

Sustainability Report 2012

AKTIEBREF

385871-385880 A 1000 Kronor

är delägare i Aktiefolaget Stockholms
Handelsbank för tio aktier å tillsammans
tusen Kronor.
Förskräddes härmed den mot aktierna
ande andel i bolaget enligt lagens
bestämmelser och den för bolaget gyl-
ande ordning.
Med detta aktiebref följer
inköpspengar femtio talong.
Stockholm
Aktiefolaget

Handelsbanken

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, Finland and Norway. In January 2013, Handelsbanken started a regional bank in the Netherlands. The Bank regards these countries as its home markets. Handelsbanken was founded in 1871 and has operations in 24 countries.

774

branches in
24 countries.

41

years running with
higher profitability
than the average of
peer banks.

141

years of
availability.

24

years with the most
satisfied customers
according to Swedish
Quality Index (SKI)*.

| Handelsbanken Group | 2012 | 2011 |
|--|--------|--------|
| Profit before loan losses, SEK m | 18 818 | 17 345 |
| Net loan losses, SEK m | -1 251 | -816 |
| Operating profit, SEK m | 17 564 | 16 536 |
| Return on equity for total operations | 14.7% | 13.5% |
| Loan loss ratio | 0.08% | 0.05% |
| Loans to the public, SEK bn | 1 680 | 1 591 |
| Average number of employees | 11 192 | 11 184 |
| No. of branches in Sweden | 461 | 461 |
| No. of branches in rest of Nordic region | 148 | 149 |
| No. of branches in the UK | 133 | 104 |
| No. of branches outside home markets | 32 | 32 |

* 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.

Sustainability Report

Handelsbanken has gathered information about the Bank's sustainability work in this Sustainability Report, in accordance with guidelines from the Global Reporting Initiative, GRI. For many years, however, in annual reports and on the Bank's website, the Bank has reported relationships with our main stakeholders – customers, employees, investors and the community at large – and how the Bank's operations affect the environment.

This report constitutes Handelsbanken's Communication on Progress for the UN Global Compact.

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CONTACT, FINANCIAL CALENDER

ABOUT THIS REPORT

This report describes how the Bank works with its most important sustainability issues, in relation to the main stakeholders. This is Handelsbanken's third Sustainability Report prepared in accordance with Global Reporting Initiatives (GRI) guidelines for reporting. The information refers to the Group unless otherwise stated. In Handelsbanken's assessment, the report fulfils level C+ according to GRI, and this has also been confirmed by the external auditors. There is a comprehensive index according to GRI principles on pages 30–31.

The report constitutes Handelsbanken's Communication on Progress for the UN Global Compact.

Supplementary information about Handelsbanken's sustainability work is available in an expanded GRI Appendix which is published on Handelsbanken's website.

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

This Sustainability Report is also available in Swedish.

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 nationwide branch networks in Sweden, the UK, Denmark, Finland and Norway. In January 2013, Handelsbanken started a regional bank in the Netherlands. The Bank is also opening new branches in other markets.

Handelsbanken has a strong local presence on its home markets. Handelsbanken's 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.

The Bank has an organic growth model that has proved successful in an increasing number of locations and an increasing number of countries. Our 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 the average of comparable peers on our home markets. In addition, Handelsbanken aims to act as a responsible institution in society.

It is therefore logical for the Bank to work with sustainability issues, which entail a voluntary responsibility for how the Bank's operations affect the community from an economic, social, ethical and environmental perspective. For Handelsbanken, sustainability means being an attractive employer and a stable market player that makes a positive contribution to the community and its development.

Our objective

How a company communicates information about its sustainability activities is important, but even more vital is how it acts in its day-to-day work. The aim of Handelsbanken's sustainability work is to act responsibly and to run a sustainable operation.

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.

A bank's fundamental tasks are, on the one hand, to manage the money of those who wish to postpone their spending and save their money, and on the other to lend money to companies and households that wish to spend and invest today. Together,

banks must also maintain an efficient, functioning payments system, as well as managing risk.

Our analysis of the impact of our operations

Taking responsibility is a vital element of a successful, sustainable banking operation. For example, Handelsbanken has a major financial responsibility for the funds that the Bank is entrusted to manage and aims to meet customers' needs for financial products and services in a responsible manner, providing its shareholders with a good return. 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.

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

Responsible lending

A bank has the opportunity 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 can be run in a sustainable way.

Handelsbanken is an international group with operations in 24 countries. No matter where in the world we work, Handelsbanken always puts the customer first, focusing on long-term sustainable customer relationships.

Every day the Bank's 11,000+ employees 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's good profitability, which is mainly explained by the Bank's good cost-effectiveness, also benefits the community as whole; Handelsbanken has been one of the largest payers of corporate tax in Sweden for many years.

The most fundamental criterion for sustainability

The global financial crisis has shown clearly 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 times of financial turbulence, it becomes 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 financial crisis, having funds on an account with a secure bank was seen as an increasingly attractive option.

Solid growth

Sustainability and corporate social responsibility (CSR) are deeply rooted in Handelsbanken's culture and method of working.

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

We grow at the rate that our customers grow, we build for the long term and we have low tolerance of risks. In this way, we avoid exposing the community in which we operate to unnecessary strain, by means of state support, for example.

The year 2012 – when Handelsbanken had been operating for 141 years – was characterised by very solid growth on all our home markets. The Bank continued to grow just as before: branch by branch, customer by customer.

This organic growth model means that Handelsbanken can achieve growth, coupled with low risk and good cost control. A newly opened branch normally reports positive cash flow within 24 months, with return on allocated capital of around eight per cent.

After this, income grows far more rapidly than expenses, resulting in higher return on equity.

This model provides the Bank with stable growth in profits at low risk.

2012 was the year when the crisis in our environment became entrenched. At the start of the year, the government finances of several European countries were in a very exposed state. At the end of the year, the same countries were still struggling with large deficits and tough demands for reform, despite the fact that politicians, central banks and other players had taken many, forceful measures to alleviate the situation. The will to do so is there, but the major impact is not visible – at least not yet.

In an increasingly integrated global economy everyone is affected, including the countries which so far have fared better than others. Everyone – companies and households alike – become more cautious.

If existing customers are less active, the Bank must seek growth by attracting good, new customers. We have succeeded with this – not least by tirelessly continuing to open branches in places where we have never been present before – and also opening branches where our customers on our home markets operate.

Handelsbanken is Scandinavia's most international bank, with operations in 24 countries worldwide.

Handelsbanken has grown and is a larger bank than ever before. This has taken place while the ratio between our expenses and income has continually improved.

The absolutely vital factor for our growth is our long-term ability to attract and retain satisfied customers. Once again this year, on all our home markets, we top the customer satisfaction surveys carried out by the independent organisation SKI/EPSS. Satisfied customers do more business with us, and they recommend us to good, new customers.

All our expansion in the UK has taken place without any type of external advertising in the press or radio or TV commercials. We open branches, we keep our costs under control, and we create good, long-term relations with our customers. This is how we create continuous, solid growth over time.

Strong local connections

Handelsbanken's decentralised working method is the very foundation of our way of running a bank. It suits us and it suits our customers.

When our customers need advice or assistance with something as important as their finances or their company's finances, they prefer to meet someone who knows them and lives in the local community. They do not want to meet a messenger; they want to meet the person who can – and is given the responsibility to – take their own decisions.

This is why our branches have a very high degree of autonomy. On each local market, the branch manager decides what business the Bank will do, and with whom. All the important business decisions are taken by our branches.

As mentioned above, it leads to a high level of customer satisfaction – but we believe that it is also better for the Bank. It means that we have employees who can, want to, and are prepared to make sensible decisions – employees who are happy and develop. It also results in better decisions. For example, for several years, Handelsbanken has had much lower loan losses than the average of other banks.

This local independence leads to a unique local presence in the community where the Bank is active, and trusting, long-term relationships are built up – which in turn generate more business. This is why we are retaining our branches while other banks are closing theirs. Handelsbanken is currently the only bank in 50 towns – and it looks as if that number may rise.

Managing risk

Handelsbanken's historically low tolerance of risk, sound capitalisation and strong liquidity situation means that the Bank is well equipped to cope with substantially more difficult market conditions than those experienced during the year. Handelsbanken's strict approach to risk means that the Bank deliberately avoids high-risk transactions, even if the remuneration may be high at that time.

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.

We can improve

More satisfied customers and lower expenses for decades have meant that every year, Handelsbanken has had higher profitability than the average of its peer banks. This was the case in 2012 as well.

In the past few years, the nature of customer meetings has changed to a fairly large extent. The occasions when customers come into our branches have become rarer. But we meet customers more often at other locations – on the customers' computer screens, mobiles or tablet devices. More is being demanded of us, and products must be made neutral in terms of meeting-place. Customers do not want to be limited by the method they chose to access the Bank on any given occasion. Everything must work, in the same way – quickly and simply, but also with the personal touch.

The Bank has made excellent progress with this, but we are still only at the beginning. Our focus in this area will be maintained.

And finally

From where we stand today, we are well poised to secure the continued development and growth of the Bank. We have given priority to organic growth in the form of a broader range of products to a wider group of customers through an increasing number of branches in more markets. This does not mean we would be averse to the idea of add-on acquisitions if these were to fit our business concept and corporate culture.

The key to our future development will be well-trained and committed employees. Accordingly, in the coming years, we will be taking further measures to ensure the development of our staff.

Looking back on 2012, it is clear that the Bank's healthy profit is the result of hard work by all the Bank's employees, to whom I extend my sincere thanks.

I would also like to take this opportunity to thank all our customers for the confidence you have in us.

Thank you – and we look forward to seeing you at Handelsbanken.

Pär Boman
Stockholm, February 2013

Key figures for sustainability work

To follow up the sustainability work, the Bank has identified a number of measurable indicators for how our sustainability activities perform over time, and compared them with those of peer companies with similar conditions.

Financial

- Handelsbanken has stable finances, 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.
- Every year since the early 1970s, Handelsbanken has had higher profitability than the average of peer banks on our home markets.
- Handelsbanken has paid a dividend to its shareholders for many years in succession, including every year during the recent period of turbulence on the financial markets.
- By virtue of its profit level over many years, Handelsbanken has been one of the largest payers of corporate tax in Sweden.

Social responsibility

- For a long period of time, Handelsbanken has had lower loan losses than peer players in the banking sector. In 2012, Handelsbanken's loan losses corresponded to 0.08 per cent (0.05) of lending. Over the past five years, the Bank's loan loss ratio has averaged 0.11 per cent. This can be compared with the average figure for the other major Nordic banks over the same period: 0.44 per cent.
- In 2012, 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, according to SKI's associated organisation EPSI.
- Handelsbanken is an attractive employer that offers its staff security. External staff turnover remained low and, excluding retirements, was 3.6 per cent (4.8).
- Total absence due to sickness for staff in Sweden remained low, and was 2.9 per cent (2.6); 1.1 percentage points of this figure was long-term sick leave (0.9).

Environmental performance

- Handelsbanken's carbon dioxide emissions from electric power consumption in the Nordic region decreased by 13 per cent from 2011 to 2012.
- The proportion of green electricity is 94 per cent for the Nordic region as a whole and 98 per cent for Swedish operations.
- In autumn 2012, 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 received 71 points (76) out of a possible 100. The average value in the CDP Nordic survey was 69 points.
- For all the Bank's regional banks in the Nordic countries and the UK and central units, CO₂ emissions from the operations' total energy use, including transport, business travel and heating of properties owned by Handelsbanken in Sweden, totalled 5,794 tonnes for 2012. Emissions of CO₂ as above have gone down by 26 per cent compared with 2011.

OVERALL GOALS

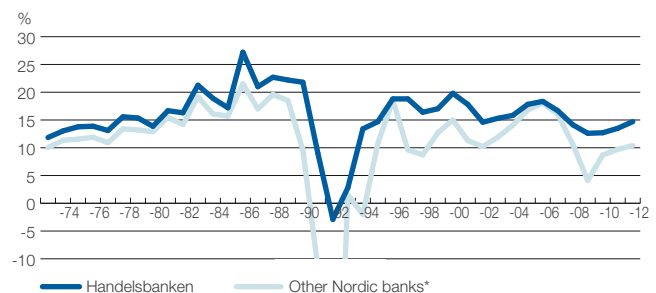
Corporate goal

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

Goal achievement

Handelsbanken's return on equity for total operations was 14.7 per cent (13.5). Adjusted for non-recurring items, the figure was 14.7 per cent (13.5). The corresponding figure for a weighted average of other major Nordic banks was 10.4 per cent (9.7). This meant that for the 41st consecutive year, Handelsbanken met its corporate goal.

Return on shareholders' equity, 1973–2012



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

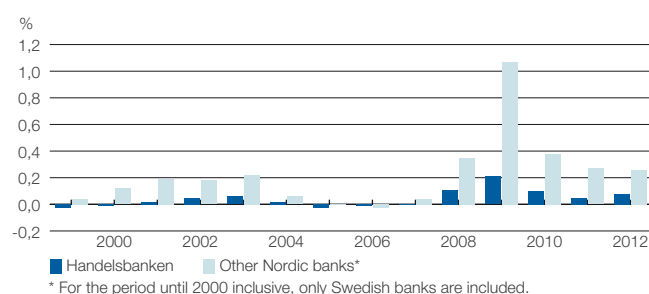
LOWER LOAN LOSSES

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 were SEK -1,251 million (-816). Loan losses as a proportion of lending were 0.08 per cent (0.05). The corresponding figure for an average of other major Nordic banks was 0.26 per cent (0.27).

Loan losses as a percentage of lending 1999–2012



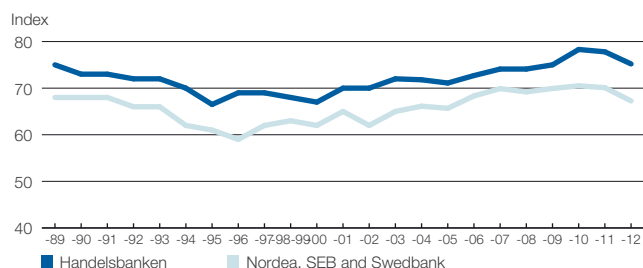
MOST SATISFIED CUSTOMERS

Handelsbanken aims to achieve its profitability goal by having more satisfied customers than its competitors. The quality and service level 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 way of working.

Customer satisfaction index, private customers in Sweden 1989–2012



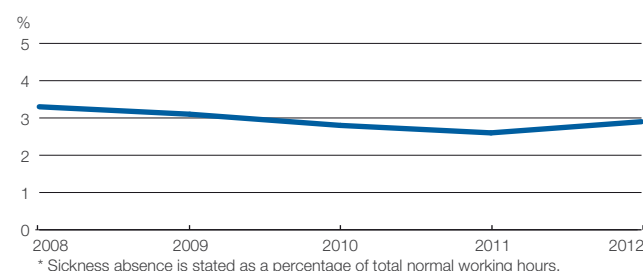
REDUCED SICKNESS ABSENCE

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 was 2.9 (2.6) per cent; 1.1 (0.9) percentage points of this figure was long-term sick leave.

Sickness absence in Sweden 2008–2012*



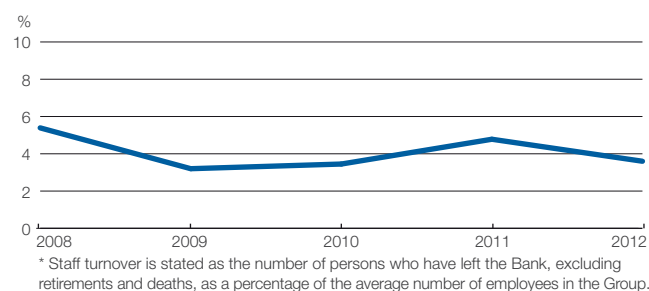
LOW STAFF TURNOVER

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 3.6 per cent (4.8).

Staff turnover 2008–2012*



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 2008–2012.

Carbon dioxide emissions from energy consumption in Sweden

| ELECTRICITY | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|------------|------------|------------|------------|------------|
| Electricity consumption (kWh) | 40 647 780 | 42 642 223 | 42 948 681 | 44 977 450 | 48 297 216 |
| Origin-labelled electricity, % | 98% | 93% | 77% | 59% | 37% |
| Emissions CO ₂ (tonnes) | 59 | 261 | 867 | 1 945 | 2 258 |
| Emissions CO ₂ /income (kg/SEK m) | 3 | 15 | 52 | 109 | 132 |
| SWEDEN | 2012 | 2011 | 2010 | 2009 | 2008 |
| No. of employees in Sweden | 7 526 | 7 648 | 7 549 | 7 502 | 7 715 |
| Income, SEK m | 17 738 | 17 364 | 16 653 | 17 839 | 17 088 |

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).

Our concept and organisation

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

Handelsbanken has been conducting banking operations since 1871 and the Handelsbanken share is the oldest listed share on the Stockholm stock exchange.

Our goal is to have higher profitability than the average of peer banks in home markets. The goal is achieved by the Bank having lower costs and more satisfied customers than its competitors.

Availability, simplicity and care

We put a great deal of effort into being available for our customers and this is a major component in Handelsbanken's method of banking. We don't close branches – instead we open new ones. In Sweden, Handelsbanken Direkt Personal Service is always open – 24 hours a day, 365 days a year. We constantly strive to develop and improve our meeting-places and to increase the level of availability for our customers. This applies at our branches, online, and at new digital meeting-places, such as services for smartphones and tablets.

When a customer gets in contact with us, the meeting should be simple and unbureaucratic. For example, we aim to have the same range of services in our various meeting-places. This means that the customer can do the same type of business with the Bank regardless of how the customer contacts the Bank.

In everything it does, the Bank aims to create the best possible conditions for successful meetings with customers. The Bank creates, maintains and develops strong, long-term customer relationships through these meetings.

We always have the customer's best at heart and our aim is that they should feel that our service is caring.

Products and services

Handelsbanken has a full range of products and services to meet all the financial needs and wishes of its customers. Responsible for this range are product specialists in the Bank's business areas: Handels-

banken Capital Markets, Stadshypotek, Forestry and Farming and Handelsbanken Direkt. Each product owner markets their product, while the branch takes responsibility for each individual customer being offered services which are adapted to that particular customer's needs and circumstances.

Markets

Handelsbanken offers a full range of financial products and services on its six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands.

In the UK, the Bank now has 133 branches, a fourth regional bank was opened in January 2013, with its head office in Bristol, and the Bank's growth continues there.

We have also opened several new branches in the Netherlands, where we now have 13 branches.

Handelsbanken has a nationwide branch network on its home markets, organised into one or more regional banks in each country.

Handelsbanken currently has more than 770 branches in 24 countries, including more than 740 branches on our six home markets.

Growth model

In order for Handelsbanken to achieve and retain high profitability, growth is also necessary. The Bank primarily grows by opening new branches in locations where it has not previously had operations. In this way, Handelsbanken grows branch by branch, customer by customer. 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.

Decentralised organisation focusing on the customer

All business decisions that affect the individual customer's relationship with the Bank are based

on the customer's requirements and are made by the local branch. Every branch is led by a manager who is solely responsible for all operations in his/her branch's geographical area.

Handelsbanken's branch managers have a very high degree of independence, as we are convinced that those who work closest to the customer will make the most sensible decisions, from the customer's and from the Bank's point of view.

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

The branches' independence gives them a very strong local presence, with long-term customer relationships.

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.

Organisation for sustainability issues

Handelsbanken's Board has decided on the Bank's policy in a number of 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. This person is also chair of the committee for sustainability issues, which was formed in 2010 with the purpose of pursuing and co-ordinating the Bank's work in this area. The committee consists of representatives from bank branches and the central functions for Corporate Governance, Group Finance, Corporate Communications, Investor Relations, IT, Asset Management, Credits and Personnel. The committee met regularly during the year.



This is how we are organised

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

Handelsbanken's stakeholders

Many private individuals, organisations and companies are affected by how Handelsbanken acts in various matters. For Handelsbanken, corporate social responsibility means living up to the reasonable expectation of these stakeholders and acting in such a way that their confidence in the Bank is maintained.

Handelsbanken's principal stakeholders are our customers, employees, shareholders and bond investors, as well as the community at large, for example in the form of the 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 as regards Handelsbanken. Therefore the Bank has a continuous dialogue with its customers, staff, shareholders and investors, as well as with authorities and other public organisations.

OUR CUSTOMERS

The most important dialogue occurs at the thousands of meetings with customers that take place daily at the Bank's 770+ branches, by phone and email.

By being sensitive to customers' requests and questions, Handelsbanken can provide responses and meet the customers' expectations.

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 goals of the employee. The result is an action plan which is followed up regularly during the year and then forms the basis of an annual salary dialogue review between employee and manager.

SHAREHOLDERS

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

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

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

SOCIETY

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

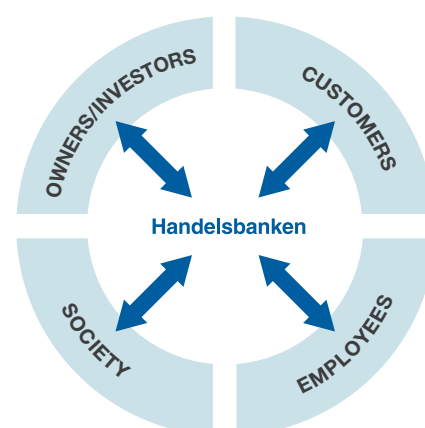
The table, which is laid out according to GRI's principles, shows how the income generated by the Bank's operations is allocated over various groups of stakeholders. The data comes from the Group's income statement and balance sheet.

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

| SEK bn | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|
| DIRECT ECONOMIC VALUE CREATED | | | | | |
| Customers | | | | | |
| Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc. | 34.9 | 33.1 | 30.4 | 29.5 | 28.4 |
| Value created by serving customers | 34.9 | 33.1 | 30.4 | 29.5 | 28.4 |
| ALLOCATED ECONOMIC VALUE | | | | | |
| Employees | | | | | |
| Salaries | 6.9 | 6.7 | 6.4 | 6.7 | 6.1 |
| Provision to profit-sharing foundation | 1.0 | 0.9 | 0.8 | 0.7 | 0.0 |
| Payroll charges and other staff costs | 2.8 | 2.3 | 2.3 | 2.6 | 2.1 |
| Cost of employees | 10.7 | 9.9 | 9.5 | 10.0 | 8.1 |
| Public authorities and society at large | | | | | |
| Suppliers, incl. non-deductible VAT* | 5.5 | 5.5 | 5.5 | 5.2 | 5.1 |
| Tax costs** | 3.0 | 4.4 | 4.0 | 3.5 | 3.4 |
| Fees to the Stabilisation fund, deposit guarantee etc. | 1.1 | 1.1 | 0.6 | 0.6 | 0.1 |
| Government bank support received | - | - | - | - | - |
| Participation in government guarantee programmes | - | - | - | - | - |
| To society | 9.6 | 11.0 | 10.1 | 9.3 | 8.6 |
| Shareholders | | | | | |
| Dividends (refers to the year dividends were paid) | 6.1 | 5.6 | 5.0 | 4.4 | 8.4 |
| New share issue | - | - | - | - | - |
| Transactions with the shareholders | 6.1 | 5.6 | 5.0 | 4.4 | 8.4 |
| Reinvested economic value ("remaining in the Bank") | 8.5 | 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.



Satisfied customers

For Handelsbanken, the starting point is always meeting the individual customers' requirements. In this way we build a trusting, long-term relationship with every customer.

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. In everything it does, the Bank aims to create the best possible conditions for successful meetings with customers. By gaining its customers' trust, Handelsbanken becomes their natural choice.

Always increase availability

An important starting-point for having satisfied customers is to constantly increase our availability, to be there for our customers, whenever and wherever they need us. We don't close branches – instead we open new ones. In Sweden, we have also developed a new type of meeting-place that is linked to the local branch office in locations where customers can meet the Bank when it suits them.

“We don't close branches – instead we open new ones.”

When the branches are closed, Handelsbanken Direkt Personal Service is always open. This is a unique service since it is staffed by professional bank officers who help customers out by phone, 24 hours a day, 365 days a year.

Satisfied customers in all home markets

Handelsbanken considers customer satisfaction surveys very important. Every year, Swedish Quality Index (SKI) and its associated company EPSI carry out independent surveys of customer satisfaction. Every year since the surveys started in 1989, Handelsbanken has had top positions for both private and corporate customers.

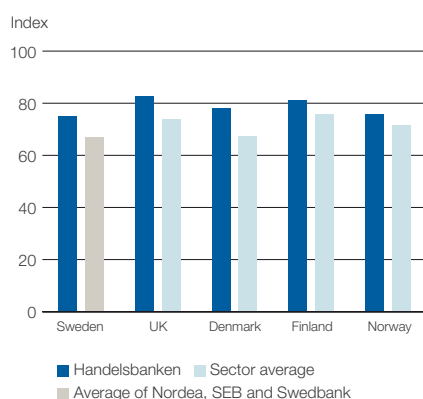
The 2012 results showed that Handelsbanken achieved top positions in all the Nordic countries and the UK, among both private and corporate customers.

Managing customer complaints

Handelsbanken takes customer complaints very seriously and has well-established procedures for handling such matters. We attach great importance to handling the complaints that come in to the Bank in a manner which inspires confidence. Complaints 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. In addition, there are complaints officers at the Group level who regularly report to Group management, regional banks and product owners.

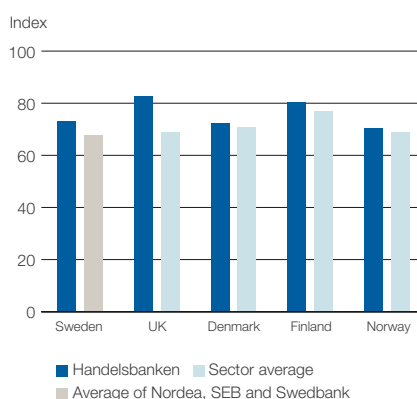
Information about complaints management at the Bank is easily available on the Bank's website: handelsbanken.com.

Customer satisfaction private customers 2012



Source: SKI/EPPI

Customer satisfaction corporate customers 2012



Source: SKI/EPPI

Skilled staff

At Handelsbanken, we always aim for our corporate culture, with its decentralised work method and belief in the individual, to permeate our operations. This applies no matter where in the world Handelsbanken opens new branches.

Handelsbanken recruits people who share the Bank's basic values

In 2012, Handelsbanken had 11,192 employees, working in 24 countries, just over 30 per cent of whom were employed outside Sweden.

Above all, working at Handelsbanken is about relationships with other people. We want our 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.

Without the right staff, it does not matter how good the products or services are. When we recruit new employees, we therefore constantly seek people who share the Bank's basic values.

Handelsbanken's student programme

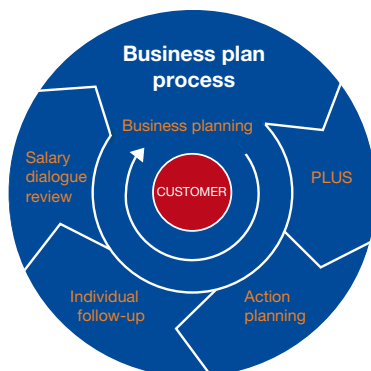
Handelsbanken in Sweden offers students from upper secondary school who plan to study at university the opportunity to participate in the Bank's student programme alongside their studies. The programme comprises working at the Bank during their studies, their own action plan and relevant studies for development at Handelsbanken. The purpose is to attract and recruit young employees as part of the Bank's future management succession and to promote gender equality.

Constant development

The Bank's strength is derived from the combined expertise of its employees. The most important source of increased professionalism is learning in your daily work, where all employees are responsible for constant development – their own and that of the operations.

Therefore, all employees participate in drawing up their own unit's business plan. This forms the basis of the PLUS performance dialogue, which every employee has with his/her line manager.

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



After this, each employee puts together an action plan setting out the goals to be attained and the conditions necessary for this. At the end of the year, the employee has a salary dialogue review with his/her line manager, based on a follow-up of the action plan that has been carried out.

Internal labour market and management succession

Since the corporate culture and the Bank's values are so vital for Handelsbanken's success, internal recruitment is important. Employees with long experience and with broad knowledge from the whole Bank make a vital contribution to the Bank having satisfied customers. 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. In 2012, external employee turnover was 3.6 per cent (4.8).

Managers at Handelsbanken must be exemplary ambassadors for the Bank's corporate culture, which explains why most managers are recruited internally. In 2012, 98 per cent (97) of all managers in Sweden were recruited internally. For the Group as a whole, the corresponding figure is 93 per cent (94), including those markets where the Bank established operations relatively recently.

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

Local acceptance

On the bank's 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.

At the year-end, 92 per cent of senior managers (chief executives, executive vice presidents and chief executives of subsidiaries) in these home markets were locally employed.

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.

Incidents of discrimination concerning employees are normally managed in the operations through the local personnel functions, but cases which are reported to the national discrimination ombudsman or corresponding official body are followed up at Group level. No such cases were reported in 2012.

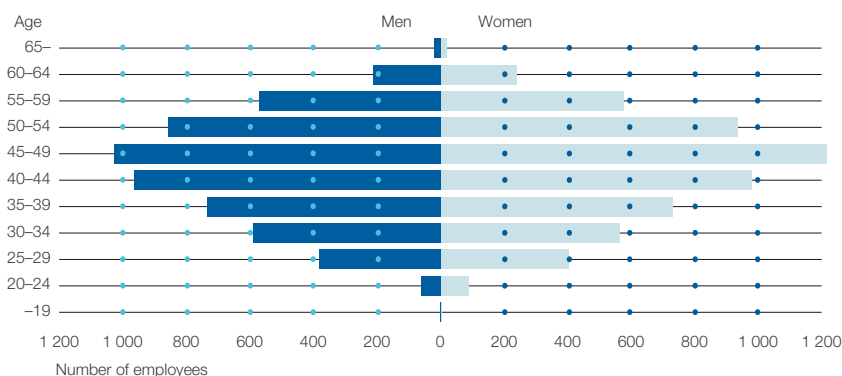
Handelsbanken aims to be an equal opportunities company where women and men have the same opportunities, chances and power to shape the Bank and their own professional career. Gender equality is about making the most of all of Handelsbanken's potential. In all countries where Handelsbanken operates, the Bank must produce a gender equality plan which supports the Group's equality goals.

The gender equality plan is to be based on Handelsbanken's fundamental values and the laws and guidelines applying in the country concerned.

At the year-end, 43 per cent (44) of the Bank's managers in Sweden were women. The proportion of women among the total number of employees in Sweden was 54 per cent (54).

In the Group as a whole, 37 per cent (38)

Age and gender distribution 2012



of managers were women. The proportion of women among the total number of employees in the Group was 52 per cent (52).

During the year, the Bank's work in this area continued, with various measures to speed up the attainment of gender equality at Handelsbanken. A large number of managers, HR staff and trade union representatives have undergone training to increase awareness of how social and cultural norms affect attitudes and behaviour in everyday life.

In collaboration with the trade unions, the Bank has also developed an interactive training course designed for all employees in Sweden. The aim of the course is to create dialogue and provide the tools for analysis and action in terms of gender equality.

During the year the Bank continued its focus on rectifying unwarranted pay differentials between women and men. Personnel functions and trade union representatives have organised joint meetings with salary-setting managers to provide them with further support in the work towards gender equality in salaries.

The work of promoting equality also aims to make it easier for both men and women to combine employment with parenthood.

Handelsbanken subsidises home and family services for employees in Sweden who have children under the age of 12. In Sweden, employees on parental leave receive 80 per cent of the part of their salary that is not compensated by national insurance. Employees who take parental leave have the same right to salary development as other staff.

Work environment and health

Handelsbanken's overall objectives in matters 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 co-operation with staff and employee representatives, managers are responsible for developing a healthy and safe workplace in accordance with the Bank's work environment goal. In connection with crisis situations, for many years,

Handelsbanken has had a support programme with the help of external partners.

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 the employees' physical and psychosocial environment. The results are discussed within each unit at the Bank, and any measures decided upon must be integrated into the business plan/operational plan.

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 the year the Bank started a project called "Sustainable health." The purpose of this is to increase awareness of the importance of health and physical stamina – for work and for leisure, both now and in the longer term.

Employees are offered a wide choice and large number of subsidised group and individual health promotion activities. Handelsbanken also has its own sports association. Dating back to 1919, with 4,000 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 just over 3,500 members. It is the largest art association in Sweden.

Working conditions and union rights

All employees of Handelsbanken have the right to organise and join a union or employee organisation. A valuable component of Handelsbanken's culture is the traditionally good relationship with the trade unions. All employees in Denmark, Finland, France, Luxembourg, Norway, Sweden, and Austria, comprising almost 90 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.

Various matters in Sweden, such as organisational changes, are regulated in Handelsbanken's co-determination agreement with the Financial Sector Union of Sweden's local bodies and in the collective agreement between the Employers' Association of the Swedish Banking Institutions (BAO) and Jusek, Swedish Association of Graduates in Business Administration and Economics, Swedish Association of Graduate Engineers.

There is an ongoing dialogue between union representatives and managers concerning operations,

e.g. when changes and new services are to be launched – valuable information is exchanged 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 Handelsbanken's European Work Council (EWC), which functions as a forum for joint and cross-border questions within the Handelsbanken Group. The EWC consists of representatives from nine countries: Denmark, Finland, Luxembourg, the Netherlands, Norway, Poland, the UK, Sweden and Germany.

Benefits

Handelsbanken aims to be an attractive employer. The Bank therefore offers various types of competitive benefits, for both permanent and temporary employees in the Group.

Oktogonen – the Bank's profit-sharing scheme

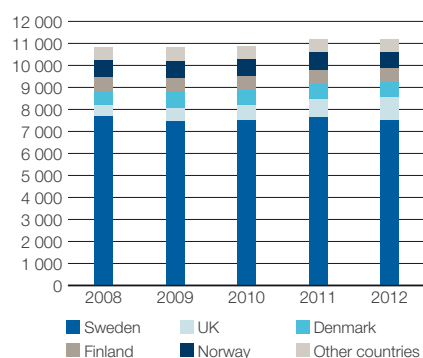
A condition for achieving the Bank's financial goal of achieving higher profitability than comparable banks on its home markets is that employees outperform their peers in the rest of the sector. Therefore, the Board considers it only reasonable that employees should receive a share of any extra profits. Every year but two since 1973, the Board has decided to allocate part of the Bank's profits to a profit-sharing scheme for its employees. The funds are managed by the Oktogonen Foundation.

Allocations are subject to the Handelsbanken Group achieving its goal of higher return on equity than a weighted average of comparable listed Nordic and British banks. If this is satisfied, one third of the extra profits can be allocated to the employees. The allocated amount is limited to 15 per cent of the dividends to shareholders. If the Bank reduces the dividend paid out to its shareholders, no allocation can be made to the profit-sharing foundation. All employees receive an equal part of the allocated amount and the scheme includes all employees in the Bank's home markets. In recent years, employees in Hong Kong, Luxembourg, Switzerland, Singapore and Taipei have also been included in Oktogonen.

Some 97 per cent of Group employees are now covered by Oktogonen. The profit-sharing scheme is long-term, as payments cannot be made until an employee has reached the age of 60.

One of the fundamental concepts in managing the foundation is that the funds are invested in shares in Handelsbanken. The Oktogonen Foundation nominates two representatives to be members of Handelsbanken's Board.

Average number of employees 2008–2012



| Sickness absence rate in Sweden | 2012 | | | 2011 | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| | Men | Women | Total | Men | Women | Total |
| % | | | | | | |
| Aged 29 or younger | 1.2 | 2.8 | 2.2 | 1.2 | 2.6 | 2.0 |
| Aged 30–49 | 1.4 | 3.1 | 2.3 | 1.4 | 2.9 | 2.2 |
| Aged 50 or older | 2.8 | 5.3 | 4.2 | 2.1 | 5.0 | 3.7 |
| Total sickness absence | 1.8 | 3.7 | 2.9 | 1.6 | 3.5 | 2.6 |
| of which long-term absence | 0.5 | 1.6 | 1.1 | 0.3 | 1.5 | 0.9 |

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.



The head office at Kungsträdgården in Stockholm.

Corporate Governance

A Swedish bank's operations are regulated by Swedish 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 main principle is that outside Sweden, the host country's regulations are also applied, if these are stricter or deviate in other respects.

Handelsbanken's corporate governance report is based on a shareholder perspective. There are however, also other stakeholders with an interest in Handelsbanken's corporate governance, upon whose confidence the Bank is dependent. These include customers, employees, shareholders, bond investors and society at large.

Principles for corporate governance at Handelsbanken

Handelsbanken has developed a strong value base for how our banking work should be carried out. This corporate culture is described in detail in an internal document called Our Way, which sets out the Bank's goals, business concept and working method. Our Way is read and discussed by all staff of the Bank.

Handelsbanken's strong corporate culture is of major importance in the governance of the Bank. It works in parallel with and permeates the principles, strategies, limits and target figures established by the Board in a series of policy documents and instructions.

Furthermore, Handelsbanken's Board has decided on the Bank's policy in a number of central sustainability issues, in particular by adopting ethical guidelines for the Handelsbanken Group which comprise matters such as economic crime, relations with customers, conflicts of interest, confidentiality and the environment.

"Handelsbanken's strong corporate culture is of major importance in the governance of the Bank."

Internal control

The responsibility for internal control and the Bank's compliance is an integral part of managers' responsibility at all levels in the Bank. This responsibility means that appropriate instructions and procedures for the operation must be in place, and compliance with these procedures is 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.

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

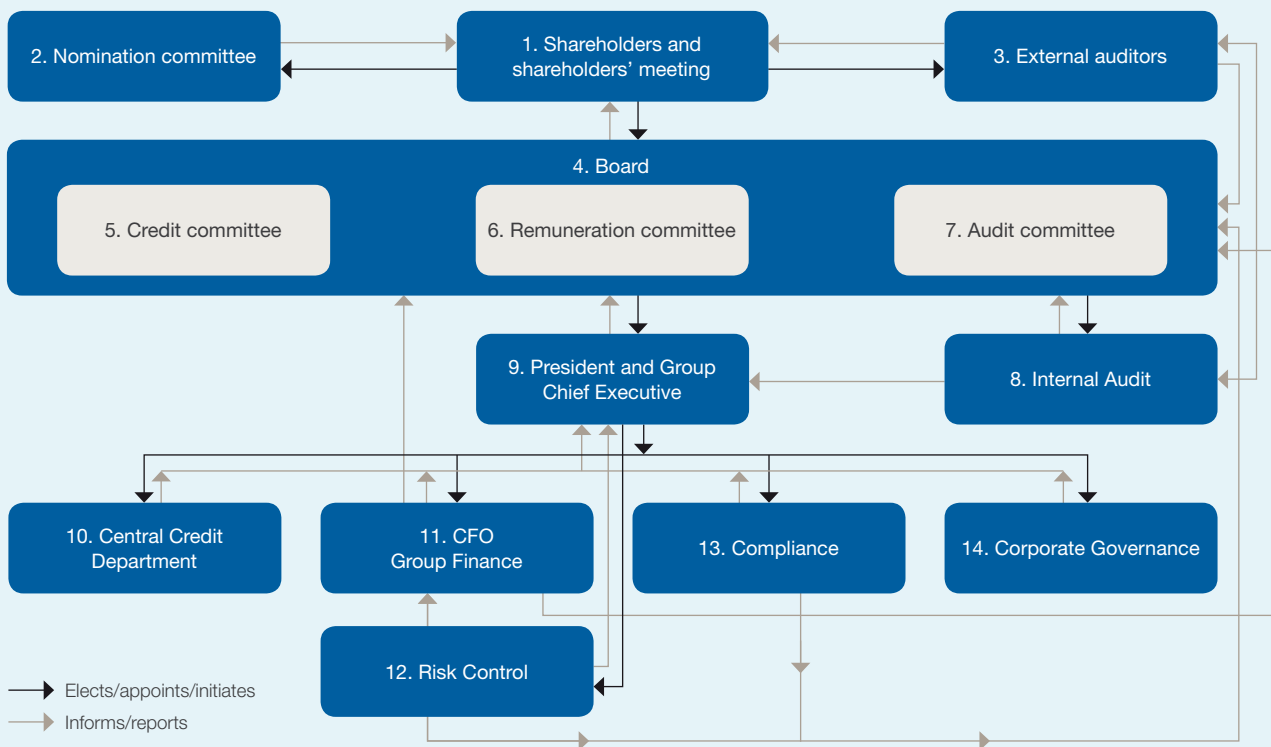
More information about Handelsbanken's corporate governance is available at handelsbanken.se/csreng. The site includes the following information:

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

Corporate Governance structure

The shareholders ultimately make the decisions about Handelsbanken'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, and it appoints a Group Chief Executive (CEO) to run the Bank's operating activities. On behalf of the shareholders, the auditors examine the financial reporting, etc., and report to the AGM on their findings. The diagram below summarises 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 shareholders' meetings, which are Handelsbanken's highest decision-making body. For example, a shareholders' meeting decides on any changes to the most fundamental governing document for the Bank – the articles of association. Every year, an annual general meeting (AGM) is held. This is a shareholders' meeting that 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 nomination committee's task is to prepare and submit proposals to the 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. The AGM decides how the nomination committee will be appointed.

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. In addition, the auditors report regularly, orally and in writing, to the Board's audit committee concerning 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 executed, and establishes a work procedure for the Board and also instructions for the CEO.

These central policy documents state how responsibility and authority are distributed among the Board as a whole and the committees, and also between the Chairman of the Board and the CEO. The Board appoints and stipulates the employment terms for the CEO, members of Central Group Management, other Executive Vice Presidents and the Head of Internal Audit. The Board also decides the employment terms for the Heads

of Compliance and Risk Control. The Chairman is responsible for evaluating the Board's work and reports the results of the evaluation to the nomination committee.

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 Large Corporates and 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 CEO, 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. A representative from the unit within the Bank to which the credit case applies presents the case to the credit committee.

6. REMUNERATION COMMITTEE

The Board's 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, monitoring and evaluating the application of these guidelines, and preparing the Board's decisions on compensation principles, compensation and other terms of employment for senior management, as well as for the heads of Compliance, Internal Audit and Risk Control. The committee also makes an independent assessment of Handelsbanken's compensation policy and compensation system. The remuneration committee consists of the Chairman of the Board and two members appointed by the Board.

7. AUDIT COMMITTEE

The Board's 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 central task for Internal Audit is to assess and verify processes for risk management, internal steering and control. The Head of Internal Audit is appointed by the Board and 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 (CEO)

The CEO is appointed by the Board to lead the operations of the Handelsbanken Group. In addition to instructions from the Board, the CEO 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 formulating and maintaining the Bank's credit policy, credit process and for 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 CEO before they are presented for a decision by the credit committee or the Board. The Head of Credits reports to the CEO and is a member of the Board's credit committee.

11. CFO, 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 for all risks except credit risk and compliance risk. For a detailed description of this risk management, see note G2 on pages 83–105 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 aggregate level, to the CEO, the Board's audit committee and the Board.

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, as well as risks associated with the Group's compensation system. The task of Risk Control is to identify, measure and monitor the Group's risks, to inform the CEO, Group management, the audit committee, remuneration committee and Board about these risks, and to 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 regularly to the CFO and directly to the CEO. Concerning risk matters for which the CFO is responsible, such as liquidity, the Head of Risk Control reports directly to the CEO.

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 with in the operations conducted by the Handelsbanken Group. The function must follow up the application of the applicable regulations, check these regulations and 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 for all business areas, regional banks and central units, as well as for all countries where the Bank operates. The Central Compliance unit has functional responsibility for compliance. The Head of Central Compliance reports regularly to the CEO and the audit committee in matters regarding compliance.

14. CORPORATE GOVERNANCE

The Corporate Governance unit ensures that decisions made at shareholders' meetings and by the Board, as well as changes in legislation, regulations and 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.

Low loan losses

Unless the Bank acts in a responsible manner, customers, the Bank's shareholders and taxpayers run the risk of being negatively affected. Over-aggressive selling of credits which leads to an unhealthy level of household and corporate debt always hits the customer hardest. But for the individual customer, overly large debts may have serious negative consequences.

Handelsbanken has a very 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 1998–2012 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

When providing financial advisory services and insurance mediation, the Bank always considers the customer's overall situation and financial circumstances. Based on this, the adviser and the Bank can provide guidance on financing, payments or investments that is adapted to each customer's requirements.

In investment matters, advice is adapted to the customer's goals, savings horizon and attitude to risk. The customer's knowledge and understanding of the specific risks related to each type of financial instrument, and how active the customer

is as an investor, are also taken into account.

The regulations require that all employees who work with providing customers with financial advice concerning investments and insurance have relevant, up-to-date knowledge. At the last year-end, Handelsbanken had just over 4,300 certified and/or SwedSec-certified employees in Sweden for advisory services concerning financial instruments and insurance. These employees take an annual knowledge update test. In 2013, all certified advisers will be SwedSec-licensed by means of training and a qualification test which will further boost the knowledge level.

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.

External dialogue concerning social responsibility

Handelsbanken participates in a reference group for the Swedish Ministry for Foreign Affairs' group for sustainable trade and enterprise. The Bank also has a representative on the central gender equality committee where both the union organisations and the Employers' Association of the Swedish Banking Institutions participate.

In addition, the Bank has a continual dialogue with its customers in the thousands of customer meetings that take place at our 770+ branches, and also with our investors and the public authorities regarding matters which are of importance to a bank. This includes social responsibility.

Human rights

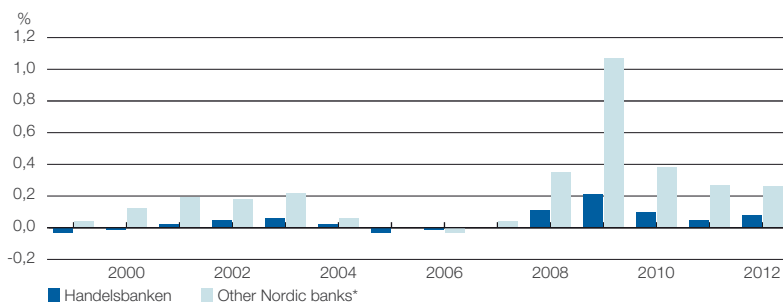
Handelsbanken endorses the principles set out in the United Nations Universal Declaration of Human Rights. Handelsbanken has signed the UN's Global Compact, cementing the Bank's expressed support for universal human rights.

This means that the Bank strives to support and respect the protection of 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.

Cooperation with Ecpat fighting commercial sexual exploitation of children

Handelsbanken co-operates with the children's rights organisation Ecpat and is also a member of the Financial Coalition against Child Pornography. The overall objective of the co-operation and membership is to prevent trafficking and commercial sexual exploitation of children by means of information, and preventing and obstructing monetary transactions made as payment for child pornography.

Loan losses as a percentage of lending 1999–2012



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

www.handelsbanken

Responsible lending

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

Responsible lending means that Handelsbanken does not grant credit to customers who are not in a position to repay their loans. When the Bank grants credit, great importance is therefore attached to customers' ability to fulfil their commitments. This protects the individual customer from running into financial difficulties due to excessive indebtedness – something that benefits both the Bank and society at large.

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

Ethical matters related to lending

An important matter in terms of ethics and principles is the extent to which the Bank should bear the responsibility for what its customers do. This could, for example, apply to a borrower who runs a company that manufactures products that are dangerous to health, with an adverse environmental impact, or that does not permit 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 they are run. However, a fundamental condition for Handelsbanken's lending is that the operation is legally compliant and fulfils all requirements from public authorities in terms of environmental questions and other sustainability matters. In the Bank's home markets, which are countries with advanced legislation regarding health protection, the environment and union rights, there are public authorities that monitor compliance with laws and directives.

The Bank's additional responsibility in the above 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.

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.

Environmental assessments when lending

In its credit assessments, Handelsbanken takes into account how environmental risks affect the customer's repayment capacity. This is particularly important for customers engaged in environmentally hazardous activities or selling products that involve environmental or health risks.

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 considered.

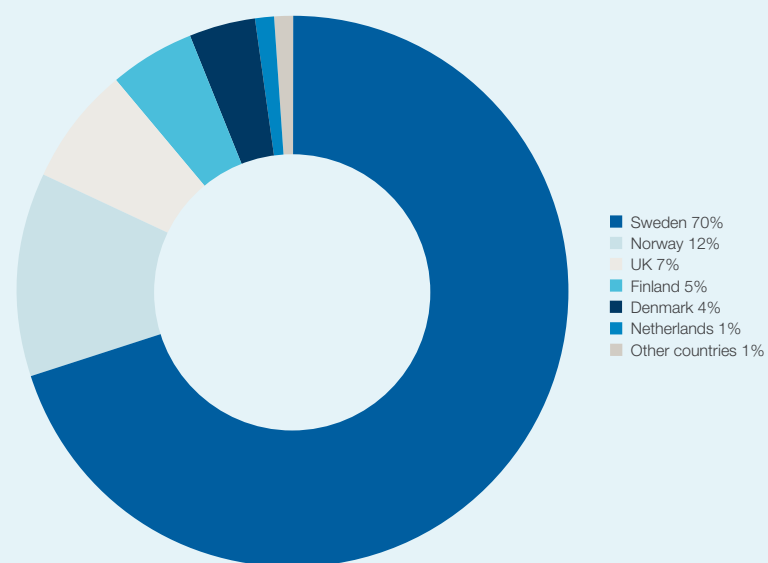
The branch which is responsible for the customer carries out the credit risk assessment.

Thus, the branch also assesses how environmental risks will affect the customer's repayment capacity. This whole process is part of the business assessment, which is the Bank's method of evaluating a customer.

The business assessment is a good aid for the branches when it comes to identifying and assessing risks. It is also good documentation for evaluating 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.

Loans to the public, geographical distribution



Responsible investments

Handelsbanken integrates sustainability matters with investment decisions made on behalf of customers. This is a prerequisite for creating long-term value growth. This work is based on the UN Principles for Responsible Investment, PRI.

A responsible attitude is essential to long-term value creation on capital markets. 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.

The UN Principles for Responsible Investment now guide the way in which asset managers and capital owners work with sustainability issues. Handelsbanken became a signatory to these principles in 2009. In addition to a commitment to integrate sustainability matters into the Bank's investment research and investment decisions, it also means that we will be committed to more transparency relating to environmental, social and corporate governance matters in the companies that Handelsbanken invests in.

Corporate governance in Handelsbanken's funds

Handelsbanken Fonder exercises its ownership role in the companies in which its mutual funds own shares, on behalf of the unit-holders. It aims to exercise its ownership role so 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. Ahead of annual general meetings in 2012, Handelsbanken Fonder participated in six nomination committees. In addition, Handelsbanken Fonder voted at around 50 annual general meetings.

Analysis and action

All funds managed by Handelsbanken Fonder are analysed on a regular basis, including companies whose operations violate the fundamental values which are established in Handelsbanken's policy for responsible investment. This policy is published on Handelsbanken's website.

This analysis is part of the investment process but is also carried out with the help of external experts on responsible investment. Thus, we are able to act regarding deviations from international standards and conventions, for example by having a dialogue with the company in question. Depending on how this dialogue evolves, we decide on possible future action.

In 2012, Handelsbanken Fonder specifically broached the subject of deviations from international norms and conventions with around ten companies. We also discuss sustainability issues in the ongoing dialogue we have with the companies that we invest in. The dialogue takes the form of regular meetings with company management and other representatives of the companies. In 2012, analysts and portfolio managers at Handelsbanken Fonder held one or more meetings with 1,300 corporate management teams or corporate representatives worldwide.

Handelsbanken's investment process will ensure that none of Handelsbanken Fonder's funds invests 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.

Handelsbanken Fonder also offers funds which observe special criteria in their investment

strategy by excluding companies which operate in certain sectors which can be perceived as controversial.

Investments in commodities

Interest in commodities as investments has increased among institutional and private investors alike. Commodities have several advantages: they spread the risk in a portfolio, and they work well in the event of inflation.

As a rule, financial investments in commodities take place through the purchase of financial instruments such as derivatives, often on the futures market. This market exists mainly so that producers and purchasers of various commodities can reduce the effect of price changes, but it also provides investors with the opportunity to benefit from movements in commodity prices.

Although supply and demand for the underlying physical commodity ultimately determine the price, some maintain that financial commodity investments create price bubbles. A particularly sensitive area is agricultural commodities, about which opinions differ. Handelsbanken is closely monitoring and participating in the debate regarding this issue.

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 has been to highlight the importance of Swedish companies working with sustainability issues in a structured manner.



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.



Handelsbanken

BANK

Välkommen till
Handelsbanken

The Karlskrona branch is part of Regional Bank Southern Sweden and has conducted operations since 1919.

Handelsbanken in the community

Handelsbanken aims to act in a socially responsible manner and contribute to economic development in the community by running stable, long-term banking operations that focus on customer needs.

Handelsbanken in the local community

Handelsbanken has a strong local presence on its home markets. The basic concept of the Bank's way of operating is that decisions are made as close to the customer as possible. This working method, and the Bank's decentralised organisational structure means that Handelsbanken is firmly established in the local community. At the same time, the Bank has high cost-effectiveness, which allows it 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. Handelsbanken is currently the only bank in 50 locations.

“Handelsbanken has a strong local presence on its home markets.”

Accessible local branches

The Bank's local branches must also be accessible to customers with reduced mobility or sense of direction. Most of the Bank's 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.

A bank's fundamental tasks are, on the one hand, to manage the money of those who wish to postpone their spending and save their money, and on the other to lend money to companies and households that wish to spend and invest today. Together, banks must also maintain an efficient, functioning payments system, as well as managing risk.

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 also free of charge for private individuals.

In recent years, many banks have stopped handling cash at more and more branches. Handelsbanken's perception is instead that customers want to be able to deposit and withdraw cash at their branch.

Handelsbanken as a taxpayer

For many years, Handelsbanken has been one of the largest payers of corporate 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 2012, it is estimated that Handelsbanken's total taxes and state fees amount to some SEK 7 billion.

Politically independent

Handelsbanken is not allied to any political parties. In 2012, the Bank did not provide any financial support to any political parties, nor did it make political donations in any other way.

Contributions to research and higher education

Since the early 1960s, 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.

Taken together, these foundations are one of the most important sources of funding for economic research in Sweden, and their financing includes two professorships. In 2012, 139 (156) grants were awarded for a total of SEK 130 million (128).

Handelsbanken has undertaken to participate in the financial sector's financing of 'Swedish House of Finance,' a research and educational collaboration between the Stockholm School of Economics and SIFR, the Institute for Financial Research.

Moreover, in 2011, Handelsbanken helped to establish a new professorship at the Stockholm School of Economics, with a special focus on external accounting and financial analysis.

Financial value creation

Handelsbanken's higher profitability benefits society at large, as well as the Bank's shareholders.

Handelsbanken is one of the few Nordic banks that has not sought financial support from central banks, the government or its shareholders during the recent years of turbulence on the financial markets.

Value creation during 2012

In 2012, Handelsbanken's profit before taxes and government fees was some SEK 22 billion. This created value was distributed as follows: around SEK 7 billion in taxes and government fees, SEK 6.8 billion in proposed dividends, to be paid to the shareholders in March 2013, and the remaining approximately SEK 8 billion, which was reinvested in the operations.

Stable in the midst of the financial crisis

During the financial crisis, Handelsbanken has not used the Swedish government's capital support or guarantee programme and is the only listed Swedish bank that has not needed to ask its shareholders for more capital.

A well-run bank, which acts sustainably and responsibly, has a substantial positive impact on the economy in general. This applies not only to direct economic effects such as paying corporate tax, but also to the indirect economic effects.

Direct economic value

During the most recent business cycle, Handelsbanken has paid dividends to its shareholders every year, while remaining one of the largest payers of corporate tax in Sweden.

Indirect economic effects

Handelsbanken is the largest financier of companies in Sweden, and thus it finances growth and increased employment throughout the country.

The Bank enables households to fund property purchases and thus move to a new town where the employment situation is better, for example. The Handelsbanken Group finances one quarter of households' mortgage loans in Sweden.

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 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|-------------|-------------|
| DIRECT ECONOMIC VALUE CREATED | | | | | |
| Customers | | | | | |
| Income after loan losses and before fees to the Stabilisation fund, deposit guarantee etc. | 34.9 | 33.1 | 30.4 | 29.5 | 28.4 |
| Value created by serving customers | 34.9 | 33.1 | 30.4 | 29.5 | 28.4 |
| ALLOCATED ECONOMIC VALUE | | | | | |
| Employees | | | | | |
| Salaries | 6.9 | 6.7 | 6.4 | 6.7 | 6.1 |
| Provision to profit-sharing foundation | 1.0 | 0.9 | 0.8 | 0.7 | 0.0 |
| Payroll charges and other staff costs | 2.8 | 2.3 | 2.3 | 2.6 | 2.1 |
| Cost of employees | 10.7 | 9.9 | 9.5 | 10.0 | 8.1 |
| Public authorities and society at large | | | | | |
| Suppliers, incl. non-deductible VAT* | 5.5 | 5.5 | 5.5 | 5.2 | 5.1 |
| Tax costs** | 3.0 | 4.4 | 4.0 | 3.5 | 3.4 |
| Fees to the Stabilisation fund, deposit guarantee etc. | 1.1 | 1.1 | 0.6 | 0.6 | 0.1 |
| Government bank support received | - | - | - | - | - |
| Participation in government guarantee programmes | - | - | - | - | - |
| To society | 9.6 | 11.0 | 10.1 | 9.3 | 8.6 |
| Shareholders | | | | | |
| Dividends (refers to the year dividends were paid) | 6.1 | 5.6 | 5.0 | 4.4 | 8.4 |
| New share issue | - | - | - | - | - |
| Transactions with the shareholders | 6.1 | 5.6 | 5.0 | 4.4 | 8.4 |
| Reinvested economic value ("remaining in the Bank") | 8.5 | 6.6 | 5.8 | 5.8 | 3.3 |

* Refers to Other administrative expenses and depreciation

** Refers to Tax costs according to the income statement

The table of created and delivered direct economic value shows how the income generated 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.

High ethical standards engender trust

Handelsbanken's business opportunities and successes depend upon the confidence that customers, investors, the general public and public authorities have in us and our employees.

The Bank has ethical guidelines stating that operations must be characterised by high ethical standards.

Ethical guidelines at Handelsbanken

Handelsbanken's ethical guidelines are adopted by the Board of the Bank. The basic guidelines for every employee's actions are formulated in the ethical guidelines.

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.

A self-evident rule is that the Bank and its employees must comply with the laws and regulations that govern the Bank's operations. If the individual has poorer protection from local laws and regulations than Swedish laws, regulations and principles, Handelsbanken applies the latter.

The guidelines are reviewed every year by the Board. The starting point here is any changes to the relevant legislation, but also changes in external expectations, the Bank's experience of regular internal work and observations from the Bank's comprehensive internal control.

Measures against money laundering and financing of terrorism

To prevent banks being used for money laundering and financing of terrorism, there are special rules which apply in large parts of the world. One of these is that the Bank must have good knowledge of its customers and certain information about customers must therefore be obtained. The rules also imply an obligation to examine transactions which are perceived as being unusual and where the Bank does not understand the background.

The Bank's training, instructions, procedures and system support in the area of money laundering are intended to support employees so that good knowledge of customers is achieved. The Bank does not participate in transactions which are suspected of being linked to criminal activities, or of which the employees do not understand the implications.

Conflicts of interest and corruption

Conflicts of interest occur daily in society and the financial sector is no exception in this context. Regardless of where they work in the Bank, employees must comply with the Bank's

regulations regarding conflicts of interest and in connection with this, identify conflicts of interest whenever they arise and as far as possible ensure that they are avoided. It is also important that the employees comply with the Bank's regulations regarding bribery and improper influence so that they avoid becoming dependent on a customer or supplier to the Bank or have improper influence on a customer. In addition to the applicable legislation, employees must follow the Bank's own regulations in this area and the recommendations issued by the Swedish Anti-Corruption Institute. The regulations must be followed in all contexts, including gifts, entertainment and other events. Employees' business travel must always be paid for by the Bank.

Conduct of employees

Handelsbanken's employees

- must not be in a position where they may be suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work
- must be familiar with the local insider trading laws and observe the Bank's own rules for employees' private securities and currency transactions
- must, in their work at the Bank and in their private affairs, refrain from business transactions that violate the Bank's rules or current legislation
- must refrain from transactions or other commitments that could seriously jeopardise their personal financial position
- are not permitted to process transactions in which they, or persons closely related to them, have a personal interest. This also applies to companies to which these employees or persons closely related to them have a commitment
- must notify their manager of the Central Audit Department if they suspect irregularities at the Bank
- must notify the Bank of assignments outside the Bank and obtain approval. These rules also apply to secondary occupations and certain posts in clubs, societies and the like.

The Bank as a customer

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 to suppliers, the Bank also has rules regarding receiving and giving personal gifts and for business entertaining.

Environmental considerations are also included in all decisions on purchases. The Bank maintains an ongoing dialogue with its suppliers to promote and develop environmental considerations.

Handelsbanken'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 2012 Annual Report, as well as on the Bank's website www.handelsbanken.se/ireng.

The Bank's environmental activities

Handelsbanken takes responsibility for how its operations affect society in several areas. Among other things, we work to minimise the Bank's direct and indirect effect on the environment.

Handelsbanken's environmental policy

As far as is technically and financially possible, and to the extent that is compatible with the Bank's undertakings, Handelsbanken aims to promote long-term sustainable development.

Therefore, the starting-point is that Handelsbanken's impact on the environment must be minimised. Handelsbanken has signed and complies with a number of voluntary agreements, such as the ICC Business Charter for Sustainable Development, the UN's Banks and the Environment programme (UNEP FI), the UN's Global Compact voluntary initiative, and the UN Principles of Responsible Investment – UNPRI.

Additional information about how the Bank works with environmental issues is given on the Bank's website at handelsbanken.se/ireng.

Handelsbanken's direct environmental impact

A bank's direct environmental impact is fairly limited. Handelsbanken's direct environmental impact derives mainly from its consumption of energy, materials, equipment, travel and transport. For several years, the Bank has measured and reported the carbon dioxide emissions generated by its own operations as the result of its use of transport and its consumption of electricity and heat energy. For all the Bank's regional banks in the Nordic countries and the UK and central units, CO₂ emissions from the operations' total energy use, including transport, business travel and heating of properties owned by Handelsbanken in Sweden, totalled 5,794 tonnes for 2012. Emissions of CO₂ as above have gone down by 26 per cent compared with 2011. Handelsbanken strives to minimise the carbon dioxide emissions generated in its operations.

Handelsbanken electricity consumption for its Nordic operations decreased in 2012. The Bank has increasingly opted to buy green electricity compared with previous years. The proportion

of green electricity is 94 per cent for the Nordic countries as a whole and 98 per cent for Sweden. Together this means that the total amount of emissions of CO₂ has gone down for electricity consumption in the Nordic countries.

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 project include 500 major banks, institutional investors and insurance companies. The report has been published annually since 2000.

In the Carbon Disclosure Project's report for 2012, which was presented in late 2012, Handelsbanken received 71 (76) points out of a possible 100. The average value in the CDP Nordic survey was 69 points.

Climatic impact

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

More efficient equipment and utilisation of resources

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

- In 2012, the number of video conference hours was up by 3 per cent from 2011.
- electronic processing of supplier invoices is gradually being increased, which reduces the use of paper and transport. The Bank continues to develop digital services for customers,

branches and internal units, so as to further reduce paper consumption

- in a previous replacement of facilities for interruption-free electricity in its computer rooms, the Bank reduced energy consumption for electricity and cooling by 800,000 kWh/year
- in the Bank's properties, older ventilation systems have been modernised, to reduce energy consumption
- old printers, fax machines and scanners are being replaced by multi-function machines which use less energy, are environmentally certified and have environmentally friendly toner. 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.

Measures to reduce the Bank's environmental impact

To reduce the Bank's environmental impact over the next few years, the following initiatives are planned:

- further increase the level of awareness regarding measures to reduce the Bank's direct climatic impact. The aim of this is that all parts of the organisation should be able to contribute effectively to reducing, for example, energy consumption
- to participate in a pilot project where the Bank sells its surplus heat from IT installations to the district heating network. This results in more efficient use of energy and thus lower environmental impact
- increase the proportion of green electricity purchased in 2013
- increase the amount of recycled refuse
- reduce the amount of business travel by facilitating the use of video conferences
- develop digital services for customers, branches and internal units, to reduce paper consumption.

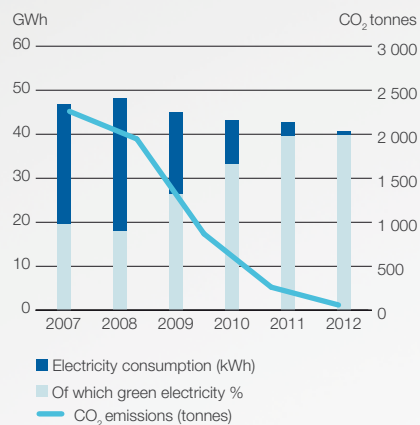
Handelsbanken's indirect environmental impact

By joining the UN's Global Compact, Handelsbanken undertakes to describe how it works with environmental matters, etc. In addition to the Bank's own consumption of resources, this mainly concerns the indirect environmental impact via lending and asset management.

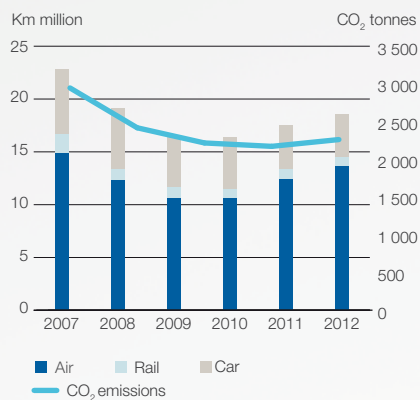
| Carbon dioxide emissions tonnes | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-------|-------|-------|-------|-------|-------|
| Electricity consumption, Nordics ¹ and UK | 1 647 | 2 027 | | | | |
| Of which Electricity consumption, Nordics ¹ | 244 | 781 | 1 464 | 2 482 | 2 585 | 2 131 |
| Electricity consumption, Sweden | 59 | 261 | 867 | 1 945 | 2 258 | 1 647 |
| Heating own properties, Sweden | 1 412 | 1 466 | 1 569 | 1 181 | 1 344 | 1 266 |
| Transport of valuables, Sweden | 115 | 125 | 128 | 289 | 209 | |
| Business travel, Sweden | 2 261 | 2 171 | 2 216 | 2 417 | 2 945 | 3 371 |

¹ Sweden, Denmark, Norway, Finland.

Electricity consumption, Sweden



Business travel, Sweden



Centrally distributed information, Group



* Private and corporate customers who have been active in the Bank's online services at least once in the last six months of 2012.



Initiatives, awards, indexes and surveys

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. Some 200 financial institutions, which support the initiative, contribute to research into and knowledge of how sustainability issues can be integrated into financial decisions. Handelsbanken has been a member of UNEP FI since the mid-1990s.

PRI



UN PRI (United Nations-backed Principles for Responsible Investment) was launched in 2006. It is a network of investors that work together with the UN to implement principles for responsible investment. Its aim is to promote responsible actions among institutional investors and to work for increased openness and awareness of environmental, social and corporate governance issues in the companies in which these players invest. In 2009, Handelsbanken signed the principles, and close to 1 200 capital owners, asset managers and other stakeholders have done likewise.

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.

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 cooperating with Ecpat. The overall objective of the cooperation 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.

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 around 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 volunteers.

Professorship at Stockholm School of Economics

In 2011, in collaboration with the Stockholm School of Economics, Handelsbanken 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 supports initiatives that improve young people's knowledge of personal finance by supporting information campaigns and contributing know-how. Ung Privatekonomi ("Young Personal Finances") is a schools information project that teaches Swedish upper secondary school students and teachers about personal finances and savings.

AWARDS

Bank of the Year 2012

With the citation "Handelsbanken is based on tradition, operates in the present and looks to the future," Handelsbanken received the award of Bank of the Year from the Swedish business magazine *Privata Affärer*. This prize – which is by far the most important banking award in Sweden – has been awarded since 1991. It is based on readers' opinions of the various banks in Sweden, where a jury then picks the best bank. Handelsbanken has received the prize twice before.

Business Bank of the Year 2012

For the second consecutive year, Handelsbanken was acclaimed Business Bank of the Year 2012 in *Finansbarometern's* annual survey.

Handelsbanken's rating was 4.5 on the five-point scale, in which customer satisfaction, electronic services, quality of advisory services, price, service level and the range of products and services were taken into account.

Finansbarometern is a survey which in 2012 attracted responses from around 900 companies with more than 100 employees or a turnover exceeding SEK 100 million. The respondents are CEOs, CFOs or other people who can influence the choice of banking services.

Anna's Gender Equality Prize 2012

In 2012, Handelsbanken was awarded Anna's Gender Equality Prize for the work it has systematically and purposefully pursued for many years in promoting equal rights and opportunities for women and men. Anna's Gender Equality Prize was founded in 1993, and since then has been awarded every year in Sweden to an individual, a company, a club, a project or a working group for good efforts towards increased equality in the banking and finance sector. The prize is awarded by the Central Equality and Diversity Committee, formed by the Employers' Association of the Swedish Banking Institutions (BAO) and the Financial Sector Union of Sweden.

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.

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.

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



Handelsbanken has been selected to be included in the international FTSE4Good Index. 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.

Satisfied customers



In 2012, Handelsbanken had the most satisfied customers of the major banks in Sweden, both private and corporate customers. The Bank tops these lists in all the Nordic countries and in the UK. Swedish Quality Index (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, in 2011, Handelsbanken Asset Management took part in the Sustainable Value Creation initiative. 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 sustainability questions 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 Handelsbanken's 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 our operations, which has resulted 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 and we therefore do not report these. Handelsbanken's suppliers are located in the regions where Handelsbanken operates, e.g. real estate owners that provide premises for bank branches and suppliers of office material. In these cases, the risks relating to social issues and working conditions among providers are deemed to be limited.

Handelsbanken's assessment of the degree of relevance of a specific indicator is based on the Bank's operations and where they are conducted.

In addition to the information provided here in Handelsbanken's separate Sustainability Report including the GRI index, there is a separate GRI appendix on Handelsbanken's website handelsbanken.se/csreng.

What is the global reporting initiative (GRI)?

GRI is a non-profit making organisation which has created guidelines for reporting sustainability information. Some 2,000 companies worldwide report according to GRI, and in the past few years the figure has grown steadily. The purpose of the GRI guidelines is to facilitate for companies to report their sustainability work and create the conditions for comparability between different companies.

The first main component in the reporting framework is disclosures concerning the com-

pany's operations, market and organisation – a profile – and a governance report. The second component comprises results indicators in three main areas: 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 guidelines for corporate social responsibility.

Companies reporting according to GRI decide themselves the scope of their reporting. There are three different application levels; C, B and A. Handelsbanken has opted to apply level C+ (+ means that we allow the report to be examined by a third party). The Bank has prioritised the indicators that it considers to be most relevant and it reports to a greater extent than the C level necessarily requires.

To complement the general framework, GRI has developed the Financial Services Sector Supplement (FSSS), which focuses on sustainability issues which are particularly relevant in the financial sector. The Supplement applies to banks, insurance companies, asset management companies and other investment houses. Handelsbanken reports most of the sector-specific indicators.

| Profile: Company information | | |
|---|--|---|
| Indicators: Economic (EC) | Indicators: Environmental Performance (EN) | Indicators: Social Performance (LA, HR, SO, PR) |
| Sector supplement: FINANCIAL SERVICE SECTOR SUPPLEMENT (FSSS) | | |

| 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 Externally Assured | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17 | Report Externally Assured | Same as requirement for Level B | Report Externally Assured |
| | | Not Required | | Management Approach Disclosures for each Indicator Category | | Management Approach Disclosures for each Indicator Category | |
| | | 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 each core G3 and Sector Supplement* Indicator with due regard to the Materiality principle. | |

*Sector supplement in final version

*Sector supplement in final version

Data collection and limitations

In the sustainability report, certain limitations have been made in the reporting of labour practices and environmental data (LA and EN). Some personnel information refers to the Swedish operations, while other information is for the whole Group. Environmental data refers to operations in the Nordic countries and the UK, with focus on the Swedish operations. Any limitations are shown in the report. The information presented in the report covers the largest and most important parts of the operations, with the focus on banking operations. No major corrections or amendments with reference to previous information provided in previous years' sustainability reports have been made.

Handelsbanken reports the Group's sustainability activities annually. This is Handelsbanken's third Sustainability Report in accordance with GRI, and relates to the 2012 calendar year. The latest report was submitted in September 2012, relating to 2011.

Index according to the Global Reporting Initiative (GRI)

Handelsbanken reports its sustainability in accordance with guidelines from the Global Reporting Initiative (GRI) 3.0. Our assessment is that this sustainability report meets the information requirements of the level C+.

The information presented in this report is intended to provide a clear picture of Handels-

banken's sustainability efforts and to meet the information requirements of stakeholders.

The table below contains the indicators which are assessed to be relevant to Handelsbanken's operations including indicators from the GRI Financial Services Sector Supplement (FSSS). The symbols in the table show the degree of relevance that Handelsbanken deems the indicator to have and also to what extent Handelsbanken reports on the indicator.

In addition to the information provided in this sustainability report, there is a separate GRI appendix on Handelsbanken's website handelsbanken.se/csreng.

| PROFILE: COMPANY INFORMATION | | Page CSR | Page AR/www | Scope |
|------------------------------|---|---------------------|-----------------------------------|-------|
| 1. | STRATEGY AND ANALYSIS | | | |
| 1.1 | Comments from the Group Chief Executive | 3 | (4–6), 57–65 | ■ |
| 1.2 | Description of key impacts, risks and opportunities | 2, 16, 18–19, 21–24 | 57–65 | ■ |
| 2. | ORGANISATIONAL PROFILE | | | |
| 2.1 | Name of the organisation | 1 | 3 | ■ |
| 2.2 | Primary brands, products, and services | 6 | Inside cover, 12–17 | ■ |
| 2.3 | Operational structure of the organisation | 6 | 12–15 | ■ |
| 2.4 | Location of the organisation's headquarters | 1 | 3, 186 | ■ |
| 2.5 | Countries where the organisation operates | 6 | Inside cover, 16–17, 178–185 | ■ |
| 2.6 | Nature of ownership and legal form | | 38–39, 42–55 | ■ |
| 2.7 | Markets | 6 | Inside cover, 16–17, 178–185 | ■ |
| 2.8 | Scale of the organisation | Inside cover | Inside cover –1, 10–11, 19, 22–23 | ■ |
| 2.9 | Significant changes during the reporting period | | 20–21 | ■ |
| 2.10 | Awards received during the reporting period | 27 | | ■ |
| 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 | Inside cover | | ■ |
| 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 | 74–75 | ■ |
| 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. | 30 | | ■ |
| 3.12 | Table identifying the location of the Standard Disclosures in the report | 30–31 | | ■ |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report | 32 | | ■ |
| 4. | GOVERNANCE, COMMITMENTS & ENGAGEMENT | | | |
| 4.1 | Governance structure | 6 | 42–50, 52–55 | ■ |
| 4.2 | The Chairman of the Board's role | | 45, 49–50, 52–53 | ■ |
| 4.3 | Independent and/or non-executive board members | | 45, 52–53 | ■ |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations to the Board | 10–13 | 2, 42, 44–45 | ■ |
| 4.5 | Principles for compensation to senior executives | | 46–47, 52–53, 108–111 | ■ |
| 4.6 | Processes for avoiding conflicts of interests in the Board | | 44–46, 48 | ■ |
| 4.7 | Processes for determining the qualifications of Board members | | 44–46 | ■ |
| 4.8 | Mission, values, Code of Conduct, etc. | 2, 6, 13, 19, 23 | | ■ |
| 4.9 | The Board's monitoring of the sustainability work | 13 | 42–50 | ■ |
| 4.10 | Processes for evaluating the Board's own performance | | 44–46 | ■ |
| 4.12 | Endorsement of external voluntary codes, principles or other initiatives | 16, 19, 26 | | ■ |
| 4.13 | Memberships in associations | 26–27 | | ■ |
| 4.14 | List of stakeholder groups | 7 | | ■ |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | 7, 9 | | ■ |
| 4.16 | Approaches to stakeholder engagement | 7, 9 | | ■ |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement | 7, 9, 13, 19 | | ■ |

Key to symbols

AR Refers to the 2012 Annual Report.

CSR Refers to the 2012 Sustainability Report.

www Refers to the GRI supplement at www.handelsbanken.se/csreng

● Relevant to a Nordic bank.

◐ Partly relevant to a Nordic bank.

○ Not relevant to a Nordic bank.

■ Reported.

◐ Partly reported.

□ Not reported.

| INDICATORS | | Page CSR | Page AR/www | Relevance | Scope |
|---|--|--|----------------|-----------|-------|
| 5. ECONOMIC INDICATORS (EC) | | | | | |
| Disclosure on management approach/economic | | | 9–13 | | |
| EC1. | Direct economic value generated and distributed | 7, 22 | | ● | ■ |
| EC2. | Financial impact, and risks and opportunities for the organisation due to climate changes | 2, 18–19, 24 | | ● | ■ |
| EC3. | Coverage of the organisation's defined benefit plan obligations | | 108–111 | ● | ■ |
| EC4. | Significant financial assistance received from government | 2, 22 | | ● | ■ |
| EC7. | Local hiring and proportion of senior management hired from the local community | 10 | | ● | ■ |
| EC8. | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement | 21, 26 | | ● | ■ |
| EC9. | Significant indirect economic impacts, including the extent of impacts | 2, 10, 21 | | ● | ■ |
| 6. ENVIRONMENTAL PERFORMANCE INDICATORS (EN) | | | | | |
| Disclosure on management approach/Environment | | 4–5, 6–7, 18–19, 24–25 | | | |
| EN1. | Materials used by weight or volume | | www | ○ | ■ |
| EN4. | Indirect energy consumption by primary source | 4–5, 24–25 | | ○ | ■ |
| EN5. | Energy saved due to conservation and efficiency improvements | 24–25 | | ○ | ■ |
| EN6. | Initiatives to provide energy-efficient or renewable energy based products/services, and reductions in energy requirements as a result of these initiatives | 18, 24–25 | | ○ | ■ |
| EN7. | Initiatives to reduce indirect energy consumption and results | 24 | | ○ | ■ |
| EN16. | Direct and indirect greenhouse gas emissions | 4–5, 24 | | ○ | ■ |
| EN17. | Other relevant indirect greenhouse gas emissions | 4, 24 | www | ○ | ■ |
| EN18. | Initiatives to reduce greenhouse gas emissions and reductions achieved | 24 | | ● | ■ |
| EN22. | Total weight of waste by type and disposal method | | www | ○ | ■ |
| EN29. | Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce | 24–25 | | ● | ■ |
| 7. SOCIAL PERFORMANCE INDICATORS (LA, HR, SO, PR) | | | | | |
| Disclosure on management approach/social employment and working conditions | | 2, 4–5, 6–7, 10–11, 13–16, 18–19, 21, 23 | | | |
| LA1. | Total workforce by employment type, contract and region | 10–11 | 108 | ● | ■ |
| LA3. | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | 4–5, 11 | 52–55, 108 | ● | ■ |
| LA4. | Percentage of employees covered by collective bargaining agreements | 11 | | ○ | ■ |
| LA5. | Minimum notice period(s) regarding major operational changes and whether this is specified in the collective agreement | 11 | | ○ | ■ |
| LA7. | Rates of injury, occupational diseases, lost days, total work related fatalities per region | 4–5, 11 | | ○ | ■ |
| LA9. | Health and safety topics covered in formal agreements with trade unions | 11 | | ● | ■ |
| LA12. | Percentage of employees receiving regular performance and career development reviews | 10 | | ● | ■ |
| LA13. | Composition of governance bodies and employees according to gender, age group, minority group membership and other indicators of diversity | 10–11 | | ● | ■ |
| LA14. | Ratio of basic salary of men to women per employee category | 11 | | ● | ■ |
| 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 | 16 | | ● | ■ |
| HR4. | Total number of incidents of discrimination and actions taken | 10 | | ● | ■ |
| Society (SO) | | | | | |
| SO2. | Business units analysed for risks related to corruption | | 49–51, 102–103 | ● | ■ |
| SO3. | Employees trained in the organisation's anti-corruption policies and procedures | 13, 23 | | ● | ■ |
| SO4. | Actions taken in response to incidents of corruption | There were no corruption incidents in 2012 | | ● | ■ |
| SO5. | Participation in public policy development and lobbying | 21 | | ○ | ■ |
| SO8. | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | No major incidents during 2012 | | ● | ■ |
| Product responsibility (PR) | | | | | |
| PR3. | Type of products and service information required by procedures, and percentage of products subject to such information requirements | 16, 18, 23 | | ● | ■ |
| PR5. | Results related to customer satisfaction, including results of surveys measuring customer satisfaction | 4–5, 7, 9, 27 | | ● | ■ |
| PR6. | Programs for adherence to laws, standards and voluntary codes for marketing communications | 16 | | ● | ■ |
| PR9. | Monetary value of fines for non-compliance with regulations concerning the use of products and services | No major incidents during 2012 | | ● | ■ |
| FINANCIAL SERVICES SECTOR SUPPLEMENT | | | | | |
| FS. PRODUCT AND SERVICE IMPACT SECTION | | | | | |
| FS1. | Policies with specific environmental and social components applied to business lines | 6, 16, 18–19 | | ● | ■ |
| FS2. | Procedures for assessing and screening environmental and social risks in business lines | 18–19 | | ● | ■ |
| FS3. | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions | 18 | | ● | ■ |
| FS5. | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities | 18–19 | | ● | ■ |
| FS10. | Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues | 19 | | ● | ■ |
| FS11. | Percentage of assets subject to positive and negative environmental screening | 19 | | ● | ■ |
| 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 | 19 | | ● | ■ |
| FS13. | Access points in low-populated or economically disadvantaged areas by type | 2, 21 | | ● | ■ |
| FS15. | Policies for the fair design and sale of financial products and services | 2, 6, 14 | | ● | ■ |
| FS16. | Initiative to enhance financial literacy by type of beneficiary | 21, 26 | | ● | ■ |
| Key to symbols AR Refers to the 2012 Annual Report. ● Relevant to a Nordic bank. ■ Reported. CSR Refers to the 2012 Sustainability Report. ○ Partly relevant to a Nordic bank. ■ Partly reported. www Refers to the GRI supplement at www.handelsbanken.se/csrng ○ Not relevant to a Nordic bank. □ Not reported. | | | | | |

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

To the readers of Svenska Handelsbanken AB (publ) Sustainability Report 2012

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 2012. The Sustainability Report also includes a GRI Appendix, Handelsbanken's Sustainability Report 2012 at www.handelsbanken.se/csreng. The Executive Management is 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 5, 24–25.

- b) Financial indicators – tables "Handelsbanken Group", "Return on equity, 1973–2012", "Loan losses as percentage of lending 1999–2012", "Customer satisfaction index, private customers in Sweden 1989–2012" and "Direct economic value generated and distributed", on pages 0, 4–5, 7, 16 and 22.
- c) Skilled staff – tables "Age and gender distribution, 2012", "Average number of employees 2008–2012" on pages 10–11.

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 2012.

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 5, 10–11 and 24–25 in the Sustainability Report, and
- b. reconciliation of financial indicators on pages 0, 4–5, 7, 16 and 22 with Handelsbanken Annual Report for the financial year 2012.

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, February 14, 2013

KPMG AB

Stefan Holmström
Authorized Public
Accountant

Åse Bäckström
Expert Member of FAR

Contact

CONTACT

If you have any comments or questions regarding this report, please contact Handelsbanken's Corporate Governance unit, e-mail: 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

FINANCIAL CALENDER 2013

| | |
|------------|---|
| 6 February | Highlights of Annual Report 2012 |
| 20 March | Annual general meeting |
| 24 April | Interim report January – March 2013 |
| 17 July | Interim report January – June 2013 |
| 23 October | Interim report January – September 2013 |

