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environment
programme



finance
initiative

Principles for
Responsible Banking

Responsible Banking Progress Statement

SBAB Bank AB (publ)
2024



Summary

SBAB Bank AB (publ) 2024

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Content SBAB Bank AB (publ) ("SBAB") is a purpose- and values-driven company that works deliberately to achieve its vision of enabling tomorrow's homes and housing. SBAB's business idea is to be innovative and considerate in its offering of loans and savings products and other services for better housing and household finances.</p> <p>To ensure that the full force of SBAB's business is utilized to contribute to this end, four of the UN's 17 Sustainable Development Goals (SDG) are prioritized:</p> <ul style="list-style-type: none"> • <i>SDG 8: Decent work and economic growth</i> • <i>SDG 11: Sustainable cities and communities</i> • <i>SDG 12: Responsible consumption and production</i> • <i>SDG 13: Climate action</i> <p>The prioritized goals are integrated into our governance model for sustainable development, which is built around SBAB's nine material sustainability areas. During 2024, SBAB integrated its new material sustainability areas into its business planning and strategies. This expansion of scope clarifies SBAB's strategy but does not represent a fundamental shift in the overall sustainability strategy.</p>	<p>Content In 2023, SBAB conducted a comprehensive double materiality assessment to identify, assess, prioritise and monitor impacts on people and the environment, as well as risks and opportunities with potential financial consequences for SBAB. The assessment was carried out as part of the preparations to align SBAB's sustainability reporting with the European Sustainability Reporting Standards (ESRS) and has been cross-checked using the UNEP FI Impact Analysis tool. The assessment covered SBAB including subsidiaries, as well as its upstream and downstream value chain.</p> <p>The results of the double materiality assessment resulted in a total of 25 material impacts, risks and opportunities in the areas climate change (ESRS E1), biodiversity and ecosystems (ESRS E4), resource use and circular economy (ESRS E5), own workforce (ESRS S1), workers in the value chain (ESRS S2), affected communities (ESRS S3), consumers and end-users (ESRS S4), business conduct (ESRS G1), and prevention of financial crime (entity-specific).</p>	<p>Content Customers' needs and interests are a central part of SBAB's business strategy for the private as well as the corporate and tenant-owners' associations business areas. The business strategies are updated annually and based on results from the materiality assessment, which includes insights from stakeholder dialogues.</p> <p>SBAB's main opportunity to reduce its climate impact lies in influencing the clients whose properties it finances, i.e., downstream in the value chain. SBAB focuses primarily on supporting clients in increasing the energy efficiency of their buildings and choosing energy sources with the lowest impact from a climate perspective. The single most important action SBAB can take to reduce emissions is to create incentives, conditions, requirements, and communication that help customers make the transition.</p> <p>Since 2018, SBAB has provided green mortgages to customers who live in houses or multi-family dwellings that have a valid energy performance certificate with energy class A, B or C. In addition, the Kilowatt Calculation and the</p>

<p>SBAB's sustainability strategy is governed by several regulations, including the <i>State Ownership Policy and principles for state-owned enterprises</i>. Several international frameworks and commitments also govern SBAB's sustainability strategy, including:</p> <ul style="list-style-type: none"> • The UN Global Compact • The UNEP FI Principles for Responsible Banking • The Agenda 2030 for Sustainable Development • The UN Guiding Principles on Business and Human Rights • The OECD Guidelines for Multinational Enterprises <p>In addition, SBAB joined the UNEP FI Net-Zero Banking Alliance (NZBA) in late 2024 and aims to actively contribute to the Alliance's collective effort to accelerate the transition to a low-carbon economy.</p> <p>SBAB has been a member of the Partnership for Carbon Accounting Financials (PCAF) since 2021 and, in line with this commitment, measures its financed emissions from lending and investments using PCAF's global standard for carbon accounting.</p> <p>SBAB's reporting pursuant to the ESRS replaces the previous voluntary reporting of climate-related risks pursuant to the Task Force on Climate-related Financial Disclosures (TCFD). This is because the ESRS are aligned with the recommendations from the TCFD, which was</p>	<p>SBAB has four public sustainability-related SMART targets, one pertaining to climate change, two to SBAB's own workforce, and one to workers in the value chain. Additionally, SBAB has other types of targets, internal monitoring, and actions regarding its other material sustainability areas – with the exception of biodiversity and ecosystems (ESRS E4) as well as resource use and circular economy (ESRS E5), as these areas are new to SBAB. However, SBAB has identified these topics as areas where it needs to deepen its knowledge, collect relevant data, and eventually take action.</p> <p>Regarding climate change, SBAB revised its target in 2024. The new target is to achieve a 50% reduction in emissions from lending to the existing property portfolio (not including building credits) by 2030 compared with the base year 2022. It is based on the Science Based Target initiative's (SBTi) science-based methodology and follows the new decarbonisation pathway for the CRREM (version 2) to meet the 1.5°C goal. 100% of SBAB's lending secured by immovable real estate is covered by the target, corresponding to 44% percent of SBAB's total emissions. SBAB also plans to adopt a transition plan in 2025.</p> <p>Regarding SBAB's own workforce, SBAB has two SMART targets. Firstly, SBAB targets an average score of at least 4 for its Engagement Index, on a scale of 1-5. The outcome for 2024 was 4.2. Secondly, SBAB has a target of 50% +/-5% proportion of management positions held by women. The outcome for 2024 was 52.3%.</p>	<p>Kilowatt Loan, which launched in 2023 and 2024 respectively, support the transition to more energy-efficient homes and thus reduce carbon emissions. Through Business Area Corporates & Associations, SBAB provides a green investment loan and sustainability-linked loans aimed at contributing to the transition.</p> <p>The SBAB Group Green Bond Framework 2024, which was adopted in 2024 and replaced previous green bond frameworks, signifies a further step towards increasing engagement and investments in a more sustainable direction. The framework's green loan categories reference ICMA's <i>Green buildings</i>, <i>SDGs 7 Affordable and clean energy</i> and <i>11 Sustainable cities and communities</i>, and follow the eligibility criteria set out in the EU Taxonomy categories 7.1-7.7. At year-end 2024, the total amount of green bonds outstanding totaled SEK 35.4 billion and eligible green loans amounted to SEK 89.3 billion.</p> <p>SBAB also engages directly with private consumers through its marketing initiatives, which primarily focuses on informing and educating the public about housing and household finances. The aim is to empower consumers to make informed decisions that support secure household finances and enable sustainable, safe living – both today and in the future.</p> <p>Regarding workers in the value chain, initiatives and actions related to working conditions in the construction industry are monitored through the customers' project reporting and regular meetings with the customer's management.</p>
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<p>dissolved in 2023 after having fulfilled its mandate.</p>	<p>Regarding workers in the value chain, SBAB developed a target in 2024 for promoting sustainable and safe construction sites. The target aims to ensure that only pre-notified, background-checked, and authorised companies and workers are granted access to worksites, in order to promote sound working conditions at construction sites. The target was set at 25% for 2024 and 80% for 2025. The outcome for 2024 was 100%.</p>	
<p>Links & references SBAB Annual Report 2024 Read more on pages 73–77, 92, 168</p>	<p>Links & references SBAB Annual Report 2024 Read more on pages 77–80, 81–82, 91–92, 99–100, 142–143, 147–148</p>	<p>Links & references SBAB Annual Report 2024 Read more on pages 82, 93–94, 147, 153</p> <p>SBAB Green Bond Report 2024 Read more on pages 4–5, 9</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Content</p> <p>As a part of SBAB's materiality assessment performed in 2023, a stakeholder dialogue captured the stakeholder's perspectives through workshops, interviews and surveys. This included retail and corporate customers, investors, business partners, employees, and our owner (the Swedish state).</p> <p>In addition, SBAB also proactively engages with the above-mentioned as well as other stakeholders. Through its daily operations, SBAB maintains regular contact with customers, including individuals, tenant-owner associations, and corporations. Customers' needs and interests are a central part of SBAB's business strategy.</p> <p>SBAB engages with its workforce through, for example, a bi-annual Pulse Survey which explores the employees' perception of the workplace. Each survey's results and responses are analysed to identify areas for improvement.</p> <p>As regards the construction industry, SBAB cooperates with other major banks to utilise their joint influence in developing a common set of requirements for borrowers. Dialogues are also being conducted between banks and</p>	<p>Content</p> <p>Implementation of the Principles for Responsible Banking is integrated with existing governance structures. Through SBAB's Sustainability Policy, the Board determined the internal governance for SBAB's sustainability work. The Sustainability Policy states that the Board is responsible for overseeing SBAB's impacts, risks and opportunities. It also states that the Board is to determine strategies, goals and policies for material sustainability matters and to regularly evaluate SBAB's sustainability work and determine material sustainability areas.</p> <p>The Board has established several committees with tasks related to SBAB's material impacts, risks and opportunities as stipulated by the Board's formal work plan.</p> <ul style="list-style-type: none"> • The Credit Committee's task includes ensuring that SBAB's methods for evaluating credit risk in lending operations takes into account relevant sustainability risk and continuously following up the impact of sustainability risks on credit risk. • The Risk and Capital Committee's task includes continuously following up on sustainability risks linked to matters of capital and financing. • The Remuneration Committee's task includes following up on diversity and gender equality in operations. 	<p>Content</p> <p>SBAB's Sustainability Report 2024, prepared in accordance with the European Sustainability Reporting Standards (ESRS), and SBAB's Green Bond Report 2024, form the basis for SBAB's Responsible Banking Progress Statement. Both reports have been subject to limited assurance reviews by the company's auditors.</p>

<p>industry organisations for property and construction companies.</p>	<ul style="list-style-type: none"> • The Audit and Compliance Committee's task includes monitoring and reviewing the sustainability report, handling matters related to sustainability risks and monitoring the effectiveness of SBAB's internal controls related to sustainability reporting. <p>The CEO of SBAB is to ensure that decisions are made about priorities and strategic direction for sustainability at SBAB in accordance with the Board's decided business strategies. Executive Management is to support the CEO in performing the operational work pertaining to SBAB's material sustainability areas.</p> <p>SBAB has no sustainability-related (or other) incentive programmes for the Board, CEO, Executive Management or employees, as stipulated by the guidelines for state-owned companies.</p> <p>SBAB has annual mandatory training courses for all employees, including one on sustainability specifically designed for the financial industry, as well as one course named <i>Regulations and our responsible approach and SBAB's Corporate Culture</i>.</p>	
<p>Links & references SBAB Annual Report 2024 Read more on pages 82, 141–142, 147, 150–155</p>	<p>Links & references SBAB Annual Report 2024 Read more on pages 83–85</p>	<p>Links & references SBAB Annual Report 2024 Read more on pages 261–262</p> <p>SBAB Green Bond Report 2024 Read more on page 13</p>