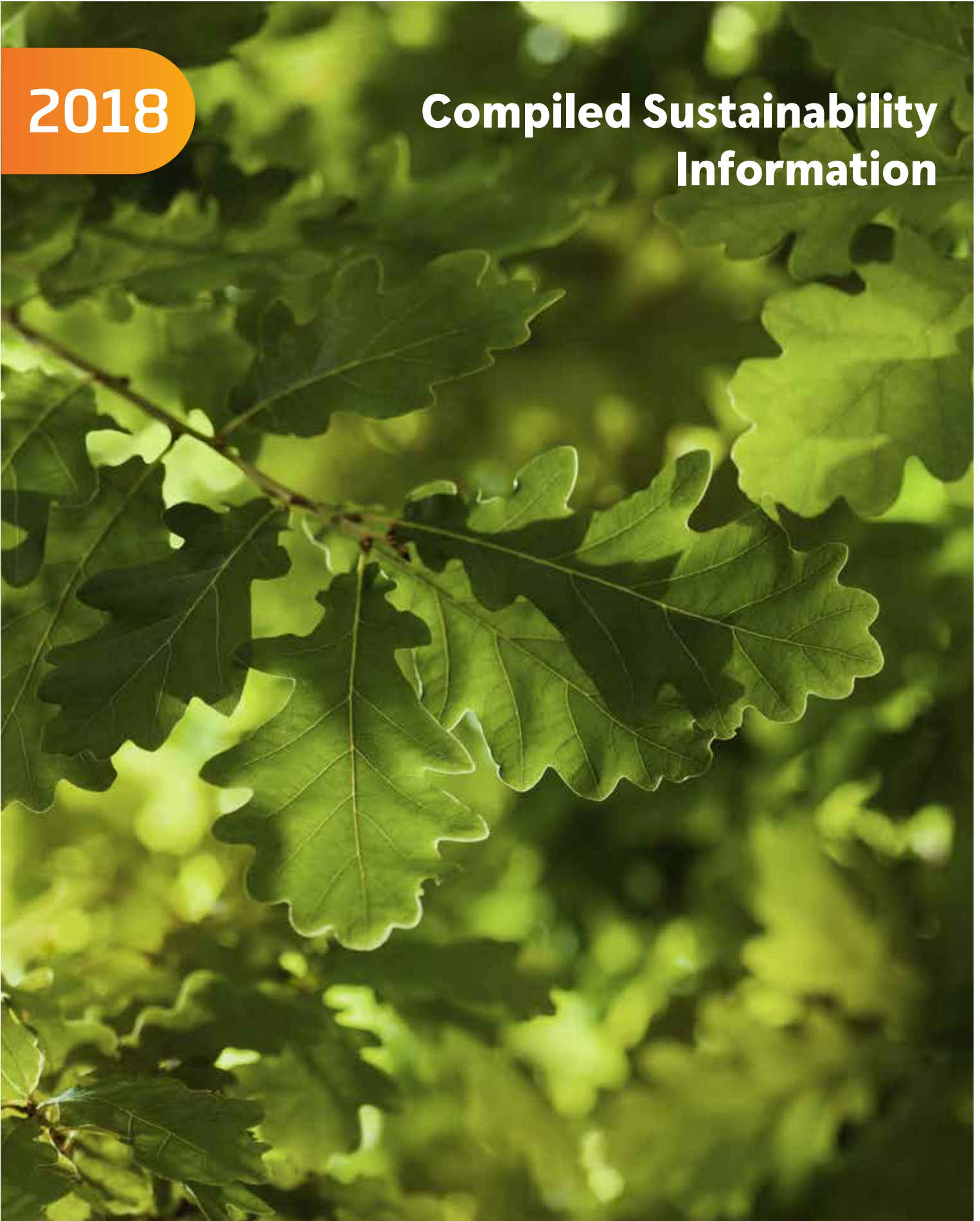


2018

Compiled Sustainability Information



► **This document compiles all the sustainability information presented in Swedbank's Annual and Sustainability Report 2018. 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 has been reviewed by Deloitte AB.**

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Sustainability – part of Swedbank’s heritage and purpose

Strong social engagement and clear values distinguish Swedbank in Sweden and the Baltic countries. Back when the first Swedish savings bank was founded, in 1820, the objective was to give the public a way to build savings for the long term. This social commitment has also applied to the Baltic countries from the beginning, with Hansabank, which was founded in 1991 and later became part of Swedbank.

To this day the heritage is alive with the savings banks and savings bank foundations as engaged owners. The foundations have as their main purpose to promote savings in Sweden and to safeguard and develop the savings bank movement’s foundational ideas and values. Part of Swedbank’s profit goes to the foundations in the form of dividends and is invested in various in civic endeavours, mainly local and regional but also national. Swedbank remains active on these issues and promotes social development in line with the values that have distinguished the bank from the beginning. Swedbank initiated, and partners with others on, several constructive programmes and projects, mainly aimed at children and young adults. Financial literacy, entrepreneurship’s importance to society and encouraging innovation are three areas the bank is engaged in. This applies to all four home markets.

Swedbank also plays an important role in the public debate and over the years has established good relations with decision-makers and partnerships throughout the community. Swedbank’s economists often participate in the public debate provide value-added to customers through their expertise. They raise awareness about economic issues and review and analyse how political decisions and changing conditions financially impact individuals and businesses.

Sustainability is integrated in the business

Social engagement is a part of Swedbank’s sustainability work. Naturally, sustainability aspects are also integrated in the bank’s four main processes: save, finance, procure and pay. It’s on a daily basis that long-term financial value is built up, and there Swedbank has a big responsibility and an opportunity to contribute to the transition to a more sustainable society.

Swedbank is and will remain a profitable, well-capitalised bank with a low risk profile. By carefully managing risks and opportunities related to sustainability, Swedbank is building a better future together with its customers. Ethical, social and environmental risks are taken into account and economic considerations are factored into Swedbank’s business decisions, operations and business development. The recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and the EU’s action plan on financing sustainable growth are important steps in the development of international rules, where the banks can play a role in financing efforts to achieve the goals of the Paris Agreement and the UN’s global sustainable development goals.

Savings as a foundational idea

As customers become more interested and engaged in contributing to a sustainable society, demand rises for sustainability-oriented savings options.

Swedbank’s subsidiary Swedbank Robur is one of the leading asset managers in the Nordic region, with more than SEK 1 300bn under management, of which just over SEK 600bn is in portfolios with sustainability criteria. The fund management company’s goal is to be a leader in responsible investing. During the year the funds had holdings in just over 3 000 listed companies both in and outside Sweden, which represents a great responsibility and an opportunity to impact and drive development.

Swedbank Robur has applied the UN Principles for Responsible Investments since 2009. An important part of our work with sustainable companies is voting at annual meetings and participating in nomination committees. In 2015 Swedbank Robur signed the Montreal Carbon Pledge and since then has disclosed the carbon footprint of its equity funds. Another step was taken during the year and now Swedbank Robur supports TCFD to determine how the companies in its funds are affected financially by climate change. In collaboration with other investors, through networks such as Swedish Investors for Sustainable Development (SISD), Climate Action 100+ and International Investors Group on Climate Change (IIGCC), companies are encouraged to switch to sustainable solutions.

All customers should easily be able to find sustainable investments. The range of funds with sustainability criteria has therefore been broadened and new products with more of a sustainability focus have been added. Swedbank Robur’s Global Impact equity fund gives investors exposure to companies around the world that already contribute directly to the UN’s and 17 global goals. The Ethica and Talenten funds, for example, do not invest in fossil fuels such as coal, oil and gas. Five of the funds also meet Nordic Swan’s stringent eco-label criteria.

Swedbank has for many years also offered equity-linked bonds. The bonds focus on areas such as sustainability and ethics, the environment and climate issues, human rights and work conditions. Swedbank Försäkring, a wholly owned subsidiary of Swedbank, offers pension, endowment and personal/risk insurance for individuals and companies. Of its two million policies, 1.3 million are in savings, where the assets under management maintain a high level of sustainability.

Responsible lending

For Swedbank, lending to individuals and businesses is a long-term responsibility. In corporate lending, Swedbank's credit policy requires the borrower to be sound and sustainable and the loan to be based on familiarity with the company, its business, future prospects and an assessment of its social impact. It is important that Swedbank's customers are financially sustainable and prepared for unforeseen events with the right amortisation and debt levels for the specific customers.

To promote a sound financial future for customers and society, Swedbank supports its customers in being sustainable. Green mortgages, which were launched in 2018, are an example. Swedbank has begun working with positive impact finance, where loans are evaluated based on the contribution to one or more areas of sustainable development (economic, environmental and social). Swedbank sees this as the right way to address the opportunities and risks of sustainable finance. Swedbank will also evaluate its loan portfolio according to the TCFD recommendations based on related climate risks and opportunities.

Swedbank continues to perform detailed sustainability risk analyses in connection with business loans of over SEK 5m in Sweden and EUR 0.8m in the Baltic countries based on social and environmental aspects. The analysis includes sustainability-related issues such as human rights, the environment and climate change, taxes and corruption. For principles and guidance, Swedbank also has Group-level policies, sector guidelines and position statements. When sustainability risks and dilemmas arise, Swedbank's Business Ethics Committee provides further recommendations.

In March Swedbank issued its second green bond, where the invested capital finances energy-efficient properties and renewable energy. Through its green bond business, Swedbank can target and support sectors that are transitioning to a low-carbon society, thereby contributing to several of the Global Goals. Swedbank Debt Capital Markets during the year carved out a leading position in the Nordic region in green bonds and is driving the development of social bonds and related advice. This benefits organisations looking for sustainable finance and investors actively interested in sustainable investing.

Sustainability is an important part of procurement

Extensive changes were made in the procurement unit during the year to be more sustainable. The supplier code of conduct is the basis for the requirements Swedbank sets and for contracts with suppliers. The code, which has requirements on among other things human rights, labour rights, business ethics and the envi-

ronment, was updated in 2018. The aim was to clarify the bank's vision and position and to better distinguish between mandatory criteria and what it considers desirable to facilitate dialogue and development with suppliers.

An improved process for sustainable procurement has also been initiated to simplify Swedbank's dialogue with suppliers based on a common digital platform for sustainability-related data, analysis, follow-up and discussion. Compliance is obviously important and is monitored through site visits and inspections. Swedbank promotes strong partnership along the supply chain to speed up the transition to a sustainable society, in line with the Global Goals and the Paris Agreement.

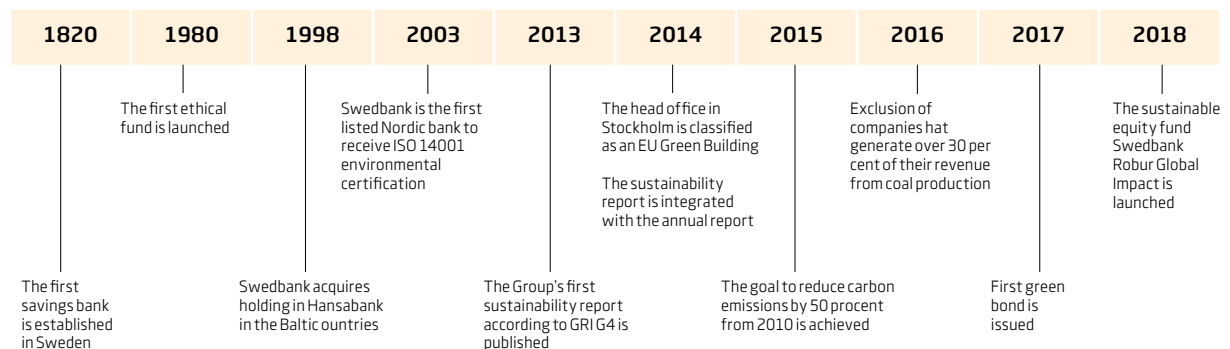
Zero tolerance for money laundering

Swedbank is the leading bank for many households and businesses in its four home markets: Sweden, Estonia, Latvia and Lithuania. To maintain the bank's strong reputation, measures are taken continuously to combat corruption, money laundering and terrorist financing. An established "Know-Your-Customer" process, system support for monitoring transactions and reconciliations of customer databases against sanctioned lists are all in place to minimise these risks.

Banks are obligated to report suspicions of market abuse such as insider trading, market manipulation and unlawful disclosure of inside information. According to the Anti-Money Laundering Act, banks are also obligated, without delay, to report suspicions of money laundering or terrorist financing to the Financial Intelligence Unit of the Swedish Police. Close cooperation with supervisory authorities and correspondent banks is necessary for this type of work. The fight against money laundering is global, as are the processes and systems. The bank has zero tolerance for money laundering in the markets where it is active and has taken action over the years when it sees any signs in its own channels and from outside partners. As a leading bank, Swedbank also has a responsibility to contribute to a continuous dialogue with supervisory authorities in order to strengthen the financial system and infrastructure.

Extensive measures to fight corruption are integrated in the bank's business processes and in loan assessments, the supply chain, payment flows and investments. All employees receive mandatory online training to recognise transaction patterns, behaviours and situations that could constitute, or be associated with, money laundering and corruption.

Two hundred years of sustainability



Secure and reliable IT systems

Conversations with the bank's customers have shown that secure, reliable and available IT systems are one of the areas they consider most important. It is our highest priority to protect our customers' money and information from fraud and cyberattacks, which is also critical if they are going to trust us to manage their savings and execute transactions. Swedbank's goal is to take a sustainable position that contributes to a sound and secure digital environment in all the markets where it operates. This means sharing intelligence with competitors and authorities.

Swedbank works continuously to improve security and rigorously monitors new types of threats, fraud and hacking. A wide range of measures are taken to prevent and limit criminal activity. The work is done continuously through the bank's business processes and IT systems. To prevent the bank's payment systems from being exploited for criminal activity, a set of internal rules, processes and support functions has been put in place to comply with applicable laws and regulations in the area.

Measures to prevent climate change

The world's companies have to change their businesses and contribute to a more sustainable society. By integrating sustainability in its business, Swedbank is able to have an impact both indirectly through customers and directly through its own operations. The goal is to reduce consumption of the Earth's finite resources and promote a stable climate and energy transformation. During the period 2010–2018 Swedbank's direct greenhouse gas emissions were reduced by 60 per cent through measures to reduce travel and improve energy consumption in offices. During the year Swedbank began buying carbon offsets, mainly for air travel, and signed the Science Based Target Initiative, pledging that the bank's future climate goals will align with the Paris Agreement.

The bank received ISO 14001 environmental certification in 2003, the first listed bank in the Nordic region to do so. Since then Swedbank has taken a structured approach to environmental work, following an environmental management system to reduce its impact. Environmental policies, goals and strategies provide a framework for this work and steer us toward measures that make the biggest difference. The environmental work and ISO 14001 compliance are reviewed through internal and external audits. Responsibility for the environmental work rests with operating managers with support from a network of sustainability ambassadors around the bank who coordinate goal-setting and follow-up work. Swedbank is convinced that successful environmental work leads to a lower environmental impact while at the same time strengthening the brand and reducing financial risk.

Sustainable employees

Swedbank is a company whose values – simple, open and caring – serve as an inner compass for everything we do. With these as a starting point, we build the trust of customers, respect for each other and a strong corporate culture. When faced with ethical dilemmas, the values serve as a guide and encourage sound long-term decisions. The right we all have to financial services – regardless of background and ethnicity – must be honoured. Swedbank will contribute to a respectful, inclusive and values-based culture. This is important for society, shareholders and customers.

Engaged employees are critical to the bank's future. Inclusion and clear goals are important to motivate employees and get them to do their best. Embracing collaboration between the bank's various businesses and units, where agile working is implemented on several levels, has contributed to a better work environment and higher results. To monitor and evaluate employee satisfaction, Swedbank regularly conducts a survey called Engagement Pulse, where engagement is measured based on seven questions, one of which measures the bank's Employee Net Promoter Score (eNPS). The results of the survey shows a positive development, from 21 in 2017 to 24 in 2018.

In the financial industry, like many other industries, the rapid shift to a more digital society and numerous new laws, regulations and guidelines have made it necessary to change the way we work and add competence. At Swedbank, employees take responsibility for their own professional development. Internal mobility is encouraged to capitalise on each employee's individual abilities and encourage those who seek new challenges within the Group.

A fast pace and the introduction of new technology at the same time require the bank to keep employees healthy. During the year changes were made in the way the Group addresses occupational health and safety issues. The main purpose is to follow the new workplace safety and health laws in Sweden, as well as to develop a strategy for sustainable employees and an inspiring, stimulating and inclusive work environment. In the financial industry, organisational and social factors have the biggest impact on working conditions and the work environment. It is especially important therefore for the bank to take preventative and proactive measures.

The philosophy of being a bank for the "many" also applies to Swedbank's employees. Gender equality and diversity are priorities at Swedbank and important contributors to a healthy work environment, inclusive corporate culture and more effective skills training. There is a strong conviction that diversity generates more business through a bigger network and better understanding of the individual's specific needs. Employees generally should reflect the customers in the bank's home markets in terms of gender parity, age and ethnicity, among other factors. This has been a long-term aim for many years. The goal of gender equality at the highest management level according to the 40/60 model was introduced back in 2014 and has since been implemented for management and senior specialist roles. The results are regularly tracked by business area based on five factors: salary and benefits, recruiting, occupational health and safety, parenting and career development, and competence training. In 2018 a comprehensive training programme was implemented in management teams and forums to raise awareness of gender equality and diversity and integrate them in practical leadership.

The work with TCFD

In March 2018 Swedbank announced its support for the TCFD recommendations: a concrete tool to increase awareness of climate-related risks and opportunities in a time of uncertainty. TCFD is a question of long-term survival for the bank's customers and in the long run for Swedbank's survival. Integration of the TCFD recommendations in the bank will continue in 2019.

Swedbank and Swedbank Robur welcome the fundamental principles that TCFD rests on – long-term, transparent and forward-looking – which are also supported by the bank's purpose to promote a sound and sustainable financial situation for the many households and businesses.

The framework is structured around four thematic areas – governance, strategy, risk management, and targets and metrics – which together with scenario analysis facilitate better informed decisions that take long-term climate-related risks into account.

Governance

During the year Swedbank launched a review of its corporate governance, policies and operational processes from the standpoint of climate change. The bank has also begun identifying risks and opportunities based on various scenarios and how these scenario analyses feed into the business plans ratified by the Board.

Governance of climate-related issues starts with a Group-wide framework, where policy documents are adopted by the Board (such as sustainability or environment), directives by the CEO (such as position statements on climate change) and instructions by the Group Executive Committee (such as sector guidelines).

Because Swedbank's core business consists of managing risks, its existing framework also provides the fundamentals for climate change management. As new types of risks and opportunities are identified, the bank will develop its governance, routines and internal rules to ensure effective implementation of its strategy.

Strategy

Swedbank's strategy is based on a long-term focus and customer value through a responsible core business and rests on four pillars: available full-service bank, personalised offers, high cost efficiency and low risk. The bank believes that climate change could play a major role in the near term and therefore intensified the efforts to identify climate risks back in 2015, after the Paris Agreement was signed.

The result of the bank's initial analysis of the credit portfolio shows that lending to the most impacted sectors, such as fossil fuels and industries with large industrial processing emissions (such as steel and cement), is around 1 per cent of total lending. For these industries, the bank's strategy is to focus on future investments to help reduce climate impacts. About 75 per cent of Swedbank's lending relates to buildings, where energy efficiency will play an important role to reach lower emissions. This provides Swedbank a great opportunity to help customers invest in energy efficiency.

Within the fund management company, Swedbank Robur, approximately 77 per cent of the portfolio shareholdings in 2018 were invested in sectors with less climate change exposure. The

biggest of the climate-exposed sector investments are in manufacturing, energy, auto and real estate companies. Swedbank works actively to encourage production upgrades by these companies to increase energy efficiency and shift to renewable energy. Swedbank does not finance coal mining.

Risk management

Climate aspects are an integral part of credit analysis in corporate lending and are included in the evaluation of the customer's strategy, business model and sustainability performance. This also applies to ESG analysis in fund management. The carbon footprint of equity funds is reported annually, and the footprint of most of the funds is lower than their comparable indexes. This risk management is part of day-to-day operations and is handled through the existing governance model. On a strategic level, climate-related risks and opportunities are identified and serve as the basis for the bank's strategic business planning. These business plans are approved at the board level.

The risks associated with climate change can be divided into (i) physical risks, such as extreme weather and rising sea levels, and (ii) transition risks, which are driven by policy decisions, technology and changes in consumption. Identifying and assessing these risks is complicated by the fact that the timeframe involved stretches all the way to 2050 and 2100. Swedbank therefore draws on scenarios supported by thousands of researchers, including the work of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Association (IEA).

Going forward Swedbank will place more emphasis on:

1. Analysing in more depth the transition in various sectors
2. Identifying and managing physical risks, such as extreme weather, higher temperatures and sea levels
3. Identifying investment opportunities in renewable energy and companies that contribute positively to reducing CO₂ emissions and adapting to climate change.

Targets and metrics

Swedbank continues to monitor the direct emissions its operations give rise and in 2018 the bank reached its goal to reduce emissions by 60 per cent between 2010 and 2018. The bank's partnership with the Science Based Target Initiative means that the new climate goals will be verified, but also that Swedbank will play a part in developing a method to weigh in the impact from customers. At the same time Swedbank is involved in a UN working group with a focus on accelerating energy efficiency in buildings as relates to financial risk and value creation. Swedbank Robur will develop methods to measure the carbon footprint of fixed income funds, adapt its analysis to the Paris Agreement and report CO₂ metrics for the funds.

Swedbank and the UN's Sustainable Development Goals









As a major financial player, Swedbank has an opportunity to contribute to the UN's Sustainable Development Goals (SDGs). In 2017 Swedbank performed an analysis of its contributions to the global goals. The results show that the bank is contributing to all the goals, but to varying degrees. Swedbank has chosen to focus on the following goals from the perspective of where the bank can contribute the most:

Goal 4 – Quality education

Goal 8 – Decent work and economic growth

Goal 12 – Sustainable consumption and production

In addition, the bank has two complementary focus areas comprised of several goals that affect Swedbank's strategy and goal-setting: **Sustainable employees** (e.g. Goals 3, 5 and 10) and a **Fossil-free society** (e.g. Goals 7, 9, 11 and 13).

Sustainability goal 2018	Goal	Result and contribution to the SDGs
Reduce direct greenhouse gas emissions by 60 per cent by 2018 compared with the 2010 level.		Swedbank has achieved the goal and reduced its direct greenhouse gas emissions by over 60 per cent between 2010–2018. In addition, Swedbank has purchased climate offsets for 6 500 tonnes of GHG emissions, which corresponds to the emissions from air travel to the bank's customers. 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries Swedbank's strategies for the climate and environment have resulted in a reduction of greenhouse gas emissions. This contributes to the international fight against climate change. Swedbank will continue to reduce its emissions and set new goals and strategies to continue this trend.
Increase financial awareness and teach children and young adults about personal finance and entrepreneurship through lectures in schools in Swedbank's home markets.	 	Swedbank and the savings banks increased financial awareness and literacy in 2018 by arranging over 3 300 lectures and actively coaching young people on business economics. 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship Swedbank considers financial literacy and education to be fundamental to creating vocational skills, decent work and entrepreneurship. Swedbank has contributed in among other ways by giving lectures on managing money in the countries where it is active. In 2018, 1 123 lectures were held in the Baltic countries and 2 183 in Sweden. 8.3: Promote development-oriented policies that support job creation and entrepreneurship Swedbank's initiatives to encourage young people to become entrepreneurs and better understand their finances promote job creation and economic growth in society.
Issue a second green bond and serve as issuing institute for at least 14 green bonds.	 	Swedbank issued its second green bond during the year and was the issuing institute for 30 green bonds with a value of SEK 28.5bn. 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix The green bond Swedbank issued in 2018 generated SEK 2 915.6m in wind power investments, resulting in 2 118 GWh in annual energy production. This contributes to the goal to substantially increase the share of renewable energy in the global energy mix before 2030. 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries The green bond issued during the year largely consists of financing for wind power and environmentally certified and energy-efficient buildings. Renewable energy and green buildings contribute to energy conservation, which reduces greenhouse gas emissions and aids in the fight against climate change.
Offer at least 20 equity-linked bonds (SPAX) with a sustainability profile.		Swedbank launched 30 equity-linked bonds with a sustainability profile with an aggregate value of SEK 325bn in 2018. 12: Sustainable consumption and production By offering products with a focus on sustainability, such as equity-linked bonds that for example promote the Global Goals, the environment and climate change, human rights and decent work, Swedbank gives its customers sustainable choices.
Hold workshops on equality with Swedbank's management teams and educate at least 1 000 leaders in 2018 with the purpose of including gender equality, diversity and inclusion in Swedbank's brand and in their own leadership.	 	In 2018 over 50 workshops, spanning 3 000 hours, were held for a total of 1 000 leaders. 5.1: End all forms of discrimination against all women and girls everywhere Workshops focused on raising awareness about gender equality and diversity and integrating them in practical leadership also make Swedbank's leaders more aware of hidden discrimination. 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status This initiative is important to strengthen leadership in the bank and contribute to an equal and inclusive workplace for everyone.

A sample of Swedbank's contributions to the SDGs

Partnership to accelerate development



Swedbank sees partnerships across sectors, Goal 17, as necessary to accelerate social development in line with the Global Goals, and in 2018 launched several interesting initiatives and collaborations.

A new initiative called "Nordic CEOs for a sustainable future" was announced in October 2018 to speed up efforts to reach the UN's sustainable development goals. Together with other Nordic CEOs, Swedbank's CEO, Birgitte Bonnesen, participates in the platform, as part of which Swedbank and the other members have committed to adapting their business strategies to the Global

Goals and to developing new collaborations to accelerate the transition a more sustainable society.

In addition, Swedbank Robur CEO Liza Jonson has been given an important role as a member of the Agenda 2030 delegation, whose purpose is to support and encourage Sweden's implementation of Agenda 2030. The delegation will draft an action plan for implementation of Agenda 2030, which began in 2016 and where a final report will be submitted by the delegation to the government in March 2019. This gives Swedbank an opportunity to strengthen its social engagement, share knowledge and have an impact.

Swedbank Sustainability Indicators



As part of its commitment to Goal 4 and aim to demonstrate leadership in working with the Global Goals, Swedbank publishes Sustainability Indicators. This publication creates awareness by measuring the progress in Sweden

and the Baltic countries toward achieving Agenda 2030. Swedbank's Sustainability Indicators provide insight on the economy, society, Swedbank's customers and the bank.

Swedbank Global Impact



Swedbank Robur was the first in the market to launch a sustainable equity-linked bond fully focused on investing in companies that contribute to the UN's 17 global goals, Global Impact. Global Impact invests in companies around the world, including emerging markets, whose businesses contribute to meeting global challenges, such as reducing inequalities and resolving the climate crisis.

Through Global Impact, customers have the opportunity to add exposure to companies in the world that already have businesses that can contribute to the Global Goals and thereby create a better future world. Global Impact promotes savings that contribute to a more sustainable world with long-term appreciation in value.

Swedbank issues second green bond



By issuing green bonds, Swedbank promotes and supports the long-term development of sustainable infrastructure solutions. The green loans that serve as a basis for the bonds offer clear environmental benefits and promote the transition to a low-carbon, sustainable economy. The two bonds that were issued mainly finance sustainable investments in real estate and renewable energy sources that reduce CO₂ consumption in society.

In accordance with Agenda 2030 and the Global Goals, Swedbank's green framework for issuing green bonds promotes Goals 7, 9, 11, 13 and 15. The framework is re-evaluated as needed to keep pace with developments in society and the market. As a result, it may be further refined and include more asset categories going forward – and thus contribute to more Global Goals.

Trainee and labour market initiatives



Swedbank contributes to Goals 8 and 10 of more equal, inclusive and sustainable economic growth. Swedbank has many years of experience working inclusively with various job initiatives, such as traineeships, so that more people enter the job market, which also helps the bank to meet its own talent needs.

A collaborative initiative called "A Job at Last" with the Swedish Public Employment Service is one of many current initiatives where Swedbank combines business and social benefits through increased integration and diversity. Trainee positions provide foreign-born academics access to the right employers and in this way raise employment in groups that often find themselves outside today's job market.

Gender equality



Gender equality and diversity are important to Swedbank's working environment, corporate culture, skills training and customer service in accordance with Goal 5. Swedbank's long-term goal is that its employees will largely reflect the bank's home markets in terms gender distribution, age and number of employees with a foreign background.

The goal of gender parity at the highest management level according to the 40/60 model was introduced back in 2014 and has since been implemented among managers and higher-level specialists. In the prestigious global Equileap Top 200 ranking on gender equality in the workplace Swedbank was named the best in the Nordic region and ranked number nine out of a total of 3 200 companies around the world.

Sustainability report

Swedbank is strongly committed to the sound and sustainable development of its customers, employees and society as a whole. Economic, social, environmental and ethical sustainability are integrated in the business. Sustainability results are presented as an integral part of Swedbank's annual report. The sustainability report conforms to the Global Reporting Initiative's (GRI) framework, Standards version, Core level, and has been reviewed by the auditing firm Deloitte in accordance with the assurance report on page 214.

For Swedbank, sustainable business is distinguished by responsible decisions, value creation and transparency. Swedbank has committed to follow several international initiatives and has built an integrated sustainability framework for delegating responsibility and minimising risks. The UN Global Compact's ten principles and the UN Principles for Responsible Investments (UNPRI) are among the key commitments that guide Swedbank's work and are the basis of its position statements and routines.

The structure of the sustainability work is summarised below. The majority of Swedbank's commitments, governing documents and reports are shown here, giving an overview of sustainability management and how sustainability is implemented and monitored at Swedbank. Swedbank's view on responsible banking is presented in the sustainability report.

Reported information applies to the calendar year 2018 (previous report 2017), unless otherwise indicated, and spotlights the most important aspects of Swedbank's sustainability work.

The sustainability report comprises Swedbank and its subsidiaries (see Notes G1 and P24). The aim is to present areas where progress has made as well as where more work has to be done.

The notes show the results of the sustainability work from the standpoint of Swedbank's core processes: pay, finance, save/invest and procure. The results are also presented based on the bank's work on HR issues, the environment, taxes, anti-corruption, IT security, human rights and social engagement. Sustainability information is found on pages 14–19 and 188–208 and on www.swedbank.com.



Materiality analysis

Swedbank dialogues daily with its stakeholders: customers, owners/investors, employees and society at large. Customer communication is through both digital and physical channels. Internally, there is an ongoing dialogue between employees and their managers. Swedbank also has continuous contact with authorities and other relevant stakeholders in society.

Each year Swedbank conducts customer surveys, brand surveys and opinion polls, and participates in industry forums that address current challenges and trends in society. Taken together, this provides guidance for Swedbank’s work and a good sense of whether the bank is focused on the right things. It also gives Swedbank an opportunity to continuously develop and improve. The feedback received from stakeholders is very valuable – in the bank’s strategic work and in business planning.

Materiality analysis

The latest materiality analysis was performed in 2017 to identify which topics Swedbank’s stakeholders consider the most important to the bank’s long-term survival – from an ethical, social, environmental and economically sustainable perspective. The analysis was conducted in Sweden, Estonia, Latvia and Lithuania.

The work began with an internal survey sent to around 40 key employees of the bank representing different business areas and staff functions in every market and with a good understanding of Swedbank’s stakeholders. The responses were then used to support the analysis. The number of key topics was consolidated from 21 to 15 to focus on what Swedbank saw as most important to measure and is not captured in other customer surveys.

The materiality analysis was constructed on this basis. It consisted of a survey with 30 questions covering everything from economic stability to secure IT systems, climate change, social engagement and gender equality. The questions were sent to over 1 000 private customers, 800 corporate

customers, 1 800 employees and 20 social partners (e.g. authorities and stakeholder groups). Interviews were conducted as well with 10 owners/ investors. The stakeholders were asked how much they agree with specific statements about Swedbank, such as “Swedbank is a financially stable bank”, and how important they considered each question.

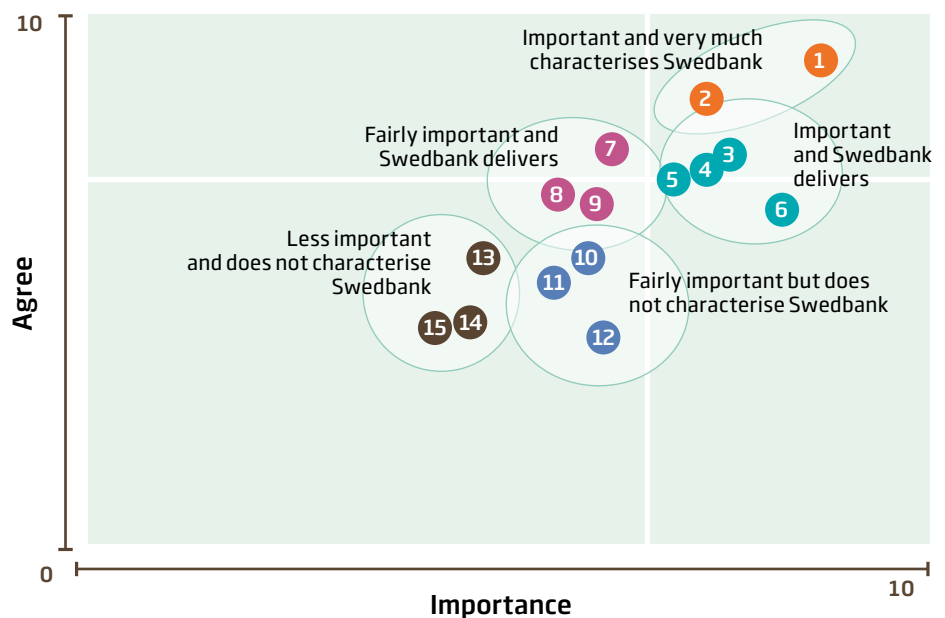
Results

The materiality analysis resulted in 15 key topics. The results showed great similarities between stakeholders and markets when it comes to what was valued most. All the topics were considered important to some degree, with the lowest average response for a single question of 8.1 (scale of 1 to 10). That Swedbank is a financially stable bank and has secure and reliable IT systems were considered the most important by respondents regardless of market. Other areas they valued highly were preventing corruption and money laundering; transparent reporting of profits, taxes and fees; easily available products and services; and responsible lending.

Being a financially stable bank is not only considered important, but also the area that Swedbank best lived up to, according to respondents. Taken together, the survey shows that Swedbank has a big impact on the national economy and on stakeholders’ opinions and decisions. Swedbank considers the key topics to still be relevant and illustrate the bank’s impact on society and importance to various stakeholder groups. Learn about how Swedbank takes responsibility for its impact on society and importance to customers, employees and other stakeholders on pages 14–19.

Key topics for Swedbank:

- 1) Financially stable bank
- 2) Availability
- 3) Prevent corruption and money laundering
- 4) Transparent reporting
- 5) Responsible lending
- 6) Secure IT systems
- 7) Profitability and competitive return for investors
- 8) Social engagement
- 9) Gender equality and diversity
- 10) Responsible owner
- 11) Attractive employer
- 12) Sound compensation culture
- 13) Sustainable products and services
- 14) Sustainable procurement
- 15) Prevent climate change



Stakeholder engagement

Stakeholder groups

Swedbank's stakeholders are divided into four main categories: Customers, Employees, Owners and Investors, and Society & the world around us. In addition, Swedbank interacts with a large number of other stakeholder groups to varying degrees. 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 schools
- Secondary schools
- Colleges
- Universities
- Suppliers
- Subsidiaries
- Group companies
- Competitors
- Ratings agencies
- Sustainability indexes
- Auditors

Identifying and selecting stakeholders

Swedbank's stakeholders are those who are materially impacted by and have an impact on the bank's operations. This serves as the basis for selection of the overarching stakeholder groups. Based on the Group's framework, market analysis, internal discussions and active, structured measures to create and participate in various forums for dialogue and advocacy, Swedbank has developed a process to identify and select relevant stakeholders within each group.

Approach to stakeholder engagement

Swedbank's aim is to make decisions as close to the customer and local community as possible. This applies to business decisions as well as those related to the bank's other stakeholders.

Swedbank is strongly engaged in society and also communicates with other groups and individuals on issues that are important to the local community or society as a whole. Swedbank's Communications, Public Affairs and Sustainability units provide guidelines, support and coaching for stakeholder engagement and dialogue. Swedbank's home market stretches across four countries, and the stakeholder dialogue has been adapted therefore for local implementation.

Key topics in 2018

Some of the most important or notable topics that Swedbank dealt with during the year in the media and in discussions with stakeholders are described below.

Fraud

Fraud was a recurring media topic in 2018. There are a number of ways that people are exploited online, by email, phone and ATM. Fraudsters often claim to be calling from the bank, public authorities or other well-known companies. Swedbank has informed the media, notified selected customers by mail, and together with several major banks and the police authorities published information on how to protect against fraud.

Know Your Customer (KYC)

During the year Swedbank contacted customers digitally and by mail with questions to inform and ensure them that the bank is in compliance with current rules.

Swedbank joined a Nordic initiative last autumn to explore a common "Know Your Customer" infrastructure. How banks manage customer data is important to the fight against financial crime, money laundering and terrorist financing.

Housing market

The housing market remained an important issue for several stakeholder groups during the year. The Swedish market has aligned with Swedbank's forecast, with clear price differences between metropolitan areas and the rest of the country and between condos and single-family homes. A large supply of newly built condos, coupled with the new mortgage amortisation requirements, continues to squeeze prices in metropolitan areas, while condo prices in the rest of the country are stabilising at the same time that the single-family home market outside the metropolitan areas may see a further gain.

Partnerships

During the year Swedbank continued to expand collaborations and partnerships in order to increase its range of services. Swedbank and State Street, one of the world's leading financial service providers to institutional investors, entered a strategic partnership. Swedbank also continues to work with selected fintech providers to develop new digital solutions for small businesses and private customers that simplify, save time and provide customers an even better experience.

Material impacts and strategic policy documents

Key topic	Material impact				Strategic documents supporting the key topics
	Employees	Customers	Society & the world around us	Owners & investors	
Attractive employer	x		x	x	Anti-corruption policy Code of Conduct
Availability		x			Conflict of interest policy Credit policy
Financially stable bank	x	x	x	x	Environmental policy Gender equality and diversity policy Human rights policy
Gender equality and diversity	x		x		Impact report green bonds Information security strategy
Prevent corruption and money laundering	x	x	x	x	Occupational health and safety policy Policy on responsible investments Position statement on climate change
Profitability and competitive return	x	x	x	x	Position statement on defence industry Salary principles at Swedbank Sector guidelines
Responsible lending		x	x	x	Supplier Code of Conduct Sustainability policy Sustainability risk analysis in lending
Sound compensation culture	x			x	
Social engagement	x	x	x	x	
Responsible owner		x	x	x	
Secure IT systems		x			
Sustainable procurement			x		
Sustainable products and services		x	x	x	
Transparent reporting	x	x	x	x	

Precautionary principle

Swedbank follows the UN Global Compact's 10 principles, which include the precautionary principle. The bank has integrated sustainability risk analyses in its central processes and takes, among others, the following precautionary measures:

- In dialogue with customers and suppliers, sector guidelines are applied with information on specific risks, opportunities and recommendations related to various industries' sustainability problems.
- Sustainability risks are assessed as part of the financial analysis in connection with investments and lending.
- The bank's employees receive mandatory internal training on sustainable banking, ethics, the code of conduct, money laundering and terrorist financing, and the environment.
- Through the bank's ISO 14001-certified environmental management system, an annual analysis and assessment is made of the Group's environmental impacts and compliance with laws and environmental requirements from authorities and stakeholders.
- In partnership with the Financial Coalition against Child Pornography, Swedbank works actively to put an end to commercial child pornography by preventing payments through the financial system.
- Units throughout the Group can escalate sustainability issues related to business ethics, the environment and human rights to Swedbank's Business Ethics Committee for recommendation and guidance.

Sustainability management

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

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

Governing framework

The Board of Directors is ultimately responsible for governance of sustainability work and adopts the bank's policies in the area (available on swedbank.com/sustainability). These policies apply to the Group and are designed to set a general standard for managing the business and ensuring that employees comply with current laws and regulations.

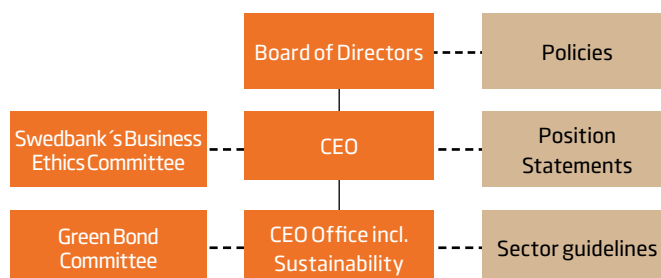
The Group's positions on the defence industry and climate change are decided by the bank's CEO. These instructions contain more detailed regulations than a policy. The CEO can issue instructions for implementing a policy.

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

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

Business Ethics Committee

To complement the rules on sustainability and business ethics, Swedbank has a Business Ethics Committee to handle these issues. Questions regarding the environment, human rights, social responsibility, business ethics and corruption can be escalated to the committee from any part of the organisation. The committee's role is to provide guidance on business decisions associated with sustainability risks and in this way reduce negative impacts.



Climate and environmental management

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

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

During the year Swedbank joined the Science Based Targets Initiative, which uses scientific methods to identify and support innovative methods to establish greenhouse gas reduction goals for companies in line with the Paris Agreement. Swedbank will contribute to the methodology that can result in scientific targets for the entire financial industry. These targets will guide and govern the bank's sustainability work. During the year Swedbank also endorsed TCFD's recommendations, which affect the bank's governance, strategy, risk management, targets, metrics and reporting on the climate and environment.

Tracking and monitoring Swedbank's key issues

- Results, return on equity and capital adequacy ratios are tracked.
- Customer satisfaction is tracked through Swedbank's annual customer satisfaction survey.
- Targets tied to priority areas are tracked by all managers in the Group Executive Committee.
- Amortisation levels down to 50 per cent of a property's value are tracked.
- Financial education and social initiatives are tracked by measuring the number of lectures in schools and the number of copies of Lyckoslantén that are distributed, among other variables.
- The number of sustainability risk assessments in the lending process is measured and tracked continuously.
- Sustainability analyses of Swedish and internationally listed companies and their results are reported and tracked continuously.
- CO2 estimates are made for Swedbank Robur's equity and mixed funds and reported annually.
- In connection with purchases, Swedbank ensures that the supplier code of conduct is signed.
- Suppliers are continuously tracked to ensure compliance with Swedbank's supplier code of conduct and other commitments, including through on-site visits.
- Internal energy consumption, business travel, security transports, resource consumption and waste management are continuously tracked.
- Direct climate impacts are measured, calculated and tracked.
- The list of excluded companies is continuously tracked.
- Private and business advisors are tracked continuously through score-cards, where each manager can gauge employee performance against common goals.
- The annual employee survey measures employees' engagement, their likelihood of recommending the bank, leadership indexes etc.
- Each business area's gender distribution and diversity are tracked quarterly.
- Internal training and mandatory e-learning on e.g. sustainable banking, the code of conduct and money laundering guidelines are tracked by each manager.
- The number of loan applications escalated to Swedbank's Business Ethics Committee is tracked. Minutes from the committee meetings are distributed to the CEO and the Group Executive Committee.

Awards during the year

Swedbank tops Nordic region's largest sustainability study –

Swedbank was again named the most sustainable bank in the Sustainable Brand Index Business to Business, based on a survey of decision makers in Sweden's largest companies.

Sustainability Index 2018 – Swedbank in Latvia received an award in the platinum category.

Equal Pay Employer – Swedbank in Latvia received an award for the country's most equal pay, based on the results of Fonte's annual national survey.

Swedbank Robur named Fund Manager of the Year in 2018 – Swedbank Robur was named Fund manager of the Year in 2018 by Sweden's largest fund marketplace, fondmarknaden.se, for high returns and integrating sustainability in its investments as well as for launching new sustainability focused products.

National Responsible Business Awards in Lithuania – Swedbank was recognised as Lithuania's most socially responsible company for major efforts in financial education, promoting volunteerism and building an open and sustainable society in Lithuania.

Green Banking Awards – Swedbank was named the best green bank in Sweden by Capital Finance International.

Climetrics Climate Impact Rating – Swedbank Robur was named the world's leading fund manager regarding climate smart fund management in Climetrics' climate rating based on data from CDP.

Responsible Business Awards – Swedbank received the highest award, gold, from the Responsible Business Forum in Estonia.

Sustainability indexes

Swedbank's results in external sustainability indexes and investor surveys during the year are shown below. The results provide a measure of Swedbank's sustainability performance based on the priorities of various stakeholders.

Sustainability index/ranking	2018	2017	2016
AllBright (ranking) ¹	32	47	71
CDP (score) ²	B	B	B
Dow Jones Sustainability Index (score) ³	79	81	77
Fair Finance Guide (score %) ⁴	64	61	55
FTSE4Good ESG rating (score) ⁵	4.4	4.1	4.3
ISS Corporate Governance (score) ⁶	1	-	-
Sustainalytics (score) ⁷	80	-	-

1) Swedbank's ranking among 329 companies in 2018.

2) Max score is A. Average for the financial sector in 2018 is B-.

3) Max score is 100. New calculation method in 2018. Score for 2017 is restated according to the new method. Swedbank is not included in the DJSI World Index, but is included in the DJSI Europe.

4) Max score is 100.

5) Swedbank has qualified for FTSE4Good Index. Max score is 5.

6) Risk level 1-10 (1 low risk, 10 high risk). Refers to risk level for Environment, Social, Governance criteria.

7) ESG Rating, Outperformer

S1 Pay

Swedbank's digital services make it easy for customers to contact the bank and do their banking whenever and however they want. Availability, regardless of channel, is one of the most important factors mentioned in customer surveys. Outside branches, a range of services are available on digital platforms such as the Mobile Bank, Internet Bank and Facebook.

Availability

Availability is consistently high for every customer group, and several initiatives have been taken to make it easier to obtain and understand the products and services that the bank offers. This includes introductory videos for the Mobile Bank and Mobile Bank ID in eight languages besides Swedish, security information in 12 languages, and options that allow the hearing impaired to receive personal assistance by phone. Several partnerships have been established with organisations representing the disabled, including Funka.nu, to design the website to work as well as possible for as many customers as possible. In addition, the security token is available with larger buttons and louder sound, and folders/product sheets are printed in Braille. To increase digital inclusion in older adults, digital workshops are held at several branches and for pensioners' networks.

Payments and e-commerce

The payments industry is rapidly changing, driven by new technology, new providers and laws that further open up the market. During the year rules were introduced to encourage electronic payments, make the EU's inner market more accessible to individuals and businesses, increase competition, security and consumer protection, and reduce fees. The General Data Protection Regulation (GDPR) and Payment Service Directive (PSD2) took effect during the year.

Back in 2017 Swedbank set up a test environment for PSD2, where outside developers could test their services and ideas against a databank. New third-party collaborations were launched during the year in subscription services with Mina Tjänster in Sweden, in factoring with Erply in the Baltic countries and with SpeedLedger in Sweden, creating added customer value.

Payment transactions and cards

Swedbank continues to develop digital services for payments and cards. The bank is the largest payment processor in the Baltic countries and has the largest number of bank giro transactions in Sweden.

In terms of cards Swedbank is one of the largest payment processors in the EU, the tenth largest in number of purchases with cards issued by the bank and the fifth largest payment acquirer from retailers. The number of card payments has continued to increase, while cash withdrawals are falling. Contactless cards, which can be scanned at checkout for payments of less than SEK 200, continued to be distributed during the year. The same functionality applies to contactless payments by mobile phone using SamsungPay and the Masterpass digital wallet. In this way customers can feel secure shopping online by phone or tablet. Contactless cards are also a more economical way to distribute bank cards, since they have a longer life than chip cards, which wear out faster.

Prepaid cards are another service available to municipalities, county councils, authorities and state-owned enterprises. They are used to pay out financial assistance and benefits to people without an ID number or bank account, and as a collective debit card for employees of schools, public housing, social services etc. The service enables municipalities to replace cash handling with electronic payments. The card can be used in all stores and ATMs. Around 50 per cent of the country's municipalities also use the service, in addition to agreements with state-owned enterprises, municipal authorities and county councils.

Card acquiring

Swedbank is also growing in retail card acquiring in its home markets and in Norway, Denmark and Finland. During the year nearly 3 billion card purchases were acquired from retailers. Through the acquisition of PayEx retailers have access to a complete range of services for physical stores as well as e-commerce, including a checkout service with all the usual payment and financing options.

Collaborations/Partnerships

The number of mobile payments processed through Swish continues to rise. Swish is a collaboration with other banks and processes payments between private individuals and retailers in Sweden, including ecommerce businesses.

Swedbank is one of several Nordic banks that are exploring a harmonisation of the local payment infrastructure and payment products in the Nordic region, called P27. The aim is to better support pan-Nordic payment traffic, increase competition and stimulate trade and growth in the region. The vision is to create the world's first zone for domestic and international payments in multiple currencies (SEK, DKK, NOK and EUR).

Through a strategic collaboration between Swedbank and Intrum Justitia, customers having or on their way to having financial difficulties can get help to prevent and manage problems as quickly as possible.

Another industry partnership is the Financial Coalition against Child Pornography, where the focus is on putting an end to commercial child pornography by preventing payments through the financial system.

Sweden	2018	2017	2016
Cards (million)	4.3	4.2	4.2
Number of card purchases (million)	1 320	1 248	1 173
Branches	186	218	248
Number of digitally active customers (million) ¹	3.0	2.9	-
Share of sales in digital channels, (%)	50	49	47
- whereof Daily Banking products ²	29	29	24
- whereof Savings & Pension	82	81	76
- whereof Private Lending	11	6	7
- whereof Corporate	6	5	-
- whereof Insurance	10	10	-
Swish payments (million) ³	192	130	-

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 cards and payments.

3) Swedbank and the Savings banks.

Estonia	2018	2017	2016
Cards (million)	1.1	1.1	1.1
Number of card purchases (million)	211	192	-
Branches	33	34	35
Accessible branches	31	32	33
ATMs	391	392	419
Number of digitally active customers (million) ¹	0.5	0.5	-
Share of sales in digital channels, (%)	52	46	43
- whereof Daily Banking products ²	52	47	47
- whereof Savings & Pension	63	52	50
- whereof Private lending	68	60	54
- whereof Corporate	15	10	-
- whereof Insurance	54	47	-

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

2) Refers to cards and payments.

Latvia	2018	2017	2016
Cards (million)	1.0	1.0	1.0
Number of card purchases (million)	165	142	-
Branches	33	36	41
Accessible branches	25	26	30
ATMs	367	389	396
Number of digitally active customers (million) ¹	0.6	0.5	-
Share of sales in digital channels, (%)	51	43	36
- whereof Daily Banking products ²	47	40	37
- whereof Savings & Pension	46	42	40
- whereof Private lending	64	58	57
- whereof Corporate	6	3	-
- whereof Insurance	77	68	-

1) Number of customers with at least 3 logins including shake balance inquiries in a digital channel in the last month.
2) Refers to cards and payments.

Lithuania	2018	2017	2016
Cards (million)	1.7	1.7	1.7
Number of card purchases (million)	161	132	-
Branches	59	63	65
Accessible branches	59	59	62
ATMs	416	418	423
Number of digitally active customers (million) ¹	0.7	0.6	-
Share of sales in digital channels, (%)	65	51	39
- whereof Daily Banking products ²	67	53	42
- whereof Savings & Pension	77	69	58
- whereof Private lending	54	42	31
- whereof Corporate	14	10	-
- whereof Insurance	72	43	-

1) Number of customers with at least 3 logins including shake balance inquiries in a digital channel in the last month.
2) Refers to cards and payments.

52 Save/Invest

Swedbank and Swedbank Robur believe that responsible and sustainable investments make a difference in the long run. Sustainability has become an increasingly important and integral part of asset management, and demand is increasing. Various forms of sustainable savings are offered by the asset management business.

Sustainability in Swedbank Robur's funds

Swedbank's subsidiary, Swedbank Robur, has a goal to be a leader in responsible investments. To achieve this, Swedbank Robur makes it easier for customers who want to incorporate sustainability into their investment decisions. Sustainability criteria have been introduced in more funds and new products with more sustainability content have been launched. Openness and simplicity have been key values for the bank and fund management company for years, and the increased interest legislators are now showing in the issue of transparent fund information on sustainability is positive.

As a major owner on the Stockholm Stock Exchange and with holdings in nearly 3 000 companies in and outside Sweden, Swedbank Robur has a responsibility and an opportunity to have an impact. Through dialogue and active ownership, the fund management company encourages companies to address sustainability issues and govern responsibly. During the year Swedbank Robur's responsible investment policy was further developed. It serves as the basis for sustainability work and applies to all of the fund management company's funds. In the policy Swedbank Robur clearly states that its investments are guided by the UN's global sustainable development goals. The new Global Impact fund, which invests in companies with products and services that directly contribute to the global goals, was launched in May.

Integrated asset management

Sustainability is integrated in the investment philosophy. Sustainability criteria were part of the analysis for fixed income, index and equity investments and are spelled out for the funds in the responsible investment policy. Swedbank Robur's team of sustainability analysts visits companies, evaluates their risks and opportunities, and gives concrete feedback on improvements. This is factored into investment analysis and stock selection. Certain funds have actively invested in companies that specifically address the environment and climate change, human rights, fair labour and business ethics.

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. The aim is to generate a sustainable return from the stocks that the funds own. Swedbank Robur encourages these companies to reduce their sustainability risks and develop their businesses based on sustainability aspects. Swedbank Robur impacts companies around the world on its own and in collaboration with e.g. PRI's investor groups, analysis service providers and lobbying groups. In addition to working directly with companies, a number of themes have been identified where entire industries can be impacted. Dialogues during the year touched on climate change and energy, palm oil production, the rights of the child, living wages and forest production.

Swedbank Robur attends and votes at annual meetings and participates in the nomination committees of listed Swedish companies. Important issues include board composition, management compensation, including share-related incentive programs, sustainability and that systems in place for governance, control and information disclosure. Swedbank Robur wants boards to have the right combination of competence, experience and diversity, including gender parity, and to balance independent and non-independent directors. The boards should also actively address sustainability issues pertinent to their companies. The companies where Swedbank Robur has been on the nomination committee on average have reached gender parity in terms of newly elected directors, with a growing share of women and a higher number than for listed companies as a whole again in 2018.

In the case of US companies, the fund management company has voted for several shareholder proposals on climate change and the environment, cybersecurity and data privacy.

Exclusions

Swedbank Robur does not invest in companies that manufacture, modernise, sell or buy cluster bombs, antipersonnel mines, chemical and biological weapons, and nuclear weapons. Companies that generate more than 30 per cent of their revenue from coal production or produce pornographic material are excluded as well. In November a decision was made to exclude companies that generate more than 5 per cent of their revenue from tobacco products from all funds as for 1 January 2019. Companies have also been excluded because of serious violations of international norms and conventions to protect people and the environment, without showing a willingness to change. Several funds have applied more extensive criteria and excluded products such as alcohol, tobacco, gambling, weapons and pornography, as well as companies that produce fossil fuels.

SUSTAINABILITY

Asset management ¹	2018	2017	2016
Total assets under management (SEKbn)	1 266	1 252	1 170
– of which in funds (SEKbn)	857	871	789
Assets under management with enhanced sustainability work (%) ²	50	34	40
– of which managed with positive & negative criteria (%) ³	5	5	4
– of which managed with primarily negative criteria (%) ⁴	45	29	36

1) Asset management as of 31 December 2018.

2) Includes sustainability funds and discretionary management with enhanced sustainability work.

3) Share of total assets under management, managed in Ethica, Talenten, Förbundsfond, Global Impact, Stiftelsefond and Humanfond.

4) Share of total assets under management. Exclusions according to criteria for Access and Transfer funds, which were expanded on 1 January, as well as according to Folksam and KPA's criteria.

Engagement funds (no.)	2018	2017	2016
Companies contacted on sustainability issues ¹	425	299	382
– of which companies listed in Sweden	74	81	65
– of which companies listed outside Sweden	351	218	317
– of which companies contacted by own analysts	186	160	160
No. of contacts, own analysts	265	261	283
– of which meetings ²	142	96	79
Participation in nominating committees	424	336	295
– of which in companies listed in Sweden	232	195	171
– of which in companies listed outside Sweden	192	141	124
Participation in annual general meetings in Sweden	91	81	69
– Share of women on corporate boards (%) ^{2,3,4}	38	37	36

1) Contacted by own analysts (186), by suppliers (84) and through collaborations (155).

2) Teleconferences and face-to-face meetings.

3) Including eight general meetings of privately held companies.

4) Of which 90 in companies publicly listed in Sweden and one in a company listed in Finland.

5) In boards where Swedbank Robur participated in the nomination committee.

6) The comparison is made separately for each individual year, since the companies vary from year to year. Baseline for the years 2016–2018 was 33%, 34% and 35%, an annual increase of about 3 percentage points.

7) Including CEO if elected as board member at AGM.

Analysis for sustainability funds	2018	2017	2016
Sustainability analyses of listed Swedish companies (no.)	60	17	69
Sustainability analyses, Swedish indexes (approx. no.) ²	180	180	175
Sustainability analyses, international indexes (approx. no.) ³	2 320	2 350	1 800

1) The 2018 figure contains analyses of Swedish and international companies. 2016 and 2017 include only Swedish companies. The decrease in the number of analyses in 2017 was due to a revised analysis process and change in comparative indexes.

2) Analysis of companies in SIX PRX and Sthlm Benchmark Cap GI.

3) Analysis of companies in MSCI World and iBoxx EUR Corporates 1–5.

Products with sustainability profile, SEKm	2018	2017	2016
Assets under management in sustainability funds			
– Ethica Sweden	6 970	7 866	4 945
– Ethica Sweden MEGA	1 895	2 709	2 473
– Ethica Global	2 589	2 364	2 039
– Ethica Global MEGA	11 790	11 131	4 824
– Ethica Företagsobligationsfond	2 178	1 978	–
– Ethica Obligation	9 755	9 361	8 433
– Ethica Obligation Utd	8 995	8 840	10 219
– Global Impact ¹	848	–	–
– Humanfond ²	1 892	2 207	2 090
– Talenten Aktiefond MEGA	2 642	1 968	1 689
– Talenten Räntefond MEGA	1 379	1 132	1 134
– Stiftelsefond Utd	837	901	–
– Stiftelsefond	444	552	–
Charitable donations from Swedbank Robur Humanfond ³	42	45	42

1) The fund was started on 29 May and invests in companies that contribute to the UN's global sustainable development goals.

2) Humanfonden had a total of 29 231 investors and 74 affiliated charities.

Carbon footprint of the funds

Swedbank Robur has increased its collaborations on climate issues. Through networks such as Swedish Investors for Sustainable Development (SISD), Climate Action 100+ and International Investors Group on Climate Change (IIGCC), Swedbank Robur works actively to encourage governments and companies to transition to sustainable solutions. Climate issues have been part of sustainability analysis and corporate engagement. Companies with especially high emissions and a big climate impact have been contacted to get them to speed up the transition. Swedbank Robur annually reports the carbon footprint¹ of its equity and mixed funds. Further steps have been taken with the help of the Task Force on Climate-related Financial Disclosures (TCFD) to determine how the companies in the funds will be affected financially by climate change.

1) How much CO₂ the companies in a fund emit in relation to their revenues.

Climate footprint of selected funds compared with their respective indexes¹

	tonnes CO ₂ e/ SEKm, fund	tonnes CO ₂ e/ SEKm, index
Three largest funds (assets under management, SEKm)		
– Allemansfond Komplet t (59 087)	5	23
– Aktiefond Pension (43 916)	29	23
– Kapitalinvest (36 586)	7	23
Regional equity funds (assets under management, SEKm)		
– Sverigefond (14 148)	16	9
– Europafond (9 837)	29	26
– Globalfond (24 510)	10	29
– Amerikafond (8 723)	9	22
– Asienfond (4 032)	36	48

1) The calculations are based on fund holdings as of 3 July 2018. Footprint of the fund in relation to footprint of the fund's comparative index.

Climate footprint, Ethica, tonnes of CO ₂ e/ SEKm ¹	2018	2017	2016
Ethica Global			
– fund	4	8	7
– MSCI World Index	25	33	37
Ethica Sweden			
– fund	6	13	11
– OMX Stockholm Benchmark Cap GI	9	16	16

1) Tonnes CO₂e/SEKm. Calculations based on fund holdings on 3 July 2018, 30 June 2017 and 30 June 2016.

Structured products

Swedbank also offers savings in the form of equity-linked bonds with or without capital protection, where the return is tied to various asset classes and markets, so-called SPAX and Aktiebevis. Some have special ethical requirements that exclude companies associated e.g. with a lack of respect for human rights or unfair labour practices. Certain indexes are chosen specifically because they exclude coal and oil production. The investments can focus on companies that benefit from future investments to resolve major global challenges.

Structured products with sustainability profile, SEKm	2018	2017	2016
SPAX Europa Hållbar ¹	52	78	–
SPAX Global Hållbar ²	208	121	–
SPAX Horisont Sverige/Sverige Horisont	–	–	113
SPAX Hållbar Horisont	–	89	28
SPAX Jämställdhet	11	–	–
SPAX Klimatsmart	–	–	65
SPAX Norden Hållbar	–	9	–
SPAX Pension ³	42	–	–
SPAX Sverige	–	–	71
SPAX Vatten	–	–	24
SPAX Världen Hållbar ⁴	12	243	–
SPAX We Effect Refugee	–	–	10
Aktiebevis Autocall Svenska Bolag	–	9	–
Aktiebevis Global Skydd 80	–	–	10
Aktiebevis Sweden Etik / Balans/ Östersjöläx	–	–	24
Aktiebevis WinWin Svenska Bolag	–	80	–

1) SPAX Europa Hållbar issued six times in 2018.

2) SPAX Global Hållbar issued 18 times in 2018.

3) SPAX Pension issued four times in 2018.

4) SPAX Världen Hållbar issued two times in 2018.

S3 Finance

Swedbank promotes responsible long-term lending by assessing each customer's long-term financial situation and advising them on any sustainability risks.

Amortisation

To slow the rise in recent years in consumer debt, the Swedish Financial Supervisory Authority has tightened mortgage amortisation requirements, which aligns with Swedbank's responsible lending approach. The table shows amortisations in relation to loan-to-value.

Availability and digital solutions

Swedbank's aim is to be available for the many households. Swedbank evaluates and improves availability for its customers' various needs, including through digital offers that make lending services even more available and everyday banking easier. Mortgage commitments were automated during the year and Swedbank completed preparations to automate and digitalise the Swedish mortgage lending process.

Sustainability analysis

Sustainability risks are taken into consideration in all credit decisions. A more detailed sustainability analysis is done for corporate loan applications of over SEK 5m in Sweden and EUR 0.8m in the Baltic countries. For other customers a general assessment is made of sustainability related factors with the scope that the individual case warrants given the nature and complexity of the business.

The sustainability analysis is supported by 13 sector guidelines. The guidelines are a tool to provide better insight into the sustainability problems facing various industries as well as suggestions and advice on which aspects should be addressed by the customer. Swedbank also has two position statements on the climate and defence industry to describe its views on these two areas. In the climate statement, Swedbank states that it will refrain from directly financing coal-fired power plants and from investing and financing companies that generate over 30 per cent of their revenue from coal production.

During the year Swedbank created a checklist for real estate-related sustainability risks. The checklist serves as a tool to dialogue with customers on property-related risks. Because real estate accounts for nearly half of Swedbank's lending, this is a strategic sector to maximise the impact of the bank's sustainability risk management.

If a case is found to have an elevated sustainability risk, it is escalated to Swedbank's Business Ethics Committee for further evaluation and guidance. The committee handles cases involving the environment, human rights, social responsibility, business ethics and corruption. Swedbank has a Group-wide list of companies excluded from investment. To be excluded, a company must have violated various international norms on human rights, anti-corruption, fair labour and the environment. The cases submitted to the committee in 2018 involved ethical dilemmas related e.g. to defence materiel, the bank's participation in various types of funding structures, cryptocurrencies, cannabis and gambling.

Corporate lending	2018	2017	2016
Corporate lending (SEKm)	547 724	521 001	521 638
Renewable energy lending (SEKm) ¹	7 756	7 466	10 131
Number of customers with renewable energy loans ¹	158	138	157
Sustainability risk analysis in lending			
- Swedish Banking (no. of business loan applications approved)	42 740 ²	34 297 ²	39 590
- Baltic Banking (no. of business loans approved)	2 102	1 873	1 513
- Large Corporates and Institutions (no. of business loans approved/endorsed) ³	1 448	1 291	-
No. of credit cases escalated to Swedbank's Business Ethics Committee	5	2	4
No. of cases escalated to Swedbank's Business Ethics Committee	13	11	20

1) Total renewable energy lending refers to hydropower, wind, solar, biomass district heating and biogas.

2) Includes analyses by Swedbank Finans from December 2017.

3) Refers to companies and began being measured in 2017.

Private lending (Sweden)	2018	2017	2016
Energy loans (SEKm) ¹	38	42	57
Households with loan-to-value ratios above 70% of property value (%)	16	11	11
Share of households with loan-to-value ratios above 70% that amortise (new lending) ²	99	99	98
Share of households with loan-to-value ratios above 70% that amortise (total portfolio)	97	96	93

1) Energy loans are available to customers in Sweden and used to finance residential energy savings.

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

Share of corporate lending by country, %	2018	2017	2016
Sweden	86	86	76
Estonia	5	5	6
Latvia	2	2	3
Lithuania	3	3	4
Norway	3	3	8
Finland	1	1	2
Other	0 ¹	0 ¹	1

1) The share is 0.5%.

Share of corporate lending by sector, %	2018	2017	2016
Property management	42	42	43
Agriculture, forestry and fishing	13	13	13
Manufacturing	9	9	9
Retail	6	6	6
Shipping	4	5	5
Public sector and utilities	4	4	5
Construction	4	4	4
Corporate services	5	5	4
Transportation	3	3	3
Finance and insurance	2	2	2
Hotel and restaurant	2	1	1
Information and communications	2	2	1
Other corporate lending	4	4	4

Green bonds

Green bonds create value for the company, investors and society as a whole. In 2017 Swedbank established a framework for green bonds and in October 2017 the bank issued its first green bond, with a volume of EUR 500m. During the year Swedbank published a Green Bond Impact Report for 2017, which explains the green asset register's volume and impact as of 31 December 2017. The report is available on Swedbank's official website.

In March 2018 Swedbank issued a second green bond, with a volume of SEK 2bn and a five-year tenor. The invested capital will mainly be used to finance sustainable investments in properties and renewable energy sources that produce a lower carbon footprint.

Swedbank is also strongly focused on green products for capital market customers. Swedbank Debt Capital Market, in the business area Large Corporates and Institutions, offers green bonds, social bonds, sustainability bonds and related advice. This benefits issuers that seek green financing, e.g. companies and municipalities, as well as investors who actively demand sustainable investments e.g. insurance companies, pension managers and fund managers.

Green bonds	2018	2017	2016
Green bonds issued during the year (SEKm) ¹	2 000	4 866	-
Issuing institute for green bonds (number) ²	30	12	8
Issuing institute for green bonds, total compiled from the start (SEKbn) ²	56.7	28.2	20.4

1) Swedbank AB issuer (funding of wind power and green buildings).

2) Swedbank AB acted as lead manager (funding of e.g. solar, wind and hydropower).

S4 Procure

The central procurement process ensures that reported purchases over EUR 50 000 are supported by the bank's central procurement unit. Swedbank has signed additional framework agreements in the last three years, which has led to a reduction in the total number of procurement cases since call-offs under existing framework agreements have been possible. This is especially evident in the consulting area.

Code of conduct for suppliers

Risks related to sustainable procurement for Swedbank include reputational and quality risks. To minimise them, the central procurement unit requires all suppliers to sign Swedbank's code of conduct as part of a binding contract. The code governs important areas such as human rights, labour practices, business ethics and the environment. In addition, certain sustainability issues are included directly in the specific tender, such as relevant certifications and process descriptions.

Sustainability analysis

New suppliers are also classified based on industry- and country-specific sustainability risks with the support of Swedbank's sector guidelines. Suppliers whose sustainability risks are identified as high are required to conduct a self-assessment of how well they meet the requirements of Swedbank's code of conduct. In special cases suppliers are visited, so-called look-arounds, and if necessary proposed changes are drawn up together with the supplier and then followed up. If there is any ambiguity, the case can be escalated to Swedbank's Business Ethics Committee for recommendation and guidance.

Monitoring

Existing suppliers are mainly monitored through an ongoing dialogue and by the bank's internal auditors. Look-arounds are done to ensure that contracted suppliers, selected based on risk classification, follow through on their commitments. Since Swedbank's business areas own all supplier agreements and demand specifications locally, certain agreements can be signed in certain cases without the central procurement unit.

Supply management

In 2018 Swedbank established a digital supplier platform to more easily assess suppliers from a sustainability perspective. A pilot test has started where upwards of 200 of Swedbank's largest suppliers are allowed to approve the updated code of conduct and answer how and where their production is carried out, in which countries they operate etc. A number of key performance indicators are then created for each supplier. These data are then used in Swedbank's sustainability work with the overarching purpose of promoting a sustainable supply chain together with the bank's suppliers.

Supplier audits	2018	2017	2016
No. of reported purchases that have undergone sustainability assessment ¹	155	375	470
Share of reported purchases that have undergone sustainability assessment (%) ²	61	-	-
Supplier visits conducted (no.) ³	-	30	30

1) The decrease is due to an increase in the number of framework agreements.

2) Percentage based on total purchase price.

3) No supplier visits were conducted during the year.

S5 Environmental impacts

Swedbank works actively to reduce the environmental impacts its operations give rise to. This work builds on an environmental management system certified according to ISO 14001. It enables Swedbank to work in a structured way to continuously reduce its impacts: those generated indirectly through financing, investments, payments and procurement, and directly through Swedbank's internal operations.

Direct environmental impacts

Swedbank has cut the greenhouse emissions it directly generates internally by more than half since 2010. The Group's goal for 2018 was achieved through an emissions reduction of more than 60 per cent compared with the 2010 total. In 2018 measurements were expanded to include PayEx's environmentally related data in the Group's environmental reporting, and yet the reduction goal was still met.

Emissions are largely generated through energy consumption and heating in Swedbank's branch offices as well as through business travel. The internal property department at Swedbank encourages the use of energy-efficient and space-saving properties and works continuously with property owners to adopt energy conservation measures in the buildings where Swedbank operates. During the year Swedbank's head office in Sundbyberg received a BREEAM rating of excellent for its environmental performance and healthy work environments.

Swedbank also works continuously to increase the percentage of meetings through digital platforms. Swedbank believes this generates positive feedback by freeing up more time and resources for its employees as well as reducing travel time and the impact of business travel.

During the year Swedbank purchased carbon offsets for 6 500 tonnes of emissions through the Godarwi project in India. The project meets GOLD standard certification and includes production of renewable energy through a solar heating facility that generates electricity. Aside from the climate benefit that the project provides, the equivalent of two per cent of certified emission reduction revenue is donated to local projects.

Greenhouse gas emissions ¹ , tonnes CO ₂ e	2018	2017	2016
Total emissions	26 983	29 342	37 357
Reduction target 2018, 60% ²	28 912	28 912	28 912
Carbon offsetting ³	6 500	-	-
Total emissions after carbon offsetting	20 483	-	-

Emissions by scope according to GHG protocol

Emissions scope 1 ⁴	1 017	780	881
Emissions scope 2 ⁵	6 014	7 771	16 583
Emissions scope 3 ⁶	19 952	20 791	19 893

Emissions by country

Emissions, Sweden	16 151	16 743	15 841
Emissions, Estonia ⁸	3 797	3 940	12 291
Emissions, Latvia	2 602	3 321	3 242
Emissions, Lithuania	3 511	4 391	4 626
Emissions, other ⁷	922	947	1 357

Energy-related emissions according to Scope 2

Market-based ⁹	6 014	7 771	16 583
Location-based	21 588	23 395	23 322

1) Carbon dioxide, methane and nitrous oxide. In all GHG calculations, Swedbank has used Ecometrica software through a system called Our Impact, administered by U&W. Emissions are reported in accordance with the Greenhouse Gas Protocol (World Resources Institute).

2) The base year is 2010, when Swedbank reported 72 279 tonnes of CO₂ emissions.

3) Carbon offsets relate to the GOLD standard Godarwi project in India.

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. District cooling where Swedbank does not have operational control and which has been estimated based on m² has been eliminated for 2017.

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, Luxembourg and China.

8) The emissions reduction between 2016–2017 is due to procurement of guarantees of origin for the electricity consumed in Estonia.

Emissions by category, tonnes CO ₂ e	2018	2017	2016
Sweden			
Office premises	2 579	3 040	3 550
Business travel	13 393	13 536	12 145
Other emissions ¹	179	167	146
Estonia			
Office premises	1 807	1 888	10 484
Business travel	1 937	1 999	1 753
Other emissions ¹	53	53	54
Latvia			
Office premises	1 386	2 151	2 258
Business travel	1 137	1 084	892
Other emissions ¹	79	86	92
Lithuania			
Office premises	1 104	1 620	2 228
Business travel	2 264	2 606	2 258
Other emissions ¹	143	165	140
Other countries			
Office premises	373	356	429
Business travel	547	588	925
Other emissions ¹	2	3	3

1) Security transports and paper consumption.

Other environmental data	2018	2017	2016
Energy consumption in our offices (MWh)	105 425	114 658	116 335
Electricity consumption in our offices (MWh)	57 598	65 379	66 158
Renewable electricity as a share of total electricity consumption (%) ¹	90	82	69
Paper consumption (tonnes)	1 184	1 075	929
Water consumption (m ³ /FTE)	8	7	8
Recycled waste (tonnes)	406	401	473
Incinerated waste (tonnes)	335	317	312
Landfill waste (tonnes)	276	220	363

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

Internal energy consumption ¹	2018	2017	2016
Total emissions from energy consumption (tonnes CO ₂ e/MWh)	0.06	0.07	0.14
Energy consumption per employee (MWh/FTE)	6.5	8.1	7.6
Energy consumption per m ² (MWh/m ²)	0.237	0.251	0.252

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

Comparative figures, tonnes CO ₂ e ¹	2018	2017	2016
Total emissions per employee	1.68	2.02	2.44
Scope 1 and 2 emissions per employee	0.44	0.59	1.14
Total emissions per office space	0.061	0.064	0.081
Scope 1 and 2 emissions per m ² office space	0.016	0.019	0.038

1) Excluding carbon offsets for 6 500 tonnes of emissions.

Indirect environmental impacts

Swedbank takes a broad range of measures to reduce its indirect environmental impacts and has identified climate change as a key sustainability issue to actively address. How indirect environmental impacts through investing, financing, paying and procuring are managed is covered in each area. Swedbank pledged during the year to follow the Science Based Target Initiative (SBTI), which means among other things that it will implement climate targets for the bank's indirect emissions in accordance with the Paris Agreement, when SBTi publishes the method for the financial sector.

One example of indirect environmental impacts is the leasing business, where Swedbank is one of Sweden's largest fleet owners, with around 62 400 vehicles. As part of AutoPlan fleet administration, which comprises around 43 800 vehicles, customers receive assistance in drafting green car policies, support on sustainability issues, and help measuring and reporting their carbon footprint. Swedbank AutoPlan holds annual environmental seminars that cover current topics and have been well-attended and highly appreciated. Swedbank has its own fleet of company cars and works actively to reduce environmental impacts. The table below shows the downward trend in GHG emissions from Swedbank's company cars and from all new company cars acquired by Swedbank AutoPlan.

Auto leasing AutoPlan	2018	2017	2016
Leasing of vehicles (tonnes CO ₂ e) ¹	196 497	198 120	192 143
Total number of leased cars	42 839	43 537	42 573
Average emissions, new cars CO ₂ (g/km) ²	111.9	112.5	115.5
Average emissions, total CO ₂ (g/km) ²	115.1	119.0	125.7
Average emissions, new company cars in Swedbank CO ₂ (g/km)	92.3	92.9	108.3

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

2) Refers to company cars administered by Swedbank AutoPlan.

S6 Employees

Swedbank's most important resource is its employees. In a business based on competence and that has become increasingly complex, they are becoming even more important. It is critical to retain qualified and engaged employees by offering good working conditions and career opportunities with the bank.

Skills development

Employees who continuously develop and gain experience from different parts of the bank pave the way for better customer offers and in doing so help customers to be successful. The financial industry is undergoing major change with a number of new laws, regulations and guidelines. It is critical therefore that individuals develop their skills. Swedbank offers skills development through internal training and by having employees create personal short- and long-term development plans together with their manager. Skills are largely developed in daily work, in collaboration with other employees and through internal mobility. In addition, the bank offers a large range of its own courses, including on leadership, agile practices and skills development, to support employees who work with customers.

Gender equality and diversity

Gender equality and diversity are a priority for Swedbank and are reflected throughout the company. They are important to the business, the work environment, customer interactions, and to attract and retain talent.

Swedbank is an inclusive bank with the aim that its employees reflect the local community where they work. This has been a long-term goal for several years, and the work continues. The Group Executive Committee has this high on its agenda, and a systematic approach has been taken throughout the Group to prevent discrimination. The emphasis has been on areas where unconscious biases could cause us to make unequal decisions e.g. salaries, recruiting and careers, parenthood, and occupational health and safety. During the year around 50 groups of nearly 1 000 managers attended workshops on gender equality, diversity, inclusion and the importance of norms. The bank's leaders will continue this work with their teams. All business areas and Group functions are involved and set goals in their business plans.

To create a more diverse and inclusive bank with employees from different backgrounds, measures are taken each year to promote diversity and fight discrimination and harassment, which are then evaluated on a regular basis. The guidelines on discrimination and harassment are periodically reviewed and all Human Resource partners receive training on these issues. It is clear that this is essentially a question of respect for human rights, and the bank has zero tolerance for all forms of discrimination. All employees share a responsibility for a healthy work environment free from discrimination and harassment.

Active efforts to achieve gender parity at all levels of the bank have resulted in an increase in the percentage of female specialists, middle managers and senior employees. In upper management the percentage has increased from 29 to 42 per cent since the effort was initiated in 2014.

The results are tracked on a regular basis and measures are taken to improve oversight and awareness. Wage differences are monitored and the work done in recent years to investigate, identify and mitigate unwarranted wage differences has led to improvements. In Latvia, for example, Swedbank was named the country's most gender equal company during the year.

Occupational health and safety

Occupational health and safety is strategically important, and major efforts are made to prevent illness and address any problems that arise. The work environment at Swedbank is safe, stimulating and fosters high performance and long-term relationships internally and externally. Sustainable employees lead to sustainable customer relationships, which in turn create sustainable results for the bank.

Swedbank tries to prevent health issues by setting goals for sustainable employees, tracking absenteeism and responding proactively to early signs of illness. During the year an overhaul of occupational health and safety work was begun. In addition to previous investments in physical health, work is now being intensified on psychosocial aspects. At the same time an adjustment was done of the Group's occupational health and safety goals as follows:

- Total sickness absence (rolling 12 months) < 2.8%
- Sustainable Employee Index > 85%
- Zero tolerance for discrimination, harassment and victimisation

Employee surveys

Swedbank has conducted annual employee surveys for years, with high response rates and improved results in all the surveys in 2017: Human Capital Report, Leadership Index, Employee Index and Sustainable Employee Index. The likelihood of recommending Swedbank as an employer, the so-called eNPS score, also improved in the previous year.

In 2018 a review was done of the employee surveys. A new supplier has been hired and a new survey method has been implemented. The two surveys that will be conducted on a regular basis are the Engagement Pulse (EP) and Human Capital Report. (HCR). EP measures engagement and provides a reference point for employees, managers and teams to use with their teams. EP will be conducted every two months and consists of 7 questions, one of which is the eNPS. HCR is an annual survey on such strategically important areas as leadership, corporate culture, health, gender equality and diversity.

Total number and share of new employees by gender, age group and country, %	2018	2017	2016
Number of new employees	1 877	1 598	1 680
Women	62	60	61
Men	38	40	39
0-29 years	59	60	65
30-44 years	32	30	29
45-59 years	8	9	6
60+ years	1	1	0
Sweden	30	36	31
Estonia	24	22	21
Latvia	17	17	13
Lithuania	29	25	35

Total number of employees by employment type 2018, by gender	Female	Male	Total
Full-time	8 796	5 165	13 961
Part-time	1 471	551	2 022
Total	10 267	5 716	15 983

Total number of employees by employment contract 2018, by gender	Female	Male	Total
Permanent	9 418	5 321	14 739
Temporary	849	395	1 244
Total	10 267	5 716	15 983

Total number of employees by employment contract 2018, by region	Sweden	Estonia	Latvia	Lithuania	Total
Permanent	8 049	2 531	1 713	2 446	14 739
Temporary	843	122	137	142	1 244
Total	8 892	2 653	1 850	2 588	15 983

Internal training ¹	2018	2017	2016
Total number of training hours	465 165	449 083	362 349
Training costs (SEKm)	123	121	117
Training hours per full-time employee (average FTE)	32	31	24
- training hours men	18	18	11
- training hours women	24	25	17
- training hours managers	28	26	19
- training hours specialists	21	10	8
Training programs in environment, sustainability, code of conduct and anti-money laundering (number)	3 456	12 204	9 299
Training programs in sustainable banking and money laundering and terrorist financing (number)	25 743	3 158	5 266

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

Employee survey, index	2018	2017	2016
Engagement index, Results/Comparison ¹	-	84	82
Recommendation index, Results/Comparison ²	24	21	15
Leadership index, Results/Comparison ¹	-	86	85

1) Swedbank revised its employee survey in 2018, so no comparable data are available.
2) Likelihood of recommending Swedbank as an employer externally. 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).

Rate of employee turnover by gender, age group and country, %	2018	2017	2016
Women	9.2	10.0	9.2
Men	10.8	11.4	9.1
0-29 years	13.8	15.0	10.0
30-44 years	9.6	10.3	8.2
45-59 years	5.4	5.4	5.3
60+ years	17.3	36.4	36.8
Sweden	8.7	9.3	8.7
Estonia	10.0	9.5	9.7
Latvia	10.9	13.4	10.1
Lithuania	12.4	12.8	14.5
Group total	9.7	10.3	9.9

Wage difference women vs. men, management positions ¹ by country, % ²	2018	2017	2016
Sweden	-22	-21	-22
Estonia	-28	-31	-38
Latvia	-43	-46	-46
Lithuania	-36	-29	-30
Group total	-32	-33	-35

1) Includes management positions at every level. HR responsibility is the common denominator for this category.
2) The table does not take into consideration either profession or management level. One reason for the differences may be that men still hold more management positions at a higher level with higher salaries.

Wage difference women vs. men, management positions ¹ by business area, % ²	2018	2017	2016
Swedish Banking	-17	-16	-18
Large Corporates & Institutions	-48	-44	-43
Baltic Banking	-41	-41	-40
Group Functions	-21	-19	-24

1) Includes management positions at every level. HR responsibility is the common denominator for this category.
2) The table does not take into consideration either profession or management level. One reason for the differences may be that men still hold more management positions at a higher level with higher salaries.

Wage difference women vs. men, specialists by country, %	2018	2017	2016
Sweden	-20	-21	-22
Estonia	-36	-38	-35
Latvia	-29	-30	-29
Lithuania	-35	-35	-35
Group total	-34	-37	-38

Wage difference female vs. male, specialists by business area, %	2018	2017	2016
Swedish Banking	-14	-15	-15
Large Corporates & Institutions	-36	-39	-40
Baltic Banking	-30	-33	-30
Group Functions	-21	-24	-24

Labour/management relations	2018	2017	2016
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	69	69	70

1) The members of the Group Executive Committee are not covered by collective agreements (except the holiday regulations) and the Act on Employment Protection.
2) 100 per cent in Sweden and Lithuania.

Level of education, %	2018	2017	2016
Sweden			
University degree	39	40	40
Other university education	13	14	14
Upper secondary school	47	45	45
Other education	1	1	1
Estonia			
University degree	61	61	60
Other university education	12	13	14
Upper secondary school	20	19	19
Other education	7	7	7
Latvia			
University degree	72	72	68
Other university education	16	16	23
Upper secondary school	12	12	9
Other education	0	0	0
Lithuania			
University degree	81	83	85
Other university education	6	7	7
Upper secondary school	5	4	4
Other education	8	6	4

Age distribution, %	2018	2017	2016
Sweden			
0-29 years	20	19	18
30-44 years	35	36	36
45-59 years	37	38	39
60+ years	8	7	7
Estonia			
0-29 years	21	21	23
30-44 years	53	55	55
45-59 years	23	21	20
60+ years	3	3	2
Latvia			
0-29 years	24	26	27
30-44 years	62	61	61
45-59 years	13	12	11
60+ years	1	1	1
Lithuania			
0-29 years	32	29	30
30-44 years	48	51	50
45-59 years	17	18	18
60+ years	3	2	2

S7 IT security and crime prevention

Society's rapid digitisation is accelerating the transition from branches to mobile and internet banking, which is raising demand for stable IT environments and protection against external threats. It is critical that Swedbank's stakeholders have confidence in the security of the bank's IT systems, including stable and reliable digital channels and internal IT environments. Only then can they truly have confidence in society.

Intelligence and collaborations

For security work to be effective, access is needed to intelligence. Swedbank works with a number of public and private actors to track and understand threats to the financial sector. Swedbank's security response team collaborates with others in the sector, in addition to police authorities. As a bank, Swedbank is obligated to report suspicions of market abuse such as insider trading, market manipulation and unlawful disclosure of inside information (MAR). According to the Anti-Money Laundering Act (the Money Laundering and Terrorist Financing (Prevention Act), Swedbank is also obligated, without delay, to report suspicions of money laundering or terrorist financing (SAR) to the Financial Intelligence Unit within the Swedish Police.

Internal rules

To prevent its payment systems from being exploited for criminal activity, Swedbank has built up a set of internal rules, processes and support functions to ensure that we comply with applicable laws and regulations in the area. Swedbank has an obligation to know all its customers, understand where their money comes from and why they want a relationship with the bank, to better detect unusual behaviour. Through the a "Know Your Customer" process, system support to monitor transactions and reconciliations of customer databases against sanction lists, Swedbank minimises these risks.

Swedbank is also a certified TF-CSIRT Trusted Introducer since 2010. Swedbank has organised a central function responsible for coordinating and leading information security work. It is led by the bank's Chief Information Security Officer (CISO) and maintains an effective management system for information security as well as functions for incident response and proactive security testing of the bank's IT environment. Every business area also has Information Security Managers, who coordinate security work locally.

Crime prevention	2018	2017	2016
Number of suspicious orders and transactions (MAR) reported	43	40	22
Number of reports on suspicious transactions regarding money laundering / terrorist financing (SAR)	2 773	1 927	1 751
Number of branch office robberies ¹	0	0	0
Number of advisors with Swedsec licence ²	4 035	4 062	4 160
Number of employees that completed the annual knowledge update (ÅKU) ²	6 143	3 971	3 903

1) Refers to Sweden, Estonia, Latvia and Lithuania.

2) Refers to Sweden.

S8 Anti-corruption

Swedbank's operations and conduct should be reflective of the bank's values: simple, open and caring. Everything Swedbank does should be characterised by high ethical standards, where Swedbank and its employees actively assess every transaction, relationship and activity from the standpoint of the bank's ethical norms and positions. This is achieved through a strong commitment to anti-corruption work.

Framework

Swedbank's Board has adopted a Group anti-corruption policy and a policy to combat money laundering and terrorism financing. In addition, a code of conduct has been implemented for employees, which clarifies the bank's positions in a series of guidelines, including on gifts and events and employees' second jobs. These documents spell out the bank's commitments, role and routines internally and in relations with customers and partners.

Sustainability analysis

Through a sustainability analysis, factors such as the environment, human rights, business ethics and corruption are taken into account in lending, investments and procurement (the results are shown on page 197).

Events

Events and activities arranged by the bank to strengthen and build business relationships must comply with applicable laws and fair business practices and be arranged in accordance with the bank's internal rules. For the sake of transparency, control and monitoring, the bank has created a handbook with concrete guidelines on customer events and introduced a reporting system for employees.

Whistleblower system

For Swedbank it is important that risks and irregularities are detected and addressed in time. An internal whistleblower routine has been established for the Group, where employees can anonymously report suspected violations of internal or external rules. In 2018 a total of 58 whistleblower reports were filed.

Sideline work

The basic rule at Swedbank is that for sideline work to be approved, it cannot interfere with the employee's performance, benefit a competitor, cause reputational harm, pose a conflict of interest or be inappropriate. Employees' sideline work is evaluated annually.

Members of the Group Executive Committee are subject to special rules on personal investments, where in normal cases the following do not give rise to significant conflicts of interest: UCITS funds and similar financial instruments, real estate intended for private use by members or their family, shares in Swedbank and other shares provided that they are discretionary investments and that the agreement has been approved by Compliance.

Business Ethics Committee

Swedbank's Business Ethics Committee addresses issues where the environment, human rights, social responsibility, business ethics or corruption are a critical factor in business decisions. The committee's role is to guide the entire organisation in order to minimise sustainability risks and any negative impacts for the bank. The members represent the bank's various business areas and Group Functions, including representatives from the Group Executive Committee and Swedbank's Head of Sustainability. The number of cases escalated to the Business Ethics Committee are tracked, and the minutes from the committee's meetings are distributed to the CEO and the Group Executive Management (see page 197).

Incident during the year

On 15 February 2018 the Bank of Lithuania, after a routine inspection of Swedbank's activities in Lithuania, issued a warning to Swedbank and demanded that it remedy the deficiencies that were identified in Swedbank's internal control systems, processes and documentation for money laundering prevention. Swedbank took the findings from the inspection very seriously and initiated a series of measures aimed at improving internal control systems, ensuring relevant customer due diligence data and enhancing processes and routines. The deficiencies pointed out by the Bank of Lithuania have been corrected. A warning is the lowest level of sanction that the Bank of Lithuania can issue.

S9 Taxes

Being a good taxpayer and contributing to the community is an important 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 customers.

Taxes are an important sustainability issue for Swedbank. Since 2008 Swedbank has a Group-wide tax policy adopted by the Board of Directors. Swedbank openly reports operating profits, assets and tax costs in every country where it operates. Swedbank acts transparently in communications with tax authorities in all these countries.

Swedbank's economic contributions

In addition to paying corporate tax, Swedbank is a major employer in its home markets and provides work more for than 15 000 people. By paying social security contributions for its employees, the bank contributes to social protection. Swedbank incurs large net costs for value-added tax (VAT). In addition, Swedbank pays bank fees in the form of a resolution fee and a deposit guarantee fee, which contribute to the financial stability of society. Swedbank's total cost for taxes and social security was approximately SEK 8 768m in 2018. During the year Swedbank also paid approximately SEK 2 069m in bank fees.

Operating taxes

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

Swedbank does not engage in artificial transactions whose main purpose is to avoid taxes. 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. References to taxes can be found in Swedbank's sector guidelines as well as in Swedbank's public positions on investments and asset management.

2018	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other ¹
Operating profit (SEKm)	19 062	2 768	1 189	1 542	1 477	106	408
Assets (SEKm)	1 808 342	119 511	62 271	99 863	81 184	104 624	74 862
Number of employees ²	8 149	2 405	1 631	2 268	267	15	130
Tax expense (SEKm)	3 981	500	233	244	327	25	64
Non-deductible VAT (SEKm)	1 165	59	32	68	21	-	-
Social security contributions (SEKm)	1 529	221	86	141	62	2	8
Resolution fees (SEKm)	1 587	27	23	17	-	-	-
Deposit guarantee fees (SEKm)	265	45	58	47	-	-	-

1) Finland, Denmark, Luxembourg, China, Spain and South Africa.

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

S10 Human rights

Swedbank shall always act in accordance with universal human rights. This commitment extends to every market where Swedbank is active and in relation to all its business relationships.

Policy and commitments

As a basis for its responsibility to respect human rights, Swedbank follows the UN's Guiding Principles Reporting Framework and the UN's Global Compact. The principles encourage companies to be aware of human rights risks and to strengthen human rights in their businesses. Swedbank Robur has signed the Principles for Responsible Investment (PRI), an open global initiative for institutional investors supported by the UN, which addresses among other things respect for human rights in investments.

A Group policy on human rights clarifies Swedbank's responsibility to take precautionary measures and prevent human rights violations. Swedbank's code of conduct also requires all employees to abide by Swedbank's values and show equal respect for everyone. On this basis, Swedbank continuously assesses human rights risks in its processes and business decisions.

Human rights in lending and investments

Swedbank conducts a sustainability analysis in connection with all corporate loan applications. The analysis addresses with the customer any risks associated e.g. with its supply chain. If the company has production, procurement or sales in high-risk countries, its ability to manage sustainability related risks is critical (the results are shown on page 197). As support for the analysis, the advisor has guidelines on sustainability risks specific to each sector, such as human rights risks, which are designed to facilitate dialogue and risk assessment. If the company is considered to have significant sustainability risks, the case is forwarded to a credit committee for final decision.

Swedbank Robur's investment process includes a sustainability analysis, part of which covers human rights. The analysis varies in scope for different funds depending on factors such as industry and geography. Special attention is given to industries and regions with elevated risks e.g. companies operating in low-cost countries or non-democracies. Swedbank Robur actively dialogues with companies to improve their sustainability and profitability and to prevent and reduce serious consequences for people and the environment. There are various types of dialogues, e.g. with companies with especially high risks that are on Swedbank Robur's watch list, to follow up incidents, in connection with a sustainability analysis, on topics such as human rights, and as stakeholders in companies in which the funds are major investors. Human rights is also one of the four areas that serve as a basis for determining whether a company can be included in Swedbank Robur's sustainability funds. Children are often a vulnerable group and Swedbank Robur has issued a position statement on children's rights, which is used to influence companies. The purpose is to declare Swedbank Robur's position and its expectation that companies consider children's rights.

Swedbank has adopted a Group position on the defence industry, which sets the conditions for providing financial services to the sector and is protection against human rights violations. This includes a prohibition against investments in and financing of nuclear weapons and applies to all markets where Swedbank operates.

Respect for human rights in the supply chain

Swedbank assesses risks related to human rights in its procurement process. The scope of the risk 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 in terms of human rights, a more thorough evaluation is conducted and requirements are set for managing human rights in the contract. Swedbank also conducts supplier visits and regularly dialogues with suppliers to verify that established requirements are being followed.

Gender equality and diversity

Knowledge is critical to successfully integrate sustainability aspects and work systematically with improvements. All employees of the Swedbank Group receive basic mandatory training on sustainability covering topics such as gender equality and human rights. The number of training hours is shown on page 200.

Gender equality and diversity are important to the bank's work environment and corporate culture. The work is based on a central diversity and gender equality plan, and every manager is graded based on diversity and equality goals as part of their performance. The Group Executive Committee has focused for several years on and accelerated development in these issues. This also means a stronger focus on integrating gender equality and diversity in the business. Every unit is involved and sets goals for the area in its business plans.

S11 Social engagement

Swedbank's social engagement has shaped the bank and its operations. From the very beginning the goal was to encourage the public to save and achieve long-term economic stability. As a major financial player, the bank impacts and is impacted by what happens in society, and our commitment to education, the labour market and entrepreneurship is strong. Positive development in these areas benefits society as well as the bank.

Social engagement

Swedbank's initiatives inspire and encourage people to actively participate in and improve society. They also provide an opportunity to build talent and for the individual and society as a whole to develop.

"A Job at Last" is an example of an initiative where labour market inclusion for foreign-born academics contributes to the bank's talent management. In cooperation with the Swedish Public Employment Service, Swedbank has been able to hire trainees for up to 6 months, which in many cases has led to permanent employment with the bank.

Swedbank Latvia launched a mortgage assistance programme in 2015 to help economically disadvantaged families finance a home. Since the programme was launched, the bank has financed 3 446 loans for a total of EUR 234m. Since March 2018 Swedbank Latvia has also participated in a similar state-run assistance programme for mortgage borrowers up to 35 years of age with a higher education or vocational training. The programme provides a state guarantee of 20 per cent of the loan amount (up to EUR 50 000) with at least a 5 per cent down payment.

Financial education

Financial competence and education play a big role for both individuals and society. Through Swedbank's various initiatives, young people are taught about personal finances in school. In this way the bank reaches all groups in society, regardless of background, and teaches them about money, savings and how, through conscious choices, they can affect their finances and future career.

"Young Economy" is an initiative by Swedbank and the savings banks in Sweden through which 60 000 students attended personal finance lectures in 2018. "Ready for Life" is a similar initiative in Latvia, and the "I Will Be" project in Lithuania is giving students a better understanding of the labour market and help with their future careers. In Estonia around 10 per cent employees guest lectured and about 400 (15%) are registered on the digital platform Back to School.

Lyckoslanten, a magazine for students ages 10–12, has contributed since 1926 to a better understanding of financial issues. The partnership with the foundation Friends in Sweden is another important educational initiative, in this case to prevent bullying.

Swedbank's personal and business economists are active in the public debate and educate customers and the public on topical financial issues in their respective areas. Swedbank also arranges seminars on financial issues and other current topics related to its social engagement. The bank participates in among other things Politicians' Week in Almedalen, Sweden, and its equivalent in Latvia, LAMPA, an event to promote dialogue between politicians and voters.

Encouraging entrepreneurship and innovation

Many new business owners and enterprising employees are needed for the country and Swedbank to grow. Through various initiatives and collaborations, Swedbank promotes and educates entrepreneurs. Among other things, the bank helps to teach young people about entrepreneurship in school, thereby encouraging new businesses and job creators. This benefits both society and the bank.

Junior Achievement in Sweden and Latvia, "Everyone Can Be Great" in Lithuania and Prototron in Estonia are various types of entrepreneurial collaborations for young people. The Estonian initiative Prototron is working to eliminate the funding gap for tech startups by giving them an opportunity to develop their ideas into working prototype. A collaboration between Swedbank, Tallinn University of Technology and Science Park Tehnopol, Prototron has to date financed 59 projects with EUR 730 000 and helped to get 25 new products to market.

A business networking platform was created by Swedbank in Latvia, the Institute of Finances and other external partners in 2013. This innovative digital platform for current and potential corporate customers facilitates business contacts and development between customers and other social networks. In 2018 the Business Network was visited by more than 200 000 unique users.

Social investments, SEKm	2018	2017	2016
Social investments, total	105	121	116
–of which Sweden	92	88	91
–of which Estonia	7	9	7
–of which Latvia	3 ¹	17	14
–of which Lithuania	4	7	4

1) Contributions to the donation portal ziedot.lv were discontinued during the year.

Social investments per engagement, %	Sweden	Estonia	Latvia	Lithuania
Sponsorship of social activities	48	65	78	26
Employees' social engagement during working hours	5	23	4	21
Management costs	1	12	15	53
Products and services with a social value	0	0	3	0
Gifts from customers via the bank's products and services	46	0	0	0

Number of lectures	2018	2017	2016
Sweden ¹	2 183	2 128	1 971
Estonia	117 ²	347	612
Latvia	573	1 031	520
Lithuania	433	539	280

1) Including savings banks.

2) Focus on e-learning in Estonia, through which the bank met 13 000 students.

Direct economic value generated and distributed, %	2018	
	SEKm	% ¹
Total income	44 222	–
Interest paid to the public (deposits)	1 234	3
Interest paid on other funding/financing	14 713	33
Deposit guarantee fees	414	1
Resolution fees	1 656	4
Tax for the year	5 365	12
Non-deductible VAT	1 345	3
Social insurance costs and pensions	3 177	7
Salaries and fees incl shares in Swedbank	6 777	15
Payments to suppliers, home markets	8 354	19
Proposed shareholder dividend	15 885	36
Profit for the year reinvested in the bank	5 277	12

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

GRI Standards Index

Swedbank reports according to the GRI Standards, Core level. 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 coincide 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 well Swedbank lives up to the new act on sustainability reporting. 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 with GRI's designations. For key topics that lack GRI disclosures, the bank's own disclosures have been used. At least one general or topic-specific disclosure is reported for each of our key topics in accordance with the GRI Standards.

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 number	Global Compact (principle no.)
GRI 102: General disclosures			
102-1	Name of the organisation	Front cover	
102-2	Activities, brands, products, and services	99 note G6	
102-3	Location of headquarters	55 note G1	
102-4	Location of operations	2, 100 note G7	
102-5	Ownership and legal form	20-21	
102-6	Markets served	2, 100 note G7	
102-7	Scale of the organisation	2-3	
102-8	Information on employees and other workers	106 note G13, 200-201	1-6
102-9	Supply chain	198	1-6
102-10	Significant changes to the organisation and its supply chain	4, 54	1-10
102-11	Precautionary principle or approach	55 note G2, 191	7-9
102-12	External initiatives	188	
102-13	Memberships of associations	188	
Identified material aspects and boundaries			
102-14	Statement from senior decision-maker	6-7	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	1, 188, 191	1-10
Governance			
102-18	Governance structure	30-47	
Stakeholder engagement			
102-40	List of stakeholder groups	190	
102-41	Collective bargaining agreements	200-201	3
102-42	Identifying and selecting stakeholders	190	
102-43	Approach to stakeholder engagement	190	
102-44	Key topics and concerns raised	190	
Reporting practice			
102-45	Entities included in the consolidated financial statements	31, 188	
102-46	Defining report content and topic Boundaries	189-193	1-10
102-47	List of key topics	189	
102-48	Restatements of information	55 note G2, 198	
102-49	Changes in reporting	189	
102-50	Reporting period	188, 214	
102-51	Date of most recent report	188	
102-52	Reporting cycle	188	
102-53	Contact point for questions regarding the report	225	
102-54	Claims of reporting in accordance with the GRI Standards	188, 205	
102-55	GRI content index	205	
102-56	External assurance	188, 214	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 well these key topics coincide with GRI's topic-specific disclosures. The same table shows how our work supports the Global Compacts ten principles and UN's global sustainability goals.

One or more disclosures are reported for each key topic. We have used one or more of GRI's disclosures where available and report them in the table below using GRI's designations. For key 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 key topics in accordance with the GRI Standards.

Disclosure number	Key topics	Topic-specific disclosure	Page/reference number	Global Compact (princip nr)	SDG
Sound lending culture				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	15, 17, 188-189, 197		
103-2		Management	17, 30-47, 192		
103-3		Sustainability management assessment	197		
		Households with loan-to-value ratio over 70% of property value	197		
		Share of households with loan-to-value ratio over 70% that amortise	197		
Responsible owner				1-10	
103-1		Explanation of the key topic and its boundary	14, 17, 188-189, 197		
103-2		Management	17, 30-47, 192		
103-3		Sustainability management assessment	195-196		
G4-F510		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	196		
Attractive employer				1-6	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	16, 188-189, 200		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	200-201		
GRI 401: Employment					
401-1		New employee hires and employee turnover	200		 
401-3		Parental Leave	106, note G13		 
GRI 404: Training and Education					
404-1		Average hours of training per year per employee	200		  
Financially stable bank				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	14, 17, 22-29, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	3, 22-29		
GRI 201: Economic Performance					
201-1		Direct economic value generated and distributed	204		  
		Results and ROE	3, 50-51		 
		Capital adequacy ratio	90 note G4		
		Profit for the year	3, 50-51		
		Dividend per share	3, 20-21		
Profitability and competitive return				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	20-29, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	3, 22-29		
201-1		Direct economic value generated and distributed	204		  
		Results and ROE	3, 50-51		 
		Capital adequacy ratio	90 note G4		
		Profit for the year	3, 20-21		
		Dividend per share	3, 20-21		

Disclosure number	Key topics	Topic-specific disclosure	Page/reference number	Global Compact (princip nr)	SDG
Sustainable procurement				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	15, 188-189, 198		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	198		
GRI 308: Supplier Environmental Assessment					
308-1		New suppliers screened using environmental criteria	198		
GRI 414: Supplier Social Assessment					
414-1		New suppliers screened using social criteria	198		
Sustainable products and services				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	14-15, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	18-19, 195		
G4-F56		Percentage of the portfolio for business lines by specific region, size and by sector	197		
G4-F57		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	196		
G4-F58		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	196-197		
Gender equality and diversity				1-6	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	16, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	18-19, 200		
GRI 405: Diversity and Equal Opportunity					
405-1		Diversity of governance bodies and employees	30-47, 106 note G13, 200		
Prevent climate change				7-9	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	16-17, 188-189, 198		
103-2		Management	17, 30-47, 192		
103-3		Sustainability management assessment	18-19, 198-199		
GRI 302: Energy					
302-3		Energy intensity	199		
GRI 305: Emissions					
305-1		Direct (Scope 1) GHG emissions	198		
305-2		Energy indirect (Scope 2) GHG emissions	198		
305-3		Other indirect (Scope 3) GHG emissions	198		
305-4		GHG emissions intensity	199		
Prevent corruption and money laundering				10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	15-16, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	202		
GRI 205: Anti-Corruption					
205-1		Operations assessed for risks related to corruption	202		
		Percentage of suppliers undergoing business ethics risk assessments	198		
		Percentage of holdings in fund portfolios undergoing business ethics risk assessments	196		
		Number of corporate customers undergoing business ethics risk assessments	197		
205-2		Communication and training on anti-corruption policies and procedures	202		

Disclosure number	Key topic	Topic-specific disclosure	Page/reference number	Global Compact (princip nr)	SDG
Social engagement				1-6	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	14, 188-189, 204		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	18-19, 204		
GRI 201: Economic Performance					
201-1		Direct economic value generated and distributed	204		
Sound compensation culture				1-6, 10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	188-189, 200		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	106 note G13, 200-201		
		Compensation within Swedbank	106 note G13		
GRI 201: Economic performance					
201-3		Defined benefit plan obligations and other retirement plans	106 note G13		
GRI 405: Diversity and Equal Opportunity					
		Gender pay gap	200-201		
Secure IT systems				3-6, 10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	16, 188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	202		
Availability				1-2	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	188-189		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	194		
GRI-413		Access points in low-populated or economically disadvantaged areas by type	194		
GRI-413		Initiatives to improve access to financial services for disadvantaged people	194		
Transparent reporting				1-10	
GRI 103: Management Approach					
103-1		Explanation of the key topic and its boundary	188-189, 203		
103-2		Management	30-47, 192		
103-3		Sustainability management assessment	203		
201-1		Direct economic value generated and distributed	204		
		Reporting of taxes for the year	111, note G18, 203		
		Reporting of profit for the year	3, 50-51		

In 2017 the Annual Accounts Act was amended (chapter 6, paragraph 12) to require sustainability reporting. The new requirements stipulate that a sustainability report must contain the sustainability disclosures needed to understand the company's development, financial position and results, and the consequences of its operations, including disclosures on topics

concerning the environment, social conditions, personnel, respect for human rights and preventing corruption. The following table, with page references to the report, is presented to clarify how Swedbank meets the new legal requirements.

Page reference by area	Environment	HR	Social conditions	Human rights	Anti-corruption
Business model	12-13	12-13	12-13	12-13	12-13
Material risks	189, 192, 198-199	189, 192, 200-201	189, 192, 204	189, 192, 203	189, 192, 202
Policy, results and indicators	191, 198-199 Environmental policy available on swedbank.com/sustainability	191, 200-201 Occupational health and safety policy available on swedbank.com/sustainability	191, 204 Gender equality and diversity policy available on swedbank.com/sustainability	191, 203 Human rights policy available on swedbank.com/sustainability	191, 202 Anti-corruption policy available on swedbank.com/sustainability
Management of risks	Note G3, page 66, Pillar 3 report, available on swedbank.com	Note G3, page 66, Pillar 3 report, available on swedbank.com	Note G3, page 66, Pillar 3 report, available on swedbank.com	Note G3, page 66, Pillar 3 report, available on swedbank.com	Note G3, page 66, Pillar 3 report, available on swedbank.com

Auditor's Limited Assurance Report on Swedbank AB's Sustainability Report

To Swedbank AB, corporate identity number 502017-7753
This is the translation of the auditor's report in Swedish.

Introduction

We have been engaged by the Board of Directors and the President of Swedbank AB to undertake a limited assurance engagement of the Swedbank AB's Sustainability Report for the year 2018. The Company has defined the scope of the Sustainability Report on page 188.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 188 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

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. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The 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 of Swedbank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 19 February 2019

Deloitte AB

Patrick Honeth
Authorised Public
Accountant

Elisabeth Werneman
Authorised Public
Accountant

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2018 on pages 12-13, 66, 189, 191-192, 198-204 and that it has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 19 February 2019

Deloitte AB

Patrick Honeth
Authorised Public Accountant

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