



Gender pay gap report
2021

Handelsbanken

Introduction and regulatory reporting requirements

We are creating a culture of belonging, where everyone can demonstrate their talent and potential on a level playing field, for a long and prosperous career at Handelsbanken



At Handelsbanken we have been publishing our gender pay information since 2017, but our commitment to inclusion has always been a part of our ethos and unique ways of working. Our decentralised culture is underpinned by the belief in human nature and human beings' ability to do good things well.

As a result, our core values always have been empowerment, trust and respect for each individual - an understanding that all points of view are valid and that collaboration is key. We know people do their best work when they feel they can bring all of themselves to work, we know we are more attractive to prospective employees when we create an inclusive atmosphere, and we know our customers have a better experience with us when we are diverse – this, in turn, is what makes us successful. So it is only natural we would be committed to ensuring our workplace works equally well for both women and men.

We are proud to participate in gender pay reporting. We see it as an opportunity to take stock of where we are and what we have been doing to date. It holds us to account and helps us ensure our plans are taking us ever closer to gender parity.

We are pleased we continue to make improvements year on year, but we recognise our imbalance in the number of women represented in more senior roles will take time to address. It is this structural imbalance in our leadership roles which is driving our gender pay gap, and it is not an issue of equal pay.

We are taking steps to build strong pipelines of talent – demonstrated by the fact we are close to gender equilibrium in our overall headcount and numbers of female leaders continue to rise.

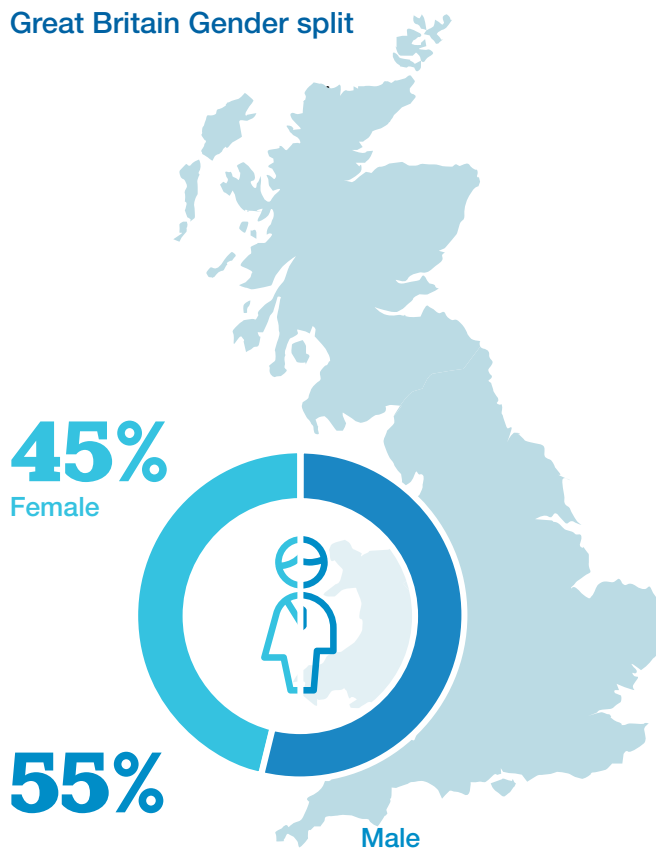
We believe we all have a responsibility and mandate to embed diversity and inclusion in our daily work and activities. So we continue to drive forward initiatives that allow us to take advantage of our decentralised model in empowering local and tailored action that we believe is the most impactful.

While we try to exercise patience in seeing this reflected in the gender pay gap results we report, our commitment to inclusivity for our people and our customers will not waver - so we can be confident it will be a matter of time.

About Handelsbanken

Handelsbanken is a global relationship bank with nationwide branch networks going forward in Sweden, Norway, the Netherlands and the UK. Each branch operates as a local bank, fully empowered to serve customers, build relationships and take all the important decisions locally. In the UK we currently have 162 branches, split across 14 Districts.

Great Britain Gender split



A reminder of the legislation

Gender pay gap legislation requires firms with 250 employees or more to calculate and publish information showing the pay gap between the men and women they employ. This must include:

1. The **mean** and **median gap** in gender pay based on hourly pay
2. The **mean** and **median** in gender pay for bonuses
3. The **proportion** of men and women **who received a bonus**
4. The number of men and women in each **quartile** of the pay range (if Handelsbanken was split into four equal parts)

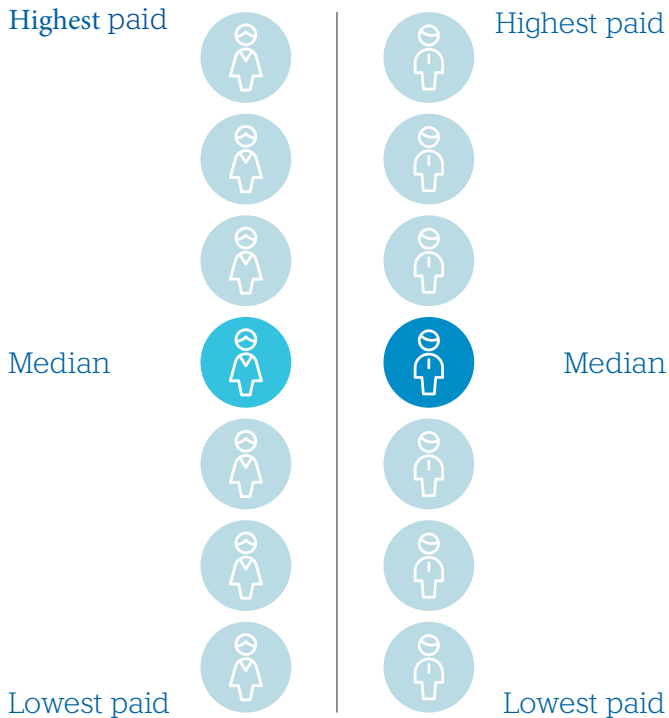


Distinguishing between mean and median

Median

this is the number that falls in the middle of a range when the hourly rate of pay of all relevant employees of each gender are lined up – from the smallest to the largest. The median gender pay gap is the difference between the number in the middle of the range of men's pay and the number in the middle of the range of women's pay.

Median calculation



Mean

this is worked out by adding up the hourly rate of pay of all relevant employees of each gender and dividing that number by the total number of employees of each gender. The mean gender pay gap is the difference between the mean pay of men and the mean pay of women.

Mean calculation

Sum of **women's** hourly rate of pay



Total number of **women**

V's

Sum of **men's** hourly rate of pay



Total number of **men**

This is not an equal pay issue

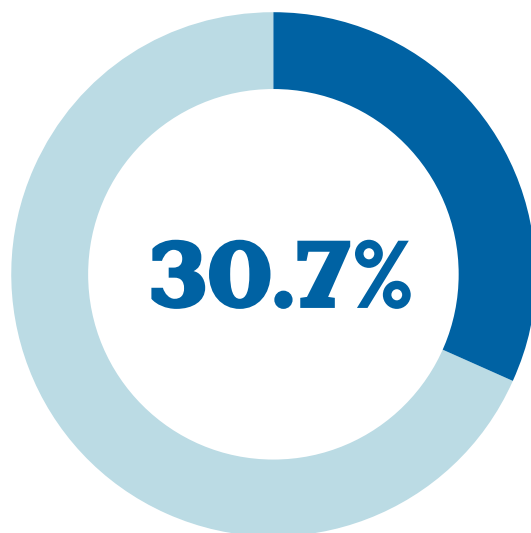
Gender pay compares the difference between types of average earnings of men and women, regardless of role and seniority. Equal pay on the other hand is a legal requirement to ensure men and women receive equal pay for equal work.

Organisations can have gender pay gaps, and typically do, without breaching equal pay obligations.

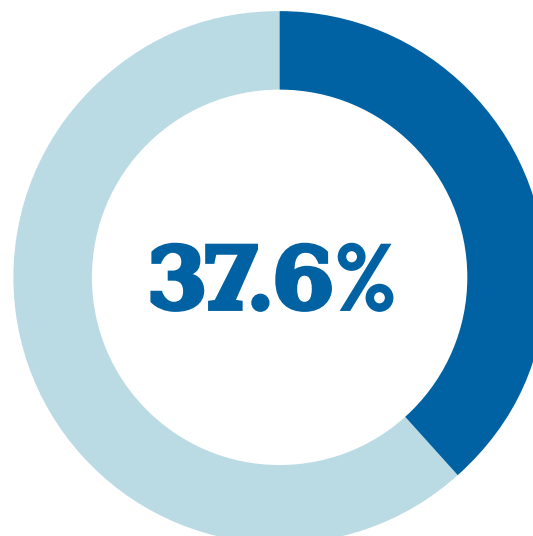
Our gender pay gap is driven by the structure and is not related to equal pay. We closely monitor our pay for all roles and at all levels to ensure gender neutrality and that we deliver on this legal and moral duty.

Our 2021 gender pay gap

Handelsbanken Mean Gap



Handelsbanken Median Gap



The Bank's mean gap was 30.7% which is an improvement of 0.3% from 2020, 1.2% from 2019 and 2.2% from 2018. The median gap was 37.6% which is an improvement of 0.9% from 2020.

2021 Results

This year the improvement in our result has been slower than in previous years. While we welcome the areas that have again shown movement, we recognise the change is small. We would like to see greater progress year on year but must appreciate meaningful and sustainable change takes time.

The work we are doing to have more gender balance in recruitment overall has resulted in the proportion of women in relatively lower paid roles increase (as much of our recruitment is in early career positions) – which will worsen the gap in the short term, while the number of women in higher paid roles stays more steady. This is just the case before our new recruits progress through to more senior roles over the long term, at which point our aspiration is to see the gap reduce.

We will also continue to invest in a range of leadership and management development programmes. This includes interventions for potential leaders, new leaders and all existing leaders. A focus in all three is the requirement for us to ensure our leaders and managers develop their direct reports for career progression and increased responsibility – with a particular focus on succession planning.

We recognise that dedicated resource can often be a catalyst for change, and the speed of change and we are keen to ensure that we are doing everything we can to support our goals in this area. So we are pleased to have appointed a head of Inclusion and Development at Handelsbanken. Their goal is to support the Bank's goal to create a more diverse and inclusive working environment and to be an advocate for diversity and inclusion across the bank.

Our goal is to support local communities across the country, helping individuals and businesses with their financial needs. Our focus is on helping customers.

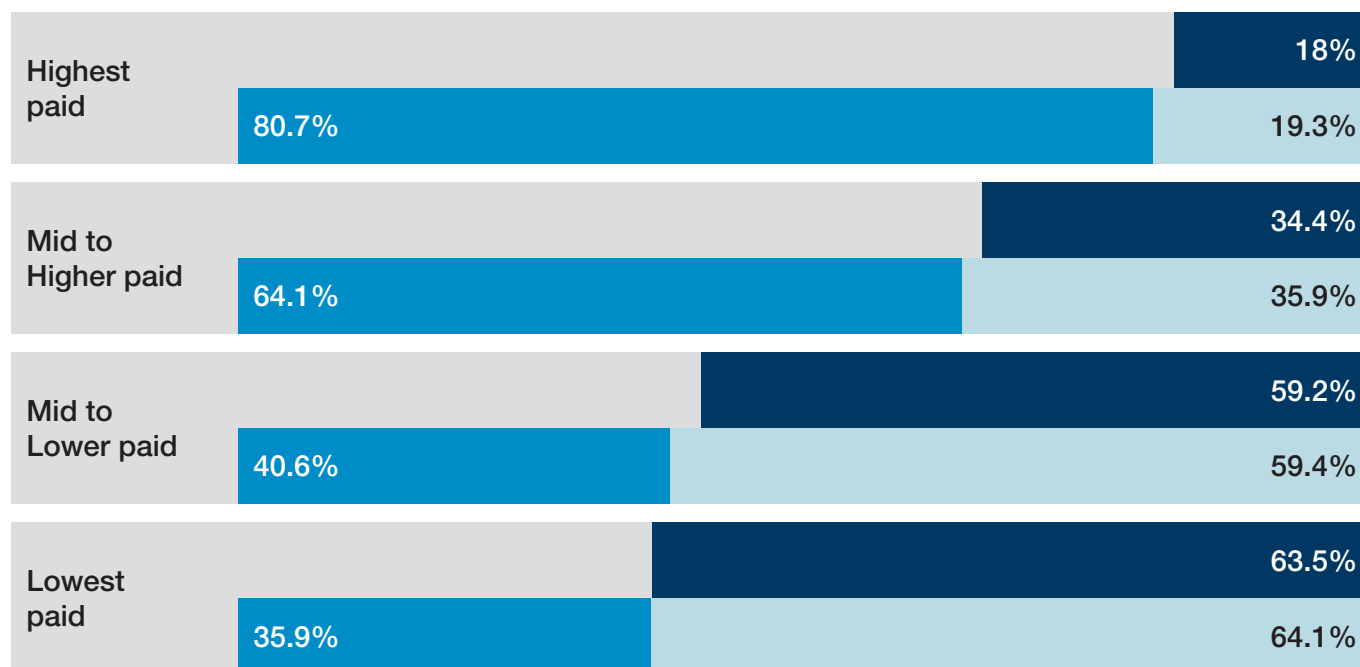


We have made **no individual performance bonus payments** this year and have no intention to introduce any in the coming years

We don't believe in short-term bonuses and don't have sales or product targets; instead we take a long-term view, investing time in getting to know our customers, their needs, dreams and ambitions. The handbook of our culture states:

“Our advice must always be what is best for the customer, not what is most profitable for the Bank at the time.”

Women in leadership



Graphic showing quartile results – with comparisons to previous years.

2020 Female
 2021 Male
 2021 Female

An improvement in female representation in the top 2 quartiles is encouraging. The upper quartile represents our top 25% of earners.

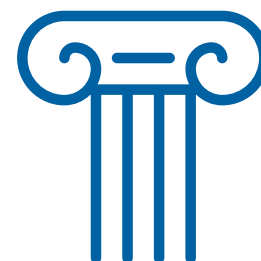
We are pleased to report that this year, we have seen the percentage of females in the top 2 earnings quartiles increase.

This is driven by a growth in women progressing into leadership positions, and then further into senior leadership positions, which has grown consistently over years. As one of the first signatories of the Women in Finance Charter, we remain committed to delivering a continuous improvement in the percentage of women in leadership positions.

With the knowledge that our structural imbalance, in terms of the number of men in senior roles, is behind much of our remaining gender pay gap, we have a number of focus areas, which are set out further below, to support and develop the careers of women in our workplace.

Our history and its impact on the gender pay gap

At the beginning of the 1980s, we began banking operations in the UK. In 1989, our first branch in London was complemented with a representative branch in Manchester, and a third branch was opened in Birmingham in 1994. We continued to expand branch-by-branch, driven by local demand – reflecting the need for a different type of banking in the UK. There followed a period of significant growth and, in 2011, we opened our 100th UK branch.



Our significant growth in the UK was only made possible by the hiring of experienced individuals, many of whom joined a relatively unknown organisation - albeit one with an established presence in Sweden and a tried and tested way of doing business focused on the needs of its customers.

The majority of these individuals were picked from long established financial institutions across the UK which were then, as now, dominated by men - especially in leadership positions. These experienced hires were, and are a key and valued part of the successful growth in the UK, whilst at the same time mitigating the risks associated with a rapidly expanding organisation focused on providing excellent customer service.

Despite the obvious positive impact these hires had on our growth and success, this hiring activity was a significant factor in creating an imbalance between the number of men and women in roles with different levels of seniority across the organisation. This is reflected in the gender pay gap and is further demonstrated when comparing the gender pay gap in our Functional roles (24%), with the gap being much smaller than across our District & branch network roles (34%).

Having established a good geographical footprint across the UK, we are now at a stage in our evolution where we are consolidating our business and investing in the next stage of growth. We have therefore adapted our organisational structure in line with our values to build a bank fit for the next stage of our UK journey.

Among other things, this adaptation involves making adjustments to our branch network in line with changing customer behaviour and demands to ensure we continue to be represented in the right areas to serve our existing and future customers in the best possible way. Consequently we have taken a close look at the location of some of our branches and decided that some of them should join forces with nearby branches to create bigger teams with a combined broader set of knowledge and expertise. As of today, we now have 162 branches across the UK.

By creating more efficient structures which enhance the knowledge and collaboration between our teams we will continue addressing the structural causes behind the gender pay gap. Recent analysis shows that over the last four years the number of men in management positions has steadied whereas the number of women in these positions continues to grow. In areas of the Bank like UK Functions, the number of men and women in management positions is now much more balanced.

A run-down of what we are up to

Our emphasis is on individual need and experience so at Handelsbanken you don't see sweeping generalised programmes which may be relevant to some, but rather, specific support aimed at the realisation of potential for each person - linked back to common goals and principles.

Our commitment to diversity and inclusion runs throughout our organisation but as we know, senior sponsorship is a valuable driving factor. Our goals, and the resulting plans have commitment from our UK CEO and other senior leaders across the Bank, and all Executive Committee members have an Inclusion goal this year.

Here we share a little on some of those common goals:

The steps we are taking to reduce our gender pay gap are aligned with our Diversity and Inclusion strategy. Our actions, set out below, will continue to focus on addressing the structural imbalance in our leadership population, by making long term sustainable progress in improving our gender balance.

Our actions also continue our focus on ensuring an inclusive culture within the Bank which is fundamental for sustainable progress.



We will adapt our approach to recruitment to ensure it is even more inclusive, committing to the following:

- a. Mixed gender interview panels for roles at Executive Management and their direct reports levels. We intend to extend this requirement to all roles in the Bank.
- b. A commitment to diverse short-lists and values based hiring for all roles,
- c. We will design and implement mandatory training for all hiring managers to explore the impact of bias on the recruitment and selection process in greater depth and how to mitigate this.
- d. All our advertised roles (internal and external) will include a statement detailing the fact that we are a family friendly employer and support hybrid working, flexible, part-time or a job share.



For all roles at Executive Management and their direct reports levels going forward, we will aim for a balanced gender split at final stage applicants.

An increased focus on developing female Branch Managers will be undertaken in 2022, in order to make a step change in the balance in the BM population and provide good succession opportunities for senior roles.

Run a campaign to promote our female role models across all levels in the Bank encouraging them to share their experiences through storytelling.

Review our family friendly policies to ensure they are in line with our market peers, and support an inclusive environment.



Review our data on a quarterly basis to measure progress, implementing immediate action where progress is not being made.

Review our approach to Leadership Development emphasising the importance of inclusion.

Refresh our development framework, and enhance the digital, technical, personal effectiveness, leadership and team development programmes. We will, in particular, encourage the participation of women and other under represented groups.





Introduce a reverse mentorship programme that pro-actively encourages our senior leaders to champion the development, promotion, and profile of underrepresented groups including women.

A programme will be created for all employees who return to work after a period of absence. The programme will have gender specific focuses which will support women through the fostering of an environment of safety, belonging and inclusion.

According to the Living Wage Foundation, across the UK and all sectors nearly 60% of those earning less than the living wage are women. Handelsbanken Plc observes the requirements of the Living Wage Foundation and accordingly intends to gain accreditation as a Living Wage Employer.



Case studies:

Empowering the next generation of leaders in Handelsbanken with the stories and support of the current

We talked to two colleagues from our branches and UK offices who gave us an insight into their careers, talked about their experience of being a leader at Handelsbanken and shared their wisdom for other aspiring female leaders.

Supporting women to progress their career at Handelsbanken while balancing their commitments outside work is part of our long term efforts to develop more women in leadership roles and therefore address our structural imbalance.



Alexia Hayes

Branch Manager
Liverpool Exchange Station

Alexia Hayes is currently Branch Manager of our Liverpool Exchange Station branch, having joined Handelsbanken as a Corporate Manager four years ago before moving into a Deputy Branch Manager role shortly followed with a successful appointment into her current position.

“I think the statement that women generally only apply for a job if they have 100% of the qualifications/ desired attributes rings true for me and I know left alone I would not have applied for the role I am in now. For me it took the encouragement of others within my network to push me and encourage me for me to take the leap”.

At Handelsbanken we believe your career should progress alongside your personal achievements and home life – it’s not a choice between them. We believe in supporting our people to ensure that happens in the way that works for them. For Alexia, the key difference has been the flexibility she has been encouraged to put in place, enabling her to build on her career and maintain a work-life balance.

“Handelsbanken have been incredibly supportive of me as a female leader, not only putting in place flexibility but encouraging it. Firstly I was successful in being appointed as Deputy Branch Manager when on maternity leave and I was able to come back to work (in a leadership role) on compressed hours (4 days a week). When I was offered the Branch Manager role I felt that with two young children under 4, I still wanted to maintain this working arrangement, and I was again, able to do this. The balance between being a parent and building a career can be extremely tough but having a team and a line manager that are really supportive of my working arrangements helps tremendously - I never feel I need to log in on a day off and can fully focus on both aspects of my life.”

As a female leader, Alexia considers it important for everyone to have a seat at the table. She believes men and women have different qualities and different ideas and the success of any organisation is dependent on ensuring both those voices are able to be heard – so encouraging more female leaders is imperative. Her advice?

“I would say listen to those around you, both in your professional life and personal life and if you keep hearing the same things then maybe they are right. For me, it was the fact that I was ready to take on a leadership position. It is very easy to talk yourself out of things, and women can be especially prone to being too hard on themselves - so look to the people you trust, line managers, mentors and such, and rather than focusing on all the things you can’t do (or simply have not yet done), focus on all the things you can do.”



Catherine Joynt

Branch Manager
Wigan

Catherine Joynt, is our Branch Manager in Wigan. Catherine originally joined as Account Manager Support 10 years ago, after three years and just returned from maternity leave, she changed course as a Credit Analyst, after loving that role for another three years she then gained experience as a Corporate Manager, having been unsuccessful in the application of a Branch Manager role. However, a year later, after gaining a bit more experience, she joined Bury as Branch Manager, and then finally fulfilling her ambition to return to her hometown Wigan, as Branch Manager.

“There can be a pre-conception that leaders within the financial services exhibit characteristics that are stereotypically masculine. Unconscious bias can make it more difficult for women to progress and it can be harder for women to prove themselves. I have experienced unconscious bias and have also had to overcome obstacles. It is the support and encouragement of other female leaders in Handelsbanken together with their belief in me that have encouraged me to keep working towards my goals.”

Investing in our people is second nature to us at Handelsbanken, and we encourage colleagues to go forward for new challenges, and therefore it is vital we equip them with the tools to do so. Catherine tells us that...

“Constant learning is key to a successful career and Handelsbanken has always supported me with any courses I have wanted to attend, including external courses. I have also been given opportunities to develop my skills when I have identified a gap.”

As well as this, we know that it is important to share ideas and offer more than just a job. Catherine notes that...

“The Bank actively encourages the sharing of views and ideas from everyone, regardless of gender and also has the same expectations of everyone. In addition, the Bank supports flexible working which helps with balancing work and home responsibilities.”

So, what would her advice be to other women with ambitions to become a leader?

“Build a strong support network, let it be known what your ambitions are and take responsibility for your own development. Push yourself out of your comfort zone, believe in yourself and never give up on your dreams.”

I can confirm this data is accurate

A handwritten signature in blue ink, appearing to read 'B Charles', with a long horizontal stroke extending to the right.

Bernie Charles

Chief HR Officer, Handelsbanken plc

March 2022

handelsbanken.co.uk

Handelsbanken

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