

Modern Slavery Statement 2023

Introduction



I am delighted to share our Modern Slavery statement for 2023. As we navigate the complexities of both the UK and global marketplaces, we recognise our responsibility to uphold human rights, ensure fair labour practices, and promote ethical conduct.

The nature of our business means we may be exposed to modern slavery risks across our own operations, our supply chains and our customer relationships. These risks could arise within the UK or the wider global supply chain.

In tune with the UK's Modern Slavery Act, we have committed to conduct thorough due diligence, engage actively with our suppliers, and implement robust safeguards to prevent any form of exploitation. We believe transparency, accountability and continuous improvement are vital to combatting abuses ranging from human trafficking to child labour.

Geopolitical issues continue to compound the risk of exploitation. Russia's invasion of Ukraine has resulted in thousands more displaced people becoming vulnerable to perpetrators. The effects of climate change and increasing food poverty are further exacerbating this situation.

In 2023 we focused on strengthening our collective understanding and effectiveness. This included further development of our systems, policies and controls to manage the risks, such as our Supplier Code of Conduct, Ethical Standards Policy and mandatory annual modern slavery training, which is completed by our employees.

These efforts are one expression of Handelsbanken's core principle, that we must be an active, responsible partner to the communities we serve.

Sincerely,
Mikael Sørensen,
CEO, Handelsbanken plc

17 April 2024

Context

In this statement, we continue to report on the progress made over the course of the year and outline how we will go further in the year ahead. More information on our broader approach to managing Environmental, Social and Governance (ESG) matters can be found in our [Annual Report and Financial Statements 2023](#) and our [Group Annual and Sustainability Report 2023](#).

Copies of our previous statements can be found on our website and our 2023 application is also available on the [Government's Modern Slavery Registry](#).



Our business

About Handelsbanken

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 have been operational for over four decades and became a subsidiary in 2018. We believe banking should be local and personal, and that the interests of our customers should always come first.

The Bank has a long-term approach to customer relationships, a decentralised way of working and a strong local presence, through a nationwide branch network. This means that in over 150 communities across the UK, experienced bankers have the autonomy to take swift, sensible decisions and to provide customers with the best possible service. This distinctive approach, where decisions are devolved to employees throughout the organisation, is based on trust and respect for the individual, and an unshakeable belief in people and their ability and will to do good things well. It is also an approach that has demonstrated, year after year, decade after decade, that those closest to their customers take the best decisions and provide the best advice. As a result, our branch teams build broad, strong and lasting relationships throughout the communities they serve.

For us, managing modern slavery involves a comprehensive approach that prioritises awareness, transparency and accountability. By decentralising responsibilities, we empower local branches to actively recognise the risks and address potential instances of modern slavery within their operational scope. This plays to the Bank's long-established culture of both individual and organisational responsibility.

However, for this devolved approach to be effective and consistent, we must have a central framework of standards and controls, and support our local teams to meet their responsibilities. Regular training is essential to maintaining awareness and vigilance of the risks associated with modern slavery. Tools such as instructions and checklists support everyday implementation. Clear escalation mechanisms enable us to address issues promptly, fostering a culture of responsibility and ethical conduct throughout the organisation and its local partnerships. This dynamic model demands continuous evaluation and adaptation, so as to address evolving risks and uphold our commitment to help eradicate modern slavery.

Handelsbanken's decentralised way of working also means that our branches often manage local supplier arrangements. While this enables

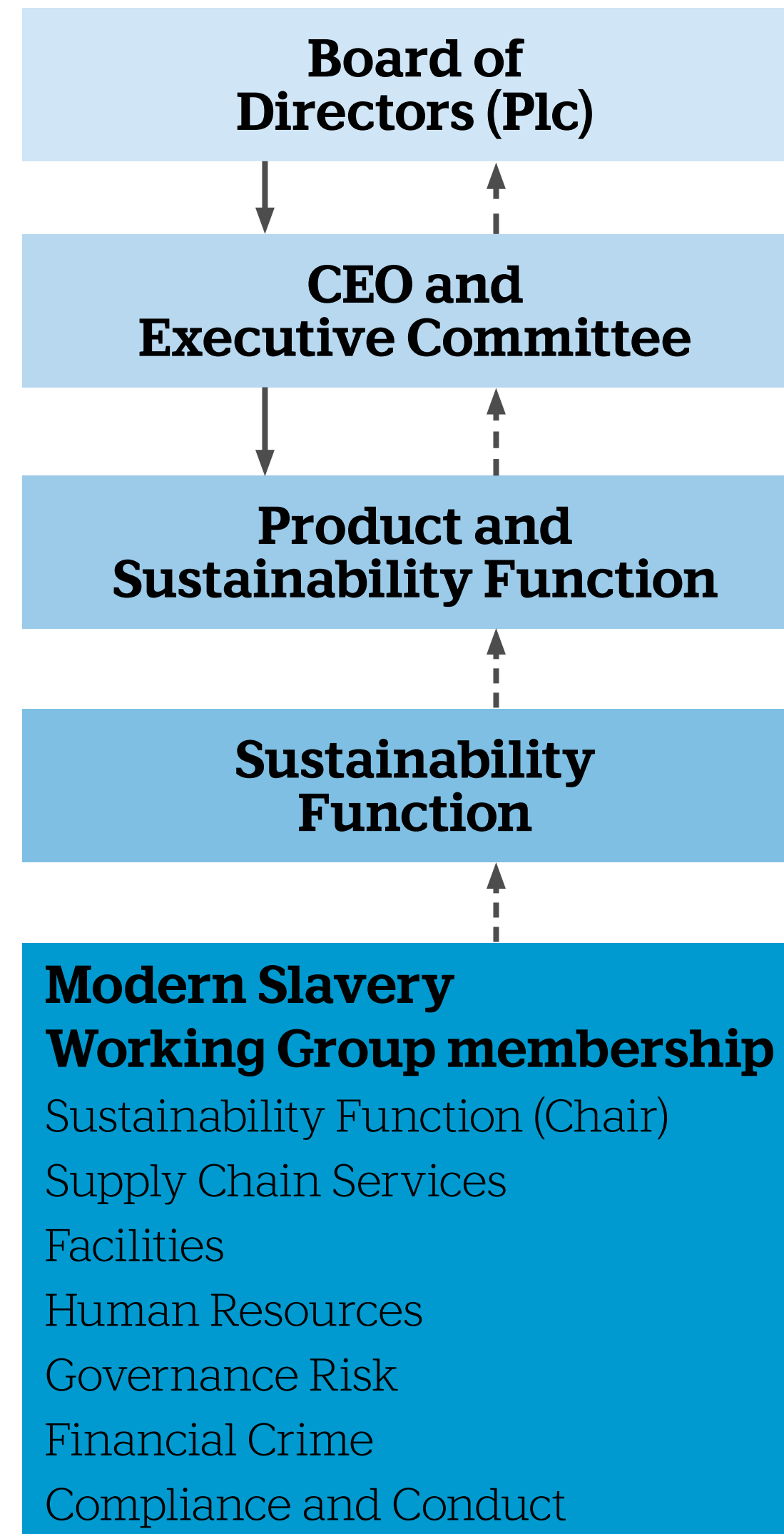
them to support many high quality businesses in their communities, it also produces risks for the business to manage. We do this in part by educating our branch teams on modern slavery and helping them understand the risks to be addressed in forming and managing local supplier arrangements.

At Handelsbanken we manage a wide range of third parties providing goods and services to the Bank, with our supply chains representing the highest risk area to our business. Grouping our suppliers into distinct category areas, such as Facilities Management, IT, Professional Services, Banking Services, Legal, Print, Travel, HR and Marketing, allows us to identify higher industry risk areas for modern slavery and target those suppliers as a priority.

Our Procurement and Supplier Management frameworks ensure the right amount of focus is applied to each supplier when it comes to the level of risk that they pose to the Bank. These focus levels are regularly reviewed, with our most critical and high-risk suppliers subject to ongoing and close management in terms of delivery and performance under their contract.

Governance

The governance structure in respect of managing modern slavery risks will continue to be refined and is coordinated centrally by the Sustainability function, liaising with other departmental stakeholders to ensure visibility throughout the organisation.



Our activities in 2023 Within our own operations

Handelsbanken has a zero-tolerance stance towards modern slavery and regularly reviews policies and processes to ensure any potential occurrences can be promptly identified and addressed. Should any instance of modern slavery be identified, it will be escalated to the relevant managers, suppliers and authorities to ensure that appropriate steps are taken to protect, support and safeguard the affected individuals and bring the perpetrators to justice. As a responsible business, should we uncover a potential modern slavery incident within our supply chains we will actively work with the supplier to ultimately, and in the first instance, take all reasonable steps to protect the victim/s rather than exiting the contract with immediate effect which can often lead to exacerbation of the problem.

Raising Awareness - Training

It is important that all our colleagues are able to spot the signs of modern slavery and human trafficking. Since 2022 in-depth mandatory training has been assigned to all employees, highlighting how the perpetrators of modern slavery operate, how to recognise potential victims, and how to escalate concerns, with real life examples being used. This training is reviewed and updated on an annual basis to make sure it remains pertinent to our colleagues across the Bank. The Modern Slavery course has been added to our suite of mandatory training, including Anti Money Laundering, Anti Bribery & Corruption, Escalations, and Whistleblowing. The completion rates for these courses are detailed below under the section on Key Performance Indicators.

In addition to our mandatory training suite, we carry out bespoke financial crime training to various teams across the Bank. In order to support our Financial Crime Prevention departments in

recognising the 'red flags' associated with modern slavery and human trafficking, face-to-face training is provided to new joiners to those teams. The objectives of the training include explaining what is meant by modern slavery and human trafficking, identifying vulnerable industries, indicators and red flags, and identifying control methods. This training is part of a programme dedicated to establishing the regulatory and legal framework for financial crime prevention, whilst bringing examples to life, which may assist in the identification of modern slavery.

In 2023 we on-boarded an external sustainability training platform aimed at financial services professionals, which offers an extensive library of modules covering the ESG spectrum. Specific pathways were assigned for colleagues in branches and in head office support functions, as part of mandatory, bank-wide sustainability training. This year, further learning pathways for modern slavery in the supply chain will be rolled out across our Supply Chain Services and Facilities Management

teams, to further enhance their knowledge and understanding. This targeted approach will allow the teams to identify high-risk areas, implement effective risk mitigation strategies, and ensure ethical sourcing practices.

Processes

Trust and respect for the individual is a core Handelsbanken value, within which we encourage a culture of 'speaking up'. Our employees can report unethical behaviour or practices without fear of reprisal, through internal and external channels. In the UK, these are set out in our Whistleblowing Policy and Suspicious Activity Reporting Standard, both of which are supported by annual mandatory training.

Instructions and procedures are in place so that colleagues understand how they must respond should they be faced with, or suspect, a case of modern slavery or human trafficking, and should a perpetrator or a victim be identified.

Handelsbanken plc maintains a dedicated mailbox for colleagues and customers to send any modern slavery-related enquiries or correspondence: modernslavery@handelsbanken.co.uk. Our modern slavery instructions now contain general indicators of modern slavery, to enable further employee awareness.

We continue to take concrete steps to support our commitments, with the Bank becoming an accredited Living Wage Employer in August 2022. We have committed to ensure that all our employees, interns and contractors are paid the Living Wage today. Annually, and as part of our salary review process, we undertake a check against newly published Living Wage rates to ensure that we are compliant with our commitments, increasing salaries if required and implementing any changes effective from 1st January. For our suppliers, we will be collaborating to encourage them to adopt the Living Wage for their employees.

Modern slavery governance structure *(continued)*

The establishment of our Modern Slavery Working Group (MSWG) in 2023 was a strategic initiative aimed at addressing and combatting human exploitation across our organisation. Comprising cross-functional specialists as depicted in the organogram above, this group is charged with developing a comprehensive approach to mitigating modern slavery risks in our operations and supply chains. Its role involves enhancing awareness, conducting regular risk assessments, ensuring compliance with anti-slavery policies, and implementing effective training programmes throughout the organisation.

The working group collaborates closely with different departments to develop and enhance protocols for identifying, reporting and mitigating instances of modern slavery. Transparency is a key focus, and the working group is responsible for providing regular updates on progress, challenges and initiatives to relevant stakeholders, fostering a culture of accountability and continuous improvement. During 2023, regular management updates enhanced our Board's visibility of cultural, environmental and reputational matters associated with modern slavery.

The Handelsbanken Group ('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. The 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.

We manage Modern Slavery risks across 3 distinct areas:

1. Within our own operations
2. Working with our supply chains
3. Working with our customers

Policies

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 that are instrumental in managing our approach to modern slavery risk, taking into account the UK Modern Slavery Act 2015. Handelsbanken also operates various practices, procedures and policies to ensure compliance with all human rights laws and UK employment laws. The Bank'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 the management of relationships with customers and suppliers, our conduct as an employer and member of society, as well as our relationship with our 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 our Conduct Risk Framework. This enables all colleagues to understand the conduct risks connected to our 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 the Bank's lending must be responsible and meet high demands for sound ethical standards. Instructions are in place which require our local relationship managers to analyse and document sustainability risks in borrowing companies, 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 the Bank'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 our strategy and approach to the identification, prevention and reporting of money laundering, terrorist financing and other financial crimes, including modern slavery. These offences produce proceeds of crime which are linked to money laundering.

Whistleblowing Policy

Sets out how the Bank will 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 our definition of outsourcing.

D&I Policy

Sets down the aim to provide equal opportunities and to have an inclusive culture based on trust and respect for every individual. This is 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 standards, anti-corruption, taxation and protection of the environment.

What we achieved during 2023 working within our own operations:

- Established our cross-functional Modern Slavery Working Group
- Recruited ESG expertise into our Supply Chain Services function in order to develop the strategy further
- Completed an oversight review of the modern slavery processes within our Financial Crime Operations to make sure that our training and instructions can help our colleagues identify modern slavery red flags and escalate concerns appropriately
- Carried out a full review of our Modern Slavery training to make sure that it remains pertinent for our employees
- Continued to carry out horizon scanning of regulation and legislation to make sure that we are in line with requirements.

Working with our supply chains

We acknowledge the importance of our supply chain to our overall operational sustainability, and we are working towards new goals for the measurement and improvement of supply chain sustainability, whilst reviewing our current governance, strategy and processes in this area.

We continue to build on current due diligence and supplier management governance and we are actively encouraging our supply chain to sign up to the Living Wage Foundation by the end of 2024.

Group has developed a Supplier Code of Conduct (the 'Code'), which is sent to suppliers at tender stage, and outlines our values and expectations of our suppliers and their subcontractors, with sustainability being a key feature. It 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.

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. We conduct appropriate due diligence for material suppliers on an annual basis using the Financial Services Sector Hellios platform, a due diligence tool used by various UK banks to gather and share information, which supports compliance with regulations, policies and governance controls.

Within our Facilities Management category, we have identified our key higher risk suppliers. An ESG matrix has been created to enable us to obtain more structured information from those suppliers regarding the policies and practices they have in place or in development. The matrix was shared with that supplier cohort during 2023 and we will be working throughout 2024 to analyse resulting data, to take relevant actions where required with those suppliers.

What we achieved during 2023 working with our supply chains:

- Worked with the Hellios Financial Services Qualification System (FSQS) community (financial services organisations) to collectively build more effective due diligence questioning on modern slavery into the main questionnaire, enhancing the data we have available to us. (The new version of the questionnaire was rolled out to suppliers in April 2024).
- Identified key suppliers in our Facilities Management category where modern slavery is potentially higher risk
- Launched the Key Supplier ESG matrix in our Facilities Management category
- Issued our Supplier Code of Conduct to our principal contractors in the Facilities Management category
- Established a standard agenda for ESG discussions to be held regularly in line with our supplier management framework
- Commenced discussions with key suppliers and started to collate response data into the ESG matrix
- Issued a Request for Proposal (RFP) for establishing a central repairs and maintenance contract, with a view to consolidating local higher risk arrangements into a single provider contract for selected services.

Working with our customers

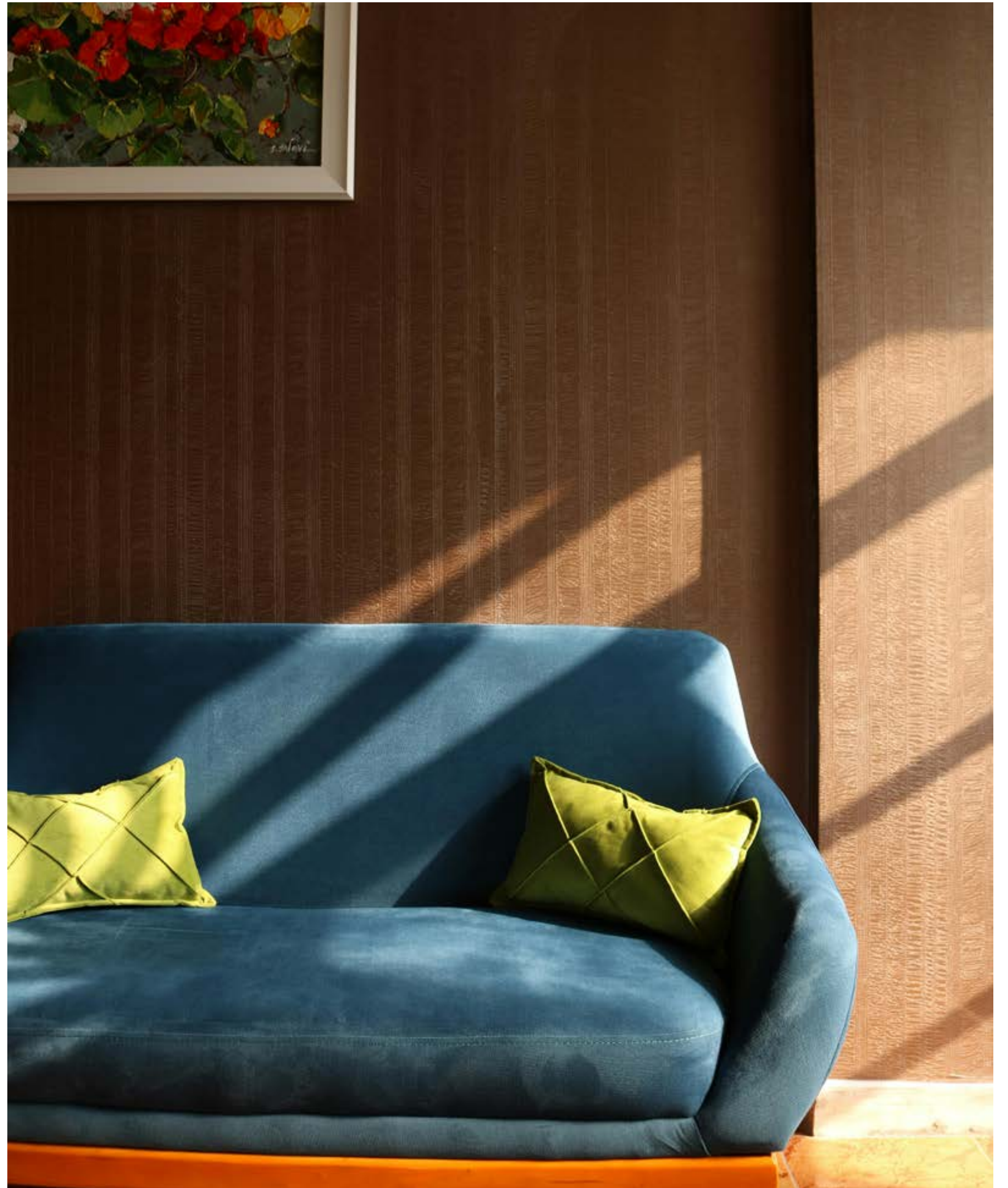
In line with our Financial Crime Prevention policies, we have a number of tools available to help us identify red flags relating to potential victims and perpetrators of modern slavery. These include customer due diligence, customer risk assessments, ongoing transaction monitoring processes and taking a risk-based approach to on-boarding customers. As a bank based on creating close relationships with our customers, we regularly meet with them to make sure we understand their businesses, the risks that they face, and also the risks that they may pose to the Bank.

As part of our financial crime control, our relationship managers and our Financial Crime Prevention teams carry out regular reviews of our customers to assess whether they may have been involved in financial crime, including modern slavery or human trafficking (either as a victim or perpetrator). Should any concerns be identified, they will be escalated in line with our policies.

We also educate our colleagues how to be aware of vulnerable customers and how to identify potential victims of modern slavery. In addition to reporting financial crime, our instructions detail how to report concerns without putting any additional risk on the victim by liaising with the police and the Modern Slavery helpline.

What we achieved during 2023 working with our customers:

- We have continued to embed our processes, supported by bespoke face-to-face training for our new Financial Crime Prevention colleagues, to help them recognise the risks and red flags associated with this crime
- We have reviewed our financial crime controls to make sure that our instructions, including those for customer due diligence and transaction monitoring, continue to be appropriate to support the identification of modern slavery and human trafficking.



Measuring our effectiveness for 2023

We are committed to measuring the impact of our increasing efforts in this area, and will continue to develop new performance indicators and data to track.

Key Performance Indicators (KPIs)	2023	2022	2021
Percentage of colleagues completing Modern Slavery training	98.6%	97.5%	N/A
Percentage of colleagues completing Anti-Bribery and Corruption training	99.9%	97.8%	99.4%
Percentage of colleagues completing Anti Money Laundering / Counter Terrorist Financing / Sanctions training	98.7%	98.1%	97.1%
Percentage of colleagues completing Escalations training	100%	98.9%	99.8%
Percentage of colleagues completing Whistleblowing training	100%	99.9%	99%
Percentage of colleagues completing Sustainability training	100%	N/A	N/A
Percentage of employees, interns and contractors being paid the Living Wage	100%	100%	N/A
Percentage of suppliers currently tagged on the Hellios system paying their employees the Living Wage	70%	Not Available	Not available
Unexpected duplicate employee bank accounts detected during assurance checks	0	0	0

Our plan for 2024

Within our own operations, we will:

- Further expand on our modern slavery training, beyond the mandatory training, so that colleagues can recognise and respond to modern slavery risks
- Enhance our financial crime data analysis for potential red flags
- Explore tracking further KPIs, including customer engagement
- Collaborate with other organisations, industry groups and government agencies to share best practice and improve efforts to combat modern slavery.

Working with our supply chains, we will:

- Launch our Supply Chain ESG strategy, which will include our commitments to combatting modern slavery
- Explore ethical trade risk systems that will support our supply chain risk assessment activity
- Continue to drive compliance with Hellios FSQS as part of our supplier due diligence process
- Enhance our Supplier Code of Conduct to ensure our expectations on labour standards are clear
- Improve capability within key responsible teams through a new programme of training on modern slavery in supply chains
- Continue to build on our activity with key Facilities Management suppliers, extending our risk assessment, analysing responses, obtaining evidence and revisiting higher risk areas where shortfalls are uncovered
- Expand our key supplier activity into other high spend areas.

Working with our customers, we will:

- Explore the opportunity to provide enhanced information on tackling modern slavery when on-boarding a customer.

Statement review

This statement was drafted and developed by our Modern Slavery Working Group.

It was presented to our Executive Committee on 12 March 2024, approved by the Board of directors of Handelsbanken plc on 17 April 2024 and signed on its behalf by Handelsbanken plc's Chief Executive Officer. Signed by:

Mikael Sørensen

Chief Executive Officer, Handelsbanken plc.

17 April 2024

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Handelsbanken

Handelsbanken is the trading name of Handelsbanken plc, which is incorporated in England and Wales with company number 11305395.
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