

# Policy for the Handelsbanken group on measures against financial crime

adopted by the Central Board on 25 March 2020

Information class: Open

## 1. Introduction

This policy is partly based on Swedish laws and regulations concerning money laundering, terrorist financing, established international sanctions, including laws on breaches of such sanctions and applicable non-Swedish rules (including UK regulations against tax evasion), as well as Swedish laws and regulations regarding obligations to combat fraud. The policy is to be applied throughout the Handelsbanken Group, in as far as it does not contravene local laws. Money laundering, terrorist financing, breaches of international sanctions, fraud, tax evasion and corruption are collectively referred to as financial crime. The Handelsbanken Group has a separate policy for anti-corruption, whereas this policy relates to the other aspects of financial crime. The policy for ethical standards in the Handelsbanken Group also sets out how the Bank is to ensure that employees and contractors are not accessories to financial crime.

The Handelsbanken Group's work to counter and combat financial crime is a fundamental principle for secure and sound bank operations.

The Handelsbanken Group must monitor and comply with decisions regarding international sanctions in accordance with decisions by the EU on international sanctions and the Swedish Act on Certain International Sanctions. Deficiencies in the handling of these matters could lead to sanctions, financial losses, or reduced confidence in the Handelsbanken Group's business operations.

## 2. Work methods

The Handelsbanken Group's measures to prevent financial crime vary depending on the legal and regulatory requirements that apply to the various categories of financial crime.

### 2.1 Money laundering and terrorist financing

*The work of preventing money laundering and terrorist financing* must take a risk-based approach based on an overall analysis (general risk assessment) of the risk that the Handelsbanken Group may be used for such crime. This analysis must also cover the risk of the Handelsbanken Group's customers using the Handelsbanken Group for money laundering or terrorist financing that relates to or derives from tax evasion, corruption, fraud or other relevant predicate offences. Relevant risk factors, such as which products and services are provided, which customers and distribution channels exist, and which geographical risk factors are present, must be identified, analysed and managed.

The Handelsbanken Group's work method is based on having a good knowledge of its customers, and an understanding of its customers' business operations, as well as the purpose and nature of the business relationship. Customer due diligence must be performed and maintained for as long as the customer relationship exists.

All Handelsbanken's customers must be categorised on the basis of the risk of them using the Handelsbanken Group for money laundering and terrorist financing. The scope of the measures taken to prevent such crime will depend on the customer's risk class, the rating of which is to be based on risks identified in the risk assessment.

Handelsbanken must continually monitor ongoing business relationships by checking that the activities and transactions being carried out are in keeping with Handelsbanken's knowledge of the customer, in order to discover any activities that may be suspected of being related to money laundering or terrorist financing, or otherwise arouse suspicion.

Suspected cases of money laundering or terrorist financing or other financial crime within the Handelsbanken Group must be reported to the relevant authority.

### 2.2 International sanctions

The work of preventing the Handelsbanken Group from being an accessory to breaches of the regulations on financial sanctions is to be carried out by obtaining the customer due diligence required to determine whether the customer is subject to sanctions, and through sanctions-specific monitoring of transactions to and from other countries.

### 2.3 Fraud

The work of preventing customers from being exposed to fraud must be carried out in accordance with the requirements of the Swedish Payment Services Act and other laws and regulations that oblige Handelsbanken to protect customers from fraud linked to products and services at Handelsbanken. This work must proceed from a risk-based approach, which commences with an analysis of the threats to and weaknesses of Handelsbanken's products and services. The work of preventing Handelsbanken being exposed to fraud by external parties must be based on the same principle.

### 2.4 Tax evasion and corruption

The work of preventing employees or other contractors from exposing customers or Handelsbanken to fraud, or preventing employees and contractors from being accessories to customers' crimes in the areas of money laundering, terrorist financing, tax evasion and corruption, is to be carried out in the form of training activities, internal control measures, use of the four-eyes principle in important decision-making processes, and other appropriate measures. Handelsbanken must ensure that employees and other contractors are able to be whistleblowers regarding irregularities.

## 3. Organisational structure

The Handelsbanken Group must appoint a *specialty appointed executive* with the task of ensuring that the Handelsbanken Group

takes the measures required by laws and regulations to prevent money laundering and terrorist financing. This includes measures to prevent customers from using the Handelsbanken Group for money laundering that relates to or derives from tax evasion, corruption, fraud or other relevant predicate offences. The *pecially appointed executive* is also responsible for ensuring that the Handelsbanken Group observes international sanctions, as well as laws and regulations that entail obligations to protect customers from fraud. This also involves checking and following up that the various measures, procedures or other methods decided upon by the Handelsbanken Group are implemented in the Bank's business operations. The *pecially appointed executive* reports to the Group Chief Executive. The *pecially appointed executive* may appoint individuals to assist him/her, and may delegate powers to them.

The Handelsbanken Group must have an *appointed officer for controlling and reporting obligations* (under the Swedish Act on Measures against Money Laundering and Terrorist Financing), whose task is to monitor and regularly verify that the Handelsbanken Group fulfils its obligations in compliance with the relevant laws and regulations. This includes verifying and assessing the internal rules of the Handelsbanken Group, and providing advice and support to, as well as informing and training, the staff affected by regulations relating to measures designed to prevent financial crime.

The *appointed officer for controlling and reporting obligations* must submit regular reports to the Group Chief Executive on matters concerning financial crime. The *appointed officer for controlling and reporting obligations* may appoint individuals to assist him/her, and may delegate powers to them.

National organisations and subsidiaries must, where deemed necessary, appoint a person with specific responsibility for matters relating to measures designed to prevent financial crime and the observance of international sanctions.

The Handelsbanken Group's Group Audit function has the overall responsibility for independently reviewing the internal guidelines, checks and procedures that aim to ensure that Handelsbanken fulfils its legal and regulatory obligations.

#### 4. Risk tolerance

The Handelsbanken Group has a low risk tolerance for the risk of the exploitation of the Bank in any form of financial crime. Accordingly, the Handelsbanken Group must not participate in trans-

actions if its employees do not understand the implications, or in transactions which could be suspected of being linked to criminal activities.

The Handelsbanken Group may not hold anonymous accounts or issue anonymous passbooks.

The Handelsbanken Group may not initiate or engage in correspondence with shell banks, and must ensure that such links are not initiated or maintained with institutions that allow their accounts to be used by such banks.

The Group Chief Executive is responsible for ensuring that the risk tolerance set by the Board is followed, and that guidelines on its application are established.

#### 5. Reporting and information to public authorities, etc.

In Sweden, including Swedish subsidiaries, the *central function officer* must ensure that information regarding suspected money laundering, terrorist financing or other financial crime is submitted to the competent authority. The *pecially appointed executive* has operational responsibility for submitting information to the relevant authorities. Instructions for the exercising of operational responsibility are to be established through consultation between the central function officer and the specially appointed executive. Decisions regarding the freezing of funds as a result of international sanctions must be taken jointly by the specially appointed executive and the Bank's Chief Legal Counsel. The Head of CJ is responsible for reporting to public authorities about decisions taken to freeze funds as a result of international sanctions.

National organisations and subsidiaries outside Sweden must ensure that information about suspected money laundering, terrorist financing or other financial crime are submitted to a competent authority, and that decisions made on the freezing of funds as a result of international sanctions are submitted to a competent authority within the country. Reports of suspected cases of money laundering, terrorist financing or other financial crime to a competent authority that are deemed by the local manager to be of particular significance must be reported to the *central function officer* (according to the applicable regulations on money laundering and terrorist financing), provided that this is permitted by the legislation and regulatory requirements of the country concerned.