

Principles for Responsible Banking Self-Assessment 2023

Principles for Responsible Banking

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. As a signatory bank Handelsbanken needs to report

on our implementation of the Principles annually in line with our annual reporting cycle.

In the table below we report on the self-assessment requirements. Further information

in regards to the target setting is available on page 272 in the Annual and Sustainability Report 2023.

PRINCIPLE 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Handelsbanken is the safest commercial bank in Europe, according to Global Finance's ranking of over 500 banks worldwide.

<https://www.handelsbanken.com/en/about-the-group/awards>

Handelsbanken was acclaimed "Bank of the Year 2023" in Sweden by the Financial Times' periodical "The Banker", which covers the global banking sector. The distinction was awarded to Handelsbanken on the basis of its ambitious sustainability work and stable profitability.

We operate on timeless values of trust and respect, for customers and colleagues. We aim to build lifelong relationships with our customers and to grow through their recommendation. Our branch teams are empowered to take all the decisions that matter to their customers, and to engage locally in the ways they find best. Colleagues all over the Bank enjoy similar trust, within our open, supportive culture. We believe in always taking responsibility. By running the Bank prudently, we are able to support our customers through all economic conditions. By sharing our knowledge freely, we can contribute to their financial capability. And by living up to our commitments we can make positive difference to the communities we serve.

<https://www.handelsbanken.com/en/about-the-group>

<https://www.handelsbanken.com/en/about-the-group/organisation>

Handelsbanken's decentralised way of working and strong local connection, combined with quality digital services and sustainable social responsibility, form the basis for high customer satisfaction and long-term customer relationships. The Bank's home markets are Sweden, Norway, the UK and the Netherlands. Our local branches are supported by central units with specialist knowledge in different areas, as well as departments for legal, compliance, communications, reporting to public authorities, and new digital platforms among others.

<https://www.handelsbanken.com/en/about-the-group/locations>

In addition to our home markets, we are represented in Luxembourg and the United States in order to support and assist our private and corporate customers in their international banking transactions.

We serve large corporates as well as SMEs and private customers. Handelsbanken has its most important impact on a sustainable development, in a positive as well as a negative way, from its business when financing the customers projects and activities and when managing customers' savings. The bank supports its customers on the pathway towards transition within areas such as environment, climate, biodiversity, human rights and inclusion through dialogue and advice.

Annual and Sustainability Report 2023, pages 40–41 and 46–47

90 per cent of our lending portfolio is related to real estate, which is the main sector of lending in all our home markets, and 67 per cent of our lending portfolio and 64 of our income derives from our activities in Sweden.

Annual and Sustainability Report 2023, pages 45 and 47

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
- No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: NZBA, TCFD, The UN Environment Programme Finance Initiative (UNEP FI), EBA Guidelines on loan origination and monitoring, Partnership for Carbon Accounting Financials (PCAF), Science Based Targets initiative (SBTi), The UN Principles for Responsible Investment (PRI), Equator Principles and GRI.
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: UK Modern Slavery Act, The UN Convention on the Rights of the Child, Children’s Rights and Business Principles and EBA Guidelines on loan origination and monitoring.
- None of the above

Handelsbanken supports, in close cooperation with its customers, the development in line with international, national and local frameworks, the Paris Agreement, the Sustainability Development Goals (SDGs) and the bank’s own transition plans.

Annual and Sustainability Report 2023, pages 36, 45, 47–48

Handelsbanken’s Sustainability Council has analysed the 17 Sustainability Development Goals (SDGs) from the perspective of level of impact from our activities, products and services (directly and indirectly) and identifying risks from our most relevant sustainability issues. The result of the analyses implied six focus SDGs to the support our business strategy and to be integrated in our material sustainability issues.

Annual and Sustainability Report 2023, page 43

We support the Paris Agreement’s goal of transitioning to net zero emissions by 2050 by lowering our direct emissions and by offering responsible financing and investment products. In 2021, Handelsbanken set a group target for net zero emissions 2040 at the latest.

Annual and Sustainability Report 2023, pages 56–57, 64, 258, 262 and 272

During 2023 Handelsbanken updated its Transition plan in line with the Recommendations and Guidance on Financial Institution Net-Zero Transition Plans of the Glasgow Financial Alliance for Net Zero.

Handelsbanken Transition Plan 2023, pages 3–7

Handelsbanken’s transition plan can be divided into four areas; business development, engagement strategy, metric & targets and governance. For fulfillment the targets have to be integrated in the relevant processes and decision-making, which includes but is not limited to:

- assessment and granting of credit
- investment analysis and decisions
- customer onboarding and engagement
- procurement
- approval of new products and services.

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096>

For Handelsbanken’s lending portfolio, SBTi targets have been developed depending on the available target setting methods from the SBTi as well as on the Bank’s exposure to different sectors. As a bank with a significant exposure towards real estate, it is a sector where Handelsbanken can have a big impact. The Bank has therefore set both sector intensity targets for real estate as well as targets covering real estate companies wider operations, aiming to encourage real estate companies to set ambitious climate targets aligned with 1.5°C themselves. In addition to targets for the real estate sector, the Bank has developed targets based on where it can have the greatest impact, with a focus on high-emitting sectors and large corporates. The SBTi targets developed in 2023 comprise a total of 84 per cent of the Bank’s lending to the public (as of the base year of 2021).

Handelsbanken Transition Plan 2023, pages 3 and 6

Net-Zero Banking Alliance target setting, pages 1–3

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157095>

The targets has been sent to Science Based Target initiative for approval, which is expected to be validated in early 2024. The validated targets will meet the requirements of the second round of NZBA target setting, which according to the NZBA framework is due in 2024.

Annual and Sustainability Report 2023, pages 43, 55, 57 and 263

Net-Zero Banking Alliance target setting, pages 1–3

Calculations of financed emissions have been performed by applying methodology from Partnership for Carbon Accounting Financials (PCAF). Handelsbanken is the co-chair of PCAF Nordic. The ambition of PCAF Nordic is to align calculation methodology of the Nordic market.

Handelsbanken Fonder Climate Report 2022, page 7

<https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-94732>

Handelsbanken Fonder have been excluding investments in companies dependent on coal since 2015 and have taken a precautionary approach to the entire fossil fuel industry for several years. In 2018, we made a policy commitment to the Paris Agreement and took the strategic decision to widen our fossil fuel exclusion strategy to the absolute majority of our funds. In 2020 we participated in the launch of the Net Zero Asset Managers Commitment and committed to support investing aligned with net zero emissions by 2040. Handelsbanken Fonder has set an interim target to reduce the carbon intensity of the funds by 50 per cent lower emissions from the entire investment portfolio by 2030.

<https://www.handelsbanken.com/en/sustainability/gender-equality>

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-98420>

Women empowerment, including gender equality culture, is a fundamental part of Handelsbanken’s values and in line with one of our focus SDGs, i.e. SDG 5, and the bank has chosen to focus on a gender equality target. Except for being supported by our internal strategy, this is a social concern in all our home markets. The aim of our target is to provide the best financial opportunities to our clients regardless of gender.

Annual and Sustainability Report 2023, pages 62, 261 and 263–265

PRINCIPLE 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a–d):
 a) **Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In all markets where we are represented, Handelsbanken's core business activities are within retail and corporate lending and deposits. We see that financing and investments are crucial for the transition to a sustainable society.

Climate Change Mitigation

Financing – 90 per cent of the total loan volume to the public and 80 per cent of the income from lending is related to real estate (2023), which represents lending to private individuals, housing co-operative associations and property management companies.

Annual and Sustainability Report 2023, page 45

Handelsbanken is the largest lender to corporates in Sweden and more than every fifth Swedish crown lent for mortgages is financed by Handelsbanken.

Annual and Sustainability Report 2023, page 38

The real estate sector is both carbon and energy intensive and thus has a major impact on emissions world-wide. Due to our significant exposure towards real estate, our impact analysis shows that our positive as well as our negative impact is closely connected to the sector, both in terms of environmental and social aspects. During the last few years, Handelsbanken has intensified its efforts to assess potential risks in general and related to real estate in particular. The recent development in the European energy market has increased the importance of energy efficiency within the sector. A survey in Sweden 2023 showed that 18 percent of the respondents had concerns related to their future ability to pay energy bills.

Climate change progress report 2023, pages 6–9 and 13–14
<https://www.handelsbanken.com/en/sustainability/climate-impact>

Annual and Sustainability Report 2023, pages 44–46

Handelsbanken's lending to other high-emitting sectors is limited with a no lending to the coal sector and a negligible share of its total lending to the public (0,02 per cent) to the oil and gas sector.

Climate change progress report 2023, page 11

The targets have been sent to the Science Based Targets initiative for validation and are expected to be approved in early 2024.

Handelsbanken's Transition Plan 2023, page 3

There are substantial costs connected to the transition to higher energy efficiency within the real estate sector and Handelsbanken has identified such costs a negative impact, especially for private individuals, but also for SMEs. In order to achieve real transition, the social economic impact has to be considered. Such transition costs are likely to have negative impact on the fulfilment of SDG 11 "Sustainable cities and communities". Handelsbanken is aware of the importance of developing financing products, which are accessible and affordable for all customer groups to limit such negative impact.

Annual and Sustainability Report 2023, page 44 and 46

The impact analysis has also shown that financing new buildings has negative impact on environmental factors due to the substantial use of natural resources, which contradicts SDG 11 "Sustainable cities and communities" as well as SDG 13 Climate Action. Financing conditions in the form of environmental assessments reduce the effect of such negative impact. During 2023, we have seen a marked decline in construction and a increased interest in renovations focusing on energy and climate-adaptation measures and thus on related product offerings.

Annual and Sustainability Report 2023, page 46

Investments – a substantial share, about 51 per cent in 2023, of our Swedish private customers have savings in mutual funds within Handelsbanken Fonder. A customer survey from 2023 shows that 70 percent of private customers and 66 percent of corporate customers in Handelsbanken believe that their expectations on sustainable investments will increase.

Annual and Sustainability Report 2023, page 40

Handelsbanken has the ambition to support our customers within this area. We have identified that we can increase positive impact and reduce negative impact by working with exclusion, inclusion and engagement. The carbon intensity (footprint) of our funds is calculated, analysed and published on a regular basis. Our intention is to include emissions for the entire value chain, that is scope 1, 2 and 3 emissions.

Annual and Sustainability Report 2023, pages 47–50

In 2023, Handelsbanken Fonder has continued the analysis of companies' contributions to the Sustainable Development Goals through a framework, including further analyses on how we can encourage transition related to climate and the SDGs, such as women in corporate boards or managing human rights and biodiversity risks.

Annual and Sustainability Report 2023, pages 50 and 261

The investment portfolio has been analysed in connection with the information sent to Science Based Target initiative for approval and the targets are expected to be approved early 2024.

Annual and Sustainability Report 2023, page 57

Handelsbanken Fonder has assessed the impact of managing sustainability risks by including companies based on sustainability analysis, excluding investments in certain companies and sectors, and engaging through dialogues and active stewardship. Handelsbanken Fonder believes that the approach will achieve a favorable long-term risk-adjusted return. In the short term, however, a negative consequence of the investment strategy may increase sector-specific risks and lead to lower return in case of, for instance, increasing oil prices.

Annual and Sustainability Report 2023, page 40 and 44

Gender Equality and Financial Health

Advisory services – supporting customers with advisory services connected to lending and investments is an essential part of Handelsbanken's business model, and it is important for us to provide the best advice and service to all customer groups, including taking into account the needs and life situations of different customer groups. Our gender equality target up to 2023 has focused on empowering women to increase their savings and encourage them to get more involved in their pension savings based on the analyses of the existing gender pay gaps and pension gaps in our home markets.

Annual and Sustainability Report 2023, pages 263–264

Spargaret
<https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-160477> (only in Swedish)

To continue the analysis of the gap fundamentals, several surveys have been initiated by Handelsbanken in Sweden and UK, which have illustrated impacting factors such as women's financial confidence. Raising awareness and knowledge as well as promoting financial independence through increased savings helps our female clients avoid a low retirement income and gives financial freedom to make important decisions along the way.

<https://wealthdasset.handelsbanken.co.uk/media/uvwnwga4/wealth-survey-2023.pdf>

The completed surveys in Sweden included knowledge among advisers and women's perception of their financial skills in the ages 18–59 when you make your most decisive financial decisions. So far we have not witnessed any negative effects.

<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <p>i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or</p> <p>ii) by products & services and by types of customers for consumer and retail banking portfolios.</p>	<p>Climate Change Mitigation</p>	<p>Financing – Sweden accounts for 67 per cent of total volume of loans to the public, followed by Norway 13 per cent, UK 9 per cent and the Netherlands with 4 per cent. Our corporate lending represents 51 per cent and private customers 49 of the total lending.</p>	<p>Annual and Sustainability Report 2023, page 47</p>
<p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	<p>Our corporate customers are represented within the large corporate group as well as within the SME segment and we are working intensively on the development of suitable financing products to support a sustainable transition. Lending to SMEs, including housing co-operative associations, represents 35 per cent of our lending portfolio and we have continued to develop offering this customer group both sustainable lending and advise on corporate sustainable transition including the management of climate risks in cooperation with third party advisers. It is essential to focus on the support of the SMEs since they lack the extensive in-house sustainability resources and expertise of the large corporates.</p>	<p>Annual and Sustainability Report 2023, pages 46–47 and 56–57</p>	
	<p>48 per cent of our lending portfolio is related to mortgages which makes it important to be able to offer sustainable lending products and advice on transition to private customers.</p>	<p>Annual and Sustainability Report 2023, page 47</p>	
	<p>Handelsbanken has analysed its entire loan and asset management portfolios as parts of the Science Based Target setting process. Targets have been sent for validation and are expected to be validated in early 2024.</p>	<p>Handelsbanken's Transition Plan, page 3 https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096</p>	
	<p>Investments – Handelsbanken Fonder has included its entire investment portfolio in its target setting and in the application sent to Science Based Target initiative.</p>	<p>Annual and Sustainability Report 2023, page 57</p>	
	<p>Handelsbanken's Transition Plan, page 6</p>	<p>Handelsbanken's Transition Plan, page 6</p>	
	<p>Optimix in the Netherlands and Handelsbanken Wealth Management in UK have continued their work on transition towards the bank's net-zero emissions by 2040.</p>	<p>Annual and Sustainability Report 2023, pages 52–53 and 263</p>	
	<p>Gender Equality and Financial Health</p>	<p>Advisory services – women represent between 43 and 50 per cent of our private customers (depending on home market) and it is important to us to provide the best individual advice and service, and contribute to a sound economic situation for all customer groups. This is an important opportunity for us to improve positive impact and decrease negative impact related to SDG 5.</p>	<p>Annual and Sustainability Report 2023, page 38</p>
		<p>Spargapet https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-160477 (only in Swedish)</p>	

<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p>	<p>Climate Change Mitigation Financing – in 2021, 42 per cent of energy consumed in the EU in 2021, was used in buildings and the sector represented 35 percent of the energy-related greenhouse gas (GHG) emissions.</p>	<p>https://www.eea.europa.eu/en/analysis/indicators/green-house-gas-emissions-from-energy</p>
<p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	<p>To ensure that the EU's 2030 target of reducing greenhouse gas emissions by at least 55 per cent (compared to 1990) can be met, the Commission has revised the Energy Efficiency Directive, together with other energy and climate rules. The 2023 revised directive raises the EU energy efficiency target binding for EU countries to collectively ensure an additional 11.7 per cent reduction in energy consumption by 2030, compared to the 2020 reference scenario projections.</p>	<p>https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en</p>
	<p>Energy efficiency helps reduce overall energy consumption and is therefore central to achieving the EU's climate ambition, while enhancing present and future energy security and affordability.</p>	<p>https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en</p>
	<p>Handelsbanken has continued to develop financing products for investments related to energy efficiency and climate adaption together with a Swedish technical consulting company, where customers are offered advice connected to suitable investments.</p>	<p>Annual and Sustainability Report 2023, pages 46–47</p>
	<p>In 2023, Handelsbanken in Sweden has launched a new digital service tool, Energikollen, which guides mortgage clients to find the right sort of energy efficiency measures for their home. The tool is developed together with Econans, the company that provided the platform, and the data is provided by the Swedish National Board of Housing, Building and Planning, SMHI, (the Swedish Meteorological and Hydrological Institute), the Swedish Energy Agency and Statistics Sweden.</p>	<p>https://www.handelsbanken.se/sv/privat/bolan/energikollen (in Swedish only)</p>
	<p>Investments – Handelsbanken Fonder is active in investor networks and cooperations as well as company dialogues together with other investors to identify and contribute to the development of the sustainability work in the asset management sector. One of the main challenges is access to validated sustainability data and the challenges of estimated data when the companies have not reported sufficient data.</p>	<p>Annual and Sustainability Report 2023, pages 48–49 and 261</p>
	<p>Gender Equality and Financial Health Advisory services – since women often come out less favourable than men in contexts such as salaries, pensions and savings in our home markets, Handelsbanken's ambition is to reduce such gaps by increasing awareness and providing advice and learning to increase financial confidence and knowledge among women.</p>	<p>https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics</p>
	<p>A report from the Swedish Financial Supervisory Board suggest educational efforts for women for improving women's financial situation. The report was initiated by the Swedish government.</p>	<p>https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023#the-gender-pay-gap</p>
	<p>Handelsbanken has published information on to illustrate such gaps in "Spargapet".</p>	<p>https://www.oecd.org/gender/data/wide-gap-in-pension-benefits-between-men-and-women.htm</p>
		<p>https://www.gov.uk/government/statistics/gender-pensions-gap-in-private-pensions/the-gender-pensions-gap-in-private-pensions</p>
		<p>https://www.fi.se/content/assets/68d77739686b435e8ea162bb22f1384d/rapport-mer-jamstallt-sparande.pdf</p>
		<p>Spargapet https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-160477 (only in Swedish)</p>
		<p>Annual and Sustainability Report 2023, page 265</p>
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁶? Please disclose.</p>	<p>Climate Change Mitigation Financing – reduced emissions in the real estate lending portfolio through focus on energy efficiency and fossil free heating.</p>	<p>Annual and Sustainability Report 2023, pages 45–47 and 258–259</p>
	<p>Investments – climate change mitigation such as reduced GHG emissions, increased investment in climate solutions and increased share of SDG-related investments and expanded advocacy work.</p>	<p>Handelsbanken's Transition Plan 2023, pages 4–5 https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096</p>
	<p>Gender Equality and Financial Health Advisory services – continue to create conditions for reducing the wealth gap between men and women and from 2024 by increasing the percentage of women among Handelsbanken's customers who consider themselves to have strong skills regarding financial matters.</p>	<p>Annual and Sustainability Report 2023, pages 261–262</p>
		<p>Annual and Sustainability Report 2023, pages 263–265</p>

⁶ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<p>d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p>	<p>Climate Mitigation</p> <p>Financing – Handelsbanken has identified that main customer groups such as large corporates, SMEs and private individuals are strongly connected to real estate, which is a high emission sector and related to our focus SDGs 9, 11 and 13.</p> <p>In 2023, Handelsbanken published an updated transition plan, Handelsbanken's Transition Plan – Towards net zero 2040, which is based on our corporate culture and our climate target to be a net-zero company in 2040 at the latest. Handelsbanken has also set interim climate targets for 2030 in line with the Paris Agreement (A.1.2).</p> <p>The target includes the entire group and lending, leasing, investments and emissions from our own activities such as business trips energy consumption. As a bank with a significant exposure towards real estate, representing 90 per cent of the Bank's total lending, it is a sector where Handelsbanken can have a big impact. The Bank has therefore set both sector intensity targets for real estate as well as targets covering real estate companies wider operations, aiming to encourage real estate companies to set ambitious climate targets aligned with 1.5°C themselves. In addition to targets for the real estate sector, the Bank has developed targets based on where it can have the greatest impact, with a focus on high-emitting sectors and large corporates. The targets developed in 2023 cover a total of 84 per cent of the Bank's lending to the public as of the base year of 2021. The targets were submitted to the SBTi for validation in 2023 and are expected to get validated early in 2024.</p> <p>The Bank has analysed its portfolio and developed targets based on where it can have the greatest impact, with a focus on high-emitting sectors and large corporates (indicator A.1.4 including scope 1, 2 and 3.15).</p> <p>We have set a climate strategy (A.1.1) and developed Paris-aligned targets (A.1.2) for our financed emissions by analysing emissions of our loan portfolio as well as our investment portfolio. The targets are expected to be SBTi validated in early 2024.</p> <p>The bank has put in place policies and guidelines for certain client relationships (A.1.3.).</p> <p>A.2.1. We have engaged and will continue to engage with our clients for supporting their transition through our sustainable financing products, of which some can be linked to customers' own sustainability target (sustainability-linked loans).</p> <p>A.2.2. We are progressing the work on calculating absolute financed emissions.</p> <p>A.3.1. We have set a proportional financing target for sustainable financing.</p> <p>Investments – Handelsbanken Fonder has set targets for the entire investment portfolio related to emissions intensity, investments in climate-related solutions, share of investments classed as sustainable and positive outcomes of engagement activities. There is a continuing development of relevant indicators for monitoring and relevant KPIs for monitoring is described under "Progress on our goals" in the section Savings and Investments annually in the Annual and Sustainability Report 2023. Handelsbanken Fonder signed and set targets in line with signed the Net Zero Asset Managers initiative (NZAM).</p> <p>Gender Equality and Financial Health</p> <p>Advisory services – Handelsbanken has analyzed the long-term impact of the economic gap between men and women and identified and measured three gaps – income, savings and pensions – as well as the financial confidence among women in line with the financial health indicator related to percentage of individuals with a good or very good level of financial skills (no indicator number available). To achieve progress we will, based on indicator CS023, percentage of relevant employees being supported by effective training on financial inclusion and financial health, also train our advisors accordingly.</p>	<p>Annual and Sustainability Report 2023, pages 38, 40 and 43</p> <p>Handelsbanken's Transition Plan, page 6 https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-157096</p> <p>https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-144947</p> <p>https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-97675</p> <p>https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines</p> <p>Annual and Sustainability Report 2023, pages 46–47 and 259</p> <p>Annual and Sustainability Report 2023, pages 260–261</p> <p>Annual and Sustainability Report 2023, pages 263–265</p> <p>https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-160477 (only in Swedish)</p>
<p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>		

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes*	<input type="checkbox"/> In progress	<input type="checkbox"/> No

* Only performance measurement related the gender equality target at the home markets outside Sweden are still pending.

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Main focus is on climate change mitigation, resource efficiency, gender equality and financial health. Handelsbanken Fonder is committed to climate mitigation, but has a wider focus on several sustainability issues. Our high emission sector targets set within the NZBA framework have been sent to the SBTi.

How recent is the data used for and disclosed in the impact analysis?

<input type="checkbox"/> Up to 6 months prior to publication
<input type="checkbox"/> Up to 12 months prior to publication
<input type="checkbox"/> Up to 18 months prior to publication
<input checked="" type="checkbox"/> Longer than 18 months prior to publication

The used data will be between 3 months and longer than 18 months prior to publication.

⁷ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

We have set targets within our main business areas based on our implemented impact analyses as described in 2.1. The targets has been aligned with the Paris Agreement and relevant SDGs, international and national aims and our net-zero ambitions are well ahead of national net-zero targets.

Annual and Sustainability Report 2023, pages 258–259

<https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines>

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-144947>

You can build upon the context items under 2.1.

⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<p>b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.</p>	<p>Climate Change Mitigation</p>	<p>Climate change progress report 2023, pages 6–11 https://www.handelsbanken.com/en/sustainability/climate-impact</p>
<p><i>You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.</i></p>	<p>Financing – baselines and relevant climate change indicators A.1.1 Handelsbanken has a climate strategy.</p>	<p>Handelsbanken's Transition Plan 2023, pages 3 and 6 https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-97675</p>
<p><i>A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.</i></p>	<p>A.1.2. Handelsbanken has a long-term portfolio-wide Paris-alignment target to have net zero emissions by 2040 with base year 2021.</p>	<p>https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines</p>
<p><i>If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:</i></p>	<p>A.1.3. The bank has put in place policies and guidelines for certain client relationships.</p>	<p>Net-Zero Banking Alliance target setting, pages 1–3 https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-157095</p>
	<p>A.1.4. Handelsbanken has set additional emission reduction targets in 2023. The targets will meet the requirements of the second round of NZBA target setting, which according to the NZBA framework is due in 2024. The Bank has developed targets based on where it can have the greatest impact, with a focus on high-emitting sectors and large corporates. The interim targets include scope 1, 2 och 3.15.</p>	<p>Annual and Sustainability Report 2023, pages 40, 46–47</p>
	<p>A.2.1. We will continue to engage with our clients for supporting their transition by continue to further offer sustainable financing products, of which some can be linked to customers' own sustainability target (sustainability-linked loans), the EU taxonomy and our green bond framework updated in 2022.</p>	<p>Annual and Sustainability Report 2023, pages 55 and 57</p>
	<p>A.2.2. Work is progressing on calculating absolute financed emissions through interim climate targets and SBTi validation.</p>	<p>https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-144947</p>
	<p>A.3.1. We have set a financing target for sustainable financing to be 20 per cent of the loan portfolio in 2025.</p>	<p>Annual and Sustainability Report 2023, pages 260–262</p>
	<p>Investments – Handelsbanken Fonder has set targets for the entire investment portfolio related to emissions intensity, investments in environmental and climate solutions, share of investments classed as sustainable and positive outcomes of engagement activities. There is a continuing development of relevant strategies and indicators for monitoring, such as product development and engagement strategies to contribute toward our goals. The performance indicators under set targets are measured and published annually from 2021. Base year is 2020.</p>	<p>Handelsbanken Fonder Climate Report 2022, pages 17 and 19 https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-94732</p>
	<p>Gender Equality and Financial Health</p>	<p>Handelsbanken's Transition Plan 2023, page 6</p>
	<p>Advisory services – we have educated our staff and offer advice and products to support reduction of the gaps and SDG 5. In early 2024 there will be a report of progress and achievements up to and including 2023.</p>	<p>Annual and Sustainability Report 2023, pages 263–265</p>
	<p>During 2023 Handelsbanken in Sweden decided that from year 2024 we will use the financial health indicators related to:</p> <ul style="list-style-type: none"> percentage of relevant employees being supported by effective training on financial inclusion and financial health (indicator CS023) and percentage of individuals with a good or very good level of financial skills. 	
	<p>Base year for Sweden will be 2023. During the year surveys that includes women's perception of their financial knowledge have been finalized to set the baseline for the impact targets. We have included women in the age group 18–59 years.</p>	
	<p>Each home markets will set their own base year and targets taking into account their specific customer structure.</p>	

<p>c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.</p>	<p>Climate Change Mitigation</p> <p>Handelsbanken's climate target is to achieve net zero emissions of greenhouse gases as soon as possible, and by 2040 at the latest.</p> <p>Financing – by 2025, 20 per cent of the Bank's financing volume shall consist of green financing, social financing or financing that contributes to the borrower's measurable, sustainable transition.</p> <p>The ratio (share of the loan portfolio in per cent) is disclosed annually in the Annual and Sustainability Report.</p> <p>Investments – the entire investment portfolios shall be in line with the goals and transition pathway of the Paris Agreement, achieve net-zero emissions of greenhouse gases by 2040 at the latest, and increase the funds' contributions to the 2030 Agenda.</p> <p>Interim targets include reducing our emissions intensity by 50 per cent, doubling investments in climate-related solutions by 2030, a 30 per cent increase of the share of investments classed as sustainable by 2025 and annual increases in positive outcomes of engagement activities.</p> <p>The continuing development on relevant KPIs for monitoring is described under "Progress on our goals" in the section Savings and Investments annually in the Annual and Sustainability Report 2023.</p>	<p>Annual and Sustainability Report 2023, page 258</p> <p>https://www.handelsbanken.com/en/sustainability/sustainability-goals</p> <p>Annual and Sustainability Report 2023, page 259</p> <p>Annual and Sustainability Report 2023, pages 260–261</p>
	<p>Gender equality and Financial Health</p> <p>Advisory services – up to 2023 at the latest, through business development and training initiatives, in a measurable way create conditions for gender-equal savings and thus contribute to reducing the wealth gap between men and women.</p> <p>The advisory target has been measured through business development and training initiatives. The outcome of the target in the form of decreased gap in between men and women among Handelsbanken's clients from 2021 to 2023. A more extensive report will be published in 2024.</p> <p>In 2023 Handelsbanken set a quantified impact target for the period 2024–2026 for Sweden saying that Handelsbanken's aim is to create opportunities for an improved financial situation for women and thus promote a gender equal economy.</p> <p>By 2026, at the latest, the percentage of women among Handelsbanken's customers who consider themselves to have strong skills regarding financial matters shall increase by 20 per cent from 62 per cent in 2023 to 75 per cent in 2026. This shall be achieved through training initiatives and advisory services, including digital tools, and lead to:</p> <ul style="list-style-type: none"> • the proportion of the relevant group of advisors with strong skills in gender equal economy and financial health shall increase from 28 per cent in 2023 to 95 per cent in 2026 and • the proportion of women in the customer group covered by the initiatives who assess their skills within gender equal economy and financial health as strong will increase by 20 per cent from 62 per cent in 2023 to 75 per cent in 2026. <p>During 2024 each home market is expected to set its own impact targets within gender equal economy and financial health.</p> <p>Progress on financial confidence among employees and customers will be disclosed annually in the Annual and Sustainability Report.</p>	<p>Annual and Sustainability Report 2023, pages 263–265</p>

d) **Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Climate Change Mitigation

Financing – in 2023, Handelsbanken has analyzed and set interim reduction targets for the high emissions sectors in the loan portfolio following the guidelines set by NZBA. The reduction targets will be validated by SBTi (Science Based Targets initiative) and published in early 2024.

The reduction targets will be further reflected in cooperation with customers to support their transition towards Paris alignment and net zero emissions. The development of sustainable financing products and services are crucial to fulfilment of the reduction targets and will continue. There have so far been a limited interest from customers of social financing.

The home markets have put in place a process for progress of product development and reporting and have developed new sustainable financing products during 2023.

In 2023, every home market has established a steering committee for the development of national road maps for aligning its activities with the net-zero targets and ambitions as described in the Handelsbanken Transition Plan. The national road maps were put in place in 2023.

To secure positive impact and reduce the risk of negative impact related to sustainability criteria of new products, all products are analysed and approved by the bank's internal Green Finance Committee (GFC) with sustainability experts from different parts of the bank.

Because of our decentralised organisation, development of the processes and products will involve and encourage a large number of the bank's employees to focus on sustainability.

Investments – during 2023 we have refined the practical implementation and the indicators of the 2030 interim targets and further specified engagement strategies to work toward our targets.

Dialog is one of the tools used for reducing carbon intensity in Handelsbanken' Fonder's investment portfolio. We engage in dialogues on our own as well as in cooperation with others, such as through Climate Action 100+, which is an important tool for identifying high emitters and to dialogue with them.

Gender Equality and Financial Health

Advisory services – In early 2024, Handelsbanken will publish information regarding the result of the business development and training initiatives for creating conditions for gender-equal savings and thus contribute to reducing the wealth gap between men and women in a measurable way up to and including the year of 2023.

In 2024, there will be a strong focus on financial health including developing further methods, initiatives and milestones for training and advisory services for improved skills among employees and women in the relevant customer groups.

Net-Zero Banking Alliance target, pages 1–3

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157095>

Annual and Sustainability Report 2023, pages 46–47

Annual and Sustainability Report 2023, pages 56–57

Annual and Sustainability Report 2023, pages 41–42 and 46

Handelsbanken Transition Plan, page 7
<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096>

Climate change progress report 2023, pages 6–7
<https://www.handelsbanken.com/en/sustainability/climate-impact>

Annual and Sustainability Report 2023, page 49 and 261

<https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/samarbeten-och-branschinitiativ>

Annual and Sustainability Report 2023, pages 263–265

Self-assessment summary:

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Climate Change Mitigation	... second area of most significant impact: Gender Equality and Financial Health	... your third (and subsequent) area(s) of impact:
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Climate Change Mitigation

Financing – In 2023, Handelsbanken has continued the work on setting interim targets for high-emission sectors related to the bank's portfolio and the targets has been sent to Science Based Target initiative for approval, which is expected to be accepted in early 2024.

We have continued to introduce a number of new sustainable financing products with economic incentives such as lower interest rates for all customer groups. Private individuals and corporates are offered sustainable financing for multiple purposes, including energy efficiency measures, clean energy and climate adaptation.

Handelsbanken updated its Green Bond Framework in 2022 and we can offer sustainable financing for all asset classes stipulated in the framework, including at least one of the first two environmental objectives "climate change mitigation" and "climate change adaptation" under the EU Taxonomy (the Climate Delegated Act, December 2021).

SMEs are offered sustainable advisory through our cooperation with an external technical consultancy company. The share of financing volumes relating to green assets (green loans) as well as measurable transition for the company activities (sustainability-linked loans) are constantly growing and is monitored every quarter.

Investment – Handelsbanken Fonder has continued the work with the sustainability target and further developed definitions and measuring methods for improving measuring and follow-up.

The advocacy work has been categorized and defined. There is a continuous work to develop and improving data for the measurement of progress, in particular climate data.

Gender Equality and Financial Health

Advisory services – we have strengthen our advisers capabilities through education and the development of advisory tools. Handelsbanken has launched digital tools for facilitating for customers to make well-informed decisions and to get a clear view of their present and future economic situation, including checklists, calculation tools and advice on suitable savings to compensate for part-time work.

Progress on the targets will be measured and monitored on a regular basis. Ongoing decisions on whether products and volumes qualify for the target related to sustainable financing will be made by the bank's Green Financing Committee (GFC).

Continuous monitoring of the target related to investments will be managed by the Sustainability Risk Committee.

The progress of the target within gender equal advisory services will be followed up on by the business area Products and Offerings.

The results will be published yearly in the Annual and Sustainability Report.

Handelsbanken's management and board will receive updates on the overall process and provide feedback on a regular basis.

Net-Zero Banking Alliance target, pages 1–5
<https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-157095>

Handelsbanken's Transition Plan, page 3
<https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-157096>

Handelsbanken Green Bond Framework, pages 7, 12 and 15
<https://www.handelsbanken.com/tron/xggu/info/contents/v1/document/72-150724>

Annual and Sustainability Report 2023, pages 46–47 and 64

Annual and Sustainability Report 2023, page 261

Annual and Sustainability Report 2023, pages 263–265

PRINCIPLE 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹¹ in place to encourage sustainable practices?

- Yes
- In progress
- No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- Yes
- In progress
- No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹². It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Handelsbanken has a number of policies (adopted by the board) and guidelines (adopted by the CEO) that promote and regulate responsible relationship with customers such as policy on ethical standard, credit policy, business relations with certain sectors and guidelines regarding environment impact and climate change. The guidelines regarding impact and climate change was updated in 2022 with specific references to fossile fuels, biodiversity and transition companies.

During 2023, Handelsbanken has conducted a double materiality and impact analysis to prepare for the implementation of CDRS and for the continued short and long term sustainability work in short and term.

In Handelsbanken's decentralised organisation and local decision-making every manager at Handelsbanken is responsible for integrating the risks and opportunities associated with climate impact and sustainability targets into their business operations and customer work. Among other things, this entails continually increasing employees' understanding of the causes and consequences of climate change. The employees' competency regarding and awareness of how the bank's operations are affected by sustainability matters are to be kept up-to-date through regular information and training. In the annual business planning, every unit must comply with, and plan to contribute to, the Group's environmental activities. This procedure constitutes a sound basis for customer cooperation on sustainable topics.

Handelsbanken's credit assessment considers a large number of sustainability matters, with a focus on physical climate risks as well as transition risks. Through the assessment the bank gains understanding of the customers' needs for transition and can support the customers' work to minimize the risks in their operations. During 2023, there has been a focus on assisting clients with energy-efficient measures to minimize risks connected to upcoming national regulations.

The bank may refrain from lending to companies that do not comply with its sustainability framework.

We have had a regular dialogue with our customers on our development of green financing products as well as products related to sustainable transition. We exchange ideas and experiences to be continuously updated on our customers needs.

Our extensive branch network has built close relationships with customers through personal advisers, who provide many opportunities to discuss customer expectations on sustainable savings as well as financial advice in different life situations.

However, today many customers prefer digital meetings and interactive advising tools. Handelsbanken has developed interactive tools and digital information for private and corporate customers, which for private customers include energy efficiency (Energikollen), advice from technical consultants for corporate clients and digital information and tests related to gender equal economy in Sweden (Jämställd ekonomi) and in Norway (Sparetesten). There is an on-going development of user friendly tools and digital information in all home markets.

Some branches has started networks for women in order to improve women's skills in financial and legal matters.

We also participate in external customer satisfaction surveys and perform our own surveys related to our sustainability performance.

<https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines>

Annual and Sustainability Report 2023, pages 39, 41 and 258

Annual and Sustainability Report 2023, pages 41–43, 47 and 57

Annual and Sustainability Report 2023, pages 44–46

Annual and Sustainability Report 2023, page 55

Annual and Sustainability Report 2023, pages 46–47 and 259

Annual and Sustainability Report 2023, pages 41 and 57

<https://www.handelsbanken.com/en/our-services>

<https://www.handelsbanken.se/sv/privat/bolan/energikollen> (in Swedish)

<https://www.handelsbanken.se/sv/privat/spara/jamstalld-ekonomi> (in Swedish).

<https://www.handelsbanken.se/sv/privat/ekonomi-och-livet/sparande/jamstalldhet/hur-jamstallt-ar-ditt-sparande> (in Swedish).

<https://www.handelsbanken.no/no/privat/spare/likestill-sparing-quiz> (in Norwegian)

Annual and Sustainability Report 2023, pages 41 and 54

¹¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Handelsbanken offers solutions and financing products for sustainable transition to private and corporate customer (including housing associations) in our home markets – green and taxonomy aligned financing products, transition products, which to a large extent are related to energy efficiency, sustainability-linked loans and advisory services when customers issue green bonds.

The growing interest from in particular large corporates in our sustainability-linked loan offers creates an important opportunity to cooperate with our customers on transition and to support their journey towards a sustainable future by developing suitable indicators for monitoring performance against the companies' sustainability targets.

Handelsbanken has the ambition to facilitate and lower thresholds for the transition of our clients.

In Sweden, Handelsbanken offers customers an agreement with the technical consulting company Sweco, for providing advice to real estate SMEs on technical measures for climate mitigation and climate adaptation, measures which can be financed by our sustainable financing offers.

For private customers we provide advisory services and financing products, including green mortgages and financing of solar energy and energy efficiency in their homes. Based on a cooperation with the large energy company Vattenfall and the service company Anticimex we can connect customers and providers of energy efficient solutions and energy performance certificates (EPC), and thus offer financing products for the investments.

In 2023, Handelsbanken in Sweden has launched a new digital service tool, Energikollen, which guides mortgage clients to find the right sort of energy efficiency measures for their home. The tool is developed together with Econans, the company that provided the platform, and the data is provided by the Swedish National Board of Housing, Building and Planning, SMHI (the Swedish Meteorological and Hydrological Institute), the Swedish Energy Agency and SCB (Statistics Sweden).

In 2024, there will be emphasis on our financing target with expectations to reach the target by increasing green and sustainability-linked financing with a focus on mortgages and real estate based on EPCs and energiefficiency together with customized advice.

Development of the share of sustainable financing are published in the Annual and Sustainability Report.

Handelsbanken Fonder expects that customers' demand for sustainable savings alternatives to continue to increase and we will meet these demands by providing savings and investment products which follow ethical and sustainable guidelines.

We build a close relationship with private customers through personal advisers in our local branches, completed with digital tools for general banking services. This provides many opportunities to discuss customers present and future financial situations in different life situations including advice on suitable savings alternatives.

Handelsbanken has developed tools for equal economy to the support and educate personal advisers in Sweden and Norway, which have been further developed during 2023.

In 2023, we have added futher functions to our digital tool through which customers can easily access advice on suitable solutions for savings, pensions and gender equal economy in different life situations to reduce gaps in income and pension resulting from for instance part-time work.

Annual and Sustainability Report 2023, pages 47–49

<https://www.handelsbanken.se/sv/foretag/finansiera/hallbar-finansiering/klimatsakra-foretagets-fas-tighet-med-sweco> (in Swedish)

<https://www.handelsbanken.se/sv/privat/bolan/grona-erbjudanden> (in Swedish)

<https://www.handelsbanken.se/sv/privat/bolan/energikollen#175683/> (in Swedish)

Annual and Sustainability Report 2023, page 258–259

Annual and Sustainability Report 2023, page 259

Annual and Sustainability Report 2023, page 260

Annual and Sustainability Report 2023, pages 38 and 41

<https://www.handelsbanken.se/sv/privat/spara/hallbart-sparande> (in Swedish)

Annual and Sustainability Report 2023, pages 264–265

Annual and Sustainability Report 2023, page 40

PRINCIPLE 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹³) you have identified as relevant in relation to the impact analysis and target setting process?

- Yes
- In progress
- No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

We engage and consult with a wide range of internal and external stakeholders including customers, investors, NGOs, national and international initiatives, authorities, industry organisations, unions, employees, students and schools in our home markets. The purpose is to seek their view on our sustainability work and our sustainability targets, and to benefit from each other's experiences under informal as well as formal circumstances.

In 2023, we have cooperated and shared experiences with parties such as the Swedish National Board of Housing (energy performance), Sweco (technical advice for SMEs), Vattenfall (supplier of solar panels, heat pumps and electricity contracts), Anticimex (access to EPCs), WWF (climate mitigation for farmers), the Swedish Meteorological and Hydrological Institute (climate data), the Swedish Energy Agency (guidance on EPCs), survey companies and other Nordic banks (calculation methods for measuring GHG emissions).

In 2023, Handelsbanken Fonder has conducted customer dialogues and customer surveys in order to proactively and responsively listen to both stakeholders' and customers' expectations of the sustainability work. The active dialogue is continue for ensuring future alignment with stakeholders' and customers' expectations.

Handelsbanken Fonder cooperates with networks for asset managers, such as Climate Action 100+ and has continuing dialogues with portfolio companies about their sustainability work.

Advisory services cooperates with survey companies such as Novus and Svensk kvalitetsindex (SKI) on a regular basis in order to be responsive to our customers' requirements and opinions.

Annual and Sustainability Report 2023, pages 39–41 and 47

<https://www.handelsbanken.se/sv/foretag/finansiera/hallbar-finansiering/klimatsakra-foretagets-fas-tighet-med-sweco> (in Swedish)

<https://www.handelsbanken.se/sv/privat/bolan/energikollen#175683/> (in Swedish)

<https://www.handelsbanken.se/sv/privat/bolan/grona-erbjudanden> (in Swedish)

Annual and Sustainability Report 2023, page 49

<https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/samarbeten-och-branschinitiativ>

Annual and Sustainability Report 2023, pages 54 and 265

¹³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations.

PRINCIPLE 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

<p>Does your bank have a governance system in place that incorporates the PRB?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	<p>Handelsbanken's governance framework provides a structure for effective and responsible decision-making through a decentralised way of working close to the customer.</p>	<p>Annual and Sustainability Report 2023, page 57</p>
<p>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:</p> <ul style="list-style-type: none"> • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as • remuneration practices linked to sustainability targets. 	<p>The Board issues policies as part of its governance of the bank. These policies are revised every year, but can be adjusted more often when necessary.</p> <p>The CEO issues guidelines and more detailed directions, which in turn supplement and clarify these policies. Together these documents result in the Bank's instructions, which support work processes.</p> <p>The operational responsibility for sustainability has been delegated by the CEO to the Chief Sustainability and Climate Officer, who quarterly reports on progress of the sustainability targets and other essential sustainability matters to the CEO, the group management and the Central Board. The Chief Sustainability and Climate Officer is member of the management group.</p> <p>Performance-related remuneration is paid neither to the board members, nor to the executive officers of the bank. Like all employees of the bank, the executive officers and the board members, who are employees of the bank, are included in the Oktagonen profit-sharing system.</p> <p>The Chief Sustainability and Climate Officer leads the bank's central sustainability department, Group Sustainability, and has the task of co-ordinating, supporting and acting as a driving force for its sustainability work. This includes the responsibility of developing proposed improvements to the bank's sustainability strategy, as well as compiling and communicating the work externally. Sustainability specialists on group level support the branches and colleagues in the markets where Handelsbanken is represented.</p> <p>The Chief Sustainability and Climate Officer also heads Handelsbanken's group-wide Sustainability Council, which proactively analyses risks and business opportunities related to sustainability and monitors the sustainability targets. The members are executive officers of which several are part of the group management including, among others, the Bank's Chief Financial Officer, Chief Strategy Officer, Chief Risk Officer, Chief Compliance Officer and Head of Group Credits.</p> <p>To ensure integration of sustainability in the bank, there are several completing working groups. Green Finance Committee, with sustainability experts from different parts of the bank, establishes criteria for sustainable financing products and approves inclusion of assets in the sustainable portfolio.</p> <p>Our sustainability report is integrated in our annual report and covers our most important sustainability topics and how we implement them. The report also describes activities and results for the past year. It is published annually and covers the Group as a whole. The report is prepared in accordance with the GRI Standards Core option and is reviewed by external auditors.</p>	<p>Annual and Sustainability Report 2023, page 42</p> <p>Annual and Sustainability Report 2023, page 43</p> <p>https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines</p> <p>Annual and Sustainability Report 2023, page 42</p> <p>Annual and Sustainability Report 2023, page 40</p> <p>https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines</p> <p>Annual and Sustainability Report 2023, page 42</p> <p>Annual and Sustainability Report 2023, page 42</p> <p>Annual and Sustainability Report 2023, page 36</p>

5.2 Promoting a culture of responsible banking:

<p>Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	<p>In Handelsbanken each new employee and other relevant groups participates in a mandatory sustainability training. All employees are expected to apply such training in their daily work and, when necessary, be supported by group sustainability specialists. In addition to the general training we provide specific training related to gender equality to advisors. Sustainability is a mandatory part of the annual business planning of all the bank's units, which gives employees the opportunity to participate in the ongoing sustainability work.</p> <p>Being a decentralised bank, the gender equality target 2024–2026 has during 2023 been anchored at employees from different units of the bank through several workshops with advisers, branch managers and county managers as well as through regular reports to and feedback from Handelsbanken's group-wide Sustainability Council.</p> <p>Each home market has a Net Zero Steering Committee that will gather relevant decision makers as well as local sustainability experts. The committees develops the national road maps and steer and co-ordinate implementation. The national road maps set out which activities, business development, training and customer groups will be in focus for the national transitional journey as well as suitable metrics and targets for such transition. National implementation, business-integration and decentralised development and ownership are key to a successful transition for Handelsbanken. The activities identified and expressed in the national road maps shall be integrated into relevant units business plans. Road maps will be updated regularly.</p> <p>In our largest market, Sweden, the majority of branches have during 2023 appointed sustainability ambassadors whose responsibility include keeping up to date and supporting the rest of the branch in issues regarding sustainability.</p>	<p>Annual and Sustainability Report 2023, pages 40, 44, 47, 55, 57–58 and 61</p> <p>Annual and Sustainability Report 2023, page 265</p> <p>Handelsbanken's Transition Plan 2023, page 7 https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096</p>
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5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁴ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Handelsbanken has established policies, guidelines and risk management processes to identify, manage and prevent risks related to sustainability.

<https://www.handelsbanken.com/en/about-the-group/corporate-governance/policy-documents-and-guidelines>

Annual and Sustainability Report 2023, pages 39 and 43–45

Handelsbanken's Transition Plan 2023, page 7

<https://www.handelsbanken.com/tron/xgpu/info/contents/v1/document/72-157096>

Self-assessment summary:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes
 No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes
 No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes
 In progress
 No

PRINCIPLE 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes
 Partially
 No

Handelsbanken's disclosed information on our PRB commitments has been assured by an independent assurer since the first disclosure in 2020 and continued to be in 2021–2023.

Principles for Responsible Bank Self-Assessment 2023, page 17

If applicable, please include the link or description of the assurance statement.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 NZBA
 PRI

Handelsbanken discloses sustainability information in all of the listed standards and frameworks.

Annual and Sustainability Report 2023, pages 36, 39, 43, 85 and 272

¹⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

Below is a snapshot of some of the work Handelsbanken plans to undertake during 2024 when implementing the principles:

Alignment and Impact Analyses

- Handelsbanken has sent the completing emission reduction targets to the SBTi for validation, which are expected to be accepted in early 2024
- there will be an intense focus on sustainable financing products related to energy efficiency as well as advisory services (including digital services) connected to such products.

Target setting

- Handelsbanken will align further high emission targets with our financing target and continue product development for green assets, transition and social financing
- improve and develop indicators for the investment targets
- set detailed action plan, milestones and refined methods for measuring development of the gender equality target 2024–2026.

Governance

- Handelsbanken has robust structures for monitoring the progress of our targets and the principles are in place, but will be completed by for instance position papers on further high emission sectors
- we will further develop support and training for all employees for the integration of sustainability and awareness of targets and the principles in all relevant processes, including the gender equality target 2024–2026.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|---|--|
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Conducting an impact analysis | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input checked="" type="checkbox"/> Data quality |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Other: keep all employees updated with the rapid development within the field of sustainability | <input type="checkbox"/> Assurance |
| | <input type="checkbox"/> Prioritizing actions internally |

¹⁵ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁶ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Auditor's Limited Assurance Report on Svenska Handelsbanken AB (publ)'s self-assessment of the Principles for Responsible Banking

To Svenska Handelsbanken AB (publ), corporate identity number 502007-7862

INTRODUCTION

We have been engaged by Svenska Handelsbanken AB (publ) (Handelsbanken) to undertake a limited assurance of Svenska Handelsbanken's self-assessment of its fulfillment of its commitments as a signatory of the Principles for Responsible Banking for 2023. The self-assessment constitutes this document. The reporting criteria against which this information was assessed is Handelsbanken's self-assessment of its fulfillments of its commitments as signatory of the Principles for Responsible Banking is described on page 2. It covers the Principle for Responsible Banking assessment areas 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Plans for Target Implementation and Monitoring and 5.1 Governance and structure for implementing the principles. Our assurance does not extend to any other information in the self-assessment.

RESPONSIBILITIES OF THE EXECUTIVE MANAGEMENT

The Executive Management are responsible for the preparation of the self-assessment of Handelsbankens fulfillment of its commitments as a signatory of the Principles for Responsible Banking in accordance with the applicable criteria. This responsibility also includes the internal control relevant to the preparation of a self-assessment that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion on the self-assessment based on the limited assurance procedures we have performed. We have carried out our work in accordance with the requirements laid out in the Assurance Guidance to undertake limited assurance on Principles reporting, issued by UNEP FI. Our assignment is limited to the historical information that is presented and thus does not include future oriented information.

We conducted limited assurance procedures in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the self-assessment, and applying analytical and other limited assurance procedures. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent in relation to Svenska Handelsbanken AB according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement do not allow us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the self-assessment.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

CONCLUSION

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the selected information disclosed in the self-assessment is not prepared, in all material respects, in accordance with the criteria defined by the Executive Management.

Stockholm, 22 February 2024

PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant

Deloitte AB

Malin Lüning
Authorised Public Accountant

