

Sector Guidelines: Services

Scope and purpose

The overall objective of these sector guidelines is to promote sustainability performance in our business relations with corporate clients, portfolio companies and suppliers in all jurisdictions where Swedbank Group operates. The sector guidelines are applicable to all companies within the sector and in all stages of the value chain.

Sustainability impact

The Economic, Social and Governance (ESG) risks and impacts in the sector relate to labour management practices such as employment, working conditions and human capital development. Data privacy and handling of personal information are critical factors, as well as sourcing and supply chain management, energy efficiency, waste and water management, ethical business practices and sustainability integration in service provision.

Expectations and recommendations

Swedbank expects clients, portfolio companies and suppliers to operate in accordance with relevant international norms, as well as regional and national laws, regulations and permits. We expect our business partners to manage material sustainability issues in a systematic manner within the field of human rights, labour rights, climate, environment and business ethics. We also recommend that companies involved in the service sector:

- Identify material sustainability aspects and adopt relevant policies, objectives and targets;
- Have policy commitments that meet responsibilities with regard to human rights, labour rights, environmental protection, health & safety at work and anti-corruption;
- Ensure compliance with labour laws and norms on occupational health;

- Prevent discrimination and improve equal treatment of men and women;
- Respect human rights and manage material human rights risks;
- Have a solid health and safety policy and comply with occupational health and safety measures;
- Respect the rights of workers, have a clear management system that can be monitored and that complies with labour laws;
- Respect the rights of workers such as freedom of association and the right to collective bargaining;
- Ensure equal treatment and working conditions for migrant workers;
- Apply a policy for fair business practice, set goals and facilitate staff training;
- Have a strategy and goal to increase energy and resource efficiency;
- Make sure the services offered respect the Children's Rights and Business Principles, as defined by the UN;
- Report transparently on tax payments at group and country level in line with established global initiatives;
- Conduct due diligence on supplier management of environmental, social and business ethics issues and integrate sustainability criteria within procurement processes. Verify compliance with company standards on a regular basis;
- Report regularly on material sustainability issues in line with established reporting framework standards, such as GRI.

Relevant norms, guiding principles & standards

- ✓ The 10 principles of the United Nations Global Compactⁱ
- ✓ UN Guiding principles on Business and Human Rightsⁱⁱ
- ✓ International Labour Organization (ILO) standards, conventions and recommendations on work environment and labour standardⁱⁱⁱ
- ✓ Children's Rights & Business Principles^{iv}

Implementation

Sustainability risk assessment is an integral part of Swedbank Group's risk assessment within corporate lending, investment and procurement. Sector guidelines set the context for risk assessment. In order to comply with our existing sustainability framework Swedbank shall:

- Ensure understanding of existing and potential clients' and portfolio companies' activities and risks. This means that Swedbank may require relevant documentation such as certificates and

policies in order to understand sustainability governance and performance;

- Evaluate suppliers' sustainability performance and integrate sustainability requirements as a mandatory part of supplier agreements. This means that Swedbank may terminate supplier relationships in the event of non-compliance with our supplier code of conduct;
- Continuously educate relevant Swedbank staff on general and specific Corporate Sustainability trends, issues and opportunities;
- Monitor our portfolios to mitigate risks including sustainability risks;
- Collaborate with third-party professional Corporate Sustainability experts and establish dialogue with counterparties on environmental and social matters;
- Report transparently on sustainability performance.

ⁱ The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
<https://www.unglobalcompact.org/about>

ⁱⁱ The United Nations Guiding Principles on Business and Human Rights were endorsed in June 2011 by the United Nations Human Rights Council. The principles are based on six years of work by the former Special Representative John Ruggie. They are based on the "Protect, Respect and Remedy" framework.
<http://business-humanrights.org/en/un-guiding-principles>

ⁱⁱⁱ International labour standards refer to conventions agreed upon by international actors to protect basic worker rights, enhance workers' job security, and improve their terms of employment on a global scale. The intention of such standards is to establish a worldwide minimum level of protection from inhumane labour practices through the adoption and implementation of said measures.
<http://www.ilo.org/dyn/normlex/en/f?p=1000:12030:0::NO>

^{iv} The United Nations Guiding Principles on Business and Human Rights represent a milestone in the business and human rights discussion. However, recognising the need for stronger visibility of children's rights, Save the Children, the United Nations Global Compact and UNICEF joined forces to develop the Children's Rights and Business Principles released in 2012, to give business a clear idea of where and how their business might impact children.
<http://www.unicef.org/csr/12.htm>