

TOBACCO INDUSTRY – HANDELSBANKEN’S GUIDELINES

established by the Chief Executive Officer on 2 June 2023

Information class: Open

Handelsbanken’s view is that responsible actions are essential to long-term value creation. Long-term business relationships, low risk-taking and cost-awareness are cornerstones of Handelsbanken’s business culture. They form the basis of successful banking operations being run in a responsible, sustainable manner.

In addition to the Policy for sustainability in the Handelsbanken Group adopted by the Central Board, the purpose of these guidelines is to further clarify Handelsbanken’s view of and approach regarding companies operating in the tobacco industry. These guidelines are also supplemented by the Chief Executive Officer’s Guidelines relating to the overall goal and strategy of sustainability activities in the Handelsbanken Group.

The guidelines apply to business relations with regard to lending, other financing, asset management (including holdings in mutual funds and investment portfolios managed by the Bank), advisory services, product development and purchasing, for example. They should provide a guide for decision-making and, together with the policy, establish the basis for the establishment of the more detailed instructions which the Head of Group Sustainability (CH) in consultation with business operations, is responsible for preparing, with regard to the additional business relations that are encompassed.

The guidelines are to be applied throughout the Handelsbanken Group; where applicable, they are also valid for subsidiaries, unless binding regulations outside Sweden, or relating to subsidiaries, give rise to deviations. Acceptance and backing for such deviations must be gained from CH.

Background

The tobacco industry’s negative impact on sustainable development is well documented, and can be linked to several stages of tobacco products’ life cycle, for example:

- cultivation of tobacco has been linked to deforestation, the use of pesticides, human rights violations, health problems and child labour.
- production of cigarettes results in huge quantities of non-recyclable and chemical waste.
- smuggling cigarettes is a source of income for organised crime, and results in the loss of tax revenue.
- smoking is one of the world’s largest public health problems, leading to the premature death of millions of people, including non-smokers.
- cigarette ends are the most common form of litter in the world.

The 2030 Agenda and the Sustainable Development Goals provide a clear direction and objectives as regards human rights, working conditions, human health and the environment.

No single player can overcome the challenges – international co-operation, shared responsibility and global efforts will be required. At Handelsbanken, we are convinced we have a role to play in the realisation of the 2030 Agenda and in the transition to a sustainable economy.

Handelsbanken's undertakings

In its business relations with companies active within the production and distribution of tobacco products, Handelsbanken must ensure that the company has a process for addressing the relevant sustainability risks associated with the production, distribution and usage of the company's tobacco products. This process must include identifying, counteracting and managing such risks, and must cover the product's entire life cycle.

Handelsbanken must not have any business relations with tobacco companies that:

- do not comply with the WHO Framework Convention on Tobacco Control
- do not comply with international conventions within labour law, environmental areas or health
- are involved, directly or indirectly, in child labour or compulsory labour
- actively market their products to minors
- contravene national or local legislation

Handelsbanken must not have any business relations with companies involved in cigarette production.

Relevant initiatives, guidelines and conventions

Global co-operation is vital to the transition to a sustainable economy, and thus Handelsbanken supports several international initiatives and guidelines. Such initiatives and guidelines constitute an important basis for Handelsbanken's environmental activities. With regard to tobacco industry, the following initiatives, guidelines and conventions can be mentioned, for example:

A. Initiatives and guidelines

- The UN Principles of Responsible Investment (PRI)
- The UN Principles for Responsible Banking (PRB)
- The UN Environmental Programme Finance Initiative (UNEP FI)
- The UN Global Compact
- OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The UN Convention on the Rights of the Child

B. International conventions

- The WHO Framework Convention on Tobacco Control (FCTC)

- The UN Universal Declaration of Human Rights
- The International Labour Organisation's core conventions