

Handelsbanken Plc ('Handelsbanken')

Modern Slavery Act Statement 2021

The UK Modern Slavery Act 2015 requires that certain organisations annually state the actions that they have taken to ensure that modern slavery and human trafficking do not occur in their supply chains or operations. We understand that the nature of our business means we may be exposed to modern slavery risks across our operations, supply chain, and customer and client relationships. We do not tolerate modern slavery, human trafficking or forced labour and are committed to identifying and addressing these risks across our value chain. This is supported by our Supplier Code of Conduct, Ethical Standards Policy and mandatory annual sustainability training completed by all employees.

In this Statement we will report on the progress made over the course of the year and outline plans for the year ahead. Further information on our broader approach to managing Environmental, Social and Governance (ESG) matters including our organisational structure can be found in our [Annual Report and Financial Statements 2021](#) and our [Group Annual and Sustainability Report 2021](#).

Introduction

Handelsbanken plc (Handelsbanken) is a local relationship bank, built on satisfied customers, financial strength and sustainable values. We were established in 1871 in Sweden and in the UK we now have an extensive network of branches. We support local communities across the country, helping individuals and businesses with their financial needs.

We understand the impact we have on society, the environment and the financial market and sustainable thinking has been an integral part of our everyday work for many decades. We aim to be a responsible contributor to the communities we serve, working to make a positive difference wherever we can for our customers, our people and the environment.

In 2021, a standalone sustainability department was created and a Head of Sustainability recruited to guide, coordinate and capture Handelsbanken's work in this area of strategic importance to the Bank. A long-term sustainability strategy has been developed through consultation across the whole business. The strategy is designed to build in and then build on the organisation's established strengths and distinctive market position, to maximise positive societal impact and business value from Handelsbanken's activities. It ensures, for instance, that activities are devised and delivered at the local level wherever possible, in line with Handelsbanken's decentralised way of working, and that the views and needs of customers and stakeholders remain the focus.

In addition, the strategy explicitly involves extending these activities to our engagement with customers and suppliers wherever possible, generating greater all-round impact from the experience and approaches developed first within our own business.

Supply chains

The Handelsbanken Group ('Group') has a Supplier Code of Conduct for its major suppliers (the 'Code') and also holds ongoing dialogue with suppliers, with sustainability being a key feature. The Code defines the expectations the Group has of its suppliers and their subcontractors and aims to ensure we only work with appropriate suppliers who can meet our standards. These expectations are substantially grounded in internationally accepted standards, with the UN Global Compact as the starting point. Group requires that suppliers eliminate and combat all forms of human trafficking, modern slavery and forced labour, and that they do not violate human rights.

In the UK, the supplier management team collaborate with the Bank's key stakeholders to develop and agree the supplier performance review schedule and the frequency of these reviews, which is based on the risk rating of the supplier (high, medium, low). An annual due diligence is completed of all suppliers identified as 'Critical' (or High Risk) to the Bank.

Handelsbanken has an extensive supplier base which can largely be categorised as providing the following services: card services, professional services, facilities management services, insurance, IT application/telephony, products and services, learning development and recruitment.

Initiatives

Group supports international initiatives and guidelines that have the common aim of combatting modern slavery and human trafficking, these include:

- Agenda 2030 (including the Sustainable Development Goals)
- UN Global Compact
- Principles for Responsible Banking (PRB)
- OECD guideline for multinational companies
- UN's guiding principles on business and human rights
- International Labour Organisation (ILO) Core Conventions

Policies on modern slavery

We embed our commitment into relevant internal guidelines, which all employees are required to follow, covering human rights and working conditions, and guidelines for the work environment. We have targets in place for achieving equality and policies which are instrumental in managing our approach to modern slavery risk, taking into account the UK Modern Slavery Act. Handelsbanken also operates various practices, procedures and policies to ensure compliance with all human rights laws and UK employment laws. Handelsbanken's view on sustainability, ethics, modern slavery and human trafficking is expressed in the following policies:

[Ethical Standards Policy](#)

Sets out the standards of ethical behaviour and conduct that are expected from all employees in Handelsbanken

[Sustainability Policy](#)

Sets out the key principles and rules for Handelsbanken's management of relationships with customers and suppliers, its conduct as an employer and member of society, as well as its relationship with its owners and investors from a sustainability perspective

[Conduct Risk Policy](#)

Sets out the approach to the assessment, management and monitoring of conduct risk in accordance with Handelsbanken's Conduct Risk Framework. This enables all those at Handelsbanken to understand the conduct risks connected to Handelsbanken's operations and activities and to operate in a culture where good conduct is at the heart of the business

[Credit Policy](#)

Sustainability aspects are a vital part of the credit policy. The policy states that Handelsbanken's lending must be responsible and meet high demands for sound ethical standards. Instructions are in place which require Handelsbanken to analyse and document sustainability risks in companies which borrow from it, including, amongst other things, each company's approach and governance in relation to human rights and working conditions

[Anti-Bribery and Corruption Policy](#)

Sets out Handelsbanken's strategy and approach to identifying and preventing bribery, corruption and facilitation of tax evasion arising in connection with its business activities, both in the UK and any other relevant jurisdiction

[Anti-Money Laundering Policy](#)

Sets out Handelsbanken's strategy and approach to identifying and preventing money laundering, counter terrorist financing and trade with individuals/entities subject to financial sanctions, arising in connection with its business activities, both in the UK and any other relevant jurisdiction. This policy is relevant because modern slavery offences are often linked to money laundering and other financial crimes

[Whistleblowing Policy](#)

Sets out the approach for Handelsbanken to investigate whistleblowers' concerns. A culture of openness and accountability is essential in order to prevent illegal and unethical conduct. The

Whistleblowing Policy is considered to be a critical element of the internal control system, corporate governance and risk management process.

▾ [Outsourcing and High Risk Third Party Policy](#)

Sets out the key principles for the management of outsourcing arrangements and other high risk third party arrangements, which do not fall under the definition of outsourcing in Handelsbanken.

▾ [D&I Policy](#)

At Handelsbanken we aim to provide equal opportunities and have an inclusive culture based on trust and respect for every individual, in line with our values and in support of our long-term success.

▾ [Supplier Code of Conduct](#)

Outlines the standards that we expect our suppliers to adhere to including human rights, labour, anti-corruption, taxation and the environment.

Due diligence processes

Our contracts require all suppliers to comply with all applicable laws and regulations. Handelsbanken regularly reviews the contractual terms in place with its preferred suppliers to ensure that they remain aware of their responsibilities in relation to preventing modern slavery and human trafficking.

Detailed background checks are carried out by an independent firm prior to new employees commencing work with Handelsbanken, which would capture any criminal records in respect of slavery and human trafficking offences.

Risk assessment and management

The Procurement and Supplier Management team takes part in a number of risk forums which assess the effectiveness of our third party controls. In 2021 there were no specific risks or audit actions allocated to procurement and supplier management outside the Bank's risk tolerance, which demonstrates the effectiveness of our current controls.

There were no reported instances of modern slavery within Handelsbanken or our suppliers during 2021. Handelsbanken has a zero-tolerance policy to modern slavery and regularly reviews policies and processes to ensure that any occurrences are promptly identified and addressed. Should any instance of modern slavery be identified, it will be escalated to the relevant authorities and the employee or supplier will be immediately suspended.

Steps being taken

In 2022 our Procurement and Supplier Management team will build out a framework to support and further evolve the Bank's strategy in this area. This includes outlining our tolerance levels to act as a reference point and guide for smaller suppliers.

In Q4 2022, we intend to include Financial Services Qualification Systems (FSQS), a third party risk management and compliance for the financial services sector collaborating to agree a single standard which is needed to demonstrate compliance to regulators, policies and governance controls.

Training on modern slavery

Handelsbanken is committed to providing training for its employees on the issues of modern slavery and human trafficking. In 2021, all employees at Handelsbanken completed Group-wide mandatory training on ethical standards and sustainability. This included a training module on anti-money laundering and countering terrorist financing, wherein issues of modern slavery were highlighted.

In 2022, there will be a mandatory dedicated modern slavery training course introduced to all UK employees for the first time, which will educate colleagues on the subject, drawing on real life examples.

Instructions and procedures are in place, so that colleagues understand how they are to respond if they are faced with, or suspect, a case of modern slavery or human trafficking.

Modern slavery awareness

At Handelsbanken, trust and respect for the individual is our core value and we encourage a culture of 'speaking up'. Our employees can report unethical behaviour or practices without fear of reprisal, through internal and external channels set out in our Whistleblowing Policy. In the UK the Whistleblowing Policy is supported by annual training.

In the UK there is a dedicated mailbox for staff and customers to send any modern slavery related enquiries or correspondence: modernslavery@handelsbanken.co.uk. The modern slavery instructions now contain general indicators of modern slavery, to enable further employee awareness.

During 2021 the Board assumed direct oversight of culture, environmental and reputation matters. The Board receives periodic updates from management on Environmental, Social and Governance (ESG) matters.

Statement review

This Statement has been published pursuant to section 54 (1) of the Modern Slavery Statement 2015 and constitutes Handelsbanken's modern slavery and human trafficking statement for the 2021 financial year.

This Statement has been approved by the Board of Directors of Handelsbanken on 28 June 2022 and has been signed on its behalf by Handelsbanken plc's CEO.

Mikael Sørensen
Chief Executive Officer