

Handelsbanken plc

Ethical standards policy

Policy effective from 19 May 2020

Policy owner: Chief Human Resources Officer

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1. Introduction

- 1.1 This Policy, the Ethical standards policy, sets out the standards of ethical behaviour and conduct that are expected in Handelsbanken plc ('the Bank'), and includes references to other policies which deal with ethical standards.

2. Policy objective

- 2.1 The objective of this policy is to set out Handelsbanken plc's approach to ethical standards, and to provide detail on how other policies, instructions and frameworks complement and support this approach.

- 2.2 It is the Bank's intention that this Policy is aligned with the existing Svenska Handelsbanken AB (publ) (Group) policies and procedures in relation to ethical standards, albeit allowing for necessary deviations where:

- (A) UK law, regulation and/or regulatory interpretation diverges from the equivalent position in Sweden;
- (B) UK regulatory expectations or firm specific requirements relevant to the Bank differ from those in Sweden; or
- (C) the nature of the UK business differs from the Group in such a way as to require UK specific controls to be established and maintained.

- 2.3 In such cases, it is accepted that this Policy can and should deviate appropriately from the approach otherwise adopted by Group, provided that the rationale for the deviation is explained to, and any such deviation is first agreed by, Group.

- 2.4 As necessary, and where appropriate, the Bank shall report and/or escalate to Group any material issues or concerns, including those which could result in reputational damage and/or those which have the potential to cause significant financial loss to Handelsbanken plc or the Group.

3. Scope of application

- 3.1 This Policy applies to all departments, units and branches of Handelsbanken plc. It applies to all Handelsbanken plc employees, contractors and agency staff.

- 3.2 The policy also apply to other third parties, who could be deemed as representing the Bank.

4. Responsibilities

- 4.1 It is the responsibility of all staff members, at every level of the business, to ensure that they observe and comply with this Policy.

- 4.2 All employees are responsible for their actions within Handelsbanken plc, both professionally and in relation to ethical issues.
- 4.3 It is the responsibility of the Heads of departments and units who engages with third parties to ensure that third parties are informed about their obligation to comply with this Policy.

5. Reporting

- 5.1 In line with the Bank's governance structure, policy matters shall be the subject of periodic reporting to the relevant Board Committee in order for the Board in Handelsbanken plc to have an overview of how the risks are being managed and to enable it to provide oversight.
- 5.2 Material risk events and risks outside approved risk tolerance shall be escalated to the relevant Board Committee at the earliest opportunity.

6. Overview of Handelsbanken plc's approach to Ethical Standards

- 6.1 The success of Handelsbanken plc derives from the trust it enjoys from its customers, counterparties, employees, bond investors, shareholders, public authorities and the public in general. Ethical and moral conduct are therefore vital.
- 6.2 The Bank's work methods are based on a fundamental human outlook characterised by trust and respect. This applies to both customers and employees. Customers are at the focus of operations, and the Bank aims for long-term customer relationships. Handelsbanken plc also aims for long term employment relationships by creating an environment where employees can continuously develop themselves and their careers.
- 6.3 With regard to customers, suppliers, employees and others, there must be no discrimination, victimisation or harassment on grounds such as gender, transgender identity or expression, ethnic background, religion or other beliefs, disability, sexual orientation, age, or any other grounds. Consequently, all genders must have the same opportunities for professional development and advancement at the Bank.
- 6.4 It is the responsibility of each manager to make sure that this Policy is observed in the day-to-day running of the business and in the internal instructions issued by each business area. Employees must be given the opportunity to discuss ethical matters on a regular basis. In internal training, ethical issues must be included as a matter of course.

7. High ethical standards

- 7.1 All employees and those who carry out assignments on behalf of Handelsbanken plc without being employees of the Bank, must, in all their activities within and for the Bank, conduct themselves in a manner that upholds confidence in Handelsbanken plc.

- 7.2 All operations within the Bank must observe high ethical standards. When issues of an ethical nature arise, these must be discussed with the employee's line manager, who can refer the issue within Handelsbanken plc if necessary.
- 7.3 The Board must be kept informed of significant events and considerations which are of importance to this Policy for ethical standards.

8. Laws, regulations and guiding principles

- 8.1 Banking regulations stipulate that Handelsbanken plc's operations must be run in a sound manner. A basic and self-evident rule is that the Bank and its employees must comply with the laws and regulations that govern its operations in various ways.
- 8.2 Regulations, principles, general recommendations and written statements from the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and other authorities must be taken into consideration and incorporated into procedures and instructions as necessary.

9. Customer relations

- 9.1 All advisory services aim to provide the customer with a suitable product, based on the customer's needs. The advice must be based on up-to-date information on the customer's financial and personal circumstances, and it must proceed from the customer's needs and wishes, as well as the risks that may arise with the product or service.
- 9.2 The advice must be preceded by information on what the advisory service relates to, and the fees for the advice. The advice that is finally provided must be well-founded, and it must be documented.
- 9.3 Handelsbanken plc must not participate in transactions or provide products or services that may be called into question in the light of prevailing tax legislation, competition regulations, or legislation regarding bribery and improper influence. In case of doubt, the Bank must refrain from participating. High ethical standards must always be observed.
- 9.4 Lending must be responsible, and to private individuals it must be carried out in accordance with good practice for granting credits. The interests of customers – and particularly those of private individuals – must be safeguarded with due care. This demands clarity, to ensure that customers understand the risks associated with borrowing, and do not run into debt in a manner that is excessive in relation to their incomes and other circumstances. Protecting the individual customer from running into financial difficulties due to excessive indebtedness benefits the customer, Handelsbanken plc, and society at large. Therefore, deficiencies in a customer's repayment capacity can never be ignored on the grounds that the Bank is being offered good collateral or high margins.
- 9.5 Handelsbanken plc's information to customers must be clear, objective and accurate, and include all the explanations that customers might need in order to make a well-informed decision.

- 9.6 Any complaints by customers must be dealt with quickly and correctly, in accordance with the Complaints handling policy.
- 9.7 Sound business practices, acting in a consistent manner, and fair treatment of customers are key concepts at Handelsbanken plc. Customers must be treated with respect.

10. Competence

- 10.1 All Handelsbanken plc employees shall have the competence that is required to perform their roles in a manner which complies with relevant internal requirements and external regulations. The Bank shall have appropriate processes in place to ensure that employees' competence is being assessed, maintained and developed.

11. Conduct of employees

- 11.1 Conduct Rules were established by the FCA to set common standards of conduct across the banking sector. All employees must adhere to these rules, which include acting with integrity and paying regard to the interests of customers - rules which echo Handelsbanken plc's own culture and values. There are additional Conduct Rules for Senior Managers.
- 11.2 It is important that employees of the Bank are not suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work. All employees must be familiar with the laws and regulations on insider information and market manipulation, as well as bribery and improper influence, and also comply with Handelsbanken plc's Personal Account Dealing Policy.
- 11.3 In their work within the Bank and in their private affairs, employees must refrain from business transactions that violate Handelsbanken plc's rules or the prevailing legislation. An employee must not handle matters in which the employee or a relative has a personal interest, or act for a company in which he or she or a relative has a material interest. Employees must also refrain from transactions or other commitments that could seriously jeopardise their personal financial position.
- 11.4 To avoid incurring personal obligations to customers and suppliers, employees must observe the Bank's rules regarding receiving personal gifts and corporate hospitality.
- 11.5 Employees must notify the Bank of assignments outside the Bank and obtain approval, in accordance with Handelsbanken plc's rules.
- 11.6 Employees shall in no way participate in collaborations or act in a way which reduces, or can be perceived as reducing, competition. A number of financial collaboration structures are expressly exempt from the prohibition against interaction between competitors. However, it is not permitted, on Handelsbanken plc's behalf, to enter into agreements on prices or other conditions with representatives from competitors which lead to a reduction of competition. Similarly, employees must not participate in discussions with, or in any other way have contact with, representatives from competitors which would lead to reduction or obstruction of competition.

- 11.7 Employees who do not comply with the rules governing the conduct of employees may be subject to action, including disciplinary action, and where appropriate, legal action in accordance with applicable rules and regulations.

12. Reporting by employees who suspect internal fraud or other anomalies

- 12.1 An employee who discovers or suspects internal fraud or other concerns within the Bank must report this first to his/her line manager or a higher-level manager within their own or another unit. A report can also be made, for example, to the compliance function, or to the internal audit function.
- 12.2 If the normal channels described above are not appropriate, the employee can use Handelsbanken plc's whistleblowing process, whereby anonymity can be guaranteed as far as is legally possible.

13. Doubtful cases

- 13.1 Employees who are in doubt when applying this Policy for ethical standards and dealing with related issues must contact their line manager to find out what is ethically acceptable.

14. Training and awareness

- 14.1 The Chief HR Officer is responsible for ensuring and following up that appropriate training and awareness measures are maintained in relation to this Policy. The training and awareness measures shall seek to ensure that the policy audience is aware of and understand the policy content.
- 14.2 Training is to be provided as appropriate to new staff on the related policies and frameworks set out in Section 15 below. The frequency of follow up training shall depend on the nature of the role being carried out.
- 14.3 The training and awareness measures for this Policy shall be reviewed by the Chief HR Officer in liaison with the training department in HR, at least annually, or more frequently, if required by material changes to the Policy.

15. Policy review

- 15.1 The Chief HR Officer is required to review this Policy, taking account of feedback gathered from all relevant stakeholders, at least annually, and on an ad hoc basis, where necessary, to ensure it remains fit for purpose, appropriate and accurate.
- 15.2 The Chief HR Officer, delegating where appropriate, shall coordinate any changes to this Policy before submission for consideration and approval by the Board Risk and Compliance Committee.

16. Related policies, frameworks and instructions

16.1 The Ethical standards policy shall be read in conjunction with the following policies, instructions and frameworks:

- (A) the Group Chief Executive Officer sums up the Svenska Handelsbanken AB's (publ) fundamental principles and concepts in a special internal document called 'Our Way', which is distributed to all employees. It forms the basis of the Group's corporate culture, including decentralised customer responsibility, decentralised decisions and independent thought and action on the part of the employees;
- (B) the Handelsbanken plc Sustainability Policy defines the fundamental principles for sustainability that apply throughout the operations of Handelsbanken plc and the general processes designed to ensure that these principles are complied with in practice;
- (C) Handelsbanken plc's views on corruption and conflicts of interest are set out in the Anti-Bribery and Corruption and Tax Evasion Policy and the Conflicts of Interest Policy, established by the Board;
- (D) The Handelsbanken plc Employee Handbook consists of rules and standards for employees' conduct. The relevant conduct rules for each role are also set out therein; and
- (E) Handelsbanken plc's policy regarding whistleblowing is designed to cover concerns within Handelsbanken plc that fall outside the scope of other policies and procedures, such as the grievance procedure or customer complaints procedure.

17. Contact

17.1 Any queries regarding this Policy shall be initially directed to the UK Human Resources function.