

Policy for the Handelsbanken group on measures against financial crime

adopted by the Central Board on 27 March 2019

Information class: Open

Introduction

This policy is partly based on Swedish laws and regulations concerning money laundering, terrorist financing, breaches of international sanctions, applicable non-Swedish rules (including UK regulations against tax evasion) and fraud, and it shall be applied throughout the Handelsbanken Group, to the extent that it does not contravene local laws. Money laundering, terrorist financing, breaches of international sanctions, fraud, tax evasion and corruption are collectively referred to as financial crime. The Handelsbanken Group has a separate policy for anti-corruption, whereas this policy relates to the other aspects of financial crime.

The Handelsbanken Group's work to counter and combat financial crime is a fundamental principle for secure and sound bank operations.

The Handelsbanken Group must monitor and comply with decisions and sanctions pursuant to the Swedish Act on Certain International Sanctions. Deficiencies in the handling of these matters could lead to sanctions, financial losses, or reduced confidence in the Handelsbanken Group's business operations.

Work methods

Handelsbanken's measures to prevent financial crime must take a risk-based approach based on an overall analysis (general risk assessment) of the risk that the Handelsbanken Group may be exploited for financial crime. This also means that relevant risk factors, such as which products and services are provided, which customers and distribution channels exist, and which geographical risk factors are present, must be identified, analysed and managed. The Handelsbanken Group's work method is based on having a good knowledge of its customers, and an understanding of its customers' business operations, as well as the purpose and nature of the business relationship. Customer due diligence must be performed and maintained for as long as the customer relationship exists.

All Handelsbanken's customers must be categorised on the basis of the risk of them exploiting the Handelsbanken Group for financial crime. This means that the scope of the measures taken to prevent financial crime will depend on the customer's risk class, the classification of which is to be based on risks identified in the risk assessment.

Handelsbanken must continually monitor ongoing business relationships by checking that the activities and transactions being carried out are in keeping with Handelsbanken's knowledge of the customer, in order to discover any activities that could be suspected of being related to financial crime, or otherwise arouse suspicion.

All suspected cases of financial crime within the Handelsbanken Group must be reported to the relevant authority.

Organisational structure

The Handelsbanken Group must have a specially appointed executive with the task of ensuring that the Handelsbanken Group takes the measures required to prevent financial crime, and to comply with international sanctions. This involves carrying out a general risk assessment which is regularly updated, drafting Group-wide instructions for measures to counter financial crime and ensuring that they are relevant and up-to-date. It also involves checking and following up that the various measures, procedures or other methods decided upon by the Handelsbanken Group are implemented in the Bank's business operations. The specially appointed executive reports to the Group Chief Executive. The specially appointed executive may appoint individuals to assist him/her, and may delegate powers to them.

The Handelsbanken Group must have an appointed officer for controlling and reporting obligations (under the Swedish Act on Measures against Money Laundering and Terrorist Financing), whose task is to monitor and regularly verify that the Handelsbanken Group fulfils its obligations in compliance with the relevant laws and regulations. This includes verifying and assessing the internal rules of the Handelsbanken Group, and providing advice and support to, as well as informing and training, the staff affected by regulations relating to measures designed to prevent financial crime.

The appointed officer for controlling and reporting obligations must submit regular reports to the Group Chief Executive on matters concerning financial crime. The appointed officer for controlling and reporting obligations may appoint individuals to assist him/her, and may delegate powers to them.

National organisations and subsidiaries must, where deemed necessary, appoint a person with specific responsibility for matters relating to measures designed to prevent financial crime and the observance of international sanctions.

The Handelsbanken Group's Group Audit function has the overall responsibility for independently reviewing the internal guidelines, checks and procedures that aim to ensure that Handelsbanken fulfils its legal and regulatory obligations. The internal audit function reports to the Central Board.

Risk tolerance

The Handelsbanken Group has a low risk tolerance for the risk of the exploitation of the Bank in any form of financial crime. Accordingly, the Handelsbanken Group shall not participate in transactions if its employees do not understand the implications, or in transactions which could be suspected of being linked to criminal activities.

The Handelsbanken Group may not hold anonymous accounts or issue anonymous passbooks.

The Handelsbanken Group may not initiate or engage in correspondence with shell banks and must ensure that such links are not initiated or maintained with institutions that allow their accounts to be used by such banks.

The Group Chief Executive is responsible for ensuring that the risk tolerance set by the Board is followed, and that guidelines on its application are established.

Training courses

At least once a year, employees must be informed of the Handelsbanken Group's internal rules and be trained in procedures for measures to prevent financial crime. Employees must be informed on a regular basis about changes in the applicable regulations and instructions.

Protection of employees

Threats or hostile actions that may be directed at employees as a result of their investigating or reporting suspicion of financial crime must be identified and analysed. Where necessary, procedures must be updated. Incidents that occur must be investigated, and appropriate measures must be taken.

Reporting and information to public authorities, etc.

In Sweden, including Swedish subsidiaries, the appointed officer for controlling and reporting obligations must ensure that information regarding suspected financial crime is submitted to the competent authority. The specially appointed executive has operational responsibility for submitting information to the relevant authorities. Instructions for the exercising of operational responsibility are to be established through consultation between the central function officer and the specially appointed executive. Decisions regarding the freezing of funds as a result of international sanctions must be taken jointly by the specially appointed executive and the Bank's Chief Legal Counsel. The Head of CJ is responsible for reporting to public authorities about decisions taken to freeze funds as a result of international sanctions.

National organisations and subsidiaries outside Sweden are required to take decisions and provide information about suspected cases of financial crime, and decisions made on the freezing of funds as a result of international sanctions, to the appropriate public authority within the country. Reports of suspected cases of financial crime to the relevant authority that are deemed by the local manager to be of particular significance must be reported to the appointed officer for controlling and reporting obligations (according to the applicable regulations on money laundering and terrorist financing), provided that this is permitted by the legislation and regulatory requirements of the country concerned.