

SUSTAINABILITY POLICY

Adopted by	The Board of Directors of Swedbank AB (publ)
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Applies for	The Bank and all Subsidiaries
Group Framework Owner	The Head of Group Brand, Communication & Sustainability
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1 Background

Swedbank's vision is a financially sound and sustainable society where Swedbank empowers the many people and businesses to create a better future. With a large customer base in all our home markets we can drive change together with our customers and have large positive impact on society. We envision a society that is sustainable from environmental, social, financial, governance and ethical aspects.

We are committed to support both the Paris Agreement on climate change and the UN Sustainable Development Goals (the SDGs). This twofold commitment will guide our work and impact towards 2030 and beyond. In 2019 Swedbank also became one of the 130 Founding Signatories to the UN's Principles for Responsible Banking: a shared commitment to align our business strategy with the Paris Agreement and contribute to the fulfillment of the SDGs. Swedbank has set climate targets aligned with scientific pathways that limit the global warming to 1.5°C.

Swedbank aims to take a leading position in the sustainability transformation and we have the continuous opportunity to drive change in our home markets and create long-lasting impact. We believe that a sustainable bank with sustainable customers will contribute to a long-term sustainable society.

2 Purpose

The purpose of the Policy is to provide a governing platform for Swedbank Group to deliver towards our vision. This means to define what sustainability is for Swedbank and to formulate Swedbank's role in driving sustainability integration in everything we do.

This Policy provides the basis of the Group's sustainability policy framework, it is supplemented by thematic-specific policies and instructions on e.g. human rights, environment, tax, anti-corruption, and diversity and inclusion, and domain-specific policies and guidelines that integrate sustainability aspects, e.g. the Enterprise Risk Management Policy.

3 Definitions

Swedbank includes environmental, social, governance and ethical, as well as financial aspects within the definition of sustainability. This includes respect for and protection of the environment, human rights, labour rights, and business ethics.

4 Swedbank's role

Sustainability is at the core and an integrated part of Swedbank's business strategy. A sustainable business strategy can be described through two perspectives: "Doing things right" and "Doing the right things".

Doing things right – the sustainability basics through our own operations. The internal perspective, that captures fundamental aspects of running a sustainable bank. Ranging from environmental, social, governance and ethics to financial aspects of sustainability.

Doing the right things – our impact and contribution to society through our customers. The external perspective, our indirect impact and value creation. First, to empower the many *people* to create a better future by supporting sustainable choices. Second, to empower the many *businesses* to create a better future by supporting the transformation.

Environmental, social, governance and ethical, and financial aspects of sustainability are all important to integrate in our business decisions, operations, and business developments throughout Swedbank Group. Through careful management of sustainability related risks and opportunities in our businesses, we will build a better future together with our customers.

Environmental aspects – refer to our contribution to a sustainable use of the Earth's finite resources, promotion of biodiversity and to reducing greenhouse gas emissions through all our business operations.

Swedbank supports the green transition in society and the financial sector has a crucial role in directing financing to activities that support the transition to a low-carbon economy with sustainable business models. By promoting sustainable products, services and advisory to customers Swedbank contributes to mitigation of risks connected to activities that are not in line with the Paris Agreement.

Swedbank targets environmentally safe operations and aims to decrease our direct carbon footprint by reducing business travel, heating, cooling, and electricity consumption in our premises, paper, waste management and use of office equipment and supplies.

Social aspects – refer to our contribution to society's development through all of Swedbank's business operations by promoting human rights, fair working conditions, diversity and inclusion, and societal engagement.

Swedbank has a responsibility to respect human rights and to act with due diligence to avoid infringing on the rights of others in all our business activities and operations. Fighting financial crime is one important element in our responsibility for respecting human rights. Fair working conditions are both a responsibility and a competitive advantage for attracting employees, and we particularly seek to support businesses that share these values. Diversity and inclusion are preconditions in Swedbank's agenda of being an inclusive bank – caring for, and being open to, all customers and employees regardless of gender, gender identity or expression, sexual orientation, age, race, colour, ethnic or social origin, genetic features, language, membership of a national minority, property, birth, disability, religion or belief, political or any other opinion.

Swedbank maintains a high engagement in society and in the local communities. We engage in social issues such as education in the field of personal finances, youth employment, entrepreneurship, and increasing digital inclusion. While the projects differ in purpose, extent, and geography, the overarching goal remains the same: to be a good corporate citizen who strengthens society and its individual members.

Governance and ethical aspects – refer to responsible corporate governance and business ethics, covering also the relationship with suppliers we purchase products and services from. This entails working in line with Swedbank’s Code of Conduct, values and culture throughout our decision-making and behavior.

Swedbank aims to deliver a compliant business and transparent disclosure. Swedbank remains a value-driven bank for the many people and companies. High standards in business ethics are the basis for the confidence placed in Swedbank and for our reputation. Swedbank’s Group Regulations in sensitive areas such as anti-corruption, tax, anti-money laundering and counter-terrorist financing, support employees’ business conduct in line with Swedbank’s values and position.

Financial aspects – refer to our promotion of a sustainable economy by strengthening the Bank’s and our customers’ long-term competitiveness. Social, environmental, and governance and ethical aspects of sustainability are prerequisites for Swedbank’s overarching purpose of contributing to a financially sound and sustainable society. Long-term economic resilience for people, society, and businesses is at the core of Swedbank’s business strategy. Long-term sustainability equals long-term profitability.

We take responsibility for our structural importance in the financial system by maintaining a strong financial position, robust asset quality and strong capitalisation. Information security, accessibility and a stable digital infrastructure are prerequisites for sustainable banking.

5 Sustainability regulations and commitments

Swedbank’s business is impacted by stakeholders’ priorities, external laws and regulations and ultimately by the bank’s own ambition to play a part in the development of a sustainable society.

Sustainable finance related regulations

The financial sector is regulated by many different laws and regulations, including the sustainability area. On EU-level, the financial sector has been recognized as having a key role in ensuring that EU meets the goals of the Paris Agreement and the UN Sustainable Development Goals. A number of laws and regulations have therefore been developed or are being developed with the purpose to steer capital to sustainable investments, include risks associated with sustainability in the financial sector’s risk management and/or promote transparency and a long-term approach.

These sustainable finance related laws and regulations are impacting the way the financial sector, including Swedbank, integrates sustainability in its business, including in its lending, savings, reporting and risk management operations. Swedbank will continue to closely monitor the regulatory development, engage and implement accordingly in the way we do business. As of this date, the following sustainability related regulations impacting Swedbank have been adopted and published by EU:

- The *Sustainable Finance Disclosure Regulation* (“SFDR”), with the purpose to enhance transparency and establish harmonised rules in relation to sustainability for funds, savings related insurance products and portfolio management services and when providing advice on such products.
- The *Taxonomy Regulation*, with the aim to create an EU classification of economic activities defined as environmentally sustainable and to create transparency requirements in relation to the exposure to such activities.

- The *sustainability amendments to the delegated acts of MiFID and IDD*, with the purpose of ensuring that specific sustainability preferences are considered in the suitability assessment, the product governance process and in organisational processes, such as those related to conflicts of interest management and employees' knowledge and competence requirements.
- The *inclusion of ESG risk in the Pillar 3 report*, which aims to enhance transparency on which ESG risks a bank is exposed to and how the ESG risks are managed by requiring banks to provide qualitative disclosures related to ESG risk (governance, business model & strategy and risk management) and quantitative information related to climate related risks and mitigating actions.
- The *Corporate Sustainability Reporting Directive ("CSRD")*, which aims to strengthen the rules about the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability.
- The *sustainability amendments to the UCITS directive and the delegated regulation to the Alternative Investment Fund Managers Directive*, which clarify that sustainability risks and other relevant sustainability matters are to be integrated in the management of the funds.
- The *sustainability amendments to the delegated regulation of Solvency II*, which clarify that insurance and reinsurance undertakings need to consider sustainability risks in their governance and solvency assessment as well as consider other sustainability matters where relevant.

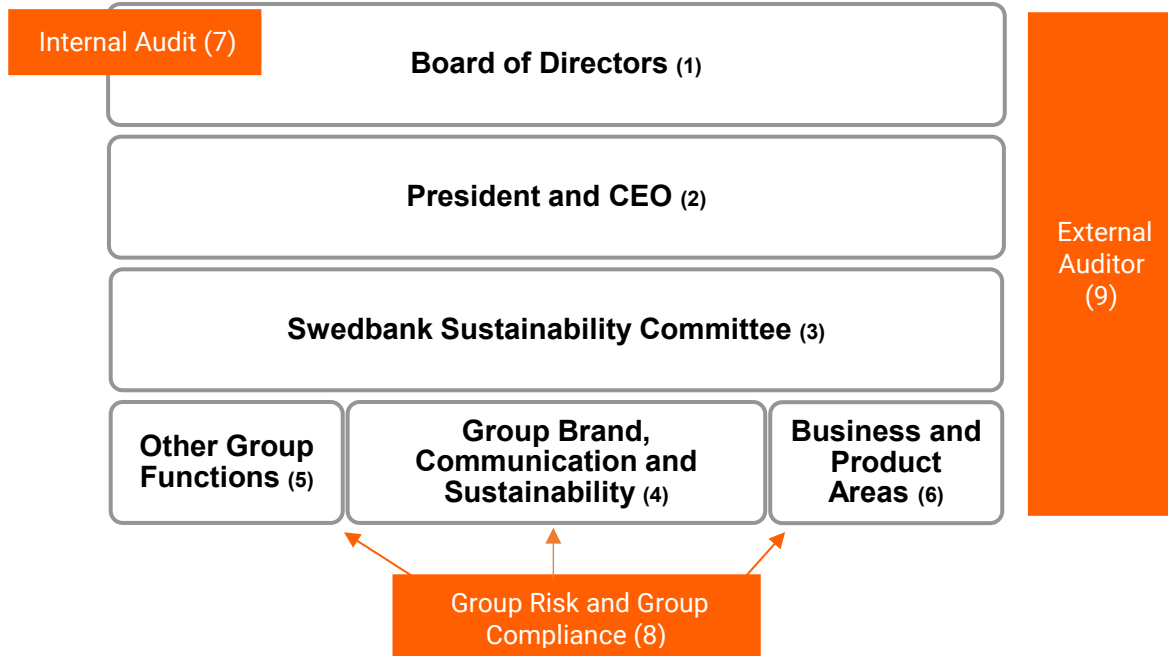
International commitments

As a bank with an ambition to play a part in the development of a sustainable society, Swedbank recognises the importance of participating in and supporting international commitments that enable businesses to operate in a more responsible way. We are therefore committed to the following:

- Climate Action 100+ (Swedbank Robur)
- Finance for Biodiversity Pledge (Swedbank Robur)
- International Corporate Governance Network (Swedbank Robur)
- Net-Zero Asset Managers (Swedbank Roburs)
- Net-Zero Banking Alliance
- Nordic CEOs for a Sustainable Future
- Principles for Responsible Investments (Swedbank Robur)
- Science Based Targets Initiative
- Task Force on Climate-Related Financial Disclosures
- UN Environmental Programme Finance Initiative
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- UN Principles for Responsible Banking
- UN Women's Empowerment Principles

6 Governance and oversight

The governance model and operational structure are designed to support Swedbank's purpose – empower the many people and businesses to create a better future.



The illustration above shows the sustainability governance structure. The grey-marked hierarchy is the governance structure, while the orange-boxes are the monitoring and compliance functions.

- **(1) Board of Directors.** Sustainability is part of the integrated long term business strategy and the Board of Directors is responsible for deciding on that strategy. The Board of Directors has ultimate responsibility for governance of the sustainability work and plays a role in providing oversight of Swedbank's efforts to ensure responsible business practices. Swedbank's Board of Directors has established a dedicated sustainability committee "The Remuneration and Sustainability Committee (RS C)" that has increased responsibility for assisting the Board in matters concerning sustainability, including strategy, operating model, reporting, and steering documents. The Board of Directors adopts the bank's policies in this area, including the code of conduct (all available on [swedbank.com /sustainability](https://www.swedbank.com/sustainability)). These policies apply to the Group and are designed to set a standard for Swedbank's sustainability work and ensure that employees comply with current laws and regulations.
- **(2) President and CEO** is responsible for following Swedbank's *strategic* direction, which shows the way forward, where the bank is headed and what has to be done to reach the goals that have been set. This also includes sustainability aspects. The President and CEO leads the work of the Group Executive Committee and makes decisions after consulting its members. The CEO is ultimately responsible for the Group's position statements as well as the instructions issued to support policy implementation.

- **(3) Swedbank Sustainability Committee** is responsible for providing support in the effective management and governance of the sustainability perspective in the Group. The Head of Group Brand, Communication & Sustainability is the chair of the Swedbank Sustainability Committee. The committee will help decision makers within the Group understand risks and opportunities, to be able to make sound and sustainable decisions. Swedbank Sustainability Committee will follow-up on progress in the Group's continued efforts to deliver on our strategy and roadmap focusing on the sustainability perspective. with quarterly reporting to CEO (the management team) and the Board of Directors.
- **(4) Group Brand, Communication and Sustainability** drives the Group's sustainability agenda forward and makes suggestions to the CEO. The unit includes Group Sustainability, which is led by the Head of Group Sustainability and reports to the Head of Group Brand, Communication and Sustainability, who is a member of the Executive Management Team. Throughout Group Sustainability, the goal is to integrate and promote sustainability-related issues, such as strategies, goals and monitoring.
- **(5) Other Group Functions** support and collaborate with Group Sustainability to establish frameworks, policies and governance.
- **(6) Business Areas and Product Areas** are responsible for the implementation of sustainability policy and strategy, integrating sustainability aspects in business decisions and routines, and continuously monitor the implementation. Dedicated sustainability teams and/or managers have been appointed ensuring that resources and competence are available to meet customers' needs.
- **(7) Internal Audit** is an independent control function whose head is appointed by and reports to the Board of Directors and therefore is independent of the CEO and the executive management. The purpose of Internal Audit's reviews is to create improvements in operations by independently evaluating the bank's corporate governance, risk management, and internal control processes.
- **(8) Group Risk and Group Compliance** are internal control functions, representing the second line of defence. These units monitor, control and report the Group's risks and whether the Group follows internal and external sustainability regulations.
- **(9) External Auditor** is an independent reviewer of Swedbank's sustainability work. This helps to assure of the bank's sustainability processes and contributes to further development. E.g. Swedbanks sustainability reporting.

7 Reporting and transparency

Swedbank is committed to an ongoing and transparent dialogue with all our stakeholders, to act according to our values and to be Open, Simple and Caring when interacting to enable our stakeholders to understand our work, challenges and ambitions.

We are committed to be transparent with our sustainability targets and performance including continuous reporting on our progress in external and internal channels.