

Sustainability Report

Extract from Handelsbanken's Annual Report

2015

SVENSKA
HANDELSBANKEN



Introduction

Sustainability Report

This is an extract from Handelsbanken's Annual Report 2015 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 2015 has been examined by the Bank's external auditors, as stated in the Auditor's Report.

Stability and growth – in a turbulent environment

- Operating profit for 2015 grew to SEK 20.5 billion, the highest figure in the Bank's 144-year history.
- Earnings per share increased to SEK 8.57.
- Handelsbanken's return on equity for total operations was 13.5 per cent.
- The C/I ratio – our expenses divided by our income – was 45.3 per cent.
- Following the dividend proposal, the common equity tier 1 ratio according to CRD IV increased to 21.2 per cent and the total capital ratio rose to 27.2 per cent.
- Moody's upgraded Handelsbanken's long-term credit rating to Aa2, and thus the Bank has the highest rating in Europe of all peer banks.
- The Bank was the largest player for new savings on the mutual funds market in Sweden with a market share of 31 per cent.
- We had more satisfied private and corporate customers than the average for the banking sector in all our six home markets.

For 144 years, Handelsbanken has grown and developed: customer by customer, transaction by transaction, and branch by branch.

2015 was another of those years when we grew, developed the Bank and we did good business. We did all this with control of our costs, while we acquired a larger number of customers, who are even more satisfied.

In doing so, we created value for our shareholders.

Operating profit for the past year was SEK 20.5 billion, which is the highest in the history of Handelsbanken. For the 44th year running we met our corporate goal: higher return on equity than a weighted average of the return of our competitors.

For many years, Handelsbanken's equity, including dividends paid, has also grown by an average of 15 per cent per year. Unlike the other major banks in our home markets, this has been possible without government support, subsidised loans from central banks or capital support from our shareholders.

In other words, Handelsbanken creates stable, long-term value. The reason is simple: our idea of how to run the Bank is based on exactly that: a long-term perspective and stability. This permeates the whole Bank, in everything we do, in our relationships with customers, in our business transactions and in our view of our employees.

“In several independent assessments, Handelsbanken is also ranked as one of the strongest banks in the world by far.”

This business model works which is why the Bank's strategy stands firm. As the new President and Group Chief Executive of the Bank, I see that we have great opportunities to grow and develop our business, while of

course we have to adapt to changes in the world around us and make use of the opportunities that these changes create.

2015 was a year of major geopolitical turbulence in our environment, major falls in commodity prices, volatile financial markets and a weak business cycle on most markets in Europe. We are used to navigating the Bank through times of crisis, in different business cycles and on turbulent financial markets. We have always worked according to the principle that our business model should be independent of business cycles – in other words it should work well and stably in good times and bad. This means that in everything we do, our work is characterised by low tolerance of risks, caution and a long-term approach.

In several independent assessments, Handelsbanken is also ranked as one of the strongest banks in the world by far. One example of this is the rating agency Moody's, which for many years has ranked Handelsbanken as one of the strongest in our home markets. In 2015, Moody's raised our rating another notch – to Aa2. No other commercial bank in our home markets has a higher rating.

In 2015, we experienced a new phenomenon in the financial markets – negative interest rates. This has a major impact on our net interest income from deposits, and naturally it is reflected in our results. But this is not a structural problem for us. Our very stable finances mean that we have resilience and stamina. Furthermore, our view is that the negative rates are temporary.

In markets with very high liquidity and generally low credit demand from businesses, the risk of price bubbles increases. Tough competition between the banks, combined with low interest rates, can create unsustainable price increases within different asset classes. As always, Handelsbanken is cautious with its lending. Good times for credits may last for a long time, but not for ever. This is why in Sweden, and also in several of our other home markets, we have been restrictive about increasing lending to the corporate market over the past few years.

OUR BUSINESS MODEL – LOCAL AND DIGITAL

Handelsbanken's decentralised working method is at the core of our business model. Our view is that decisions should be taken locally by the person who knows our customers. We know that this creates better

decisions and – in particular – more satisfied customers. The customer appreciates meeting a decision-maker, who is well acquainted with him or her and the local market. This is why we are present in so many locations, now with 836 branches in our six home markets.

The branch is the Bank and the Bank is the branch. Our customers appreciate the fact that we are local, that we know them and that we make the decisions there, locally together with the customer. But customers also expect to be able to do their banking transactions when and where they please. So the branch is not just a physical building – we are developing the branches' digital meeting places all the time, so that customers can visit their branch on their mobile, tablet or computer. All contacts with our customers are between the customer and the branch, regardless of how the customer wishes to meet the Bank. It is the branch that is always responsible for the customer meeting – whenever and wherever this takes place.

Together with the Bank's specialists who are gathered regionally or centrally, our branches with their strong local connections create solutions which our customers appreciate. This is confirmed time and time again in customer satisfaction surveys and awards.

Our decentralised model with a large degree of local autonomy not only creates more satisfied customers. It also means that our risk assessment is better and our loan losses are lower. Decentralisation also gives us employees with a great degree of commitment and a high level of expertise, who are used to making their own, wise decisions.

Working with the Bank's operational efficiency is well-integrated into the Bank's business model, and benefiting from the efficiency gains which digital developments lead to is also an important part of our continued work.

It is therefore not difficult to remain decentralised. Quite the contrary: we always try to be more decentralised and local – and digital. Everything

which may create benefit for our customers will be decentralised. This is why we continued to move central functions and responsibilities to our national organisations in 2015, and we work incessantly on increasing the time branches can spend with their customers.

SUSTAINABILITY

Our business concept and our decentralised method of working not only create a stable bank in the long term. They also create a more responsible bank, a more sustainable bank. Aspects of sustainability have also long been well-integrated into Handelsbanken's culture and operations.

In addition to our internal governance documents and guidelines, the Bank is also a member of the voluntary UN initiatives Global Compact and Principles for Responsible Investment (PRI). Handelsbanken continues to support these initiatives, which are totally in keeping with the values, principles and working methods that have been applied at Handelsbanken for a long time.

We run the Bank with low tolerance of risks and low expenses, and we aim for as low volatility in profits as possible. This, coupled with stable finances, has meant that in modern times, we have never needed to seek support from the government, central banks, taxpayers or shareholders.

We are convinced that our responsible method of running our Bank gives us a competitive edge. This applies in many areas – for example, regarding the opportunities and terms to obtain funding on the international bond market, or when it comes to attracting talented staff and stable, long-term shareholders.

We are also convinced that sustainability, long-term growth and shareholder value can only be achieved if the Bank works in a long-term manner for its customers – and for the community as a whole. Therefore, we will keep our work with sustainability high on the agenda.



OUR HOME MARKETS

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

Sweden

In 2015, Handelsbanken again won the Swedish Business Bank of the Year and Sweden's Small Enterprise Bank awards from Finansbarometern, for the fifth and fourth year running. These awards are based on a very comprehensive survey, in which customers' ratings for various parts of the Bank are taken into account.

This customer satisfaction aspect is confirmed by SKI (Swedish Quality Index), which, on the basis of its surveys of private and corporate customers, acclaims us as the bank that has the most satisfied customers overall.

In addition, the TNS Sifo research company finds that, this year too, we have by far the most satisfied customers within Private Banking.

Satisfied customers mean more business – and this enabled us to meet the challenges of negative interest rates and low demand for corporate loans, with good growth in our commissions business. Once again this year, in the savings area, we saw very high net inflows to our mutual funds, and we have great potential for further growth.

UK

In the UK, Handelsbanken continued to grow. In addition to opening 19 new branches and recruiting branch managers for a further nine future branches, we have also established a new regional bank. This encompasses Yorkshire and the north-eastern part of the country, with its head office in Leeds, and it is our fifth regional bank in the UK.

In the area of customer satisfaction, our lead over our competitors is growing, particularly as regards corporate customers.

Handelsbanken's range of products and services has been broadened further, to meet the customers' requirements. In addition, the integration of Heartwood's wealth and asset management services into the Bank is now in progress; this will further supplement the Bank's offering.

“Our view is that decisions should be taken locally by the person who knows our customers.”

Denmark

Despite an environment of negative interest rates, weak demand for credits, and tough competition, Handelsbanken continued to advance its positions, with good performance in all business areas.

In 2015, Handelsbanken again had the most satisfied customers, on both the private and the corporate markets.

During the year we increased availability for our customers, both digitally and via the branches. For example, a number of new self-service functions and payment solutions were launched, via a new app for customers' smartphones. In addition, a number of branches moved to new premises with better availability.

Finland

Handelsbanken's position on the private market has strengthened, and during the year there was growing demand for our savings and investment products. More and more customers have also been interested in our wealth management services, and our wealth management grew substantially during the year.

We have continued to build up strong, long-term relationships with our customers at the local branches close to the customer, and we have also

continued to relocate and reorganise our branches, so as to better fulfil our customers' needs. In addition, a new mobile banking service for our customers was launched in the second half of the year.

As in previous years, we are top-ranked in terms of satisfied private customers and we also have the most satisfied corporate customers in Finland.

“Our customers' requirements as regards where, when and how they wish to meet the Bank are constantly evolving, and therefore we are continually developing and adapting to this.”

Norway

In 2015, the macroeconomic environment in Norway was a turbulent one, with falling oil prices and lower activity levels in the business world. Nevertheless, Handelsbanken has shown good growth, particularly on the corporate side. On the private side, too, we won the confidence of many new customers, and succeeded in meeting the challenges of stiffer competition and low margins.

The Netherlands

In 2015, Handelsbanken opened three new branches and one new meeting place in the Netherlands. During the year we also further strengthened our product range and infrastructure, in order to meet the steady inflow of new customers.

In 2015, Handelsbanken remained the bank with the most satisfied customers in the Netherlands, by a comfortable margin.

WE WILL CONTINUE OUR JOURNEY

At present we are running our Bank at 836 locations in six home markets, and are also represented by branches in the world's most important financial centres. Our business model is scalable and repeatable. We have a strong position and excellent opportunities in all six home markets. We will continue our journey in all the markets.

Our customers' requirements as regards where, when and how they wish to meet the Bank are constantly evolving, and therefore we are continually developing and adapting to this. We are increasing our availability, we are creating more and better meeting places, and we are aiming to increase the time spent with customers. Therefore we have both a digital and a local presence.

We will work hard to continue having the most satisfied customers, to do more business, to be even more efficient – to simply be a little better and a little more Handelsbanken every day.

I'd like to say a warm thank-you to all our employees for your hard work over the past year. I take much pride in, and have great respect for your expertise, your work and your commitment. It's you who make the difference.

I would also like to extend my thanks to all our customers for the great confidence you show us.

Frank Vang-Jensen
Stockholm, February 2016



Handelsbanken

Sustainability Report

In this Sustainability Report, Handelsbanken has gathered information about the Bank's sustainability work, in accordance with guidelines from the Global Reporting Initiative, GRI. For many years, the Bank has reported relationships with our main stakeholders - customers, employees, owners/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 report describes how Handelsbanken works with its most important sustainability issues, in relation to its main stakeholders. This is Handelsbanken's sixth sustainability report prepared in accordance with the Global Reporting Initiative (GRI) guidelines for reporting and covers activities and results for the 2015 calendar year in accordance with G4. The information refers to the Group unless otherwise stated. Handelsbanken's reporting meets the "Core" level, which has also been confirmed by the Bank's external auditors. See the assurance report on page 231.

There is a comprehensive index according to GRI principles on pages 228–230.

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

Sustainability at Handelsbanken is about understanding the Bank's role in the community, and acting responsibly and with a long-term perspective in areas where the Bank can make a difference through its own operations, either directly or indirectly. Through dialogue, commitment and transparency, we build long-term relations with our customers, employees, owners/investors, and the wider community, in a financial, social and environmental perspective.

OUR VIEW OF SUSTAINABILITY

In addition to Handelsbanken's goal of having higher profitability than the average of peer banks in its home markets, Handelsbanken also aims to act as a responsible institution in the community. It is therefore natural for the Bank to work in an integrated manner with sustainability.

Sustainability is completely integrated in Handelsbanken's corporate culture and working methods and encompasses the whole of the Group's operations in all markets where the Bank operates. In addition to internal governance documents and guidelines, the Bank is also a member of the voluntary UN initiatives Global Compact and Principles for Responsible Investment (PRI), and follows the OECD guidelines for multinational companies. These initiatives and guidelines are totally in keeping with the values, principles and working methods that have applied at Handelsbanken for a long time.

LONG TRADITION OF TAKING RESPONSIBILITY

Sustainability has long been a well-integrated part of the Handelsbanken concept of how successful banking operations can be run in a responsible way. Success is not only measured as profitability, but also as a strong brand and a high degree of trust from stakeholders.

For a long time, Handelsbanken has had very good relations with the union organisations. In the early 1970s, Handelsbanken was a pioneer in giving seats on the board to representatives of its employees, in their capacity as shareholders, through the staff-owned profit-sharing foundation, Oktogonen.

For more than 40 years, Handelsbanken has built up a geographical organisational structure that is strictly decentralised with a strong local presence, where operations are based on the customer's requirements. The results have been a consistently high level of customer satisfaction and since EPSI Rating/SKI started their customer satisfaction surveys in the late 1980s, Handelsbanken has been at the top.

Traditionally, Handelsbanken has a very low risk tolerance and therefore has low loan losses. In times of financial turbulence, it becomes even clearer that banks which have acted responsibly have a competitive edge, for example, regarding the opportunities and terms to obtain funding on the international bond market and attracting talented staff. Customers also attach great importance to the fact that a bank has acted responsibly.

Global financial crises have shown that banking operations can – if they are not run in a responsible manner – lead to negative conse-

quences for stakeholders and the wider community. Handelsbanken's operations are characterised by long-term stable finances. This means that Handelsbanken has never needed to seek support from either the government and taxpayers or central banks in modern times.

OUR ANALYSIS OF THE IMPACT OF OUR OPERATIONS

The banking system has a vital function in society and one of the basic tasks of a bank is to redistribute savings to investments, which is a central function for creating economic growth and prosperity. Banks accept savings in the form of deposits, and lend to households and companies which have investment requirements. Another task is to make it possible for the public to make payments in an effective and secure manner.

If a bank of Handelsbanken's size does not manage to maintain stable finances, this will result in major social consequences. In Handelsbanken's opinion, this is the core of our responsibility as a company. But we also have a responsibility to design our operations so that they create value for the Bank's stakeholders.

During the year, Handelsbanken performed a materiality analysis, which was part of the process of defining the Bank's most material sustainability questions. This analysis confirms to a high degree the view that Handelsbanken has had of its sustainability work over many years. To make clear the outcome of Handelsbanken's most material sustainability questions, both internally and externally, we have grouped them into six sub-areas: the Bank's business culture, the Bank's customer responsibility, the Bank's role in the community, the Bank as an employer, the Bank as an investment, and the Bank's indirect impact. The results presented in this Sustainability Report are based on the GRI G4 reporting standard.

HOW WE WORK WITH SUSTAINABILITY

Handelsbanken aims to continue being a responsible participant in society by taking responsibility for how the Bank directly or indirectly affects stakeholders and the community from a financial, social and environmental perspective.

Handelsbanken considers sustainability questions to be very important when granting credits. The Bank's credit policy states that the customer's approach to principles for human rights, fundamental work conditions, environmental concerns and anti-corruption must be taken into account when making credit risk assessments.

Sustainability is also a vital component of responsible asset management. In mutual fund, asset and pension management, Handelsbanken

endeavours to contribute to sustainable development in financial, social and environmental terms in the companies which the Bank invests in on behalf of its customers.

Handelsbanken also examines its major suppliers' approach to sustainability. When making purchasing decisions, the Bank investigates working conditions, work environment, corruption, etc. Environmental considerations are also taken in purchasing decisions.

Financial sustainability

For a bank, one of the most fundamental criteria for sustainability is survival. Handelsbanken is – and will continue to be – a bank with stable finances; Handelsbanken is convinced that sustainable long-term growth and shareholder value can only be achieved if the Bank creates long-term value for its customers at the same time – and for society as a whole. The Bank reports and pays tax based on national regulations in the countries where its operations are run.

Social sustainability

One manifestation of social and ethical responsibility at Handelsbanken is responsible lending and advice. Our work is permeated by a long-term commitment with no short term incentive systems. For this reason no performance- or volume-based bonuses are paid, or other forms of variable remuneration, to the Bank's executive officers or to any other employee who takes decisions on credits or limits. Nor does the Bank make any budgets, or have any volume or market share targets.

Handelsbanken aims to continue to be a secure, attractive employer where all employees are happy and enjoy good health. The work with gender equality and diversity is continuing. Traditionally, Handelsbanken has a good relationship with unions, which is a valuable component of the Bank's culture, and the Bank supports the right of all employees to join a trade union or employee organisation.

Through its business operations, the Bank aims to minimise negative impact within human rights and working conditions.

Environmental sustainability

Handelsbanken aims to promote long-term sustainable development and to minimise the Bank's environmental impact. The Bank monitors, measures and takes action to minimise the carbon dioxide emissions generated by its operations. In Handelsbanken's view, an integrated approach to environmental considerations is also essential to long-term value creation. The Bank aims to minimise its indirect impact on the environment, for example through lending and investments.

Key figures for our sustainability activities

In order to evaluate Handelsbanken's sustainability activities we have identified a number of key figures that we consider to be relevant to our operations in terms of sustainability, and have compared some of them with those of peer banks in a similar situation.



FINANCIAL SUSTAINABILITY

By being a bank with stable finances, Handelsbanken aims to act as a responsible institution and contribute to the development of the community.

- For a bank, the most fundamental criterion for sustainability is survival – without taxpayer support. Handelsbanken has stable finances, and on no occasion during the latest 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 in 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 historically has been the largest payer to the Swedish Stability Fund for the financial system.
- The Bank's goal is that its common equity tier 1 ratio under normal circumstances must exceed by 1–3 percentage points the common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority. At the end of the year, the common equity tier 1 ratio according to CRD IV was 21.2 per cent (20.4). The Swedish Financial Supervisory Authority's assessment was that Handelsbanken's common equity tier 1 capital requirement at the end of the third quarter of 2015 corresponds to a common equity tier 1 ratio of 18.6 per cent, and the Bank is thus within the target range.



SOCIAL SUSTAINABILITY

Corporate social responsibility at Handelsbanken is manifested partly in responsible lending and advisory services, the aim to have satisfied customers and also be an attractive employer.

- Aggressive selling of credits which leads to an unhealthy level of household and corporate debt always hits the customer hardest. For many years, Handelsbanken has had much lower loan losses than peer players in the banking sector. In 2015, Handelsbanken's loan losses were 0.09 per cent (0.10) of lending. Since 2008, the Bank's loan loss ratio has averaged 0.10 per cent. This can be compared with the average figure for the other major Nordic banks over the same period: 0.31 per cent.
- In 2015, Handelsbanken had more satisfied private and corporate customers than the average for the banking sector in all of the Bank's six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands. In this way, Handelsbanken retains its strong and stable position regarding customer satisfaction, according to EPSI Rating, which also includes SKI (Swedish Quality Index).
- Handelsbanken is an attractive employer that offers its staff security and good opportunities for development. External staff turnover was very low and, excluding retirements and deaths, was 3.0 per cent (3.2) in the Group, and 2.1 per cent (2.2) in Sweden.
- Total absence due to sickness for staff in Sweden was 3.0 per cent (2.7), of which those on long-term sick leave represented 1.2 per cent (1.0).



ENVIRONMENTAL SUSTAINABILITY

To promote long-term sustainable development, Handelsbanken works to minimise the Bank's direct and indirect impact on the environment.

- The proportion of renewable electricity is 100 per cent for Nordic operations and 87 per cent for all six home markets as a whole.
- In autumn 2015, CDP presented its annual report, where 5,500 global companies report their emissions, and how they manage their impact on the climate. CDP also published an equivalent report for Nordic companies. The result in CDP's annual survey is based on how transparent a company is and how well it works with climate matters. The result for transparency is based on a scale between 0 and 100 and the climate work on a grading scale between A and E. In this year's survey, the Bank improved its performance in the area of transparency to 95 points (85) out of 100 possible, while the grading for the Bank's climate work fell to level C (B). The average value in CDP Nordic was 84 C.
- Handelsbanken constantly strives to minimise the carbon dioxide emissions generated in its operations. For 2015, total emissions for the operations amounted to 13,231 tonnes. This is a decrease of 15 per cent from the previous year, and is mainly attributable to the Bank increasing the proportion of renewable electricity that it uses.
- Starting in 2015, Handelsbanken Fonder's mutual funds do not invest in companies that have significant operations in coal mining or coal combustion. For equity funds, the fund's carbon footprint is also reported.

OVERALL GOAL

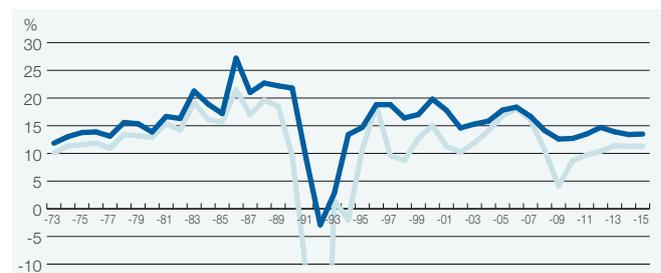
Corporate goal

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

Goal achievement

Handelsbanken's return on equity for total operations was 13.5 per cent (13.4). The corresponding figure for a weighted average of other major Nordic banks was 11.3 per cent (11.3). The corresponding figure for a weighted average of all peer banks in the home markets is estimated at approximately 11 per cent (9.8). This means that for the 44th consecutive year, Handelsbanken has met its corporate goal.

Return on equity 1973–2015



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

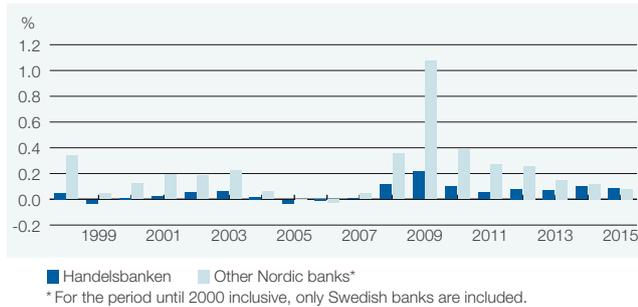
LOWER LOAN LOSSES

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 decreased to SEK -1,597 million (-1,781). Loan losses as a proportion of lending were 0.09 per cent (0.10). Since 2008, the Bank's loan loss ratio has averaged 0.10 per cent. This can be compared with the average figure for the other major Nordic banks over the same period: 0.31 per cent.

Loan losses as a percentage of lending 1998–2015



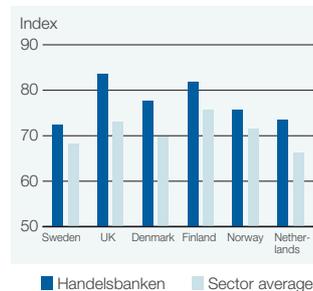
MOST SATISFIED CUSTOMERS

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

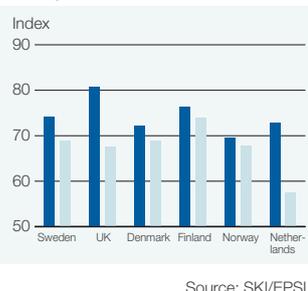
Outcome

Handelsbanken has more satisfied private and corporate customers than the average for the banking sector in all of the Bank's six home markets. In this way, the Bank retains its strong and stable position regarding customer satisfaction. Satisfied customers are proof of the viability of Handelsbanken's method of working.

Customer satisfaction – Private customers 2015



Customer satisfaction – Corporate customers 2015



Source: SKI/EPSI

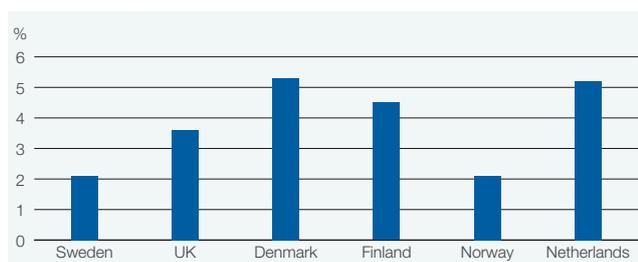
LONG-TERM EMPLOYEE RELATIONS

The Bank takes a long-term approach to relations with both customers and employees. It sees each recruitment as important and long term. 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 for the six home markets was very low at 2.8 per cent, and the figure was 2.1 per cent (2.2) in Sweden.

Staff turnover 2015*



* Percentage of the number of employees in each home market. Number of employees who leave the Bank (excluding retirements and deaths) as a proportion of all employees.

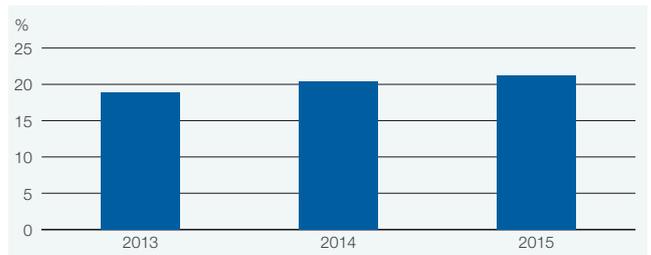
CAPITAL

Under normal circumstances, the Bank's common equity tier 1 ratio must be 1 to 3 percentage points above the total common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority. The tier 1 ratio and the total capital ratio must also be at least 1 percentage point above the total capital assessment communicated to the Bank by the Supervisory Authority for the respective capital tiers. Additionally, the Bank must fulfil any other capital requirements set by the regulators.

Outcome

The common equity tier 1 ratio according to CRD IV rose to 21.2 per cent (20.4). The Swedish Financial Supervisory Authority's assessment was that Handelsbanken's common equity tier 1 capital requirement at the end of Q3 2015 corresponds to a common equity tier 1 ratio of 18.6 per cent, and the Bank is thus within the target range.

Common equity tier 1 ratio, CRD IV 2013–2015



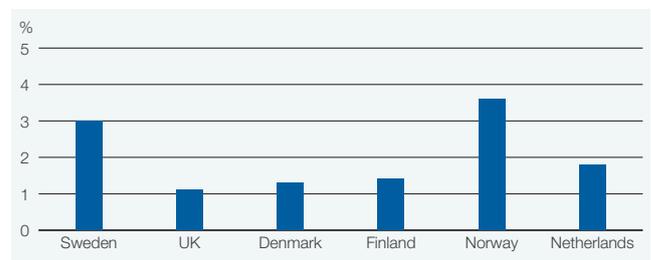
SICKNESS ABSENCE

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 to perform tasks and deal with work-related situations, having pride and confidence in one's work, respecting others, and being respected oneself.

Outcome

Absence due to sickness for staff in the six home markets was 2.5 per cent, and for staff in Sweden the figure was 3.0 per cent (2.7) of which those on long-term sick leave represented 1.2 per cent (1.0).

Sickness absence 2015*



* Sickness absence is stated as a percentage of total normal working hours.

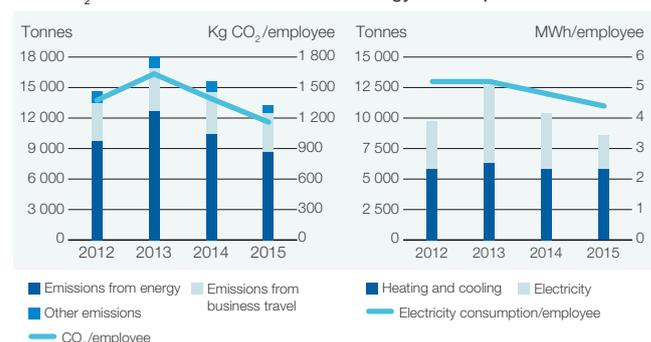
CARBON DIOXIDE EMISSIONS

Handelsbanken reports emissions for all its home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands. These markets correspond to more than 96 per cent of the Bank's total number of employees.

Outcome

In 2015, carbon dioxide emissions decreased by 15 per cent compared with the previous year.

Total CO₂ emissions and CO₂ emissions from energy consumption



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.

Handelsbanken's goal is to have higher profitability than the average of peer banks in its home markets. This goal is mainly to be achieved by having more satisfied customers and lower costs than those of 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 method of banking. In Sweden, Handelsbanken Direkt Personal Service is always open by phone – 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 our customers. This applies at our branches, online, and at new 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. For example, we aim to have the same range of services in our various meeting places. This means that our customers can do the same type of business with the branch regardless of how they contact us.

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 focus on the customer's needs and our aim is that they should feel that our service is caring.

PRODUCTS AND SERVICES

Handelsbanken is a full-service bank and has a complete range of products and services to meet all the financial needs and wishes of its customers. Responsible for this range are product spe-

cialists in the Bank's business areas and national organisations. Each product owner packages their product, while the branch takes responsibility for each individual customer being offered services which are adapted to his or her needs and circumstances.

MARKETS

Handelsbanken offers financial products and services in its six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands. Handelsbanken has nationwide branch networks in these markets, which are organised into one or more regional banks in each country.

In the UK, the Bank now has 197 branches, and our growth there continues. We also opened new branches in the Netherlands in 2015, and at the end of the year had 23 branches there.

Handelsbanken currently has 849 branches in 25 countries, including 836 branches in our six home markets.

GROWTH MODEL

For Handelsbanken to retain high profitability in the long term, growth is also necessary. The Bank primarily grows by opening new branches in locations where we have not previously had operations. In this way, Handelsbanken grows customer by customer, branch by branch. We are the only bank in a total of 68 locations. This method of working and of achieving growth has proved successful in an increasing number of locations and countries. This organic growth model means that Handelsbanken can achieve growth, coupled with low risk and good cost control.

EFFICIENT GEOGRAPHICAL ORGANISATIONAL STRUCTURE FOCUSING ON THE CUSTOMER

Handelsbanken is organised geographically. Our geographical structure is strictly decentralised

and cost-effective, with short, clear decision paths. That means that 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 responsible for all banking business in his or 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, in discussions 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' high degree of 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 decades.

ORGANISATION FOR SUSTAINABILITY

Handelsbanken has a committee for sustainability matters which was formed in 2010. The chairman of the committee is responsible at Group level for sustainability issues, and is a member of Senior Management. The chairman of the committee also has overall responsibility for ensuring that Handelsbanken identifies and addresses the sustainability matters of relevance to the Bank. The committee consists of representatives from various business operations; it met regularly during the year, a total of nine times.



This is how we are organised

Handelsbanken's way of working can best be depicted by an arrow where all the operations focus on the customer. The branches are closest to the customer and are responsible for the Bank's customers in their local market. Each home market has its own national organisation with responsibility for the profitability of the branch operations in that country. For our customer offering to be of the highest quality, we have a number of joint business areas for the Group where product owners design and develop our products and solutions. The central head office also has joint units and staff functions with overarching responsibility for various functions at the Bank.

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Our 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 expectations of these stakeholders and acting so 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. The Bank's four main stakeholder groups have been identified based on the fact that they materially affect, or are materially affected by, Handelsbanken's operations – or both.

In addition to these four main stakeholder groups, Handelsbanken also maintains a continuous dialogue with other stakeholder groups. Here is a selection of these in alphabetical order:

- consumer organisations
- equity research analysts
- international organisations
- municipal and county councils
- non-profit organisations
- potential shareholders and investors in the Group's bonds
- press and media
- prospective customers
- sector organisations
- special interest organisations
- students, schools and universities
- suppliers
- sustainability analysts
- union organisations.

REGULAR DIALOGUE WITH OUR STAKEHOLDERS

It is vital that Handelsbanken keeps itself constantly updated regarding the needs and wishes of its stakeholders. Therefore we have, and have long had, a continuous dialogue with our customers, staff, shareholders and investors, as well as with the community at large, for example, authorities and other public organisations, in the markets where the Bank operates.

Customers

The most important dialogue occurs at the thousands of meetings with customers that take place daily, by phone and e-mail, or at visits to our 849 branches around the world. By maintaining close, long-term relations with our customers, the Bank gains a better understanding of customer expectations, such as what they expect of the Bank's products and services. By being responsive to customers' requests and questions, we can provide answers and meet customers' expectations as regards product development, availability and the like.

When the Bank's corporate customers procure banking services, it is becoming increasingly common that they wish to discuss our work with sustainability, where the focus is on the Bank's

direct and indirect impact. Private customers also attach great importance to the fact that a bank acts responsibly.

“It is vital that Handelsbanken keeps itself constantly updated regarding the needs and wishes of the Bank's stakeholders.”

In addition to direct discussions with our customers, Handelsbanken also closely monitors the customer satisfaction surveys that are carried out by independent research companies. The most comprehensive studies of customer satisfaction on the Bank's six home markets are the annual surveys conducted by the EPSI Rating Group, which includes SKI (Swedish Quality Index). Among other things, SKI surveys in recent years have shown that public perception of banks is

closely linked to the image of whether the banks are acting responsibly. In recent years, a clear general trend in the banking sector has been to close down local branches and shift customers over to online services and mobile applications. This year's SKI survey clearly showed that this is not what customers ask for and that there is a considerable positive link between satisfied customers and the personal service offered by a local branch.

Employees

All of the Bank's employees participate 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 individual action plan which is followed up regularly during the year and then forms the basis of an annual salary dialogue review between employee and manager.

Shareholders

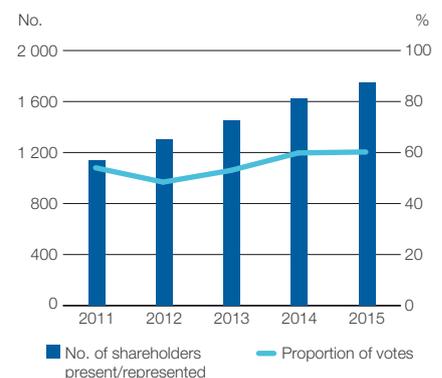
Handelsbanken's shareholders are those who ultimately decide about the Bank's governance. The shareholders exercise their right to decide on matters relating to the company at general meetings of shareholders. Here, individual shareholders have the opportunity to put questions to the Bank's Board and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

Great interest is shown by shareholders in Handelsbanken's annual general meetings. In the past five years, shareholders representing more than 50 per cent of the votes in the Bank have participated.

The Bank provides investors, analysts, rating agencies and other capital market players with



Attendance at AGMs 2011–2015



information regarding Handelsbanken's operations and financial performance. During the year, the Bank's CEO, CFO and Investor Relations Department held over 500 meetings with equity and fixed income investors.

Society

Handelsbanken has a continuous dialogue with supervisory authorities, central banks, regulatory bodies, etc. as well as with governments and parliaments, in Sweden, the EU and the rest of the world. The sustainability perspective is increasingly being highlighted in the dialogue between public authorities and the Bank.

The Bank also has continuous contact with non-governmental organisations (NGOs) and during the year has had several ongoing discussions with these, including Transparency International.

In 2015, Handelsbanken had discussions and several meetings with Fair Finance Guide, which is an international initiative to increase transparency in terms of how sustainably and responsibly banks manage investments, lending and funding. Fair Finance Guide focuses on the policy documents published by banks with the purpose of mapping the requirements of the major banks in terms of the sustainability and social responsibility in their operations.

Union organisations

For a long time, Handelsbanken has had very good relations with the union organisations, which are an important part of the Bank's business culture. There is an ongoing dialogue

between union representatives and managers concerning operations – such as when changes are to be made – where valuable information is exchanged at the very early stages. In the past few years, the Bank, together with trade unions in Sweden, has worked to correct unwarranted pay differentials between women and men. The Bank, together with union representatives, has also carried out a separate survey of salaries, to identify and correct any remaining differentials. Managers have also received support and training so that they can independently decide on salary adjustments.

Sustainability analysts

The contact between sustainability research analysts and the companies that they analyse often takes the form of the Bank being asked to respond to forms containing a number of standard questions. In the past few years, Handelsbanken has taken the initiative to increase contacts with several research firms by means of an ongoing dialogue with each analyst to discuss the various aspects of the Bank's sustainability work.

Suppliers

Handelsbanken purchases goods and services from many different suppliers. The Group's purchases can roughly be divided into the following categories: property and premises, external IT costs, communications, travel and marketing, purchased services, procurement of material, and other expenses. External IT and communications are purchased centrally, while the other categories are mainly local purchases. Two thirds of the purchasing volume in the Swedish operations is procured from more than 70 different suppliers. The Bank has an ongoing dialogue with these where sustainability is an important aspect. As support for its dialogue with suppliers, the Bank has a check list, and in 2016, the Bank intends to implement a code of conduct for its major suppliers.

One result of these dialogues is that our environmental work is promoted and improved. For example, we aim to co-ordinate purchases with the purpose of taking account of both cost and environment effects.

DETAILED DIALOGUE WITH STAKEHOLDERS

In addition to the dialogues that Handelsbanken regularly maintains with stakeholders, the Bank also carried out during the year a more detailed dialogue with representatives from the Bank's main stakeholder groups. The purpose was partly to confirm that the sustainability matters which the Bank has identified as being the most material in previous years, correspond to the view of the stakeholders, and also to gain increased understanding of the expectations which external parties have on the Bank's sustainability work.

The dialogue was an important part of the materiality analysis carried out during the year.

The analysis was based on a broad spectrum of questions which are particularly relevant to Handelsbanken – partly based on the Bank's own experience, partly on questions the Bank receives from external stakeholders – but also generally relevant questions for a bank. To clarify the outcome of the most material issues for Handelsbanken, both internally and externally, we have grouped these into six sub-areas:

- the Bank's business culture
- the Bank's responsibility towards customers
- the Bank's role in the community
- the Bank as an employer
- the Bank as an investment
- the Bank's indirect impact.

In order to decide upon the areas that were deemed to be the most important, there was a selection process which resulted in a number of questions for stakeholders to give their opinion on.

The stakeholder dialogue was only carried out with stakeholders in the Bank's largest market – Sweden. In 2016, we plan to also carry out more detailed dialogues in the other five home markets.

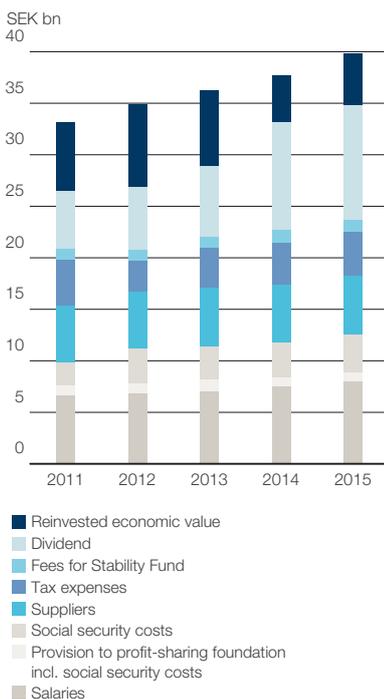
“The detailed stakeholder dialogue performed during the year confirms to a high degree the view that Handelsbanken has had of its sustainability work over many years.”

Handelsbanken's view of its sustainability work is confirmed by the detailed stakeholder dialogue

The detailed stakeholder dialogue performed during the year confirms to a high degree the view that the Bank has had of its sustainability work over many years. The results were very consistent, with no major differences among the various main stakeholder groups.

In addition to the detailed dialogue with these main stakeholders, Handelsbanken has chosen to carry out, by various methods, dialogues with representatives of other stakeholder groups. For example, we have had discussions with representatives of the union organisations at Handelsbanken, a number of non-profit organisations, and a selection of the Bank's suppliers.

Distribution of economic value



Outcome of in-depth stakeholder dialogue

In 2015, an in-depth stakeholder dialogue was performed which was an important part of a materiality analysis, and was carried out with the purpose of defining the sustainability questions which are the most important for Handelsbanken. This analysis confirms to a high degree the view that Handelsbanken has had of its sustainability work over many years.

To clarify the outcome of Handelsbanken's material sustainability questions, both internally and externally, we have grouped them into six sub-areas that show the Bank's role and responsibilities: the Bank's business culture, the Bank's customer responsibility, the Bank's role in the community, the Bank as an employer, the Bank as an investment, and the Bank's indirect impact. The different sub-areas indicate where the material questions have the greatest impact – within or outside our own operations. Below we describe what the questions involve and show the opportunities and risks that they entail.

In addition to these, we also provide information about other questions in this Sustainability Report, since the Bank is aware that there is general interest in these questions. These questions include how the Bank can minimise its own environmental impact.



THE BANK'S BUSINESS CULTURE **What does it involve?**

Material questions

- Business culture
- Salaries and remuneration
- Anti-corruption and bribery

Handelsbanken aims to conduct its operations with high ethical standards. This means, for example, that we must have a sound remuneration model for employees and executive officers. Our operations are permeated by a long-term commitment, with no short-term incentive systems. For this reason no performance- or volume-based bonuses are

paid, or other forms of variable remuneration, to Handelsbanken's executive officers or to any other employee who takes decisions on credits or limits. Nor does the Bank make any budgets, or have any volume or market share targets. The Bank's employees must never be involved in activities that could involve bribery or corruption.



THE BANK'S RESPONSIBILITY TOWARDS CUSTOMERS **What does it involve?**

Material questions

- Satisfied customers
- High availability
- Responsible lending
- Responsible sales and advisory services
- Integrity and confidentiality

One of Handelsbanken's most important assets is the confidence of customers and the public. Handelsbanken must conduct its operations in such a manner that the levels of quality and service at the very least meet, and preferably exceed, the customer's expectations. This is achieved by developing services that cater for individual needs and by being available, whether at a branch, by phone or digital services. In lending, the Bank always proceeds from the customer's financial situation; that is to say, the Bank does not grant credit to customers who lack the capacity to repay their loans. A weak repayment capacity is never

accepted, even if the customer is prepared to pay a high interest rate. Handelsbanken aims to provide advice and recommendations based on the customer's requirements – not on what would be most profitable for the Bank in the short term. At Handelsbanken, no performance- or volume-based bonuses are paid, or other forms of variable remuneration, to the Bank's management or to any other employee who takes decisions on credits or limits. The Bank's customer responsibility also includes protecting customers' banking business, for example from unauthorised access, by providing high standards of IT security.



THE BANK'S ROLE IN THE COMMUNITY **What does it involve?**

Material questions

- Local presence
- The Bank as a taxpayer
- Counteracting money laundering and financing of terrorism
- The Bank should not be a burden on society
- Financial stability and profitability

Handelsbanken has a strong presence in the local community, with a nationwide branch network in the Bank's six home markets. The Bank makes a contribution to the community in the countries where it pursues operations, including payment of taxes and charges. The Bank aims to do whatever it can to prevent criminal activities such as money laundering, the financing of terrorism and other financial crime. Handelsbanken is – and will continue to

be – a bank with stable finances, which manages without support from the government or central banks; a bank which, regardless of the situation in its environment, is there for its customers. Handelsbanken's social responsibility also includes taking steps to reduce its direct environmental impact from business travel, electronic waste, paper consumption, etc.



THE BANK AS AN EMPLOYER **What does it involve?**

Material questions

- Responsible employer
- Working conditions and union rights
- Employee commitment
- Gender equality and diversity
- Leadership and development
- Work environment and health

Handelsbanken aims to continue to be a secure, attractive employer where all employees develop, are happy and enjoy good health. Among other things, this means that all employees have the right to join a union or employee organisation. The Bank's aim is that the majority of employees are permanently employed and that temporary employment only occurs to a limited extent. The Bank aims to promote working methods that allow employees to be proactive and influence operations. One condition for successful operations is that Handelsbanken succeeds in recruiting and retaining skilled employees. If the Bank does not act in a responsible manner, it may be forced to reduce staff numbers which may have major social consequences for those affected. A bank which is not perceived as an attrac-

tive employer risks losing valuable skills. For a number of years, Handelsbanken has received several awards which strengthen the view of the Bank as an attractive employer, so that Handelsbanken can continue to recruit the most skilled employees. When the Bank recruits new employees, it aims to take a broad-based approach to recruitment so that the workforce reflects the society where the Bank conducts its operations. Handelsbanken's culture aims to be inclusive, and characterised by an open attitude towards diversity. Managers at Handelsbanken are urged to identify, encourage and develop new managers at the Bank. The Bank aims to create conditions for a sustainable working life so that employees enjoy good health and have enough energy for their work and also for their leisure time.



THE BANK AS AN INVESTMENT **What does it involve?**

Material questions

- Creating shareholder value

Handelsbanken is convinced that sustainable long-term growth and shareholder value can only be achieved if the Bank creates long-term value for its customers at the same time – and for society as a whole. One of the objectives of Handelsbanken's corporate goal is to offer

shareholders long-term high growth in value, expressed in increasing earnings per share over a business cycle. The Bank aims for the ordinary dividend to show long-term, stable growth which reflects the value creation.



THE BANK'S INDIRECT IMPACT **What does it involve?**

Material questions

- Responsible credits
- Responsible investments

Handelsbanken considers sustainability to be very important when granting credits. The Bank's credit policy states that when making an assessment of credit risk, the customer's approach to human rights, fundamental principles regarding work conditions, environmental concerns and anti-corruption must be taken into account.

Sustainability is also a vital component of asset management. In mutual fund, asset and pension management, Handelsbanken works to promote sustainable development in financial, environmental and social terms in the companies in which the Bank invests on behalf of customers, as part of the investment process.



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, EPSI Rating, which includes SKI (Swedish Quality Index), carries out independent surveys of customer satisfaction, including in the banking sector. This year's surveys showed that Handelsbanken has more satisfied customers than the average for the banking sector in all of the Bank's six home markets.

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. When branches are closed, Handelsbanken Direkt Personal Service in Sweden is always open. This is a service that is staffed by professional bank officers who help customers 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, applying for and changing the terms of loans, buying and selling mutual fund units and reviewing their mutual fund savings directly via a smartphone or tablet device. But customer responsibility is always with the local branch, regardless of the meeting place the customer chooses. At Handelsbanken, all contact paths lead to the local branch.

We believe that customers with knowledge and understanding of their financial situation are more satisfied customers. This is why we work continuously to give our customers the best possible conditions to make the best possible financial decisions. EFN.se is an online financial news channel which explains complex subjects, structures and events by means of news reports, in-depth programmes and broadcasts. EFN.se gives customers the opportunity to deepen their knowledge of economics and finance, both their own economy and broader international matters. The service is free of charge and available to everyone via a computer, smartphone or tablet device.

SATISFIED CUSTOMERS IN OUR HOME MARKETS

Handelsbanken considers customer satisfaction surveys to be very important. Every year, EPSI Rating/SKI (Swedish Quality Index), carries out independent surveys of customer satisfaction. This year's surveys showed that Handelsbanken has more satisfied private and corporate customers

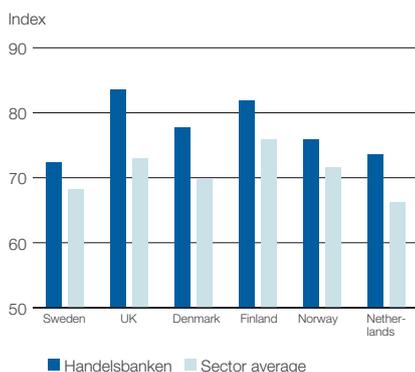
than the average for the banking sector in all of the Bank's six home markets. In this way, the Bank retains its strong and stable position regarding customer satisfaction.

In Sweden, Handelsbanken has the most satisfied customers overall, in terms of the banking sector as a whole. Among our corporate customers, satisfaction is increasing, in contrast to the situation for other banks in the sector. The key to this is Handelsbanken's local presence and service – something that our customers appreciate.

“This year's surveys showed that Handelsbanken has more satisfied private and corporate customers than the average for the banking sector in all of the Bank's six home markets.”

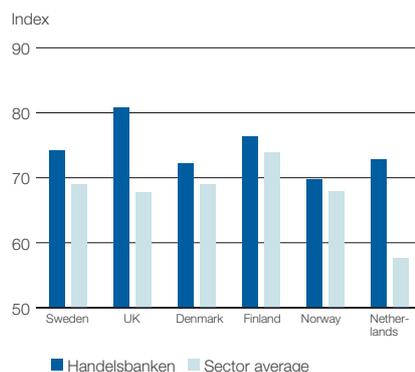
In the UK, Handelsbanken continued to have the most satisfied private and corporate customers. The result also shows that customer satisfaction

Customer satisfaction – Private customers 2015



Source: SKI/EPSI

Customer satisfaction – Corporate customers 2015



Source: SKI/EPSI

is considerably higher than the average for the sector.

In Denmark, too, Handelsbanken had the most satisfied private and corporate customers, and thus retains its No. 1 position for another year.

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

The results in Norway showed that customer satisfaction for Handelsbanken's private and corporate customers increased, and that the Bank has more satisfied customers than the average for the Norwegian banking sector.

“For Handelsbanken, it is important that customers who make complaints are satisfied.”

In the Netherlands, surveys showed that the Bank's customers are considerably more satisfied 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.

It is just as important to have loyal customers as satisfied customers. This offers many advantages. For example, it is less likely that customers are dissatisfied and change banks. This leads to lower costs for the Bank, which in turn creates the right conditions for more competitive prices to customers.

In EPSI's and SKI'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 2015 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 is regarded as a major player, which must be considered unique.

HIGH REPUTATION

According to the TNS Sifo Reputation Index for 2015, 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 61 can be compared with those of the other three major Swedish banks, which are between 32 and 42.

The survey shows that Handelsbanken is perceived to have an important role in the community and to be a good workplace; these are important factors influencing Handelsbanken's reputation in terms of sustainability.

HANDLING CUSTOMER COMPLAINTS

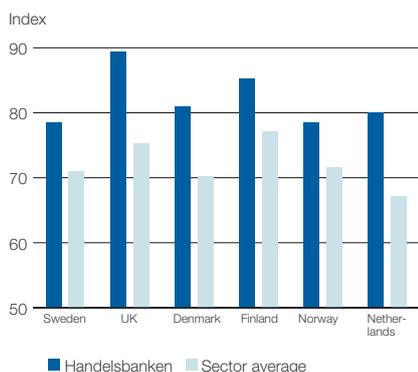
For Handelsbanken, it is important that customers who make complaints are satisfied.

The Bank 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. The results from the EPSI and SKI surveys show that the proportion of complaints at Handelsbanken, for all home markets combined, is below the average for the sector.

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 Senior Management, regional banks and product owners.

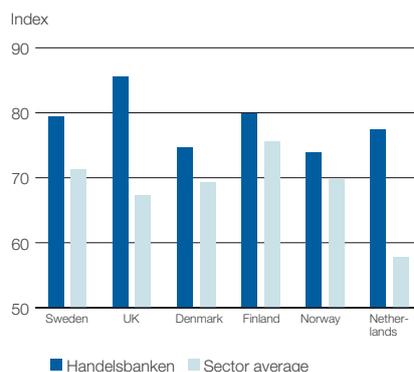
Information about complaints management at the Bank is easily available at handelsbanken.com.

Loyalty – Private customers 2015



Source: SKI/EPSI

Loyalty – Corporate customers 2015



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 2015, Handelsbanken had 11,819 employees, working in 25 countries, nearly 40 per cent of whom were employed outside Sweden.

WE RECRUIT PEOPLE WHO SHARE THE BANK'S BASIC VALUES

Handelsbanken's concept of how to run a successful full-service bank is based on trust and respect for the individual – both customers and employees.

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 seek people who share the Bank's basic values. For us, it is very important that our employees are driven by putting the customer first, enjoy taking a large amount of individual responsibility, and want to take their own initiatives.

Handelsbanken's joint Group guidelines for its employees are based on the Bank's corporate culture, working methods and fundamental view of people.

CONSTANT DEVELOPMENT

The Bank's strength is derived from the combined expertise of its employees. When employees develop, the Bank develops. The most important source of increased professionalism is learning in our daily work, where all the Bank's employees are responsible for constant development – their own and that of the operations. Learning on a daily basis is supplemented by various training activities, including training in the field of investment advice and measures against money laundering and financing of terrorism. These courses are organised by both the Bank's HR departments and central units. It is important that employees have the skills they need to comply with the current policies and regulations. There is

a structured, continual relationship between the Bank's operations and the employee's development. All employees participate in drawing up their own unit's business plan. This forms the basis of the planned PLUS performance dialogue, which every employee has with their line manager at least once a year. After this, each employee puts together an individual action plan setting out the goals to be attained and the conditions necessary for this. The employee has a salary dialogue review with the line manager, based on a follow-up of the action plan carried out. In addition to this, all the Bank's managers and employees carried out a separate competency mapping during the year; from now on, this will be carried out every year. The results are documented and complement the Bank's working methods regarding performance reviews, action plans and follow-up.

INTERNAL LABOUR MARKET AND MANAGEMENT SUCCESSION

Handelsbanken's strong corporate culture and values are vital to the Bank's success. Due to the Bank's decentralised working methods, employees take a large amount of personal responsibility, are given a mandate to take their own decisions and are driven by putting the customer in focus. During their period of employment, employees are given the opportunity to develop within different professional roles, to work in different areas of operations and also to work outside their home country. Internal mobility contributes to both the working method and culture being spread to all parts of the Bank, through transfer of the skills and experience gained to the employee's new work tasks. This means that

internal recruitment and long-term employment are important for the Bank. To retain an employee, the right conditions must exist for development in their work and consideration must also be taken of the stage of life that they are. Employees who are secure and happy, with long and broad experience of the whole Bank, give good service and create long-term customer relationships. This makes a vital contribution to the Bank having satisfied customers. The Handelsbanken Group continues to have very low external staff turnover. In 2015, the figure was 3.0 per cent (3.2) for the Group and 2.1 per cent (2.2) in Sweden.

Managers at Handelsbanken must be exemplary ambassadors for the Bank's corporate culture, which explains why most managers are recruited internally. In 2015, 100 per cent (100) of all managers in Sweden were recruited internally. For the Group as a whole, the corresponding figure is 93 per cent (93), including those markets where the Bank established operations relatively recently.

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

HANDELSBANKEN'S STUDENT PROGRAMME

Handelsbanken Sweden has a student programme aimed at young people who are about to start studying at a university. The students participate in the Bank's programme in parallel with their studies. The aim of the programme is to attract and recruit young employees as part of Handelsbanken's future management succession, and to promote gender equality and diversity. The programme includes the student working at the Bank

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



	New employees by home market, age group and gender		Staff turnover* by home market, age group and gender	
	Number	%**	Number	%**
Sweden	284	4.0	151	2.1
UK	338	16.5	74	3.6
Denmark	55	7.6	38	5.3
Finland	30	4.4	31	4.5
Norway	15	1.9	16	2.1
The Netherlands	55	25.8	11	5.2
Total number	777	6.7	321	2.8
men <30 years old	156		32	
of whom 30–50 yrs	213		91	
>50 yrs	54		46	
women <30 years old	137		27	
of whom 30–50 yrs	172		79	
>50 yrs	45		46	

* Staff turnover is the number of employees who leave the Bank (excluding retirements and deaths) as a proportion of all employees.

** Percentage of the number of employees in each home market.

Employees per form of employment	Number	%	Men,	Women,
			%	%
Regular employment				
Full-time	6 442	78	51	49
Part-time	1 178	14	15	85
Temporary employment	673	8	42	58
Total Sweden	8 293			

Average number of employees	Number	%	Men,	Women,
			%	%
Sweden	7 263	62	47	53
UK	1 904	16	59	41
Denmark	690	6	52	48
Finland	614	5	42	58
Norway	766	6	55	45
The Netherlands	170	1	64	36
Other countries	412	4	47	53
Group total	11 819		49.9	50.1

during their student years, having their own action plan and receiving the relevant training to be able to develop at Handelsbanken. Some 140 of the Bank's employees are participating, or have participated, in the Student Programme since its inception in 2011.

LOCAL ACCEPTANCE

In the Bank's home markets – with few exceptions – managers and employees work and live in their local community. 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, the proportion of managers in the respective home market's management team who had been recruited locally was 86 per cent.

FOR GENDER EQUALITY AND DIVERSITY

Working with gender equality, diversity and an inclusive corporate culture is a fundamental part of Handelsbanken's values and should also be a natural and integral part of our daily work. It is about making the most of the employees' combined potential, and of broadening the recruitment base, to become, to an even greater extent, a bank that reflects the community in which it operates. Diversity encompasses various individuals' different skills and work experience, different ways of thinking and solving problems.

Initiatives are being taken in several parts of the Group to further increase knowledge and awareness of diversity.

In 2015, Handelsbanken in Sweden produced a training film on the subject of diversity. It is aimed at all managers and employees with the purpose of increasing knowledge and awareness of diversity and an inclusive culture.

In order for the Bank's strong corporate culture to continue developing, an ongoing dialogue is necessary and as a condition for this, we promote a good working atmosphere and an inclusive culture where differences are valued and benefited from. In light of this, all types of discrimination and harassment are totally unacceptable, which is also stated in the Group guidelines for employees.

Incidents of discrimination concerning the Bank's employees are normally managed through the Bank's HR units, but cases reported to the national discrimination ombudsman or corresponding official body are followed up at Group level. No such cases were reported in 2015.

AN EVEN MORE EQUAL HANDELSBANKEN

Handelsbanken's gender equality goal is to be a company where men and women have the same opportunities and conditions to shape the Bank and their own career. In all countries where Handelsbanken operates, a gender equality plan must be produced to support the Group's equality goals. The plan must be based on Handelsbanken's fundamental values, and take into account the laws and guidelines applying in the country. The purpose is to create as even a gender distribution as possible within different professional roles, working groups and units at the Bank.

In the Group as a whole, 39 per cent (37) of managers were women. The proportion of women among the total number of employees in the Group was 50 per cent (51). At the year-end, 47 per cent (45) of the Bank's managers in Sweden were women. The proportion of women among the total number of employees in Sweden was 53 per cent (54).

The Bank's work with gender equality is continuing, with various measures aimed at making Handelsbanken an even more gender-equal company. Training is carried out within the organisation in order to increase awareness of how social and cultural norms affect attitudes and behaviour in everyday life.

In the past few years in Sweden, the Bank, together with trade unions, has worked to rectify unwarranted pay differentials between women and men. In 2015, the work with gender-equal salaries changed from being a project to becoming an integral part of the normal operations. The Bank and the union organisations work together to reinforce the results of the work in recent years, and they closely monitor the trend for gender-equal salaries within the Bank. Managers at the Bank have a mandate and the tools to correct any differentials that are identified and every year, all salaries are mapped by the Bank to act on any differentials that have arisen.

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 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 their own health and for contributing to the creation of a positive work environment at Handelsbanken. In co-operation with staff and employee representatives, managers must develop a healthy and safe workplace for a sustainable working life.

Each manager is responsible for performing regular work environment reviews together with their employees. This includes matters relating to the physical and psychosocial work environment, gender equality, diversity, and an inclusive corporate culture. In a dialogue with their staff, they identify what works well and what could be better. This results in a work environment plan with activities to maintain and develop a good work environment. The plan is then integrated with the unit's business plan and in this way becomes a natural part of how the operation develops.

The work environment plans are regularly followed up in order to evaluate and continuously improve the Bank's work with the work environment and health. Handelsbanken also follows up the figures for healthy attendance (the opposite of sickness figures) and also reported incidents.

In connection with crisis situations, Handelsbanken has well-developed procedures, including a support programme with the help of external partners.

As support for the health of its individual employees, Handelsbanken also offers a large number of subsidised health-related and health promotion activities. The Bank has had a sports and leisure association since 1919; it currently has 4,300 members and is one of the largest of its kind in Sweden. Finland and Denmark also have associations.

To stimulate interest in art and crafts the Bank also has an Art Association with just over 3,700 members. It is one of the largest art associations in Sweden.

STAFF MAGAZINE

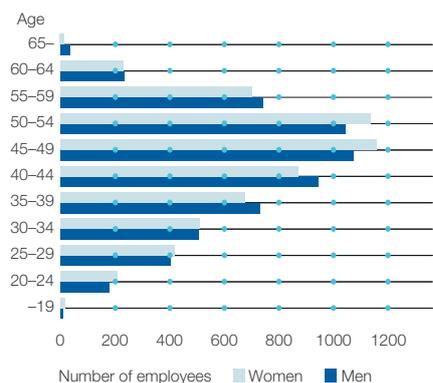
The staff magazine, Remissan, started in 1948 and is a publication which is for, about and by the employees of Handelsbanken. Remissan's task is to create a sense of community, belonging and commitment among the employees, and to reflect Handelsbanken's culture throughout the Group. The magazine is published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

Sickness absence by home market	2015		
	Men	Women	Total
%			
Sweden	1.9	3.9	3.0
UK	1.0	1.3	1.1
Denmark	0.8	1.8	1.3
Finland	0.9	1.7	1.4
Norway	2.0	5.1	3.6
The Netherlands*	-	-	1.8
Total sickness absence	1.6	3.3	2.5
of which long-term absence	0.5	1.4	1.0

* According to national legislation, it is not permitted to report sickness absence broken down by gender.

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

Age and gender distribution 2015



Remuneration and benefits

Handelsbanken aims to be an attractive employer. In addition to the laws, regulations and agreements which the Bank follows, we also offer various types of competitive benefits, for both permanent and temporary employees of the Group.

AN ATTRACTIVE EMPLOYER

Collective bargaining agreements are the foundation of the conditions the Bank offers to both temporary and permanent employees. At Handelsbanken, we have individual salaries which are decided in the salary dialogue review between managers and employees. Handelsbanken wishes to be an attractive employer which meets its employees' need for benefits at various phases of their life in a flexible way. Conditions and benefits differ within the Group and are adapted to the market where the Bank operates and the collective agreements which have been entered into.

The Bank's Board resolves on the remuneration policy, is responsible for this being applied, and takes decisions regarding follow-up action. The Bank's remuneration committee must make an assessment of the policy and the remuneration system, and report it to the Board once a year.

PENSIONS AND OTHER BENEFITS

Handelsbanken offers various types of competitive benefits, for both permanent and temporary employees of the Group; these differ between the countries. In 2015, the proportion of permanent employees was 96 per cent (96).

Pensions are part of the total remuneration 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 conditions prevailing in each country.

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

Handelsbanken also aims to make it easier for both women and men to combine employment with parenthood. The Bank subsidises home and family services for employees in Sweden who have children under the age of 12. In addition to current social insurance regulations for parental leave, in most of its home markets, Handelsbanken provides remuneration in accordance with local regulations. Taken together, this means that parents 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. Of those who have taken parental leave in 2015 in the Bank's home markets, 66 per cent were women and 34 per cent men. Almost all of these employees returned to work.

In the Bank's home markets, employees are offered credits on special terms. These credits are mainly granted for housing purposes. The terms differ between countries depending on the local

conditions and in some countries, the conditions are a taxable benefit. Other examples of benefits are insurance, staff or company cars and various health promotion benefits.

CONVERTIBLES AIMED AT EMPLOYEES

On several occasions, Handelsbanken has offered its employees the opportunity to subscribe for convertible bonds. The convertible bond programmes offer new employees, as well as those who have been with the Bank a long time, a further opportunity to benefit from the value created jointly by the staff and to participate in the Bank's future development. Subscription for convertibles is entirely on market terms with no subsidy; the rate of participation in the Bank's convertible programmes has been uniquely high compared with other companies where subscription is on similar terms.

“Handelsbanken's traditional good relationship with unions is a valuable component of Handelsbanken's culture.”

OKTOGONEN – THE BANK'S PROFIT-SHARING SCHEME

A condition for achieving the Bank's corporate goal of better profitability than the average of peer banks in its home markets is that employees outperform their peers in the rest of the sector. The Board thus considers it reasonable that employees should receive a share of any extra profits. Every year but two since 1973, the Board has decided to allocate 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 Handelsbanken achieving its corporate goal. If this is satisfied, one third of the extra profits can be allocated to the employees. The amount allocated is limited to ten per cent of the ordinary dividend to the shareholders. If the Bank reduces the dividend paid to its shareholders, no allocation can be made to the foundation. All employees receive an equal part of the allocated amount, regardless of their position and work tasks. The scheme includes all employees in the Bank's home markets. Some 98 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 an employee has reached the age of 60.

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

For many years, the profit-sharing foundation has been one of the Bank's largest shareholders, and Oktogonen has two representatives on the Handelsbanken Board. Thus, the employees are also able to influence the Bank at Board level.

RELATIONS WITH UNIONS

Handelsbanken's traditionally good relationship with unions is a valuable component of the Bank's culture. The Bank supports the right of all employees to join a trade union or employee organisation. All employees in Denmark, Finland, France, Luxembourg, Norway, Sweden and Austria, comprising 80 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 the Swedish Association of Graduates in Business Administration and Economics and the Swedish Association of Graduate Engineers, which are affiliated to the Swedish Confederation of Professional Associations (SACO).

There is an ongoing, close 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 2015, the Bank updated the process for major operational and organisational changes in the Group.

As well as matters which are dealt with in a dialogue with the union organisations in each country, Handelsbanken's European Work Council (EWC) functions as a forum for joint and cross-border questions within the Handelsbanken Group. The EWC consists of representatives from nine countries: Denmark, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Sweden and the UK.

Corporate Governance

Corporate governance concerns how the owners directly or indirectly control the Bank, and how rights and obligations are allocated among the Bank's bodies, in accordance with prevailing laws and regulations.

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 and bond investors, as well as the community at large.

PRINCIPLES FOR CORPORATE GOVERNANCE AT HANDELSBANKEN

Handelsbanken's shareholders elect the Board and the Board appoints the CEO. One way in which the Board exercises its governance of the Bank is by issuing policies and instructions. It is partly through the issued policies that the Board takes decisions regarding Handelsbanken's overall risk tolerance, and ensures the Bank's financial stability. Through these, the Board also decides on the Bank's approach in a number of central sustainability issues regarding measures against money laundering and financing of terrorism, the environment, remuneration and corruption. The CEO also exercises governance by issuing various governance documents. The CEO issues instructions for the managers who report directly to him, and issues guidelines, some of which provide more detailed directions to complement and clarify the Board's policies. These documents are revised every year but can be adjusted more often when necessary.

“The Bank's work with sustainability is also part of the corporate governance since it is part of managerial responsibility at all levels of the organisation.”

However, the foundation of functioning corporate governance is not only formal documents but also the Bank's corporate culture, corporate goal, working methods, and remuneration system. It permeates and works in parallel with the principles, strategies, limits and target figures stated in policy documents and instructions. The Bank's work with sustainability is also part of the corporate governance since it is part of managerial responsibility at all levels of the organisation.

RECRUITMENT AND DIVERSITY-RELATED WORK BY THE BOARD

Handelsbanken's Board has adopted a policy to promote diversity in the Board. The policy states that to promote independent opinions and critical questioning, it is desirable that the Board should be characterised by sufficient diversity in terms of age, gender, geographical origin, and educational and professional background. The proportion of women on the Board of the Bank is 33 per cent and the proportion of members of another nationality than where Handelsbanken is domiciled is 56 per cent.

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 department has the function responsibility for compliance, and provides advice and support in regulatory matters. Internal control and compliance work are subject to internal and external risk-based auditing.

Handelsbanken has an established system for whistleblowing, which means that employees who suspect irregularities can report these to a unit outside their own unit. Anonymous reports are also acted upon.

SELECTION OF POLICY DOCUMENTS ESTABLISHED BY THE BOARD APPLYING AT THE TIME THIS SUSTAINABILITY REPORT IS PUBLISHED:

- Credit policy
- Policy for operational risks
- Capital policy
- Financial policy
- Policy for financial risks
- Information policy
- Sustainability policy
- Policy on ethical standards
- Policy against corruption
- Policy for managing conflicts of interest
- Policy for remuneration and suitability assessment
- Policy for independent risk control
- Policy for compliance
- Policy on measures against money laundering and financing of terrorism and the observance of international sanctions
- Policy for handling customer complaints

A summary of these policies is available in the Bank's Corporate Governance Report, and at handelsbanken.se/ireng.

SELECTION OF GUIDELINES ESTABLISHED BY THE BANK'S GROUP CHIEF EXECUTIVE:

- Environmental policy
- Guidelines for business relations with the armaments and defence industry
- Guidelines for information security in the Handelsbanken Group

POLICY DOCUMENTS THAT THE BOARDS OF HANDELSBANKEN'S SUBSIDIARIES HAVE DECIDED ON:

- Corporate governance policy and policy for responsible investments for Handelsbanken Fonder
- Policy for responsible investments at Handelsbanken Liv

SELECTION OF CODES OF CONDUCT IN THE HR AREA:

- Guidelines for employees
- Guidelines for alcohol- and drug-related matters
- Guidelines for handling suspected addiction to gambling
- Guidelines for the prevention of victimisation at work
- Guidelines for the prevention of sexual harassment
- Guidelines regarding bribery and improper influence
- Guidelines on presence on social media

More information

For more information, please see the Bank's full Corporate Governance Report, which can be found on pages 49–65 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
- minutes of shareholders' meetings from 2008 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 an attractive employer.

The actual words “corporate social responsibility” well reflect the strong social aspects of a responsibly run banking operation. While the Bank’s environmental impact is relatively limited, the Bank can make a major difference in terms of social responsibility towards customers, employees and taxpayers. The most recent financial crisis showed that unless a bank acts in a responsible manner, it is not only the bank’s shareholders that run the risk of being adversely affected, but customers, employees and taxpayers too.

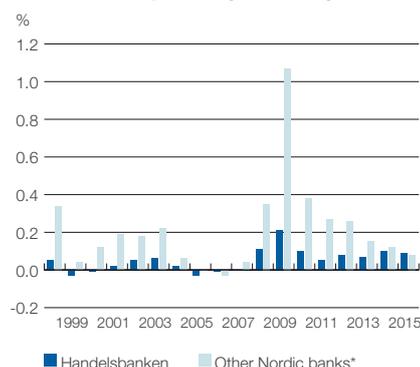
LOW LOAN LOSSES

Aggressive selling of credits which leads to an unhealthy level of household and corporate debt always hits the customer hardest. For those who wish to evaluate a bank in terms of sustainability, one method is to study the bank’s risk tolerance. At Handelsbanken we have a very low risk tolerance. The Bank’s strict approach to risk means that we deliberately avoid 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.

The loan loss ratio is a key figure which can be studied by anyone wishing to form an opinion of how responsibly a bank runs its operations. When banks have a negative impact on their environment, the problems are often due to high loan losses, or an expectation that the loan losses will rise significantly. Most stakeholders are affected negatively if a bank suffers high loan losses.

For many years, Handelsbanken has had much lower loan losses than peer banks. During the 1998–2015 period, the average loan loss ratio at Handelsbanken was 0.05 per cent, as compared to 0.20 per cent for the average of the other five other major banks in the Nordic region: Danske Bank, DnB, Nordea, SEB and Swedbank.

Loan losses as a percentage of lending 1998–2015



* For the period until 2000 inclusive, only Swedish banks are included.

RESPONSIBLE 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, we can provide guidance on financing, payments or investments that is adapted to each customer’s individual requirements.

When providing investment advice, the proposal is adapted to the customer’s goals, interests, savings horizon and attitude to risk. The Bank attaches particular importance to the customer understanding the risk that is associated with each type of financial instrument, and having the knowledge and experience required to make an investment in the product concerned.

The regulations for financial advisory services and insurance mediation require that all employees who provide customers with advice concerning investments and insurance have relevant, up-to-date competency. In Sweden, the Bank has nearly 3,850 employees who are permitted to provide investment advice. All of these are SwedSec-licensed for advisory services concerning financial instruments and insurance, and they take a knowledge update test every year. During the year broad training programmes have been carried out, to further strengthen the staff’s competency in this area.

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.

Handelsbanken applies no performance- or volume-based bonuses or other forms of variable remuneration to the Bank’s management or to any other employee who takes decisions on credits or limits. Nor do we have volume or market share goals.

Our customer information must be clear, factual and easy to understand, and the terms and conditions for the Bank’s services must be clear and not arbitrarily changed.

HUMAN RIGHTS

Handelsbanken endorses the principles set out in the United Nations’ Universal Declaration of Human Rights. Since 2009, Handelsbanken has adhered to UN’s Global Compact, cementing the Bank’s expressed support for universal human rights. This means that the Bank supports and respects the protection of human rights within the areas which the Bank can influence, directly or indirectly through our operations. It also means that the Bank ensures that it is not involved in any breach of human rights.

THE BANK AS AN EMPLOYER

At Handelsbanken, we have a long-term view of our relationship with our employees, and we

believe that 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, we as an employer aim to provide the right conditions for our employees to develop and contribute to the Bank’s success.

Handelsbanken collaborates with various educational institutions and organisations where we offer internships so that students have the opportunity to gain experience and contact with workplaces. Every summer, many students work at the Bank as temporary staff, which contributes to Handelsbanken’s development and that of the students. Student degree thesis projects are another valuable way of exchanging knowledge between students and the Bank. Several of our managers and employees are active in various external mentor programmes and networks in order to contribute to work with integration and diversity.

Handelsbanken in Sweden also works with Samhall. Samhall’s task is to create meaningful work with development opportunities for people with various functional disabilities.

Handelsbanken has very low external staff turnover. In 2015, the figure for the Group was 3.0 per cent (3.2) and 2.1 per cent (2.2) in Sweden.

INITIATIVES TO COMBAT COMMERCIAL SEXUAL EXPLOITATION OF CHILDREN

As part of Handelsbanken’s work with corporate social responsibility, we integrate a preventative work method into our operations, in order to contribute to our stance against commercial sexual exploitation of children.

Since 2009, Handelsbanken, together with the Swedish Bankers’ Association, has been part of a collaboration with Ecpat Sweden, and has been a member of the Financial Coalition Against Commercial Sexual Exploitation of Children.

During the year, we increased our collaboration with Ecpat Sweden. The overall objective is to help prevent the exploitation of children by obstructing and making monetary transactions that are linked to sexual exploitation of children more difficult.

For a number of years, Handelsbanken has also had the NetClean IT application installed on the Bank’s computers in Sweden. This application identifies and blocks images and videos of child pornography.

Responsible lending

Credits to households and companies are Handelsbanken's core operations. The Bank considers it very important that its lending is based on an assessment of the individual customer's repayment capacity, so that the Bank does not grant credit to customers who cannot repay their loans. A weak repayment capacity can never be accepted with arguments that the customer is prepared to pay a high interest rate or can offer the Bank good collateral.

THE CUSTOMER IN FOCUS

Financial advice in conjunction with lending must always be based on the customer's overall situation and financial position. Using this knowledge, the Bank can give guidance based on the individual needs of each customer. In this way, the customer is in focus – not individual products or services. The aim of short-term profits for the Bank must take second place to what can be considered sustainable in the long term. This protects the individual customer from running into financial difficulties due to excessive indebtedness – something that also benefits the Bank and society at large.

Handelsbanken does not apply performance- or volume-based bonuses, or other forms of variable remuneration for employees who make decisions on credits or limits. Nor does the Bank have volume or market share goals.

RULES AND PRINCIPLES WHEN GRANTING CREDITS

In accordance with the Bank's credit policy, lending must be responsible, meeting high demands for sound ethical standards. In 2009, Handelsbanken became a signatory to the UN Global Compact, which summarises principles for human rights, basic working conditions, anti-corruption and environmental considerations. This means that in its lending, Handelsbanken must work to ensure that these principles are complied with. Ultimately, this can mean Handelsbanken declining to grant credits to companies that do not apply these principles.



GREEN BONDS

In 2015, the market for green bonds continued to grow, both in Sweden and globally. Green bonds enable investors to participate in the financing of sustainable, environmentally correct projects. Interest from investors has continued to grow, and on the fixed income market there is clearly an increasing focus on environmental and sustainability issues. In 2015, Handelsbanken organised a well-attended seminar in Stockholm for borrowers and investors, on the theme of green bonds and a sustainable capital market.

When a borrower issues a green bond, an external verification agency examines the area of use, and investigates and confirms the environmental benefits in the investments concerned. Handelsbanken welcomes this trend, and the opportunity it provides to assist our customers in financing green and sustainable projects. During the year, Handelsbanken arranged green bonds for four issuers.

GEOGRAPHICAL ORGANISATIONAL STRUCTURE WITH INDEPENDENT BRANCHES

Decision-making at Handelsbanken is strictly decentralised to the local branch. Each local branch has its own area of operations which is geographically delimited and constitutes the branch's local market. Handelsbanken's geographical structure means that it has a distinct local presence in all the markets where the Bank operates. Taking the important business decisions on the spot, in discussion with the customer, is a sound basis for successful customer meetings. This creates close, long-term relations with our customers.

“Decision-making at Handelsbanken is strictly decentralised to the local branch.”

GUIDELINES FOR BUSINESS RELATIONS WITH THE ARMAMENTS AND DEFENCE INDUSTRY

During the year, Handelsbanken introduced guidelines for business relations with the armaments and defence industry. Among other things, these state that Handelsbanken must not have business relations with companies which manufacture or trade in weapons that are prohibited under international conventions. This includes biological weapons, chemical weapons, anti-personnel mines and cluster munitions. Nor may

Handelsbanken have business relations with companies which manufacture or trade in nuclear weapons.

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. 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.

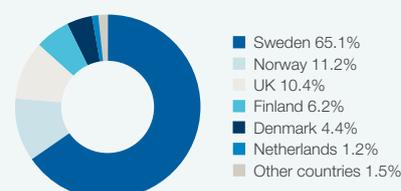
For property-related lending, it is important to take into account whether environmentally harmful activities are or have been conducted in the property.

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 useful tool for the branches when it comes to identifying and assessing risks. It is also good documentation for higher levels in the Bank when credit risk is to be evaluated, and when monitoring that branches take into account environmental issues in their 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 and learning at the branches.

Loans to the public, geographical distribution



Responsible investments

As an asset manager, Handelsbanken has been entrusted by our customers to manage their savings in the optimum way. Our goal is to generate strong long-term returns for our customers, which assumes that we invest in a sustainable, responsible manner. We achieve this by working in an integrated manner, where sustainability is an important part of the investment process, and also by offering a wide range of mutual funds and other savings products that meet our customers' requirements.

Our work is based on a clear, common value base. A long-term approach is an important part of Handelsbanken's corporate culture and investment philosophy. In mutual fund and asset management, as well as pension management, we endeavour to contribute to sustainable development in financial, social and environmental terms in the companies in which we invest, on behalf of our customers. We base this on the joint standards set out in international conventions and guidelines; for example, Handelsbanken stands behind the UN Global Compact. Handelsbanken also adheres to the UN Principles of Responsible Investment (PRI).

SUSTAINABILITY – AN IMPORTANT PART OF ACTIVE FUND MANAGEMENT

Our active asset management is based on fundamental research into markets and companies. Sustainability research takes place on a regular basis and is an integral part of our investment process. The research is carried out by our fund managers. In our view, an integrated working method has the greatest impact in an already robust investment process and, in the long term, this creates value in the portfolios. The people who make our investment decisions pay heed to sustainability issues in their daily work, both from a risk perspective and as a way of identifying investment ideas.

In our view, sustainability risks are also financial risks; thus the assessment of these is a vital part of our long-term research when we select companies to invest in. As we have a long-term investment horizon, we have no interest in investing in companies which take short-term shortcuts.

One of the investment processes we work with in active management is thematic investments, which is a method of identifying external changes with a long-term impact on a company's profitability. It is very natural that many of these changes are linked to sustainability. Global water supply and energy efficiency are two themes we have worked with in our portfolios during the year, where we have identified companies which contribute efficient solutions to global problems with water shortages and energy consumption.

WORK TO REDUCE CLIMATE IMPACT

In 2015, we also worked with a climate theme. One way of reducing the funds' carbon footprint is to exclude a number of stocks from our actively managed funds. These are companies operating in coal mining and combustion of coal

that we excluded from our mutual funds during the year.

During the year, Handelsbanken signed the Montréal Pledge, a UN initiative where owners of capital and asset managers worldwide have committed to measuring and reporting the carbon footprint in their portfolios. As a first step, we have measured and reported the carbon footprint of Handelsbanken's equity funds. A summary of these is published at handelsbanken.se/csreng.

Handelsbanken also supports the Carbon Disclosure Project (CDP), an independent international non-profit organisation which works for transparency and a dialogue concerning companies' carbon dioxide emissions and climate strategies.

“We have a long-term perspective on the investments we make on behalf of our customers.”

DIALOGUE AND ANALYSIS

We have a long-term perspective on the investments we make on behalf of our customers. A natural part of a fund manager's work is to assess the financial risks and potential in an investment. Our assessments of how companies manage their sustainability risks are an important part of this overall assessment.

In 2015, our asset managers had meetings with almost 1,700 companies, in order to monitor their performance, their business methods and their opportunities.

In addition to our regular investment research, a twice-yearly analysis of all our holdings of listed equities and corporate bonds is carried out, to identify any companies that do not comply with international standards or conventions – a “norm-based screening”. It is based on Global Compact's ten principles, as well as the International Labour Organization's core conventions on labour laws, the OECD guidelines for multinational companies, and other internationally accepted standards. The analysis is carried out by an external party.

A signal of sustainability risks can therefore come from several directions – from our own or external analysis. Handelsbanken Fonder's Committee for Responsible Investments takes a decision on action when we receive such a signal. Dialogue is our main long-term method for contributing to sustainable development. If we receive indications that the companies we invest in are not complying with the international standards and conventions that we respect, we contact these companies – independently or together with other investors. In 2015, we had discussions regarding specific sustainability matters with almost 50 companies. These discussions have included matters such as corruption, environmental destruction and labour laws. A list of these companies is published at handelsbanken.se/csreng.

Patience and persistence are vital in these processes – but up to a finite limit. Divestment or exclusion of companies from our investments are a last resort if all other alternatives have failed.

All of Handelsbanken's actively managed funds exclude companies that are involved in the production of weapons that are banned under international law, and companies that are involved in nuclear weapons. This is in accordance with the Bank's guidelines for business relations with the armaments and defence industry. A list of the companies that have been excluded from Handelsbanken's mutual funds is published at handelsbanken.se/csreng.

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. Report on our activities and progress towards implementing the principles.

In the annual PRI survey of the players that are signatories to the principles, Handelsbanken receives high scores. Parts of our reporting, on which the evaluation was based, are available at unpri.org.

ORGANISATIONAL STRUCTURE FOR RESPONSIBLE INVESTMENTS

Matters of principle relating to sustainability in asset management are also the responsibility of Handelsbanken's Responsible Investments Committee. The committee actively monitors developments in this area, to contribute to the continuing evolution of Handelsbanken's work with responsible investments. It also sets up and monitors relevant objectives for operations. The chair of the committee is the Chief Executive of Handelsbanken Fonder, and the other members include heads of asset management.

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. The goal is that the companies show optimal value performance in the long term, benefitting our fund savers. Work in the ownership role follows the principles for governance set out in the Swedish Code of Corporate Governance. This occurs, for example, in matters concerning the composition of the companies' boards and the procedure prior to and at shareholders' meetings. Ahead of AGMs in 2015, Handelsbanken Fonder participated in the work of 12 nomination committees, and ahead of the 2016 AGMs, we have participated in 26 nomination committees. In the nomination work, we consider it particularly important to have a more even gender distribution on the boards of Swedish companies. The proportion of women on the boards of listed Swedish companies has increased in the past few years and was 28 per cent on average in 2015. In the boards where Handelsbanken Fonder has been involved in the nomination committee, the proportion of women was on average 38 per cent. In addition, Handelsbanken Fonder voted at 82 annual general meetings in 2015, 55 of these in Swedish companies.

SUSTAINABILITY IN INDEX FUNDS

Through its subsidiary, Xact Kapitalförvaltning, Handelsbanken is the leading manager for index funds and exchange-traded funds in the Nordic countries. Management of index funds is a passive, rule-based form of asset management and is thus based on a fundamental analysis of com-

panies or markets. Our index funds own many of the largest international companies as part of their goal to provide return in line with the index, and it is therefore important for us to take responsibility in the area of sustainability via a well-developed influence process.

All holdings in the funds are regularly examined by means of norm-based screening, where, with the assistance of independent external expertise, we identify companies which do not meet up to Handelsbanken's fundamental values – which are based on international standards and conventions. In cases where companies systematically violate these standards, Xact Kapitalförvaltning takes action with the goal of achieving an improvement, principally by means of a dialogue with the purpose of influencing the company. The dialogue is undertaken together with other investors and with the assistance of an independent external supplier. Where possible, index funds exclude companies which are involved in controversial operations such as prohibited weapons, nuclear weapons or mining and burning of coal. A decision to exclude a company is determined on the basis of whether it jeopardises the fund's ability to comply with the current fund regulations. The decision to undertake a dialogue to influence a company or exclude it is made by the Chief Executive of Xact Kapitalförvaltning.

On behalf of its fund unit holders, Xact Kapitalförvaltning exercises its ownership role in the companies in which its mutual funds own shares. The goal is that the companies show optimal value performance in the long term, benefitting our fund savers. This means that Xact Kapitalförvaltning can participate in, and vote at, annual general meetings.

FUNDS WITH SPECIAL CRITERIA

Handelsbanken also offers funds which observe special criteria in their investment strategy, for example, excluding investments in controversial operations, such as alcohol, tobacco and fossil fuels. In 2015, we further increased the range of such funds: we now offer a total of eleven funds with special criteria. The range now consists of index funds, actively managed equity funds and fixed income funds with a special investment focus with the general name Criteria. Together with the Handelsbanken Hållbar Energi (sustainable energy) fund, which invests in companies that develop or use technologies and techniques to

More information

For more information, please see handelsbanken.se/csreng. There are the following policies and documents among others:

- Corporate governance policy and policy for responsible investments for Handelsbanken Fonder
- Handelsbanken Liv's Policy for Responsible Investments
- Examples of companies with which we are having discussions
- Examples of companies that we exclude
- Information brochure about Responsible Investments
- List of carbon footprints for Handelsbanken's equity funds

limit global warming, these funds have combined assets of SEK 65 billion, corresponding to 17 per cent of total fund volumes.

RESPONSIBLE INVESTMENTS AT HANDELSBANKEN LIV

Handelsbanken offers pension solutions and other insurance solutions for private and corporate customers via the Handelsbanken Liv subsidiary.

Handelsbanken Liv has a policy for responsible investment based on Global Compact and PRI. Handelsbanken Liv does not have its own asset managers. When selecting asset managers, mutual funds and fund management companies, Handelsbanken Liv factors in how well they live up to their sustainability requirements.

Handelsbanken Liv has decided to manage most of its customers' pension capital with Handelsbanken Fonder, which was thus the largest supplier of Handelsbanken Liv's traditional pension management and unit-linked management in 2015.

STRUCTURED PRODUCTS WITH A SUSTAINABILITY FOCUS

In 2015, Handelsbanken issued four equity-linked bonds with a sustainability focus. These are capital-protected investments which give exposure to European companies with a strong focus on sustainability, or to European companies with low climate impact. The total value of these products was SEK 193 million.

Since 2015, most of Handelsbanken's funds have this type of sustainability profile. More information about this can be found at hallbarhetsprofilen.se (Swedish-only site).

Sustainable Value Creation

Since 2009, Handelsbanken Asset Management, together with other major Swedish investors, has taken part in the Sustainable Value Creation project. The aim of the project is to highlight the importance of Swedish companies working with sustainability issues in a structured manner. During the year, Sustainable Value Creation highlighted the need for companies to carry out human rights-related management and reporting.

CO-OPERATION AND INITIATIVES FOR SUSTAINABILITY WITHIN ASSET MANAGEMENT

PRI

PRI (the United Nations-backed Principles for Responsible Investment Initiative) is a network of investors that work together with the UN to implement principles for responsible investment. During the year, Handelsbanken Fonder participated in the following PRI-related initiatives:

- G20 Energy Efficiency Investor Statement. This initiative is about paying heed to energy efficiency within our work with responsible investments.
- Sustainable Stock Exchanges – an initiative to persuade the stock exchanges of the world to demand greater transparency from listed companies in sustainability issues.
- Montréal Pledge – an initiative whereby asset managers undertake to measure and report their funds' carbon footprints.

CDP

CDP is an independent international non-profit organisation which works for transparency and a dialogue concerning companies' carbon dioxide emissions and climate strategies. Handelsbanken supports this initiative and reports annually to CDP.

SWESIF

Handelsbanken is a member of SWESIF, an independent network forum for organisations working for or with sustainable investments in Sweden. SWESIF aims to increase knowledge of and interest in sustainable investments on the part of institutional asset owners and managers. To make it easier for savers to compare funds and how sustainability is integrated in mutual fund management, SWESIF has developed a sectorwide sustainability profile for mutual funds.

Our role 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 with long-term stability – 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 so that as few customers as possible have payment difficulties. The Bank can thus continue to be a bank with stable finances, making a positive contribution to customers, shareholders, and the community.

“Handelsbanken can thus continue to be a bank with stable finances, making a positive contribution to customers, 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, based on local information. This is why Handelsbanken offers a nationwide branch network in the six countries the Bank categorises as its home markets. Our decentralised organisation, where the local branch manager is responsible for all the Bank's business in its local operating area, means that Handelsbanken is firmly established in the local community.

In the past few decades, many banks have significantly reduced their number of branches. Handelsbanken has instead elected to retain its local branches and thus continues to fill an important function in the local community.

In 2015, Handelsbanken opened 22 new branches in its home markets: 19 of them in the UK and 3 in the Netherlands. We are currently the only bank in 68 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 463 branches in Sweden meet 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 their needs.

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. The payment systems which Handelsbanken and other banks have developed together are technically advanced and are characterised by a high degree of efficiency and security. Payments are effected quickly, securely and at low cost. Increased use of digital payment solutions such as card payments and mobile payments make customers' everyday life easier and also reduces our direct environmental impact.

Swish is an example of a service for the public good that Handelsbanken helped to develop in collaboration with other Swedish banks. By using Swish, all the Bank's customers can quickly and simply make payments to individuals, companies, associations and organisations that are linked to the service.

BankID is e-identification which allows public authorities, organisations, companies and banks to identify and enter into agreements with private individuals online. Using this, the person can then prove their identity in contacts with various public authorities. This is another example of services jointly developed by the major Swedish banks for the public good.

Availability – on the customer's terms

Handelsbanken puts a great deal of effort into being available for our customers and this is a major component of our method of banking. In addition to our local branches, we are also available on our digital meeting places, such as Online Banking, and in our apps. In Sweden, Handelsbanken Direkt Personal Service is open 24 hours a day, and is staffed by professional bankers who help customers by phone. Via our personal telephone service we can also meet our customers in a number of different languages.

Good accessibility in our digital meeting places is about the Bank striving to give the opportunity to everyone who wishes to access the informa-

tion and services that we provide, regardless of the customer's ability.

We constantly strive to develop and improve our meeting places and to increase the level of accessibility for our customers. We also work constantly to identify and remove obstacles in our digital services.

“Handelsbanken puts a great deal of effort into being available for our customers.”

When we build new services or renew our existing ones, we do this based on market standards. We have also drawn up our own guidelines that go further than these standards, with the aim of being accessible to our customers. The aspect of accessibility is one of the cornerstones of all our development work, and we use external parties to check the quality of accessibility in our digital meeting places.

Our customers in Sweden can also use a large number of ATMs operated by Bankomat AB, in which Handelsbanken is a shareholder. The ATMs are available in around 500 towns around Sweden. Most of them are accessible to people in wheelchairs and also have a sound function for the visually impaired. The ATM display supports Swedish and seven other languages.

HANDELSBANKEN AS A TAXPAYER

Handelsbanken makes a contribution to the community in the countries where the Bank operates, partly by paying taxes and charges, and also by employing staff. For many years, Handelsbanken has been one of the largest payers of corporate tax in Sweden. In addition to corporate tax, Handelsbanken pays substantial amounts in social security costs and other taxes. Historically, it has been the largest payer to the Swedish Stability Fund for the financial system and one of the largest payers to the state deposit guarantee scheme. For 2015, it is estimated that Handelsbanken's total taxes and state fees amount to SEK 8 billion (8). In addition, VAT represents a substantial cost for Handelsbanken, since the Bank cannot deduct input VAT which it pays when buying external services and products. This is because the Bank's business is largely not subject to VAT,

i.e. the Bank's customers do not pay VAT on financial services.

Handelsbanken pays and reports tax based on local regulations in the countries where it operates. The table below shows that 98.6 per cent of the Group's tax costs derive from the Bank's six home markets, which corresponds well with the fact that these countries account for 98.5 per cent of the Group's profits. The Bank strives to maintain an open dialogue with the tax authorities in the countries where the Bank operates. In the UK, Handelsbanken has adopted the British tax authorities' code of conduct for banks.

In addition to taxes relating to the Bank's own operations, the Bank withholds, reports and pays in substantial amounts on behalf of its customers and employees to the tax authorities in the countries where the Bank operates.

Handelsbanken's actions regarding taxes aim to be responsible, correct and transparent. The Bank has co-ordinated management, governance and follow-up of tax-related issues. It continually monitors developments in the area of taxation in Sweden and internationally, particularly with reference to transparency and tax ethics.

At Handelsbanken, high ethical standards must

be observed, as regulated in policy documents from the Board. The Bank must not participate in transactions or provide products that may be called into question in the light of prevailing tax legislation. If there is doubt, Handelsbanken must not participate.

“For many years, Handelsbanken has been one of the largest payers of corporate tax in Sweden.”

POLITICALLY INDEPENDENT

Handelsbanken is not allied to any political parties. In modern times, the Bank has not provided any financial support to any political party, nor has it made any other type of political donations.

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.

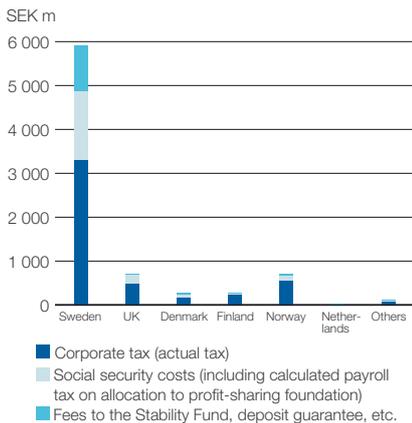
Together, these foundations are some of the most important sources of funding for economic research in Sweden. In 2015, 169 grants (152) were awarded for a total of SEK 180 million (151).

At the end of 2015, the foundations' combined capital totalled some SEK 6,051 million.

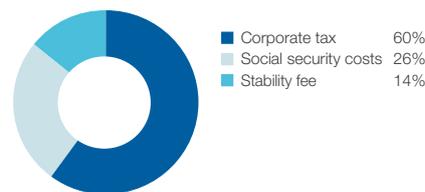
Handelsbanken has also funded a professorial chair in accounting at the Stockholm School of Economics and has contributed to the Institute for Financial Research (SIFR) and Swedish House of Finance (SHoF).

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.

Corporate tax and charges, per country



Corporate tax and charges



Taxes and government fees, per country

SEK m	Sweden	UK	Denmark	Finland	Norway	Netherlands	Other	Group
Corporate tax (actual tax)	3 318	485	170	232	563	13	76	4 857
Social security costs (including calculated payroll tax on allocation to profit-sharing foundation)	1 568	214	87	21	108	15	35	2 048
Fees to the Stability Fund, deposit guarantee, etc.	1 037	17	24	13	25	1	1	1 118
Total taxes and government fees	5 923	716	281	266	696	30	113	8 025
Income	25 461	5 290	2 209	2 111	3 708	341	1 216	40 336
Operating profit	14 305	2 089	600	1 106	2 005	57	313	20 475
Assets	1 597 179	232 867	81 114	125 307	177 143	18 959	289 564	2 522 133

Economic value creation

Handelsbanken's 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, taxpayers or its shareholders in modern times.

THE FOUNDATION OF A BANK'S OPERATIONS

The foundation of a bank's operations is money. This consists of capital which initially comprises the share capital which the owners pay in when a bank is founded and profits generated over time, together with other funding such as deposits and borrowing from the public and funding in the capital markets. When studying a bank in a sustainability perspective, it may therefore be of interest to also look at how that bank manages its capital and its view of funding.

“A condition for customers putting money in a bank is that they have confidence in the bank.”

Capital

To ensure that banks have sufficient resistance to the risks arising in their operations, but also to protect customers' assets and interests, the public authorities have established capital requirements – rules for the minimum amount of capital a bank must have in order to run its operations. A bank must have sufficient capital for its current business volumes, but in order to meet customers' future loan requirements, it must also have capital to allow growth in lending and other business operations. From the customer's point of

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	2015	2014	2013	2012	2011
DIRECT ECONOMIC VALUE CREATED					
Customers					
Income after loan losses and before fees to Stability Fund, deposit guarantee, etc.	39.8	37.7	36.2	34.9	33.1
Value created by serving customers	39.8	37.7	36.2	34.9	33.1
ALLOCATED ECONOMIC VALUE					
Employees					
Salaries	8.0	7.6	7.1	6.9	6.7
Provision to profit-sharing foundation (incl. social security costs)	0.9	0.8	1.1	1.0	0.9
Social security costs and other staff costs	3.7	3.4	3.2	3.3	2.3
Cost of employees	12.6	11.8	11.4	11.2	9.9
Public authorities and society at large					
Suppliers*	5.7	5.6	5.7	5.5	5.5
Tax costs**	4.3	4.1	3.9	3.0	4.4
Fees to Stability Fund, deposit guarantee, etc.	1.1	1.2	1.1	1.1	1.1
Government bank support received	-	-	-	-	-
Participation in government guarantee programmes	-	-	-	-	-
To society	11.1	10.9	10.7	9.6	11.0
Shareholders					
Dividends (refers to the year dividends were paid)	11.1	10.5	6.8	6.1	5.6
New share issue	-	-	-	-	-
Transactions with the shareholders	11.1	10.5	6.8	6.1	5.6
Reinvested economic value ("remaining in the Bank")	5.0	4.5	7.3	8.0	6.6

* 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 social development.

view, it is particularly important that the bank is available in times of financial turmoil, such as in the early 1990s or since the financial crisis of 2008.

If a bank makes substantial losses, its shareholders may be compelled to contribute more share capital in the form of a new share issue, which may be difficult at that point in time.

A condition for customers putting money in a bank is that they have confidence in the bank. A bank which does not meet its customers' expectations, risks seeing outflows of deposits when the crisis is at its peak. If these outflows are large, the bank's survival is in jeopardy. Outflows of savings which customers have placed in mutual funds, life insurance and other types of saving, which are not used for the operations' own financing, are not as serious, but nevertheless result in a significant deterioration of the earnings capacity, which may lead to problems.

“By always having a balance sheet which is structured so that the Bank's commitments to customers and investors can be secured, Handelsbanken takes responsibility in its capacity as a bank which is important to the financial system.”

Funding on the capital markets

For a large part of the deposits, customers can withdraw money from their account at any time so it is not desirable to fund all lending with deposits. At the same time, much of bank lending has a long maturity, for example, mortgage loans.

Funding long-term lending with short-term deposits creates liquidity risks which may create serious problems in the financial system.

Handelsbanken's view of funding is based on a well-balanced balance sheet where long-term loans to the Bank's customers are financed with stable funding. For this reason, mortgage loans are financed by Handelsbanken's wholly owned mortgage institution – Stadshypotek – issuing covered bonds with a long maturity. By always having a balance sheet which is structured so that the Bank's commitments to customers and investors can be secured, Handelsbanken takes responsibility in its capacity as a bank which is important to the financial system.

It is vital that banks have a good long-term funding strategy so that they avoid running into a liquidity shortage where they cannot fully meet the agreements they have entered into with customers who have deposits, and other lenders.

VALUE CREATION DURING 2015

It is also vital that a bank makes a profit. This is because the surplus in a bank's operations benefits both society and the shareholders. A large proportion of the profit is reinvested in the operations so that the Bank can meet customers' future loan requirements.

Handelsbanken's profit before taxes and government fees was just over SEK 24 billion in 2015. The created value was distributed as follows: SEK 8 billion in taxes and government fees, just over SEK 11 billion in proposed dividends, to be paid to the shareholders in the spring of 2016, and the remaining SEK 5 billion, which is reinvested in the operations.

STABLE THROUGHOUT 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 fresh capital.

When the financial crisis was at its height in Sweden in 2009, Handelsbanken lent around SEK 100 billion to the Riksbank, which was at their disposal.

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 almost one quarter of households' mortgage loans in Sweden.

High ethical standards engender trust

To retain the confidence of the business world, it is important that the Bank acts ethically. Guidelines for this are formulated in a policy document, established by the Bank's Board.

POLICY FOR ETHICAL STANDARDS AT HANDELSBANKEN

Handelsbanken's policy documents on ethical standards is adopted by the Bank's Board and formulate the basic guidelines for every employee's actions.

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

Banks' operations are regulated by legislation and are governed by extensive laws and regulations. If a bank does not comply with the laws and regulations, the responsible supervisory authority can issue fines and in the worst case revoke the banking licence.

A self-evident rule is that Handelsbanken and the Bank's 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 policy document is 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.

INFORMATION SECURITY

Sensitive information is processed in the Bank's operations, particularly regarding the Bank's customers and customer relations. Handelsbanken's work with information and IT security focuses on availability, correctness, confidentiality and traceability. The information and the Bank's business systems must be available based on the business requirements of the operations. The information must also be reliable, correct and complete. Nor should it be distributed to unauthorised persons and it may only be used to the extent required by the work assignment. It must be possible to determine afterwards who has read or changed the information, when this happened and which changes were made.

The work with the Bank's information security involves protecting customers' information and transactions and also the Bank's IT environment. If shortcomings in the processing were to arise or the information was incorrectly distributed, this could lead to serious consequences, including loss of or deteriorated confidence in the Bank or financial losses.

Information security covers administrative solutions such as rules and instructions, as well as technical security solutions. It is important that the Bank's IT security is very high in order to meet possible risks and that there are procedures for managing changes in the IT environment so that no shortcomings occur.

Nine complaints were managed in 2015 relating to customer integrity or identified leaks of customer data, in all cases in collaboration with the parties involved. In one of the cases, this has led to a change in internal procedures.

The Group Chief Executive establishes guidelines for information security at Handelsbanken. All employees are responsible for compliance with the rules for protection of information and all managers are responsible for compliance with the rules within their own area of responsibility. Information security work is pursued in accordance with the ISO 27001 international standard. This means that any risks are identified on a regular basis and that internal rules are produced so that the information is protected over time.

The Bank's management of sensitive information is also governed by international and national legislation. The processing of personal data is subject to the provisions of the Swedish Personal Data Act and corresponding international legislation. The rules mean that private individuals are protected against their personal integrity being violated due to the processing of personal data. The regulations regarding bank confidentiality whereby information about individuals' relations with the Bank must not be disclosed are stated in the Swedish Banking and Financing Business Act and corresponding international legislation.

The Bank's information security regulations are based on the Standard of Good Practice developed by Information Security Forum (ISF), an organisation where most of the largest companies in the world are members. The work with information and IT security is pursued systematically and we apply a process where risk analysis plays a central role. The risk analyses are performed using the IRAM method (ISF's Information Risk Analysis Methodology).

The conditions for IT security change all the time. Handelsbanken therefore needs to continuously evaluate and take a stand on possible new risks in this area. By continuously following up events which occur both within and outside the Bank's operations, it is easier to take the right action at the right time. To this end, the Bank participates and collaborates in international forums.

In 2015, Handelsbanken was the first Nordic bank to become a member of FIRST (Forum of Incident Response and Security Teams). Handelsbanken also participates in FIDI Finans which is a forum for sharing information between the government, the business community and other relevant organisations regarding information security in the financial sector. The forum is led by MSB – the Swedish Civil Contingencies Agency.

MEASURES AGAINST MONEY LAUNDERING AND FINANCING OF TERRORISM

One of the starting-points for the regulations against money laundering and the financing of terrorism is that banks must have good knowledge of their customers, and that Know Your Customer information must be documented. Handelsbanken's decentralised work methods and strong local presence in the community create a good basis for close, long-term customer relations. This means that our staff know their customers and understand their business and requirements. Thousands of customer meetings take place every day at the Bank's 849 branches in 25 countries.

Almost all our customer relations begin at the customer's branch. Our customers subsequently meet Handelsbanken via our digital meeting places, such as online banking and mobile banking. This means that we need several methods of keeping informed of how the Bank's customers are using our products and services. We need these to understand customer needs, and also to work effectively with measures against money laundering and financing of terrorism.

The responsibility for working with measures against money laundering and financing of terrorism is held by a central department which must ensure that there is competency in and aware-

HANDELSBANKEN'S POLICY ON ETHICAL STANDARDS COVER THE FOLLOWING AREAS:

- High ethical standards
- Laws, regulations and guiding principles
- The UN Global Compact
- Counteracting financial crime
- Customer relations
- Counteracting conflicts of interest
- Conduct of employees
- Reporting by employees who suspect internal fraud or other irregularities
- Confidentiality
- External contractors

ness of these areas throughout the Group. In addition, there are regional officers for this area in the countries where the Bank conducts its banking operations.

In spring 2013, the Swedish Financial Supervisory Authority began an investigation into how the four major Swedish banks comply with the anti-money laundering regulations. The investigation was concluded in the spring of 2015.

In May 2015, Handelsbanken received a remark and an administrative fine of SEK 35 million from the Supervisory Authority. The remark related to shortcomings in how Handelsbanken Sweden complies with the anti-money laundering regulations. The Bank takes very seriously the shortcomings pointed out by the Supervisory Authority in its investigation of the Bank's Swedish operations. Neither Handelsbanken nor the Supervisory Authority has discovered any type of crime in this investigation. Even before the remark was received, an extensive programme of action had begun, to improve the Bank's work in this area. This means that Handelsbanken has corrected, or is in the process of correcting, the shortcomings that were highlighted. To ensure effective work, Handelsbanken will continue to invest in both competency and technology. In this area, high competency and awareness are required from all employees, as well as fit-for-purpose processes and customised IT solutions. The action programme therefore contains major efforts to improve risk assessments, ensure gathering of customer due diligence, carry out major training efforts and comprehensive development of the Bank's IT systems.

Through the current action programme and measures that have already been carried out, the Bank has reduced the risk of participating in transactions which may be suspected of being linked to criminal activities. At the same time, we are creating an effective basis for compliance.

WORK TO COUNTERACT CONFLICTS OF INTEREST, CORRUPTION, BRIBERY AND IMPROPER INFLUENCE

Conflicts of interest occur daily in society and the financial sector is no exception. All employees of Handelsbanken, regardless of where they work in the Group, are obliged to follow the Bank's regulations concerning conflicts of interest and to identify these on a regular basis, and as far as possible ensure that they are avoided.

Handelsbanken has established procedures for managing conflicts of interest with the purpose of preventing customers' interests from being negatively affected. The Bank's regulations contain requirements for transparency, whereby the customer must be informed when a conflict of interest has been identified which might affect the customer. Handelsbanken's Board has revised the Bank's policy for managing conflicts of interest where it states how the work of identifying and managing conflicts of interest is conducted. The revision applies at the time this Sustainability Report is published.

In banking operations there is a risk that staff will be exposed to a situation that can be linked to attempts at bribery, which in turn may lead to a position of dependence. It is therefore important

that the Bank's employees comply with laws and the Bank's regulations regarding bribery and improper influence so that they avoid being dependent on a customer or supplier, or have improper influence on a customer. The Bank's employees must not participate in actions that may involve bribery or any other improper influence, either within the Bank's operations, or when they perform other assignments outside the Bank. All unit heads must annually go through the regulations applying to bribery and improper influence with their employees. There are also procedures for how employees are to report a suspected breach of these regulations.

The regulations must be followed in all contexts, such as gifts, entertainment and other events. In addition, employees' business travel must always be paid for by the Bank.

During the year, Handelsbanken has worked to further reinforce and guarantee the quality of its work to counteract conflicts of interest, corruption, bribery and improper influence. For example, a special analysis was made of the risk of bribery, corruption and improper influence within the Handelsbanken Group and this was documented in preparation for revision of the Bank's policy. The analysis identified the areas where the Bank is at greatest risk of being exposed to, or complicit in, bribery, corruption and improper influence.

In addition to this analysis, operational risk analyses are performed each year which include the area of corruption. Security reviews are also performed every year and these contain a training and information section on corruption.

No verified corruption incidents were reported in 2015.

Handelsbanken's Board has revised the Bank's anti-corruption policy, which states that all new employees of the Bank must complete a course on corruption, bribery and improper influence. Completion of the course must be documented. All employees must also update their knowledge annually. The policy also applies to all Board members throughout the Group who must complete applicable parts of the course. Service providers and representatives of the Bank must also be informed of the Bank's rules on bribery, improper influence and corruption, and they are subject to these rules when they perform assignments on behalf of the Bank. The revision of the policy applies at the time that this Sustainability Report is published.

CONDUCT OF EMPLOYEES

Handelsbanken's 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 legislation concerning trading in financial instruments and observe the Bank's rules for employees' private securities and currency transactions
- must, in their work at the Bank and 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, local compliance or Central Audit if they suspect irregularities at the Bank. Handelsbanken's special system for whistleblowing is used to complement these reporting channels. The report is made on a special form and is sent to the Head of Central Audit
- 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 AND OUR SUPPLIERS

Ethical considerations are just as important for the Bank in its role as customer as when it supplies products and services. One example is that the Bank has rules for receiving and giving personal gifts and for corporate entertaining in order to avoid incurring obligations to suppliers. We have a regular dialogue with suppliers and when making purchasing decisions, we investigate that they have collective bargaining agreements, a work environment policy and a policy against giving and accepting bribes. Environmental considerations are also taken in purchasing decisions. A check list exists to support quality assurance of the Bank's purchases.

In 2016, Handelsbanken intends to gradually implement a code of conduct for major suppliers in Sweden. It is intended to implement the code in all the Bank's home markets.

It is intended that the code of conduct will define the requirements we make of our suppliers and their sub-contractors. Most of the requirements are based on internationally accepted standards with the UN Global Compact as the starting point. This means that the Bank requires that suppliers and their sub-contractors comply with the code of conduct or corresponding standards which may imply stricter requirements than the current legislation. The supplier is also obliged to ensure that their employees and sub-contractors in their turn meet the requirements of the code.



More information

The Bank's sustainability policy, policy on ethical standards, policy against corruption and policy for managing conflicts of interest are available at handelsbanken.se/csreng.

Our environmental work

To promote long-term sustainable development, Handelsbanken works to minimise the Bank's direct and indirect impact on the environment.

HANDELSBANKEN'S ENVIRONMENTAL POLICY

Environmental work at Handelsbanken is based on the Bank's environmental policy. As far as is technically and financially possible, and to the extent that is compatible with its undertakings, the Bank aims to promote long-term sustainable development. We therefore continually strive to minimise our negative environmental impact.

We will achieve this by:

- taking long-term sustainable business decisions in which environmental factors are taken into consideration
- setting environmental requirements in all central procurements, and ensuring that these are complied with
- encouraging environmental awareness and environmental competence among employees
- constantly developing our environmental activities, so that the Bank's environmental impact is continuously minimised
- monitoring and measuring the Bank's impact on the environment.

Handelsbanken has signed and complies with a number of voluntary agreements, such as the ICC Guidelines for Sustainable Development, the UN's Banks and the Environment programme (UNEP FI), the UN's Global Compact, and the UN Principles of Responsible Investment (PRI).

HANDELSBANKEN'S DIRECT ENVIRONMENTAL IMPACT

A bank's direct environmental impact is fairly limited. We always strive for our negative impact on the environment to be as small as possible. Our

direct impact derives mainly from consumption of energy, business travel and transport, and also use of resources such as paper. We measure our material environmental impact in our six home markets. These markets represent more than 96 per cent of the Bank's total number of employees.

“We are working to minimise the carbon dioxide emissions generated in our operations.”

We are working to minimise the carbon dioxide emissions generated in our operations. In 2015, carbon dioxide emissions for the operations totalled 13,231 tonnes. This is a decrease of 15 per cent from the previous year, and is mainly attributable to the Bank increasing the proportion of renewable electricity.

In 2015, the Bank's electricity consumption decreased by 6 per cent compared with 2014. The proportion of renewable electricity is 100 per cent for Nordic operations and 87 per cent for all home markets.

For 2015, Handelsbanken has corrected its climate calculations, in order to reflect the Bank's direct environmental impact more clearly. These corrections have led to higher emission figures than the Bank previously reported. To improve

comparability, the results for 2012–2014 have been recalculated in accordance with the new climate calculations.

CDP is an independent, international non-profit organisation that works to promote openness and dialogue concerning companies' carbon dioxide emissions, and how companies should manage their impact on climate, in order to pass this knowledge on to investors. Over 5,500 organisations in more than 80 countries worldwide measure and report their emissions of greenhouse gases and climate impact via CDP.

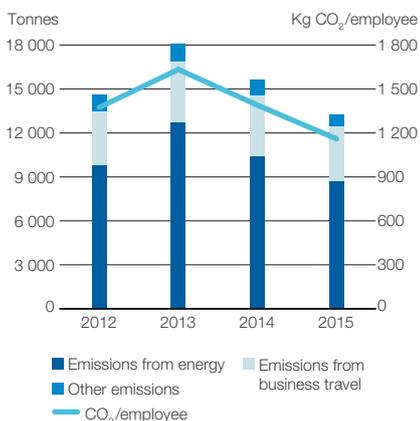
The result in CDP's annual survey is based on how transparent a company is and how well it works with climate matters. The result for transparency is based on a scale between 0 and 100 and the climate work on a grading scale between A and E. In this year's survey, the Bank improved its performance in the area of transparency to 95 points (85) out of 100 possible, while the grading for the Bank's climate work fell to level C (B). The average value in CDP Nordic was 84 C. The Bank will continue the work of improving management of our climate impact in an open, transparent manner and our clear goal is thus to improve our result in CDP's next survey.

CDP acts on behalf of more than 800 institutional investors, and starting from 2015, Handelsbanken is one of them.

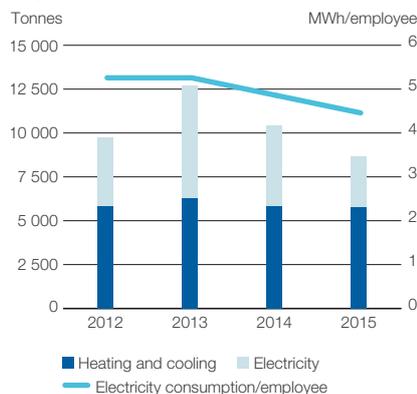
CLIMATE COMPENSATION

Handelsbanken compensates for carbon dioxide emissions currently related to business travel in the Bank's six home markets. The Bank compensates through CDM projects (Clean Development Mechanism), which are UN-registered projects

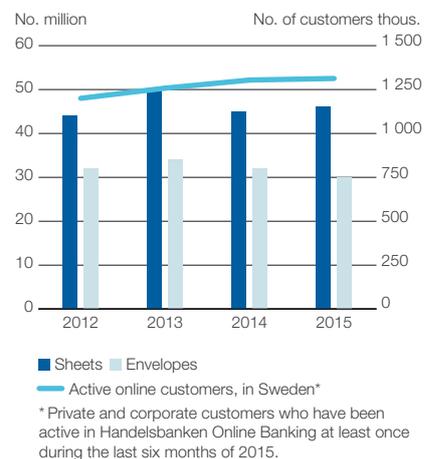
Total CO₂ emissions



CO₂ emissions from energy consumption



Centrally distributed information, Group



with verified climate benefit. The projects are certified according to the Gold Standard, which is endorsed by more than 80 NGOs and which ensures that the projects contribute to long-term sustainable development.

MORE EFFICIENT EQUIPMENT AND UTILISATION OF RESOURCES

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

- A green collaboration agreement with the Bank's landlords means that one of the Bank's largest office buildings has now been certified according to the European Green Building standard. An application for environmental classification of the building according to the Swedish Green Building Silver standard has been submitted and we expect a response in 2016.
- The Bank is developing a code of conduct for our suppliers which will be gradually implemented during 2016. This states that suppliers to Handelsbanken must support preventative action to counteract environmental problems, take initiatives to increase environmental awareness and encourage development of environmentally friendly technology.
- 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 water from the Baltic Sea using heat exchangers to cool the Bank's premises and computer rooms.
- In 2015, the number of video conferences that can replace business trips was up by 34 per cent from 2014.
- 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.
- 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, and in the long term also 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.
- The Bank's internal printing unit was certified according to the Nordic environmental certification Svanen, and the Bank therefore fulfils the requirements for climate-efficient mail. This means that as of 2016, climate compensation applies to the majority of all Handelsbanken's transport with Postnord in Sweden.

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 internally by means of information and training 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.
- Increased proportion of green electricity purchased in 2016 in the home markets outside Sweden.
- Increase the amount of recycled refuse.
- Reduce the amount of business travel by facilitating the use of video conferences.
- Further develop the Group's digital services for customers via computers, smartphones and tablet devices, and for branches and internal units in order to reduce paper consumption.
- Continued system development to more exactly be able to measure our use of resources and direct environmental impact.

HANDELSBANKEN'S INDIRECT ENVIRONMENTAL IMPACT

By joining the UN's Global Compact, Handelsbanken has undertaken 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, asset management and agreements with suppliers. See the respective sections on pages 213, 214 and 221.



More information

For more information regarding the Bank's environmental activities, see handelsbanken.se/csreng. The site includes the following information:

- The Bank's environmental policy
- Supplementary GRI Appendix

Initiatives, awards, surveys and sustainability index

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



WE SUPPORT

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 world business organization

The International Chamber of Commerce (ICC) has developed guidelines for sustainable development. The purpose is to provide companies worldwide with a framework and tools to develop their sustainability work. The guidelines are based on national and international sustainability standards. Handelsbanken has complied with the ICC guidelines since the 1990s.

PRI

Signatory of:



Principles for Responsible Investment

UN PRI (United Nations-backed Principles for Responsible Investment) 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. In total, some 1,450 capital owners, asset managers and other stakeholders have become signatories.

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.

CDP



CDP is an independent, international non-profit organisation that works to promote openness and dialogue concerning companies' carbon dioxide emissions, and how companies should manage their climate impact, in order to pass this knowledge on to investors. Over 5,500 organisations in more than 80 countries all over the world measure and report their greenhouse gas emissions and their climate performance through CDP.

CDP acts on behalf of more than 800 institutional investors, and starting from 2015, Handelsbanken is one of them.

Ecpat



MOT BARNSEXHANDL

In 2009, Handelsbanken, together with the Swedish Bankers' Association, started co-operating with Ecpat Sweden. During the year, we increased our collaboration with Ecpat. The overall objective is to prevent exploitation of children by obstructing and making monetary transactions that are linked to commercial sexual exploitation of children more difficult. As part of Handelsbanken's work with corporate social responsibility, we integrate a preventative work method into our operations, in order to contribute to our stance against commercial sexual exploitation of children.

Ecpat Sweden is a 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, child sex tourism and trafficking in under-age human beings for sexual purposes.

Financial Coalition Against Commercial Sexual Exploitation of Children



Handelsbanken has been a member of the Swedish Financial Coalition Against Commercial Sexual Exploitation of Children (the Financial Coalition) since 2009. The Financial Coalition works to obstruct and prevent trade with images of sexual abuse of children, 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.

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 surveys on its work.

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 Tore Browaldh Foundation and the Jan Wallander and Tom Hedelius Foundation.

Together, these foundations are some of the most important sources of funding for economic research in Sweden. In 2015, 169 grants (152) were awarded for a total of SEK 180 million (151).

At the end of 2015, the foundations' combined capital totalled some SEK 6,051 million.

Handelsbanken has also funded a professorial chair in accounting at the Stockholm School of Economics and has contributed to the Institute for Financial Research (SIFR) and Swedish House of Finance (SHoF).

Handelsbanken also supports a research project at the Stockholm School of Economics where studies and analyses are performed on the most important factors in terms of creating customer satisfaction, and also in following the link between loyalty and profitability.

Personal finances for young people

UNG PRIVATEKONOMI

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 schools 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 this, Handelsbanken establishes contact with target groups that are important in terms of recruitment and contributes expertise and experience to the courses. This is based on co-operation with and commitment from HR 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, recruit and develop young employees as part of the Bank's future management succession, and to promote gender equality and diversity.

The Technology Leap

Since the autumn of 2013, Handelsbanken in Sweden 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 natural sciences and technology programmes in upper secondary school 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

Boldness in Business Awards

Handelsbanken received one of the world's most prestigious awards for social responsibility: FT ArcelorMittal Boldness in Business. The award is given to the organisation that takes responsibility for its impact on stakeholders and the community, while contributing to improvements in society in general.

In their citation, the judges particularly emphasised the Bank's ethical principles and the fact that the Bank is based on customers' requirements.

Best reporting on value creation

Handelsbanken came in joint second place when PwC for the second year decided the best reporting on value creation. Some 70 companies from the Nasdaq Stockholm Large Cap list have been assessed in terms of the information contained in their full annual reports, including the corporate governance report and sustainability report. The jury has mainly looked at the reports' value creation, credibility, intelligibility and completeness. According to the citation, Handelsbanken has presented its annual report in a clear, structured way and it is perceived as being totally transparent. It also bears witness to a corporate culture where social responsibility is a cornerstone.

Investors Chronicle and Financial Times Investment and Wealth Management Awards 2015

Handelsbanken was acclaimed "Best Private bank 2015" in the UK by the international periodicals Financial Times and Investors Chronicle. This is the third occasion in four years that Handelsbanken has received this award where readers nominate banks and financial institutions. The award is decided by a jury which mainly looks at institutions which provide the best service, the best value for money and quality which is sustainable over time.

International Banker

The periodical International Banker has acclaimed Handelsbanken "Best innovation in retail banking Sweden 2015" and "Best customer service provider Western Europe 2015".

International Banker wrote "Handelsbanken's business model and commitment to customer service make the bank unique" in its citation. International Banker is one of the most renowned international periodicals in the fields of economics, banking and finance. International Banker presents its awards to banks all over the world, that are at the very forefront of the sector and not only do a good job, but excel in their field.

Sweden's Small Enterprise Bank 2015

For the fourth consecutive year, Handelsbanken has been acclaimed Small Enterprise Bank of the Year in Sweden by companies with between one and nine employees in Finansbarometern's annual survey. Service and contacts, and the quality of electronic services are the factors considered most important when small enterprises choose their bank. The Bank's local presence and its ability to create close ties with its customers are important to many small enterprises. Handelsbanken has the highest customer loyalty of all banks in the survey.

World Finance

Handelsbanken has been named the "Best Nordic Banking Group 2015" and the "Best Nordic Retail Bank 2015" by the international magazine World Finance.

"By understanding that the challenges should not be seen as obstacles but opportunities, and by focusing on customers and not products, Handelsbanken has succeeded where many have not," writes World Finance. The publication is widely distributed throughout the world, mainly targeting decision-makers, company leaders, economists, politicians and institutions, as well as private and public investors. With the help of a jury and nominations from its readers, World Finance has given awards for achievements and innovations since 2007.

Business Bank of the Year 2015

For the fifth consecutive year, Handelsbanken was voted Business Bank of the Year by Sweden's nearly 1,000 largest companies in Finansbarometern's annual survey. Service and contacts, the quality of advice, and understanding of the companies' needs are some of the factors that are considered most important when companies choose a bank.



SURVEYS

Customer satisfaction



In 2015, Handelsbanken had more satisfied private and corporate customers than the average for the banking sector in all of the Bank's six home markets. In this way, the Bank retains its strong and stable position regarding customer satisfaction. SKI (Swedish Quality Index) is a system for compiling, analysing and distributing information about customers' expectations, perceived quality and evaluation of goods and services. SKI is related to the Swedish Institute for Quality (SIQ) and the international organisation EPSI Rating Group (European Performance Satisfaction Index), which conducts comparable surveys in Europe. Research and development related to EPSI's quality surveys is conducted together with SIQ and the Stockholm School of Economics.

Sustainable Brand Index



SUSTAINABLE BRAND INDEX

The 2015 results of Scandinavia's largest annual brand study focusing on sustainability – Sustainable Brand Index™ – shows that Handelsbanken has a top position in the top echelon of banks in Sweden. In this study, 27,000 consumers assess the sustainability of a brand.

Based on the setting, the human and the brand, the study seeks to understand why a brand is perceived in a certain way.

TNS Sifo Reputation Index 2015



Handelsbanken is among the ten companies in Sweden with the best reputation according to the 2015 survey by TNS Sifo which every year asks the Swedish public how much confidence they have in various companies. Around 4,000 people aged 18–79 took part in the survey. They answered questions about their expectations of various companies and how well the companies meet these.

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 2015, Handelsbanken came in 24th place of a total of 102 companies, which is best in the banking sector. This result was based on factors such as "internal identity" (i.e. employees' views of their employers' reputation and image), job characteristics, people and corporate culture, as well as remuneration and opportunities to advance. Employees also graded their "satisfaction" in overall terms, and their "loyalty" – how inclined they were to remain with their employer.

Business students



According to Universum research company's survey – Corporate Barometer 2015 – Handelsbanken was second bank and fifth of a total of 204 companies. The survey's participants – business students in Sweden – responded to questions on ideal employers, and graded these according to the following criteria: reputation and image; job characteristics; people and corporate culture; remuneration and opportunities to advance.

Young professionals



In Universum's 2015 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 in finance, Handelsbanken was the number two bank and in fifteenth place out of a total of 201 companies.

Among professional IT graduates, Handelsbanken was best of the banks and in 42nd place out of a total of 125 companies.

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; remuneration and opportunities to advance.

SUSTAINABILITY INDEX

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



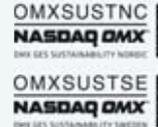
The Brussels-based organisation Ethibel provides the financial market with information on various companies and their sustainability work. Its analyses are carried out by the Vigeo research company, and based on these results, Ethibel creates a universe that forms a platform for sustainability products 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.

FTSE4Good



Handelsbanken has been selected to be included in the international FTSE4Good Index 2015. The index is independent and is based on analyses of companies' work with environmental, social and governance practices (ESG). Handelsbanken has been part of the index since 2001.

OMX GES Sustainability



Together with the GES Investment Services research company, the Nasdaq Stockholm stock exchange has launched a number of sustainability indices that provide investors with a universe of companies that fulfil sustainability requirements. Handelsbanken has qualified for the OMX GES Sustainability Sweden index, as well as the OMX GES Sustainability Nordic index.

SIX Sweden SRI Index

SIX Sweden SRI Index is a collaboration between SIX Financial Information and ISS-Ethix and consists of companies listed on the Stockholm stock exchange which meet ISS-Ethix's sustainability criteria comprising a modern standard for social, environmental and ethical criteria, where the concepts of sustainability and responsibility are in focus. SRI screening is also applied to other indices such as the SIX30 SRI Index and SIX60 SRI Index and the Handelsbanken share is also included in these. SIX Financial Information is the third largest supplier of financial information in Europe and a leading index calculator on the Nordic market. ISS-Ethix is an analysis-based advisor for institutional investors in Sweden, other Nordic countries, Europe and the US.

STOXX Global ESG Leaders



Handelsbanken is included in the STOXX Global ESG Leaders' index. The companies included in the index were selected in an analysis process based on environmental factors, social responsibility and corporate governance issues. The Index consists of three underlying indices: STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders. Handelsbanken is included in all three of these indices.

Content and restrictions

Since 2009, Handelsbanken has reported its relevant work with sustainability in accordance with guidelines from the Global Reporting Initiative (GRI). We do this as part of the Bank's Annual Report. The aim of the report is that our stakeholders should be able to find out about our work in a simple manner, gaining a good understanding of the Bank's performance.

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 focus on banking operations.

The Report has certain limitations regarding labour practices and environmental data (LA and EN). Some HR information refers to the Swedish operations only or the Bank's home markets, while other information is for the Group as a whole. Environmental data refers to operations in the Bank's home markets. Any limitations are shown in the report. For 2015, Handelsbanken has corrected its climate calculations, in order to reflect the Bank's direct environmental impact even more clearly. These corrections have led to higher emission figures than the Bank previously reported. To improve comparability, the results for 2012–2014 have been recalculated in accordance with the new climate calculations.

THE WORK OF DEFINING CONTENT

In 2015, Handelsbanken performed a materiality analysis, which was part of the process of defining the Bank's most material sustainability questions. This confirms to a high degree the view that Handelsbanken has had of its sustainability work over many years.

In addition to the dialogues that Handelsbanken constantly maintains with stakeholders, the Bank also carried out during the year a more

detailed dialogue with representatives from the Bank's main stakeholder groups. The purpose was partly to confirm that the sustainability matters which the Bank has identified as being the most material in previous years, correspond to the view of the stakeholders, and also to gain increased understanding of the expectations which external parties have on the Bank's sustainability work.

The analysis was based on a broad spectrum of questions which are particularly relevant to Handelsbanken – partly based on the Bank's own experience, partly on questions the Bank receives from external stakeholders – but also generally relevant questions for a bank.

The stakeholder dialogue was only carried out with stakeholders on the Bank's largest market – Sweden. In 2016, we plan to also carry out more detailed dialogues on the other five home markets.

The questions which the groups considered most important comprise Handelsbanken's material sustainability questions which we describe in detail in this report. To be able to report what is relevant and material, Handelsbanken applies the GRI Financial Services Sector Supplement (FSSS). In this Sustainability Report, we also provide information about other questions since the Bank is aware that there is general interest in these questions.

Read more about the materiality analysis on pages 203–204.

Standard disclosures

Governance and indicators:
Economic performance
(EC)

Governance and indicators:
Environmental performance
(EN)

Governance and indicators:
Social performance
(LA, HR, SO, PR)

Sector supplement:
FINANCIAL SERVICE SECTOR SUPPLEMENT
(FSSS)

INDEX ACCORDING TO THE GLOBAL REPORTING INITIATIVE (GRI)

Handelsbanken reports its sustainability in accordance with the Global Reporting Initiative (GRI) guidelines G4. The Sustainability Report meets the information requirements of the “Core” level and this has been confirmed by the Bank’s external auditors. Handelsbanken reports the Group’s sustainability activities annually. This year’s Sustainability Report is Handelsbanken’s

sixth in accordance with GRI, and relates to the 2015 calendar year. The previous report was submitted in February 2015, and related to the 2014 calendar year. 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).

Additional information regarding Handelsbanken’s sustainability activities is presented in

an expanded GRI supplement, published on Handelsbanken’s website.

CONTACT

For questions or comments on this report, or on the Bank’s sustainability work, please e-mail Handelsbanken’s sustainability officer at csr@handelsbanken.se.

STANDARD DISCLOSURES	PAGE SR ¹	PAGE AR ² /WWW ³	EXTERNAL ASSURANCE	
Strategy and analysis				
G4-1	Comments from the Group Chief Executive	4-5	•	
Organizational profile				
G4-3	Name of the organisation	3	•	
G4-4	Primary brands, products and services	Inside cover	•	
G4-5	Location of headquarter	234	•	
G4-6	Countries of operation	236-243	•	
G4-7	Ownership and legal form	44-45	•	
G4-8	Markets served	28-43	•	
G4-9	Scale of the organisation	24	•	
G4-10	Total number of employees	208	108	•
G4-11	Percentage of total employees covered by collective bargaining agreements	210		•
G4-12	Supply chain	203	166	•
G4-13	Significant changes during the reporting period	227		•
G4-14	Implementation of the precautionary principle		Handelsbanken applies the precautionary principle in accordance with Global Compact and Swedish legislation	•
G4-15	External charters, principles or initiatives	212, 214-215, 220, 222, 224-225		•
G4-16	Membership of associations	215, 217, 220, 224		•
Identified material aspects and boundaries				
G4-17	Entities included or alternatively excluded	227	141	•
G4-18	Process for defining report content	203-205, 227		•
G4-19	Identified material aspects	204-205		•
G4-20	Aspect boundary within the organisation	205		•
G4-21	Aspect boundary outside the organisation	205		•
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	222		•
G4-23	Significant changes of scope or boundaries compared with previous annual reports	222		•
Stakeholder engagement				
G4-24	Stakeholder groups	202		•
G4-25	Identification and selection of stakeholders	202, 204		•
G4-26	Approach to stakeholder engagement	202-204		•
G4-27	Key topics raised through stakeholder dialogue and how the organisation has responded	202-204		•
Report profile				
G4-28	Reporting period	228		•
G4-29	Most recent previous report	228		•
G4-30	Reporting cycle	228		•
G4-31	Contact point for the report	228		•
G4-32	Report the ‘in accordance’ option, GRI Content Index, External Assurance Report	228-231		•
G4-33	Policy and practice for external assurance	228, 231		•
Governance				
G4-34	Governance structure	211	50-51	•
Ethics and integrity				
G4-56	Values, principles, standards, codes of conduct or ethics	211, 220	57-59	•

¹ SR Refers to Sustainability Report 2015

² AR Refers to Annual Report 2015

³ www Refers to GRI Appendix at handelsbanken.se/csreng

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURE OF MANAGEMENT APPROACH AND INDICATORS	PAGE SR ¹	PAGE AR ² /WWW ³	OMISSIONS/ COMMENT	EXTERNAL ASSURANCE
Economic					
ECONOMIC RESULTS	G4-DMA Management of material aspects	198–199, 205, 211, 213, 217–218	10–11		•
<i>Handelsbanken's material questions:</i>	G4-EC1 Direct economic value generated and distributed	203, 217–218			•
• Stable finances	G4-EC3 Coverage of the defined benefit plan obligations	218	183		•
• Create shareholder value	G4-EC4 Financial assistance received from government	218			•
• Independent of support					
• Salaries and remuneration					
• Responsible taxpayer					
MARKET PRESENCE	G4-DMA Management of material aspects	205, 208–209, 211			•
<i>Handelsbanken's material questions:</i>	G4-EC6 Proportion of senior management hired from the local community	208–209			•
• Local presence					
INDIRECT ECONOMIC IMPACTS	G4-DMA Management of material aspects	205, 211–212			•
<i>Handelsbanken's material questions:</i>	G4-EC7 Development and impact of infrastructure investments and services supported	216			•
• Local presence	G4-EC8 Significant indirect economic impacts, including the extent of impacts	212, 219			•
Environment					
EMISSIONS*	G4-DMA Management of material aspects	205, 211, 222–223	www		•
	G4-EN3 Direct and indirect energy consumption per primary energy source	222	www		•
	G4-EN15 Total amount of direct greenhouse gas emissions (Scope 1)	222	www		•
	G4-EN16 Total amount of indirect greenhouse gas emissions (Scope 2)	222	www		•
	G4-EN17 Other relevant indirect greenhouse gas emissions (Scope 3)	222	www		•
Social					
<i>Labour practices and decent work</i>					
EMPLOYMENT	G4-DMA Management of material aspects	205, 208–210, 211			•
<i>Handelsbanken's material questions:</i>	G4-LA1 New employees and employee turnover, by age group, gender and region	208			•
• Salaries and remuneration	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	210		Handelsbanken does not consider it relevant to report the situation in the different countries since only 4 per cent of the Bank's employees are temporarily employed.	•
• Responsible employer					
LABOUR/MANAGEMENT RELATIONS	G4-DMA Management of material aspects	205, 210–211			•
<i>Handelsbanken's material questions:</i>	G4-LA4 Minimum notice periods regarding operational changes and whether these are specified in collective agreements	210			•
• Work conditions and union rights					
• Employee commitment					
OCCUPATIONAL HEALTH AND SAFETY	G4-DMA Management of material aspects	205, 209, 211			•
<i>Handelsbanken's material questions:</i>	G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees	209			•
• Work environment and health	G4-LA8 Health and safety topics covered in formal agreements with trade unions	209			•
TRAINING AND EDUCATION	G4-DMA Management of material aspects	202, 205, 208, 211			•
<i>Handelsbanken's material questions:</i>	G4-LA10 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	208			•
• Responsible employer	G4-LA11 Percentage of employees receiving regular performance and career development reviews	208			•
• Leadership and development					
• Employee commitment					
NON-DISCRIMINATION	G4-DMA Management of material aspects	205, 208–209, 211			•
<i>Handelsbanken's material questions:</i>	G4-LA12 Composition of governance bodies and break-down of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	211	62–65		•
• Gender equality and diversity					

* The materiality analysis did not identify environmental impact among Handelsbanken's most material sustainability questions but with regard to the importance of climate issues both locally and globally we have opted to include in the GRI Index a selected number of indicators showing our performance within this area.

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MATERIAL ASPECTS	DISCLOSURE OF MANAGEMENT APPROACH AND INDICATORS	PAGE SR ¹	PAGE AR ² /WWW ³	OMISSIONS/ COMMENT	EXTERNAL ASSURANCE
Human rights					
INVESTMENT	G4-DMA Management of material aspects	205, 211, 213–215, 221			•
<i>Handelsbanken's material questions:</i> • Responsible credits	G4-HR1 Number and percentage of significant investment agreements that include human rights clauses or that underwent human rights screening	213–214, 221			•
NON-DISCRIMINATION	G4-DMA Sustainability management of material aspects	205, 209, 211			•
<i>Handelsbanken's material questions:</i> • Satisfied customers • Gender equality and diversity	G4-HR3 Total number of incidents of discrimination and actions taken	209			•
Society					
LOCAL COMMUNITY	G4-DMA Management of material aspects	205, 211, 216–217			•
<i>Handelsbanken's material questions:</i> • High availability • Local presence	G4-SO1 Operations with implemented local community engagement, impact assessment and development programmes	216–217			•
	FS13 Access points in low-populated or economically disadvantaged areas	216			•
	FS14 Initiatives to improve access to financial services for disadvantaged people	216–217			•
CORRUPTION	G4-DMA Management of material aspects	205, 211, 221			•
<i>Handelsbanken's material questions:</i> • Business culture • Anti-corruption and bribery • Counteract crime	G4-SO3 Number and percentage of operations assessed for risks related to corruption	221			•
	G4-SO4 Communication and training on anti-corruption policies and procedures	221			•
	G4-SO5 Confirmed incidents of corruption and actions taken	221			•
COMPLIANCE	G4-DMA Management of material aspects	205, 211, 220–221			•
<i>Handelsbanken's material questions:</i> • Counteract crime	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations concerning the provisions and use of products and services	220–221			•
Product responsibility					
PRODUCT AND SERVICE LABELLING	G4-DMA Management of material aspects	205, 211–212			•
<i>Handelsbanken's material questions:</i> • Satisfied customers • Responsible lending	G4-PR3 Type of product information required by procedures for product and service information and labelling, and percentage of products subject to such information requirements	212			•
	G4-PR4 Total numbers of non-compliance with regulations and voluntary codes concerning product and service information and labelling	No major incidents in 2015			•
	G4-PR5 Results of surveys measuring customer satisfaction	197–199, 202, 206–207, 226			•
CUSTOMER PRIVACY	G4-DMA Management of material aspects	205, 211, 220			•
<i>Handelsbanken's material questions:</i> • Integrity and confidentiality	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	220			•
COMPLIANCE	G4-DMA Sustainability management of material aspects	205, 211–212, 220–221			•
<i>Handelsbanken's material questions:</i> • Integrity and confidentiality	G4-PR9 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations concerning the provisions and use of products and services	220			•
PRODUCT PORTFOLIO	G4-DMA Management of material aspects	205, 211, 213–215			•
<i>Handelsbanken's material questions:</i> • Responsible credits	FS6 Percentage of the portfolio for business lines by specific region, size and by sector	213			•
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit	213, 215			•
MONITORING CREDITS AND INVESTMENTS (FS)	G4-DMA Management of material aspects (FS)	205, 211, 213–215			•
<i>Handelsbanken's material questions:</i> • Responsible credits • Responsible investments					
ACTIVE OWNERSHIP	G4-DMA Management of material aspects	205, 211, 214–215			•
<i>Handelsbanken's material questions:</i> • Responsible investments	FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	214			•
	FS11 Percentage of assets subject to positive and negative environmental or social screening	214–215			•

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³ www Refers to GRI Appendix at handelsbanken.se/csreng

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

To Svenska Handelsbanken AB (publ)

INTRODUCTION

We have been engaged by the executive management of Svenska Handelsbanken AB (publ) to undertake a limited assurance engagement of Handelsbanken's Sustainability Report for the year 2015. The Sustainability Report also includes a separate GRI Appendix, Handelsbanken's GRI Appendix 2015 at handelsbanken.se/csreng. Handelsbanken has defined the scope of the Sustainability Report on page 196 in the Annual Report 2015.

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 the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 196 in the Annual Report 2015, that are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR

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

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. 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 conclusion below.

CONCLUSION

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 criteria defined by the Board of Directors and Executive Management.

Stockholm, 18 February 2016

KPMG AB

Anders Bäckström
Authorised Public
Accountant

Torbjörn Westman
Expert Member of FAR

