



Handelsbanken

Second green bond issuance
November 2020

Our vision for a sustainable future

”As a bank, we want to contribute to sustainable development in those areas where we can have an influence. Both in our own daily work but above all when we do business, when we finance our customers’ projects and businesses and are entrusted to manage their assets.”

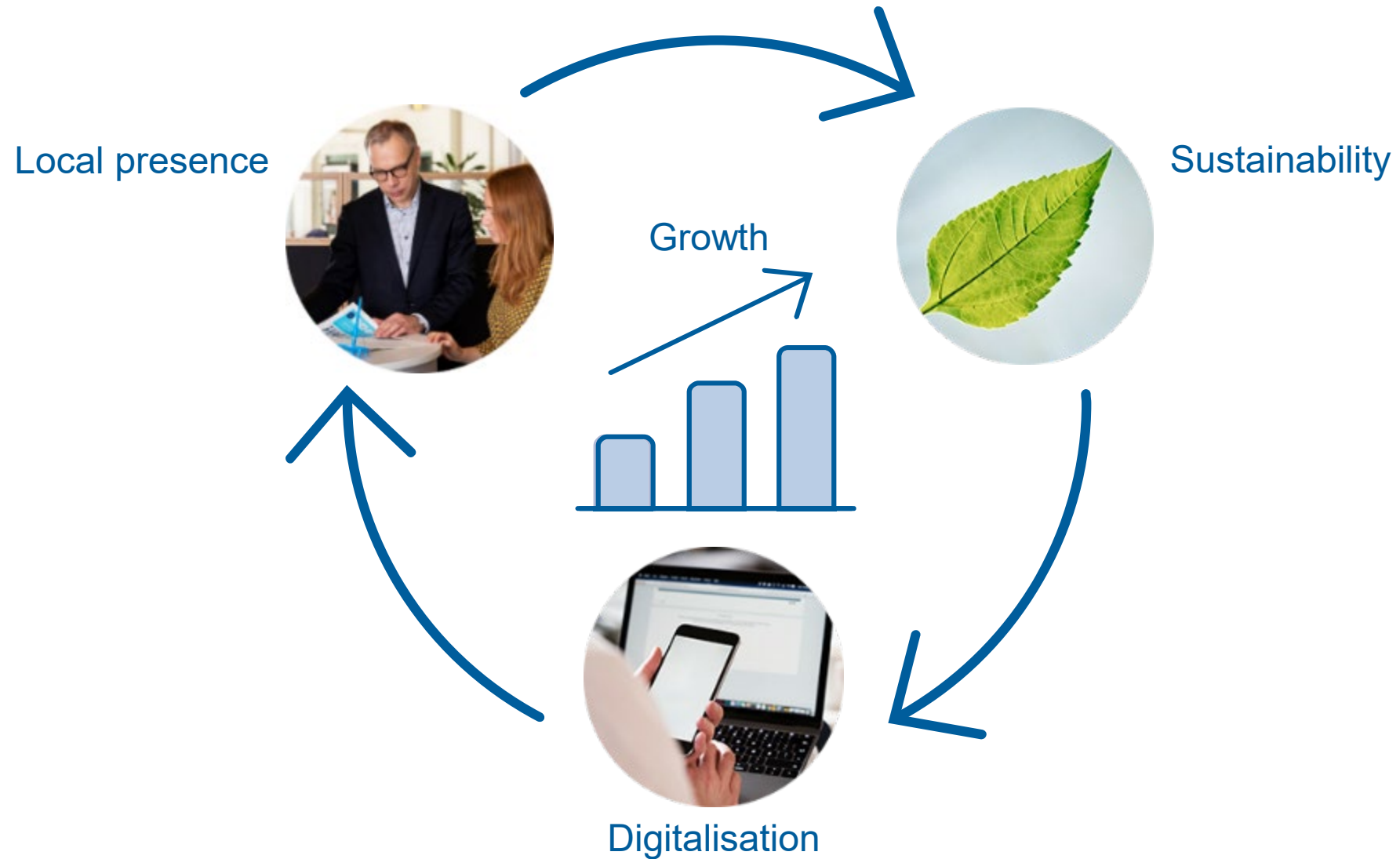
Carina Åkerström, CEO Handelsbanken

Sustainable business models are a prerequisite for long term financial returns.

We strive to support and accelerate our corporate customers’ transition to a carbon neutral society in which they can thrive.

As a part of the financial system and society at large, we have a responsibility, and an opportunity, to contribute to sustainable development.

Handelsbanken 2020



Sustainability focus for Handelsbanken

Handelsbanken Sustainability Report 2019

"Sustainability is completely integrated into Handelsbanken's corporate culture and working methods, and encompasses the Group's operations in all markets. As a bank, we aim to contribute to sustainable development, mainly through our business operations, and our products and services."



Handelsbanken's Key SDGs

SUSTAINABLE DEVELOPMENT GOALS



Initiatives and collaborations

International initiatives

- UN Global Compact
- PRI – UN Principles for Responsible Investing
- PRB – Principles for Responsible Banking
- CDP
- Equator Principles
- TCFD



UN Agenda 2030 Sustainable Development Goals, we focus on ¹:

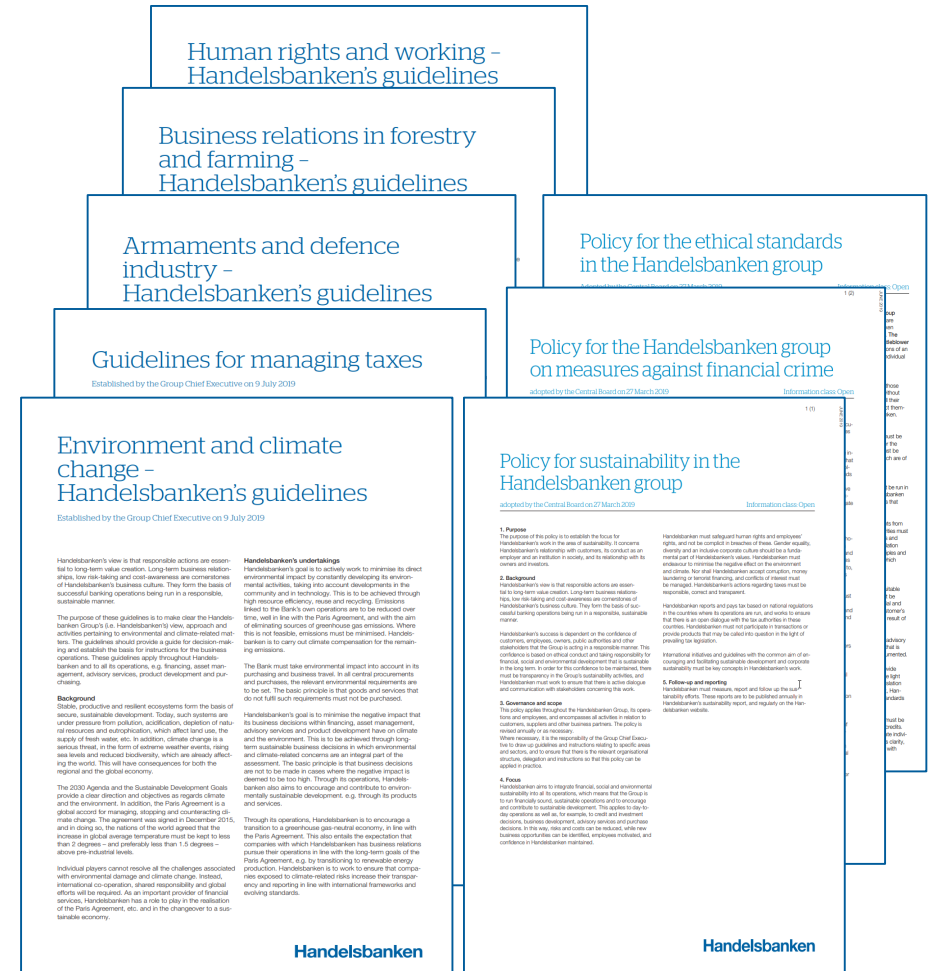
5. Gender equality
8. Decent work and economic growth
9. Industry, innovation and infrastructure
11. Sustainable cities and communities
13. Climate action
16. Peace, justice and strong institutions



Governance - policies and guidelines

“Handelsbanken must safeguard human rights and employees’ rights, and not be complicit in breaches of these. Gender equality, diversity and an inclusive corporate culture should be a fundamental part of Handelsbanken’s values. Handelsbanken must endeavour to minimise the negative effect on the environment and climate. Nor shall Handelsbanken accept corruption, money laundering or terrorist financing, and conflicts of interest must be managed. Handelsbanken’s actions regarding taxes must be responsible, correct and transparent.”

Policy for sustainability in the Handelsbanken group, adopted by the Central Board on 25 March, 2020



Why Handelsbanken is Focused on Climate Change



Physical risks

- Acute
- Chronic

Transition risks

- Political risks
- Market risk
- Customers changing their behaviour

Opportunities

- New products and services

Transparency – embracing TCFD

TCDF reporting in our role as:

- Asset manager
- Capital owner
- Lender

For 2021, the ambition is to increase transparency under the TCFDF framework with regards to also the Bank's credit portfolio.

2019

2020

2021



Responsible investment

Handelsbanken Asset Management

>600

Billion SEK in assets under management¹

90%

of fund volume managed with extended exclusion criteria ¹

22

Billion SEK invested in green, sustainable and social bonds¹

#1

in Morningstar sustainability rating

Date: December, 2019

4

Funds with the Swan eco-label¹

563

Engagements through dialogues of different categories¹

Handelsbanken Asset Management

Our vision

Handelsbanken Asset Management and Handelsbanken Fonder AB strives to become a regenerative asset manager.

We strive to create financial wealth and planetary health by contributing to sustainable development.

Long term value creation

Sustainable business models are a prerequisite for long term financial returns.

Our responsibility

As a part of the financial system and society at large we have a responsibility, and an opportunity, to contribute to sustainable development.

Regenerative

In the long term, we as an asset manager, and also the companies we invest in, need to become regenerative.

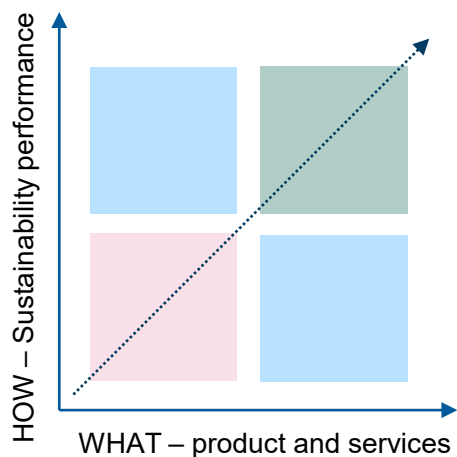
Handelsbanken Asset Management

INCLUSION

Investments in solutions

We search for companies contributing to the advancement towards a sustainable development and future. Companies offering solutions, but also companies leading the way in regards to minimising their negative impact.

We choose future proof indices and invest in funds, looking for solution just like we do ourselves.



ENGAGEMENT

Drive change

We engage actively through our own direct engagements and corporate governance activities.

We engage in initiatives and collaborations, and in investor networks together with other investors. And through our fund-in-funds we engage with other asset managers.¹

EXCLUSION

Focus on the future

We exclude companies in controversial sectors as they risk to counteract sustainable development. We also exclude companies systematically violating international norms and conventions.¹



Handelsbanken Asset Management

INCLUSION

Companies in transition

Exclusion of a company involved in fossil fuels can be temporarily waived if the company fulfills the criteria for companies in transition.

1. The company produces and/or distributes electric power.
2. The company's plans for the development of its operations are clearly defined, with the objective of reducing its carbon dioxide emissions in line with the Paris Agreement.
3. The company's current operations must not consist primarily of fossil fuel energy.
4. The company's current rate of investment must emphasise a transition from fossil fuels to renewable energy.

Guidelines regarding environmental impact and climate change



“Through its operations, Handelsbanken is to encourage a transition to a greenhouse gas-neutral economy, in line with the Paris Agreement. This also entails the expectation that companies with which Handelsbanken has business relations pursue their operations in line with the long-term goals of the Paris Agreement, e.g. by transitioning to renewable energy production.”¹

The Paris Climate Agreement 2015



“Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;”

Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Responsible financing

We make a difference through responsible lending

Customer focus and long term approach

Long-term business relations and putting the customers' needs before the Bank's short term profitability are a key aspects of the way we do business and how we work with responsible lending. Thus, the Bank can continue to be a stable bank and make a positive contribution to customers, shareholders and the community.



Responsible lending

Sustainability aspects are vital to the Bank's credit policy. The policy states that the Bank's lending must be responsible and meet high demands for sound ethical standards. Handelsbanken respects human rights, fundamental principles of working conditions and environmental and climate considerations, and supports anti-corruption measures regardless of where in the world the Bank operates.

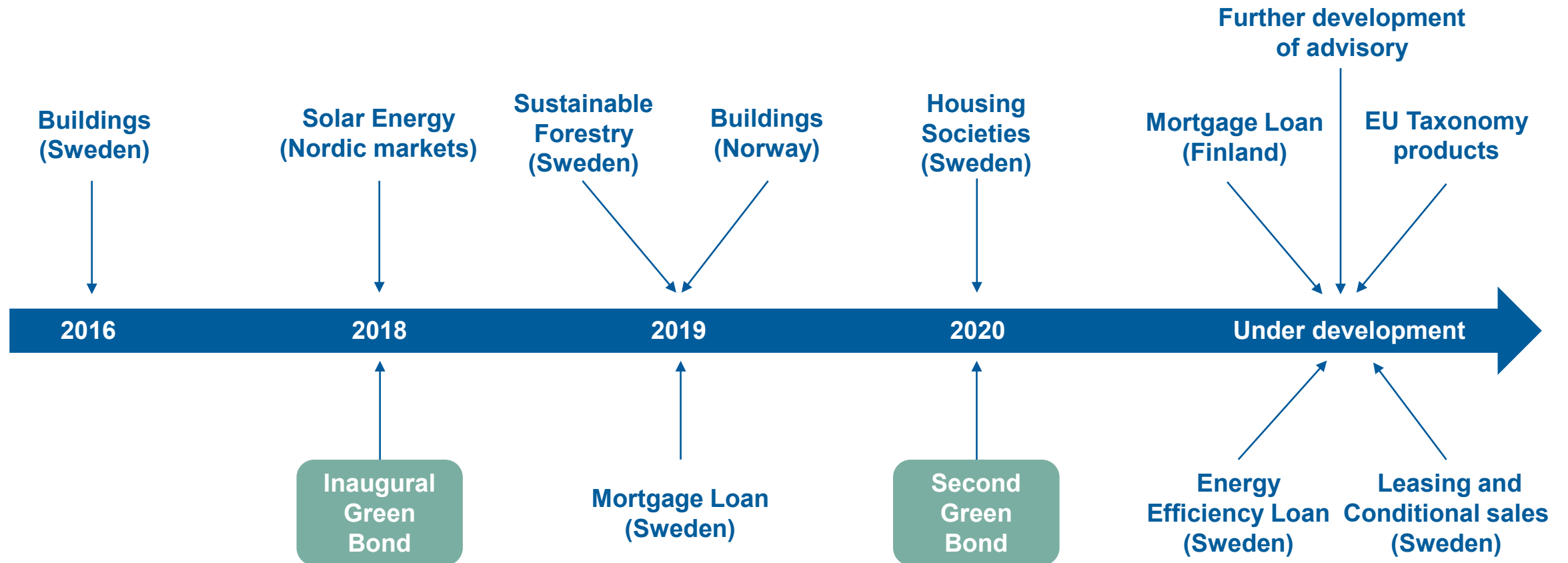


Green loans and transition financing

Since 2017, Handelsbanken has offered green loans for projects and investments that promote a more sustainable society. In 2019, Handelsbanken granted its first green loan for sustainable forest management, for existing and refurbished buildings and launched green mortgage loans in Sweden. The bank also arranges so called sustainability linked loans to incentivize corporate sustainability goals.



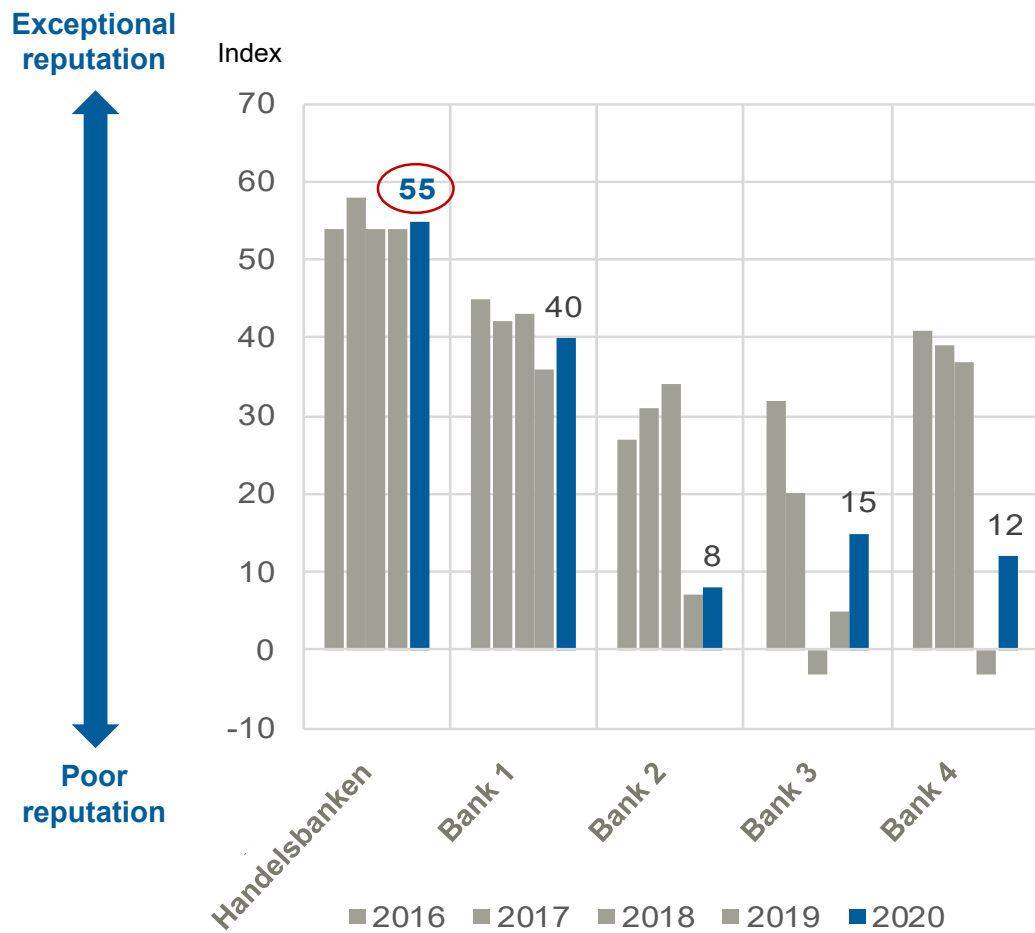
Our Journey in Green Lending



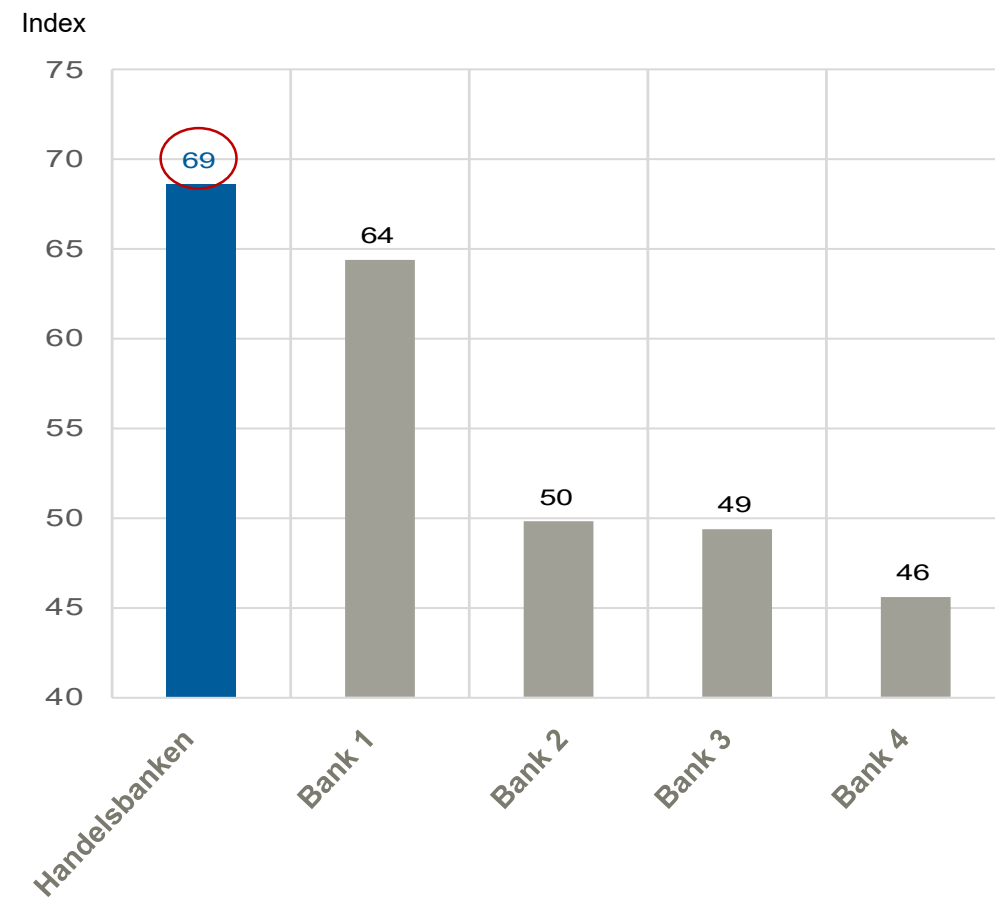
Awards won by Handelsbanken

Highest reputation among the major Nordic banks

Kantar SIFO*

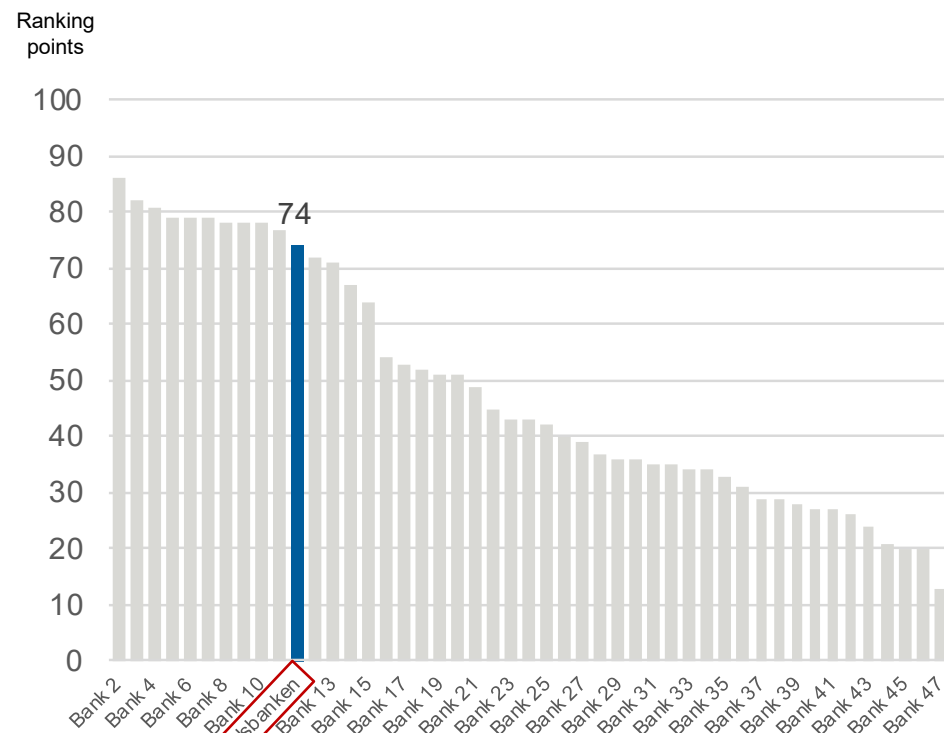


Sustainable Finance 2019**



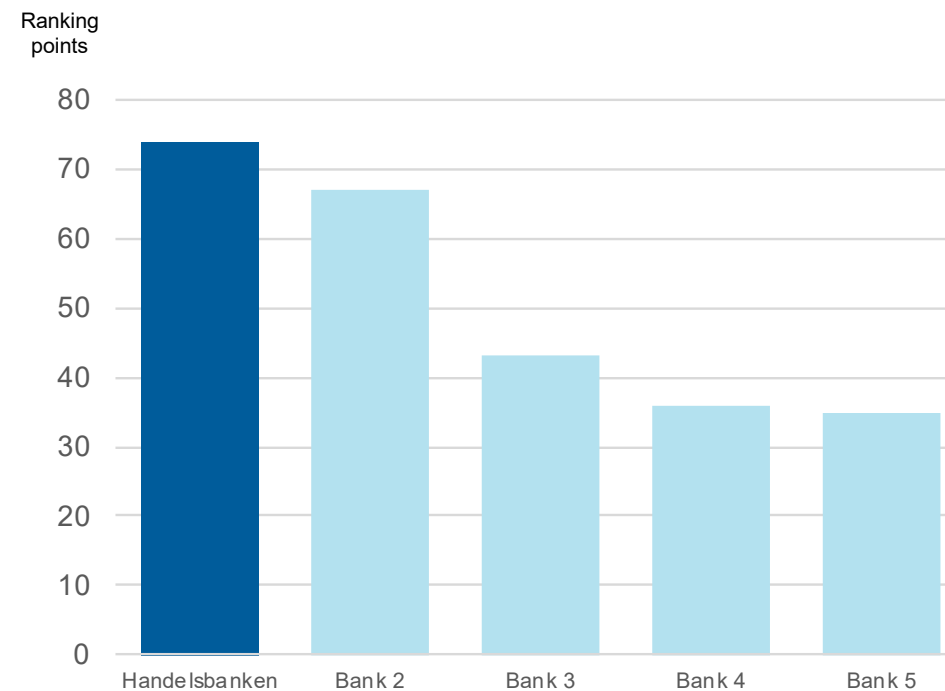
Only Nordic bank included in SAM's "Sustainability Yearbook"

European comparable banks



- Global survey (since 2004) of more than 4,700 listed companies in around 60 business segments, of which more than 200 banks and 5 Nordic banks included

Nordic comparable banks



- Top 15 % most sustainable corporates (points) included in "The Sustainability Yearbook"
 - Handelsbanken included for the 4th consecutive year and as the only Nordic bank in 2020

Handelsbanken – one of the safest banks in the world 2020

Handelsbanken remains one of the world's safest commercial banks. That's the verdict of Global Finance Magazine in its annual survey in 2020.

Handelsbanken is one of eight banks with the highest points on the list, and we are once again the safest bank in all our home markets.

Global Finance Magazine considered the 500 largest banks in the world and assessed them according to their rating with Moody's, Standard & Poor's and Fitch.



Selected awards



Handelsbanken is Sweden's most sustainable listed company in banking and finance. This was reported in the 2020 Sustainable Companies ranking conducted by Lund University, together with Dagens Industri and Aktuell Hållbarhet.



Handelsbanken had the most sustainable brand in 2019 among banks in Sweden, according to decision-makers at small and medium-sized companies.



Handelsbanken is included in the 2020 edition of The Sustainability Yearbook. This means that of all the world's banks, Handelsbanken is among the top 15 per cent that have received the highest rating in terms of sustainability.

Green Bond Framework

The four pillars of the Green Bond Framework

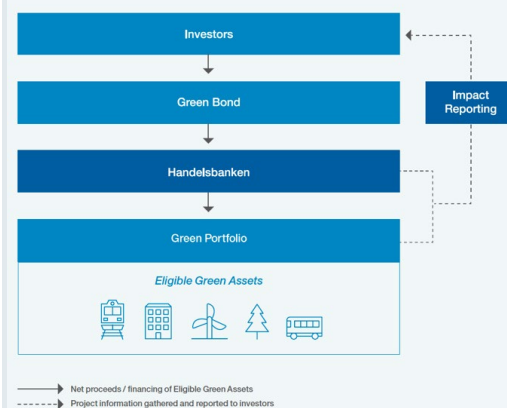
Use of Proceeds

- Clean Transportation
- Environmentally Sustainable Management of Living Natural Resources
- Green Buildings
- Pollution Prevention and Control
- Renewable Energy
- Sustainable Water and Wastewater Management

Process for Project Evaluation and Selection



Management of Proceeds



Reporting and transparency

Annual Impact report

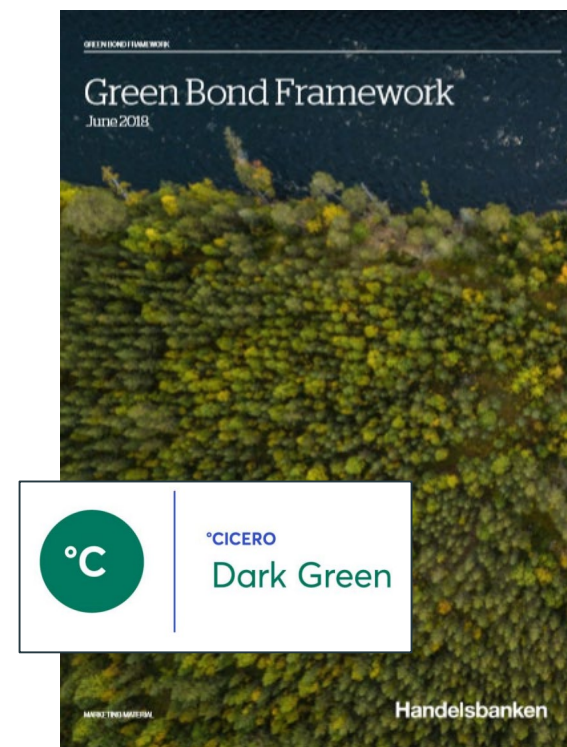
- Allocation to Use of Proceeds categories
- Performance Reporting, including calculated greenhouse gas reduction, energy production and energy savings

Handelsbanken Green Bond Framework

The net proceeds will be used by Handelsbanken, in whole or in part, to finance or refinance loans and investments that promote the transition to low-carbon, climate resilient and sustainable economies, as well as environmental and ecosystem improvements.













	Categories	M/A/E	SDG	Activities	Shade of Green by CICERO
I	Clean Transportation	M	 	Public Transport, Low Carbon Vehicles	Dark to Medium
II	Environmentally Sustainable Management of Living Natural Resources	M/E	 	Sustainable Forestry	Dark to Medium
III	Green Buildings	M	 	Green Buildings	Medium
IV	Pollution Prevention and Control	M/E	 	Waste to Energy, Waste Management	Medium to Dark
V	Renewable Energy	M	 	Wind Energy, Solar Energy, Water Energy, Geothermal Energy	Dark
VI	Sustainable Water and Wastewater Management	M/A/E	 	Sustainable Water and Wastewater Asset	Dark

*Mitigation (M), Adaption (A), Environment and eco-systems (E).



Handelsbanken Green Bond

Eligible Green Assets in the Green Register at 2019-12-31: SEK 12.1 bn

Categories	Sub categories	Disbursed amount (EUR)	Disbursed amount (SEK)	Share (%)	Impact 2019 CO ₂ e reductions (tonnes)	SDGs
Clean transportation	Public Transport	74,573,837	779,647,097	15	15,449	 
	Low Carbon Vehicles	50,426,163	527,190,403	10	2,195	
Pollution Prevention and Control	Waste to Energy	85,000,000	888,649,500	17	91,698	 
Green Buildings	Green Buildings	120,000,000	1,254,564,000	24	592	 
Renewable Energy	Wind Energy	73,820,307	771,769,166	15	57,484	 
Environmentally Sustainable Management of Living Natural Resources	Sustainable Forestry	57,847,088	604,773,951	11	50,970	 
Sustainable Water and Wastewater Management	Water	38,332,605	400,755,881	8	-	 
Total		500,000,000	5,227,349,998	100	218,388	
New Loans		247,091,621	2,583,268,773	49		
Impact, tonnes CO₂e per mEUR/mSEK		437	41.8			

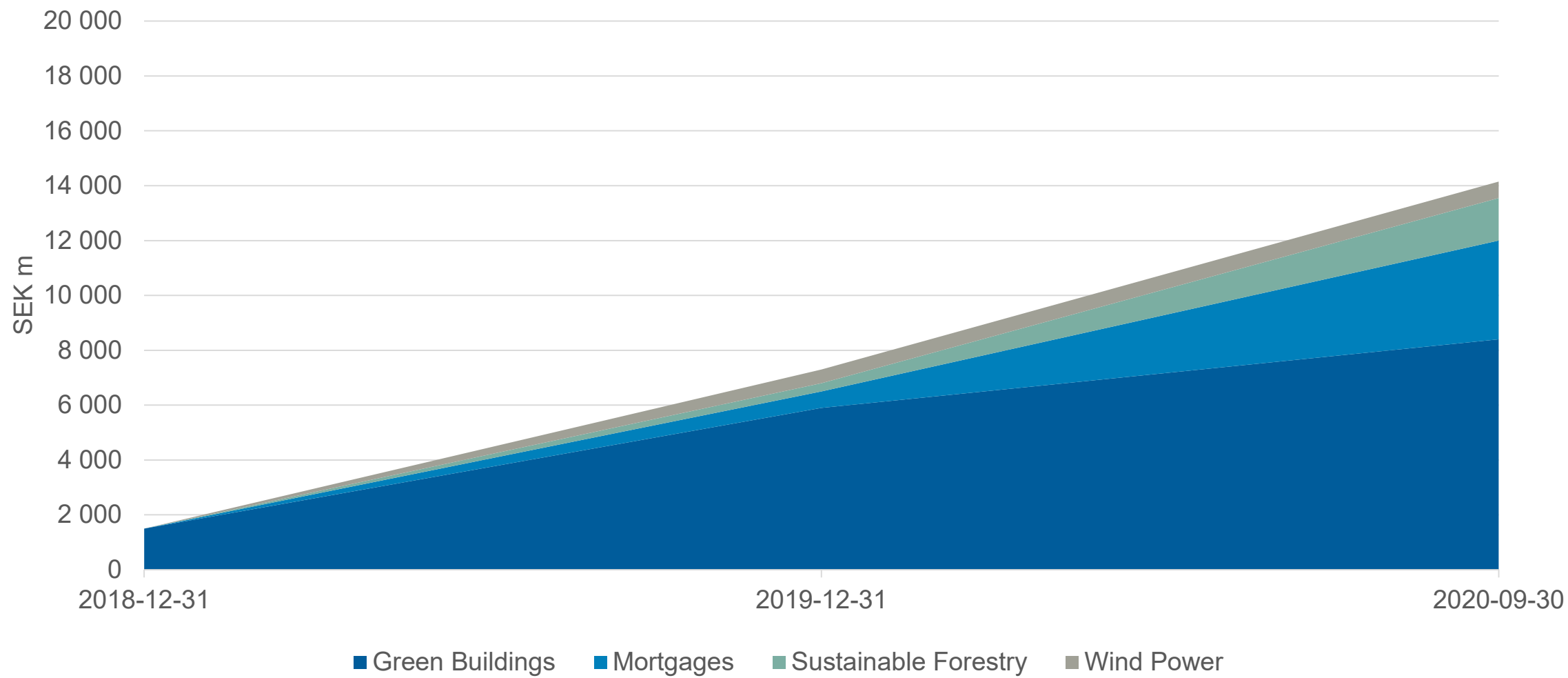
Green Bond
Impact Report

2019



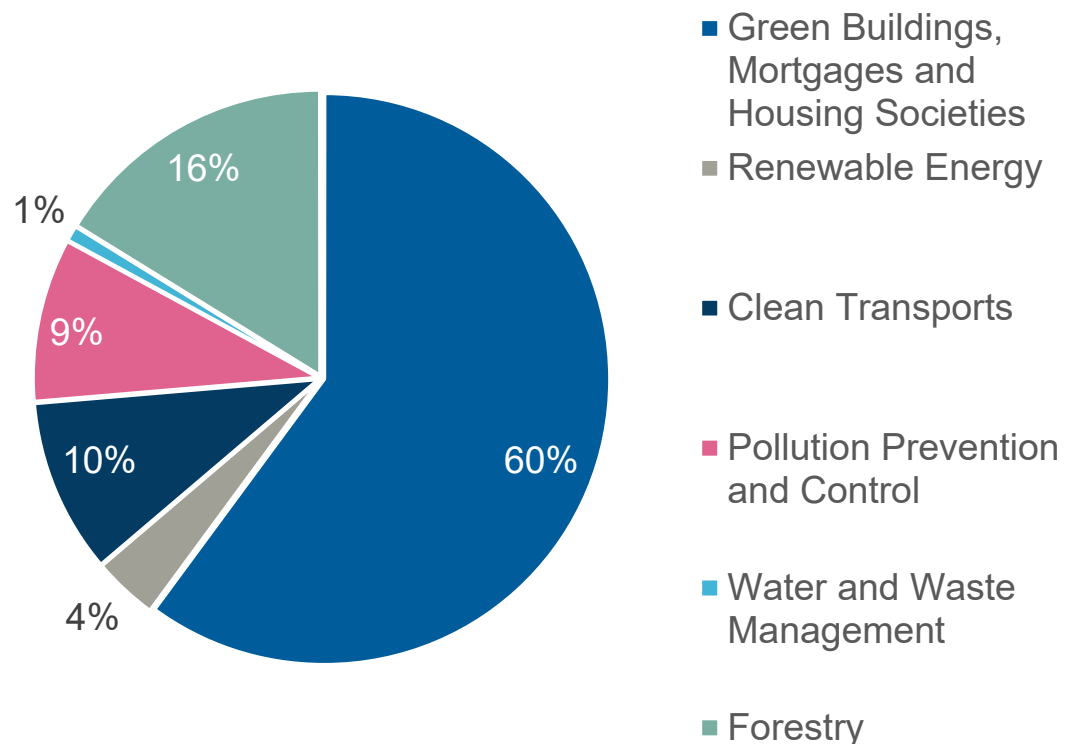
Handelsbanken

Our Green Loan Development



Our combined qualified assets (September 2020)

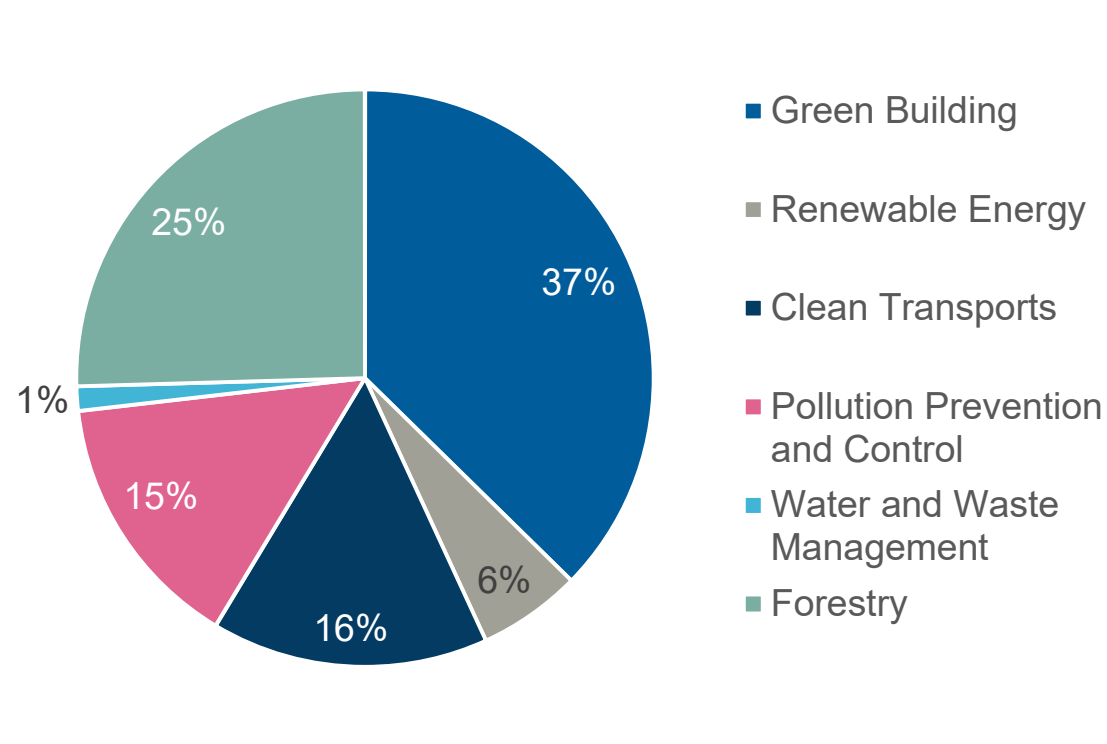
Total assets approved by Handelsbanken Green Finance Committee



Total volume: SEK 22.4bn

Green Loans: 63%

Total qualified assets according to criteria in current Framework

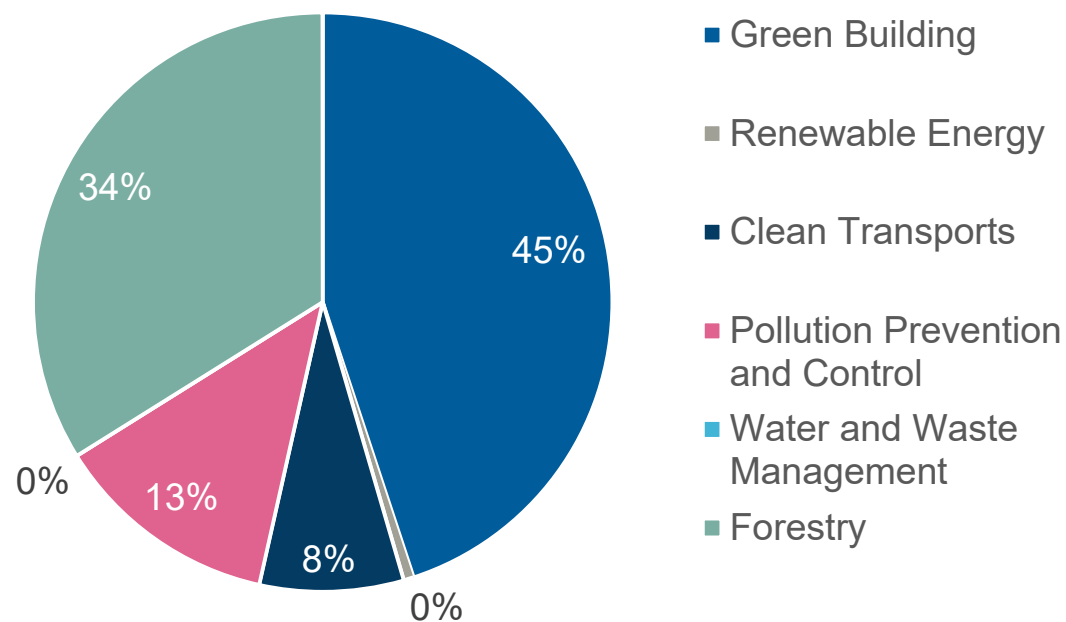


Total volume: SEK 14.3bn

Green Loans: 40%

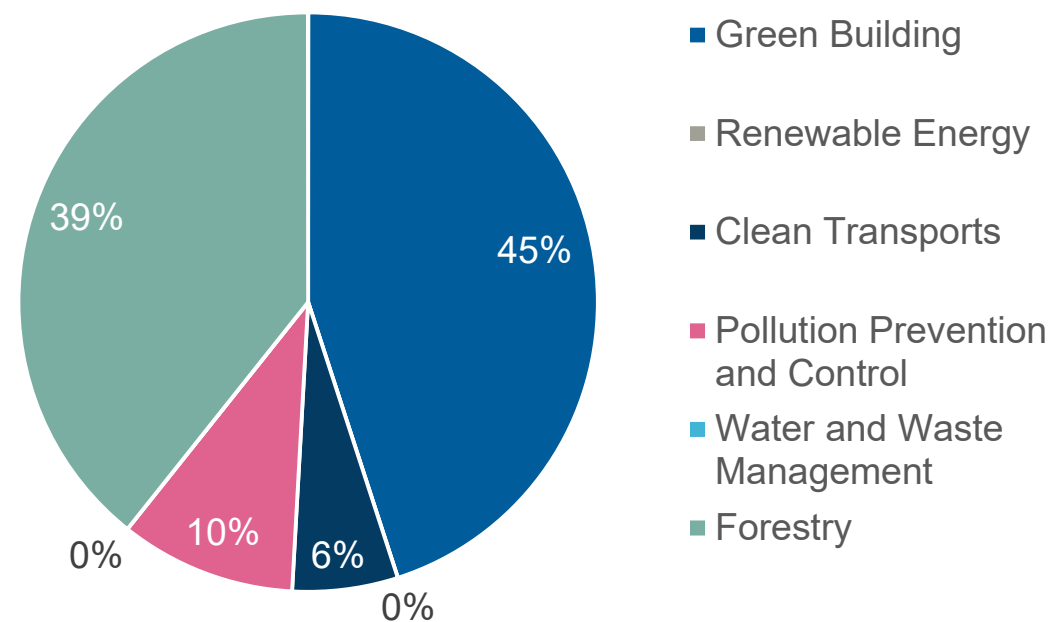
Upcoming Green Bond

Remaining qualified assets according to current Framework



Total volume: SEK 9.0bn

Indicative composition of new Green Bond



Total volume: EUR 500m

Examples of Green Loan financed projects

Green Buildings

Pollution Prevention and Control

Environmentally Sustainable Management of Living Natural Resources

Green Buildings

Einar Mattsson

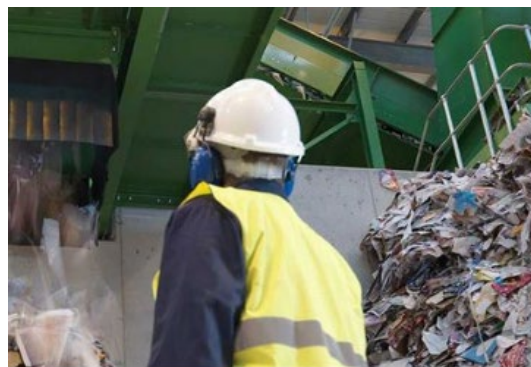


Fotograf: Åke E:son Lindman

Project name: Stockholm Koppången 4
Country: Sweden
www.einarmattsson.se

Construction of 130 apartments in Norra Djurgårdsstaden, Stockholm, certified with Miljöbyggnad Guld

Stena Metall



Circular material flows
Country: Sweden
www.stenametall.se

Revolving credit facility to enable the repurchasing of waste to facilitate more efficient recycling.

Link to web [article](#)

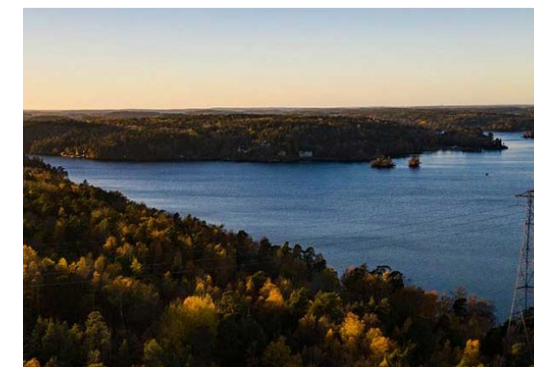
Hällefors Tierp Skogar



Sustainable forest management
Country: Sweden
www.htskogar.se

A green loan for forestry will exclusively finance forest land, forest promotion measures and restoration of forest land

Heba and Åke Sundvall



Project name: Panorama
Country: Sweden
www.hebafast.se
www.akesundvall.se

Construction of 200 apartments in Bredäng, Stockholm, certified with the Nordic Swan ecolabel

Link to web [article](#)

Looking forward

Sustainability at the core of Handelsbanken growth strategy



Climate change will continue to be a key priority within the Bank's sustainability work going forward. Other key sustainability issues are human rights and corporate governance, gender equality as well as preventing corruption and money laundering.

PRB UN Principles for Responsible Banking

Handelsbanken signed the UN Principles for Responsible Banking (PRB) in the autumn of 2019. Implementing the PRB throughout the Bank's operation has started and will continue in the years to come. Work includes but is not limited to:

- alignment and analysing impact
- setting targets
- improving transparency
- work with clients and stakeholders
- effective governance
- improve understanding

TCFD Climate risk and opportunity – improved transparency

Handelsbanken endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and both Handelsbanken Asset Management and Handelsbanken Liv, our life and pensions company, have published climate reports in line with the recommendations for 2018 and 2019.

For 2021, the ambition is to increase transparency with regards to the Bank's credit portfolio. To this end, the Bank has put together a working group with the task of improving the Bank's understanding and reporting of climate-related risks and opportunities, in line with the recommendations of the TCFD.

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<https://www.handelsbanken.com/en/investor-relations>

Group Sustainability

Catharina Belfrage Sahlstrand, Group Head of Sustainability

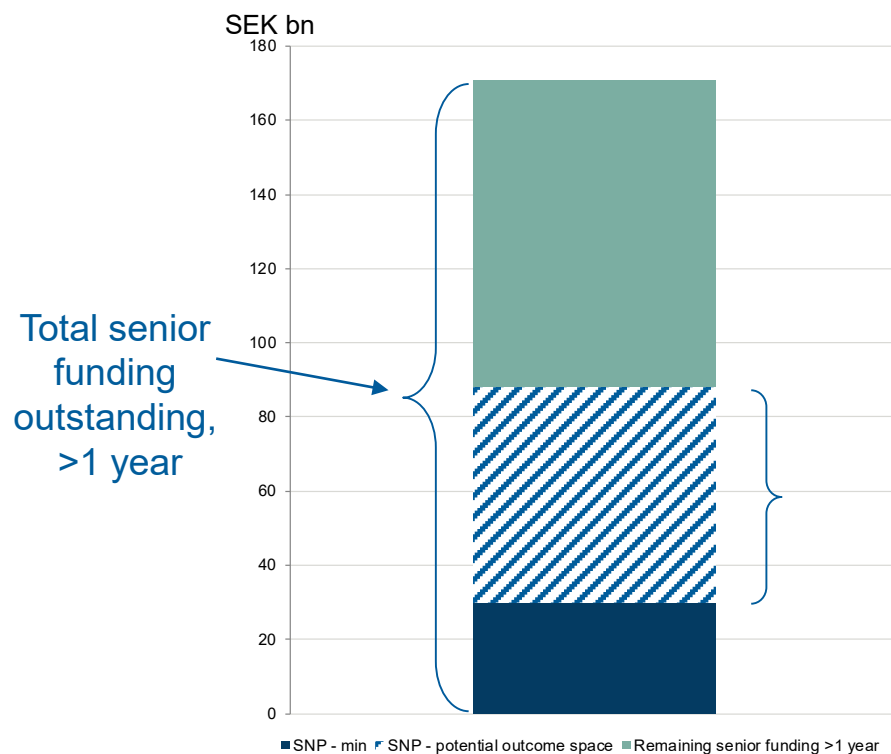
Tel: + +46 8 701 5625, sabe08@handelsbanken.se

<https://www.handelsbanken.com/en/sustainability>

Appendix

Swedish implementation of Banking package yet to be decided

- Extended implementation period to 2024 due to Corona-situation
- The December -19 legislative proposal needs to be interpreted by the SNDO in order to assess the senior non-preferred (SNP) need.



- SNP-need to be filled 2024 (Implementation date pushed forward by the SNDO due to Corona situation)
- Max SNP-need of SEK 88bn*
- Max SNP corresponds to 51% of outstanding senior funding >1 year
- Issued SNP to date: SEK 19bn

Handelsbanken's need for SNP given current legislation and methodology applied by the SNDO: SEK 88 bn*

Handelsbanken's assessment of lowest possible SNP-need given December proposal: SEK 30bn*

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Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Securities have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Securities. Any person subsequently offering, selling or recommending the Securities (a "distributor") should take into consideration the manufacturer's type of clients assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's type of client assessment) and determining appropriate distribution channels.