

# Policy for ethical standards in the Handelsbanken Group

Adopted by the Central Board on 21 March 2018

The success of Handelsbanken in the market derives from the trust it enjoys from its customers, counterparties, bond investors, employees, shareholders, public authorities and the public in general. Ethical and moral conduct are therefore vital.

Handelsbanken's work methods are based on a fundamental human outlook characterised by trust and respect. This applies to both customers and employees. Customers are at the focus of operations, and the Bank aims for long-term customer relations.

With regard to customers, suppliers, employees and others, there must be no discrimination, victimisation or harassment on grounds such as gender, transgender identity or expression, ethnic background, religion or other beliefs, functional impairment, sexual orientation, age, or any other grounds. Consequently, women and men must have the same opportunities for professional development at Handelsbanken.

It is the responsibility of each manager to make sure that this policy is observed in the day-to-day running of the business and in the internal instructions issued by each business area. Employees must be given the opportunity to discuss ethical matters on a regular basis. In internal training, ethical issues must be included as a matter of course.

## 1. Central policy documents

The *Sustainability policy for the Handelsbanken Group* defines fundamental principles for sustainability that apply throughout the operations of the Handelsbanken Group and the general processes designed to ensure that these principles are complied with in practice.

*Regulations governing employees of the Handelsbanken Group* consists of rules for employees' conduct. It is established by the Group Chief Executive.

Handelsbanken's views on corruption and conflicts of interest are set out in the *Policy against corruption in the Handelsbanken Group* and the *Policy for management of conflicts of interest in the Handelsbanken Group*, established by the Central Board.

The Group Chief Executive sums up Handelsbanken's fundamental principles and concepts in a special internal document called *Our Way*, which is distributed to all employees. It forms the basis of the Group's corporate culture, including decentralised customer responsibility, decentralised decisions and independent thought and action on the part of the employees. The *Guidelines for HR matters in the Handelsbanken Group* document also deals with ethical matters. Thus, all employees are clearly responsible for their actions within the

Handelsbanken Group, both professionally and in relation to ethical issues.

## 2. High ethical standards

All members of boards within the Group, employees, and those who carry out assignments on behalf of Handelsbanken without being employees of the Handelsbanken Group, must, in all their activities within and for the Handelsbanken Group, conduct themselves in a manner that upholds confidence in Handelsbanken.

All operations within the Group must observe high ethical standards. When issues of an ethical nature arise, these must be discussed with the employee's line manager, who can refer the issue within the Group if necessary. The Central Board must be kept informed of significant events and considerations which are of importance to this policy for ethical standards.

## 3. Laws, regulations and guiding principles

Banking legislation stipulates that the Bank's operations must be run in a sound manner. A basic and self-evident rule is that Handelsbanken and its employees must comply with the laws and regulations that govern its operations in various ways.

Regulations, general recommendations and written statements from the Swedish Financial Supervisory Authority and other authorities must be taken into consideration and incorporated into procedures and instructions as necessary. The regulations from banking legislation regarding sound banking operations mean that general principles and other guiding principles established by the organisations of which Handelsbanken is a member must be followed.

## 4. International initiatives and guidelines

Handelsbanken supports international initiatives and guidelines with the common aim of encouraging and facilitating corporate sustainability. One such initiative is the UN Global Compact, which well reflects Handelsbanken's view of human rights, labour, the environment and anti-corruption. Handelsbanken's policy on sustainability and credit policy, as well as the principles of responsible investments that its fund management companies and life insurance company may adopt, state that the Group, in making its business decisions, evaluates and assesses its customers' attitude to the Global Compact's principles as part of the decision documentation.

## 5. Financial crime

The Handelsbanken Group must not participate in transactions involving funds which may be suspected of deriving from, or being part of, financial crime. The same applies to transactions where the employee does not understand the implications.

It is the duty of managers to keep employees regularly informed of the content of the principal laws that deal with combating financial crime, as well as bribery and improper influence. The requirements of the Swedish Act on Measures against Money Laundering and Financing Terrorism must be given special emphasis. The same applies to the Swedish Penalty Act on Market Abuse (i.e. insider crime, undue market manipulation and unauthorised disclosure of insider information).

## 6. Customer relations

All advisory services aim to provide the customer with a suitable product, based on the customer's needs. The advice must be based on up-to-date information on the customer's financial and personal circumstances, and it must proceed from the customer's needs and wishes, as well as the risks that may arise with the product or service. This requires that the advisor has an insight into the customer's objectives, knowledge, experience, financial position and risk appetite, as well as the range of products and services to which the advisory service relates. It is important that employees take into account all the relevant information on the customer's financial and personal circumstances that is necessary to provide advice, and ensure that customers understand the implications of the decisions they make.

The advice must be preceded by information on what the advisory service relates to, and the fees for the advice. The advice that is finally provided must be well-founded, and it must be documented.

Handelsbanken must not participate in transactions or provide products or services that may be called into question in the light of prevailing tax legislation, competition regulations, or legislation regarding bribery and improper influence. In case of doubt, Handelsbanken must refrain from participating. High ethical standards must always be observed.

Lending must be responsible, and to private individuals it must be carried out in accordance with good practice for granting credits. The interests of customers – and particularly those of private individuals – must be safeguarded with due care. This demands clarity, to ensure that customers understand the risks associated with borrowing, and do not run into debt in a manner that is excessive in relation to their incomes and other circumstances. Protecting the individual customer from running into financial difficulties due to excessive indebtedness benefits the customer, Handelsbanken, and society at large. Therefore, deficiencies in a customer's repayment capacity can never be ignored on the grounds that the Group is being offered good collateral or high margins.

The Group's information to customers must be clear, objective and accurate, and include all the explanations that customers might need in order to make a well-informed decision.

Terms and conditions for Handelsbanken's products and services must be clear and not arbitrarily changed. Any complaints by customers must be dealt with quickly and correctly, in the first instance by the branch responsible for the customer in question.

Sound business practices, acting in a consistent manner, and fair treatment of customers are key concepts at the Group. Customers must be treated with respect.

## 7. Conflicts of interest

Conflicts of interest are a natural part of business life, which means that they may occur within the operations of the Handelsbanken Group.

A "conflict of interest" means that a company or an employee within the Handelsbanken Group, or a business partner or a representative of the Group and a customer have differing interests in the outcome of a transaction, an order, a service or a similar operation that is carried out on behalf of the customer. A conflict of interest may also occur between different customers, where the Group must take account of the differing interests of these customers. Conflicts of interest affecting customers may also occur between different units or companies in the Handelsbanken Group. There may also be conflicts of interest between employees and the Handelsbanken Group.

Conflicts of interest must be identified and highlighted, and handled in a manner that is fair to both parties.

In this work, the provisions of the Group's regulations in the following areas must be observed: bank confidentiality, ethical standards, bribery and improper influence, assignments outside the Bank, secondary occupations, employees' own securities transactions, investment research, investment advisory services, corporate finance operations, etc.

The risk of conflicts of interest must also be taken into account in conjunction with recruitment, appointment of board members within the Group, and procurement of services.

## 8. Conduct of employees

It is important that employees of the Handelsbanken Group are not suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work. All employees must be familiar with the laws and regulations on insider information and market manipulation, as well as bribery and improper influence, and also observe Handelsbanken's own rules governing employees' private securities and currency transactions.

In their work within the Group and in their private affairs, employees must refrain from business transactions that violate Handelsbanken's rules or the prevailing legislation. An employee must not handle matters in which the employee or a relative has a personal interest, or act for a company in which he or she or a relative has a material interest. Employees must also refrain from transactions or other commitments that could seriously jeopardise their personal financial position.

To avoid incurring personal obligations to customers and suppliers, employees must observe Handelsbanken's rules regarding receiving personal gifts and corporate hospitality. Business trips must always be paid for by Handelsbanken. Bonus points and similar discounts which have been received in connection with work for the Group (e.g. business trips) may only be used for business purposes.

Employees must notify the Bank of assignments outside the Bank and obtain approval, in accordance with Handelsbanken's rules. These rules also apply to secondary occupations and, in certain cases, to posts in clubs and societies, etc. Remuneration for being a member of a Board on behalf of the Group must be paid to Handelsbanken.

Employees should in no way participate in collaborations or act in a way which reduces, or can be perceived as reducing, competition. A number of financial collaboration structures are expressly exempt from the prohibition against interaction between competitors. However, it is not permitted, on Handelsbanken's behalf, to enter into agreements on prices or other conditions with representatives from competitors which lead to a reduction of competition. Similarly, employees must not participate in discussions with, or in any other way have contact with, representatives from competitors which would lead to reduction or obstruction of competition.

#### **9. Reporting by employees who suspect internal fraud or other anomalies**

Handelsbanken must have fit-for-purpose procedures for dealing with reports from employees regarding possible anomalies within the Handelsbanken Group.

An employee who discovers or suspects internal fraud or other anomalies within the Group must report this first to his/her line manager or a higher-level manager within their own or another unit. A report can also be made, for example, to the compliance function, or to Group Audit at Handelsbanken.

If the normal channels described above are not appropriate, the employee can use Handelsbanken's special system for whistleblowers, whereby identity protection can be guaranteed as far as is legally possible.

Identity and personal data must always be protected, and there must not be unfair treatment of persons who have reported anomalies.

#### **10. Confidentiality**

Anyone who is, or has been, connected with Handelsbanken as an employee or contractor is prohibited from using or disclosing information concerning another party's business or personal circumstances that has come to his or her knowledge during employment or a contract.

This duty of confidentiality also applies to information concerning business relationships and other activities at Handelsbanken. The duty of confidentiality continues to apply after termination of the employment or contract.

#### **11. External contractors**

The Policy for ethical standards also applies to consultants and other contractors. Contractors may be perceived by the public to be representatives of Handelsbanken. It is therefore the duty of managers at units which engage external contractors to ensure that the contractors are informed about this policy and undertake to comply with it.

#### **12. Doubtful cases**

Employees who are in doubt when applying this Policy for ethical standards and dealing with related issues must contact their line manager to find out what is ethically acceptable.