As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our engagement priorities based on our observation of market developments and emerging governance themes and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

Our approach to investment stewardship is grounded in an expectation that the board will oversee and advise management, influencing management’s approach to key business issues. When effective corporate governance is lacking, we believe that voting against the responsible director(s) is often the most impactful action a shareholder can take.

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

### Company

<table>
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<th>Company</th>
<th>Swedbank AB</th>
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<td>Market</td>
<td>Sweden</td>
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<td>Meeting Date</td>
<td>28th May 2020</td>
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<td>Key Resolutions¹</td>
<td>Director Discharge² (Items 10a-10j): Shareholders are asked to approve the discharge of former Ordinary Board Members Annika Poutiainen, Lars Idermark, Ulrika Francke,</td>
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¹ The full meeting resolutions and agenda can be accessed at: [https://www.swedbank.com/investor-relations/the-share/annual-general-meeting/agm-2020.html](https://www.swedbank.com/investor-relations/the-share/annual-general-meeting/agm-2020.html).

² Discharge from liability is a special feature of Swedish company law and a mandatory matter at the AGM of a Swedish company. Discharge from liability is granted unless the majority at the AGM, or a minority representing at least 10% of all shares in the company, votes against discharge. The 2020 AGM will decide whether to discharge the Board and CEO from liability for the financial year 2019. More information on discharge can be accessed here: [https://online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE30368887](https://online.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE30368887).
Item 10o: Shareholders are asked to approve Discharge of Birgitte Bonnesen as CEO until 28th March 2019

Board Recommendation
The company recommends shareholders vote FOR all management items.

BlackRock Vote
We voted AGAINST the discharge of relevant board members and the former CEO (items 10a-10j, 10o). We are holding these shareholder-elected directors accountable for the deficiencies in Swedbank's governance of its anti-money laundering measures given they served on the board over the period these issues occurred.

Overview
Swedbank AB (Swedbank) is a Swedish bank that operates through several business segments; Swedish Banking, Large Corporates and Institutions, Baltic Banking and Group Functions and Others. The company is headquartered in Stockholm, Sweden, and identifies its home markets as Sweden, Estonia, Latvia, and Lithuania.3

A high-profile money-laundering scandal came to light in February 2019. Investigations into Swedbank were launched by several authorities (the Swedish Financial Supervisory Authority (FSA), the Estonian FSA, the Swedish Economic Crime Authority and the US authorities).4 Findings of the Swedish FSA and the Estonian FSA revealed serious deficiencies in Swedbank's governance of anti-money laundering measures in its Baltic subsidiaries. The Swedish FSA issued a warning and an administrative fine of 4 billion SEK.5

Swedbank retained the law firm Clifford Chance to conduct an investigation into Swedbank’s anti-money laundering work covering transactions between 2007 and March 2019, the findings of which were presented on March 23rd, 2020 and confirmed the bank’s deficiencies.6 Swedbank noted that the Financial Supervisory Authorities’ conclusions substantially correspond with the bank’s own.7 The timing and outcome of the other investigations is unclear.8

Since the 2019 AGM, there has been significant turnover at the Board and Management level with a new Chairman and CEO in place.

During our engagement with the Board and Senior Management, including the new Chairman, we discussed a range of topics, including business oversight and risk management, corporate strategy and succession planning. In particular, we sought to further understand how the company was cooperating with the regulatory

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3 Please see https://www.swedbank.com/about-swedbank/organisation.html.
investigations and what measures were being taken to restore trust and strengthen processes, procedures and culture.9

**Rationale for BlackRock vote**

**Items 10a-j, 10o: Approve Discharge of Ordinary Board Members and CEO (AGAINST)**

Given the findings of the Swedish and Estonian FSA investigations and Swedbank’s own internal investigations confirming governance and risk oversight failures related to money-laundering, and the levy of a 4 billion SEK fine, we are voting against the discharge of relevant board members and the former CEO. In doing so, we are holding those individuals accountable for the deficiencies in Swedbank’s governance of its anti-money laundering measures given they served on the board over the period these issues occurred.

The new leadership has initiated a number of actions to strengthen its governance, culture and controls, and work is ongoing. We will continue to engage with the company and monitor developments.

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