

Instruction – Position Statement Climate Change

Adopted by	The CEO
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Applies for	The Bank and all Subsidiaries
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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. Research shows that an increased concentration of greenhouse gases warms the planet and creates substantial risks for both prosperity and growth. Thereby it is of great importance to limit the maximum global temperature increase aiming at 1.5°C above pre-industrial levels and the financial sector has a key role to play.

Given our history, purpose, and vision, we are committed to support the fulfilment of both the Paris Agreement on climate change and the Sustainable Development Goals (SDGs). This twofold commitment will guide our work and impact towards 2030 and beyond.

In 2019 Swedbank became one of the 130 Founding Signatories to the UN's Principles for Responsible Banking (PRB): a shared commitment to align our business strategy to the Paris Agreement and contribute to the fulfilment of the SDGs. As a continuation of the PRB commitment Swedbank has during the year also committed to Net-Zero Banking Alliance (NZBA) which furthermore strengthens our climate change agenda. It brings together banks, which are committed to align their financing and investment portfolios with net-zero emissions by 2050. Banks must also set targets for 2030 or sooner which are in line with a low/no overshoot scenario consistent with 1.5°C warming, being equivalent to halving emissions every tenth year.

2. Purpose

This position statement sets out the terms of the Group's climate change agenda including key expectations for Swedbank's own operations and when providing financial services. The position statement shall help Swedbank to support our stakeholders in their sustainability transition, by setting the principles Swedbank should adhere to, according to the size, complexity and risk profile of different customers. This also includes commitments on Swedbank's management of climate risks and opportunities.

3. Scope

This position statement applies to all jurisdictions where Swedbank Group operates or conducts business, and applies to Swedbank's operations and financial services, such as Swedbank's procurement, investments, financing, payments, and advisory services.

4. Definitions

UN Principles for Responsible Banking (PRB) – PRB is a framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

Net-Zero Banking Alliance (NZBA) – NZBA reinforces, accelerates, and supports the implementation of decarbonization strategies, providing an internationally coherent framework and guidelines in which to operate. It recognizes the vital role of banks in supporting the global transition of the real economy to net-zero emissions. The NZBA is a continuation of the PRB commitment.

Taskforce on Climate-related Financial Disclosures (TCFD) – TCFD is a framework to help public companies and other organizations more effectively manage and disclose climate-related risks and opportunities.

Science Based Targets initiative (SBTi) – SBTi defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. It provides methodologies, technical assistance, and validation of targets.

Partnership for Carbon Accounting Financials (PCAF) – is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions (GHG) associated with the institution's financial activities. PCAF developed a standard that is today one of the preferred and leading methodology dedicated towards measurement of financed emissions for the financial services industry. Swedbank has signed up to join PCAF in Jan 2022.

Green House Gas Protocol (GHG Protocol) – GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions.

Energy Efficiency Mortgage Initiative (EEMI) – EEMI initiative is developing standards and financing models that can give mortgage customers more favourable terms on loans for energy efficiency improvements in their homes. The Nordic Energy Efficient Mortgages Hub of EEMI is a consortium to promote energy renovations of the Nordic building stock.

5. Principles

Swedbank will ensure environmentally safe operations and will take an active role in the ongoing climate change transition by empowering the many people and businesses to create a better future by supporting sustainable choices. This is to stay involved and finance the necessary transition and deliver on our commitments towards the Paris Agreement aiming at the 1.5°C scenario, reaching net-zero emissions by 2050.

5.1. Management of climate risks and opportunities

- We will measure, perform scenario testing, and disclose climate-related impacts in line with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Principles for Responsible Banking (PRB).
- We will use intermediate science-based targets to reach net-zero emissions by 2050. Swedbank has pledged to set climate goals in line with SBTi methodology and disclose financed emissions according to PCAF.
- We will integrate climate risks as a core component in our risk assessment on both portfolio and individual customer level, thereby simultaneously protecting Swedbank

and incentivizing change in society.

- We will monitor the exposure to sectors with material climate-related risks exposures, in line with TCFD-sector splits, using limits and key risk indicators for our loan book.
- We will have carbon reduction as a key priority in our direct environmental management of operations which includes reduction of energy, electricity, water, waste, and business travels. We will actively seek climate related information about our suppliers to reduce emissions in our supply chain.

5.2. Supporting customers in their sustainability transition

- We will empower the many people and businesses in taking climate action, by supporting a sustainable, just, and inclusive transition. We will continuously work with our customers and companies we invest in to steer towards the Paris Agreement and 1.5°C scenario, through management of risks, acting on business opportunities and improve their climate management.
- We will advocate that companies we provide financial services to adopt a Paris 1.5°C - aligned climate strategy that includes the following requirements:
 - public long-term and intermediate climate goals that align with the Paris Agreement. Preferably validated by the Science Based Targets initiative.
 - a transition plan with actions and milestones towards the climate goals.
 - follow the recommendations of the Task Force on Climate-related Financial Disclosures.
 - yearly public progress reporting towards climate goals of all harmful emissions (direct or indirect) according to the Greenhouse Gas Protocol.
- We will actively avoid financing or investing in companies that lobby against the Paris Agreement.
- We will continue to innovate new financial products to fulfil an increasing demand in the market for green investments and solutions.
- We will support our customers to take climate action through investment in energy efficiency improvements in their homes. Swedbank is active in the Energy Efficient Mortgage Initiative which develops standards and financing models with the purpose of promoting energy efficient mortgages.
- We will seek to support new necessary technologies that enable a sustainable transition in society.

6. Restrictions

6.1. Fossil fuel financing

- We will not directly finance the following activities:
 - Coal mines
 - Coal-fired power generation or the establishment of new coal-fired power plants
 - Exploration of new oil or gas fields
 - Unconventional fossil fuel production such as shale oil/gas, arctic oil/gas or oil sand
 - New crude refineries or expansion of crude refinery capacity for transportation fuel, unless primarily aimed at biofuel production
 - New vessels designed with the sole purpose of and dedicated to the

transportation of crude oil (crude oil tankers)

- We will not finance new customers involved in the exploration of oil or gas fields, nor the exploration or production of coal or unconventional fossil fuels.

If Swedbank's existing customers are engaged in restricted activities we will only finance the customers' non-restricted activities (in line with Swedbank's commitment to support customers in achieving a sustainable, just, and inclusive transition), provided that the customers have a Paris-aligned climate strategy as outlined according to the guidance in Section 5.2.

6.2. Fossil fuel investments¹

- We will not invest in companies that generate more than 5% of their revenue from the following activities:
 - Coal extraction and coal-fired power generation
 - Oil extraction
 - Gas extraction

We can invest in transitioning companies that have a Paris-aligned climate strategy (as outlined according to the guidance in section 5.2), thereby deviations may be made from the above principle on revenue thresholds. A transition company cannot have fossil fuel operations generating more than 50% of the company's revenue, nor any revenue from shale oil/gas, arctic oil/gas or oil sand.

¹ Regarding investments, it refers to Swedbank Group's investment decisions relating to the bank's own products such as funds, excluding however when such funds invest in external funds. When providing investment advice or portfolio management to customers the bank will consider sustainability risk in accordance with the bank's policy on sustainability risk integration in investment decision-making, investment and insurance advice on financial products.