

Application of the Equator Principles

The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. Handelsbanken became a signatory to the framework in 2016 and has since then developed procedures, processes and policy documents detailing how the Equator Principles are to be applied in the bank.

Responsibility for identification

When financing of a project that may potentially fall under the Equator Principles is identified, the Bank's Equator Principles Reviewing Team (EPRT) must be informed. EPRT consists of senior employees in the Group's Sustainability department, Handelsbanken Legal, Handelsbanken Credit and the sustainability group within Handelsbanken Debt Capital Markets (the "Business Unit"). Other internal expertise may be consulted if necessary.

Internal process for assessment and management

The internal process for a financing that has been deemed potentially covered by the Equator Principles is handled by the Business Unit. The process includes the following high-level steps:

1. Assessment of the applicability of the framework of the Equator Principles

The Business Unit compiles information about the financing in question and, based on the application that the Business Unit presents, the EPRT makes an assessment of whether the financing is covered by the Equator Principles.

2. Credit assessment

Handelsbanken Credit conducts a separate credit assessment of the financing in accordance with the bank's ordinary credit process, which also includes an analysis of sustainability risks.

3. Categorisation of projects

If EPRT has made the assessment that the financing is covered by the Equator Principles, EPRT categorizes the underlying project as either category A, B or C based on information in the application from the Business Unit. The application must describe the underlying project and its sustainability impact in accordance with the Equator Principles and specify the terms of the loan agreement that ensure compliance with the Equator Principles. The EPRT also decides whether the Equator Principles require an external consultant to carry out an independent on-site assessment of the underlying project's compliance with the Principles.

4. Documentation and terms of the loan agreement

The Business Unit is responsible, with the support of legal expertise and, where applicable, independent external consultants, for ensuring that the agreed terms based on the application are reflected in the loan documentation and complied with during the term of the loan.

5. Compliance and reporting

The Business Unit is responsible for monitoring compliance with the Equator Principles in relation to the financing. Handelsbanken Credit compiles data for information on the financing that must be reported externally according to the Equator Principles. The Group's Sustainability Department is responsible for ensuring that the information is published on the Equator Principles' website through the Bank's reporting to the Secretariat of the Equator Principles.

For more information on the Equator Principles, see the Equator Principles (equator-principles.com).

For the bank's annual reporting to the Secretariat of the Equator Principles, (equator-principles.com/signatories-epfis-reporting).