

Policy on sustainability risk integration in investment decision-making, investment and insurance advice on financial products and financial instruments

Adopted by	The Board of Directors of Swedbank AB
Date of adoption	26 June 2024 (replaces 21 June 2023)
Applies for	The Bank and all Subsidiaries that manufacture Financial Products, provide Investment Advice and/or Insurance Advice on Financial Products and Financial Instruments (“Swedbank”)
Group Framework Owner	The Head of Group Products and Advice
Information class	Public
Legal basis	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”)
Related Group Regulations	Sustainability Policy, Instruction on Sustainability in Investment Decisions and Investment and Insurance Advice
Supporting material	Principle Adverse Impact (PAI) Statement, PAI Statement investment and insurance advice

1 Purpose

- 1.1 This Policy describes Swedbank Group’s (“Swedbank”) commitments in relation to the integration of Sustainability Risks in Swedbank’s investment decision-making processes and investment and insurance advice with respect to financial products and financial instruments. Swedbank shall when acting as financial market participant integrate Sustainability Risk in its investment decision-making process and when acting as financial advisor integrate Sustainability Risk in its investment and insurance advice.

2 Scope

- 2.1 The Sustainable Finance Disclosure Regulation (“SFDR”) focuses on double materiality on entity and product level. The concept of double materiality covers how companies are affected by sustainability factors (the scope of this Policy) and, opposite, how companies activities impact society and the environment (also called principal adverse impacts).
- 2.2 Swedbank’s own Sustainability Risks, as regulated by Swedbank’s Policy on Enterprise Risk Management, is not within the scope of this Policy.

3 Sustainability Risk

- 3.1 Sustainability Risk is defined in the SFDR as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment for a customer.
- 3.2 Sustainability Risks relate, among other things, to the following factors:
- Environment: Energy consumption and efficiency; extreme weather events such as floods and strong winds; pollution incidents; biodiversity or marine habitats damage.
 - Social: Inclusion/inequality; labour strikes; health and safety incidents such as injury or death; product safety issues.
 - Governance: Tax evasion; discrimination within a workforce; inappropriate remuneration practices; lack of protection of personal data.

4 Integration of Sustainability Risk

- 4.1 Swedbank's vision is a financially sound and sustainable society where Swedbank empower the many people and businesses to create a better future. This includes considering the environmental, social and governance events and conditions that may have an impact on the financial value of our customers' investments.
- 4.2 The sections below describe how Swedbank shall integrate Sustainability Risk in its investment decision-making process and in its investment and insurance advice. By being transparent on the integration of Sustainability Risk, the end investor is enabled to make better informed investment decisions. The principles set out below shall be supplemented by written procedures by the units or legal entities impacted by this Policy, further specifying how Sustainability Risk is integrated in their processes. Those procedures shall be accessible to employees in the relevant unit or legal entity and shall be reviewed annually.
- 4.3 Swedbank shall, in the pre-contractual information for each financial product, financial instruments and when providing investment and insurance advice, disclose in a clear and transparent manner, how Sustainability Risk is integrated in the investment and insurance advice.

Investment Decision

- 4.4 Any unit or legal entity in Swedbank making investment decisions for financial products shall integrate Sustainability Risk in its investment decision-making process. As Swedbank manufactures different financial products with different investment strategies, the integration of Sustainability Risk may differ. Irrespective of how Sustainability Risk is integrated, the integration shall be appropriate for the specific financial product, with the aim of identifying and managing any Sustainability Risk that may have a material negative impact on the value of the financial product.
- 4.5 Any unit or legal entity in Swedbank making investment decisions for financial products shall integrate Sustainability Risk in its investment decision-making process. As Swedbank manufactures different financial products with different investment strategies, the integration of Sustainability Risk may differ. Irrespective of how Sustainability Risk is integrated, the integration shall be appropriate for the specific financial product, with the aim of identifying and managing any Sustainability Risk that may have a material negative impact on the value of the financial product.

Investment Advice

4.6 The integration of Sustainability Risk in Swedbank's investment advice is ensured by the establishment of selection and monitoring processes. All funds Swedbank provides investment advice on shall be analysed in such processes before being approved for distribution. These processes may differ between the different legal entities in Swedbank. Irrespective of the process established, it shall ensure that the fund is assessed from multiple perspectives, including the Sustainability Risk perspective. The assessment in relation to Sustainability Risk can consist of factors such as if and how fund companies integrate Sustainability Risk in their investment decisions and how the investment strategy of the fund impacts the Sustainability Risk that the fund is exposed to. Once a fund has been approved in the selection process, Swedbank shall regularly monitor the fund to ensure that it continues to meet the set requirements.

Insurance Advice

- 4.7 Swedbank provides insurance advice to its customers exclusively in relation to insurance products manufactured by any of Swedbank's insurance companies. Swedbank's insurance products can be divided into the following two categories:
- Insurance product, which offers several investment options in a wrapped structure, also called multi-option products.
 - All other insurance products, for example an insurance-based investment products, pension product, pension scheme or pan-European personal pension product.
- 4.8 If Swedbank provides insurance advice in relation to the underlying investments of a multi option product, those underlying investments shall have been assessed in a process as defined for funds under investment advice above. The wrapper of a multi-option product is, in itself, deemed to not be exposed to any relevant Sustainability Risk.
- 4.9 For all other insurance products, Swedbank shall ensure the integration of Sustainability Risk in its insurance advice by the establishment of a selection and monitoring process. All insurance products Swedbank provides insurance advice on shall be analysed in such processes before being approved for distribution. The processes may differ between the different legal entities in Swedbank. Independent of the process established, it shall ensure that the insurance product is assessed from multiple perspectives, including the Sustainability Risk perspective. The assessment in relation to Sustainability Risk can consist of factors such as if and how the insurance company integrates Sustainability Risk in its investment decisions and how the investment strategy of the product impacts the Sustainability Risk that the product is exposed to. Once an insurance product has been approved in the selection process, Swedbank shall regularly monitor the insurance product to ensure that they continue to meet the set requirements.