

Sustainability Report

2011

This is Handelsbanken

Handelsbanken is a full-service bank for both private and corporate customers with a nationwide branch network in Sweden, the UK, Denmark, Norway and Finland. The Bank regards these countries as its home markets. Handelsbanken was founded in 1871 and currently has just over 11,000 employees working in 22 countries.



746
branches in
22 countries.

40
years running with
higher profitability than
our competitors.

11,184
employees.

140
years of
availability.

Svenska Handelsbanken AB (publ)
Corporate identity no: 502007-7862
Registered office: Stockholm
www.handelsbanken.com

This Sustainability Report is also available in Swedish.

Handelsbanken Group	2011	2010
Profit before loan losses, SEK m	17,345	16,278
Net loan losses, SEK m	-816	-1,507
Operating profit, SEK m	16,536	14,770
Return on equity total operations	13.5%	12.9%
Loan loss ratio	0.05%	0.10%
Loans to the public, SEK bn	1,591	1,514
Average number of employees	11,184	10,850
No. of branches in Sweden	461	461
No. of branches in rest of Nordic region	149	147
No. of branches in the UK	104	83
No. of branches outside home markets	32	32

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

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ABOUT THIS REPORT

This report describes how the Bank works with its most important sustainability issues, in relation to the main stakeholders. It has been prepared in accordance with Global Reporting Initiatives' (GRI) reporting guidelines. On page 30 we describe how Handelsbanken has worked with the guidelines to produce this report, as well as the limitations. In Handelsbanken's assessment, the report fulfils level C+, based on the applicability levels produced by the Global Reporting Initiative, and this has also been confirmed by the external auditors. There is a comprehensive index according to GRI principles on pages 31–33. This report constitutes Handelsbanken's Communication on Progress for the UN Global Compact.

Sustainability at Handelsbanken

One of Handelsbanken's most important assets is the confidence of customers, public authorities and the general public.

A condition for this confidence is that the Bank's operations are subject to high ethical standards and responsible actions, and that employees of the Bank conduct themselves in a manner that upholds confidence.

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

Handelsbanken has an organic growth model that has proved successful in an increasing number of locations and an increasing number of countries.

The Bank has nationwide branch networks in its five home markets of Sweden, Norway, Denmark, Finland and the UK, and is also opening new branches in other markets.

Handelsbanken is currently the only bank in almost 50 towns – and it looks as if that number may rise.

Handelsbanken's growth model creates high availability and satisfied customers, and means that the Bank can achieve growth, coupled with low risk and good cost control. This, together with the Bank's cautious view of risk and its tradition of prudent financial reserves, makes it a stable, responsible bank over the long term.

OUR DEFINITION OF SUSTAINABILITY

Handelsbanken's corporate goal is to have higher profitability than comparable peers on our home markets. In addition, Handelsbanken aims to act as a responsible institution in society.

It is therefore natural for the Bank to work with the questions of sustainability that often come within the concept of Corporate Social Responsibility (CSR).

For Handelsbanken, this involves a voluntary responsibility for how the Bank's operations affect the community from an economic, social, ethical and environmental perspective.

OUR OBJECTIVE

Taking responsibility is a vital element of a successful, sustainable banking operation. Handelsbanken has a major financial responsibility for the funds that the Bank is entrusted to manage. In addition, in the Bank's view, it has a responsibility for the environment, taking a social responsibility and acting ethically in relation to all its stakeholders.

Handelsbanken aims to meet customers' needs for financial products and services in a responsible manner, providing its shareholders with a good return.

For Handelsbanken, sustainability means being an attractive employer and a stable market player that makes a positive contribution to the community and its development.

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

External analysts often highlight banks' indirect environmental impact, i.e. their ability to influence customers' actions in environmental matters, etc. when credit is granted. Although Handelsbanken carries out an environmental review when granting credit, the Bank's assessment is that its ability to influence customers' actions is usually fairly limited.

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

A loan loss often conceals a personal tragedy for a customer. Therefore, it is important that the Bank's lending is responsible, based on a close assessment of the customer's repayment capacity. A weak repayment capacity can never be accepted with the argument that the customer is prepared to pay a high interest rate. The aim of short-term profits for the Bank must take second place to what can be considered sustainable in the long term.

This is one reason why Handelsbanken does not apply performance- or volume-based bonuses, or other forms of variable compensation, either for the Bank's senior management or for any other employee who takes decisions on credits, or who can affect the Bank's risk profile in any other way.

OUR LONG TRADITION OF SUSTAINABILITY WORK

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

Handelsbanken is an international Group with operations in 22 countries. No matter where in the world we work, Handelsbanken always puts the customer first, focusing on long-term sustainable customer relationships.

Every day more than 11,100 employees of the Bank work to ensure that our customers are satisfied, that our income is increasing more rapidly than our expenses, and that there is good administrative order in our operations.

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

Handelsbanken is a major taxpayer in Sweden. This means that the Bank's cost-effectiveness also benefits society as a whole, since it leads to lower cost pressure on banking services in general.

THE MOST FUNDAMENTAL CRITERION FOR SUSTAINABILITY

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

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

SUSTAINABILITY – A COMPETITIVE ADVANTAGE

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

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

Corporate social responsibility – part of our corporate culture

Sustainability and corporate social responsibility (CSR) are deeply rooted in Handelsbanken's culture and method of working. Indeed, for several years we have reported on these issues in our annual report and on our website.

In addition to our internal steering documents and guidelines that govern Handelsbanken's actions, we are also a member of the voluntary initiatives Global Compact and Principles of Responsible Investment (PRI), which are both UN initiatives aimed at companies. These principles are totally in keeping with the values and principles that already apply at Handelsbanken.

In recent years, there has been a growing interest in issues relating to CSR from our customers and the world at large. In response to this, we have prepared this separate Sustainability Report to provide a more detailed account of how Handelsbanken views corporate social responsibility.

Pär Boman, President and Group Chief Executive
Stockholm, 18 September 2012

Key figures for sustainability activities

In addition to its financial goal of having higher profitability than its competitors, Handelsbanken aims to act in a socially responsible manner. To follow up the sustainability work, the Bank has identified relevant and measurable indicators for how our sustainability activities perform over time, and compared them with those of peer companies with similar conditions.

FINANCIAL ASPECTS

- Every year since the early 1970s, Handelsbanken has had higher profitability than the average of peer banks on our home markets.
- Over a long period the Bank has grown organically, and on no occasion during the recent financial crisis did it need to ask for capital contributions, either from the state or in the form of a new share issue.
- 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 corporation tax in Sweden.

SOCIAL RESPONSIBILITY

- In 2011, Handelsbanken's loan losses corresponded to 0.05 per cent (0.10) of lending. Over the past five years, the Bank's loan loss ratio has averaged 0.09 per cent. This can be compared with the average figure for the other major Nordic banks over the same period: 0.42 per cent.
- In 2011, Handelsbanken had the most satisfied customers of the four major banks in Sweden, according to SKI (Swedish Quality Index). This applied to both private and corporate customers. On Handelsbanken's other home markets, too, the Bank was top-ranked for customer satisfaction.
- Total absence due to sickness for staff in Sweden is low, and decreased for the fifth year running to 2.6 per cent (2.8); 0.9 percentage points of this figure was long-term sick leave (1.1).
- At Handelsbanken, 97 per cent (98) of all managers were recruited internally; for the Group as a whole, the equivalent figure was 94 per cent (90).

ENVIRONMENTAL PERFORMANCE

- Handelsbanken's carbon dioxide emissions from electric power consumption in the Nordic region decreased by 47 per cent from 2010 to 2011.
- In order to encourage the selection of green cars as company cars, the Bank has decided to subsidise these. Some 83 per cent of company cars are classified as green cars, according to the definition under the Swedish Road Traffic Tax Act.
- The proportion of electricity of guaranteed origin is 81 per cent for the Nordic region as a whole and 93 per cent for Swedish operations.
- In Autumn 2011, the Carbon Disclosure Project (CDP) presented its annual report on how the world's 500 largest companies report their emissions, as well as how they manage their impact on climate. Handelsbanken improved its performance significantly from the previous year, gaining 76 points (36) out of a possible 100. The average value was 64 points.

MAJOR AWARD DURING THE YEAR

In the Index for Corporate Social Responsibility published by the Folksam insurance company, one of the largest institutional owners on the Swedish stock market, Handelsbanken was awarded "Best in the sector" in the Human Rights category. In the same category, the Bank achieved fourth place out of all 245 Swedish listed companies. In the Environment category, Handelsbanken achieved second place in the financial sector. For more details, see page 29.



OVERALL GOALS

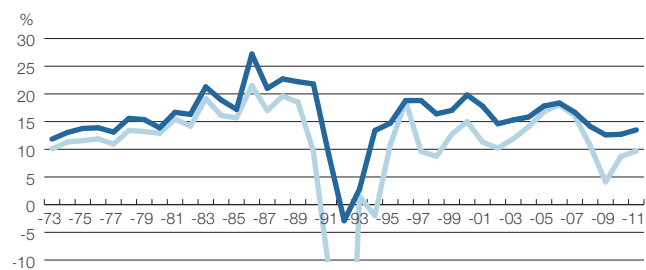
Corporate goal

Handelsbanken's goal is to have a higher return on equity than the average of peer Nordic and British banks.

Goal achievement

Handelsbanken's return on equity for total operations was 13.5 per cent (12.9). Adjusted for non-recurring items, the figure was 13.5 per cent (12.7). The corresponding figure for a weighted average of other major Nordic banks was 9.7 per cent (8.7). This meant that for the 40th successive year, Handelsbanken achieved its corporate goal.

Return on equity, 1973–2011



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

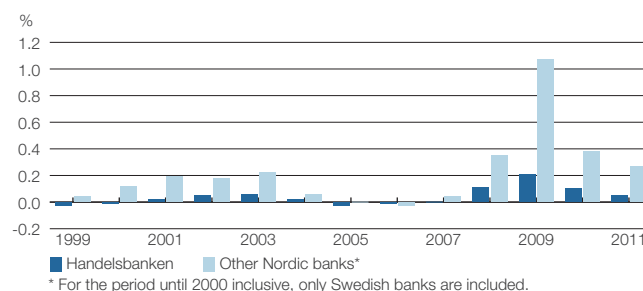
LOWER LOAN LOSSES

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 fell to SEK -816 million (-1,507). Loan losses as a proportion of lending were 0.05 per cent (0.10). The corresponding figure for an average of other major Nordic banks was 0.27 per cent (0.38).

Loan losses as a percentage of lending 1999–2011



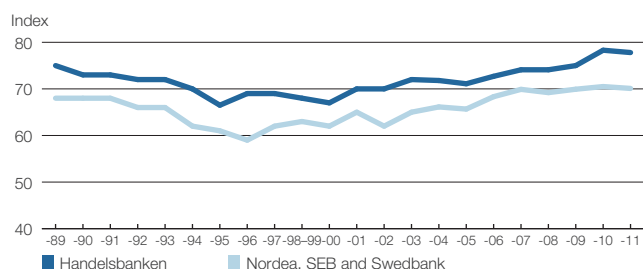
MOST SATISFIED CUSTOMERS

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

Outcome

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

Customer satisfaction index, private customers in Sweden 1989–2011



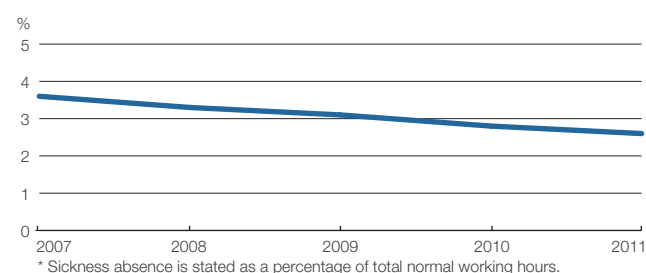
REDUCED SICKNESS ABSENCE

All employees should 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 balance in life, clear and honest communication, having the skills and competence needed to perform tasks and deal with work-related situations, having pride and confidence in one's work, respecting others and being respected oneself.

Outcome

Total absence due to sickness for staff in Sweden remained low, and decreased for the fifth year running to 2.6 per cent (2.8); 0.9 percentage points of this figure was long-term sick leave (1.1).

Sickness absence in Sweden 2007–2011*



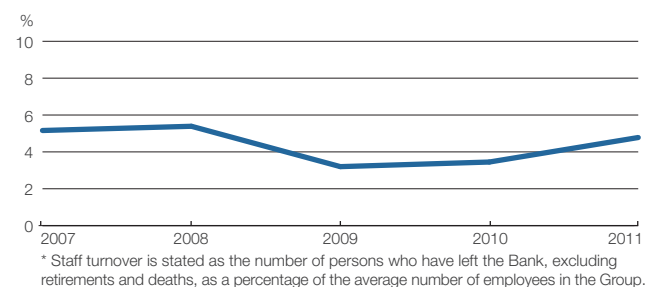
LOW STAFF TURNOVER

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

Outcome

Staff turnover remained low and, excluding retirements, was 5 per cent (3). The rise compared to the previous year is due to the proportion of employees outside Sweden increasing as a result of the Bank's international expansion. Staff turnover is slightly higher in these markets than in Sweden.

Staff turnover 2007–2011*



REDUCED CARBON DIOXIDE EMISSIONS

To clarify Handelsbanken's impact on the climate and its environmental activities, the Bank has decided to report carbon dioxide emissions from electric power consumption in Sweden in relation to income for the years 2007–2011.

Carbon dioxide emissions from energy consumption in Sweden

ELECTRICITY	2011	2010	2009	2008	2007
Electricity consumption (kWh)	42,642,223	42,948,681	44,977,450	48 297,216	46,804,972
Origin-labelled electricity, %	93%	77%	59%	37%	42%
Emissions CO ₂ (tonnes)	261	867	1,945	2,258	1,647
Emissions CO ₂ /income (kg/SEK m)	15	52	109	132	83
SWEDEN	2011	2010	2009	2008	2007
No. of employees in Sweden	7,648	7,549	7,502	7,715	7,543
Income, SEK m	17,364	16,653	17,839	17,088	19,738

Outcome

Carbon dioxide emissions from electric power consumption in Sweden have decreased over the past five years. This has been mainly due to reduced electricity consumption, but also to the decision to purchase a higher proportion of electricity of guaranteed origin (100 per cent hydroelectric).

Handelsbanken's stakeholders

For Handelsbanken, corporate social responsibility means that we act in such a way that our stakeholders' confidence in the Bank is maintained.

THE BANK'S STAKEHOLDERS

Many private individuals, organisations and companies are affected by Handelsbanken's actions in various matters. The Bank must live up to the reasonable expectations of these stakeholders and act in such a way that their confidence in the Bank is maintained.

Handelsbanken's principal stakeholders are its customers, employees, shareholders and bond investors, as well as the community at large, mainly in the form of the financial supervisory authorities in Sweden and the other countries where the Bank operates.

CONTINUOUS DIALOGUE

It is important that the Bank keeps itself up-to-date with the wishes and requirements that various stakeholders have regarding Handelsbanken. The Bank thus has a continuous

dialogue with customers, staff, shareholders and investors, and also authorities and other public organisations.

Customers

The most important dialogue occurs at the thousands of meetings with customers that take place at the Bank's 740+ branches, or by phone. In Sweden, we also offer our customers personal service 24 hours a day, 7 days a week.

By being sensitive to customers' requests and questions, Handelsbanken can provide responses and meet the customers' expectations. Read more about Handelsbanken and our customers on page 10.

Employees

All employees participate and are active in their own unit's business planning every year. This

is followed by the individual planning dialogues and performance reviews which are the link between the goals of the business operations and the employee's goals. The result is an action plan which is followed up regularly during the year and then forms the basis of an annual salary review between employee and manager.

Shareholders

Handelsbanken's shareholders 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 where individual shareholders have the opportunity to put questions to the Bank's board and senior management. Information in preparation for meetings and minutes can be viewed on the Bank's website.

Shareholders show great interest in participating at the company's AGMs. In the past three years, shareholders representing around 50 per cent of the votes in the Bank have participated.

The Investor Relations unit provides investors, analysts and other capital market players with information on Handelsbanken's share, its financial performance and other activities.

Public authorities and society at large

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

The Bank's decentralised organisational structure means that Handelsbanken is firmly established in the local community.

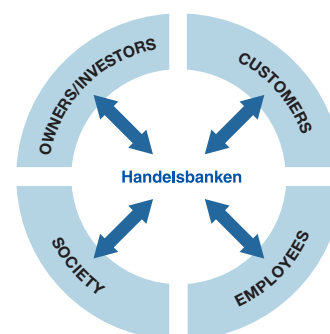
The table, which is laid out according to GRI's principles, shows how the income generated by the Bank's operations is allocated over various groups of stakeholders. The data comes from the Group's income statement and balance sheet.

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

SEK bn	2011	2010	2009	2008
DIRECT ECONOMIC VALUE CREATED				
Customers				
Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc.	33.1	30.4	29.5	28.4
Value created by serving customers	33.1	30.4	29.5	28.4
ALLOCATED ECONOMIC VALUE				
Employees				
Salaries	6.7	6.4	6.7	6.1
Provision to profit-sharing foundation	0.9	0.8	0.7	0.0
Payroll charges and other staff costs	2.4	2.3	2.6	2.1
Cost for employees	9.9	9.5	10.0	8.2
Public authorities and society at large				
Suppliers, incl. non-deductible VAT*	5.5	5.5	5.2	5.1
Tax costs**	4.4	0.6	0.6	0.1
Fees to the Stabilisation fund, deposit guarantee etc.	1.1	4.0	3.5	3.4
Government bank support received	-	-	-	-
Participation in government guarantee programmes	-	-	-	-
To society	11.0	10.1	9.3	8.6
Shareholders				
Dividends (refers to the year dividends were paid)	5.6	5.0	4.4	8.4
New share issue	-	-	-	-
Transactions with the shareholders	5.6	5.0	4.4	8.4
Reinvested economic value ("remaining in the Bank")	6.6	5.8	5.8	3.3

* Refers to Other administrative expenses and depreciation

** Refers to Tax costs according to the income statement



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

Handelsbanken's concept and organisational structure

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

THE HANDELSBANKEN CONCEPT

A major component in Handelsbanken's method of banking is the amount of effort put into being available for customers at all our branches, online, and at new digital meeting-places such as services for smartphones and tablets. Handelsbanken has conducted banking operations since 1871 and the Handelsbanken share is the oldest listed share on the Stockholm stock exchange. We are a full-service bank with a decentralised approach, a strong local presence through nationwide branch networks and a long-term approach to customer relations. Our goal is to have higher profitability than the average of peer banks in home markets. This is achieved by the Bank having lower costs and more satisfied customers than its competitors.

PRODUCTS AND SERVICES

Handelsbanken has a full range of products and services to meet the financial needs of customers. Responsible for this range are specialists in the Bank's business areas (Handelsbanken Capital Markets, Stadshypotek, Forestry and Farming, Handelsbanken Direkt, and Handelsbanken International), who produce and develop solutions and services in close collaboration with the branch operations in each country. These specialists are called product owners and are responsible for the functionality, packaging and financial aspects of the product. They have global responsibility and are also responsible for designing various types of sales support in their area. Each product owner markets the product, while the branch takes responsibility for the individual customer being offered the right mix of products, adapted to that customer's needs and circumstances. As well as delivering financial services, the Bank's task, together with other banks, is to maintain a functioning, efficient payments system.

MARKETS

Handelsbanken offers a full range of financial products and services on its five home markets: Sweden, UK, Denmark, Norway and Finland. In 2011, the Bank opened its 100th branch in

the UK, where the Bank continues to grow.

We have also opened several new branches in the Netherlands, and now have ten branches.

Handelsbanken has a nationwide branch network on its five home markets, organised into one or more regional banks in each country. Each regional bank has joint administrative resources, regional expertise and specialists to support the branches' business.

Handelsbanken currently has more than 740 branches in 22 countries, including more than 700 branches on our five home markets.

GROWTH MODEL

For Handelsbanken to achieve and retain high profitability, growth is also necessary. Handelsbanken grows primarily by opening new branches in locations where it has not previously had operations. In this way, Handelsbanken grows customer by customer, branch by branch. This method of working and of achieving growth has proved successful in an increasing number of locations and in an increasing number of countries. This organic growth model means that Handelsbanken can achieve growth, coupled with low risk and good cost control. On average, a newly opened branch starts making a profit within 24 months. Nevertheless, Handelsbanken may also make small, add-on acquisitions, provided that these can easily be incorporated into the Bank's working methods.

DECENTRALISED ORGANISATION FOCUSING ON THE CUSTOMER

All business decisions affecting the individual customer's relationship with the Bank are based on the customer's requirements and are made by the local branch.

Every Handelsbanken branch is led by a manager who is solely responsible for all operations in the branch's geographical area. Branch managers staff and organise their branches according to the business that the branch chooses to do on its market.

Handelsbanken branch managers have a very high degree of independence, as we are

convinced that those who work closest to the customer make the most sensible decisions from the customer's and the Bank's point of view.

This mandate to make important business decisions on the spot with the customer is a sound basis for successful customer meetings. Our customers meet the person who makes the decision, not a messenger.

The branches' independence gives them a very strong local presence, with long-term customer relations. No one has better knowledge of the specific demands that apply in the local market than the local branch. This is why the Bank seldom uses central marketing plans or advertising campaigns.

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

Some customer requirements may require specialist expertise, in which case the branch may delegate the business responsibility to a regional unit or a central business area. The interplay between the branches, central business areas and units creates a dynamic organisation, which benefits customers.

ORGANISATIONAL STRUCTURE FOR SUSTAINABILITY ISSUES

Handelsbanken's Board has decided on a number of policies for the Bank's central sustainability issues. One member of the Group management team has overall responsibility for ensuring that Handelsbanken identifies and addresses the sustainability issues that are relevant to the Bank.

In 2010, a Committee for Corporate Social Responsibility was set up, with the aim of pursuing and co-ordinating the Bank's CSR work. The committee consists of representatives from branches and the central functions for Administration, Corporate Governance, Group Finance, Corporate Communications, Investor Relations, Asset Management, Credits and Personnel. The committee has met regularly since it was set up.

Information regarding corporate governance and control systems in Handelsbanken may be found on pages 15–17 of this report.



Satisfied customers

Banking is about long-term security and relationships which create trust. For Handelsbanken, the starting point is always meeting the individual customers' requirements, rather than selling individual products and services.

Handelsbanken's corporate goal is higher profitability than the average of peer banks in home markets. One way of achieving this is to have more satisfied customers than competitors.

The Bank creates, maintains and develops strong, long-term customer relationships in successful meetings with customers. The customer's trust is built up over the long term, but is won and nurtured at every meeting.

Handelsbanken's constant aim is that all important business decisions should be taken as close to the customer as possible. This contributes to better meetings with customers, better decisions and more satisfied customers.

By winning its customers' trust, Handelsbanken becomes their natural choice. Therefore, meetings with customers are key to Handelsbanken's operations. In everything it does, the Bank aims, directly or indirectly, to create the best possible conditions for successful meetings with customers.

ALWAYS INCREASE AVAILABILITY

Having the most satisfied customers requires long-term, determined efforts. An important starting point is that the Bank must always be available when the customer needs help and advice or wants to do business.

Vital ingredients in this are longer opening hours at branches, electronic services online, on smartphones and tablets, and personal advice by phone, 24 hours a day, 7 days a week.

This is why we continuously work on increasing our availability, to be there for our customers, whenever and wherever they need us. This is also why Handelsbanken does not close any branches. Handelsbanken is currently the only bank in almost 50 locations.

TOP IN ALL HOME MARKETS

Handelsbanken considers customer satisfaction surveys to be very important. Every year, Swedish Quality Index (SKI) and its associated company EPSI carry out independent customer satisfaction surveys based on a European standard. Every year since the survey started in 1989, Handelsbanken has been unchallenged in the No.1 position for both private and corporate customers.

The 2011 results showed that Handelsbanken achieved top positions in all the Nordic countries and the UK, among both private and corporate customers. The survey in Sweden also shows that in the past decade, Handels-

banken has had a higher average increase in customer satisfaction than any of its peers. This result is proof that Handelsbanken's consistent and continuous work with long-term customer relationships works.

THE RIGHT ADVICE TO THE RIGHT PERSON

When providing financial advice, an overall approach to the customer's circumstances and financial situation is at the core of Handelsbanken's way of working – regardless of whether the customer is a private individual or a company.

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

Advice about savings and investments is adapted to the customer's goals, savings horizon, attitude to risk, and knowledge and understanding of the specific risks related to each type of financial instrument.

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

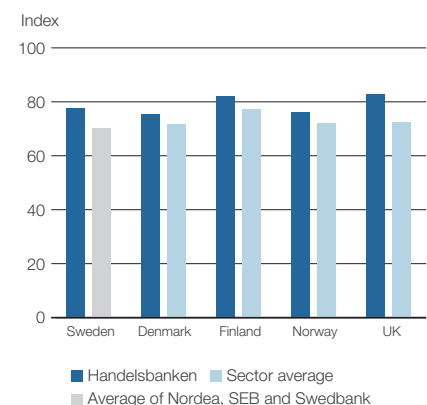
The Bank's customer information must be clear, factual and easy to understand. Terms and conditions for the Bank's services must be clear and not arbitrarily changed.

MANAGING CUSTOMER COMPLAINTS

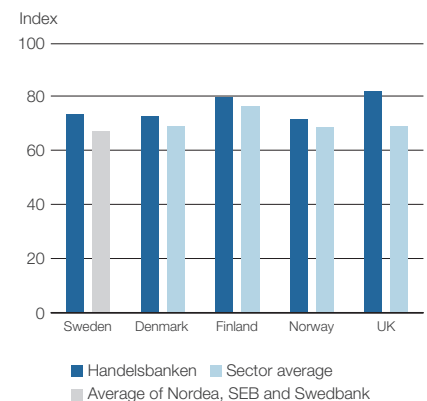
Part of our work of achieving and keeping satisfied customers involves handling the complaints that come in to the Bank in a manner which inspires confidence. Handelsbanken takes customer complaints very seriously and we regard them as a stage in developing our operations, together with our customers. Handelsbanken has well-developed procedures for handling customer complaints. They must be dealt with in the first place by the branch responsible for the customer in question, quickly and correctly, 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 and subsidiary who continuously follows up complaints made to the Bank. There are also two complaints officers at the Group level who regularly report to senior bank management, regional banks and product owners. Information about complaints management at the Bank is easily available on the Bank's website.

Customer satisfaction private customers 2011



Customer satisfaction corporate customers 2011



Customer satisfaction index, private customers, Sweden		
	2011	2010
Handelsbanken	77.8	78.3
Nordea	70.7	71.3
SEB	69.5	70.0
Swedbank	70.2	70.3

Customer satisfaction index, corporate customers, Sweden		
	2011	2010
Handelsbanken	73.3	73.0
Nordea	65.3	67.0
SEB	69.5	67.5
Swedbank	66.7	67.6

Skilled staff

Irrespective of where in the world Handelsbanken opens branches, the Bank strives for its decentralised work method and belief in the individual to permeate its operations.

HANDELSBANKEN RECRUITS PEOPLE WHO SHARE THE BANK'S BASIC VALUES

In 2011, Handelsbanken had 11,184 employees, working in 22 countries. Just over 30 per cent of them were employed outside Sweden. All employees, irrespective of where they work at Handelsbanken, have a joint responsibility for the satisfaction of Handelsbanken's customers.

Handelsbanken's decentralised method of working and the Bank's concept of how to run a successful business are essentially based on trust and respect for the individual. This gives employees a considerable degree of freedom, it creates a sense of involvement and gives everyone the opportunity to make a difference.

Therefore, when recruiting, the Bank constantly seeks people who share its basic values. The Bank wants its employees to be driven by putting the customer first, to enjoy taking a large amount of individual responsibility, and to want to take their own initiatives.

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. The Bank takes a long-term approach to customer relations and to its employees, and sees each employment as an important investment. In order to retain an employee, there must be the right conditions for development in their work, as well as a variety of career opportunities – and consideration must be taken of the stage of life that he or she is in. Employees with long experience and with broad knowledge from the whole Bank make a

vital contribution to the Bank gaining satisfied customers.

In 2011, external employee turnover was 5 per cent (3).

STAFF DEVELOPMENT

The Bank's strength is derived from the combined expertise of its employees. All employees are responsible for their own skills and competence development, and also for sharing their competence with others in the Handelsbanken Group. Handelsbanken defines competence as the ability to solve the tasks that employees encounter at work, now and in the future.

The most important source of increased professionalism is learning. This makes demands on well-functioning business skills and system support.

All employees should take part in their unit's annual business/operational planning process, to create a sense of involvement and commitment to reach set targets. Guided by the business/operational plan, employees meet their immediate superior every year for a planned, structured personal development dialogue, known as PLUS. This involves a discussion of the employee's contribution to operational goals and the conditions required to deal with specific tasks. The discussion is the foundation of an individual action plan which is continuously followed up. The plan is used in and forms the basis of the annual salary review between employee and manager.

Individual salary reviews are another expres-

sion of the Bank's aim to decentralise responsibility and authority. The individual salary reviews are based on the collective agreement and the salary principles applying at Handelsbanken.

INTERNAL LABOUR MARKET

Corporate culture and values are very important at Handelsbanken. This means that internal recruitment is particularly important to the Bank. Managers must be exemplary ambassadors for the Bank's corporate culture, which explains why most managers are recruited internally. In 2011, 97 per cent (98) of all managers in Sweden were recruited internally. For the Group as a whole, the corresponding figure was 94 per cent (90), including the markets where the Bank established operations relatively recently.

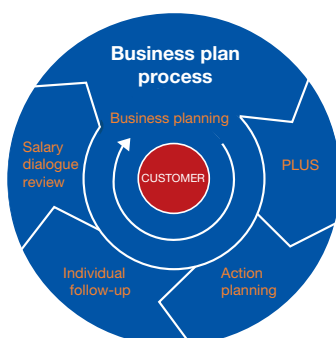
LOCAL LINKS

On the bank's four home markets outside Sweden – with few exceptions – managers and employees are locally employed. It is important that those who work at branches have natural links to and good knowledge of the local town and market. Some 80 per cent of senior managers in these four home markets are locally employed.

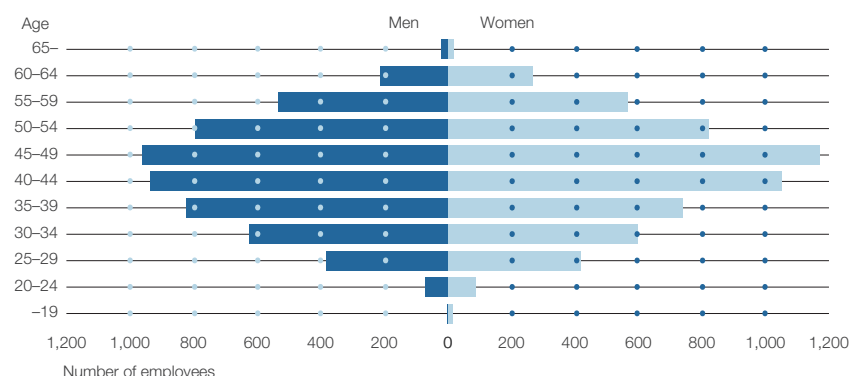
MANAGEMENT SUCCESSION

One of the most important tasks for managers at the Bank is to identify, encourage and develop new managers. To further improve management succession in the Handelsbanken Group, a common structure has been worked

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



Age and gender distribution 2011



out during the year. Every regional bank and business area must each year produce a plan for management succession which is then integrated into that unit's own business planning. The purpose of this is to guarantee competent managers in all managerial roles and to analyse and define activities and measures to be taken based on the current and future situations.

The gap between the current and desired situations forms the basis for planned activities and is also the foundation of a action plan to apply throughout the Group.

During the year, work started on supplementing and clarifying the Bank's support to managers in the form of local/Group activities.

FOR GENDER EQUALITY – AGAINST DISCRIMINATION

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

Handelsbanken aims to be an equal company, in which women and men must have the same opportunities for professional development. For each country where the Bank operates, an activity plan must be drawn up with the purpose of promoting the Bank as an equal company.

The Bank's goal is for the proportion of female and male managers to correspond to the overall gender distribution in the Group.

At year-end, 38 per cent (38) of managers in the Handelsbanken Group were women. The proportion of women among the total number of employees was 52 per cent (53).

Active equality work leads to a higher level of equality and better use of the employees' competencies. The Bank's equality work is a continual process and is essential if the Bank is to be able to attract and retain skilled employees. The work is based on Handelsbanken's fundamental values and the laws and guidelines applying in each country. It is vital that all employees are involved in breaking down traditional views of gender-based professional roles.

A high priority element of the Bank's work related to equality is therefore to increase awareness of how social and cultural norms affect us in our daily lives. As part of this process, more than 300 managers have participated in courses on gender equality. This includes the senior management of the Bank and heads of personnel.

In Sweden, the Bank took another step in its gender equality work by focusing during the year on correcting unjustified salary differences between women and men. In their salary reviews with employees, salary-setting managers were given greater responsibility and a mandate to even out salary differences between women and men.

The work of promoting equality aims to make it easier for both men and women at the Bank to combine their work with parenthood.

WORK ENVIRONMENT AND HEALTH

The overall objectives regarding the work environment focus on health. Employees should

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 balance in life, clear and honest communication, having the skills and competence needed to perform tasks and deal with work-related situations, having pride and confidence in one's work, respecting others and being respected oneself. All employees are responsible for creating a positive working environment at Handelsbanken.

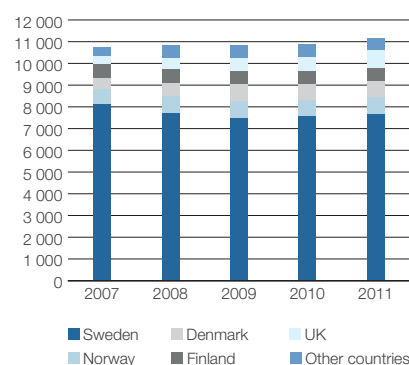
In Sweden, managers who have been assigned responsibility for the work environment must, in collaboration with work environment representatives and other staff, compile a work environment status report at least once a year. This includes both the physical and the psychosocial environment. The results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

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

Health promotion activities are considered very important. Employees of Handelsbanken are offered a wide choice and large number of subsidised group and individual health promotion activities. The aim is to reach all employees and to strengthen the sense of community at the Bank. Health promotion and work environment activities are components of the long-term process to create the conditions for good physical and mental health in the workplace.

During 2012, the Bank has started a health promotion project called "Sustainable Health". The purpose of this is to increase employees' awareness of the importance of health and physi-

Average number of employees 2007–2011



Sickness absence rate in Sweden	2011			2010		
	Men	Women	Total	Men	Women	Total
Aged 29 or younger	1.2	2.6	2.0	1.3	2.1	1.7
Aged 30–49	1.4	2.9	2.2	1.3	3.2	2.4
Aged 50 or older	2.1	5.0	3.7	2.3	5.3	3.9
Total sickness absence	1.6	3.5	2.6	1.6	3.7	2.8
<i>of which long-term absence</i>	<i>0.3</i>	<i>1.5</i>	<i>0.9</i>	<i>0.4</i>	<i>1.7</i>	<i>1.1</i>

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.

cal stamina. This is important for work and for leisure, both now and in the future.

Handelsbanken also has its own sports association. Dating back to 1919, with around 3,600 members, the association is one of the largest of its kind in Sweden. To stimulate interest in art and crafts the Bank also has an art association with 3,500 members. It is one of the largest and best-reputed art associations in Sweden.

WORKING CONDITIONS AND UNION RIGHTS

All employees of Handelsbanken have the right to organise and join a union or employee organisation. One component of Handelsbanken's culture is the traditionally good relationship with the trade unions. All employees in Denmark, Finland, Norway, Luxembourg and Sweden, comprising 88 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.

There is an ongoing dialogue between union representatives and managers concerning changes and new services to be launched – and this takes place at the very early stages. In addition to the matters which are dealt with in a dialogue with the union organisations in each country, there is also a European Work Council which functions as a forum for joint and cross-border questions at Handelsbanken.

BENEFITS

Handelsbanken aims to be an attractive employer. Thus the Bank offers various types of benefits, partly as a result of the collective agreements. For example, Handelsbanken in Sweden offers several benefits to both permanent and temporary staff.

WORKING HOURS

Working hours are decided by agreement between the manager and employee. The requirements of the business operations are the starting point for how working hours are planned.

The employee's influence over his/her working hours is a significant work environment factor, and it is important that the manager takes the employee's needs and interests into account.

OKTOGONEN – THE BANK'S PROFIT-SHARING SCHEME

In 2011, Handelsbanken again reached its corporate goal of reporting higher profitability than the average reported by peer banks in its home markets. This means that, for the third consecutive year, there was a full allocation to Oktogonen.

Every year since the Oktogonen Foundation was established in 1973, with the exception of two years, Handelsbanken has allocated part of the Bank's profits to Oktogonen. The underlying idea when the scheme started 39 years ago was that the Bank's results are largely determined by the efforts of its employees. Major banks operate in similar conditions and offer relatively similar products. So the efforts of the staff offer an important explanation for differences in the results achieved by the banks.

This view still applies today. It is therefore reasonable that all employees benefit from the

extra profits to which the staff of Handelsbanken jointly contribute. If this criterion is satisfied, an allocation corresponding to one-third of the extra profits is made to employees. The amount is limited to 15 per cent of the dividends to shareholders.

All employees receive an equal part of the allocated amount and the scheme includes all employees in the Bank's home markets, i.e. the four Nordic countries and the UK.

In recent years, employees in the Netherlands, Hong Kong, Luxembourg, Switzerland and Taipei have also been included in Oktogonen. Payments to the unit-holder can be made once an employee has reached the age of 60.

One of the fundamental concepts in managing the foundation is that a considerable part of the funds are invested in shares in Handelsbanken. The Oktogonen Foundation appoints two representatives as members of Handelsbanken's Board.





Corporate governance at Handelsbanken

The strong corporate culture is of major importance in the governance of the Bank.

The operations of Swedish banks are regulated by law, and banking operations may only be run with a licence from the Swedish Financial Supervisory Authority. Handelsbanken applies Swedish regulations in its operations, both in and outside Sweden. The host country's regulations are also applied, when these have stricter requirements.

Every year, the Bank publishes a Corporate Governance Report from the perspective of the shareholders. The Sustainability Report has a broader approach, and also includes other stakeholders that are usually covered by the concept of corporate governance, such as employees, customers in general, but particularly deposit customers, bond investors and supervisory authorities, on whose confidence the Bank is dependent.

PRINCIPLES FOR CORPORATE GOVERNANCE AT HANDELSBANKEN

Handelsbanken has developed a strong value base for how banking work should be carried out. This corporate culture is described in detail in an internal document called Our Way. The document describes the Bank's goals, ideas and way of working, and is read and discussed by all employees of the Bank. Thus it has become the Group's most important policy instrument. This is not, however, sufficient from a corporate governance perspective.

Policy

The strong corporate culture is of major importance in the governance of the Bank; it works in parallel with the principles, strategies, limits and target figures established by the Board in a series of policy documents and instructions. An overview of the Bank's policies and guidelines is set out on the right-hand side of this page. The policies adopted by the Board include certain sustainability issues which are central to the

Bank. Pages 16–17 give an overview of the structure of the Bank's corporate governance. More information on Handelsbanken's policies can be found in the Bank's 2011 Annual Report, and the ethical guidelines are published on the Bank's website, www.handelsbanken.se/ireng.

Internal control

The responsibility for internal control and compliance is an integral part of managers' responsibility at all levels in the Bank. This responsibility means that appropriate instructions and procedures for the operation must be in place, and compliance with these procedures must be monitored regularly. Sustainability issues, too, are part of the responsibility of all managers within the Group. According to the Bank's procedures, planning and personal development dialogues (PLUS) must also be held with managers and in these discussions, the manager's work with sustainability matters is followed up. The compliance function offers advice and support in regulatory matters and follows up compliance within the Bank. Internal control and compliance work are subject to internal and external risk-based auditing.

Information and dialogue

Providing regular information about the Bank's work and results, as well as providing information on sustainability, is a basic responsibility with respect to the Bank's various stakeholders.

Handelsbanken endeavours to meet these information requirements by open communications regarding the Bank's work in the relevant areas.

A SELECTION OF POLICY DOCUMENTS ESTABLISHED BY THE BOARD

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

A SELECTION OF CODES OF CONDUCT IN THE PERSONNEL AREA

- Personnel policy
- Alcohol and drug policy
- Guidelines for the prevention of victimisation at work
- Guidelines for the prevention of sexual harassment
- Guidelines regarding gifts and benefits (to combat corruption, and the giving and taking of bribes)
- Environmental policy

READ MORE ON OUR WEBSITE

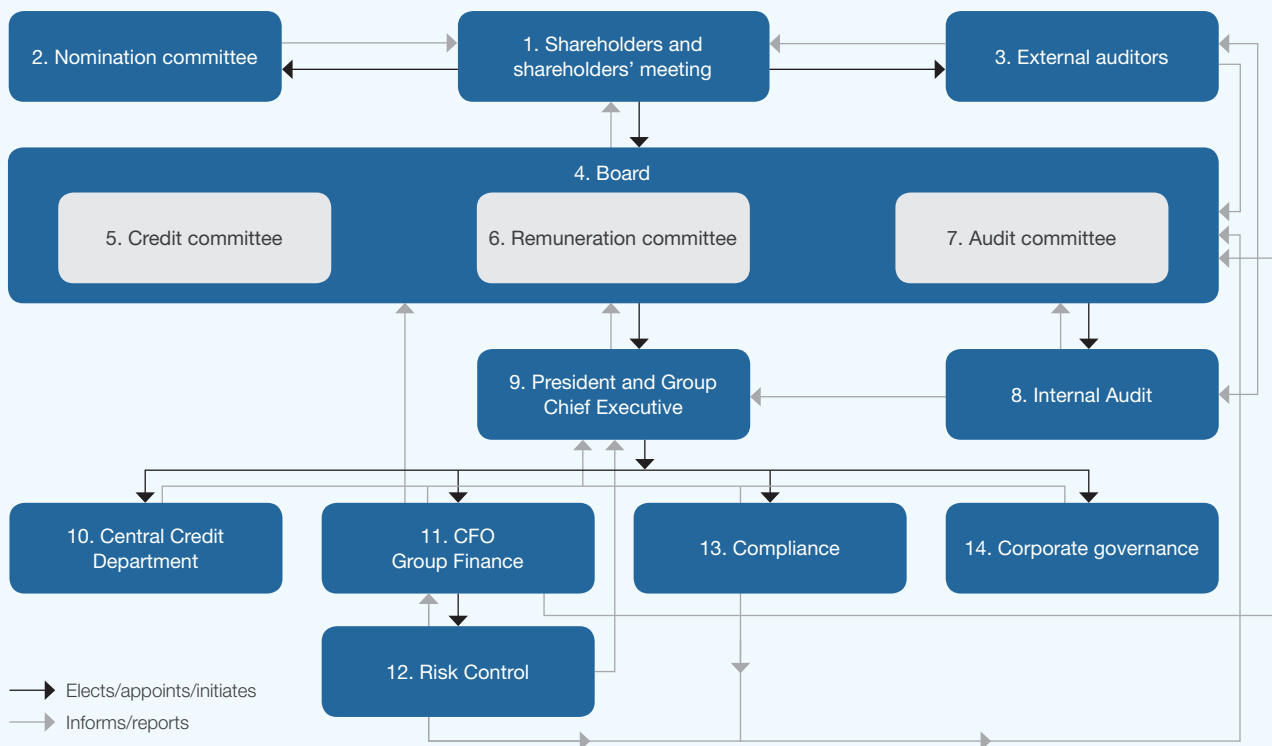
More information about Handelsbanken's corporate governance is available at www.handelsbanken.se/ireng. The site includes the following information:

- Previous corporate governance reports from 2007 onwards
- The articles of association
- Information about the nomination committee
- Information from past annual general meetings from 2004 onwards

Corporate governance structure

Handelsbanken's shareholders are the ones who ultimately make decisions about the Bank's governance. At the annual general meeting (AGM), the shareholders appoint the Board, the Chairman of the Board and auditors, and decide how the nomination committee will be appointed. The Board is responsible to the owners for the Bank's organisation and management of the Bank's affairs. The auditors report their findings to the AGM. The diagram below provides a summary of how governance and control are organised at Handelsbanken.

CORPORATE GOVERNANCE STRUCTURE – AN OVERVIEW



1. SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders exercise their right to decide on matters concerning Handelsbanken at the shareholders' meetings, which are Handelsbanken's highest decision-making body. For example, a shareholders' meeting decides on any changes to the Bank's articles of association, which is the most fundamental governing document for the Bank. The annual general meeting decides on matters such as adoption of the income statement and balance sheet, discharge from liability for the Board, the new Board, new auditors, and compensation for the Chairman and other members of the Board, as well as for the auditors. The AGM also decides on guidelines for compensation paid to senior management.

2. NOMINATION COMMITTEE

The AGM decides how the nomination committee will be appointed. The nomination committee's task is to prepare and submit proposals to

the next AGM regarding the appointment of the Chairman and other members of the Board, and fees to the Chairman and other members of the Board. The committee's task also includes evaluating the work of the Board, primarily based on the report that the Chairman of the Board submits to the committee. The committee also proposes the appointment of the auditors, and their fees.

3. EXTERNAL AUDITORS

The auditors are appointed by the AGM for the period from one year's AGM until the end of the following year's AGM. The auditors are accountable to the shareholders at the AGM and submit an audit report covering matters such as the annual report and the Board's administration. The auditors report regularly, orally and in writing, to the audit committee how their audit was conducted and their assessment of the Bank's administrative order and internal control. The auditors also submit a summary report of their audit to the Board as a whole.

4. THE BOARD

The Board is responsible for the Bank's organisation and manages the Bank's affairs on behalf of its shareholders. The Board is to continuously assess the Bank's financial situation and ensure that the Bank is organised such that the accounting records, management of funds and other aspects of the Bank's financial circumstances are satisfactorily controlled. The Board establishes policies and instructions on how this should be performed, and establishes a work procedure for the Board and also instructions for the Group Chief Executive. These central policy documents state how responsibilities and powers of authority are distributed among the Board as a whole and the committees, and also between the Chairman of the Board and the Group Chief Executive. The Board appoints and stipulates the employment terms for the Group Chief Executive, Executive Vice Presidents and the officers with main responsibility for Compliance, Internal Audit and Risk Control. The Chair-

man is responsible for evaluating the Board's work and informs the nomination committee of the result of this evaluation.

5. CREDIT COMMITTEE

The credit committee decides on credit cases where the amount exceeds the decision limit applying to the regional bank boards and to Handelsbanken International. Cases of major importance are referred to the full Board for a decision. The credit committee comprises the Chairman of the Board, the Vice Chairmen, the Group Chief Executive, the chairman of the audit committee, three Board members appointed by the Board to circulate on the committee with two-year mandates, and the Head of the Central Credit Department. The heads of the regional banks and the Head of Handelsbanken International are responsible for reporting to the credit committee.

6. REMUNERATION COMMITTEE

The remuneration committee regularly evaluates the employment conditions for the Bank's senior management in the light of prevailing market terms for their peers in other companies. The committee's tasks include preparing the Board's proposals to the AGM concerning guidelines for compensation to senior management. It also prepares the Board's decisions on conditions for senior managers and the officers with main responsibility for Compliance, Internal Audit and Risk Control. The remuneration committee consists of the Chairman of the Board and two members appointed by the Board.

7. AUDIT COMMITTEE

The audit committee monitors the Bank's financial reporting by examining all crucial accounting matters and other factors that may affect the qualitative content of the financial reports. The committee also monitors the effectiveness of the Bank's and Group's internal control, internal audit and risk management as well as the external auditors' impartiality and independence. It evaluates the audit work and assists the nomination committee in appointing auditors. The audit committee comprises the Chairman of the Board and two other members appointed by the Board. One of these two members is the committee's chairman.

8. INTERNAL AUDIT

Internal Audit performs an independent, impartial audit of the operations and financial reporting of the Handelsbanken Group. A key task for Internal Audit is to assess and verify processes for risk management, internal governance and control. The Head of Internal Audit reports regularly to the audit committee, orally and in writing, and also submits an annual summary report to the full Board.

9. PRESIDENT AND GROUP CHIEF EXECUTIVE

The Group Chief Executive is appointed by the Board to lead the operations of the Handelsbanken Group. In addition to instructions from the Board, the Group Chief Executive is obliged to comply with the provisions of the Swedish Companies Act and a number of other statutes concerning the Bank's accounting, management of funds and operational control.

10. CENTRAL CREDIT DEPARTMENT

The Central Credit Department is responsible for maintaining the Bank's credit policy, primarily by preparing every major credit case that the Board's credit committee or the whole Board decides on. The Head of Credits presents all cases to the Group Chief Executive before they are submitted for a decision by the Credit Committee or Board. The Head of Credits reports to the Group Chief Executive and is a member of the Board's credit committee.

11. GROUP FINANCE

Group Finance is responsible for control systems, reporting, control, book-keeping, accounting and taxes. It is also responsible for the Group's liquidity, funding and capital, and for the Group's overall risk management of all risks except credit risk and compliance risk. For a detailed description of this risk management, see note G2 on pages 80–97 of the Bank's Annual Report. The Head of Group Finance, the CFO, also has the main responsibility for independent risk control (section 12) and reports on all the Group's risks, including credit risks at the aggregate level, to the Group Chief Executive, the Board's audit committee and the Board as a whole.

12. RISK CONTROL

The Risk Control unit is responsible for the overall internal reporting of all the Group's material risks at an aggregate level. This responsibility comprises credit, counterparty and market risks (interest rate, exchange rate, equity price and commodity price risk), operational, liquidity and insurance risks, and also risks related to the Bank's compensation system. The task of risk control is to identify, measure and monitor the Group's risks, inform the Group Management and – via the officer with main responsibility for risk control – the Board about these risks, and also analyse development of the risks. The management of the individual risks is, however, the task of the operating unit that is responsible for the customer or counterparty (account manager) or responsible for conducting a certain transaction (business manager). The Head of Risk Control reports to the CFO. In addition, the Head of Risk Control makes regular reports of his/her observations to the Group Chief Executive.

13. COMPLIANCE

The compliance function is responsible for ensuring that laws, regulations and internal rules, as well as accepted business practices or norms, are complied within the operations conducted by the Handelsbanken Group that are subject to a licence. The function must follow up the application of and check the current regulations. It must also inform the units concerned about risks that may arise in the operations as a result of inadequate compliance, assist in identifying and assessing such risks and assist in drafting internal regulations. Compliance officers have been appointed in all business areas, regional banks and central departments, and also in all countries where the Bank operates. Central Compliance has functional responsibility for compliance. Central Compliance regularly reports to the Group Chief Executive and the audit committee in matters concerning compliance.

14. CORPORATE GOVERNANCE

The unit ensures that decisions made at the shareholders' meeting and by the Board, as well as changes in legislation, regulations and the corporate governance code, are implemented in policies, guidelines and instructions, with the aim of stipulating responsibilities and authorities internally at the Bank.

Corporate social responsibility

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

The expression 'corporate social responsibility' (CSR) reflects the strong social and ethical aspects of a responsibly run banking operation. While the Bank's environmental impact – both direct and indirect – is relatively small, the Bank's actions as a lender can make a large difference. Unless the Bank acts in a responsible manner, customers, the Bank and taxpayers will be negatively affected. Over-aggressive selling of credits which leads to an unhealthy level of household and corporate debt always hits the customer hardest. For banks, there is often a functioning safety net in the form of capital support from shareholders or, ultimately, government guarantees from taxpayers. But for the individual customer, the debt trap may have serious negative social consequences.

LOW LOAN LOSSES

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

For many years, Handelsbanken has had much lower loan losses than peer banks. During the 1998–2011 period, the average loan loss ratio at Handelsbanken was 0.04 per cent, as compared to 0.19 per cent for the average of the other three major Swedish banks.

RESPONSIBLE SALES AND ADVISORY SERVICES

For the Bank's financial advisory services, taking an overall approach to the customer's circumstances and financial situation is at the very core of the Handelsbanken way of working. This applies to both private and corporate customers.

Based on this, the advisor and the Bank can provide customers with proposals and guidance on financing, payments or investments that are adapted to each customer's requirements. For investments, it is also important that the advice is adapted to the customer's goals, savings horizon, attitude to risk, and knowledge and understanding of the specific risks related to each type of financial instrument.

The regulations require that all employees who work with providing customers with financial advice concerning investments and insurance have the relevant knowledge. At the last year-end, Handelsbanken had just over 4,200 certified employees in Sweden for advisory services concerning financial instruments and insurance. These employees take an annual knowledge update test in the area of investments and insurance.

INTERNAL WORK CONCERNING SOCIAL RESPONSIBILITY

Responsibility for matters concerning social responsibility relating to the Bank as an employer lies with the Head of Central Personnel, who is also an Executive Vice President and a member of the senior management team.

In connection with the business planning,

each local unit prepares a working environment plan. Gender equality plans are also set up locally.

The policies and agreements relating to social responsibility can be found on Handelsbanken's intranet, to which all employees of the Bank have access.

EXTERNAL DIALOGUE CONCERNING SOCIAL RESPONSIBILITY

Handelsbanken has a representative on the central gender equality committee where both the union organisations and the Employers' Association of the Swedish Banking Institutions participate.

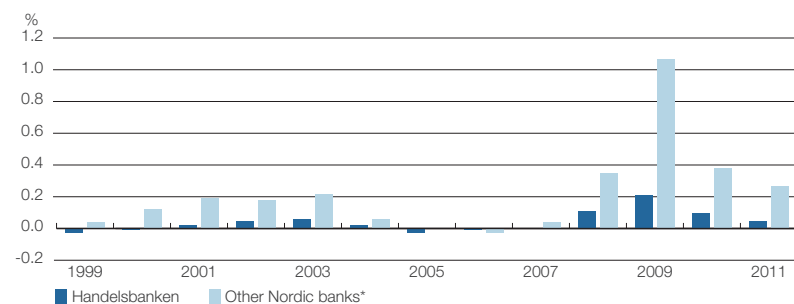
HUMAN RIGHTS

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

COLLABORATION WITH ECPAT

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

Loan losses as a percentage of lending 1999–2011



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

Handelsbanken in the community

Long-term and stable operations that focus on customer needs – this is Handelsbanken's basic formula for contributing to economic development in the community.

HANDELSBANKEN IN THE COMMUNITY

The banking system is principally a support function for the real economy. What essentially legitimises a bank's operations is its ability to manage the savings of those who wish to postpone their spending and lend these savings to companies and households that wish to spend and invest now. By being a bank with stable finances and a stable presence, Handelsbanken fulfils its role as a responsible institution.

Handelsbanken has 461 branch offices in Sweden. Thus the Bank has by far the largest branch network in Sweden and a wider geographical spread than any other player on the Swedish banking market. On its other home markets in the UK, Denmark, Norway and Finland, the Bank also has nationwide branch networks. Handelsbanken has a total of 740 branches in 22 countries around the world.

HANDELSBANKEN IN THE LOCAL COMMUNITY

Handelsbanken is convinced that a local presence is necessary. The basic concept of the Bank's way of operating is that decisions are made as close to the customer as possible, including decisions to grant loans.

In concrete terms, this means that credit requests are processed and – with few exceptions – decided by the local branch where knowledge of the customer's circumstances is the best. This approach means that Handelsbanken has close ties with the local community.

High cost-effectiveness allows the Bank to retain a local presence and thus continue to fulfil an important function in local communities, including places where other banks have closed their local branches. In almost 50 towns, Handelsbanken is now the only bank with a branch.

THE KEYS TO THE BANK

Many customers – both corporate and private – appreciate having a bank branch in the town where they live or operate. For Handelsbanken, it is therefore important to offer customers the best availability on the market.

Although evening and Saturday opening hours are increasingly common at Handelsbanken, there are times of the day when branches are not open. Therefore, a few years ago, we started Handelsbanken Direkt Personal Service, where both private and corporate customers can call the service 24 hours a day, 7 days a

week, and receive assistance and advice from experienced bank staff in Sweden.

Our aim is that customers should be able to move freely between our various meeting-places – but have the same ability to take care of their business, regardless of whether this is at a branch or in a smartphone.

We like to say that we endeavour to give customers "the Keys to the Bank". Therefore, we are constantly working to develop and improve these meeting-places outside the branch – to simply increase the level of availability all the time, to be there for our customers, whenever and wherever they need us.

ACCESSIBLE LOCAL BRANCHES

Handelsbanken aims for areas at the Bank's local branches which are intended for customer meetings to also be accessible to customers with reduced mobility or sense of direction. Most of the Bank's 461 branches in Sweden meet with these requirements. In cases where these requirements are not met, it is usually due to restrictions regarding alterations to the exterior of the building or the street environment.

SERVICES FOR THE PUBLIC GOOD

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

The most important tasks for banks are to accept savings, offer loans to companies and households with investment requirements, maintain a functioning, efficient payment system and manage risks.

All private individuals who live in Sweden are welcome to open an account with Handelsbanken, free of charge. Other basic services, such as the Bank's online service, are free of charge for private individuals.

In collaboration with a number of other banks in Sweden, Handelsbanken has developed BankID. This is an 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 public authorities, such as the Swedish Tax Authority in connection with income tax returns or the Social Insurance Office when applying for parental leave benefits.

In recent years, many banks have stopped

handling cash at their branches. However, all Handelsbanken's branches in Sweden offer their customers the opportunity to deposit and withdraw cash, and to exchange the most common foreign currencies.

FINANCING PROPERTY

Almost 70 per cent of Swedish households own their own home. Over 80 per cent of these finance their property with a mortgage loan. Denmark, Norway and Finland have similar figures. Banks and mortgage institutions therefore play an important role in financing housing in the Nordic countries.

Handelsbanken is one of the main players for mortgage financing in Sweden. In the Handelsbanken Group, the financing of residential properties and other real estate is conducted principally via the wholly owned subsidiary Stadshypotek. The Handelsbanken Group finances one quarter of all mortgage loans in the private property market.

HANDELSBANKEN AS A TAXPAYER

By virtue of its profit level over many years, Handelsbanken has been one of the largest payers of corporation tax in Sweden. VAT is also a major cost for Handelsbanken. To a large extent, VAT is not payable on the Bank's operations, which means that the Bank cannot deduct input VAT which it pays when buying external services and products. For 2011, it is estimated that Handelsbanken's total taxes and state fees amount to over SEK 7 billion.

POLITICALLY INDEPENDENT

Handelsbanken is not allied to any political parties. In 2011, the Bank did not provide any financial support to any political parties, or in any other way make political donations.

CONTRIBUTIONS TO RESEARCH AND HIGHER EDUCATION

Since 1961, Handelsbanken has on a number of occasions awarded grants for economic research through allocations to two independent research foundations: the Tore Browaldh Foundation, and the Jan Wallander and Tom Hedelius Foundation.

Together, these foundations are one of the most important sources of funding for economic research in Sweden, and their financing includes two professorships. In 2011, 156 (140) grants were awarded totalling SEK 128 million (133).

Financial value creation

Handelsbanken's higher profitability benefits society at large, as well as the Bank's shareholders. The Bank is one of the largest payers of corporation tax in Sweden. In the past few years' turbulence on the financial markets, Handelsbanken has neither received government aid, nor participated in any state guarantee programme, nor asked its shareholders for capital contributions.

VALUE CREATION DURING 2011

For 2011, Handelsbanken's profit before taxes and government fees was just over SEK 19 billion. This created value was distributed as follows: over SEK 7 billion was delivered to the state in the form of taxes and government fees, SEK 6 billion was paid as a dividend to the shareholders, and the remaining SEK 6 billion was reinvested in operations.

CORPORATE SOCIAL RESPONSIBILITY CREATES ECONOMIC VALUE

Handelsbanken's financial goal is higher profitability than the average of peer banks operating on the Bank's home markets. The Bank has achieved this goal every year since 1972. One condition for attaining the goal year after year is to have a sustainable concept of how the Bank

should be run. Handelsbanken aims to accomplish its goal by having more satisfied customers than other banks, while keeping costs lower.

STABLE IN THE FINANCIAL CRISIS

During the financial crisis, Handelsbanken has received neither the Swedish government's capital support or guarantee programmes nor any central bank support. On the contrary, the Bank has been a net lender to the Swedish government. Nor has Handelsbanken needed to ask its shareholders for a capital contribution during the current crisis.

DIRECT ECONOMIC VALUE

Handelsbanken's higher profitability benefits society at large, as well as the Bank's shareholders. During the most recent business cycle,

the Bank has paid dividends to its shareholders every year, while remaining one of the largest payers of corporation tax in Sweden.

INDIRECT ECONOMIC EFFECTS Opportunities...

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 corporation tax, but perhaps even more to the indirect economic effects. Examples of these are when the Bank finances growth and increased employment in companies or, by granting a mortgage, enables a family to move to a new town where the employment situation is better.

Handelsbanken is the largest financier of companies in Sweden, and it finances one in four Swedish mortgage loans.

... and risks

Banks and the financial system are vital to the economy as a whole. If there is a crisis in the financial system, there is a risk of widespread negative social and economic effects. On several occasions in the past few decades, the state in Sweden and in many other countries has been compelled to intervene and support individual banks financially, in order to avoid bankruptcy and untold consequences for customers, investors and employees, as well as taxpayers and society at large.

Even if the situation is not as serious as a bank having to receive state financial aid, banks' actions are vital for the stability of the financial system. A fundamental condition for stability is that banks act in a sound, responsible manner, so that confidence in them is maintained.

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

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				
	2011	2010	2009	2008
DIRECT ECONOMIC VALUE CREATED				
Customers				
Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc.	33.1	30.4	29.5	28.4
Value created by serving customers	33.1	30.4	29.5	28.4
ALLOCATED ECONOMIC VALUE				
Employees				
Salaries	6.7	6.4	6.7	6.1
Provision to profit-sharing foundation	0.9	0.8	0.7	0.0
Payroll charges and other staff costs	2.4	2.3	2.6	2.1
Cost of employees	9.9	9.5	10.0	8.2
Public authorities and society at large				
Suppliers, incl. non-deductible VAT*	5.5	5.5	5.2	5.1
Tax costs**	4.4	0.6	0.6	0.1
Fees to the Stabilisation fund, deposit guarantee etc.	1.1	4.0	3.5	3.4
Government bank support received	-	-	-	-
Participation in government guarantee programmes	-	-	-	-
To society	11.0	10.1	9.3	8.6
Shareholders				
Dividends (refers to the year dividends were paid)	5.6	5.0	4.4	8.4
New share issue	-	-	-	-
Transactions with the shareholders	5.6	5.0	4.4	8.4
Reinvested economic value ("remaining in the Bank")	6.6	5.8	5.8	3.3

* Refers to Other administrative expenses and depreciation

** Refers to Tax costs according to the income statement

High ethical standards engender trust

Handelsbanken's business opportunities and success on the market derive from the trust it enjoys from customers and financiers, as well as the general public, public authorities and its employees. A decentralised organisation must have common ideas on how the operations should be run. The basic guidelines for every employee's actions are formulated in the Bank's ethical guidelines.

ETHICAL GUIDELINES AT HANDELSBANKEN

Handelsbanken's ethical guidelines have been adopted by the Board of the Bank; these state that operations must be characterised by high ethical standards. Employees must conduct themselves in a manner that upholds confidence in the Bank. A fundamental, self-evident rule is that the Bank and its employees must comply with the laws and regulations that govern the Bank's operations in various ways. If local laws and regulations offer the individual poorer protection than Swedish laws, regulations and principles, Handelsbanken applies the latter. The guidelines are reviewed every year by the Board, based on changes in legislation and the business world's expectations, as well as the Bank's experience of regular internal work and observations from the Bank's comprehensive internal control.

Employees who are in doubt when applying the Bank's ethical guidelines and dealing with related issues must contact their immediate superior to find out what is ethically acceptable. As a guide, employees are encouraged to ask themselves: "Can I account for my actions to the other employees of the Bank, to the public authorities, the media and the general public without having the slightest doubt as to whether my conduct has been ethically acceptable?"

MEASURES AGAINST MONEY LAUNDERING, FINANCING OF TERRORISM AND ECONOMIC CRIME

Money laundering means actions taken in order to hide or transform gains from criminal activities. Financing of terrorism means the collection, provision or receipt of funds for the purposes of terrorism.

The Bank must not participate in transactions which may be suspected of being linked to criminal activities, the financing of terrorism, or transactions of which the employees do not understand the implications. To prevent Handelsbanken being exploited for money laundering and financing of terrorism, good knowledge of customers is of key importance.

The Bank should not participate in transactions implying assistance in tax evasion.

By knowing the customer – how and why the customer is using the Bank's products and services – the Bank can react to behaviour that deviates from the norm. Instructions, procedures and systems have therefore been developed to achieve good knowledge of customers and their transactions. In addition, all employees who handle customer transactions participate in a training course which explains all aspects of these matters.

BRIBERY AND CORRUPTION

To avoid being in a position of dependence in relation to the Bank's customers, employees must observe the Bank's rules as regards giving and receiving personal gifts. These rules must also be observed when entertaining. Business trips must always be paid for by the Bank. Bonus points and similar discounts which employees have obtained in connection with work for the Bank (e.g. business trips) may only be used for business purposes.

CONDUCT OF EMPLOYEES

It is important that the Bank's employees are not suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work. All employees must be familiar with the local insider trading laws and observe the Bank's own rules for employees' securities and currency transactions.

In their work at the Bank and in their private affairs, employees must refrain from business transactions that violate the Bank's rules or current legislation. Handelsbanken's employees must also refrain from transactions or other commitments that may seriously jeopardise their own financial position.

Employees of Handelsbanken are not permitted to process transactions in which they, or persons closely related to them, have a personal interest. The same applies to companies that these employees or persons closely related to them have a significant connection with or personal commitment to.

Employees must also notify the Bank of assignments outside the Bank and obtain approval. These rules also apply to secondary oc-

cupations and certain posts in clubs, societies and the like. Remuneration for being a member of a board on behalf of the Bank must be paid to the Bank.

THE BANK AS CUSTOMER

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

Environmental considerations are included in all decisions on purchases. The Bank maintains an ongoing dialogue with its suppliers to promote and develop environmental considerations. To facilitate the drafting of specifications there is a template for supplier agreements, with examples of how environmental requirements should be specified.

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

HANDELSBANKEN'S ETHICAL GUIDELINES COVER

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

READ MORE

More information on Handelsbanken's ethical guidelines can be found in the Bank's 2011 Annual Report, as well as on the Bank's website www.handelsbanken.se/ireng

Responsible investments

Handelsbanken is continuing its work of integrating sustainability matters with investment decisions made on behalf of customers. This is a condition for creating long-term value growth. Our work is based on the UN Principles of Responsible Investment.

Handelsbanken's view is that a responsible attitude is essential to long-term value creation in a company. Investing our customers' assets in a responsible manner is therefore a vital prerequisite for achieving our goal of generating a strong long-term return on customers' investments.

There is great interest in sustainability issues among institutional and private investors alike – and also in these issues being integrated into the Bank's asset management.

On Handelsbanken's five home markets, and also in other countries worldwide where we have operations, the UN Principles of Responsible Investment (PRI) have come to guide how asset managers and capital owners work with sustainability issues.

Handelsbanken became a signatory to these principles in 2009. In addition to being a commitment to integrate sustainability issues into the Bank's investment research and investment decisions, signing these principles means that we will also aim for more transparency relating to environmental, social and corporate governance matters in the companies we invest in and also for increased co-operation between, for example, investors and asset managers concerning these issues.

Read more about PRI on page 28.

CORPORATE GOVERNANCE IN HANDELSBANKEN'S FUNDS

Handelsbanken Fonder's ownership role in the companies in which the mutual funds own shares on behalf of the unit-holders and the mutual funds, is based on its corporate governance policy. The ownership role is exercised in such a manner that the value of the companies and thus the value of the funds has optimal performance in the long term.

This is managed, for example, in matters concerning the composition of the companies' boards and the procedure prior to and at shareholders' meetings. Handelsbanken Fonder also regularly follows the performance of the companies in the funds' portfolios, including direct contact with the company in question.

Ahead of annual general meetings in 2011, Handelsbanken Fonder participated in six nomination committees. In addition, Handelsbanken Fonder voted at around fifty annual general meetings.

POLICY FOR RESPONSIBLE INVESTMENT

Handelsbanken's policy for responsible investment is an integral part of its corporate governance policy and is based on international standards concerning the environment, human rights and working conditions, corruption and controversial weapons. All the managed funds and portfolios are analysed on a regular basis with the purpose of identifying companies whose operations violate the fundamental values which are established in Handelsbanken's policy for responsible investment.

This analysis is part of the fund management and is carried out with the help of Ethix SRI Advisors, who are experts on responsible investment. Thus, the Bank as an asset manager is able to act regarding deviations from international standards and conventions, for example by entering into a dialogue with the company. Depending on how this dialogue evolves, we decide on possible future action. This work may also involve collaborating with other owners or voting at AGMs.

In 2011, Handelsbanken Fonder specifically broached the subject of deviations from international norms and conventions with around ten companies where we have initiated a dialogue in our role as owners.

We also discuss sustainability issues in the ongoing dialogue we have with the companies that we invest in. This is in the form of regular meetings with company management and other representatives of the companies.

Handelsbanken Fonder does not invest in companies which are involved in manufacturing or selling prohibited weapons as defined according to international legislation. This applies, for example, to cluster weapons and landmines.

Thus, all funds in Handelsbanken's range invest in compliance with this general policy concerning responsible investment. We also offer funds which pay special attention in their investment strategy by excluding companies which operate in certain sectors.

This means that our funds fulfil fundamental requirements for responsible investment, according to international norms and agreements.

INVESTMENTS IN COMMODITIES

More recently, interest in commodities as a financial investment has increased. Handels-

banken offers several options for investing in financial trading in commodities, such as Handelsbanken's Commodities Fund and commodities bonds.

Handelsbanken does not offer trading in actual raw materials, only the opportunity to trade in the price of various commodities: financial commodities trading.

Financial commodities trading is principally a method for companies that are dependent on the prices of raw materials to reduce their risk. One method of this is price hedging, but investors may also have the opportunity to benefit from the price trend for commodities.

In pace with the increase in demand for investments in commodities, questions arise as to how far these investments can be considered to be responsible.

In 2011, Handelsbanken in collaboration with Ethix SRI Advisors surveyed the challenges entailed in investing in commodities in a responsible way. The Bank focused particularly on how trading in commodity derivatives affects volatility in agricultural commodity prices. We have also surveyed the few initiatives that have been taken in this area among investors and asset managers. During the year, Handelsbanken has conducted a dialogue with various stakeholders in order to extend knowledge in this field.

For commodities investments, the principles regarding responsible investment are not as well developed as for equity and fixed income investments. Handelsbanken intends to continue working to expand its knowledge and that of other market players in the field of commodities as responsible investments.

HANDELSBANKEN PARTICIPATES IN 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 was to highlight the importance of Swedish companies working with sustainability issues in a structured manner, since this is regarded as a condition for long-term value creation in a company, and therefore also a condition for long-term financial returns. In 2011, Sustainable Value Creation followed up previous surveys with a questionnaire on how the 100 companies with the largest market capitalisation on NASDAQ OMX Stockholm work with sustainability matters.



Responsible lending

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



Responsible lending means that the Bank does not grant credit to customers who are not in a position to repay their loans. When credit is granted, great importance is therefore attached to customers' ability to fulfil their commitments. Responsible lending such as this protects the individual customer from running into financial difficulties due to excessive indebtedness. It also benefits both the Bank and society at large. Deficiencies in a customer's repayment capacity can never be ignored on the grounds that the Bank is being offered good collateral or high margins.

The Bank's fundamental principle of developing good, long-term customer relationships enables it to have an in-depth knowledge of its

customers and their operations. This knowledge is significant, not least when it comes to assessing customers from an ethical or environmental point of view.

ETHICAL MATTERS RELATED TO LENDING

An important matter in terms of ethics and principle is the extent to which the Bank should bear the responsibility for what its customers do. This could, for example, apply to a borrower that manufactures products that are dangerous to health, has a manufacturing process that affects the environment adversely, or refuses to allow its employees to exercise their union rights. Handelsbanken's view is based on the principle that it is the customer that is fully

responsible for its operation and how it is run, but that a fundamental condition for Handelsbanken's lending is that the operation fulfils all requirements from public authorities in terms of environmental questions and other sustainability matters. The Bank's additional responsibility in these examples is limited to an assessment of the credit risk – i.e. 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.

This principle is normally applicable in the Bank's home markets, which are countries with advanced legislation regarding health protection, the environment and union rights, and

where there are public authorities that monitor compliance with laws and directives.

In countries where legislation and supervision by public authorities are less developed, the principle should be applied with caution. Although the Bank runs its own operations only to a small extent in such countries, international companies on the Bank's home markets may do so. In this respect, international agreements and standards (e.g. the UN Universal Declaration of Human Rights, the UN Global Compact and the OECD guidelines for multinational companies) may play an important part in guiding the ethical assessment. If a company can demonstrate that it applies these international agreements, this would tend to indicate that the Bank's principle can also be maintained in these cases.

Ethical matters are manifested, among other things, in the Bank's credit policy, which states that, in its lending operations, the Bank must maintain sound ethical standards. This means that the Bank always aims to respect human rights and fundamental principles of working conditions and environmental considerations, regardless of where in the world the operations are pursued. High ethical standards in lending mean that in its credit risk assessment, the Bank endeavours to take into consideration the customer's attitude to these standards.

PROJECT FINANCE

The Bank only participates in project finance to a limited extent. Infrastructure projects may sometimes be associated with environmental risks, for example. When the Bank does participate in the financing of such projects, they are normally projects with clear links to Handelsbanken's home markets, and often with public sector links. A typical example of project finance in which the Bank can participate is an infrastructure project in the Nordic region, where a large contracting firm – which would be a well-known customer of the Bank – is responsible for building and maintenance. When the project is complete, a public authority pays rent, which covers the interest and amortisation on the project finance. As with other credit assessments, decisions regarding participation in project finance are subject to Handelsbanken's ethical guidelines and restrictive approach to risk.

ENVIRONMENTAL ASSESSMENTS WHEN LENDING

For many years, credit assessments carried out by Handelsbanken have taken into account how environmental risks affect the customer's repayment capacity. This is particularly important in the case of customers engaged in environmentally hazardous activities or selling products that involve environmental or health risks. For property-related lending, it is important to take into account whether environmentally harmful activities are or have been conducted in the property, or whether the property itself has a harmful effect on the environment. Environmental factors in the vicinity of the property are also taken into consideration as much as possible.

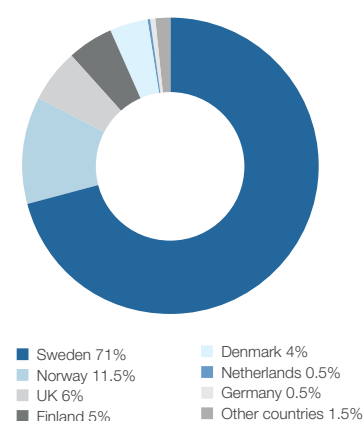
In the Bank's decentralised structure, the branch that is responsible for the customer carries out the credit risk assessment. Thus, the branch also carries out the assessment of how environmental risks affect the customer's repayment capacity. The credit risk assessment is part of the business assessment, which is the Bank's method of assessing a customer, and the business relationship with the said customer. A business evaluation is always drawn up for new credit decisions and for annual monitoring of credits and customer relations. The structure and methodology of the business assessment are a good aid for the branches when it comes to identifying and assessing risks. The business assessment is also the documentation basis for evaluation of the credit risk at higher levels in the Bank, and for the branches' follow-up of environmental issues in the credit risk assessment.

For a long time, the Bank has taken a restrictive approach to risk in its lending – including environmental risk. This culture and expertise on the part of the staff is best maintained and developed in day-to-day work at the branches. In addition, there are special business assessment training programmes at regional level.

FINANCING OF ENVIRONMENTALLY RELATED INVESTMENTS

Based on a long-term personal relationship with the customer, the Bank aims to offer financial services adapted to the customer's requirements. Customers that require financing of environmentally related investments will be granted this within the framework of the standard customer relationship.

Loans to the public, geographical distribution



The Bank's environmental activities

The Bank aims to minimise its negative impact on the environment. Consistent and long-term improvements will often generate dual benefits: not just environmental gains but also cost savings.

As far as it is technically and financially compatible with the Bank's undertakings, Handelsbanken aims to promote long-term sustainable development. Handelsbanken has signed and complies with a number of voluntary agreements, such as the ICC Business Charter for Sustainable Development, the UN Environment Programme – Banks and the Environment (UNEP FI), and the UN's voluntary initiative, Global Compact.

DECENTRALISED ENVIRONMENTAL ACTIVITIES

In practice, environmental work often involves taking many small steps which, together, contribute to a better environment. Thriftiness, renewal, sorting and recycling are key to Handelsbanken's internal environmental activities. The Bank endeavours to include environmental considerations in decisions on investments and purchases.

As with other areas of responsibility at Handelsbanken, responsibility for the practical side of environmental activities is decentralised. All managers have ultimate responsibility for environmental matters at their units.

At each regional bank and subsidiary, as well as at the central head office, there are 18 designated environmental co-ordinators.

HANDELSBANKEN'S DIRECT ENVIRONMENTAL IMPACT

Handelsbanken's direct environmental impact largely concerns its consumption of energy, materials, equipment, business travel and transport.

For several years, the Bank has measured and reported the carbon dioxide emissions generated by its own operations in Sweden as the result of travel, electricity and heat energy. In 2011, these emissions went down by around 16 per cent compared with 2010.

For the rest of the Nordic region, we have reported energy consumption in terms of electricity consumption, and starting in 2011 we are also reporting electricity consumption for UK operations.

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

In the CDP report for 2010, which was presented in late 2011, Handelsbanken received 76 (36) points out of a possible 100. The average value for 2010 was 64 points. The year's results put Handelsbanken in 34th place out of a total of 143 companies reporting in the Nordic countries.

Impact on climate

During the year, the Bank purchased electricity of guaranteed origin, which derives largely from hydroelectric sources. For 2011, the proportion of electricity of guaranteed origin purchased for operations in Sweden was 93 per cent, and for the whole of the Nordic region, 81 per cent.

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

A long-term maintenance plan has been drawn up for the properties owned by the Bank, to reduce the properties' overall energy consumption. In 2011, among other things, a district cooling solution was installed in one of the properties.

More efficient equipment and utilisation of resources

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

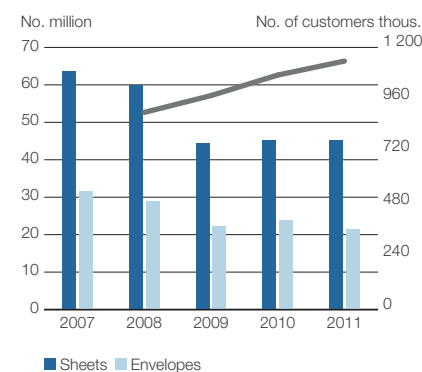
In 2011, the number of video conferences was up by 18 per cent from 2010. This saved time, money and travel.

Electronic processing of supplier invoices is gradually being increased, which reduces the

Carbon dioxide emissions tonnes	2011	2010	2009	2008	2007	2006
Electricity consumption, Nordics ¹ and UK	2,027					
Of which Electricity consumption, Nordics ¹	781	1,464	2,482	2,585	2,131	2,373
Electricity consumption, Sweden	261	867	1,945	2,258	1,647	1,850
Heating own properties, Sweden	1,466	1,569	1,181	1,344	1,266	1,284
Transport of valuables, Sweden	125	128	289	209		
Business travel, Sweden	2,171	2,216	2,417	2,945	3,371	2,895

¹ Sweden, Denmark, Norway, Finland.

Centrally distributed information, Group



* Private customers who have been active in the Bank's online services at least once in the last six months of 2011.

Corporate customers who have been active in the Bank's online services at least once in the last six months of 2011.

use of paper and transport. The Bank continues to develop digital services for branches and internal units, so as to further reduce paper consumption.

In 2011, the computer rooms' system for uninterrupted electric power supply was replaced, reducing power consumption for electricity and cooling by 800,000 kWh.

In the Bank's properties, older ventilation systems have been modernised, to reduce energy consumption.

For the same reason, old printers, fax machines and scanners are being replaced by multi-function machines, including environmentally certified machines with environmentally friendly toner. A further long-term aim is to reduce paper consumption.

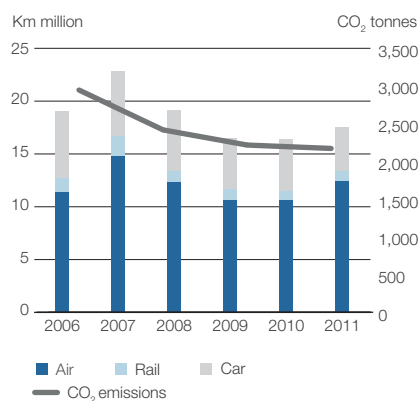
When old equipment is to be scrapped, the Bank ensures that it is recycled in an environmentally friendly manner.

TRAVEL

The breakdown between car, train and air travel for business purposes was more or less unchanged from 2010 to 2011. Video conferencing is increasingly used by more and more of the Bank's units to reduce the amount of business travel.

In order to encourage the selection of green cars as company vehicles, the Bank has decided to subsidise these cars. The proportion of green company cars in 2011 was 83 per cent.

Business travel, Sweden



HANDELSBANKEN'S INDIRECT ENVIRONMENTAL IMPACT

By joining Global Compact, Handelsbanken undertakes to describe in its corporate social responsibility reporting how the Bank is working with environmental matters, etc. In addition to the Bank's own consumption of resources, this mainly concerns the indirect environmental impact via lending and asset management.

For many years, credit assessments carried out by Handelsbanken have taken into account how environmental risks affect the customer's repayment capacity.

One of the goals of Handelsbanken Asset Management is to help create economically, ecologically and socially sustainable development by means of involvement in and a dialogue with companies. Guidelines have already been introduced for responsible investments. These guidelines are based on international standards for the environment, human rights and working conditions, and against corruption and controversial weapons.

There are more details about this on page 22 and pages 24–25.

THE FUTURE

An important element in the environmental work is to raise awareness within the Bank of its direct impact on climate. In 2012 we will have even more stringent demands for environmen-

tal reporting and follow-up of environmental requirements in the Bank's agreements with its suppliers.

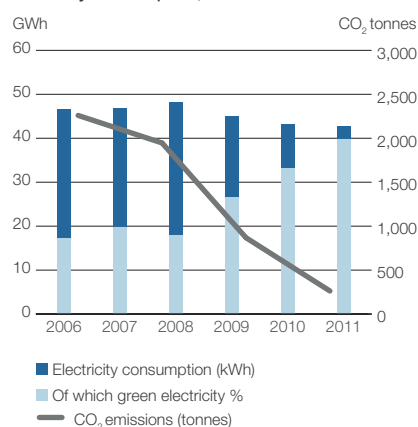
Handelsbanken took part in the WWF's Earth Hour in 2010, 2011 and 2012. For us it is important to help increase awareness of global climate issues and the challenges that we face.

As an alternative to business travel, Handelsbanken will actively work to increase the number of its video installations, so as to facilitate video conferences.

An overhaul of ventilation control systems in several of the Bank's properties began last year, in order to make the systems more efficient, reduce power consumption and achieve a better working environment.

The Bank also plans to increase the proportion of green electricity that it buys in 2012 and also increase the amount of refuse which is recycled.

Electricity consumption, Sweden



Initiatives and awards

Handelsbanken collaborates within and outside the financial sector in initiatives designed to increase awareness of sustainability and corporate social responsibility.

INITIATIVES

Global Compact



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

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. Almost 200 financial institutions support the initiative and 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.

PRI



PRI (the United Nations-backed Principles for Responsible Investment Initiative) 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. In 2009, Handelsbanken signed the principles, and more than 900 capital owners, asset managers and other stakeholders have done likewise.

PRI:

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 implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Each report on our activities and progress towards implementing the Principles.

ICC



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

The Sea Rescue Society in Sweden



SJÖRÄDDNINGSSÄLLSKAPET

In collaboration with the Sea Rescue Society in Sweden, Handelsbanken has made possible the launch of two rescue boats. The Sea Rescue Society was started more than 100 years ago and today has 1,800 volunteers and 67 rescue stations with 160 boats ready to turn out 24 hours a day, 365 days a year. Together they make up 70 per cent of all sea rescue efforts in Sweden, and this is done with no state subsidies. Operations are entirely based on membership, donations, gifts and volunteer efforts.

The Sea Rescue Society focuses on always saving lives at sea. Its vision is zero deaths at sea and it also works on a preventative basis and with research and development. This is achieved using new, state-of-the-art boats built for sea rescue, more stations to enable quicker rescue and increased training for volunteer sea rescuers.

World Childhood Foundation



Since 2010, Handelsbanken has supported the World Childhood Foundation in its work to protect children's rights to a secure childhood. In this way, based on Handelsbanken's fundamental idea of trust and respect for the individual, the Bank aims to contribute to giving

children the opportunity to develop into strong, confident, responsible people.

The aim of the World Childhood Foundation is to protect children's rights to a childhood, and particularly to work for better living conditions for children in marginalised environments all over the world. The Foundation supports projects that focus on children in institutions, homeless children, young parents and sexually abused children. The World Childhood Foundation was formed in 1999 by H.M. Queen Silvia of Sweden.

ECPAT



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

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

Professorship at the Stockholm School of Economics

In collaboration with the Stockholm School of Economics, Handelsbanken has enabled the creation of a professorial chair. The chair focuses on external accounting and financial analysis. Good accounting is one of the cornerstones of a sound economy. The opportunity and ability to analyse companies' financial positions in a fair manner is fundamental to well-functioning provision of credit and capital in society.

Personal finances for young people

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

AWARDS

Index for Corporate Social Responsibility

In the 2011 publication of the insurance company Folksam's Index for Corporate Social Responsibility, Handelsbanken was assessed as occupying a high position in the financial sector. This assessment was based on how much listed Swedish companies have achieved in their sustainability activities, and how the companies report their work with human rights (CSR) and environmental matters. Handelsbanken received the "Best in sector" award in the Human Rights category and achieved fourth place among all 245 Swedish listed companies. The report states that "due to its management systems and its regular CSR reporting, Handelsbanken is well prepared to avoid becoming complicit in human rights abuses. There are policies in all the essential areas relating to health and safety, gender equality, ethnic diversity and rights of association. The company is a UN Global Compact signatory." In the Environment category, Handelsbanken achieved second place in the financial sector.

INDEXES AND SURVEYS

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

OMX GES Sustainability



Together with the GES Investment Services research company, OMX has launched a number of sustainability indexes that provide investors with a universe of companies that are fulfilling sustainability requirements. Handelsbanken has



qualified for the OMX GES Sustainability Sweden index, as well as the OMX GES Sustainability Nordic index.

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

FTSE4Good



FTSE4Good

The research analysis is provided by EIRIS, one of the leading research houses for analysis of corporate social responsibility. Investors and owners use the FTSE4Goods index to identify companies that fulfil globally recognised standards for corporate social responsibility. The index is independent and based on analyses of companies' work with environmental matters, human rights and the other areas that come under corporate social responsibility. Handelsbanken has been included in the index since 2001.

Ethibel Sustainability Index



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

Satisfied customers



Of the major banks in Sweden, Handelsbanken has the most satisfied customers. This applies to both private and corporate customers. The Bank tops these lists in all the Nordic countries and in the UK. Svenskt Kvalitetsindex (SKI) is a system for compiling, analysing and distributing information about customers' expectations, perceived quality and evaluation of goods and services. Helping to run SKI is the international organisation EPSI Rating (European Performance Satisfaction Index), which conducts comparable surveys in almost 20 countries. Research and development related to the surveys is conducted regularly at SIQ (the Swedish Institute for Quality) and the Stockholm School of Economics.

Sustainable Value Creation

Together with a number of major Swedish institutional investors, Handelsbanken took part in the Sustainable Value Creation initiative in 2011. In a survey, the 100 companies with the highest market capitalisation on NASDAQ OMX Stockholm were asked a series of questions regarding guidelines, implementation and governance of sustainability issues. The aim was to provide the companies with a better understanding of the issues that are relevant to investors, and to provide support for the development of communications and reporting. The project members will, in various ways, each use the companies' survey responses as a basis for their dialogues and investment decisions as owners.

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

Contents and restrictions in this report

For greater transparency, Handelsbanken has pooled information on the Bank's sustainability activities in a separate sustainability report, in accordance with guidelines from the Global Reporting Initiative, GRI. For many years, in annual reports and on the Bank's website, we have reported relationships with our main stakeholders – customers, employees, investors and the community at large – and how the Bank's operations affect the environment.

THE WORK OF PRODUCING THE REPORT

Handelsbanken's Internal Committee for Corporate Social Responsibility has worked with defining Handelsbanken's sustainability activities more clearly, from a broader stakeholder perspective. By "stakeholders," the Bank is referring to groups that are affected to a large extent by the Bank's actions and/or groups that affect the Bank. Following a continuous dialogue with various stakeholders, and an internal analysis of the Bank's operations and their impact, the most important aspects of sustainability have been identified. Ahead of this report, the special dialogues conducted were mainly with internal stakeholders.

RELEVANCE FOR A BANK IN THE NORDIC REGION AND THE UK

Relevance and materiality are key GRI concepts. The sustainability issues have been analysed based on their relevance to our stakeholders and to the Bank's ability as regards long-term value creation. We have prioritised the information that has been deemed to be particularly relevant to the operations, which results in Handelsbanken also applying indicators from GRI's Financial Services Sector Supplement. Banking operations have a limited direct environmental impact, and therefore, based on internal research, a number of GRI environmental indicators have been deemed to have less relevance for our sector. Handelsbanken's providers are located in the regions where Handelsbanken operates, e.g. real estate owners that provide

premises for bank branches, or suppliers of office material. In these cases, the risks relating to social issues and working conditions among providers are deemed to be limited.

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

WHAT IS THE GLOBAL REPORTING INITIATIVE – GRI?

Some 2,000 companies worldwide report according to the GRI guidelines for sustainability reporting, and in the past few years the figure has grown steadily. The aim of GRI is to create conditions for comparing companies' sustainability activities to a greater extent, within the same sector or region.

The main components of the reporting framework are standard details of the company's operations – a 'profile' – as well as reporting of governance and results indicators in three areas of responsibility: economic (the EC indicators in the GRI table), environmental responsibility (the EN indicators in the GRI table) and social performance (the LA, HR, SO and PR indicators in the GRI table). These indicators reflect issues that are broadly established in international principles and initiatives for corporate social responsibility.

A company can choose the extent to which it reports, according to the application levels A, B and C. In this report, Handelsbanken has opted to apply level C+. The Bank has focused on the

most important indications, and reports to a higher degree than the C level requires.

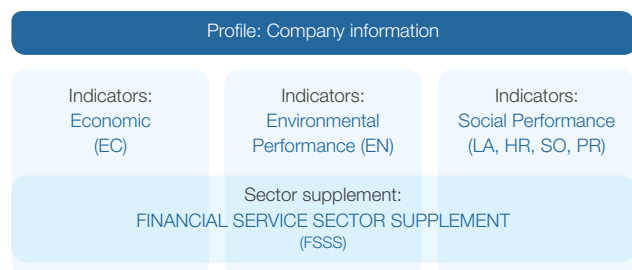
To complement the general framework, GRI has developed sector supplements (e.g. the Financial Services Sector Supplement, FSSS), which focus on particularly relevant sustainability issues in the financial sector. The Supplement applies to banks, insurance companies, asset management companies and other investment houses.

Handelsbanken has opted to complement the general framework and report on a number of indicators from the FSSS (the FS indicators in the GRI table).

DATA COLLECTION AND LIMITATIONS

At present, Handelsbanken has joint group data in the personnel area (LA), which is fully reported. For the environmental performance area (EN), data is limited to the UK and Nordic operations, with the focus being on Swedish operations. Limitations are reported when relevant. The information in the report covers the largest and most important parts of the operations, with the focus being on banking operations. No corrections or amendments with reference to previous information included in annual reports have been made.

Handelsbanken reports the Group's sustainability activities annually. This is Handelsbanken's second Sustainability Report in accordance with GRI, and relates to the 2011 calendar year. The first and most recent report was submitted in March 2011, relating to 2009/2010.



Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	Report on 1.1 2.1–2.10 3.1–3.8, 3.10–3.12 4.1–4.4, 4.14–4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	Same as requirement for Level B	Same as requirement for Level B
G3 Profile Disclosures	Not Required	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured
G3 Management Approach Disclosures	Not Required	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, at least one from each of Economic, Social and Environmental.	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product responsibility.	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product responsibility.	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product responsibility.	Report on each core G3 and Sector Supplement* indicator with due regard to the Materiality principle.	Report on each core G3 and Sector Supplement* indicator with due regard to the Materiality principle.

*Sector supplement in final version

Index according to the Global Reporting Initiative (GRI)

This is Handelsbanken's second separate Sustainability Report, produced according to the GRI guidelines for reporting sustainability activities, version 3.0. In Handelsbanken's assessment, the information in the report corresponds to GRI application level C+. The table below contains the core indicators and the supplementary indicators which are assessed to be relevant to Handelsbanken's operations and results indicators from the GRI Financial Services Sector Supplement (FS), RG Version 3.0/

FSS Final Version, which Handelsbanken has opted to report. The symbols in the table show the relevance that each indicator is deemed to have in relation to Handelsbanken's operations, and to what extent Handelsbanken reports on the indicator.

GLOBAL COMPACT COMMUNICATION ON PROGRESS

In its day-to-day work, Handelsbanken complies with Global Compact's principles for human

rights, labour laws, the environment and anti-corruption. This report presents some of the activities and results achieved by Handelsbanken within these areas in 2011, and constitutes Handelsbanken's Communication on Progress (CoP), the formal reporting commitment for members of Global Compact.

PROFILE: COMPANY INFORMATION		Page CSR	Page AR/www	Scope
1. STRATEGY AND ANALYSIS				
1.1	Comments from the Group Chief Executive	4–7		■
1.2	Description of key impacts, risks and opportunities	4, 6–8, 18–22, 24–27		■
2. ORGANISATIONAL PROFILE				
2.1	Name of the organisation	2		■
2.2	Primary brands, products, and services	2, 9	2, 16–19	■
2.3	Operational structure of the organisation	2, 9	16–17	■
2.4	Location of the organisation's headquarters	2	5	■
2.5	Countries where the organisation operates	2, 3	2, 30–37, 168–175	■
2.6	Nature of ownership and legal form	16–17	40–41, 50–65	■
2.7	Markets	2–3, 9	2, 30–37	■
2.8	Scale of the organisation	2–3	2–3	■
2.9	Significant changes during the reporting period		22–23	■
2.10	Awards received during the reporting period	29		■
3. REPORT PARAMETERS				
3.1	Reporting period	30		■
3.2	Date of most recent previous report	30		■
3.3	Reporting cycle	30		■
3.4	Contact point for questions regarding the report	35		■
3.5	Process for defining report content	30		■
3.6	Boundary of the report	30		■
3.7	Specific limitations on the scope or boundary of the report	30		■
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	30	72–73	■
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	30		■
3.11	Significant changes from previous reporting periods regarding scope, boundaries, etc.	26, 30	www	■
3.12	Table identifying the location of the Standard Disclosures in the report	31–33		■
3.13	Policy and current practice with regard to seeking external assurance for the report	31, 34		■

AR Refers to the 2011 Annual Report.
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Key to symbols

- Relevant to a Nordic bank.
- ◐ Partly relevant to a Nordic bank.
- Not relevant to a Nordic bank.
- Reported.
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PROFILE: COMPANY INFORMATION		Page CSR	Page AR/www	Scope	
4.	GOVERNANCE, COMMITMENTS & ENGAGEMENT				
4.1	Governance structure	9, 15–17	50–55, 58–59	■	
4.2	The Chairman of the Board's role	16–17	54–55, 58–59, 62	■	
4.3	Independent and/or non-executive board members		54, 62–63	■	
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board	8, 16	50, 53, 62	■	
4.5	Principles for compensation to senior executives		56–57, 62–63 100–103	■	
4.6	Processes for avoiding conflicts of interests in the Board		53–55	■	
4.7	Processes for determining the qualifications of Board members		54	■	
4.8	Mission, values, Code of Conduct, etc.	5, 9, 15, 18, 21–22	42	■	
4.9	The Board's monitoring of the sustainability work	9, 15–17	50–55, 58–59	■	
4.10	Processes for evaluating the Board's own performance	15–17	59–61	■	
4.12	Endorsement of external voluntary codes, principles or other initiatives	28		■	
4.13	Memberships in associations	28		■	
4.14	List of stakeholder groups	8, 19, 28–29	42	■	
4.15	Basis for identification and selection of stakeholders with whom to engage	8		■	
4.16	Approaches to stakeholder engagement	8		■	
4.17	Key topics and concerns that have been raised through stakeholder engagement	8, 15		■	
INDICATORS		Page CSR	Page AR/www	Relevance	Scope
5.	ECONOMIC INDICATORS (EC)				
	Disclosure on management approach/economic	4, 9, 19–21, 24–25	11–15		
EC1.	Direct economic value generated and distributed	8, 20		●	■
EC2.	Financial impact, and risks and opportunities for the organisation due to climate changes	4, 22, 24–27		●	■
EC3.	Coverage of the organisation's defined benefit plan obligations		100–103	●	■
EC4.	Significant financial assistance received from government	6, 20		●	■
EC7.	Local hiring and proportion of senior management hired from the local community	11		●	■
EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	19, 28		●	■
EC9.	Significant indirect economic impacts, including the extent of impacts	4, 18–20		●	■
6.	ENVIRONMENTAL PERFORMANCE INDICATORS (EN)				
	Disclosure on management approach/Environment	8–9, 21–22, 24–27			
EN1.	Materials used by weight or volume		www	●	■
EN4.	Indirect energy consumption by primary source	6–7, 26–27	www	●	■
EN5.	Energy saved due to conservation and efficiency improvements	26–27		●	■
EN6.	Initiatives to provide energy-efficient or renewable energy based products/services, and reductions in energy requirements as a result of these initiatives	6, 26–27		●	■
EN7.	Initiatives to reduce indirect energy consumption and results	6, 26–27		●	■
EN16.	Direct and indirect greenhouse gas emissions	6–7, 26	www	●	■
EN17.	Other relevant indirect greenhouse gas emissions		www	●	■
EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved	26–27		●	■
EN26.	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	22, 24–27		●	■
EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	26–27	www	●	■

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INDICATORS		Page CSR	Page AR/www	Relevance	Scope
7.	SOCIAL PERFORMANCE INDICATORS (LA, HR, SO, PR)				
	Disclosure on management approach/social employment and working conditions	4, 8–9, 18–21			
LA1.	Total workforce by employment type, contract and region	11–12	100	●	■
LA2.	Rate of employee turnover by age group, gender and region	6, 11		●	■
LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	13		●	■
LA4.	Percentage of employees covered by collective bargaining agreements	12		○	■
LA5.	Minimum notice period(s) regarding major operational changes and whether this is specified in the collective agreement	12–13	www	○	■
LA7.	Rates of injury, occupational diseases, lost days, total work related fatalities per region	6–7, 12		○	■
LA9.	Health and safety topics covered in formal agreements with trade unions	12		●	■
LA12.	Percentage of employees receiving regular performance and career development reviews	11		●	■
LA13.	Composition of governance bodies and employees according to gender, age group, minority group membership and other indicators of diversity	11–12	62–65, 100	●	■
LA14.	Ratio of basic salary of men to women per employee category	12		●	■
Human rights (HR)					
HR1.	Proportion and number of Investment agreements that include human rights clauses, or that have been examined on the basis of human rights	21–22, 24–25		●	■
HR4.	Total number of incidents of discrimination and actions taken		www	●	■
Society (SO)					
SO2.	Business units analysed for risks related to corruption		59–61, 95	●	■
SO3.	Employees trained in the organisation's anti-corruption policies and procedures	18, 21		●	■
SO4.	Actions taken in response to incidents of corruption			●	□
SO5.	Participation in public policy development and lobbying	19		○	■
SO8.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant incidents in 2011		●	■
Product responsibility (PR)					
PR3.	Type of products and service information required by procedures, and percentage of products subject to such information requirements	10, 22, 24–25		●	■
PR5.	Results related to customer satisfaction, including results of surveys measuring customer satisfaction	6–8, 10, 29		●	■
PR6.	Programs for adherence to laws, standards and voluntary codes for marketing communications	10, 18		●	■
PR9.	Monetary value of fines for non-compliance with regulations concerning the use of products and services	No significant incidents in 2011		●	■
FINANCIAL SERVICES SECTOR SUPPLEMENT					
FS.	PRODUCT AND SERVICE IMPACT SECTION				
FS1.	Policies with specific environmental and social components applied to business lines	9, 22, 24–25		●	■
FS2.	Procedures for assessing and screening environmental and social risks in business lines	18, 22, 24–25		●	■
FS3.	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	24–25		●	■
FS5.	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	22, 24–25		●	■
FS10.	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	22		●	■
FS11.	Percentage of assets subject to positive and negative environmental screening	22		●	■
FS12.	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	22		●	■
FS13.	Access points in low-populated or economically disadvantaged areas by type	19		●	■
FS15.	Policies for the fair design and sale of financial products and services	4, 10, 18, 24–25		●	■
FS16.	Initiative to enhance financial literacy by type of beneficiary	28		●	■

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

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

INTRODUCTION

We have been engaged by the executive management of Svenska Handelsbanken AB (publ) to perform an examination on Svenska Handelsbanken AB (publ) Sustainability Report for the year 2011. The examination does not include sustainability data from earlier years. The Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our examination.

THE SCOPE OF THE EXAMINATION

We have performed the assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. The objective of an audit is to obtain reasonable assurance that the information in the Sustainability Report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainability Report. A review is mainly limited to making inquiries of personnel responsible for sustainability issues, and applying analytical and other review procedures. Hence, the conclusion based on our review procedures does not comprise the same level of assurance as the conclusion of our audit. Since this assurance engagement is combined, our conclusions regarding the audit and the review will be presented in separate sections. During the year, the Bank's internal audit department has continuously examined the internal control and the Sustainability Report. We have received the reports that have been prepared. Our assurance engagement includes examination of the following areas, with the purpose of either providing reasonable assurance (hereafter referred to as audit) or limited assurance (hereafter referred to as review):

1. Our review has included the Sustainability Report.
2. Our audit is limited to the following information:
 - a. The Bank's environmental work – tables "Carbon dioxide emissions", "Centrally distributed information, Group", "Business travel, Sweden" and "Electricity Consumption, Sweden" on pages 26-27.

- b. Financial indicators – tables "Handelsbanken Group", "Return on equity, 1973 – 2011", "Loan losses as percentage of lending 1999-2011", "Customer satisfaction index, private customers in Sweden 1989-2011" and "Direct economic value generated and distributed", on pages 2, 6-8 and 20.
- c. Skilled staff – tables "Age and gender distribution, 2011", "Average number of employees 2007-2011" on pages 11-12.

Our assurance, reasonable or limited, does not comprise the assumptions used by the Company or whether or not it is possible for the Company to reach certain future targets described in the report (e.g. goals, expectations and ambitions).

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

REVIEW PROCEDURES

The main procedures of our review have included the following:

- a. an update of our knowledge and understanding of Handelsbanken organization and activities,
- b. an assessment of suitability and application of the criteria regarding the stakeholders' need for information,
- c. interviews with the responsible management in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- d. shared internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- e. analytical procedures of the information stated in the Sustainability Report,
- f. an assessment of the Company's declared application level according to GRI guidelines,
- g. an assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria, and
- h. a reconciliation of the reviewed information with the sustainability information in the Company's Annual Report for the financial year 2011.

AUDIT PROCEDURES

Our audit has included the following procedures:

- a. reconciliation of reported information with internal and external source documents, and performing detailed tests of the selected indicators in the tables "Carbon dioxide emissions", "Centrally distributed information, Group", "Business travel, Sweden", "Electricity Consumption, Sweden", Age and gender distribution" and "Average number of employees" on pages 11-12 and 26-27 in the Sustainability Report, and
- b. reconciliation of financial indicators on pages 2, 6-8 and 20 with Handelsbanken Annual Report for the financial year 2011.

We consider the evidence collected during our examination to be sufficient and appropriate in order to support our conclusions listed below.

CONCLUSION

Our conclusion based on our review

Based on our procedures performed, nothing has come to our attention that causes us to believe that the information in the Sustainability Report which has been subject to our review has not, in all material respects, been prepared in accordance with the above stated criteria.

Our conclusion based on our audit

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

Stockholm, 20 September 2012

KPMG AB

Stefan Holmström
Authorised Public
Accountant

Åse Bäckström
Expert Member of FAR

Contact

CONTACT

If you have comments or questions regarding this report, please contact Handelsbanken's Corporate Governance unit, email: csr@handelsbanken.se.

FINANCIAL INFORMATION

The following reports can be downloaded or ordered from Handelsbanken's website: www.handelsbanken.se/ireng.

- annual reports
- interim reports
- risk reports
- corporate governance reports
- fact books
- sustainability reports

IMPORTANT DATES 2012

15 February	Annual accounts 2011
28 March	Annual General Meeting
26 April	Interim report January–March 2012
17 July	Interim report January–June 2012
22 October	Interim report January–September 2012

