

Sustainability Report

Extract from Handelsbanken's Annual Report

2013

Introduction

Sustainability Report

This is an extract from Handelsbanken's Annual Report 2013 where the formal Sustainability Report is included. The extract also includes the Group Chief Executive's comments, which are the same for the Annual Report and the Sustainability Report.

Handelsbanken's Sustainability Report for 2013 has been examined by the Bank's external auditors, as stated in the Auditor's Report.

Local, digital and long-term

- Operating profit for 2013 was SEK 18.1 billion. Earnings per share were SEK 22.52.
- Handelsbanken's return on equity for total operations was 13.9 per cent.
- The C/I ratio - our expenses divided by our income - was 47.0 per cent.
- The capital base was SEK 106 billion and the capital ratio according to Basel II was 21.6 per cent.
- For many years, Handelsbanken's equity, including dividends paid and share repurchases, has grown by an average of 15 per cent per year.
- There has not been a single quarter during the past eight years when return on equity - after loan losses and tax - has fallen below 12 per cent.
- We have more satisfied customers - both private and corporate - than the average for the sector on all our home markets. On several of them we have the most satisfied customers of all.

A LONG-TERM APPROACH AND GROWTH

Handelsbanken started its operations in 1871, and since then - for 142 years - has grown branch by branch, customer by customer. We work without budgets, central sales targets, or broad, traditional marketing. Instead, we apply a highly decentralised working model, where each branch has a high degree of autonomy on its local market. Consequently, it is our branch managers who take the majority of important business decisions in the Bank. Other units at Handelsbanken are organised to support the branches' business in various ways.

We grow primarily by opening branches in locations where we currently have no presence. A newly opened branch needs 1-2 years before it shows positive cash flow. After this, the branch's income usually grows much more rapidly than its expenses. In exceptional circumstances, we supplement this organic growth model by acquiring small, well-run players - if they fit in with our business model and corporate culture.

A long-term approach is characteristic of the Bank as a whole - in everything from our commitment and how we build up and nurture our customer relationships to our view of our staff. And it applies particularly to our idea of how we aim to run our Bank.

This long-term approach is the basis of our ownership structure: the Bank's largest shareholders have long been the investment company Industrivärden - founded by Handelsbanken in 1944 - and the Bank's employees, via the Oktogonen staff foundation. Stable, long-term owners make a stable, long-term Bank.

For a long time, Handelsbanken has created value for its shareholders. For many years, Handelsbanken's equity, including dividends paid, has grown by an average of 15 per cent per year. We have not asked our shareholders for new capital, nor have we accepted state support.

SATISFIED CUSTOMERS IN A RESPECTED BANK

At Handelsbanken we are convinced that sustainable long-term growth and shareholder value can only be achieved if we create long-term value for the Bank's customers at the same time.

In 2013, Handelsbanken again had the most satisfied customers of the four major banks in Sweden, according to the SKI/EPFI independent research institute. The results also show that the gap compared to the other major banks has widened. Handelsbanken also achieved top positions in our home markets in the Nordic countries, the UK and the Netherlands, among both private and corporate customers.

For 2013, Handelsbanken was acclaimed Bank of the Year by the Swedish business magazine *Privata Affärer*, the third time in five years that we had won the award. The UK magazine *The Banker* also named us Bank of the Year for 2013.

Every year, the TNS-Sifo research company measures the reputation that various companies have among the Swedish public. For 2013, Handelsbanken was one of the ten companies in Sweden with the best reputation, regardless of the sector.

THE REALLY LARGE CORPORATES' BANK - AS WELL

In the past year, Handelsbanken has reinforced its position as the really large corporates' bank. For the third year running we were named Swedish Business Bank of the Year by *Finansbarometern*, an award based on opinions from senior corporate managers. The participants also named their company's main bank. In the category for the very largest companies, over 30 per cent of respondents named Handelsbanken.

These customers appreciate our high availability - particularly the fact that the person you talk to at the branch also has a mandate to take decisions at the Bank. The fact that we are Scandinavia's most international bank, with branches and offices in 24 countries globally, provides another form of availability: we are already present where our corporate customers have - or wish to start - their operations.

For medium-sized and owner-managed companies, Handelsbanken has long been the leading bank in Sweden.

Another parameter is our financial strength. Bloomberg ranks us as one of the world's ten strongest banks - and the strongest in Europe - meaning that we never have to say no to business that we and our corporate customers wish to do.

GOOD PROFITABILITY LEADS TO GOOD TERMS

This financial strength has meant that the Bank has always had good access to its funding sources, even when the financial markets have been closed to most players.

An important reason for this is Handelsbanken's profitability - our ability to generate strong long-term value growth, regardless of the economic situation. For many decades, Handelsbanken has reported higher profitability than the average of peer banks in our home markets. This profitability has been utilised for growth and has enabled us to show a stable balance sheet over the long term. Solid finances provide the Bank not only with good access to the market, but also with one of the absolute lowest funding costs on the market.

To increase the financial system's resistance in our home markets, politicians and supervisory authorities have drawn up new regulations which are coming into force in stages from early 2014, to be fully implemented by 2018, according to current timetables.

LONG TRADITION OF SUSTAINABILITY

Being financially stable is not just a business benefit for our customers and ourselves, it is also a way of assuming responsibility in the society where we operate. We grow at the rate our customers grow; we build for the long term, with low risk tolerance so that we avoid exposing society to unnecessary strain, in the form of government support measures, for example.

Sustainability and corporate social responsibility (CSR) are also deeply rooted in Handelsbanken's culture and working method. In addition to our internal steering documents and guidelines that govern Handelsbanken's actions, the Bank is also a member of the voluntary initiatives Global Compact and Principles of Responsible Investment (PRI), both UN initiatives directed at companies. Handelsbanken continues to support these initiatives which are in keeping with the values and principles already applying at Handelsbanken.

LOCAL AND DIGITAL

Today, customers can manage almost all their personal finances via one of Handelsbanken's digital platforms. Customers can make decisions based on information obtained from a few clicks on their screen, and can then, for example, buy a mutual fund portfolio.

But people want to meet people, which is particularly true when it comes to taking a major financial decision. People want to discuss things and listen to what someone has to say – preferably someone who lives in the same town and knows the local conditions – everything from house prices to infrastructure for local companies. Someone who is familiar with things, and who can explain so you understand.

The Bank's very low external staff turnover results in employees with long experience of the Bank and the local business environment. This builds local relations and contributes to customer meetings based on trust.

Remarkably often, customers visit our branches due to a trivial, spontaneous need, on the spot – a simple transaction, which the customer might normally do digitally, but this time chose to do at the branch. Thus we now let these two worlds meet at the branch, to an increasing extent. The customer and our employee log on to the customer's online banking service, and the business is completed in the customer's own digital environment. This need to sometimes meet face-to-face, despite all the technical solutions, will surely change – but never disappear. So Handelsbanken will continue to develop its services both digitally and locally.

OUR HOME MARKETS

Today, Handelsbanken has six home markets: Sweden, Norway, the UK, Denmark, Finland and the Netherlands. On these markets we strive to be a full-service bank with a nationwide branch network.

Sweden

Handelsbanken in Sweden has grown on a market with relatively weak demand. In 2013, our savings business grew, both the volume of household deposits as well as our market share of mutual funds savings. Our credit volumes are also increasing.

Norway

During our 25 years in Norway we have grown steadily, and today Handelsbanken is one of the country's three largest banks. In 2013, we again saw growth, with volumes increasing on both the corporate and private market.

UK

In 2013 we maintained our expansion in the UK. We opened 28 branches, and to ensure that new and existing branches continue to receive strong support, a new regional bank was also established – the fourth in the UK. Handelsbanken's business volumes in the UK continued to grow, with mortgage loans and deposits showing a particularly strong performance.

Denmark

The Danish banking market had another difficult year, with demand being weak. In 2013, Handelsbanken again had the most satisfied customers

on this market, on both the corporate and the private side. We have also won the confidence of many good new customers, and have increased our credit volumes on the corporate and private market alike.

Finland

In Finland, several banks were reorganised during the year, with branches being closed. Handelsbanken, on the other hand, plans to establish one or more new branches. Despite the weakness of the Finnish economy, Handelsbanken's income has grown. Volumes for private lending have grown more rapidly than for the market as a whole.

Netherlands

In our newest home market, we continued to grow; during the year, five new branches were opened, and we are now present in 18 locations, well spread across the country. In addition, during the year, SKI/EPSI conducted an independent survey of customer satisfaction with banks in the Netherlands. Here, too, Handelsbanken was the bank with the most satisfied customers – and in the Netherlands the gap between us and our competitors is wider than on any other of our home markets.

WE'VE BECOME A LITTLE BETTER

We have good reason to feel confident in our Bank and how we run it. But our pride in what we have achieved so far will never diminish our efforts to constantly become better. Our savings business is a case in point. In recent years, major efforts have been made in this area, and in 2013 they yielded clear results.

For the fourth year running, our fund management company had by far the highest net inflow. At the same time, the Bank's mutual funds have become established among the top ratings of the Morningstar research company. Our private banking service has again been acclaimed best on the market. In Norway we have substantially advanced our position in discretionary management, and in the UK the acquisition of Heartwood was completed during the year so we can now offer UK customers very advanced wealth management solutions. And these are just a few examples.

The work of further improving our offering in the savings area will continue.

MORE CHALLENGES

Another constant challenge is to continuously adapt our Bank to our customers' new requirements for where, when and how they wish to do their business with us, without compromising on what characterises Handelsbanken – the aspects of simplicity, personal service and local presence.

We must simply continue to be Handelsbanken – only slightly more, slightly better than in the past, and constantly in step with new customer behaviour and business logic.

To achieve this, we must naturally also work with ourselves. Our focus on developing our staff will continue. Our gender equality work has been acclaimed with prestigious awards, but there is still a great deal to do, particularly in our employees' day-to-day work situations.

We will also broaden our recruitment base, not only to take in new skills to meet new types of challenge, but also in terms of diversity, so that we become a Bank that even better reflects the society in which we work.

FINALLY

Summing up the past year, Handelsbanken continued to grow, with increasing income and the most satisfied customers. Looking back on 2013, it is clear that the Bank's healthy profit is the result of hard work by all our employees, and therefore I would like to extend my sincere thanks to them.

I would also like to take this opportunity to thank all our customers for your confidence in us.

Pär Boman
Stockholm, February 2014

Sustainability Report

Handelsbanken has gathered information about the Bank's sustainability work in this sustainability report, in accordance with guidelines from the Global Reporting Initiative, GRI. For many years, the Bank has reported relationships with our main stakeholders - customers, employees, investors and the community at large - and also how the Bank's operations have affected the environment.

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ABOUT THIS REPORT

This section describes how Handelsbanken works with its most important sustainability issues, in relation to its main stakeholders. This is Handelsbanken's fourth sustainability report prepared in accordance with Global Reporting Initiatives (GRI) 3.0 guidelines for reporting and covers activities and results for the 2013 calendar year. The information refers to the Group unless otherwise stated. Handelsbanken's reporting meets level C+, which has also been confirmed by the Bank's external auditors. See the combined assurance report on page 203.

There is a comprehensive index according to GRI principles on pages 201–202.

The report constitutes Handelsbanken's Communication on Progress for the UN Global Compact.

Additional information regarding Handelsbanken's sustainability activities is presented in an expanded GRI supplement, published on Handelsbanken's website.

Sustainability at Handelsbanken

Handelsbanken's business opportunities and successes depend upon the confidence that customers, investors, the general public and public authorities have in us and our employees. A condition for this confidence is that the Bank's operations are subject to high ethical standards and responsible actions, and that employees of the Bank conduct themselves in a manner that upholds confidence.

Handelsbanken is a bank that is stable over the long term – a bank which, regardless of the situation in the world around us, is there for our customers.

Handelsbanken has six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands. Handelsbanken has a nationwide branch network in these countries, organised into one or more regional banks in each country. The Bank is also opening new offices in other markets, to support the Bank's customers in the home markets with their international business.

Handelsbanken has a strong local presence in its home markets. Handelsbanken's high cost-effectiveness allows the Bank to retain a local presence and thus continue to fulfil an important function in local communities, including places where other banks have closed their local branches.

The Bank has an organic growth model that has proved successful in an increasing number of locations and an increasing number of countries. Our growth model creates high availability and satisfied customers, and means that the Bank can achieve growth, coupled with low risk and good cost control. This, together with the Bank's cautious view of risk and its tradition of prudent financial reserves, makes it a stable, responsible Bank over the long term.

HOW WE WORK WITH SUSTAINABILITY

Handelsbanken's corporate goal is to have better profitability than the average of peer banks in our home markets. In addition, Handelsbanken aims to act as a responsible institution in society.

It is therefore logical for the Bank to work with sustainability issues, which entail a voluntary responsibility for how the Bank's operations affect the community from an economic, social, ethical and environmental perspective. For Handelsbanken, sustainability also means being an attractive employer and a stable market player that makes a positive contribution to the community and its development.

SERVICES FOR THE PUBLIC GOOD

By delivering financial services, Handelsbanken, together with other players in the financial sector, comprises an important component in the basic infrastructure of society.

A bank's fundamental tasks are, on the one hand, to manage the money of those who wish to postpone their spending and save their money, and on the other to lend money to companies and house-

holds that wish to spend and invest today. Together, banks must also maintain an efficient, functioning payment system, as well as managing risk.

OUR ANALYSIS OF THE IMPACT OF OUR OPERATIONS

Taking responsibility is a vital element of a successful, sustainable banking operation. Handelsbanken must meet its customers' needs for financial products and services in a responsible manner, and provide its shareholders with a good return. The Bank also takes a social responsibility, acts ethically in relation to all its stakeholders and works to minimise the Bank's environmental impact.

Different sectors have larger or smaller impacts within different areas. For example, a bank's direct environmental impact is fairly limited, even though Handelsbanken endeavours to minimise the carbon dioxide emissions, etc. generated by its operations.

Handelsbanken's customers have full responsibility for their operations and how they are run. Handelsbanken's possibility of affecting customers' actions is normally relatively limited.

RESPONSIBLE LENDING

A bank has the opportunity to make a difference when it comes to social and civic responsibility, particularly in its role as a lender.

It is important that the Bank's lending is responsible, based on a close assessment of the customer's repayment capacity. A weak repayment capacity can never be accepted with the argument that the customer is prepared to pay a high interest rate. The aim of short-term profits for the Bank must take second place to what can be considered sustainable in the long term. This is one reason why Handelsbanken does not apply performance- or volume-based bonuses, or other forms of variable compensation, either for the Bank's senior management or for any other employee who takes decisions on credits, or who can affect the Bank's risk profile in any other way. Nor does the Bank make any budgets, or have any volume or market share targets.

OUR LONG TRADITION OF SUSTAINABILITY WORK

Sustainability has long been a well-integrated part of the Handelsbanken concept of how successful banking operations can be run in a sustainable way.

Handelsbanken is an international group with operations in 24 countries. No matter where in the world we work, Handelsbanken always

puts the customer first, focusing on long-term, sustainable customer relationships.

Every day the Bank's 11,500+ employees work to ensure that our customers are satisfied, that our income is increasing more rapidly than our expenses, and that there is good administrative order in our operations.

Handelsbanken takes responsibility by managing risks in such a way that as few customers as possible have difficulties in making payments, and we can therefore remain a bank with stable finances that makes a positive contribution to its customers, its shareholders, and the community in general.

Handelsbanken's good profitability, which is mainly explained by the Bank's good cost-effectiveness, also benefits the community as whole; Handelsbanken has been one of the largest payers of corporate tax in Sweden for many years and the largest payer to the Swedish Stabilisation Fund for the financial system.

THE MOST FUNDAMENTAL CRITERION FOR SUSTAINABILITY

The latest global financial crisis has shown clearly that, for a bank, the most fundamental criterion for sustainability is survival. A bank must be run in such a way that it is always able to fund its operations, so that it can survive unaided.

This means that a bank's top priority must be to maintain the confidence of its customers, its bond investors, the supervisory authorities and its shareholders. Such confidence is based on the assumption that the bank's operations are sound. It is therefore vital that corporate social responsibility is an integral part of all Handelsbanken's operations.

In times of financial turbulence, it becomes even clearer that banks which have acted responsibly have a competitive edge, for example in terms of their ability to fund themselves on the international capital market and to attract talented staff.

Private customers, too, attach great importance to the fact that a bank has acted responsibly. During the financial crisis, having funds on an account with a secure bank was seen as an increasingly attractive option.

Key figures for sustainability work

To follow up the sustainability work, the Bank has identified a number of measurable indicators for how our sustainability activities perform over time, and compared them with those of peer companies with similar conditions.



FINANCIAL

- For a long period of time, Handelsbanken has had lower loan losses than peer players in the banking sector. In 2013, Handelsbanken's loan losses corresponded to 0.07 per cent (0.08) of lending. Over the past five years, the Bank's loan loss ratio has averaged 0.10 per cent. This can be compared with the average figure of 0.40 per cent for the other major Nordic banks over the same period.
- Handelsbanken has stable finances, and on no occasion during the recent financial crisis did it need to ask for liquidity support or capital contributions, either from a central bank, the state or in the form of a new share issue.
- Every year since the early 1970s, Handelsbanken has had higher profitability than the average of peer banks on our home markets.
- Handelsbanken has paid a dividend to its shareholders for many years in succession, including every year during the recent period of turbulence on the financial markets.
- By virtue of its profit level over many years, Handelsbanken has been one of the largest payers of corporate tax in Sweden and is the largest payer to the Swedish Stabilisation Fund for the financial system.



SOCIAL RESPONSIBILITY

- In 2013, Handelsbanken had the most satisfied customers of the four major banks* in Sweden, according to SKI (Swedish Quality Index). This applied to both private and corporate customers. In Handelsbanken's other home markets, the Bank was also top-ranked for customer satisfaction, according to SKI's associated organisation EPSI.
- Handelsbanken is an attractive employer that offers its staff security. External staff turnover remained low and, excluding retirements and deaths, was 2.9 per cent (3.6) in the Group, and 1.8 per cent in Sweden.
- Total absence due to sickness for staff in Sweden was 3.0 per cent (2.9), with 1.3 per cent of this figure long-term sick leave (1.1).

* Handelsbanken, Nordea, SEB and Swedbank.



ENVIRONMENTAL PERFORMANCE

- The proportion of green electricity is 92 per cent for the Nordic region as a whole and 99 per cent for Swedish operations.
- In autumn 2013, the Carbon Disclosure Project (CDP) presented its annual report on how the world's 500 largest companies report their emissions, and how they manage their impact on climate. It also presented the equivalent report for Nordic companies. Handelsbanken improved its result to 81 points (71) out of a possible 100. The average value in the CDP Nordic survey was 73 points.
- For all the Bank's regional banks in the Nordic countries, the UK and the Netherlands and also central units, carbon dioxide (CO₂) emissions from the operations' electricity consumption totalled 2,971 tonnes in 2013. For the Swedish operations, in addition to electricity consumption, we also measure transport, business travel and heating of properties owned by Handelsbanken in Sweden. Total CO₂ emissions for all reported units totalled 6,982 tonnes in 2013.

Emissions of CO₂ as reported above have increased compared with 2012. This is because the Bank's operations grew in 2013, mainly in the UK and the Netherlands, which affects the Bank's energy consumption.

OVERALL GOALS

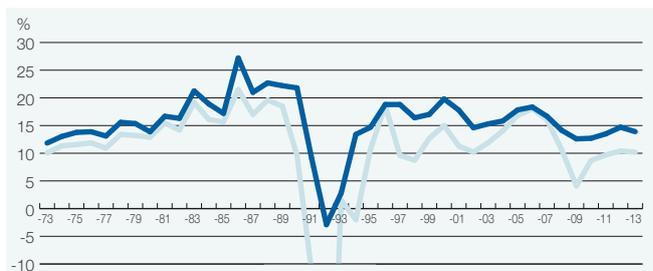
Corporate goal

Handelsbanken's goal is to have better profitability than the average for peer banks in its home markets.

Goal achievement

Handelsbanken's return on equity for total operations was 13.9 per cent (14.9). The corresponding figure for a weighted average of other major Nordic banks was 10.2 per cent (10.4). This meant that for the 42nd consecutive year, Handelsbanken met its corporate goal.

Return on equity, 1973–2013



* For the period until 2002 inclusive, only Swedish banks are included.

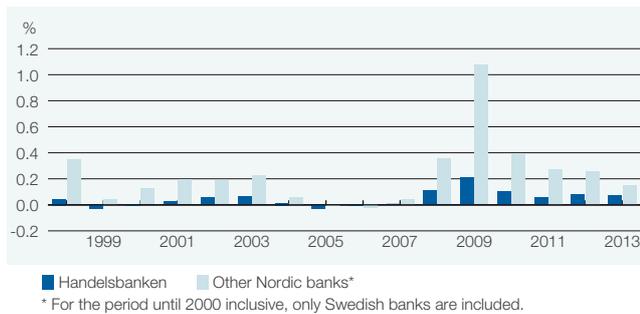
LOWER LOAN LOSSES

Handelsbanken has a low risk tolerance. This means that the quality of credits must never be neglected in favour of achieving higher volume or a higher margin.

Outcome

Loan losses were SEK -1,195 million (-1,251). Loan losses as a proportion of lending were 0.07 per cent (0.08). The corresponding figure for other major Nordic banks was 0.15 per cent (0.26).

Loan losses as a percentage of lending 1998–2013



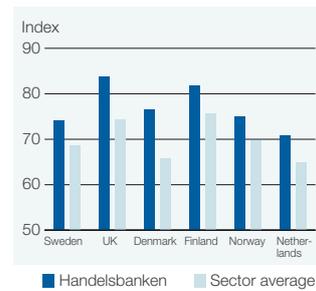
MOST SATISFIED CUSTOMERS

Handelsbanken aims to achieve its profitability goal by having more satisfied customers than its competitors. The quality and service must therefore at least meet customer expectations, and preferably exceed them.

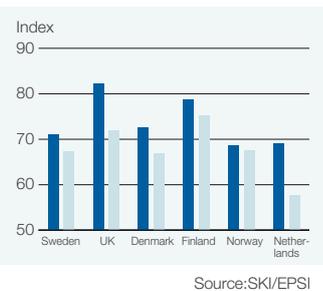
Outcome

Handelsbanken continued to have the most satisfied customers of the four major banks in Sweden, both private and corporate. The Bank tops these lists in all the Nordic countries, the UK and the Netherlands. Satisfied customers are proof of the viability of Handelsbanken's method of working.

Customer satisfaction – Private customers 2013



Customer satisfaction – Corporate customers 2013



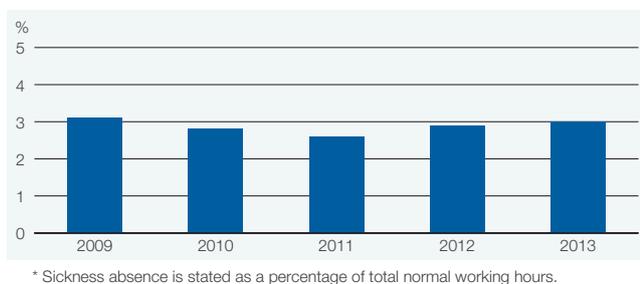
SICKNESS ABSENCE

Handelsbanken aims for all its employees to enjoy good health, develop on a personal level and function in an optimal way. This is a long-term goal that includes factors such as clear and honest communication, having the skills and competence and the right conditions needed to perform tasks and deal with work-related situations, having pride and confidence in one's work, respecting others, and being respected oneself.

Outcome

Total absence due to sickness for staff in Sweden was 3.0 per cent (2.9), of which those on long-term sick leave represented 1.3 per cent (1.1).

Sickness absence in Sweden 2009–2013*



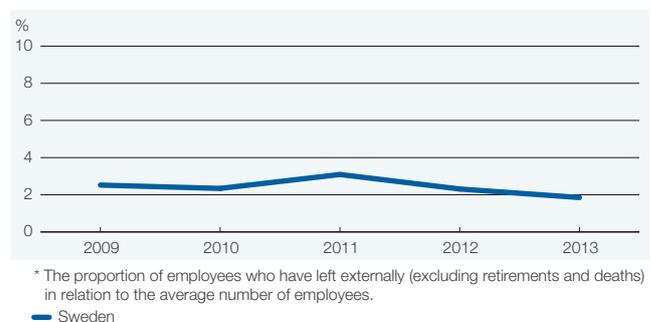
A LONG-TERM PERSPECTIVE

The Bank takes a long-term approach to customer relations and to its employees. It sees each recruitment as a vital investment. Employees with long experience and with broad knowledge from the whole Bank make a vital contribution to the Bank having satisfied customers.

Outcome

External staff turnover continued to be low and was 1.8 per cent in Sweden.

External staff turnover 2009–2013*



CARBON DIOXIDE EMISSIONS

To clarify Handelsbanken's environmental impact and activities, the Bank has opted to report carbon dioxide emissions from electricity consumption in the Nordic countries for 2008–2013 and in the UK for 2011–2013. For 2013, electricity consumption in the Netherlands is also reported.

Outcome

Carbon dioxide emissions for electricity consumption increased compared to 2012. This is because the Bank's operations grew in 2013, mainly in the UK and the Netherlands, which affects the Bank's energy consumption.

Emissions (CO ₂) tonnes	2013	2012	2011	2010	2009	2008
Electricity consumption, Nordic region, UK and Netherlands	2 971					
Electricity consumption, Nordic region and UK	2 846	2 170	3 763			
of which electricity consumption, Nordic countries ¹	1 093	767	2 517	4 519	6 568	9 878
electricity consumption, Sweden	83	224	821	2 717	5 071	8 367
Heating etc for own properties, Sweden	1 143	1 480	1 466	1 569	1 181	1 344
External transport, Sweden	398	401	125	128	289	209
Business travel, Sweden	2 470	2 261	2 171	2 216	2 417	2 945

¹ Sweden, Denmark, Norway, Finland.

The recalculation factor applied for emissions of CO₂ for non-green electricity in the Nordic countries is residual mix Nordic countries, that is electricity where the source cannot be traced. Emissions of CO₂ for 2008–2012 are recalculated retroactively according to residual mix Nordic countries.

Our concept and organisation

Handelsbanken is a full-service bank with a decentralised working method, a strong local presence due to nationwide branch networks and a long-term approach to customer relations. Handelsbanken primarily grows by opening new branches in locations where the Bank has not previously had operations.

Handelsbanken has conducted banking since 1871 and its share is the oldest listed share on the Stockholm stock exchange.

We aim to have better profitability than the average of peer banks in our home markets. This will mainly be achieved by Handelsbanken having lower costs and more satisfied customers than its competitors.

AVAILABILITY, SIMPLICITY AND CARE

We put a great deal of effort into being available for our customers and this is a major component in Handelsbanken's banking model. We don't close branches – instead we open new ones. In Sweden, Handelsbanken Direkt Personal Service is open 24 hours a day, 365 days a year. We constantly strive to develop and improve our meeting-places and to increase the level of availability for customers. This applies at branches, online, and at digital meeting-places, such as services in the form of apps for smartphones and tablets.

When a customer contacts us, the meeting should be simple and unbureaucratic. We aim to have the same range of services in our various meeting-places so customers can do the same type of business with the Bank regardless of how they contact the Bank.

In everything it does, the Bank aims to create the best possible conditions for successful meetings with customers. The Bank creates, maintains and develops strong, long-term customer relationships through these meetings.

We always have the customer's best at heart and our aim is that they should feel that our service is caring.

PRODUCTS AND SERVICES

Handelsbanken has a full range of products and services to meet all the financial needs and wishes of its customers. Responsible for this range are product specialists in the Bank's four business areas: Handelsbanken Capital Markets, Stadshypotek, Forestry and Farming,

and Handelsbanken Direkt. Each product owner packages their product, while the branch takes responsibility for each individual customer being offered services which are adapted to that particular customer's needs and circumstances.

MARKETS

Handelsbanken offers financial products and services in its six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands.

In the UK, the Bank now has 161 branches and four regional banks, and the Bank continues to grow there.

We also opened several new branches in the Netherlands in 2013, and at the end of the year had 18 branches there.

Handelsbanken has a nationwide branch network in its home markets, organised into one or more regional banks in each country.

Handelsbanken currently has more than 800 offices in 24 countries, including 791 branches in our six home markets.

GROWTH MODEL

For Handelsbanken to achieve and retain high profitability, growth is also necessary. The Bank primarily grows by opening branches in locations where it does not already have operations. In this way, the Bank grows customer by customer, branch by branch. This method of working and of achieving growth has proved successful in more and more locations and countries. This organic growth model means that Handelsbanken can achieve growth, coupled with low risk and good cost control.

DECENTRALISED ORGANISATION FOCUSING ON THE CUSTOMER

All business decisions that affect the individual customer's relationship with the Bank are based on the customer's requirements and are made by the local branch. Every branch is led by a manager who is solely responsible for all bank-

ing business in his/her local area of operations.

Handelsbanken's branch managers have a very high degree of independence, as we are convinced that those who work closest to the customer will make the most sensible decisions, from the customer's and from the Bank's point of view. This mandate to take the important business decisions on the spot with the customer is a sound basis for successful customer meetings. Our customers meet the person who will make the decision, not a messenger.

The branches' independence gives them a very strong local presence, with long-term customer relationships. No one has better knowledge of the specific demands applying in the local market than the local branch. This is why the Bank does not normally use central marketing plans or advertising campaigns.

Handelsbanken has consistently and successfully applied this decentralised working method for many years.

ORGANISATION FOR SUSTAINABILITY

Handelsbanken's Board has decided on the Bank's policy in a number of central sustainability matters.

Handelsbanken has a committee for sustainability matters which was formed in 2010. The chairman of the committee is an Executive Vice President and a member of the Group Management and has overall responsibility for ensuring that Handelsbanken identifies and addresses the sustainability matters that are relevant to the Bank. The committee consists of representatives from branch offices in Sweden and the Handelsbanken Capital Markets business area, as well as representatives from the central functions for Group Finance, Communications, Investor Relations, IT, Credits and Personnel. And during the year, representatives from Handelsbanken International and the Handelsbanken Direkt business area were added. The committee met regularly during the year.



Handelsbanken's stakeholders

Many private individuals, organisations and companies are affected by how Handelsbanken acts in various matters. For Handelsbanken, corporate social responsibility means living up to the reasonable expectation of these stakeholders and acting in such a way that their confidence in the Bank is maintained.

Handelsbanken's principal stakeholders are our customers, employees, shareholders and bond investors, as well as the community at large, for example in the form of the supervisory authorities where the Bank operates.

CONTINUOUS DIALOGUE

It is important that the Bank keeps itself up-to-date concerning the wishes and requirements that various stakeholders have as regards Handelsbanken. Therefore the Bank has a continuous dialogue with its customers, staff, shareholders and investors, as well as with authorities and other public organisations.

Customers

The most important dialogue occurs at the thousands of meetings with customers that take place daily at the Bank's 810 offices and by phone and by email.

By being responsive to customers' requests and questions, Handelsbanken can provide answers and meet the customers' expectations.

Employees

All employees participate and are active in their own unit's business planning every year. This is followed by the individual planning dialogues and performance reviews which are the link between the goals of the business operations and the goals of the employee. The result is an action plan which is followed up regularly during the year and then forms the basis of an annual salary dialogue review between the employee and manager.

Shareholders

Handelsbanken's shareholders are those who ultimately decide about the Bank's governance. The shareholders exercise their right to decide on matters relating to the company at general meetings of shareholders. Here, individual shareholders have the opportunity to put questions to the Bank's board and senior management.

Shareholders show great interest in the Bank's annual general meetings. In the past

three years, shareholders representing around 50 per cent of the votes in the Bank have participated.

The Bank's Investor Relations unit provides investors, analysts, rating agencies and other capital market players with information regarding Handelsbanken's share and its financial performance.

Society

Handelsbanken has a continuous dialogue with supervisory authorities, central banks, regulatory bodies, etc. as well as with governments and parliaments, in both Sweden and abroad. The Bank also has continuous contact with non-governmental organisations (NGOs).

The table, which is laid out according to GRI's principles, shows how the income generated by the Bank's operations is allocated over various groups of stakeholders. The data comes from the Group's income statement and balance sheet.

Direct economic value generated and distributed (according to GRI)					
Economic flows to and from various groups of stakeholders					
SEK bn	2013	2012	2011	2010	2009
DIRECT ECONOMIC VALUE CREATED					
Customers					
Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc.	36.2	34.9	33.1	30.4	29.5
Value created by serving customers	36.2	34.9	33.1	30.4	29.5
ALLOCATED ECONOMIC VALUE					
Employees					
Salaries	7.1	6.9	6.7	6.4	6.7
Provision to profit-sharing foundation	1.1	1.0	0.9	0.8	0.7
Payroll charges and other staff costs	3.2	3.3	2.3	2.3	2.6
Cost of employees	11.4	11.2	9.9	9.5	10.0
Public authorities and society at large					
Suppliers*	5.7	5.5	5.5	5.5	5.2
Tax costs**	3.9	3.0	4.4	4.0	3.5
Fees to the Stabilisation fund, deposit guarantee etc.	1.1	1.1	1.1	0.6	0.6
Government bank support received	-	-	-	-	-
Participation in government guarantee programmes	-	-	-	-	-
To society	10.7	9.6	11.0	10.1	9.3
Shareholders					
Dividends (refers to the year dividends were paid)	6.8	6.1	5.6	5.0	4.4
New share issue	-	-	-	-	-
Transactions with the shareholders	6.8	6.1	5.6	5.0	4.4
Reinvested economic value ("remaining in the Bank")	7.3	8.0	6.6	5.8	5.8

*Refers to Other administrative expenses and depreciation.
**Refers to Tax costs according to the income statement.



All stakeholders have expectations of Handelsbanken. What they have in common is that they all wish the Bank to be stable, and responsive to their wishes. How well the Bank manages to live up to these expectations has an impact on the continued success of Handelsbanken.

Satisfied customers

For Handelsbanken, the starting point is always meeting the individual customers' requirements. In this way we build a trusting, long-term relationship with every customer. Every year, Swedish Quality Index (SKI) measures customer satisfaction, including in the banking sector. For the 25th year running, customers rated Handelsbanken highest compared with the three other major banks* in Sweden.

Handelsbanken always aims for all important business decisions to be taken as close to the customer as possible. This contributes to better meetings with customers, better decisions and more satisfied customers. In everything it does, the Bank aims to create the best possible conditions for successful meetings with customers. By gaining its customers' trust, Handelsbanken becomes their natural choice.

“In everything it does, the Bank aims to create the best possible conditions for successful meetings with customers.”

ALWAYS INCREASE AVAILABILITY

An important starting-point for having satisfied customers is to constantly increase our availability, to be there for our customers, whenever and wherever they need us. We don't close branches – instead we open new ones. We also develop a new type of physical meeting-place that is linked to the local branch office in locations where customers can meet the Bank when it suits them.

When the branches are closed, Handelsbanken Direkt Personal Service is always open. This is a unique service since it is staffed by professional bank officers who help customers out by phone, 24 hours a day, 365 days a year.

In addition to personal service, we work all the time to improve our digital meeting-places where customers can do most of their banking transactions such as paying bills, transferring money, seeing balances and card transactions, buying and selling mutual fund units and reviewing their mutual fund savings directly via a smartphone or tablet device. There are mobile applications (apps) for Android, iPhone, iPad and Windows Phone.

SATISFIED CUSTOMERS IN ALL OUR HOME MARKETS

Handelsbanken considers customer satisfaction surveys to be very important. Every year, Swedish Quality Index (SKI) and its associated organisation EPSI carry out independent surveys of customer satisfaction. Every year since the surveys started in Sweden in 1989, Handelsbanken has had top positions for both private and corporate customers.

The results for 2013 show that Handelsbanken has the most satisfied customers of the four major banks in Sweden. According to the survey, local presence, service and cash handling are all appreciated by the Bank's customers. The result also shows that the gap

has increased compared to other major banks in Sweden.

The 2013 results show that Handelsbanken also achieved top positions in all our home markets, among both private and corporate customers.

“When the branches are closed, Handelsbanken Direkt Personal Service is always open.”

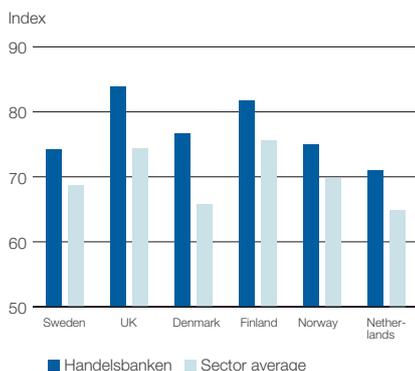
In the UK, Handelsbanken continued to have the most satisfied private and corporate customers. The result also shows that customer satisfaction is higher than the average for the sector.

In Denmark, Handelsbanken had the most satisfied private and corporate customers and the result showed that the Bank remains at a stable, high level despite customer satisfaction having fallen for the sector as a whole.

In Finland, the Bank is top-ranked in terms of most satisfied private and corporate customers, as it has been in previous years.

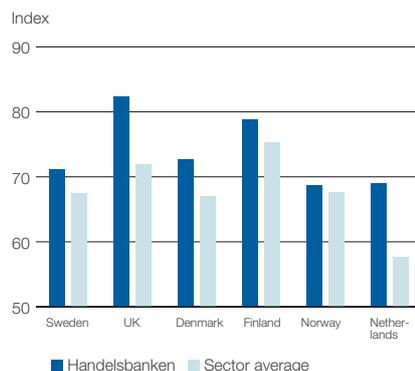
The result in Norway showed that Handels-

Customer satisfaction – Private customers 2013



Source: SKI/EPSI

Customer satisfaction – Corporate customers 2013



Source: SKI/EPSI

* According to SKI (Swedish Quality Index), since surveys started in 1989, Handelsbanken has had the most satisfied private customers among the four major Swedish banks – Handelsbanken, Nordea, SEB and Swedbank.

banken had more satisfied customers – both private and corporate – than the average for the Norwegian banking sector.

“It is at least as important to have loyal customers as satisfied customers.”

In the Netherlands too, surveys showed that the Bank has more satisfied customers than the average for the sector. This applies to both private and corporate customers.

To sum up, these independent surveys of customer satisfaction are proof of Handelsbanken’s success in working consistently and continuously with building up long-term customer relationships.

LOYAL CUSTOMERS

It is just as important to have loyal customers as satisfied customers. In Swedish Quality Index’s (SKI) and EPSI’s annual surveys, loyalty, too is a key result linked to customer satisfaction. There is a positive connection between customer satisfaction and loyalty. Loyalty reflects whether customers intend to remain with their bank, in what terms

they talk about their bank, and whether they would recommend their bank to other people.

In addition to the fact that Handelsbanken’s customers are very satisfied, the results for 2013 show that they are also very loyal. In all home markets, it can be seen that loyalty is considerably higher than for the average of the sector. This also applies to markets where Handelsbanken can be regarded as a major player, which must be considered unique.

REPUTATION

According to the TNS Sifo Reputation Index for 2013, based on public opinion, Handelsbanken is one of the ten companies in Sweden with the best reputation, regardless of the sector surveyed. The Bank’s index score of 60 can be compared with those of the other three major Swedish banks, which are between 25 and 41.

According to the survey, Handelsbanken is perceived, among other things, to have high ethical and moral standards and to be a good workplace; these are important factors influencing Handelsbanken’s reputation in terms of sustainability.

MANAGING CUSTOMER COMPLAINTS

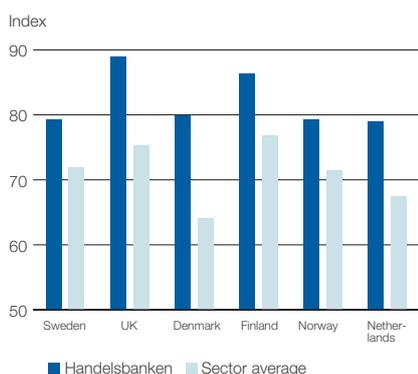
Handelsbanken takes customer complaints very seriously and has well-established procedures for handling these cases. We attach great importance to handling opinions and complaints that come in to the Bank in a manner which inspires confidence.

Complaints must be dealt with in the first place by the responsible branch, with the attention that each case requires. If the customer wishes to pursue the matter, there is a designated complaints officer in each regional bank. In addition, there are complaints officers at Group level who regularly report to Group management, regional banks and product owners.

Information about complaints management at the Bank is easily available on the Bank’s website: handelsbanken.com.

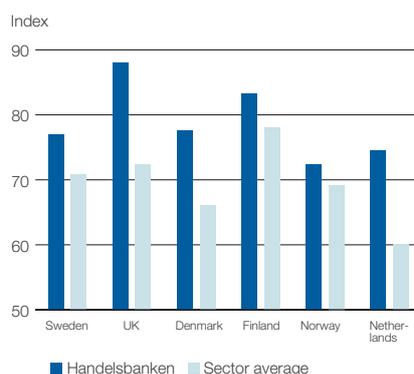
“According to the survey, Handelsbanken is perceived, among other things, to have high ethical and moral standards and to be a good workplace.”

Loyalty – Private customers 2013



Source: SKI/EPSI

Loyalty – Corporate customers 2013



Source: SKI/EPSI

Skilled staff

At Handelsbanken, we constantly strive for our corporate culture, with its decentralised work method and belief in the individual, to permeate our operations. This applies no matter where in the world Handelsbanken opens new branches. In 2013, Handelsbanken had 11,503 employees, working in 24 countries, almost 35 per cent of whom were employed outside Sweden.

HANDELSBANKEN RECRUITS PEOPLE WHO SHARE THE BANK'S BASIC VALUES

Above all, working at Handelsbanken is about relationships with other people. Without the right staff, it does not matter how good the products or services are. When we recruit new employees, we therefore constantly seek people who share the Bank's basic values. We want our employees to be driven by putting the customer first, to enjoy taking a large amount of individual responsibility, and to want to take their own initiatives.

“When we recruit new employees, we therefore constantly seek people who share the Bank's basic values.”

HANDELSBANKEN'S STUDENT PROGRAMME

Handelsbanken in Sweden offers students from upper secondary school who plan to study at university the opportunity to participate in the Bank's student programme alongside their studies. The programme comprises working at

the Bank during their studies, their own action plan and relevant studies for development at Handelsbanken. The purpose is to attract and recruit young employees as part of the Bank's future management succession and to promote gender equality.

CONSTANT DEVELOPMENT

The Bank's strength is derived from the combined expertise of its employees. The most important source of increased professionalism is learning in your daily work, where all employees are responsible for constant development – their own and that of the operations.

Therefore, all employees participate in drawing up their own unit's business plan. This forms the basis of the PLUS performance dialogue, which every employee has with his/her line manager at least once a year. After this, each employee puts together an action plan setting out the goals to be attained and the conditions necessary for this. At the end of the year, the employee has a salary dialogue review with his/her line manager, based on a follow-up of the action plan that has been carried out.

INTERNAL LABOUR MARKET AND MANAGEMENT SUCCESSION

Since the corporate culture and the Bank's values are so vital for Handelsbanken's success, internal recruitment is important. Internal mobility contributes to the working method and culture being spread to all parts of the Bank and all countries, through the skills and experience

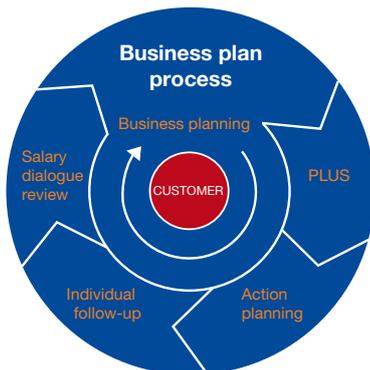
acquired being transferred to the employee's new tasks.

“Handelsbanken's strength is derived from the combined expertise of its employees.”

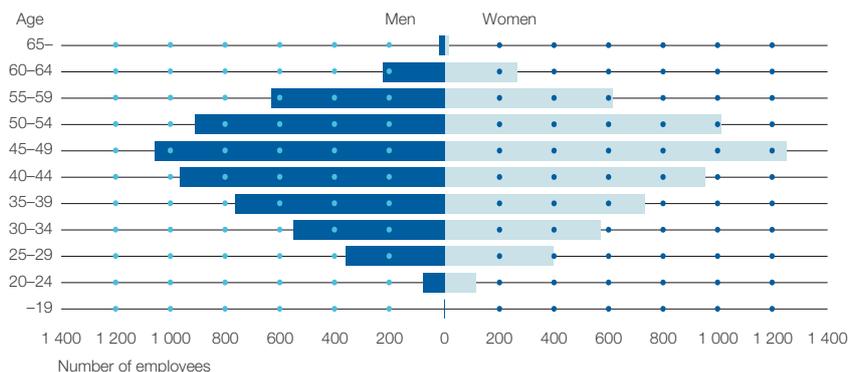
Employees with long experience and with broad knowledge from the whole Bank make a vital contribution to the Bank having satisfied customers. In order to retain an employee, there must be the right conditions for development in their work, as well as a variety of career opportunities – and consideration must be taken of the employee's stage of life. External staff turnover in the Group was 2.9 per cent (3.6) during the year.

Managers at Handelsbanken must be exemplary ambassadors for the Bank's corporate culture, which explains why most managers are recruited internally. In 2013, 98 per cent (98) of all managers in Sweden were recruited internally. For the Group as a whole, the corresponding figure is 90 per cent (93), including the markets where the Bank established operations relatively recently.

The Wheel – the relationship between the Bank's operations and the employee's development.



Age and gender distribution 2013



One of the most important tasks for managers at the Bank is to identify, encourage and develop new managers.

LOCAL ACCEPTANCE

In the bank's home markets outside Sweden – with few exceptions – managers and employees are locally employed. It is important that those who work at branches have natural links to and good knowledge of the town and local market. At the year-end, 86 per cent of senior managers (chief executives, executive vice presidents and chief executives of subsidiaries) in these home markets were locally employed.

FOR GENDER EQUALITY – AGAINST DISCRIMINATION

Regardless of background, the Bank's staff are individuals with their own characteristics and strengths and their own way of expressing themselves. At Handelsbanken, there must be no discrimination on grounds such as gender, gender identity or expression, ethnicity, religion or other beliefs, disability, sexual orientation or age.

Incidents of discrimination concerning employees are normally managed in the operations through the local personnel functions, but cases which are reported to the national discrimination ombudsman or the corresponding official body are followed up at Group level. No such cases were reported in 2013.

Handelsbanken aims to be an equal opportunities company where women and men have

the same opportunities, chances and power to shape the Bank and their own professional career. Gender equality is about making the most of all of Handelsbanken's potential.

In all countries where Handelsbanken operates, the Bank must produce a gender equality plan which supports the Group's equality goals. The gender equality plan is to be based on Handelsbanken's fundamental values and the laws and guidelines applying in the country concerned.

At the year-end, 44 per cent (43) of the Bank's managers in Sweden were women. The proportion of women among the total number of employees in Sweden was 54 per cent (54).

In the Group as a whole, 38 per cent (37) of managers were women. The proportion of women among the total number of employees in the Group was 52 per cent (52).

Training is carried out for managers, staff at personnel functions and trade union representatives in order to increase awareness of how social and cultural norms affect attitudes and behaviour in everyday life.

There is also an interactive training course aimed at all employees in Sweden. This has been designed in collaboration with the union organisation and its purpose is to create a dialogue and provide the tools for analysis and action from a gender equality perspective.

The focus on rectifying unwarranted pay differentials between women and men continued during the year. Personnel functions and trade union representatives have organised joint meetings with salary-setting managers to provide them with further support in the work towards gender equality in salaries.

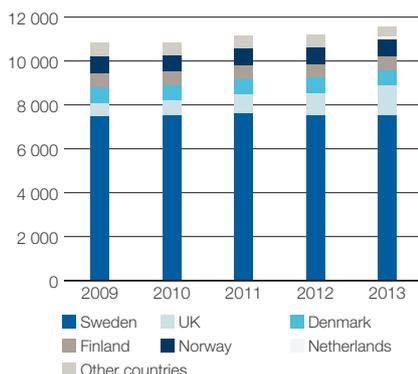
The work of promoting equality also aims to make it easier for both men and women to combine employment with parenthood.

Handelsbanken subsidises home and family services for employees in Sweden who have children under the age of 12. Handelsbanken complies with the prevailing social insurance rules on parental leave. In addition to this, in most of its home markets, the Bank provides compensation in accordance with local regulations; taken together, this means that employees receive 80 to 100 per cent of their salaries over a limited period. Employees who take parental leave have the same right to salary development as other staff.

“Gender equality is about making the most of all of Handelsbanken's potential.”

The Bank's work with gender equality is continuing, with various measures aimed at making Handelsbanken a gender-equal company.

Average number of employees 2009–2013



Sickness absence rate in Sweden	2013			2012		
	Men	Women	Total	Men	Women	Total
Aged 29 or younger	1.2	2.8	2.1	1.2	2.8	2.2
Aged 30–49	1.5	3.2	2.5	1.4	3.1	2.3
Aged 50 or older	2.5	5.8	4.3	2.8	5.3	4.2
Total sickness absence	1.8	4.0	3.0	1.8	3.7	2.9
<i>of which long-term absence</i>	<i>0.6</i>	<i>1.9</i>	<i>1.3</i>	<i>0.5</i>	<i>1.6</i>	<i>1.1</i>

Sickness absence is stated as a percentage of total normal working hours. Long-term absence is a continuous period of absence of 60 days or more.

WORK ENVIRONMENT AND HEALTH

Handelsbanken's overall goal with its work environment work focuses on employees enjoying good health, developing on a personal level and functioning in an optimal way. This is a long-term goal that includes factors such as clear and honest communication, having the skills and competence and the right conditions needed to perform tasks and deal with work-related situations, having pride and confidence in one's work, respecting others, and being respected oneself.

All employees are responsible for creating a positive working environment at Handelsbanken. In co-operation with staff and employee representatives, managers are responsible for developing a healthy and safe workplace in accordance with the Bank's work environment goal.

In Sweden, managers who have been assigned responsibility for the work environment must, in collaboration with work environment representatives and other staff, compile a work environment status report at least once a year. This includes the employees' physical and psychosocial environment. The results are discussed within each unit at the Bank, and any measures decided upon must be integrated into the business plan/operational plan.

Health promotion and work environment activities are components of the long-term process, called Sustainable Health, to create the conditions for good physical and mental health in the workplace.

In connection with crisis situations, for many years, Handelsbanken has had a support programme with the help of external partners.

Employees are offered a wide choice and large number of subsidised group and individual healthcare and health promotion activities. Handelsbanken has had a sports association since 1919. With 4,000 members, the association is one of the largest of its kind in Sweden.

To stimulate interest in art and crafts the Bank also has an Art Association with just over 3,500 members. It is the largest art association in Sweden.

WORKING CONDITIONS AND UNION RIGHTS

All employees of Handelsbanken have the right to organise and join a union or employee organisation. Handelsbanken's traditional good relationship with unions is a valuable component of Handelsbanken's culture. All employees in Denmark, Finland, France, Luxembourg, Norway, Sweden and Austria, comprising almost 85 per cent of the Bank's employees, are covered by collective bargaining agreements. In these countries, employees who are not members of a union are also covered by the terms of the collective agreement. The number

of employees has increased in countries which traditionally have a low rate of membership of collective bargaining agreements. For this reason, the proportion of employees who are covered by a collective bargaining agreement has fallen slightly.

Various matters in Sweden, such as organisational changes, are regulated in Handelsbanken's co-determination agreement with the Financial Sector Union of Sweden's local bodies and in the collective agreement between the Employers' Association of the Swedish Banking Institutions (BAO) and Jusek, the Swedish Association of Graduates in Business Administration and Economics and the Swedish Association of Graduate Engineers.

There is an ongoing dialogue between union representatives and managers concerning operations – such as when changes and new services are to be launched – where valuable information is exchanged at the very early stages. In addition to the matters which are dealt with in a dialogue with the union organisations in each country, there is also Handelsbanken's European Work Council (EWC), which functions as a forum for joint and cross-border questions within the Handelsbanken Group. The EWC consists of representatives from nine countries: Denmark, Finland, Luxembourg, the Netherlands, Norway, Poland, the UK, Sweden and Germany.

“Handelsbanken has had a sports association since 1919. With 4,000 members, the association is one of the largest of its kind in Sweden.”

STAFF MAGAZINE

Handelsbanken's staff magazine, *Remissan*, started in 1948 and is a publication which is made by and for the employees of the Bank. *Remissan*'s task is to create a sense of community, belonging and commitment among the employees, and to reflect Handelsbanken's culture throughout the Group. The magazine is published in Swedish and English.

PENSIONS AND OTHER CONDITIONS

Handelsbanken aims to be an attractive employer. The Bank therefore offers various types

of competitive benefits, for both permanent and temporary employees in the Group.

Pension benefits are part of the total compensation to employees of Handelsbanken. The pension terms in the countries where the Bank pursues its operations must be competitive and adapted to legislation and regulations, in accordance with the local conditions prevailing in each country.

An occupational pension plan can include a retirement pension, disability pension and surviving family member protection. The pension benefits which can be offered to employees of Handelsbanken are defined benefit, defined contribution or a combination of the two.

In the Bank's home markets, employees are offered credits on favourable terms. These credits are mainly granted for housing purposes. The terms differ between countries depending on the local conditions, and in Norway and Sweden, this is a taxable benefit.

OKTOGONEN – THE BANK'S PROFIT-SHARING SCHEME

A condition for achieving the Bank's financial goal of achieving better profitability than peer banks in its home markets is that employees outperform their peers in the rest of the sector. Therefore, the Board considers it reasonable that employees should receive a share of any extra profits. Every year but two since 1973, Handelsbanken has allocated part of the Bank's profits to a profit-sharing scheme for its employees. The funds are managed by the Oktogonen Foundation.

Allocations are subject to the Handelsbanken Group achieving its goal of higher return on equity than a weighted average of comparable listed Nordic, UK and Dutch banks. If this is satisfied, one third of the extra profits can be allocated to the employees. The allocated amount is limited to 15 per cent of the dividends to shareholders. If the Bank reduces the dividend paid out to its shareholders, no allocation can be made to the profit-sharing foundation. All employees receive an equal part of the allocated amount and the scheme includes all employees in the Bank's home markets. In recent years, employees in Hong Kong, Luxembourg, Poland, Singapore and Taipei have also been included in Oktogonen.

Some 97 per cent of the Group's employees are now covered by Oktogonen. The profit-sharing scheme is long-term, as payments cannot be made until the year when an employee reaches the age of 60.

One of the fundamental concepts in managing the foundation is that the funds are invested in shares in Handelsbanken.

The Oktogonen Foundation has two representatives on Handelsbanken's Board.

Corporate Governance

A Swedish bank's operations are regulated by Swedish law, and banking operations may only be run with a licence from the Swedish Financial Supervisory Authority.

Handelsbanken applies Swedish regulations in its operations, both in and outside Sweden. The main principle is that outside Sweden, the host country's regulations are also applied, if these are stricter or deviate in other respects.

Handelsbanken's corporate governance report is based on a shareholder perspective. There are, however, also other stakeholders with an interest in Handelsbanken's corporate governance, upon whose confidence the Bank is dependent. These include customers, employees, shareholders, bond investors and the community in general.

“Handelsbanken's strong corporate culture is of major importance in the governance of the Bank.”

PRINCIPLES FOR CORPORATE GOVERNANCE AT HANDELSBANKEN

Handelsbanken has developed a strong corporate culture for how banking work should be

carried out. The Bank has a decentralised working method with a high degree of autonomy extending throughout the organisational structure. This corporate culture is described in detail in an internal document called Our Way, which sets out the Bank's goals, business concept and working method. All employees receive a personal copy of Our Way.

Handelsbanken's strong corporate culture is of major importance in the governance of the Bank. It works in parallel with and permeates the principles, strategies, limits and target figures stated in policy documents and instructions.

Handelsbanken's Board has decided on the Bank's policy in a number of central sustainability issues, in particular by adopting ethical guidelines for the Handelsbanken Group which comprise matters such as economic crime, relations with customers, conflicts of interest, confidentiality and the environment.

Internal control

The responsibility for internal control and the Bank's compliance is an integral part of managers' responsibility at all levels in the Bank. This responsibility means that fit-for-purpose instructions and procedures for the operation must be in place, and compliance with these procedures is monitored regularly.

The compliance function offers advice and support in regulatory matters and follows up

compliance within the Bank. Internal control and compliance work are subject to internal and external risk-based auditing.

Sustainability issues, too, are part of the responsibility of all managers within the Group. According to the Bank's procedures, planning and personal development dialogues (PLUS) must also be held with managers and in these discussions, the manager's work with sustainability matters is followed up.

“Sustainability issues, too, are part of the responsibility of all managers within the Group.”

A SELECTION OF POLICY DOCUMENTS ESTABLISHED BY THE BOARD:

- Credit policy
- Policy for operational risks
- Capital policy
- Financial policy
- Financial risk policy
- Information policy
- Ethical guidelines
- Policy for compensation and suitability assessment
- Policy for use of the external auditors' services (established by the audit committee)
- Policy for independent risk control
- Policy for compliance
- Policy for agreements relating to the engagement of third parties
- Policy on measures against money laundering and financing of terrorism
- Policy for responsible investment (established by the asset management unit)
- Policy for conflicts of interest and measures against bribery and improper influence
- Policy for handling customer complaints

A SELECTION OF CODES OF CONDUCT IN THE PERSONNEL AREA:

- Personnel policy
- Guidelines for alcohol- and drug-related matters
- Guidelines for the prevention of victimisation at work
- Guidelines for the prevention of sexual harassment
- Guidelines regarding bribery and improper influence
- Environmental policy

MORE INFORMATION

For more information, please see the Bank's full corporate governance report, which can be found on pages 49–63 of the Annual Report.

More information about Handelsbanken's corporate governance is available at handelsbanken.se/ireng. The site includes the following information:

- previous corporate governance reports from 2007 onwards
- articles of association
- information about the nomination committee
- information from annual general meetings from 2004 onwards.

Corporate social responsibility

Corporate social responsibility at Handelsbanken is manifested in responsible lending and advisory services, as well as our efforts to have satisfied customers and be a good employer.

The actual words corporate social responsibility well reflect the strong social and ethical aspects of a responsibly run banking operation. The Bank's environmental impact is relatively limited, both directly and indirectly. But how the Bank acts can make a large difference – not least in the role of lender. Unless a bank acts in a responsible manner, customers, the bank's shareholders and taxpayers run the risk of being negatively affected. Over-aggressive selling of credits which leads to an unhealthy level of household and corporate debt always hits the customer hardest.

LOW LOAN LOSSES

For those who wish to evaluate a bank in terms of sustainability, one method is to study the bank's risk tolerance. Handelsbanken has a very low risk tolerance. Handelsbanken's strict approach to risk means that the Bank deliberately avoids high-risk transactions, even if the customer is willing to pay a high interest rate. This low risk tolerance is maintained through a strong risk culture that is sustainable in the long term and applies to all areas of the Group.

For many years, Handelsbanken has had much lower loan losses than peer banks. During the 1998–2013 period, the average loan loss ratio at Handelsbanken was 0.05 per cent, as compared to 0.18 per cent for the average of the other three major Swedish banks.

RESPONSIBLE SALES AND ADVISORY SERVICES

When providing financial advisory services and insurance mediation, the Bank always considers the customer's overall situation and financial

circumstances. Based on this, the adviser and the Bank can provide guidance on financing, payments or investments that is adapted to each customer's requirements.

When providing investment advice, the proposal is adapted to the customer's goals, savings horizon and attitude to risk. The customer's knowledge and understanding of the specific risks related to each type of financial instrument, and how active the customer is as an investor, are also taken into account.

The regulations require that all employees who provide customers with financial advice concerning investments and insurance have relevant, up-to-date knowledge. In 2013, certified staff were SwedSec-licensed by means of training and a qualification test. At the last year-end, Handelsbanken had just over 4,600 SwedSec-licensed employees in Sweden for advisory services concerning financial instruments and insurance. These employees take an annual knowledge update test.

The Bank's advice always prioritises the customer's interests and is professional, observes high ethical standards and is executed in accordance with the current laws and regulations.

The Bank's customer information must be clear, factual and easy to understand. Terms and conditions for the Bank's services must be clear and not arbitrarily changed.

EXTERNAL DIALOGUE CONCERNING SOCIAL RESPONSIBILITY

Handelsbanken in Sweden has a representative working with gender equality at the Employers' Association of the Swedish Banking Institutions (BAO).

In addition, the Bank has a continual dialogue with its customers in the thousands of customer meetings that take place at our 800+ offices, and also with our investors and the public authorities regarding matters which are of importance to a bank. This includes social responsibility.

HUMAN RIGHTS

Handelsbanken endorses the principles set out in the United Nations Universal Declaration of Human Rights. Handelsbanken adheres to UN's Global Compact, cementing the Bank's expressed support for universal human rights. This means that the Bank strives to support and respect the protection of human rights within the area which the Bank can influence. It also means that the Bank ensures that it is not involved in any breach of human rights. When granting credits, the Bank takes account of its customers' attitudes to human rights.

THE BANK AS AN EMPLOYER

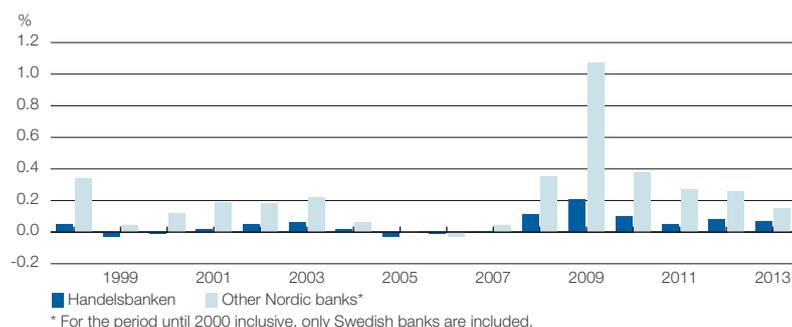
Handelsbanken has a long-term view of its relationship with its employees and its belief in the individual's will and ability is the foundation of the Bank's corporate culture. Since people have different needs and capacity during their professional life, the Bank as employer aims to provide the right conditions for its employees to develop and contribute to the Bank's success.

Among other things, Handelsbanken in Sweden has started working with Samhall. Samhall's task is to create meaningful work with development opportunities for people with various functional disabilities.

COOPERATION WITH ECPAT FIGHTING COMMERCIAL SEXUAL EXPLOITATION OF CHILDREN

In Sweden, Handelsbanken co-operates with the children's rights organisation Ecpat Sweden and is also a member of the Financial Coalition against Child Pornography. The overall objective of the co-operation and membership is to prevent trafficking and commercial sexual exploitation of children by means of information, and preventing and obstructing monetary transactions made as payment for child pornography.

Loan losses as a percentage of lending 1998–2013



Handelsbanken has a low tolerance of risk. One manifestation of this is that for many years the Bank has had far lower loan losses than the rest of the sector.

Responsible lending

Financial advice in conjunction with lending must always be based on the customer's needs and financial position.

Responsible lending means that Handelsbanken does not grant credit to customers who are not in a position to repay their loans. When the Bank grants credit, great importance is therefore attached to customers' ability to fulfil their commitments. This protects the individual customer from running into financial difficulties due to excessive indebtedness – something that also benefits the Bank and society at large.

Financial advice in conjunction with lending must always be based on the customer's needs and financial position. Deficiencies in a customer's repayment capacity can never be ignored on the grounds that the Bank is being offered good collateral or high margins.

SUSTAINABILITY MATTERS RELATED TO LENDING

An important matter in terms of ethics and principles is the extent to which the Bank should bear the responsibility for what its customers do. This could, for example, apply to a borrower that manufactures products that are dangerous to health, has a manufacturing process that affects the environment adversely, or does not permit its employees to exercise their union rights.

Handelsbanken's view is based on the principle that it is the customer that is fully responsible for its operation and how they are run. However, a fundamental condition for Handelsbanken's lending is that the operation is legally compliant and fulfils all requirements from public authorities in terms of environmental questions and other sustainability matters. In the Bank's home markets, which are countries with advanced legislation regarding health protection, the environment and union rights, there are public authorities that monitor compliance with laws and regulations.

Handelsbanken's credit policy states that the Bank must maintain sound ethical standards in its lending operations. This means that in its credit risk assessment, the Bank aims to take into account the customer's attitude to human rights and fundamental principles of working conditions and environmental considerations.

ENVIRONMENTAL ASSESSMENTS WHEN LENDING

In its credit assessments, Handelsbanken takes into account how environmental risks affect the

customer's repayment capacity. This is particularly important for customers engaged in environmentally hazardous activities or selling products that involve environmental or health risks.

“Financial advice in conjunction with lending must always be based on the customer's needs and financial position.”

The Bank's responsibility for sustainability matters related to granting credits is limited to an assessment of the customer's repayment capacity and thus the credit risk. One example may be the risk that the customer's product cannot be sold, or that more stringent

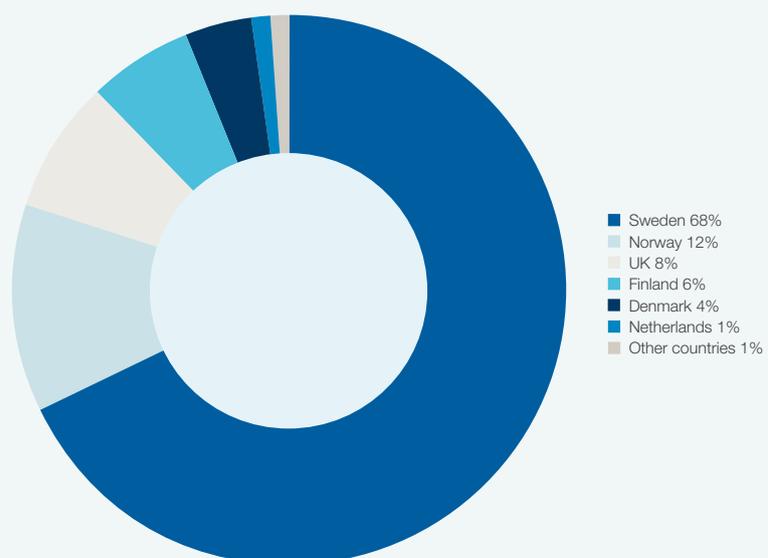
environmental requirements for the customer's manufacturing process will cause the company's repayment capacity to deteriorate.

For property-related lending, it is important to take into account whether environmentally harmful activities are or have been conducted in the property.

The branch which is responsible for the customer carries out the credit risk assessment. Thus, the branch also assesses how environmental risks will affect the customer's repayment capacity. All this is part of the business assessment which is the Bank's method of evaluating a customer. The business assessment is a good aid for the branches when it comes to identifying and assessing risks. It is also good documentation for higher levels in the Bank to evaluate credit risk and monitor that branches take into account environmental issues in the credit risk assessment.

For a long time, the Bank has taken a restrictive approach to risk in its lending – including environmental risk. This culture and expertise on the part of the staff is best maintained and developed in day-to-day work at the branches.

Loans to the public, geographical distribution



Responsible investments

Handelsbanken integrates sustainability matters with investment decisions which we make on behalf of our customers. This is a condition for creating long-term value growth. This work is based on the UN Principles for Responsible Investment, PRI.

A responsible attitude is essential to long-term value creation on capital markets. Investing our customers' assets in a responsible manner is therefore a vital prerequisite for achieving our goal of generating a strong long-term return in Handelsbanken's mutual funds.

Global Compact – a UN initiative which has established a number of principles, relating to human rights, labour rights, corruption and environmental damage – also acts as guidance for the Bank in its work with responsible investments.

Handelsbanken integrates sustainability matters with the investment decisions made on behalf of customers. Our approach to this work is based on the UN Principles for Responsible Investment, PRI, which Handelsbanken signed in 2009. These principles now guide the way in which asset managers and capital owners work with sustainability issues. Signing PRI means that we are committed to integrating sustainability matters into research and investment decisions, and to be involved in greater transparency relating to environmental, social and corporate governance matters in the companies that Handelsbanken Fonder invests in.

CORPORATE GOVERNANCE IN HANDELSBANKEN'S FUNDS

The Bank's fund management company, Handelsbanken Fonder, exercises its ownership role in the companies in which its mutual funds own shares, on behalf of the unit-holders. It exercises its ownership role with the goal that the value of the companies, and thus the value

of the funds, has optimal performance in the long term. This occurs, for example, in matters concerning the composition of the companies' boards and the procedure prior to and at shareholders' meetings. Ahead of annual general meetings in 2013, Handelsbanken Fonder participated in nine nomination committees. In addition, Handelsbanken Fonder voted at 55 annual general meetings.

RESPONSIBLE INVESTMENTS AT HANDELSBANKEN LIV

The Bank's insurance company, Handelsbanken Liv, has investment guidelines based on Global Compact and the UN Principles for Responsible Investment, PRI. Responsible asset management is a condition both for long-term value creation and for meeting customer demand. When Handelsbanken Liv selects and evaluates asset managers, funds and fund management companies for traditional insurance and unit-linked insurance, account must be taken of Global Compact and PRI.

ANALYSIS AND ACTION

All holdings in the funds and portfolios managed by Handelsbanken Fonder are regularly reviewed, with Global Compact as one of the starting points. These international standards and conventions form the foundation of Handelsbanken Fonder's policy for responsible investments.

This analysis is part of the fund management but is also carried out with the help of external experts on responsible investment. Thus, we are able to follow up deviations from these standards, for example by having a dialogue with the company in question. Depending on how this dialogue evolves, we decide on possible future action.

Our integrated work method means that we readily discuss sustainability issues as part of the ongoing dialogue we have with the companies that we invest in. The dialogue takes the form of regular meetings with company management and other representatives of the companies. In 2013, analysts and portfolio managers at Handelsbanken Fonder held one or more meetings with around 1,300 corporate management teams or corporate representatives worldwide. In 2013, Handelsbanken Fonder specifically broached the subject of deviations from international standards and conventions with some 20 companies.

Handelsbanken Fonder does not invest in

companies which are involved in manufacturing or selling prohibited weapons as defined according to international legislation. This applies, for example, to cluster weapons and landmines.

FUNDS WITH SPECIAL CRITERIA

Handelsbanken Fonder also offers funds which observe special criteria in their investment strategy. Sweden Index Criteria and Global Index Criteria exclude companies which operate in certain sectors which can be considered controversial. These funds continued to see a good inflow of capital in 2013. Together with some other products with a sustainability profile aimed at institutional investors, these funds have total assets of SEK 15 billion.

INVESTMENTS IN COMMODITIES

As a rule, financial investments in commodities take place through the purchase of financial instruments such as derivatives, often on the futures market. This market exists mainly so that producers and purchasers of various commodities can reduce the effect of price changes, but it also provides investors with the opportunity to benefit from movements in commodity prices.

Although supply and demand for the underlying physical commodity ultimately determine the price, some maintain that investments in futures create price bubbles. One area is agricultural commodities, where opinions differ. It is important for Handelsbanken to follow this debate and participate where these matters are discussed.

HANDELSBANKEN PARTICIPATES IN SUSTAINABLE VALUE CREATION

Together with a number of major Swedish institutional investors, in 2013, Handelsbanken Asset Management took part in the Sustainable Value Creation initiative. In a survey, the 100 companies on Nasdaq OMX Stockholm with the highest market capitalisation were asked a series of questions regarding guidelines, implementation and governance of sustainability issues. The aim was to provide the companies with a better understanding of the issues that are relevant to investors, and to provide support for the development of communications and reporting. The project members will, in various ways, each use the companies' survey responses as a basis for their dialogues and investment decisions as owners.

Signatory of:



1. Incorporate environmental, social and corporate governance (ESG) issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into our ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the entities in which we invest
4. Promote acceptance and application of the principles within the investment industry
5. Work together to enhance our effectiveness in implementing the principles
6. Each report on our activities and progress towards implementing the principles

Handelsbanken in the community

Handelsbanken acts in a socially responsible manner and contributes to economic development in the community by running stable, long-term banking operations that focus on customer needs.

HANDELSBANKEN IN THE COMMUNITY

Handelsbanken is a bank that is stable over the long term – a bank which, regardless of the situation in the world around us, is there for our customers. By being a bank with stable finances and a stable presence, Handelsbanken aims to fulfil its role as a responsible institution. Handelsbanken also takes responsibility in this role by managing risks in such a way that as few customers as possible have difficulties in making payments, and the Bank can therefore continue to be a bank with stable finances that makes a positive contribution to its customers, its shareholders, and the community.

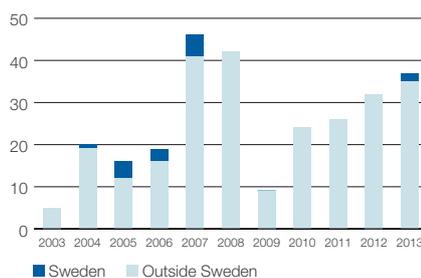
HANDELSBANKEN IN THE LOCAL COMMUNITY

Handelsbanken is convinced of the need for a local presence. The basic concept of the Bank's way of operating is that business decisions are made as close to the customer as possible. This is why Handelsbanken offers a nationwide branch network in the countries the Bank has identified as its home markets. The Bank's decentralised organisational structure where the local branch manager is responsible for all the Bank's business in its local area of operations means that Handelsbanken is firmly established in the local community.

In recent years, most banks have decided to significantly reduce the number of branches. Handelsbanken has instead elected to retain its local branches and thus continues to fill an important function in the local community.

The Bank is also developing a new type of physical meeting-place linked to the local branches in various locations.

Number of new branches opened, 2003–2013



During 2013, Handelsbanken opened 37 new branch offices in its home markets: two new branches in Sweden, 28 new branches in the UK, two branches in Denmark, two branches in Norway and five new branches in the Netherlands. Handelsbanken is currently the only bank in 59 locations.

ACCESSIBLE LOCAL BRANCHES

The Bank's local branches must also be accessible to customers with reduced mobility or sense of direction. Most of the Bank's 462 branches in Sweden meet with these requirements. In cases where these requirements are not met, it is usually due to restrictions regarding alterations to the exterior of the building or the street environment. Our large number of branches means that if necessary we can offer customers a nearby branch which is adapted to these needs.

“Handelsbanken is convinced of the need for a local presence.”

SERVICES FOR THE PUBLIC GOOD

A bank's fundamental tasks are, on the one hand, to manage the money of those who wish to postpone their spending and save their money, and on the other to lend money to companies and households that wish to spend and invest today. Together, banks must also maintain an efficient, functioning payment system, as well as managing risk.

HANDELSBANKEN AS A TAXPAYER

For many years, Handelsbanken has been one of the largest payers of corporate tax in Sweden. VAT is also a major cost for Handelsbanken since VAT is to a large extent not payable on the Bank's operations. This means that the Bank cannot deduct input VAT which it pays when buying external services and products.

In addition, Handelsbanken is the largest payer to the Swedish Stabilisation Fund for the financial system.

For 2013, it is estimated that Handelsbanken's total taxes and state fees amount to over SEK 7 billion.

POLITICALLY INDEPENDENT

Handelsbanken is not allied to any political parties. The Bank does not provide financial support to any political parties, nor does it make any other type of political donation.

GRANTS FOR RESEARCH AND EDUCATION

Since the early 1960s, Handelsbanken has on a number of occasions awarded grants for economic research, mainly through allocations to two independent research foundations: the Tore Browaldh Foundation and the Jan Wallander and Tom Hedelius Foundation. Taken together, these foundations are one of the most important sources of funding for economic research in Sweden, and their financing includes two professorships. In 2013, 148 (139) grants were awarded for a total of SEK 149 million (130).

For several years, Handelsbanken has supported a project to improve young people's knowledge of personal finance through financial support for information campaigns and contributing the Bank's expertise.

Economic value creation

Handelsbanken's higher profitability benefits society at large, as well as the Bank's shareholders. Handelsbanken is one of the few Nordic banks that has not sought financial support from central banks, the government or its shareholders during the recent years of turbulence in the financial markets.

VALUE CREATION DURING 2013

In 2013, Handelsbanken's profit before taxes and government fees was just over SEK 21 billion. This created value was distributed as follows: just over SEK 7 billion in taxes and government fees, just over SEK 10 billion in proposed dividends, to be paid to the shareholders in the spring of 2014, and the remaining approximately SEK 4 billion, which is reinvested in the operations.

STABLE IN THE MIDST OF THE FINANCIAL CRISIS

During the financial crisis, Handelsbanken has not used the Swedish government's capital support or guarantee programme and is the only listed Swedish bank that has not needed to ask its shareholders for new capital.

A well-run bank, which acts sustainably and responsibly, has a substantial positive impact

on the economy in general. This applies not only to direct economic effects such as paying corporate tax, but also to the indirect economic effects.

“A well-run bank, which acts sustainably and responsibly, has a substantial positive impact on the economy in general.”

DIRECT ECONOMIC VALUE

During the most recent business cycle, Handelsbanken has paid dividends to its shareholders every year, while remaining one of the largest payers of corporate tax in Sweden.

INDIRECT ECONOMIC EFFECTS

Handelsbanken is the largest financier of companies in Sweden, and thus it finances growth and increased employment throughout the country.

The Bank enables households to fund property purchases and thus move to a new town where the employment situation is better, for example. The Handelsbanken Group finances one quarter of households' mortgage loans in Sweden.

The table, which is laid out according to GRI's principles, shows how the income generated by the Bank's operations is allocated over various groups of stakeholders. The data comes from the Group's income statement and balance sheet.

Direct economic value generated and distributed (according to GRI) Economic flows to and from various groups of stakeholders

SEK bn	2013	2012	2011	2010	2009
DIRECT ECONOMIC VALUE CREATED					
Customers					
Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc.	36.2	34.9	33.1	30.4	29.5
Value created by serving customers	36.2	34.9	33.1	30.4	29.5
ALLOCATED ECONOMIC VALUE					
Employees					
Salaries	7.1	6.9	6.7	6.4	6.7
Provision to profit-sharing foundation	1.1	1.0	0.9	0.8	0.7
Payroll charges and other staff costs	3.2	3.3	2.3	2.3	2.6
Cost of employees	11.4	11.2	9.9	9.5	10.0
Public authorities and society at large					
Suppliers*	5.7	5.5	5.5	5.5	5.2
Tax costs**	3.9	3.0	4.4	4.0	3.5
Fees to the Stabilisation fund, deposit guarantee etc.	1.1	1.1	1.1	0.6	0.6
Government bank support received	-	-	-	-	-
Participation in government guarantee programmes	-	-	-	-	-
To society	10.7	9.6	11.0	10.1	9.3
Shareholders					
Dividends (refers to the year dividends were paid)	6.8	6.1	5.6	5.0	4.4
New share issue	-	-	-	-	-
Transactions with the shareholders	6.8	6.1	5.6	5.0	4.4
Reinvested economic value ("remaining in the Bank")	7.3	8.0	6.6	5.8	5.8

*Refers to Other administrative expenses and depreciation.

**Refers to Tax costs according to the income statement.

The table of created and delivered direct economic value shows how the income generated by Handelsbanken's operations during the year was allocated over various stakeholders. The calculation is based on the figures in the income statement and in accordance with the GRI guidelines. The items allocated in the table are based on broader value created where salaries and other administrative costs (suppliers) are added to the operating profit. The purpose is to show in a basic way how Handelsbanken creates value for its stakeholders and in the economic system in which the organisation works. The table provides an overview of the direct measurable monetary value contributed by Handelsbanken to its stakeholders, and thus to development in the community.

High ethical standards engender trust

Handelsbanken has ethical guidelines stating that operations must be characterised by high ethical standards.

ETHICAL GUIDELINES AT HANDELSBANKEN

Handelsbanken's ethical guidelines are adopted by the Board of the Bank. They formulate the basic guidelines for every employee's actions.

Employees who are in doubt when applying the Bank's ethical guidelines and dealing with related issues must contact their immediate superior to find out what is ethically acceptable.

A self-evident rule is that the Bank and its employees must comply with the laws and regulations that govern the Bank's operations. If the individual has poorer protection from local laws and regulations than Swedish laws, regulations and principles, Handelsbanken applies the latter.

The guidelines are reviewed every year by the Board. The starting point here is any changes to the relevant legislation, but also changes in external expectations, the Bank's experience of regular internal work and observations from the Bank's comprehensive internal control.

MEASURES AGAINST MONEY LAUNDERING AND FINANCING OF TERRORISM

To prevent banks being used for money laundering and financing of terrorism, there are special rules which apply in large parts of the world. This means, for example, that the Bank is obliged to have good knowledge of its customers and their banking transactions both at the time the business relationship starts and during the period it lasts. Transactions, ownership structures and business arrangements which are perceived as being unusual and where the Bank does not understand the background are examined.

The Bank's instructions, procedures, training and system support in the area of money laundering are intended to support employees so that good knowledge of customers is achieved. In this way, the Bank can avoid participating in transactions which are suspected of being linked to criminal activities, or of which the employees do not understand the implications.

CONFLICTS OF INTEREST AND CORRUPTION

Conflicts of interest occur daily in society and the financial sector is no exception. Regardless of where they work in the Bank, employees

must comply with the Bank's regulations regarding conflicts of interest and in connection with this identify conflicts of interest whenever they arise and as far as possible ensure that they are avoided. It is also important that the employees comply with the Bank's regulations regarding bribery and improper influence so that they avoid becoming dependent on a customer or supplier to the Bank or have improper influence on a customer. In addition to the applicable legislation, employees must follow the Bank's own regulations in this area and the recommendations issued by the Swedish Anti-Corruption Institute. Handelsbanken has identified a suspected case of corruption during the year which the Bank is currently investigating.

The regulations must be followed in all contexts, including gifts, entertainment and other events. Employees' business travel must always be paid for by the Bank.

CONDUCT OF EMPLOYEES

Handelsbanken employees

- must not be in a position where they may be suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work
- must be familiar with the local insider trading laws and observe the Bank's own rules for employees' private securities and currency transactions
- must, in their work at the Bank and in their private affairs, refrain from business transactions that violate the Bank's rules or current legislation
- must refrain from transactions or other commitments that could seriously jeopardise their personal financial position
- are not permitted to process transactions in which they, or persons closely related to them, have a personal interest. This also applies to companies to which these employees or persons closely related to them have a commitment
- must notify their manager or the Central Audit Department if they suspect irregularities at the Bank
- must notify the Bank of assignments outside the Bank and obtain approval. These rules also apply to secondary occupations and certain posts in clubs, societies and the like.

THE BANK AS A CUSTOMER

Handelsbanken purchases goods and services from Swedish and international suppliers. Ethical considerations are just as important for the Bank in its role as customer as when it supplies services and products. To avoid incurring obligations to suppliers, the Bank also has rules regarding receiving and giving personal gifts and for business entertaining.

Environmental considerations are also included in all decisions on purchases. When making purchasing decisions, the Bank must make enquiries as to whether suppliers:

- comply with collective bargaining agreements
- have a work environment policy
- have a policy concerning giving and taking bribes.

In order to ensure quality when making purchasing decisions, the Bank has drawn up a checklist. This list will be implemented during 2014.

The Bank maintains an ongoing dialogue with its suppliers to promote and improve our environmental activities.

Handelsbanken's ethical guidelines are also complied with when the Bank itself is a customer.

HANDELSBANKEN'S ETHICAL GUIDELINES COVER THE FOLLOWING AREAS:

- High ethical standards
- Laws, regulations and guiding principles
- Economic crime
- Customer relations
- Conflicts of interest
- The UN Global Compact
- Conduct of employees
- Confidentiality
- Environmental matters
- External contractors

READ MORE

The Bank's ethical guidelines are available on its website handelsbanken.se/ireng.

The Bank's environmental activities

Handelsbanken takes responsibility for how its operations affect society in several areas. Among other things, we work to minimise the Bank's direct and indirect impact on the environment.

HANDELSBANKEN'S ENVIRONMENTAL POLICY

As far as is technically and financially possible, and to the extent that is compatible with the Bank's undertakings, Handelsbanken aims to promote long-term sustainable development. Therefore, the starting-point is that Handelsbanken's impact on the environment must be minimised. Handelsbanken has signed and complies with a number of voluntary agreements, such as the ICC Business Charter for Sustainable Development, the UN's Banks and the Environment programme (UNEP FI), the UN's Global Compact voluntary initiative, and the UN Principles of Responsible Investment (PRI).

HANDELSBANKEN'S DIRECT ENVIRONMENTAL IMPACT

A bank's direct environmental impact is fairly limited. Handelsbanken's direct environmental impact derives mainly from its consumption of energy, materials, equipment, travel and transport. For several years, the Bank has measured and reported the carbon dioxide (CO₂) emissions generated by its own operations as the result of its use of transport and its consumption of electricity and heat energy. For all the Bank's regional banks in the Nordic countries, the UK and the Netherlands and also central units, CO₂ emissions from the operations' total energy consumption totalled 2,971 tonnes for 2013.

For the Swedish operations, in addition to electricity consumption, we also measure transport, business travel and heating/cooling of properties owned by Handelsbanken in Sweden, which totalled 4,094 tonnes of CO₂ for 2013. Emissions of CO₂ in Sweden have gone down by six per cent compared with 2012. The amount of CO₂ emissions from electricity consumption has fallen but CO₂ emissions related to business travel have increased in Sweden.

The proportion of green electricity is 99 per cent for Sweden. Handelsbanken strives to minimise the CO₂ emissions generated in its operations.

Handelsbanken's electricity consumption for its Nordic operations was at the same level in 2013 as in 2012. On the other hand, the proportion of green electricity for the Nordic countries as a whole has decreased to 92 per cent. This means that the total amount of emissions of CO₂ for electricity consumption in the Nordic countries increased in 2013 compared to 2012.

The Carbon Disclosure Project (CDP) is a global project where investors have joined together to urge listed companies worldwide to report their emissions, and how they are dealing with their impact on the climate. The initiators of the project include 500 major banks, institutional investors and insurance companies. The report has been published annually since 2000.

“Throughout the Bank, changes are constantly being made which, together, are reducing environmental and climatic impact.”

Handelsbanken improved its result and in the Carbon Disclosure Project's report for 2013, which was presented in late 2013, received 81 (71) points out of a possible 100. The average value in the CDP Nordic survey was 73 points.

CLIMATIC IMPACT

Deep water source cooling is used from December to May for the head office properties as a complement to the use of cooling machines and district cooling solutions. Deep water source cooling involves taking coldness from Baltic Sea water using heat exchangers.

A long-term maintenance plan has been drawn up for the properties owned by the Bank, to reduce the properties' overall energy consumption.

MORE EFFICIENT EQUIPMENT AND UTILISATION OF RESOURCES

Throughout the Bank, changes are constantly being made which, together, are reducing environmental and climatic impact.

- Carbon dioxide emissions from electricity consumption in Sweden have decreased by 99 per cent over the past six years. This is mainly due to reduced electricity consumption, but also to the decision to purchase a higher proportion of electricity of guaranteed origin (100 per cent hydroelectric)
- new customers who save regularly each month and who use Handelsbanken Online Banking receive electronic notifications
- the number of video conference hours increased by two per cent in 2013 compared with 2012
- electronic processing of supplier invoices is gradually being increased, which reduces the use of paper and transport. The Bank continues to develop digital services for customers, branches and internal units, so as to further reduce paper consumption
- the work continues of reducing the Bank's environmental impact in the IT area. In autumn 2013, work started on making old servers more efficient. So far, 15 servers have been upgraded which means they have a reduced need for cooling and electricity

Emissions (CO ₂) tonnes	2013	2012	2011	2010	2009	2008
Electricity consumption, Nordic region, UK and Netherlands	2 971					
Electricity consumption, Nordic region and UK	2 846	2 170	3 763			
of which electricity consumption, Nordic countries ¹	1 093	767	2 517	4 519	6 568	9 878
electricity consumption, Sweden	83	224	821	2 717	5 071	8 367
Heating etc for own properties, Sweden	1 143	1 480	1 466	1 569	1 181	1 344
External transport, Sweden	398	401	125	128	289	209
Business travel, Sweden	2 470	2 261	2 171	2 216	2 417	2 945

¹ Sweden, Denmark, Norway, Finland.

The recalculation factor applied for emissions of CO₂ for non-green electricity in the Nordic countries is residual mix Nordic countries, that is electricity where the source cannot be traced. Emissions of CO₂ for 2008–2012 are recalculated retroactively according to residual mix Nordic countries.

- in the Bank's properties, older ventilation systems have been modernised to reduce energy consumption
- old printers, fax machines and scanners are being replaced by multi-function machines which use less energy, are environmentally certified and have environmentally friendly toner. A further long-term aim is to reduce paper consumption when old equipment is to be scrapped; the Bank ensures that it is recycled in an environmentally friendly manner.
- Handelsbanken has supplemented its selection of leasing vehicles for employees in Sweden with plug-in hybrid cars that can be charged from the electricity mains.

“Emissions of carbon dioxide in Sweden have gone down by six per cent compared with 2012.”

MEASURES TO REDUCE THE BANK'S ENVIRONMENTAL IMPACT

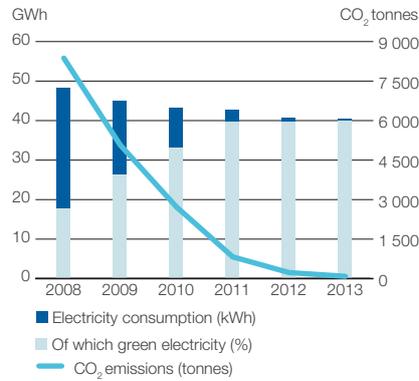
To reduce the Bank's environmental impact, the following initiatives are planned over the next few years:

- Further increase the level of awareness regarding measures to reduce the Bank's direct climatic impact. The aim of this is that all parts of the organisation should be able to contribute effectively to reducing energy consumption, for example
- increase the proportion of green electricity purchased in 2014
- increase the amount of recycled refuse
- reduce the amount of business travel by facilitating the use of video conferences
- develop digital services for customers, branches and internal units, so as to reduce paper consumption.

HANDELSBANKEN'S INDIRECT ENVIRONMENTAL IMPACT

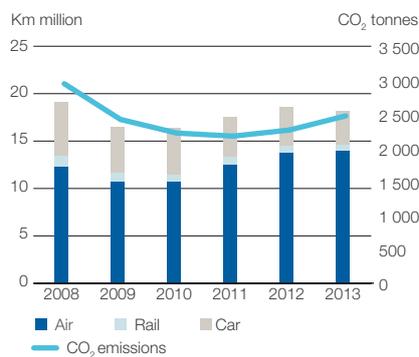
By joining the UN's Global Compact, Handelsbanken undertakes to describe how it works with environmental matters, etc. In addition to the Bank's own consumption of resources, this mainly concerns the indirect environmental impact via lending and asset management.

Electricity consumption, Sweden

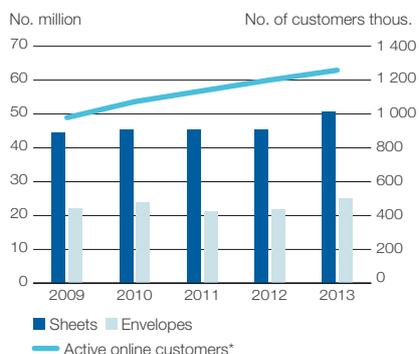


The recalculation factor applied for emissions of CO₂ for non-green electricity in the Nordic countries is residual mix Nordic countries, that is electricity where the source cannot be traced. Emissions of CO₂ for 2008–2012 are recalculated retroactively according to residual mix Nordic countries.

Business travel, Sweden



Centrally distributed information Group



* Private and corporate customers who have been active in the Bank's online services at least once in the last six months of 2013.

READ MORE
Additional information about how the Bank works with environmental issues is given on the Bank's website handelsbanken.se/csreng.

Initiatives, awards, indexes and surveys

Handelsbanken works both within and outside the financial industry in various initiatives which are intended to increase the level of awareness relating to sustainability and corporate social responsibility.

INITIATIVES

Global Compact



In 2009, Handelsbanken signed the UN's Global Compact, cementing the support the Bank has expressed for universal human rights and corporate social responsibility. Global Compact is an initiative aimed at companies and advocates ten principles based on international conventions. These principles, which were established in 2000, include human rights, labour laws, the environment and anti-corruption.

ICC



The International Chamber of Commerce (ICC) has developed a business charter, with the aim of guiding the world's companies in their efforts to fulfil their environmental commitments. These commitments are in compliance with national and international guidelines and standards for environmentally aware governance. Handelsbanken has signed the charter and complied with it since the 1990s.

PRI

Signatory of:



Principles for Responsible Investment

PRI (United

Nations backed

Principles for

Responsible Investment Initiatives) was launched in 2006. It is a network of investors that work together with the UN to implement principles for responsible investment. Its aim is to promote responsible actions among institutional investors and to work for increased openness and awareness of environmental, social and corporate governance issues in the companies in which these players invest. Handelsbanken became a signatory to the principles in 2009. A total of around 1,200 capital owners, asset managers and other stakeholders have signed the principles.

UNEP FI



The UN Environmental Programme has a special organisation that works with how the capital markets can promote the adoption of best environmental and sustainability practice. Some 200 financial institutions which support the initiative contribute to research into and knowledge of how sustainability issues can be integrated into financial decisions.

Handelsbanken has been a member of UNEP FI since the mid-1990s.

Ecpat



In 2009, Handelsbanken, together with the Swedish Bankers' Association, started cooperating with Ecpat. The overall objective of the cooperation is to prevent commercial sexual exploitation of children by preventing and obstructing monetary transactions made as payment for child pornography.

Ecpat Sweden is part of Ecpat International, which has member organisations in more than 70 countries. Ecpat is working to prevent and stop all forms of commercial sexual exploitation of children, child pornography and child sex tourism.

Financial Coalition Against Child Pornography



Handelsbanken has been a member of the Swedish Financial Coalition Against Child Pornography (the Financial Coalition) since 2009. The Financial Coalition works to impede and prevent trade related to child pornography, based on the overall crime-prevention goal of stopping child sexual abuse. With the intention of preventing this trade from being conducted through the financial systems, a unique cooperation has been developed between public authorities, the private sector and the non-profit sector. The fact that the Financial Coalition's members impede the opportunity of using the financial systems for this kind of crime, helps to make it more complicated and limit its distribution.

Economic research

Since the early 1960s, Handelsbanken has on a number of occasions awarded grants for economic research, mainly through allocations to two independent research foundations: the Jan Wallander and Tom Hedelius Foundation and the Tore Browaldh Foundation.

Taken together, these foundations are one of the most important sources of funding for economic research in Sweden, and their financing includes two professorships. In 2013, 148 (139) grants were awarded for a total of SEK 149 million (130).

At the end of 2013, the foundations' combined capital totalled some SEK 5,000 million.

Personal finances for young people

Handelsbanken supports initiatives that improve young people's knowledge of personal finance by supporting information campaigns and contributing know-how. Ung Privatekonomi ("Young Personal Finances") is a school information project that teaches Swedish upper secondary school students and teachers about personal finances and savings.

Collaboration with universities and colleges

Handelsbanken has a number of collaborations with universities and colleges, and these are an important part of its long-term employer branding work. Through these collaborations Handelsbanken establishes contact with target groups that are important in terms of recruitment. This is based on co-operation with and commitment from local personnel departments, as well as employees and managers from branches and internal units.

Handelsbanken's student programme

Handelsbanken in Sweden offers students from upper secondary school who plan to study at university the opportunity to participate in the Bank's student programme alongside their studies. The programme comprises working at the Bank during their studies, their own action plan and relevant studies for development at Handelsbanken. The purpose is to attract and recruit young employees as part of the Bank's future management succession and to promote gender equality.

The Technology Leap

Since the autumn of 2013, Handelsbanken has taken part in the Technology Leap (Tekniksprånget). The Technology Leap is run by the Royal Swedish Academy of Engineering Sciences (IVA), on behalf of the Swedish National Agency for Education. The Technology Leap is an initiative, the aim of which is to give young people who have graduated from upper secondary school natural sciences and technology programmes an insight into the engineering profession. Over a four-month period, the young people are offered work experience aimed at inspiring them to apply for technology degree courses in the future.

AWARDS

Bank of the Year 2013



Handelsbanken has been acclaimed Bank of the Year for 2013 by the business magazine *Privata Affärer*. With the citation "The big bank which also looks after the small needs of its customers," the Bank accepted the award for the third time in five years. This prize – which is by far the most important banking award in Sweden – has been awarded since 1991. It is based on the magazine's many readers' opinions of the various banks in Sweden, with a jury then picking the best bank.

Business Bank of the Year 2013



For the third consecutive year, Handelsbanken was acclaimed Business Bank of the Year in *Finansbarometern's* annual survey. Handelsbanken received the highest rating of any bank during the entire eleven-year history of the survey when assessments of customer satisfaction, electronic services, quality of advisory services, price, service level, attitude and the range of products and services were taken into account.

Small Enterprise Bank of the Year 2013, Sweden



For the second consecutive year, Handelsbanken has been acclaimed Small Enterprise Bank of the Year in Sweden in *Finansbarometern's* annual survey. Handelsbanken received the highest rating given to any bank in this survey when assessments of customer satisfaction, electronic services, quality of advisory services, price, service level, attitude and the range of products and services were taken into account.

Universum Employees



During the year, the research company *Universum* performed three different surveys in which Handelsbanken received very high ratings. When *Universum* ranked Sweden's Ideal Employer 2013, Handelsbanken came in eighth place, which is the best in the banking sector. This result was based on factors such as "internal identity" (i.e. employees' views on their employers' reputation and image), job characteristics, people and corporate culture, as well as compensation and opportunities to advance. Employees also graded how satisfied they were in overall terms, and how inclined they were to remain with their employer.

Business students

Handelsbanken achieved sixth place in the *Corporate Barometer 2013*, a survey carried out by the *Universum* research company; it was thus the best in its sector among business students in Sweden. The survey's participants responded to questions on ideal employers, and graded these according to the following criteria: reputation and image; job characteristics; people and corporate culture; as well as compensation and opportunities to advance.

Young professionals

In *Universum's* Career Barometer survey, Sweden's 'young professionals' named their ideal employers. 'Young professionals' refers to people under 40 with an academic background and one to eight years' experience of working life. Among professionals working with finance Handelsbanken achieved ninth place, and was thus the highest-ranked Swedish bank. In this survey, too, participants answered questions about what is a good employer based on the following criteria: reputation and image; job characteristics; people and corporate culture; compensation and opportunities to advance.

Anna's Gender Equality Prize 2012



Centralla Jämställdhets- & Mångfaldskommittén
BAO - FINANSFÖRBUNDET

In 2012, Handelsbanken was awarded Anna's Gender Equality Prize for the work it has systematically and purposefully pursued for many years in promoting equal rights and opportunities for women and men. Anna's Gender Equality Prize was founded in 1993, and since then has been awarded every year in Sweden to an individual, a company, a club, a project or a working group for good efforts towards increased equality in the banking and finance sector. The prize is awarded by the Central Equality and Diversity Committee, formed by the Employers' Association of the Swedish Banking Institutions (BAO) and the Financial Sector Union of Sweden.

INDEXES AND SURVEYS

Handelsbanken is scrutinised and assessed by both customers and financial market players. The outcome, and the assessment of the Bank that results from this, shows how well Handelsbanken is living up to their expectations.

Ethibel Sustainability Index



The Brussels-based Ethibel provides the financial market with information on companies' CSR work. Its analyses are carried out by the *Vigeo* research company, and based on these results, Ethibel creates a universe that forms a platform for sustainability products and responsible investments. The Svenska Handelsbanken class A share has been included in the Ethibel Excellence Investment Register since 2004, and is also included in the ESI Excellence index, which is based on this universe.

OMX GES Sustainability



Together with the GES Investment Services research company, OMX has launched a number of sustainability indexes that provide investors with a universe of companies that are fulfilling sustainability requirements. Handelsbanken has qualified for the OMX GES Sustainability Sweden index, as well as the OMX GES Sustainability Nordic index.

Both indexes are based on a ranking of how well companies are working with environmental, social and governance (ESG) issues. The companies that receive the highest scores qualify for the indexes.

STOXX Europe Sustainability Index

Handelsbanken is included in the STOXX Europe Sustainability Index. The companies included in the index were selected in an analysis process provided by Bank Sarasin. Companies are assessed in terms of environmental, social and corporate governance criteria.

FTSE4Good



Handelsbanken has been selected to be included in the international FTSE4Good Index 2013. The research analysis is provided by Eiris, one of the leading research houses for analysis of corporate social responsibility. Investors and owners use the FTSE4Good Index to identify companies that fulfill globally recognised standards for corporate social responsibility. The index is independent and based on analyses of companies' work with environmental matters, human rights and the other areas that come under corporate social responsibility. Handelsbanken has been included in the index since 2001.

Satisfied customers



In 2013, Handelsbanken had the most satisfied customers of the major banks in Sweden.



This applies to both private and corporate customers.

The Bank tops these lists in all its home markets. *Svenskt Kvalitetsindex (SKI)* is a system for compiling, analysing and distributing information about customers' expectations, perceived quality and evaluation of goods and services. Helping to run SKI is the international organisation *EPSI Rating (European Performance Satisfaction Index)*, which conducts comparable surveys in over 20 countries. Research and development related to the surveys is conducted regularly at SIQ (the Swedish Institute for Quality) and the Stockholm School of Economics.

Sustainable Value Creation



Since 2009, Handelsbanken Asset Management, together with other major Swedish investors, has taken part in the Sustainable Value Creation project. For the participants, the aim of the project has been to highlight the importance of Swedish companies working with sustainability issues in a structured manner.

In its capacity as one of the 100 largest listed Swedish companies, Handelsbanken has itself responded to the survey on its work.

Content and restrictions

Since 2009, Handelsbanken has reported its relevant work with sustainability in accordance with guidelines from the Global Reporting Initiative, GRI 3.0. This year we are doing this as part of the Bank's annual report; previously it was published in a separate sustainability report. The aim of the report is that our stakeholders – customers, employees, investors and the public in general – should be able to find out about our work in a simple manner, gaining a good understanding of the Bank's performance.

THE WORK OF PRODUCING THE REPORT

Handelsbanken's committee for sustainability matters (see page 182) identified the most relevant aspects of the Bank's sustainability work. Its starting-points were the Bank's business operations, an internal analysis of the mutual influences and relationship between the Bank and its stakeholders, and the results of a continuous dialogue with stakeholders. By "stakeholders," the Bank is referring to groups that are affected to a large extent by the Bank's actions or that can affect the Bank's ability to create value.

RELEVANCE FOR A BANK IN THE NORDIC REGION, THE UK AND THE NETHERLANDS

Relevance and materiality are key GRI concepts in reporting. Handelsbanken reports the sustainability issues that we consider to be particularly relevant to our stakeholders and to the Bank's ability as regards long-term value creation. The analysis of what is relevant and material has resulted in Handelsbanken also reporting in accordance with the GRI Financial Services

Sector Supplement (FSSS). Banking operations have a limited direct environmental impact, and therefore, a number of GRI environmental indicators have been deemed to have less relevance for Handelsbanken, and thus these are not reported. Handelsbanken's suppliers, e.g. property owners that provide premises for bank branches, or suppliers of office material, are located in the regions where Handelsbanken operates. Risks associated with human rights and working conditions among providers are therefore deemed to be limited.

In assessing the degree of relevance of a specific indicator, the starting point has been Handelsbanken's operations and where they are conducted.

In addition to the information provided in the report, there is also a separate GRI appendix on Handelsbanken's website handelsbanken.se/csreng.

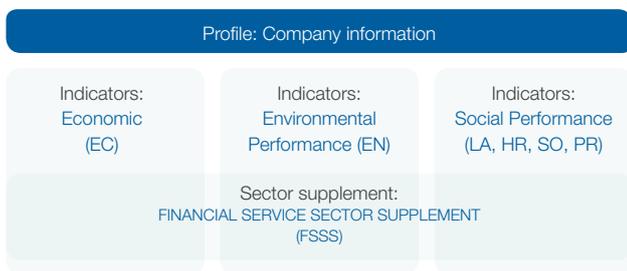
For more information about GRI, visit the organisation's website globalreporting.org.

DATA COLLECTION AND LIMITATIONS

The Sustainability Report contains information relating to the Group unless otherwise stated. The information presented in the report covers the largest and most important parts of the operations, with the focus on banking operations.

Handelsbanken established a regional bank in the Netherlands in January 2013 which is thus the Bank's sixth home market.

The Report has certain limitations regarding labour practices and environmental data (LA and EN). Some personnel information refers to the Swedish operations only, while other information is for the Group as a whole. Environmental data refers to operations in the Bank's home markets, with focus on the Swedish operations. Any limitations are shown in the report. Emissions of carbon dioxide for 2008–2012 have been retroactively recalculated according to residual mix Nordic countries and this has affected the information provided in previous reports. Apart from this, no other major corrections or amendments have been made relating to information provided in previous years' sustainability reports.



Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures	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 plus:	1.2, 3.9, 3.13, 4.5–4.13, 4.16–4.17		Same as requirement for Level B	
G3 Management Approach Disclosures	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
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product responsibility.		Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality principle.	

*Sector supplement in final version

INDEX ACCORDING TO THE GLOBAL REPORTING INITIATIVE (GRI)

Handelsbanken reports its sustainability in accordance with guidelines from the Global Reporting Initiative (GRI) 3.0. The Sustainability Report meets the information requirements of level C+ and this has been confirmed by the Bank's external auditors. Handelsbanken reports the Group's sustainability activities annually. This is Handelsbanken's fourth Sustainability Report in accordance with GRI, and relates to the 2013 calendar year. The latest report was submit-

ted in February 2013, and related to the 2012 calendar year.

The information presented in this report is intended to provide a clear picture of Handelsbanken's sustainability efforts and to meet the information requirements of stakeholders.

The table below contains the indicators which are assessed to be relevant to Handelsbanken's operations including indicators from the GRI Financial Services Sector Supplement (FSSS). The symbols in the table show the degree of relevance that Handelsbanken deems

the indicator to have and also to what extent Handelsbanken reports on the indicator.

In addition to the information provided in this sustainability report, there is a separate GRI appendix on Handelsbanken's website handelsbanken.se/csreng.

CONTACT

For questions or comments on this report, or on the Bank's sustainability work, please contact Handelsbanken Central Personnel, email csr@handelsbanken.se.

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PROFILE: COMPANY INFORMATION			
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2.4		3	■
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2.6		49	■
2.7		Inside cover, 16–17, 204–211	■
2.8		Inside cover, 10–11, 19, 22–23	■
2.9	200	20–21	■
2.10	190, 199	4–5	■
3. REPORT PARAMETERS			
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4. GOVERNANCE, COMMITMENTS & ENGAGEMENT			
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4.7		52–54	■
4.8	179, 184–187, 189–193, 195–196		■
4.9		50–57	■
4.10	189	52–53	□
4.12	190, 192, 196, 198	4–5	■
4.13	198–199		■
4.14	183, 193		■
4.15	183–185		□
4.16	183–186, 188, 196		■
4.17	183–185		□

AR Refers to the 2013 Annual Report
 CSR Refers to the 2013 Sustainability Report
 www Refers to the GRI supplement at handelsbanken.se/csreng

Key to symbols

● Relevant
 ○ Partly relevant
 ○ Not relevant
 ■ Reported
 □ Partly reported
 □ Not reported

INDICATORS		Page CSR	Page AR/www	Relevance	Scope
5. ECONOMIC INDICATORS (EC)					
Disclosure on management approach/Economic				9–15	
EC1.	Direct economic value generated and distributed	183, 194		●	■
EC2.	Financial impact, and risks and opportunities for the organisation due to climate changes	179, 191–192, 196–197		●	■
EC3.	Coverage of the organisation's defined benefit plan obligations		104–106	●	■
EC4.	Significant financial assistance received from government	180, 194		●	■
EC7.	Local hiring and proportion of senior management hired from the local community	186–187		●	■
EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	193, 198		●	■
EC9.	Significant indirect economic impacts, including the extent of impacts	179, 193–194		●	■
6. ENVIRONMENTAL PERFORMANCE INDICATORS (EN)					
Disclosure on management approach/Environment		180–183, 191–192, 196–197			
EN1.	Materials used by weight or volume		www	○	□
EN4.	Indirect energy consumption by primary source	180–181, 196–197		○	■
EN5.	Energy saved due to conservation and efficiency improvements	196–197		○	□
EN6.	Initiatives to provide energy-efficient or renewable energy-based products/services, and reductions in energy requirements as a result of these initiatives	191, 196–197		○	□
EN7.	Initiatives to reduce indirect energy consumption and results	196–197		○	□
EN16.	Direct and indirect greenhouse gas emissions	180–181, 196		○	■
EN17.	Other relevant indirect greenhouse gas emissions	196–197, 200	www	○	□
EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved	180–181, 196–197		●	■
EN22.	Total weight of waste by type and disposal method		www	○	□
EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	196–197		○	□
7. SOCIAL PERFORMANCE INDICATORS (LA, HR, SO, PR)					
Disclosure on management approach					
Employment and working conditions (LA)		179–183, 186–193, 195, 198			
LA1.	Total workforce by employment type, contract and region	186–187	104	●	■
LA2.	Staff turnover and employees who have left the Bank	181, 186–187		●	□
LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	188	60–63, 104	●	□
LA4.	Percentage of employees covered by collective bargaining agreements	188		●	■
LA5.	Minimum notice period(s) regarding major operational changes and whether this is specified in the collective agreement	188		●	□
LA7.	Rates of injury, occupational diseases, lost days, total work related fatalities per region	180–181, 187		○	□
LA9.	Health and safety topics covered in formal agreements with trade unions	188		●	□
LA12.	Percentage of employees receiving regular performance and career development reviews	186		●	■
LA13.	Composition of governance bodies and employees according to gender, age group, minority group membership and other indicators of diversity	186–187	60–63, 104	●	■
LA14.	Ratio of basic salary of men to women per employee category	187		●	□
Human rights (HR)					
HR1.	Proportion and number of Investment agreements that include human rights clauses, or that have been examined on the basis of human rights	190–193		●	□
HR4.	Total number of incidents of discrimination and actions taken	187		●	■
Society (SO)					
SO2.	Business units analysed for risks related to corruption		55–57, 78–101	●	■
SO3.	Employees trained in the organisation's anti-corruption policies and procedures	195	56–57	●	□
SO4.	Actions taken in response to incidents of corruption	195		●	■
SO5.	Participation in public policy development and lobbying	193		○	■
SO8.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant incidents in 2013		●	■
Product responsibility (PR)					
PR3.	Type of products and service information required by procedures, and percentage of products subject to such information requirements	190–192		●	□
PR5.	Results related to customer satisfaction, including results of surveys measuring customer satisfaction	180–182, 184–185, 199		●	■
PR6.	Programme for adherence to laws, standards and voluntary codes for marketing communications	190		●	■
PR9.	Monetary value of fines for non-compliance with regulations concerning the use of products and services	No significant incidents in 2013		●	■

FINANCIAL SERVICES SECTOR SUPPLEMENT		Page CSR	Page AR/www	Relevance	Scope
FS. PRODUCT AND SERVICE IMPACT SECTION					
FS1.	Policies with specific environmental and social components applied to business lines	182, 190–193, 195–197		●	■
FS2.	Procedures for assessing and screening environmental and social risks in business lines	191–192		●	■
FS3.	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	191		●	□
FS5.	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	191–192		●	■
FS10.	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	192		●	□
FS11.	Percentage of assets subject to positive and negative environmental screening	192		●	■
FS12.	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	192		●	□
FS13.	Access points in low-populated or economically disadvantaged areas by type	182, 193	16–17	●	■
FS15.	Policies for the fair design and sale of financial products and services	179, 190		●	■
FS16.	Initiative to enhance financial literacy by type of beneficiary	193, 198		●	■

Key to symbols

AR	Refers to the 2013 Annual Report	●	Relevant	■	Reported
CSR	Refers to the 2013 Sustainability Report	○	Partly relevant	□	Partly reported
www	Refers to the GRI supplement at handelsbanken.se/csreng	○	Not relevant	□	Not reported

Auditor's Combined Assurance Report on Svenska Handelsbanken AB (publ) Sustainability Report

To the readers of Svenska Handelsbanken AB (publ) Sustainability Report 2013.

INTRODUCTION

We have been engaged by the Executive Management of Svenska Handelsbanken AB (publ) to undertake an examination of Svenska Handelsbanken AB (publ) Sustainability Report for the year 2013. The Sustainability Report also includes a separate GRI Appendix, Handelsbanken's GRI Appendix 2013 at www.handelsbanken.se/csreng. The Company has defined the scope of the Sustainability Report on page 3 in the Annual Report 2013.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and the Executive Management are responsible for ongoing activities regarding sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria, as explained on page 201 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines G3, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion on the Sustainability Report based on the procedures we have performed.

We conducted our engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. The engagement includes a limited assurance engagement on the complete Sustainability Report and audit of certain information as specified below. The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements.

The Bank's internal audit department has continuously examined the internal control and the Sustainability Report. We have received the reports that have been prepared.

A reasonable assurance engagement includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainability Report. A limited assurance engagement is mainly focused on making inquiries of personnel responsible for sustainability issues, and applying analytical and other limited assurance procedures. Hence, the conclusion based on our limited assurance procedures does not comprise the same level of assurance as the conclusion of our reasonable assurance procedures. Since this assurance engagement is combined, our conclusions regarding the reasonable assurance and the limited assurance will be presented in separate sections.

Our reasonable assurance engagement includes the following:

- Table "External staff turnover 2009–2013"
- Tables "Return on equity, 1973–2013", "Loan losses as a percentage of lending 1998–2013", "Customer satisfaction, private customers and corporate customers 2013"
- Carbon dioxide emissions from electricity consumption

The criteria on which our procedures are based are the parts of the Sustainability Reporting Guidelines G3, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

CONCLUSIONS

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the above stated criteria.

In our opinion the information in the Sustainability Report which has been subject to our reasonable assurance procedures has, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, February 14, 2014

KPMG AB

Stefan Holmström
Authorised Public
Accountant

Åse Bäckström
Expert Member of FAR

