



## Sustainability Report 2011

**SBAB BANK**

# Contents

- 3 Strategy
- 5 Sustainable finances
- 8 Motivated and competent employees
- 11 Climate-smart bank
- 13 Social commitment
- 14 Responsibility, control and reporting
- 15 GRI index
- 17 Auditor's Review Report on Sustainability Report 2011

# Statement by the CEO



The success of SBAB Bank is largely dependent on the confidence of customers and society in our ability to conduct and develop our operations in a responsible and sustainable manner. This is particularly important today as we expand our operations and develop new customer offerings. Active dialogue with the company's stakeholders provides us with awareness and knowledge of their demands and expectations, which contributes to our development in the right direction toward sustainable progress.

Corporate Responsibility (CR) has been part of SBAB Bank's business plan since 2009 and thus serves as a solid platform for continued proactive and future-oriented sustainability work.

Carl-Viggo Östlund  
CEO

# Strategy

The continued success of SBAB Bank depends on the confidence of customers and society in our ability to conduct and develop our operations in a sustainable and responsible manner. This is particularly important as SBAB Bank now expands its operations and develops new product offerings.

## CR for SBAB Bank

For SBAB Bank, CR entails integrating economic, social and environmental responsibility into its operations.

Economy	Social responsibility	Environment
Stable finances	Ethics	Bank without an office network
Sustainable investment	Leadership and competency development	Recycle and reuse
Return requirement	Healthy workplace	Virtual meetings
Responsible granting of loans	Equality and diversity	Climate-adjusted workplace
Counteracting financial crime	Social commitment	Climate reporting and action plan
Satisfied customers		

## CR strategy

To contribute to sustainable social development, it is important that SBAB Bank pursues sound business operations, with minimal environmental impact.

Sound business operations entail an ethically responsible approach in all areas of operation combined with sustainable financial development. By engaging in an active dialogue with its stakeholders, the bank becomes aware of and understands their expectations, which contributes to the company developing in the right direction and toward sustainable progress.

SBAB Bank's aim is to fulfil stakeholders' wishes, expectations and requirements whenever reasonable.



## Performance in 2011

- Active communication with employees regarding the bank's environmental goals and climate action plan.
- Completion of CR week with a focus on ethics and the environment.
- Substantial increase in the use of video-conferencing equipment.
- Completion of gap analysis for certification according to ISO 14001.

## Focus for 2012-2013

- Continuing programmes to achieve the established environmental goals via the climate action plan.
- Continuing efforts aimed at communication, information and training in CR internally and externally.
- Development of a strategy for social commitment.
- Development of sustainable products and services.
- Inventory of environmental documentation as the basis for decision regarding ISO14001 certification.

## Stakeholder dialogue

By engaging in a dialogue with stakeholders, SBAB Bank is able to make the right priorities when establishing its CR strategy. SBAB Bank's priority stakeholders are its customers, investors and employees.

### Straightforward and customer driven

Long-term customer relations are achieved by ensuring accessibility and exceeding customer expectations in terms of good service. It is also important that products and services are clear, straightforward and competitive. SBAB Bank monitors various confidence surveys conducted in the market. By engaging in an active dialogue with its customers, SBAB Bank aims to maintain a top ranking in these surveys.

### A sustainable investment

SBAB Bank's relations with its investors are based on their confidence in the bank's employees, operations and sustainable financial development. Close contact with the market ensures that SBAB Bank is aware of the demands and requirements that investors impose on the company. Extensive surveys are also conducted on behalf of investors regarding SBAB Bank's sustainability efforts – surveys that have become increasingly relevant as more investors integrate sustainability into their analyses and investment decisions.



### Motivated and competent employees

Motivated and competent employees contribute to SBAB Bank's success. An active dialogue between the bank's managers and employees is vital. Attracting and developing the right skills to build a new bank will be a challenge in the coming years.

### Climate-smart bank

SBAB Bank's business model is climate smart since banking business is mainly conducted via the Internet and telephone. By implementing new, innovative IT solutions, the climate impact of the operations can be further reduced. A climate action plan has been established to achieve the climate goal of reducing SBAB Bank's CO<sub>2</sub> emissions by 5% annually from 2011 to 2014.

### Channels for stakeholder dialogue

**Customers:** Customer surveys, user tests, brand analyses, customer meetings, question forum at sbab.se, Annual General Meeting, Sustainability Report, CR at sbab.se, information from SBAB's financial secretariat (sbab.se, twitter, blogs), social media.

**Employees:** HR surveys, intranet, leadership days, business plan, CR week, Sustainability Report, CR at sbab.se, cr@sbab.se.

**Investors:** CR surveys among investors, investor presentations, rating company analyses, personal contacts, Annual General Meeting, Sustainability Report, CR at sbab.se, cr@sbab.se.

# Sustainable finances

To contribute to sustainable social development, SBAB Bank must pursue sound business operations that enable positive financial development. Establishing a new bank offers opportunities – based on responsibility and quality – to present challenges in areas other than property funding. SBAB Bank is to have a clear, straightforward and attractively priced offering.

## Stable finances

By supplying the retail market and corporates with residential mortgage funding and attractive savings alternatives, SBAB Bank fills an important function in society. SBAB Bank is to conduct a profitable and sustainable business based on customer requirements. Success in this effort requires that the company pursue operations in a responsible and cost-effective manner.

In recent years, the financial crisis and recession have affected major parts of society. In view of this, it is important to show customers and society that the bank can be relied on – not only in good times, but

also when market conditions are more challenging.

By maintaining stable finances and favourable liquidity, SBAB Bank has been able to continue satisfying customer funding requirements. SBAB Bank's stable funding situation during the year also demonstrates that customers and society have confidence in the bank and feel secure in the SBAB Bank brand.

## Investors

SBAB Bank's relations with its investors are based on the investors' confidence in the bank's employees, operations and sustainable financial development. Close contact with the market ensures that SBAB Bank is aware of investors' wishes and their demands on the company. Each year, SBAB Bank meets with the rating agencies Standard & Poor's and Moody's. These meetings involve a highly transparent review of SBAB Bank and its operations. These reviews form the basis for the official rating that the agencies subsequently assign the company. Extensive surveys of SBAB Bank's sustainability programmes are also

## Financial key figures

Key figures	2011	2010	2009
Expenditure/Income ratio, excl. loan losses, %	60	42	29
Loan loss rate, %	0.00	0.02	0.06
Return on equity, %	4.2	7.5	13.8
Capital adequacy ratio, % <sup>1)</sup>	10.7	10.2	9.2

<sup>1)</sup> With transitional regulations.

## A sustainable investment

Oekom is a company commissioned by asset managers to conduct corporate sustainability analyses. In the past, this was mainly related to equity investments. However, in recent years, investor interest has also turned to the debt capital markets. This increased interest is primarily due to the widespread belief that sustainability factors influence a company's profitability.

Rolf Haessler, Head of Corporate Communications at Oekom, notes, "The value for rated companies is twofold. A high rating has a positive impact on the company's reputation, thereby providing access to growing socially responsible investment (SRI) capital. However, a low rating is also of value to the company, since it provides the company with assistance in identifying strengths and weaknesses in its sustainability programmes. SBAB Bank is one of the few companies in its industry to have gained the Oekom Prime rating."

The basis for Oekom's assessment of SBAB Bank is the generally favourable transparency in the bank's sustainability reporting. A clear description of the company's relationship with its employees, including the officially published diversity and equality policy, is noted as a key feature of the assessment. Moreover, the manner in which SBAB Bank has elected to report environmental key figures, as well as its membership in the Global Compact, has contributed to a high rating. However, Oekom believes that the industry – including SBAB Bank – needs to more clearly define how environmental aspects are integrated into deposit and lending operations, as well as in respect of responsibility for customers and products.

conducted on behalf of investors by independent rating companies. A good result in these surveys is becoming increasingly important as a growing number of investors integrate sustainability into their corporate analyses and investment decisions.

### Return requirement

SBAB Bank's return requirement, as set by the owner, is a return on equity corresponding to the yield on five-year government bonds plus 5 percentage points after tax and over a business cycle. SBAB Bank did not attain the owner's return requirement for 2011. The owner's dividend policy is that one third of net profit after tax be distributed to the owner. In view of the regulations governing continuing application of the transitional rules for capital requirements in 2012 and the forthcoming new capital adequacy requirements, the Board proposes that the profit for 2011 be carried forward and that no dividend be paid.

### Responsible granting of loans

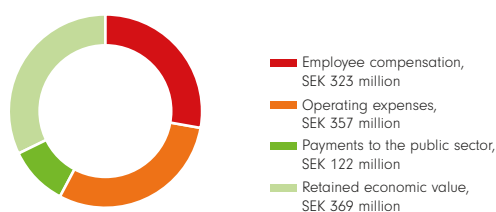
SBAB Bank seeks to create long-term, trustful customer relations. This requires the bank to assume responsibility by ensuring that customers have the financial capacity required to meet their undertakings. Consequently, each SBAB Bank customer is subjected to a rigorous credit evaluation to assess whether he/she has the financial capacity for a loan to be granted. The customer's payment capacity is first assessed and subsequently the collateral available. Loans are not granted in the event of insufficient income or repayment capacity. Using a residence as collateral, a customer may borrow up to a maximum of 85% of its value. The repayment of a residential mortgage contributes to sound household finances. Accordingly, it was decided during the year that a repayment requirement would be imposed on loan amounts exceeding 75% of the value of the residence.

### Counteracting financial crime

SBAB Bank works actively to prevent the company from being used for criminal activities. The bank complies with applicable legislation and regulations, and conducts company-wide risk assessments at least once annually. These actions are designed to identify risks and thus enable the bank to take actions that prevent its operations from being used for money laundering, financing of terrorism or other criminal activities. The key factor is a high level of insight, including understanding the customer's business and transactions with SBAB Bank. Clearly defined operations,

### Direct economic value generated, pursuant to GRI (indicator EC1)

Income in 2011: SEK 1,171 million



## Credit evaluation model for retail mortgages

### 1. Repayment capacity:

The bank stress tests the customer's repayment capacity using a computed rate of interest, which takes into account such factors as forecast interest-rate development and includes a buffer in the event of unexpected increases in interest rates.

### 2. Calculation of residual disposable income:

The bank reviews the customer's financial status to estimate the residual disposable income. Among other factors, the calculation is based on information from the Swedish Consumer Agency's assessments of household costs and operating expenses for real estate.

### 3. Collateral:

Collateral for a residential mortgage becomes relevant only after the customer's financial position passes the bank's credit evaluation. The valuation is conducted using SBAB Bank's approved valuation models. Using a residence as collateral, a customer may borrow up to a maximum of 85% of its value.

detailed procedures and continuous controls further contribute to reducing the risk of SBAB Bank being exploited for criminal or other undesirable operations.

### Satisfied customers

Long-term customer relations are achieved by providing high accessibility and exceeding customer expectations in terms of good service. It is also important that products and services are clear, straightforward and competitive. By means of an active dialogue with the company's customers – using customer surveys and user tests, for example – SBAB Bank is able to consistently improve its services and products on the basis of customer requirements and wishes.

SBAB Bank monitors various confidence surveys conducted in the market, in which it seeks to attain a top ranking. In the 2011 survey by the Swedish Quality Index (SKI), SBAB Bank retained its top position as the residential mortgage company with the most satisfied institutional customers, meaning tenant-owner associations, private property owners and property companies. SBAB Bank also has a strong position in the retail market, where it was ranked among the top three major players in the residential mortgage market. Customer relations are also influenced by SBAB Bank's reputation and customer confidence.

Accordingly, SBAB Bank decided to monitor the Reputation Barometer Survey conducted annually by Nordic Brand Academy (NBA). SBAB Bank's goal is to be ranked among the top two finance companies in the 2012 survey. The average for finance companies in 2011 was 59.8 (56.4), while SBAB Bank scored 63.5 (64.3).

SBAB Bank's analysts at the Financial Secretariat communicate continuously through such channels as twitter, blogs and sbab.se analyses. The areas covered include economic conditions, interest-rate developments, residential market trends and how bank customers select interest periods, along with statistics from estate agents and so forth. The bank thus contributes to improving its customers' and the public's understanding of how interest rates and the residential mortgage market can impact personal finances in various ways.

#### Key figures – results from confidence surveys

Key figures	2011	2010	2009
SKI Retail market	69.8	71.7	71.8
SKI Institutional market	71.1	73.3	71.1
Reputation Barometer Survey <sup>1)</sup>	63.5	64.3	67.6

<sup>1)</sup> CR goal in the business plan

## SBAB Bank's role in the reorganisation of rental apartments into tenant-owned apartments

Reorganising a property and creating a functioning tenant-owner association is a complex and often lengthy process. For most people involved, this is the first time they apply for a major bank loan and, perhaps, the first time they become involved in an association. SBAB Bank is available to assist boards of tenant-owner associations and members alike, and offers relevant and comprehensible advice that contributes positively to the associations' financial and social circumstances. Each tenant-owner association has access to a customer manager, plus an analytical and valuation team. Four times annually, seminars are arranged during which the boards of tenant-owner associations can learn from SBAB Bank and from each other in terms of economy, management, maintenance and the environment, as well as commitment to and well-being in the property. By this means, SBAB Bank contributes to stable tenant-owner associations while also creating strong, long-term client relations.



# Motivated and competent employees

Motivated and competent employees are an important part of SBAB Bank's success and strengthen the brand. Attracting new employees while simultaneously developing existing competencies to build a new bank will be a challenge in the coming years. It is important that this challenge is met with continuing enthusiasm and entrepreneurialism.

## Building a bank

During 2011, the focus was on preparing the organisation for the future, which resulted in a number of organisational changes. For example, certain jobs were moved from Karlstad to Stockholm, additional employees were recruited for customer service, risk and product development activities, along with certain changes in executive management. Organisational changes resulted in higher personnel turnover in 2011 than in the preceding year.

SBAB Bank's role in the market and the challenges involved in building a new type of bank stimulate the organisation. SBAB Bank is to continue to be perceived as having a clear, straightforward and attractively priced offering.

## Ethics

SBAB Bank's Board sets a business ethics policy every year at its statutory Board meeting. This policy establishes that the bank is to be run in a manner that ensures the continued confidence of the owner, customers, business partners and society in the bank and the finance market. It is important that all employees understand and adapt the policy to their everyday operations. During the CR week in 2011, work commenced on enhancing the dialogue around the ethics policy. During 2012, efforts to clarify current internal and external guidelines will continue. SBAB Bank's ethics policy is available at [sbab.se](http://sbab.se).

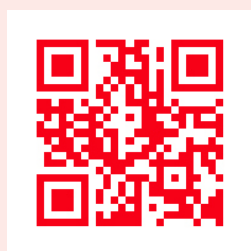
## Leadership and competency development

SBAB Bank is dependent on the confidence of all of its stakeholders. This imposes high demands on skilled leadership and competent employees. SBAB Bank is a relatively small organisation that offers opportunities for internal flexibility and mobility. This is a key feature of the bank, which also contributes to the competency development of the individual employee. Assuming new roles and accepting greater responsibility requires and builds competency. SBAB Bank's employee dialogues are based on a personal business plan linked to the bank's overall business plan. During 2011, 81% (81) of the bank's employees had an employee dialogue.

### Coaching leadership

Good leadership is a key factor for both business and employees, and SBAB Bank thus continuously develops the company's managers. During the year, training courses in coaching leadership were conducted for new managers, in addition to the leadership days, which focused on the business plan and development of the bank. Employee perception of SBAB Bank's leadership is continuously monitored through employee surveys. The latest survey gave the bank's management a generally high ranking in terms of feedback on work performance and indicated that the company is good at involving and motivating its employees.

## The best aspects of working at SBAB Bank



Listen to employee opinions in Swedish at [sbab.se](http://sbab.se) under "Jobba hos oss"





SBAB Bank continuously seeks to improve its processes, organisation and competence. During 2011, all employees worked intensively to advance the company toward a selected joint target area. The process, which was first launched in 2010, is referred to as "VU" (operational development). The focus area during the year was "simplicity." A key aim of VU is to promote commitment and participation. VU leaders are recruited from the various operations, thereby offering an opportunity to test a leadership role. The leaders receive coaching, thus adding a training feature to the programme.

#### Employee surveys

Twice yearly, SBAB Bank conducts its own internal employee survey, referred to as "Tempen." The survey is aimed at identifying areas of improvement, establishing action plans and implementing the required measures.

During 2011, SBAB Bank decided to conduct an independent and more extensive survey with the assistance of an external party. The purpose was to compare the bank's results with those of the industry and assure the quality of the results of the internal survey. The external survey showed that, overall, SBAB Bank's employees were more satisfied than the industry average. This is most evident in the areas of work satisfaction, motivation and leadership. In the area of "Overall employee satisfaction," SBAB Bank received a value of 73, compared with the industry average of 71. A survey value exceeding 70 is viewed as very high.

#### Competency development

SBAB Bank continuously conducts product training programmes. During 2011, selected employees also participated in a SwedSec licence training programme.

Courses in bank confidentiality, complaints management, security and anti-fraud training were also held. In addition, training was provided in credit regulations, business methods and IT. Two different theme weeks were arranged during the year. One week focused on health and preventive care, while the other concentrated on CR, with ethics and environmental issues as the core subjects.

#### Healthy workplace

SBAB Bank cares about the health of its employees. As part of its preventive care programme, the bank offers such benefits as subsidised medical insurance, free pharmaceuticals, a health-maintenance allowance, a health-maintenance hour and free access to a gym. SBAB's healthcare "ambassadors" work to inspire employees to participate in activities that the company offers. During the past year, a health week was arranged, featuring lectures and opportunities to test various activities. The renovation of the bank's two largest offices also resulted in a superior work environment in terms of air, lighting, sound and aesthetics.

SBAB Bank works actively to prevent long-term sickness. This is achieved through close contact with employees, managers, the company healthcare service, and the National Insurance Office. The bank also seeks to identify flexible solutions that enable employees to return to work on a part-time basis. Sickness absence at SBAB Bank was 2.5% (2.5) during the year. Read more about sickness absence in Note 8 of SBAB Bank's Annual Report. It is important to be able to combine work with private life and SBAB Bank thus offers such benefits as flexible working hours and supplemented parental pay during parental leave to employees looking after children under the age of 18 months.

#### Results from external employee survey

Comparable questions	External survey 2011	Tempen Autumn 2010*	Tempen Spring 2010*
Overall employee satisfaction	73	77	75
Proud to work at SBAB Bank	80	82	82
Immediately superior manager:			
Provides clear feedback	77	75	76
Good at promoting involvement and motivating	77	75	n.a
Persistent in reaching set goals	81	85	n.a

\*Internal employee survey "Tempen," recalculated for comparison with external employee survey.

#### Key employee figures

Key figures	2011	2010	2009
Satisfied employees	73	77*	71*
Female executives at year-end, %	39	33	39
Positions at year-end,	399	382	360
of which, held by women	232	218	210
Average age, years	42	42	43
Personnel turnover, %	14	4	3
Short-term sickness absence, %	1.9	1.6	1.7
Long-term sickness absence, %	0.6	0.9	0.9
Total sickness absence, %	2.5	2.5	2.6
Use of health-maintenance allowance by all employees, %	69	65	73
Proportion of male employees, receiving parental leave allowance, %	33	16	16

\*Internal employee survey "Tempen," recalculated for comparison with external employee survey.

### Equality and diversity

SBAB Bank aims to be an equal-opportunity workplace that offers scope for diversity. A diverse work environment contributes to correct decision-making and promotes learning in the company. At SBAB Bank, all employees are to have equal rights, responsibilities and opportunities in every aspect involving the workplace, irrespective of gender, transgender identity or expression, ethnicity, religion or other beliefs, sexual orientation, functional disabilities or age. Equality and diversity must always be considered in the recruitment process. SBAB Bank regularly conducts pay reviews to ensure that no systematic or unreasonable pay differences exist. The bank's goal is to have a uniform gender distribution (50/50) among managers with HR responsibilities. At year-end, 61% (67) of managers were men.

### Incentive programme

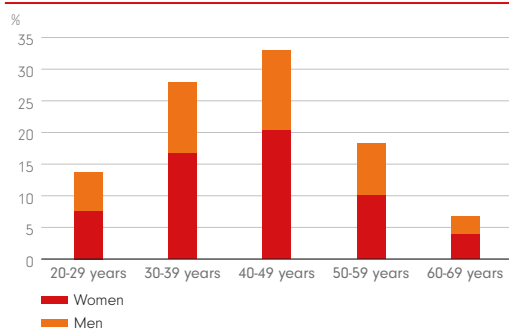
SBAB Bank's incentive programme for 2011 was based on overall company goals and the maximum outcome was set at one month's pay. The programme encompassed all employees except Executive Management. This is in line with "Guidelines for employment terms for senior executives in state-owned companies" and "Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management" (FFFS 2011:1). The overall company goals were not attained and thus no incentive payout was made for the 2011 financial year.

The Board decided in December that the incentive programme would be discontinued for all SBAB Bank employees as of the 2012 financial year.

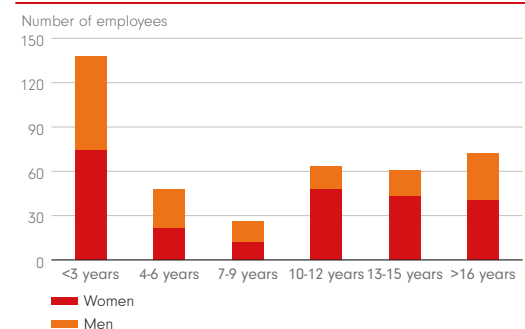
More information on this subject is available in Note 8 of SBAB Bank's Annual Report.



Breakdown by age



Employment periods



# Climate-smart bank

SBAB Bank's business model is climate smart as the bank's products and services are mainly distributed via the Internet and telephone. A climate action plan has been established to achieve the climate goal of reducing SBAB Bank's CO<sub>2</sub> emissions by 5% annually from 2011 to 2014. The climate action plan is available at [sbab.se](http://sbab.se).

## Bank without an office network

SBAB Bank distributes services and products primarily via the Internet and telephone. This eliminates the environmental impact that an office network and local sales offices would otherwise cause. SBAB Bank's IT infrastructure is contained on a number of computer servers. The servers are managed by an external operations supplier in environmentally certified server centres. The bank's energy consumption has been reduced through efficiency enhancements of IT operations.

## Recycle and reuse

SBAB Bank's aim is to reuse all types of office materials and technical equipment. One example of this is that used computers are donated to support the Stockholm City Mission charity. When material cannot be reused internally or externally, the material is sent for recycling. Dialogues with property owners are pursued on a continuous basis in an effort to find solutions to improve the sorting-at-source of household waste and materials offering no reusage potential.

Through the use of printouts carrying a personal code, reductions have been achieved in such areas as internal paper consumption, and thus paper waste.

SBAB Bank's long-term aim is to cease the use of paper-based bank documents where possible. Digital signatures and other security solutions offer new potential and development is in progress in this respect.

## Virtual meetings

Most of SBAB Bank's business travel takes the form of domestic train travel. Due to the development of the operations, 2011 was a highly intensive year in terms of meetings. During the year, SBAB Bank employees took the opportunity to make greater use of video-conferencing. Video-based meetings totalled 192 hours (55) per month over the course of 2011, an increase of 252% from the preceding year. During 2012, the capacity for video meetings will be further enhanced through the potential to hold video meetings at personal workstations.

## Climate-adjusted workplace

Most of the bank's more than 400 employees work in two properties in Stockholm and Karlstad. These premises are undergoing gradual environmental adjustments. The Stockholm property is certified in accordance with the Green Building standard, which

## Environmentally sound renovation

Between 2009 and 2011, extensive renovations were undertaken at SBAB Bank's premises in Karlstad and Stockholm. The main purpose was to optimise the available space in the premises and modernise interiors. At the same time, it was important to select materials with due consideration for the environment. By doing so, the renovation not only contributed to space-efficient and pleasant premises, but also to costs savings and reduced environmental impact.

- LED lighting saves about 75% of electricity consumption
- Carpeting designed to meet the maximum requirements in terms of environment, sound and hygiene
- White goods with the highest environmental classification
- Environmentally labelled furniture



represents high energy efficiency. SBAB Bank is pursuing a dialogue with the property owner concerning individual measurement of energy consumption. This type of solution would make it easier to measure the bank's own consumption, thereby increasing the potential to reduce climate impact.

The process of selecting and cooperating with suppliers is an important part of the bank's efforts to effectively reduce its environmental impact. The bank has concentrated its purchasing to fewer suppliers and thus made it easier to impose environmental requirements when making purchases. SBAB Bank strives to establish sustainable supplier relations and rewards proactive suppliers offering environmentally smart solutions.

In 2011, a gap analysis was performed to determine what steps need to be taken for the bank to achieve ISO 14001 certification. The analysis showed that while most of the operational requirements have been fulfilled, the bank has to develop the documentation structure needed for certification. A decision regarding ISO 14001 environmental certification will be made in 2012.

#### Climate report and action plan

SBAB Bank is to reduce its CO<sub>2</sub> emissions by 5% annually from 2011 to 2014, in relation to the size of the operations at 31 December 2010. Since it is important that the entire organisation contribute, the environmental goal is included in SBAB Bank's business plan. To achieve this goal, an environmental action plan was formulated and adopted in 2010. The actions include fewer and more environmentally smart business trips, purchasing energy-efficient equipment, minimising paper consumption, as well as dialogues with property owners regarding improvement measures in such areas as heating and cooling. The climate action plan is available at sbab.se.

Performance in 2011:

- Internal communication on the bank's environmental goal and climate action plan.
- A CR week focusing on topics such as the environment.
- Gap analysis for ISO 14001 certification.
- Substantial increase in the use of video-conferencing equipment.

Since the 2008 financial year, SBAB Bank reports its climate data in accordance with the Greenhouse Gas Protocol (GHG protocol). The climate report is a useful means of identifying actions that could effectively contribute to reducing the bank's climate impact. The climate report is updated annually and is available at sbab.se. As of 2010, SBAB Bank climate offsets the net emissions reported by the bank. Climate offsets take the shape of what are known as certified emissions reductions or CER.

#### Key environmental figures

Key figures	2011	2010 <sup>3)</sup>	2009 <sup>3)</sup>
Total emissions, tonnes CO <sub>2</sub> <sup>1)</sup>	236.8	231.3	223.9
Total business travel, tonnes CO <sub>2</sub>	102.9	101.5	98.1
Business travel, car, ten kilometres/tonnes CO <sub>2</sub>	223/27.5	211/29.4	191/30.7
Business travel, rail 2)/tonnes CO <sub>2</sub>	87%/8.7	83%/6.7	81%/6.9
Business travel, air 2)/tonnes CO <sub>2</sub>	13%/66.7	17%/65.4	19%/60.5
Paper consumption, 000s	2,595	2,975	3,195

<sup>1)</sup> CR goal in the business plan

<sup>2)</sup> Percentage of the number of business trips taken, excluding by car

<sup>3)</sup> The CO<sub>2</sub> emissions for 2010 and 2009 were recalculated for comparison with 2011 due to the implementation of a new method of calculating CO<sub>2</sub> from air travel and E85.

# Social commitment

SBAB Bank's social partnership projects and support at the local level aim to contribute to positive social development. Over the years, SBAB Bank has supported a number of different projects and organisations. Since 2009, the bank has chosen to support BRIS (Children's Rights in Society), Stockholm City Mission and the World Wildlife Foundation (WWF), based on the priorities of its employees.

## BRIS

SBAB Bank holds "gold company" member status with Children's Rights in Society (BRIS). BRIS aims to strengthen children's and young people's rights and to improve their living conditions. During the year, BRIS held presentations for the bank's employees at which BRIS described its operations and how they work to create opportunities for vulnerable children to talk to an adult outside the home.

## Stockholm City Mission

The Stockholm City Mission conducts activities geared toward homeless people and those suffering from addiction. The activities are aimed at easing the acute suffering of vulnerable individuals and providing hope and the courage to face life, as well as helping them independently take control of their lives. In addition to financial support, SBAB Bank has organised clothes collections and donated used computers in perfect working order, including equipment, which the Stockholm City Mission was able to give as a present to families of limited means who could not afford to buy a personal computer.

## WWF

SBAB Bank is a Friend of WWF and thus supports the organisation's environmental efforts, which have been conducted in more than 100 companies since 1961.

## Local commitment

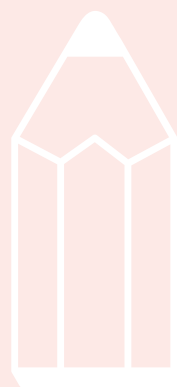
SBAB Bank's largest office in terms of number of employees is located in Karlstad, Sweden. Here, SBAB Bank is involved in a project entitled Entrepreneur 3.0. The project is headed by the Chamber of Commerce in Värmland and aims to bolster the interaction between schools and the business community. Under the project, pupils in grades seven to nine are given the opportunity to interact with various companies and thus facilitate their future transition into working life. The partnership commenced in 2009 and SBAB Bank will maintain regular contact with the class through the ninth grade.

## Other

- Support for the Japan Platform in conjunction with the earthquake in Japan.
- Support for UNICEF in conjunction with the famine disaster in the Horn of Africa.
- Participated in Earth Hour, which is organised by WWF.
- During the year, BRIS held presentations during the year for SBAB Bank employees.

## Trial employment application

During the year, the partnership with our school class, now class 9A, continued in Karlstad. SBAB Bank employees have visited the pupils at school and the pupils have had several opportunities to see SBAB Bank's office in Karlstad from the inside. During these occasions, the pupils have learned about the residential mortgage market and the various types of professions available at the bank. On one occasion, the pupils were given an exercise of writing an application including a curriculum vitae for a fictitious position at the bank. All applications were read by SBAB Bank's employees and all pupils received personal feedback, thereby contributing to their understanding and knowledge of what a company considers important information and what is valued in an employment application. The exercise is intended to contribute to increased opportunities for the pupils to secure a position after completing their studies.



# Responsibility, governance and reporting

SBAB Bank's CR strategy is integrated into the business plan and the bank reports on its sustainable development in accordance with the GRI reporting standard.

## Responsibility

The Board of Directors is ultimately responsible for ensuring that SBAB Bank conducts proactive, long-term work to achieve sustainable development. Executive Management is responsible for all performance indicators. The Communications Department is responsible for coordinating the bank's work in the area of sustainable development.

The bank has established a CR Council comprising participants from Executive Management, all business areas, staff functions and the CR Coordinator.

## Control

Since SBAB Bank considers it important that CR is integrated into all areas of operation, the bank has opted to assess, report and follow up its CR goals using the same model as that used for other goals and key data. Accordingly, CR is integrated into SBAB Bank's overall business plan. To clarify SBAB Bank's CR strategy and shared approach, a CR policy has been established and approved by the Board. Other internal CR guidelines are set by Executive Management.

Through workshops, employees have been able to participate in materiality analyses to identify the focus areas for CR work in the various units. The results are integrated into each unit's business plan and contribute to the achievement of SBAB Bank's overall CR goals.

## Reporting

SBAB Bank reports its sustainable development work on the basis of GRI, level C+. The report encompasses SBAB Bank and its wholly owned subsidiary SCBC. The operations in SCBC are conducted by employees of the Parent Company and the applicable rules and guidelines apply to both companies.

SBAB Bank reports on the specified indicators in full or in part depending on the relevance and availability of data and information.

The quality of the reporting is assured through independent auditing and confirmation. More information on sustainable development at SBAB Bank and policies is available at [sbab.se](http://sbab.se).

SBAB Bank has signed the UN Global Compact (GC) and thus supports the ten principles in respect of human rights, labour standards, the environment and anti-corruption. SBAB Bank assumes responsibility for annual reporting of the company's improvement programmes in line with the GC requirements. This is done in a report entitled "Communication on progress (COP)," which is available on the Global Compact's website at [unglobalcompact.org](http://unglobalcompact.org).



# GRI index

Indicator	Sustainability Report	Annual Report	sbab.se	Comments
<b>Profile</b>				
<b>Strategy and analysis</b>				
1.1 Statement by the CEO	2, 3			
<b>Organisational profile</b>				
2.1 Name of the organisation		Cover 3, 7		
2.2 Primary brands, products and/or services		4, 7		
2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures		7, 85		
2.4 Location of the organisation's headquarters		Cover 3, 84		
2.5 Number of countries where the organisation operates		Cover 3, 7		
2.6 Nature of ownership and legal form		7, 84		
2.7 Markets served		Cover 2, 4, 8-14		
2.8 Scale of the reporting organisation		1, 26-29		
2.9 Significant changes during the reporting period regarding size, structure or ownership		1		
2.10 Awards received in the reporting period				No awards or recognitions were received during the reporting period.
<b>Report profile</b>				
3.1 Reporting period		Cover 2		1 January 2011 to 31 December 2011.
3.2 Date of most recent previous report				31 March 2011.
3.3 Reporting cycle		Cover 2		SBAB Bank's Sustainability Report is updated annually on 31 December.
3.4 Contact point for questions regarding the report or its contents			X	
<b>Report scope and boundary</b>				
3.5 Process for defining report contents	3-14			Priority is assigned to maintaining an ethical, responsible approach in all areas of operation combined with sustainable financial development.
3.6 Boundary of the report	14			
3.7 Specific limitations	3-14			
3.8 Basis for reporting on joint ventures, subsidiaries, etc.				
3.10 Restatement of information				No revisions have been made since the 2010 report.
3.11 Significant changes from previous reporting period				Reporting was expanded to include GRI's Financial Services Sector Supplement with the indicators FS6, FS13 and FS16
3.12 GRI content index	15-16			
<b>Governance, commitments and engagement</b>				
4.1 Governance structure of the organisation	14	84-96		
4.2 Chairman's position		83-96		
4.3 Number of members of the highest governance body that are independent and/or non-executive members		84-96		
4.4 Mechanisms for shareholders and employees	4, 8-10	84-96		
4.14 Stakeholder groups engaged by the organisation	4			
4.15 Basis for identification and selection of stakeholders with whom to engage	4			

**Performance indicators**

**Economic performance indicators**

EC1	Direct economic value generated and distributed, including income, operating costs and employee compensation	6			
EC9	Understanding and describing significant indirect economic impacts	5-7			

**Environmental performance indicators<sup>1)</sup>**

EN3	Direct energy consumption by primary energy source	11-12		X	
EN4	Indirect energy consumption by primary source	11-12		X	
EN5	Energy saved due to conservation and efficiency improvements	11-12		X	
EN16	Total direct and indirect greenhouse gas emissions by weight	11-12		X	
EN17	Other relevant indirect greenhouse gas emissions by weight	11-12		X	
EN22	Total weight of waste by type and disposal method	11-12		X	

**Supplement for the financial sector**

FS6	Percentage of the portfolio for business lines by specific region, size and sector		8-12		
FS13	Access points in low-populated or economically disadvantaged areas	11	Cover 2		
FS16	Initiatives to enhance financial literacy	7			

**Labour practices and decent work performance indicators**

LA1	Total workforce	9	54		All SBAB Bank employees, except the CEO, are covered by collective bargaining agreements.  No work-related injuries were reported during the period.
LA2	Total number and rate of employee turnover	9	55		
LA4	Percentage of employees covered by collective bargaining agreements				
LA7	Rates of injury, occupational diseases, lost days and absenteeism	9	54-56		
LA10	Hours of training per year per employee		55		
LA12	Percentage of employees receiving regular performance and career development reviews	8			
LA13	Composition of governance bodies and breakdown of employees per category according to gender and age group	10	54-56, 92-95		

**Human rights performance indicators**

HR4	Total number of incidents of discrimination and actions taken				No cases of discrimination were reported during the year.
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**Society performance indicators**

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations				The organisation does not owe any significant amounts nor have any sanctions imposed on it for non-compliance with laws and regulations.
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**Product responsibility performance indicators**

PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	4, 7			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services				SBAB Bank has not been fined for non-compliance with laws and regulations concerning the provision and use of products and services.

<sup>1)</sup> A separate climate report and SBAB Bank's climate action plan are available at sbab.se under Corporate Responsibility. Remark 1. References to Cover 1-Cover 4 pertain to the cover pages 1-4 of the Annual Report. Remark 2. The indicators are reported in full or in part depending on the relevance and availability of data and information.

SBAB Bank deems that the report fulfils the reporting requirements for the C+ application level according to GRI version 3.0. PwC has audited the report and assures that it fulfils the requirements for the C+ application level.

Report Application Level	C	C+	B	B+	A	A+
<b>G3 Profile disclosures</b>	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
<b>G3 Disclosures on management approach</b>	Not required.	Report Externally Assured	Management approach disclosures for each indicator category.	Report Externally Assured	Management approach disclosures for each indicator category.	Report Externally Assured
<b>G3 Performance indicators and sector supplement performance indicators</b>	Report fully on a minimum of any ten performance indicators, including at least one from each of: social, economic and environment.	Report Externally Assured	Report fully on a minimum of any 20 performance indicators, including at least one from each of: economic, environmental, human rights, labour practices and decent work, society and product responsibility.	Report Externally Assured	Respond on each core and sector supplement* indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured

\*Branschspecifika tillägg i slutlig version



# Auditor's Review Report on Sustainability Report 2011

## To the readers of the SBAB Bank (publ) Sustainability Report

We have been engaged by the management of SBAB Bank AB (publ) to review the Sustainability Report for the year 2011.

The Board of Directors and Executive Management are responsible for the company's activities regarding the environment, health and safety, social responsibility, and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

## The focus and scope of the review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review is based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

- a. update of our knowledge and understanding of SBAB Bank's organisation and activities,
- b. assessment of the outcome of the company's stakeholder dialogue,
- c. interviews with management at Group level and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- d. examination of internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- e. evaluation of the design of systems and processes used to obtain, manage and validate sustainability information,
- f. analytical procedures of the information stated in the Sustainability Report,
- g. assessment of the company's declared application level according to the GRI guidelines,
- h. assessment of the overall impression of the Sustainability Report and its format, taking into consideration the consistency of the stated information with applicable criteria.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm 22 March 2012

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson  
Authorised Public Accountant

Fredrik Ljungdahl  
Expert Member of FAR