

# Swedbank Assigned ESG Evaluation Score Of 75; Preparedness Adequate

STOCKHOLM, June 2, 2021 /PRNewswire/ -- S&P Global Ratings has assigned [Swedbank AB](#) an ESG Evaluation score of 75 (out of 100; see "[Swedbank AB: ESG Evaluation](#)" published today). The company's ESG Evaluation score is the result of an ESG profile of 72, combined with an adequate (+3) preparedness. Higher numbers indicate stronger sustainability in our evaluations.

Headquartered in Stockholm, Swedbank is among the leading Nordic banks, with around €250 billion of assets. It provides a wide range of financial services to retail, midsize, and large corporate customers, with leading market positions in Sweden and the Baltic countries.

Our ESG Evaluation of 75 is supported by Swedbank's established environmental, social, and governance (ESG) integration along its value chain, but is constrained by past governance deficiencies. These were brought to light by the 2019 money laundering controversy.

Swedbank's asset management arm, Robur, was among the first to integrate ESG, with a particular focus on climate-related issues. The implementation of an advanced responsible investment framework has enabled Robur to reduce the carbon footprint of its portfolios and should support its commitment to align its investments with a 1.5 degrees Celsius climate scenario by 2025. Although the bank's ESG integration in terms of its lending activities is less developed, in our view, it is on track to roll out additional sector-specific ESG guidance, including on mortgages, which should facilitate systematic implementation and monitoring.

Relative to the global industry average, Swedbank benefits from higher social standards in Sweden. On the other hand, like other large banks, it faces challenges regarding customer satisfaction, partly after the material reputational damage caused by the severity of its 2019 money laundering case. Indeed, Swedbank is still strengthening its risk culture and governance following the controversy. Although its new board and executive management have invested heavily to be among the leaders in combating financial crime, we believe these measures will take time to permeate across the entire organization.

Swedbank's robust preparedness reflects its excellent awareness of potential long-term disruptions, including digitalization and climate change, balanced by the short track record of its board.

## What Is An ESG Evaluation?

S&P Global Ratings' ESG evaluation is a cross-sector, relative analysis of an entity's capacity to continue to operate successfully. It is grounded in how ESG factors could affect stakeholders, potentially leading to a material direct or indirect financial impact on the entity.

Our definition of stakeholders for a particular entity goes beyond shareholders to include employees, the local community, government, regulators, customers, lenders, borrowers, policyholders, voters, members, and suppliers. A high ESG evaluation score indicates an entity is relatively less prone to experiencing material ESG-related events, and is relatively better positioned to capitalize on ESG-related growth opportunities than

entities with lower ESG evaluation scores.

First, we establish an ESG profile for a given entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, and how the entity is mitigating these risks and capitalizing on these opportunities.

Second, we assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions.

S&P Global Ratings currently evaluates over 70 entities across the globe; they have an average score of 67. Since the first ESG evaluation, published in June 2019, we have finalized ESG Evaluations across 21 sectors globally. By region, the highest average score is 72, for companies headquartered in Europe.

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