



Gender pay gap report  
**2022**

**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 gender equal and gender neutral pay structures 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 have always 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; 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.

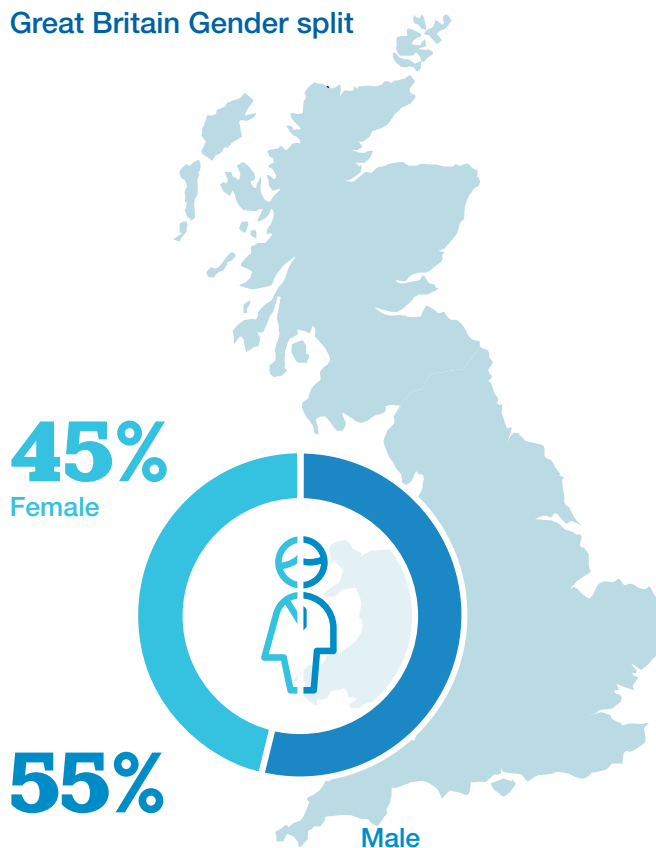
We believe we all have a responsibility and mandate to embed diversity and inclusion in our daily work and activities. So we continue to drive forward initiatives that allow us to take advantage of our decentralised model by empowering local and tailored action that we believe is the most impactful.

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 to reach full gender parity.

# About Handelsbanken

Handelsbanken is a relationship bank with nationwide branch networks 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

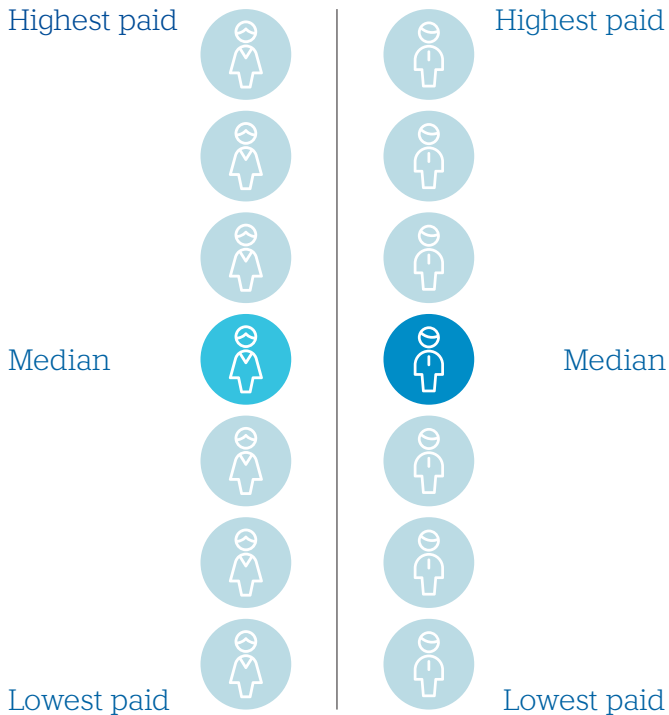
## Median:

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.

## 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.

### Median calculation



### 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

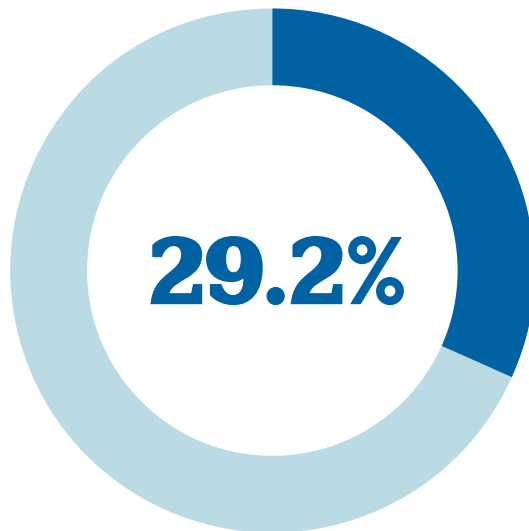
Gender pay compares the difference between types of average earnings of men and women, regardless of role and seniority. Equal pay on the other hand is a legal requirement to ensure men and women receive equal pay for equal work.

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

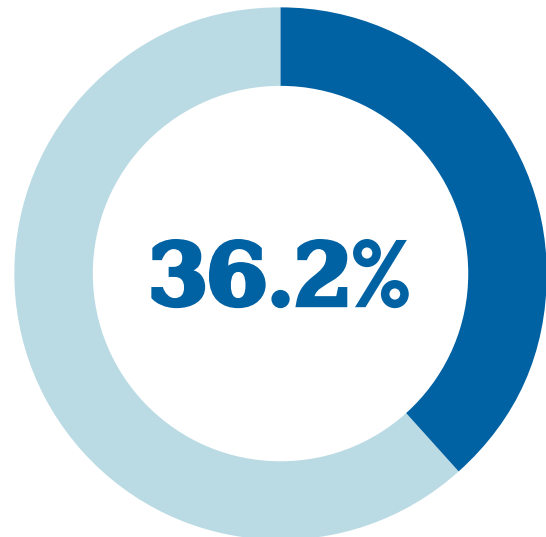
Our gender pay gap is driven by the structural imbalance in our leadership roles and is not related to equal pay. We closely monitor our pay for all roles and at all levels to ensure gender neutrality and that we deliver on this legal and moral duty.

## Our 2022 gender pay gap

### Handelsbanken Mean Gap



### Handelsbanken Median Gap



The Bank's mean gap was 29.2% which is an improvement of 1.5% from 2021. The median gap was 36.2% which is an improvement of 1.4% from 2021.

# 2022 Results

## This year we have again shown the improvement in both our mean and median pay gaps.

While we welcome the areas that have again shown movement, we recognise that meaningful and sustainable progress takes time and as such, the improved change is small. With continued focus, commitment and action in this area, we envisage greater progress year on year. Since we first published our results in 2018, our mean gap has improved by 8.3% and our median gap has improved by 6.7%.

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 increasing (as much of our recruitment is in early career positions) – which will worsen the gap in the short term. The number of women in higher paid roles stays more steady. We are confident that once our new recruits progress through to more senior roles over the long term and with the balance in our external recruitment, the gap will reduce.

We will also continue to invest in a range of management and leadership development programmes. These programmes have been designed to ensure accessible support for all employees, including both new and existing leaders. Our vision is to develop behaviours which demonstrate inclusive leadership through our management and leadership programme; with a particular focus on career progression and succession planning.

We recognise that dedicated employee resource groups (which encourage employee voice) are a catalyst for change. So we are pleased to announce the launch of the Gender ERG, the mission of which is to 'engage, empower and develop all employees across the organisation to attract and retain employees at all levels throughout varying life stages'.

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 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. ”

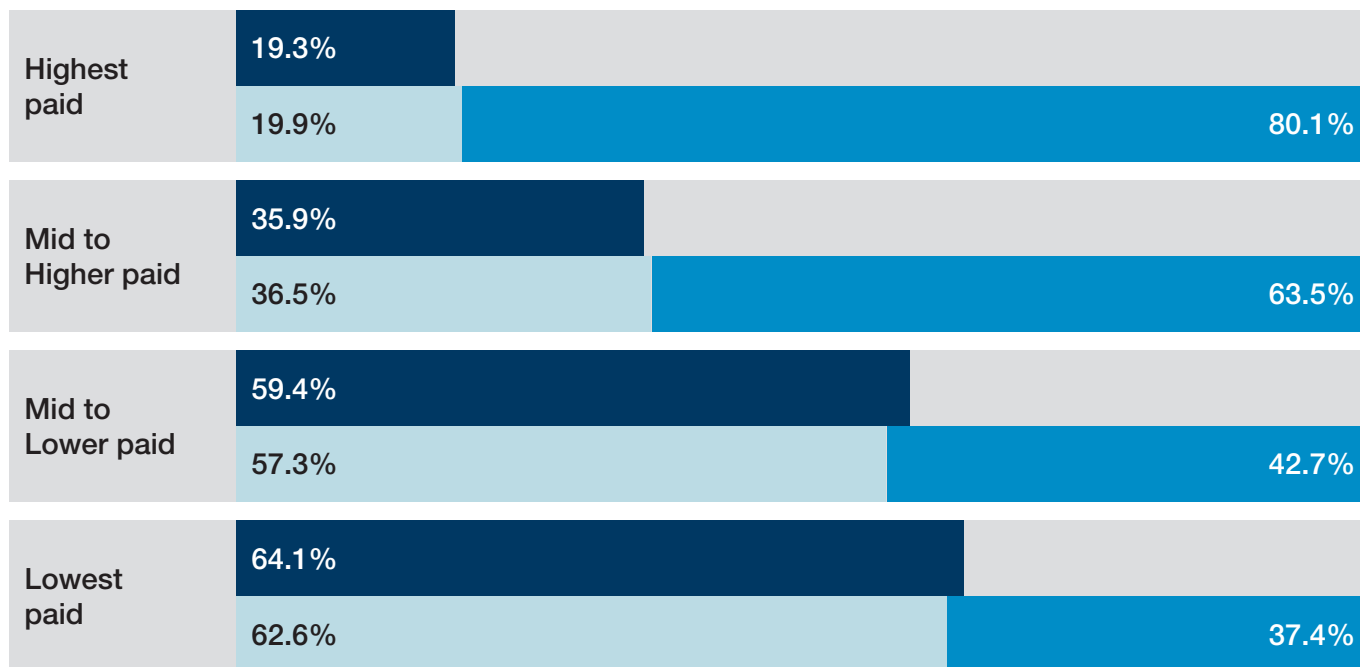


We have made **no individual performance bonus payments** this year and have no intention to introduce any in the coming years

As a result, in Handelsbanken plc we made no individual performance bonus payments this year and have no intention to introduce any in the coming years.

However, we do operate a profit sharing scheme and for the majority of individuals this is awarded via a Share Incentive Plan (SIP). All participating employees are allocated an equal amount (pro-rated for part time employee and/or time spent in the Bank in the performance year), regardless of their role or managerial status. For those who are unable to participate in the SIP, awards are given as cash.

## Women in leadership



Graphic showing quartile results – with comparisons to previous years.

2021 Female
  2022 Female
  2022 Male

**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 further increase. This is driven by a growth in women progressing and/or being recruited into leadership positions, and then further advancing into senior leadership positions, increasing 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. One such tangible demonstration of this commitment is that our Board of Directors is 55% female.

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, by 2011, we had opened 100 UK branches.



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 our successful growth in the UK, whilst at the same time helped mitigate against 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 evident when we compare the gender pay gap in our Functional roles (20.6%), which is a much smaller gap than across our District & branch network roles (33.8%).

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 closer 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 our 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 only 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.

## **Here we share a little on some of those common goals and which the Board has endorsed:**

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 have adapted our approach to recruitment to ensure it is even more inclusive:**

- 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 have designed and implemented 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. For all of our advertised roles (internal and external) we use a gender decoder tool and include a statement detailing the fact that we are a family friendly employer and support hybrid working, flexible, part-time or a job share.



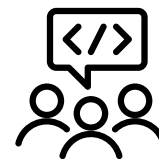
We will continue to build managers' awareness of Diversity and Inclusion issues. We have developed a suite of learning resources to build diversity and inclusion capability at all levels of our business. This includes digital resources such as "Cultivating Diversity Inclusion and belonging at work" and "How to be an ally for Diversity and Inclusion." Every employee will also be required to complete annually an "Equality and Diversity in the workplace" digital learning.

We have enhanced our Family Friendly Policies, by implementing a gender-neutral approach to our maternity and paternity leave.



Evidence tells us that more than half of mothers rely on grandparents for childcare when they first go back to work after maternity leave. In January 2023 therefore, we implemented a new policy of one weeks' leave with full pay for any employee who becomes a grandparent.

We are committed to inclusion and want all of our employees to feel empowered to put forward ideas and challenge the status quo, therefore a campaign focused on supporting and elevating diverse voices will be rolled out in 2023.



We will create and implement an Early Careers academy programme to increase the number of candidates from under-represented groups; which will include improving awareness of job opportunities among diverse professionals through social media and traditional channels and sourcing more diverse talent through partnerships with diversity focused organisations and the educational sector.

We will work in partnership with Women Returners to implement a dedicated returners programme for our Branch Network.



We will review our approach to Succession Planning and take a more holistic view on talent by implementing a UK Wide Succession and Development Framework.

We will continue to monitor workplace inclusion, taking into account any recommendations from the feedback we are provided by the Inclusive Employers Accreditation.



We operate a market-based approach to managing base pay. This data-driven approach reduces biases and subjective opinions and supports a gender equal and gender neutral approach to remuneration.

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 2023

[handelsbanken.co.uk](https://handelsbanken.co.uk)

**Handelsbanken**

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