Handelsbanken

Handelsbanken plc

Board Remuneration Committee

Terms of Reference

Version 7

Effective: 1 January 2025

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Board Remuneration Committee – Terms of Reference

1 Purpose

1.1 The Board Remuneration Committee (the Committee) of Handelsbanken plc ("the Bank") shall, having regard to the matters set out in the steering guidelines issued by the group chief executive on behalf of the shareholder, make recommendations on the remuneration and other terms of employment for executive members of the board of directors and others members of management outlined herein. The Committee take into account prevailing market terms and to ensure that it is consistent with the Bank's culture and risk tolerance and otherwise in accordance with legal and regulatory requirements.

2 Membership

2.1 The Committee shall comprise of at least three members who shall be appointed by the Board on the recommendation of the Board Nomination Committee, the majority of whom shall be independent non-executive directors and one of whom shall be the chairman of the Board. This membership structure reflects the ability to exercise independent judgement and discretion when determining remuneration awards.

2.2 Only members of the Committee have the right to attend Committee meetings. The chief executive officer (CEO), the chief human resources officer, other members of the Board, external advisers and any other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

2.3 Appointments to the Committee are made by the Board and shall be for a period of up to four years, which may be extended for further periods, provided the director still meets the criteria for membership of the Committee.

2.4 The Board shall appoint the chair of the Committee, who shall be an independent non-executive director, and who prior to appointment, should preferably have served on a remuneration committee for at least 12 months and satisfies any other criteria determined by regulators or in accordance with relevant Codes. In the absence of the chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not be chair of the Committee.

2.5 Members shall have relevant experience, knowledge and understanding of remuneration governance, practises and processes.

3 Secretary

3.1 The company secretary, or a nominee of the company secretary, shall act as the secretary of the Committee.

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4 Quorum and voting

4.1 The quorum necessary for the transaction of business shall be two members, the majority of whom shall be independent.

4.2 Decisions of the Committee require majority approval, unless otherwise specified.

4.3 If members are unavailable for a particular meeting, the remaining members may co-opt an independent non-executive director to constitute a quorum.

5 Frequency of meetings

5.1 The Committee shall meet at least twice a year and otherwise as required by the chair.

6 Notice of meetings

6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chair.

6.2 Unless otherwise agreed by the chair, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7 Minutes of meetings

7.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless in the opinion of the chair it would be inappropriate to do so, in which case a notification to that effect will be submitted to the Board by the Company Secretary

8 Duties

8.1 The Committee shall:

8.1.1 through the chairman of the Board, ensure that Handelsbanken plc maintains contact with the shareholder about remuneration and takes its views into account

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8.1.2 have ownership and oversight responsibility for setting the remuneration policy for all the Bank's executive directors and employees who are senior management function holders and part of the Executive Committee and the chief executive officer of wealth management, chief risk officer, chief compliance officer, chief audit officer and company secretary, including pension rights and any compensation payments

8.1.3 recommend to the Board of Handelsbanken plc and, as required, to the shareholder, the level and structure of remuneration for those in scope

8.1.4 ensure appropriate monitoring of the remuneration system and overall awards, taking into account the feedback from the Chief Audit Officer, Chief Risk Officer, Chief Compliance Officer and Chair of the Board Audit Committee before any awards are recommended

8.1.5 ratify on behalf of the PLC Board the variable remuneration awards for Handelsbanken Wealth Management

8.1.6 receive a report on the scheduled release of Handelsbanken Wealth and Asset management deferred variable awards and ratify any deviation

8.1.7 following a recommendation from the Board of Handelsbanken Wealth and Asset management, ratify remuneration proposals for its Head of Risk and Head of Compliance

8.1.8 ratify any Handelsbanken Wealth and Asset management deviation from the annual fixed remuneration guidance provided by the PLC Remuneration Committee

8.1.9 in accordance with limits set by the Group as shareholder, consider and approve salary proposals for employees whose salaries exceed £250,000 (or such other limit set by the shareholder)

8.1.10 recommend to the Board (which in turn will recommend to the Shareholder) the establishment of any share incentive plans, including material amendments to existing plans, and in respect of any approved plans, to approve any non-material amendments thereto

8.1.11 consider any allocation for the profit sharing scheme (Oktogonen) for Handelsbanken plc and Handelsbanken Wealth Management once agreed by the Group Board and recommend an amount to be ratified by the Board, taking into account Handelsbanken plc's overall performance

8.1.12 management will decide if any individual adjustments to Oktogonen allocations in terms of malus and/or clawback shall be applied to relevant employees and/or leavers, apart from if it relates to those in scope

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8.1.13 in determining such remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements and any relevant guidance (including the FCA Remuneration Code and the PRA Remuneration Part rules). When determining remuneration policy and procedures, the Committee shall consider the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run Handelsbanken plc successfully without paying more than is necessary, having regard to the views and remuneration policy of the shareholder, as well as of other stakeholders. The overall remuneration policy should have regard to the risk tolerance of Handelsbanken plc and alignment to Handelsbanken plc's long strategic term goals, purpose and values, including Environmental Social and Governance factors

8.1.14 when setting remuneration terms and conditions, review and have regard to pay and employment conditions across the group, especially when determining annual salary increases. This should include a review of UK workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the remuneration policy

8.1.15 review the implementation of and the on-going appropriateness and relevance of the remuneration policy, receiving and taking into consideration an annual report from Compliance for this purpose

8.1.16 review and recommend any changes to the UK remuneration policy to the Board, noting inherent risks, including but not limited to conduct and performance risks and practices which may incentivise relevant UK staff to act against the interests and values of the Bank

8.1.17 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of Handelsbanken plc but within any budgetary restraints imposed by the Board

8.1.18 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee

8.1.19 ensure that contractual terms on termination, and any payments made, are fairly executed, consistent with the policies of Handelsbanken plc, do not reward failure and that the duty to mitigate loss is fully recognised

8.1.20 oversee any major changes in employee benefits structures throughout Handelsbanken plc

8.1.21 agree the policy for authorising claims for expenses from the directors

8.1.22 work and liaise as necessary with the Nomination Committee in connection with the identification, approval and reporting of material risk takers, having regard to the quantitative criteria in accordance with the Remuneration Part of the PRA Rulebook or FCA Handbook SYSC 19. The Nomination Committee will review and approve both the quantitative and qualitative criteria.

8.1.23 consider and note the contents of the annual Remuneration Policy Statement

8.1.24 consider the gender pay statement in the context of its impact of the wider gender remuneration structure**.**

9 Non-Executive Director Remuneration

9.1 The shareholder shall determine the remuneration of all non-executive directors, including the Chairman, within the limits set in the Articles of Association. No director or individual shall be involved in any decisions as to their own remuneration

10 Reporting responsibilities

10.1 The chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed

10.3 The Committee shall, produce a report of Handelsbanken plc's remuneration policy and practices, to be provided to the shareholder for inclusion in the Group annual report, if required, and such other information as the shareholder may require

10.4 The Committee shall ensure that all provisions regarding disclosure of remuneration and the remuneration policy and procedures are fulfilled (including identification and reporting of material risk-takers, gender pay reporting and any other reporting as may be required by legislation or regulation including the Companies Act 2006, FCA Remuneration Code, the PRA Remuneration Part rules and any Pillar 3 remuneration disclosures)

10.5 Consider and approve the Directors' Remuneration Report in the annual report and accounts

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11 Other matters

11.1 The Committee shall:

11.1.1 have access to sufficient resources in order to carry out its duties, including access to Handelsbanken plc's secretariat for assistance as required

11.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members

11.1.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors, as appropriate

11.1.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval

12 Authority

The Committee is authorised by the Board to obtain, at Handelsbanken plc's expense, outside legal or other professional advice on any matters within its terms of reference.

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Version	Amendments	Approved by Board
1	Initial adoption	20 November 2018
2	Annual review	13 August 2019
3	Annual review	19 March 2020
4	Annual review	19 January 2022
5	Annual review	26 September 2023
6	Annual review	5 November 2024,16 January 2025 (clarification of inclusion in salary review effective 1 January 2025).