

2018



**Supplier
Code of Conduct**

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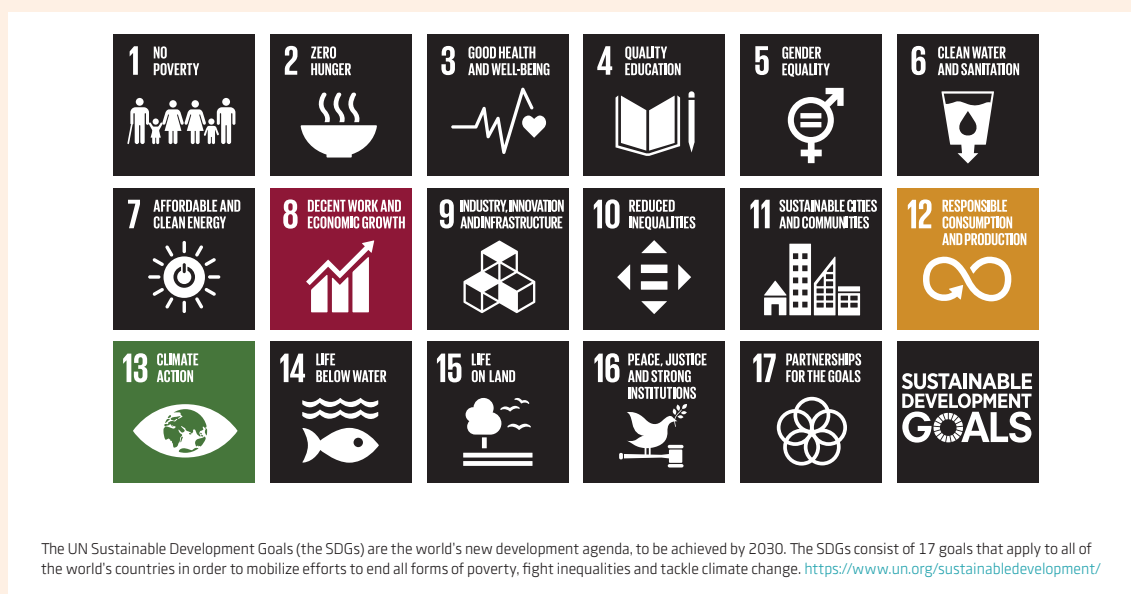
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Introduction

Swedbank's engagement to contribute to a sound and sustainable development includes ensuring that the supply chain operates responsibly and improves the lives of workers, their communities and the environment.

A sustainable supply chain involves close supplier relationship and engagement, which includes three areas of focus: to reduce negative impact; to enhance positive impact; and to innovate, with the overarching aim of a mutual sustainable supply chain. Through careful management of sustainability related risks, as well as opportunities, we will together build a better future.

We believe it is important to work with suppliers who share our values and conduct business in a responsible way with respect for the environment and the societies in which they operate. Swedbank acknowledges the need for enhanced partnerships along the supply chain to ensure that we accelerate the transition towards a sustainable society, in alignment with the Sustainable Development Goals and the Paris Agreement on Climate Change.



While Swedbank conducts sustainable banking in accordance with all of these SDGs, we have also defined two focus themes that allow for the development within several SDGs simultaneously: Sustainable Employees (e.g. SDGs: 3, 5 & 8) and a Low-Carbon Society (e.g. SDGs: 11, 12 & 13).

As concerning our procurement business and supplier engagement, we find that we can have an especially large impact within the following SDGs:

- ▶ 8 Decent Work and Economic Growth
- ▶ 12 Responsible Consumption and Production
- ▶ 13 Climate Action

The direction of Swedbank's strategy for a sustainable supply chain is evolving together with the fulfilment of the SDGs and procurement's core impact areas. Swedbank looks forward to work with our suppliers to continue developing sustainable supply chains, and we encourage programs and collaborations to boost the enhancement of the SDGs.

a. Purpose

The Supplier Code of Conduct is an important part of, and establishes the basis of, Swedbank's strategy for a sustainable supply chain and the ambition to establish a proactive collaboration with our suppliers in the promotion of lawful, professional and fair practices that integrate the respect for labour practices, human rights, the environment and business ethics.

b. The Parties' Commitments

Swedbank commits to take an active part to contribute, within its sphere of influence, to promote human rights, fair labour practices, fight corruption and promote respect for the environment. Swedbank is committed to follow the international principles of:

- ▶ UN Global Compact
- ▶ UN Guiding Principles on Business and Human Rights
- ▶ UN Principles for Responsible Investments
- ▶ OECD Guidelines for Multinational Companies
- ▶ International Labour Organization
- ▶ ISO 14001

Swedbank expects its suppliers to operate in accordance with international norms, follow regional and national laws and regulations as well as manage material sustainability issues in a systematic manner within the field of human rights, labour practices, business ethics and the environment. The supplier shall be fully liable for:

- ▶ Its own work
- ▶ The acts and omissions of subcontractors

c. Monitoring and Compliance

As a condition for doing business with Swedbank, the supplier must ensure that its supply chain and its subcontractors' operations are in line with Swedbank's code of conduct. Moreover suppliers must assure that a responsible person with the mandate and resources to follow up on the Supplier Code of Conduct is appointed without delay.

We know that each supplier is different and our goal is to make progressive improvements that are appropriate for each supplier. In order to succeed in this process, we have decided to assign differing levels of priority to our expectations. We have grouped our expectations according to whether they are "Mandatory requirements" or "Preferred requirements"

Our "Mandatory requirements" consist of actions that we consider important to address before we enter into a contractual relationship with a supplier, or within the first year of the contract.

Our "Preferred requirements" are not mandatory but we encourage our suppliers to implement best practice during the period of the contract.

We will follow-up with reconciliations, such as dialogues, self-assessments, site visits and audits, partly to ensure that the counterparty meets the mandatory requirements, partly to recognize the supplier's maturity in sustainability and to determine sustainable

business opportunities. Swedbank reserves the right to randomly review all suppliers' policies, procedures or any other documents related to this Code of Conduct. Swedbank may also require on-site audits in production sites of suppliers of branded goods to audit the adherence to this Code; the supplier shall give access to all relevant documentation and must give physical access to all premises.

d. Consequences of Non-Compliance

Swedbank will base its supplier relations on dialogue and collaboration to fulfil Swedbank's Supplier Code of Conduct. However, if the supplier fails to meet the requirements of this Supplier Code of Conduct, and/or an audit reveals less than full compliance with this, the supplier must take the prescribed corrective actions without delay. The period of time the supplier has to implement these corrective measures will be agreed upon with the auditors, but may not exceed twelve months. If this non-compliance is not cured within twelve months upon Swedbank notifying the supplier on such non-compliance, this shall be deemed to constitute a material contractual breach of the supplier.

A contractual breach implies that Swedbank will, free of any obligation of paying penalties or damages or any other compensation or reimbursement to the supplier or its subcontractors, cancel any or all orders and/or suspend, cancel or early terminate any or all contracts with the supplier (or parts thereof).

e. More Information

For more information on Swedbank's policies, statements and approach to sustainability visit: <https://www.swedbank.com/sustainability/>

f. Contact us

Swedbank Group Procurement

E-mail: procurement@swedbank.com

Website: www.swedbank.com

1. Labour/Workplace Management

Providing workers with core labour standards, inclusive employment policies, a safe and healthy working environment and practices which ensure fair treatment, are considered as fundamental human rights within Swedbank, and we expect our suppliers to share our commitment to fair employment practices in accordance with existing international standards.

Mandatory requirements:

- ▶ Provide Swedbank with relevant information regarding any regulatory enforcement action for non-compliance with employment laws.
- ▶ Written employee contracts.
- ▶ Have a written health and safety policy/processes.
- ▶ Respect the rights of employees to freedom of association and collective bargaining.¹
- ▶ Employees must not be subject to discrimination or to physical, sexual, psychological or verbal harassment or abuse in employment², on the basis of gender, race, religion, age, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin or any other status protected by local law.
- ▶ Child labour³ must be prohibited and appropriate measures taken to ensure that no child labour occurs in production or operations. Young Workers⁴ must not perform work that is likely to jeopardize the health or safety of young workers, including night shifts and overtime.
- ▶ Provide adequate rest periods and leave entitlements (including annual leave, sick leave and parental leave), which comply with local laws.
- ▶ Working hours (regular and overtime) must be in line with the law of the country where the workers are employed. The regular work week must not exceed 48 hours, and all overtime work shall be consensual. Other than in exceptional circumstances, the sum of regular and overtime hours in a week must not exceed 60 hours. One-day rest within 7 days must be provided.
- ▶ Pay the country's statutory minimum wage to the employees (as a minimum requirement).
- ▶ Forced labour, including prison labour, indentured labour, bonded labour or other forms of forced labour must be prohibited.

1 This includes the right to form and to join trade unions and other worker organizations of their own choosing without harassment, interference or retaliation. In countries where such freedoms are limited by law, the responsibility of the employer to assure other forms of employee influence is increased correspondingly.

2 This includes hiring, compensation, promotion or discipline.

3 The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.

4 Workers under 18 years old.

- ▶ The workplace must be safe, hygienic and healthy. This implies assuring fire protection, safety equipment, and other necessary steps to prevent accidents and injury arising out of, linked with, or occurring in the course of work. The supplier must also provide access to toilets and drinking water.

Preferred requirements:

- ▶ Policies on non-discrimination and promotion of diversity in the workplace.
- ▶ Provide an anonymous process for “concern reporting” by employees.
- ▶ A system in place to enhance workforce diversity and flexibility, which may for instance include age diversity and the participation of youth and employees aged 50+, and/or people with disabilities.
- ▶ Assess and provide employees with established living wage.
- ▶ Provide relevant training, learning and development opportunities for employees.
- ▶ Provide all employees with income or health benefits. This could include, (but is not limited to): superannuation/pension plans, health insurance, and medical care for employee families, accident insurance and disability insurance.
- ▶ Occupational health and safety management system (e.g. ISO 45001).

2. Human Rights

Human rights realize the individual's freedom to lead a dignified life, free from fear or want, and free to express independent beliefs. We are all equally entitled to our human rights, without discrimination. Respecting human rights is fundamental in Swedbank's commitment to be a sustainable and responsible bank, and we expect our suppliers to share this commitment.

Mandatory requirements:

- ▶ Respect human rights in all business activities and operations, including the rights of vulnerable groups, such as the rights of women, children, migrants, indigenous people and minority groups.
- ▶ Measures of due diligence must be taken, in all business activities and operations, to avoid infringing on the rights of others.⁵
- ▶ Prevent the forcible displacement of individual, groups or communities.
- ▶ When operating in, or doing business with high risk countries, as defined by official sources, increased human rights risk assessments must be carried out.

⁵ The definition of due diligence refer to the ongoing process to identify, prevent and mitigate and account for negative human rights impacts which the company may cause or contribute to.

Preferred requirements:

- ▶ Policy commitment to respect human rights.
- ▶ Engage in public debate and with the government to enhance the protection of human rights.
- ▶ Actively engage in open dialogue and consultation with stakeholder groups, trade unions, and civil society regarding the business' opportunities as well as risks and potential violations of human rights in the workplace or in the community.
- ▶ Conduct programs/activities and collaborations to strengthen human rights.
- ▶ Establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.

3. Environment

It is crucial that all businesses, including Swedbank and its suppliers, contribute to a sustainable use of the earth's finite resources and lower greenhouse gas emissions. We expect suppliers to take responsibility for their product's, processes' and services' environmental impact. Together we can take action to fight climate change.

Mandatory requirements:

- ▶ Comply with the current environmental legal requirements applicable to the supplier's activities, products and services.
- ▶ Provide any information if they are recently subject to any regulatory enforcement action for non-compliance with environmental legal requirements.
- ▶ Share information on actual or potential emission reduction options of products/ services available to Swedbank.
- ▶ Actively commit to a sustainable environment.

Preferred requirements:

- ▶ Have a written environmental policy.
- ▶ Identify, measure, monitor and minimize the environmental impact of the business activities.
- ▶ A certified environmental management system (e.g. ISO 14001).
- ▶ Report (at least annually) on environmental performance to external stakeholders, e.g. in Annual or Sustainability reports.

- ▶ Provide lower carbon intensity alternatives within the product/service offering.
- ▶ Applying the principles of circular economy, whole life costing and life cycle perspective in design, manufacture, transport and recycling/disposal.
- ▶ Set science-based environmental targets.

4. Business Ethics

Swedbank recognizes that corruption⁶ has an adverse effect on communities and individuals since it threatens the law, democratic development and the human rights and freedoms. All operations in Swedbank must be characterised by high ethical standards, which imply every business transaction and ethically questionable situation on the basis of ethical norms and attitudes. We expect the same from our suppliers.

Mandatory requirements:

- ▶ Comply with applicable anti-corruption laws and regulations.
- ▶ Bribery, extortion and other forms of corruption is prohibited.
- ▶ Respect the right to information and privacy of end users, customers, employees and business partners.
- ▶ Information regarding business activities, structure, financial situation, performance, and/or any other information deemed confidential must be effectively safeguarded.

Preferred requirements:

- ▶ Have a code of conduct on ethics and business conduct (e.g. covering bribery, corruption, fraud).
- ▶ Developed frameworks and programs to address corruption.
- ▶ Provide employee training on business ethics and conduct.
- ▶ Have written corporate governance policies/standards.

⁶ Corruption is the abuse of entrusted power for private gain. This can mean not only financial gain but also non-financial advantages, for instance, such as nepotism.

Supplier Agreement

By signing this document, the supplier agrees to the conditions and requirements outlined in this document. Please read all requirements before signing.

COMPANY NAME: _____

NAME, SURNAME: _____

TITLE: _____

DATE: _____

AUTHORIZED SIGNATORY: _____

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