from the bank's activities, products and services. To this end, Swedbank will set and publish targets where the bank has the most significant impacts.</i>		
2.1 Impact analysis	<ul style="list-style-type: none"> A portfolio impact analysis was conducted at the Group level during the year. The tool applied in the impact analysis was the UNEP FI Portfolio Impact Analysis Tool v.2. Products and services were analysed for the private and corporate markets in Sweden, Estonia, Latvia, Lithuania and Norway. Asset management, insurance and capital market products were not included in the analysis. Swedbank will work together with sectors where the bank has opportunities to increase positive impacts, e.g. by meeting and financing transition pathways. 	20–21, 203, 234
2.2 Target setting	<ul style="list-style-type: none"> Swedbank has adopted two targets based on the outcome of the impact analysis. The first is that the bank in 2022 will set validated science-based climate targets for all asset classes where methods from SBTi are available. The baseline year is 2020. However, for any future climate targets that are adopted the baseline year may differ. This target is a key element in the bank's strategic approach to climate change and is focused on sectors where the bank has a major impact and exposure. The second target is that in 2022 Swedbank will increase its sustainable finance. Total sustainable finance volume amounted to SEK 56bn at year-end 2021. To achieve this target, the bank will work with customers by offering advice and financing solutions to support their transition. The bank concludes that the targets that have been adopted do not constitute a risk for society and the UN Sustainable Development Goals. However, the bank believes it is important to continuously evaluate this. 	203, 234
2.3 Plan for target implementation and monitoring	<ul style="list-style-type: none"> The targets comprise the entire Group and are implemented at the management level within each business area and relevant Group function as a part of the bank's day-to-day activity and business planning. This means that the targets are monitored continuously during the year. A Group-wide project with representatives from the bank's various business areas, Group functions and subsidiaries was established to draft climate targets for the real estate sector aligned with the Paris Agreement. These targets are implemented in operations and can therefore be measured and continuously monitored in accordance with established performance metrics. This also includes Swedbank's five-year transformation plan, which was developed during the year. To support the transition in sectors (e.g. agriculture and forestry) where it has identified an opportunity to reduce the impacts on the climate and resource consumption, the bank considers it important to develop sustainable financing. The target to increase the bank's sustainable finance is integrated in the business areas' activity plans and specific KPIs are implemented to monitor volume growth. 	203, 234
2.4 Progress on implementing targets	<ul style="list-style-type: none"> Implementation of the targets is continuously monitored internally and reported publicly in the next sustainability report. 	203, 234
Principle 3: Clients and Customers		
<i>Swedbank will work responsibly with its customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</i>		
3.1 Policies and practices	<ul style="list-style-type: none"> Swedbank's governing sustainability framework, policies (adopted by the Board of Directors), instructions/position statements (adopted by the CEO) and sector guidelines are implemented in the bank and updated annually. The results of the bank's sustainability policies are reported on pages 18–29 and 199–227. The rules adopted at the EU level tied to the EU's Green Deal and the EU Action Plan for Financing Sustainable Growth provide support for Swedbank's effort to encourage sustainable choices in customer interactions. 	18 se not K13 29, 199–227
3.2 Encourage sustainable practices and activities	<ul style="list-style-type: none"> Swedbank's vision is a society that is financially sound and sustainable. To promote sustainable growth, it is imperative that Swedbank allocates capital to firms whose business models contribute to the necessary transition. Engagement and interest in sustainability are rapidly growing. During the year, Swedbank therefore intensified its effort to develop and strengthen ESG products and services. For example, the bank has developed a sustainability analysis to use in lending and Swedbank Robur has developed more ESG funds. 	28–29, 212–214

Requirement	Swedbank's self-assessment	Reference
Principle 4: Stakeholders		
<i>Swedbank will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</i>		
4.1 Stakeholder engagement and partnerships	<ul style="list-style-type: none"> Communication with stakeholders is important to the bank's operations, and an open dialogue is maintained with various groups in society. Swedbank's main stakeholder groups are customers, employees, owners/investors and society at large. Issues that were addressed and which the bank collaborated on with stakeholders during the year are shown on page 20–21 and 202. A Group-wide materiality analysis was conducted in 2020 with nearly 2 000 responses to a survey on how the bank should prioritise various sustainability issues. Two key areas that were given high priority were secure and stable IT systems and business ethics. Swedbank has established partnerships with the goal of developing and delivering solutions for sustainable production and consumption. One example is the partnership with the talent matching firm Gigstr, where an initiative called "Switch Jobs" helps companies to share employees to meet their staffing needs. Another example is the ongoing work with P27 NPP (Nordic Payment Platform), a clearing platform owned by the six largest Nordic banks to promote trading in and between the Nordic countries by building a common, modern and cost-effective infrastructure for clearing and settlement for the Nordic payment market. 	20–21, 202
Principle 5: Governance and Culture		
<i>Swedbank will implement its commitment to these principles through effective governance and a culture of responsible banking.</i>		
5.1 Governance structure	<ul style="list-style-type: none"> Swedbank has an effective governance structure which enables the creation of long-term value for the bank's owners and other stakeholders. Swedbank's policies, position statements and guidelines in this area provide the foundation for governance of Swedbank's sustainability work. For more information on Swedbank's sustainability management, see page 199–200. Swedbank has established an ethics committee to support the CEO with effective management and oversight in the areas of ethics and sustainability. The members represent the bank's various business areas and Group Functions. Members of the Group Executive Committee are represented as well. Swedbank's Head of Group Brand, Communication & Sustainability is chair of the committee, whose purpose is to guide the organisation to minimise sustainability risks and any negative impacts caused by and for the bank. 	199–200
5.2 Initiatives and measures	<ul style="list-style-type: none"> Swedbank has implemented several initiatives and measures to support sustainability integration. For more detailed information, see pages 18–29 and 199–227. 	18–29, 199–227
5.3 Governance structure for implementation of the principles	<ul style="list-style-type: none"> The governance structure and increased focus on sustainability support the bank's implementation of the principles. Swedbank has established two Group-wide targets as a result of the impact analysis of its portfolio. KPIs to monitor targets set by Group Executive Management are implemented in relevant business areas and Group functions and align with the bank's ordinary activity structure. To support efforts to achieve the targets, the number of sustainability-oriented products has been expanded, a clearer focus on sustainability in advisory services has been established, and an extensive training program on climate change has been launched to improve the knowledge of the bank's employees. The targets are continuously monitored. 	199–201
Principle 6: Transparency and Accountability		
<i>Swedbank will periodically review its individual and collective implementation of the principles and be transparent about and accountable for its positive and negative impacts and contribution to society's goals.</i>		
6.1 Progress on implementing the Principles for Responsible Banking	<ul style="list-style-type: none"> The bank is reporting for the second year according to the Principles for Responsible Banking. The year's report shows the results of the impact analysis that was conducted and the bank's adopted targets and results. Examples of results are that sustainable financing has increased during the years 2020–2021 and that the bank has begun calculations of the bank's financed emissions in order to be able to set validated science based reduction targets. Swedbank monitors other banks' reporting on the principles and the work to implement them. Swedbank's aim is to achieve a high level in its reporting and be inspired by best practices in order to deeply integrate the principles in its daily work. 	201, 203, 209–227, 235
Conclusion:		
<i>Swedbank concludes that it has met the requirements for progress in implementing the Principles for Responsible Banking. Swedbank's conclusion is that the bank specifically meets the requirements for progress on the principles 2.1, 2.2, 2.3, 2.4, 5.3, and 6.1.</i>		

TCFD index

The following table shows page references in Swedbank's Annual and Sustainability Report where TCFD reporting is presented.

Reference	Page
Governance	
a) Describe the board's oversight of climate-related risks and opportunities.	26–27, 199–200, 207
b) Describe management's role in assessing and managing climate-related risks and opportunities.	26–27, 199–200, 207
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	26–27, 206–208
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	26–27, 206–208
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	206–208
Risk management	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	26–27, 99, 206–208
b) Describe the organisation's processes for managing climate-related risks.	26–27, 206–208, 212–214
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	26–27, 102 note G4, 206–208, 210–212
Targets and metrics	
a) Describe the metrics used by the organisation to assess climate-related risks and opportunities aligned with its strategy and risk management process.	208, 210–212, 217–218
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	217–218
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	201, 210–211, 216–218

SASB index

The table below provides references on where to find information in Swedbank's sustainability reporting related to metrics applied in the Sustainability Accounting Standards Boards (SASB) industry-specific standard for commercial banks.

Topic	Accounting Metric	Code	Page
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	223–224
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	
Financial Inclusion	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	209, 212–214, 224–225
	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	212–214
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	223–224, 113 note G5
	Description of whistleblower policies and procedures	FN-CB-510a.2	
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Swedbank's systematic importance indicators, accessible at swedbank.com , 109 note G4
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	
Activity Metric		Code	Page
(1) Number and (2) value of current and savings accounts by segment: (a) personal and (b) small business		FN-CB-000.A	
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate		FN-CB-000.B	

Sustainability reporting

In 2017 sustainability reporting requirements were introduced in the Swedish Annual Accounts Act (chapter 6, paragraph 12). The new requirements state that sustainability reports must contain the sustainability disclosures needed to understand the company's development, financial position and results and the consequences of its activities, including disclosures on the environment, social

conditions, HR, respect for human rights and anti-corruption. The following table with page references to the report is provided to show how Swedbank meets the new legal requirements. Swedbank's taxonomy reports is found on pages 204 and 216–217.

Page reference by area	Environment	Employees and Social conditions	Human rights	Anti-corruption
Business model	7, 9–11	7, 9–11	7, 9–11	7, 9–11
Material risks	26–27, 199–200, 202, 206–208, 216–218	26–27, 199–200, 202, 219–222	26–27, 199–200, 202, 212–215, 219–222, 226	26–27, 199–200, 202, 223
Policy, results and indicators ¹	<ul style="list-style-type: none"> Note G3 page 71, 199–200, 206–208, 216–218 Environmental Policy ISO 14001 certified environmental management system Position on climate change Sustainability Policy Swedbank's Code of Conduct Code of Conduct for Suppliers Responsible Investment Policy Exclusion list 	<ul style="list-style-type: none"> 199–200, 219–222, 224–226 Occupational Health and Safety Policy Policy on Gender Equality, Diversity and Inclusion Human Rights Policy Sustainability Policy Swedbank's Code of Conduct 	<ul style="list-style-type: none"> 199–200, 210–211, 212–215, 219–222, 226 Human Rights Policy Policy on Gender Equality, Diversity and Inclusion Position on defence industry Sustainability Policy Swedbank's Code of Conduct Code of Conduct for Suppliers Responsible Investment Policy Exclusion list 	<ul style="list-style-type: none"> 199–200, 223 Anti-Corruption Policy Anti-Money Laundering and Counter-Terrorist Financing Policy Financial Reporting Policy Sustainability Policy Swedbank's Code of Conduct Code of Conduct for Suppliers Tax Policy Whistleblower routine Exclusion list
Management of risks	26–27, 199–200, 206–208, Note G3 page 71, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com

1) All policies are available at swedbank.com/sustainability

Auditor's Limited Assurance Report on Swedbank AB's Sustainability Report, self-assessment of the Principles for Responsible Banking and statement on the Statutory Sustainability Report

To the annual general meeting of Swedbank AB (publ.),
corporate identity number 502017-7753

This is a translation of the original report in Swedish.

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Swedbank AB to undertake a limited assurance of Swedbank AB's Sustainability Report and Swedbank AB's self-assessments/assertions of its fulfillment of its commitments as a signatory of the Principles for Responsible Banking for the year 2021. The company has defined the scope of its sustainability report on page 18. The self-assessment/assertions are defined on page 234. The statutory sustainability report is defined on page 237.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, and the self-assessment of the Principles for Responsible Banking and the statutory sustainability report, in accordance with the applicable criterias and the Annual Accounts Act. The criteria for the Sustainability Report are described on page 18 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that Swedbank has developed. The criteria for Swedbank AB's self-assessment of its fulfilments of its commitments as signatory of the Principles for Responsible Banking are described on page 234 and cover the Principle for Responsible Banking assessment areas including 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Plans for Target Implementation and Monitoring, 2.4 Progress on Implementing Targets, 5.3 Governance Structure for Implementation of the Principles and 6.1 Progress on Implementing the Principles for Responsible Banking. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report and self-assessment of the Principles for Responsible Banking based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report

and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Swedbank according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report and self-assessment of the Principles for Responsible Banking.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report and the self-assessment of the Principles for Responsible Banking is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 23 February 2022

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