

# Green Bond Framework

June 2018

## Important notice

This document (the “Green Bond Framework” or “Framework”) contains information on the issuance of interest-bearing notes with added environmental criteria (the “Green Terms”) by Svenska Handelsbanken AB (publ) (“Handelsbanken”, the “Bank” or the “Group”) and its subsidiaries. Any such issuance by Handelsbanken that includes the Green Terms in its bond documentation, by reference or inclusion, as detailed in this document or in future versions of this document will be labelled a Green Bond (“Green Bond”). Depending on the language of

the bond documentation the Green Terms in this Framework may be translated into other languages, as required in the local jurisdiction. Furthermore, all parties are advised to review the risk factors in the relevant bond documentation. Any issuance of notes will be subject to the version of the Green Terms in the associated bond documentation. Any new issuance of Green Bonds will include a reference to, or inclusion of, the most recently published Green Terms, which shall be publicly available in the Framework on Handelsbanken’s website.

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### Handelsbanken’s label for Green financing

In 2018 Handelsbanken launched a label for green finance. The label signifies that the project that has been financed with a Green Loan meets the Bank’s technical criteria, which assesses, among other things, the impact on climate and the environment.



# Background

Climate change is one of the biggest challenges and threats facing the modern world. The necessary reduction of greenhouse gas emissions will require significant changes to global consumption, transport and energy production. Handelsbanken recognises our role in society and our responsibility towards the local communities and countries where we operate, while striving to reduce and manage the impact we have on both people and planet. This entails limits to our activity in certain sectors as well as an active engagement with customers, and by doing this, we are striving to be a force for transition and change towards a low carbon future.



*Handelsbanken's six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands.*

Sustainability is deeply rooted in Handelsbanken's culture and method of working: a long-term approach, low risk tolerance and cost-awareness are cornerstones of our business culture and form the basis of banking operations being run in a responsible and sustainable manner. Handelsbanken attaches great importance to availability in long-term customer relations, where personal meetings with private and corporate customers are essential and complemented by first class digital services. All important business decisions are made close to our customers, at one of more than 800 local branches in our six home markets. This decentralised approach leads to better, quicker decisions, closer to the customers, and creates a culture of personal commitment and responsibility.

Handelsbanken has signed and complies with a number of voluntary agreements, such as the UN Global Compact, the UN Principles for Responsible Investment (PRI) and the UN

Environment Programme Finance Initiative. Agenda 2030 and the Sustainable Development Goals are integrated into the Bank's operations. The Bank follows the Global Reporting Initiative's guidelines and the Sustainability Report (2017) meets the "Core" level of the GRI Standards.

Sustainability is a vital part of the Bank's credit policy. As a lender, Handelsbanken assesses and evaluates customers' approach to the principles and agreements supported by the Bank. Ultimately, this can result in Handelsbanken declining to grant credit to companies that do not apply these principles.

Handelsbanken has been active in sustainable finance for many years. In 2017, the Bank launched green loans to its corporate customers in Sweden, primarily to finance environmentally certified buildings. This allows us to extend green finance beyond the capital markets, to which the majority of our customers have no direct access. In the near future the Bank expects to launch green loans for renewable energy, forestry and clean transport. Handelsbanken Capital Markets is also very active as an advisor to new and existing issuers of green bonds.

Handelsbanken's aim is to minimise our direct impact on climate and the environment. Since 2013, carbon dioxide emissions generated by our own operations have been reduced by 42 per cent. The remaining emissions are compensated for through CDM-projects (Clean Development Mechanism), which are UN-registered projects with verified climate benefits.

Handelsbanken's work to protect human rights and employees' rights is based on international norms and agreements. Handelsbanken supports the UN Guiding Principles on Business and Human Rights. Structured work to protect human rights is a natural part of our own operations, as well as in operations that are associated with the Bank through products, services, and business relationships.

In June 2018 Handelsbanken announced that we intend to issue Green Bonds and subsequently made this document, The Green Bond Framework, available on our website.

The Bank has worked together with Handelsbanken Debt Capital Markets to develop the Green Bond Framework. Cicero has provided a second opinion on the Framework, which is publicly available on Handelsbanken's website.

Stockholm, 13 June 2018

**Anders Bouvin**  
President  
and Group Chief Executive

**Rolf Marquardt**  
CFO

**Elisabet Jamal Bergström**  
Chief Sustainability Officer  
Chair Green Product Committee

# Methodology and Scope

Eligible Green Assets are loans identified on Handelsbanken’s balance sheet that support the transition to low carbon intensity and sustainable development. All Eligible Green Assets are to contribute to one or more of the following set of global criteria:

1. **Mitigation (M):** Reduce harmful emissions of greenhouse gas, either by improving and transitioning existing assets through meaningful upgrades and retrofits, or by investing in new assets utilising low carbon intensive technology and environmentally sound solutions.
2. **Adaptation (A):** Adaptation investments to better withstand the effects brought on by climate change, improving the resilience to climate change and expected changes in the micro-climate and local environment, for instance, increased rainfall, heightened risk of flooding or sea level rise.
3. **Environment and eco-systems (E):** Support environmental investments with a positive environmental impact other than the direct mitigation of climate change (maximum 15 per cent of net proceeds).

### Exclusions

Assets included in the Green Registry (see Management of Proceeds, page 13) will not be linked to fossil energy generation, nuclear energy generation, research and/or development within armament and defence, potentially environmentally negative resource extraction (such as rare- earth elements or fossil fuels), gambling, alcohol, adult entertainment or tobacco.

### Allocation of net proceeds

An amount equal to the net proceeds from Handelsbanken’s Green Bonds can be used to finance new loans and to refinance existing loans in accordance with the Green Bond Framework. The long-term ambition is to allocate the majority of the net proceeds to new loans (defined as loan disbursements that have been made up to one year before the allocation of net proceeds from a Green Bond). The proportion of net proceeds allocated to new loans is expected to increase over time and will be disclosed in the annual reporting.

### Sustainable Development Goals

Agenda 2030 and the Sustainable Development Goals (“SDG”) were adopted by the United Nations General Assembly in 2015. There are 17 global goals with 169 defined underlying targets, aimed at achieving long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, to reduce inequality and injustice in the world, and to fight climate change.



As a financial institution, Handelsbanken has a vital role to play in the long-term fulfilment of these goals. Handelsbanken is an important part of society, with our strong local presence through our nationwide branch network and contribution to the local community. This includes paying taxes and fees, employing personnel, granting credit, offering payment solutions and providing investment services, as well as other banking services. Through the Bank’s operations, we can contribute long-term to the global goals.

### Handelsbanken focuses on the following Sustainable Development Goals

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

### This Framework mainly targets the following Sustainable Development Goals

- Goal 6: Clean water and sanitation
- Goal 7: Affordable and clean energy
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 13: Climate action
- Goal 14: Life below water
- Goal 15: Life on land

# Green Terms

## 1. Use of Proceeds

The net proceeds from the issuance of Green Bonds will be used by Handelsbanken, in whole or in part, to finance or refinance loans and investments (“Eligible Green Assets” or “Green Assets”) that promote the transition to low-carbon, climate resilient and sustainable economies, as well as environmental and ecosystem improvements. The net

proceeds will be used exclusively to finance or refinance loans and investments in Handelsbanken’s home markets (the Nordic countries, the Netherlands and the United Kingdom) which comply with the categories and criteria described below, as well as the Exclusion and Allocation criteria (see Methodology and Scope).



### I. Clean Transportation (M)

The transition of various means of transport to low or zero carbon intensity alternatives is crucial to combatting climate change. The 2014 Intergovernmental Panel on Climate Change (“IPCC”) report concluded that transport represented 27 per cent of global energy use, was responsible for 6.6 Gt of annual emissions of carbon dioxide, and that these figures would double by 2050. New technology and infrastructure coupled with new behaviour, was estimated to have the potential to reduce energy demand by transportation in 2050 by up to 40 per cent compared with the baseline scenario. Electrified transport in countries with a high share of renewable low carbon energy is an efficient and climate friendly alternative to most other forms of transport. An efficient low carbon transport system is dependent on supportive infrastructure, such as rail networks, service centres or depots, to ensure its function. The replacement of predominantly fossil fuel vehicles, such as cars, buses and trucks, with electric and hybrid alternatives, is also important in order to reduce emissions in both the short and long term.

#### Public Transport

Financing of electric vehicles for public transport, such as buses, trains, underground trains or trams, including retrofits and modernisation.

#### Low Carbon Vehicles

Financing of electric freight and passenger vehicles such as plug-in hybrids, fully electric cars or fully electric trucks, as well as directly associated investments, such as charging stations.

- Selection and criteria are managed by vehicle specialists at the Bank, taking the best available technology into account. Plug-in hybrids with short electric range or high emissions (CO<sub>2</sub>e) are excluded. Furthermore the local grid emission factor (CO<sub>2</sub>e) is considered in the vehicle selection process.
- Currently the selection process requires plug-in hybrid vehicles to have an electric range of at least 40 km and carbon dioxide emissions below 50 grams per km according to the New European Driving Cycle (“NEDC”).





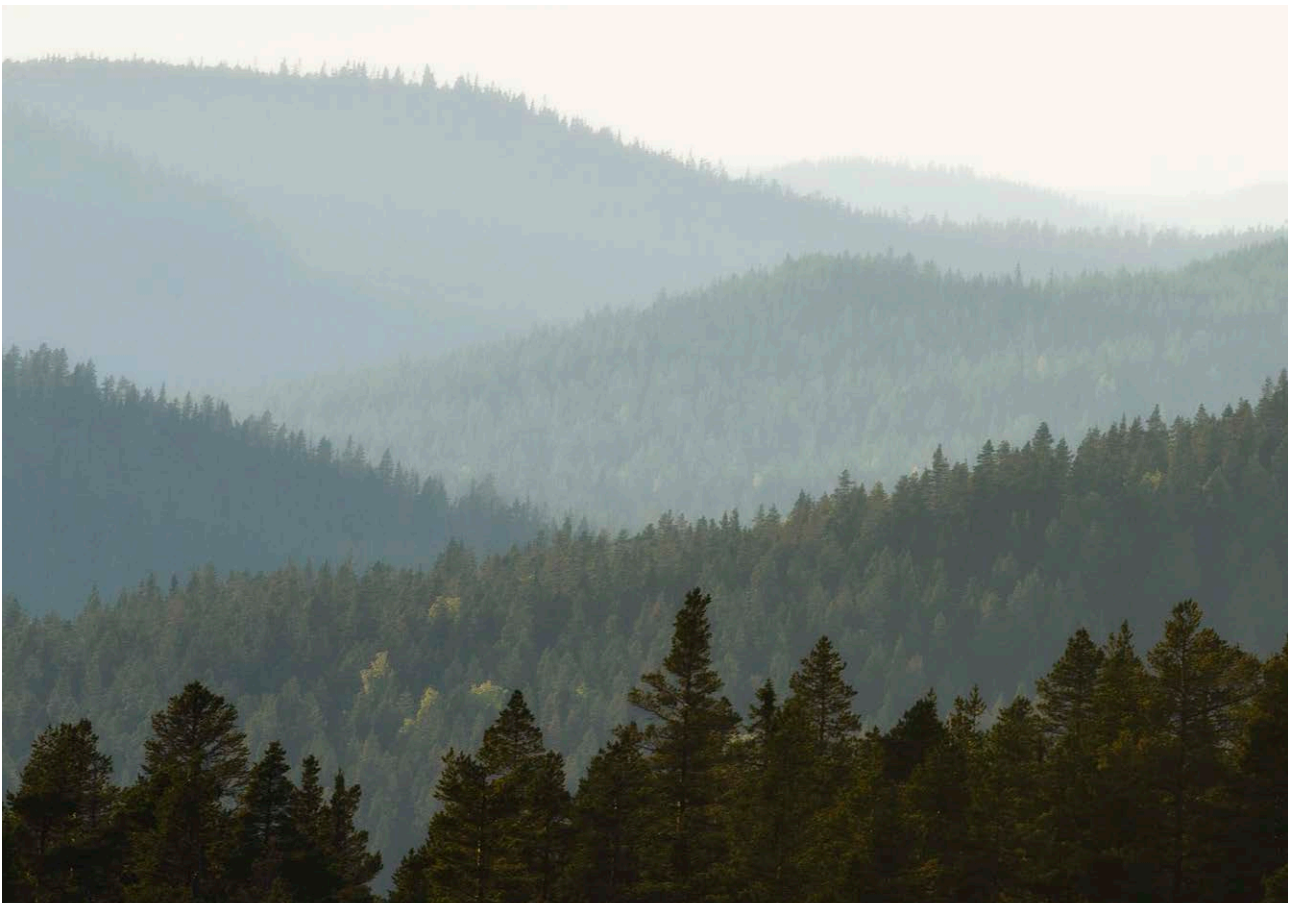
## II. Environmentally Sustainable Management of Living Natural Resources (M/E)

Sustainable and eco-friendly management of natural resources is important to both climate and the environment. In the 2014 IPCC report forestry is categorised together with agriculture and other types of land use, which are jointly stated as representing almost a quarter of net anthropogenic greenhouse gas emissions globally, equivalent to approximately 10-12 GtCO<sub>2</sub>e per year. Deforestation, agricultural emissions from soil, nutrient management and livestock are important factors in these figures. For forestry, the most cost-efficient mitigation options are afforestation, sustainable forest management and the reduction of deforestation. In addition to sequestering carbon, a sustainably managed forest must ensure the biodiversity of plants and animals, as well as protecting valuable natural habitats and sensitive areas. Legislation is important in this regard, but so are voluntary standards such as FSC and PEFC, and the practices of local landowners.

### Sustainable Forestry

Financing or refinancing of investments in sustainable forest management and sustainable forestry assets owned and operated by (i) professional customers or (ii) non-professional customers, demonstrating environmentally responsible, economically viable and socially beneficial forestry practices.

- Professional customers, such as corporations or municipalities, or any customer who's forest holding exceeds 1500 hectares, are required to have an up to date and valid sustainable forestry certification from either FSC or PEFC.
- Non-professional customers, such as individuals or small corporations, are eligible if the forest holding is between 50 and 1500 hectares, located in Sweden and compliant with the Swedish Forestry Act. The forest holdings must also have an up to date Green Forest Management Plan, including conservation action plans for at least five per cent of the productive area (nature protection and habitat management) and a minimum of five per cent deciduous trees.
- All Sustainable Forestry assets must be insured (storm and fire), requiring preventative measures and contributing to lowered risk of systemic events such as forest fires and storm damages.
- All Sustainable Forestry assets are assessed and validated by experts at Handelsbanken Skog & Lantbruk, the Bank's Forestry and Farming operation, before inclusion in the Green Registry.





### III. Green Buildings (M)

New construction, retrofits and major renovations of buildings utilising low carbon materials, climate friendly transport, efficient construction processes while ensuring low energy use throughout the lifecycle of the building are very important in mitigating both direct and indirect emissions of greenhouse gases and the sectors global footprint and contribution to climate change. In the 2014 IPCC report, it was estimated that the sector accounted for about 32 per cent of energy use globally and 8,8 GtCO<sub>2</sub> of emissions (direct and indirect) in 2010. These numbers did not include the construction of new buildings, which would have pushed the figures even higher. The report also forecasts that energy demand will almost double and carbon dioxide emissions will increase by 50-150 per cent by 2050 due to global improvements in wealth, lifestyle and access to modern energy services, adequate housing and urbanisation. Advanced technologies, know-how and policies could provide opportunities to stabilise or even reduce the global building sectors energy use by 2050.



#### Green Buildings

Financing or refinancing of development, acquisition, renovation or otherwise completed residential, public and commercial properties that have or will receive (i) a design stage certification, (ii) a post-construction certification or (iii) an in-use certification in any of the following building certification schemes at the defined threshold level or better:

– Environmental building certification:

- a) BREEAM "Very Good",
- b) LEED "Gold",
- c) Miljöbyggnad "Silver" or
- d) Svanen

– Energy requirement: The building must also have at least 15 per cent lower energy use than required by the applicable national building code. However, in the absence of a legal requirement for a certain building type the Green Finance Committee (see Process for Project Evaluation and Selection) will determine the eligibility, taking local benchmarks and legal requirements for similar building types into account.

All buildings that are included in the Green Registry must be environmentally certified, ensuring that a broad set of environmental requirements have been implemented and thereby reducing the life cycle impact of the building. All environmental certifications above assess both construction materials and energy use, which are the most important metrics to understand the building's life cycle climate impact. The tenants are very important to understand the full impact of a building and some of the environmental assessment schemes grades, e.g. access to public transport, access to alternative modes of transport and the maximum car parking capacity. The energy use of a building tends to be a major source of greenhouse gas emissions from a life cycle perspective and is dependent on the CO<sub>2</sub>e intensity in the local energy grid. While energy is assessed and graded in all the environmental certification schemes used, it is not always a fixed requirement, which is why there is an explicit energy requirement for all buildings.



#### IV. Pollution Prevention and Control (M/E)

The collection, treatment and processing of all types of waste is very important from an environmental and climate perspective. Modern waste treatment, waste management and waste to energy provides an opportunity to reduce, recycle and efficiently treat waste and convert residual waste to energy. In the 2014 IPCC report waste management was recognised as a great source and opportunity for reduction of greenhouse gas emissions. In 2010 the sector accounted globally for around 28 per cent of energy use and 13 GtCO<sub>2</sub> emissions, including direct and indirect emissions and process emissions, with a projection to increase by 50-150 per cent by 2050 in the baseline scenario (unless energy improvements are accelerated significantly). A modern waste management system also ensures a circular flow of materials, so that the need for virgin material is reduced and the environmental and climate impact is lessened.

##### Waste to Energy

Financing of environmentally responsible and fossil-free waste-to-energy investments. In the assessment of waste-to-energy projects the waste hierarchy is considered, whereby the asset and the operator should minimise, reuse and recycle as much waste as possible before converting it to energy. An assessment is also made of the plastic content of the waste and how it is handled in the waste hierarchy.

- Restricted to waste-to-energy projects in the Nordic countries.
- Waste hierarchy and plastic content in waste considered in the assessment.
- No peat, coal, oil, gas or other fossil fuels (except as required to start the incineration process)

##### Waste Management

Financing of waste management or waste treatment in a responsible and environmentally friendly way, such as electric or hybrid collection trucks, waste prevention measures, waste reduction or waste recycling. Efficient utilisation of resources is an important component of the transition to low-carbon and climate resilient growth and the circular economy. Efficient waste management is dependent on the reduction, reuse and recycling of waste, but also on the processes managing this being carried out with a low impact on the environment and climate. Projects are assessed both on their direct and indirect environmental credentials, including the collection and transport of waste and the greater societal impact of circular material use.







## V. Renewable Energy (M)

Low carbon and environmentally friendly renewable energy is both a solution to carbon emissions in the energy sector and an enabler of climate friendly transition in other sectors, such as the electrification of the transportation sector. The cost of investments has fallen considerably, and both wind and solar energy are good examples of relatively affordable and highly efficient technologies, with a low impact on the environment. According to the 2014 IPCC report, the energy sector is the largest contributor to global greenhouse gas emissions globally, and in 2010 was responsible for approximately 35 per cent of total anthropogenic emissions of greenhouse gas. The baseline scenario in the IPCC report expects emissions to double or triple by 2050 compared to the levels in 2010, which at the time were 14.4 GtCO<sub>2</sub> per year.



### Wind Energy

Financing or refinancing of wind power installations and related infrastructure investments such as grid connections and electric sub-stations. Wind power is well established in Handelsbanken's home markets and care for the environment, ecology, biodiversity and impact on local communities is regulated in the applicable national legislations. While wind farms are a renewable source of energy, they are capital and material intensive and can have a significant impact on the project site if care is not taken.

- To be eligible, the asset must be located in a home market (the Nordic countries, the Netherlands and the UK) and be compliant with local regulations.
- Environmental impact assessment (as required in the local jurisdiction).
- End-of-life site restoration plans.

### Solar Energy

Financing or refinancing of on-site solar power installations or stand-alone solar farms, as well as related infrastructure investments such as grid connections and foundations. Solar is a renewable source of energy, but the manufacturing process can be very energy intensive and is often located in countries where the emission factor in the local grid is high, resulting in a potentially long time to recoup the emissions from the production of the solar cells once they begin to produce electricity.

- Compliance with national legal requirements, including existing or future environmental impact assessment requirements.
- Assessment of the life cycle benefit of the solar cells.

### Hydro Energy

Financing or refinancing of hydro power plants and related infrastructure such as renovation of dams, new or refurbished grid connections and electric substations. Hydro power provides a substantial amount of the total electricity used in Norway (99%), Sweden (45%) and Finland (20%) and is a fully renewable source of energy. There are concerns with hydro, for instance its impact on wildlife, local communities, methane leakage, downstream ecology and biodiversity. Managed correctly, both small and large scale hydro can provide sustainable renewable energy with a very small environmental footprint.

- To be eligible, the asset must be located in a Nordic country (Sweden, Norway, Finland or Denmark) and be compliant with local regulations.
- Refurbishment investments or refinancing of large hydro power plants (>10MW) located in the Nordic countries is permitted if the size of the water reservoir is left unchanged and the project is assessed and deemed to be compliant with the IFC performance standards.
- Construction of new large hydro power plants (>10MW) are excluded.

### Geothermal Energy

Financing or refinancing of emissions-free geothermal heating and cooling installations and related infrastructure, such as network, heat pumps and heat exchangers. Geothermal energy can be utilised for both heating and cooling purposes with a very low environmental impact. There are risks associated with the necessary drilling and ongoing circulation of carrier fluid, such as structural damage to the bedrock or contamination of the ground water. Together with efficient heat pumps both small scale and large scale installations can significantly reduce the need for heating and cooling from other sources.

- To be eligible, the asset must be located in a home market (the Nordic countries, the Netherlands and the UK) and be compliant with local regulations.



## VI. Sustainable Water and Wastewater Management (M/A/E)

The supply of clean, reliable freshwater and the efficient, complete processing of wastewater is crucial to society and of utmost importance to the environment and climate. Untreated or poorly treated wastewater will release contaminants, discharges and bacteria into the environment, causing environmental and eco-system damage, which in the long term can lead to a reduced capacity to sequester carbon from the atmosphere from the affected natural environments. The 2014 IPCC report highlights the fact that methane and nitrous oxide emissions from wastewater have increased in recent decades. Methane emissions from domestic, commercial and industrial activities were responsible for 86 per cent of wastewater related greenhouse gas emissions from 1970 to 2010.

### **Sustainable Water and Wastewater Assets**

Financing of plants and related infrastructure for the supply of fresh water or processing of wastewater, such as ultrafilters, energy or other efficiency improvements, capacity expansions, enabling infrastructure, new network infrastructure, new-build or investments in the water purification processes.



## 2. Process for Project Evaluation and Selection

All customers of Handelsbanken are managed and approved in the standard credit process, which includes a Know-Your-Customer procedure, an environmental and sustainability risk assessment, credit risk analysis and a credit decision. Further procedures to identify, analyse and approve Eligible Green

Assets are in place, whereby Eligible Green Assets are defined in the Framework, proposed by the local branches, approved by the Bank’s Green Finance Committee and documented and monitored in the Green Registry. Additional information about this process is provided below.

The local branches nominate new and existing loans within the eligible green use of proceeds categories to the Green Finance Committee (“GFC”) for review and potential approval. Assessment and analysis are performed on both the asset and the customer. The standardised application and assessment include the following:

- A local branch nominates loans to the GFC and acknowledges that the financed asset complies with the legal requirements in the local jurisdiction, as well as with Handelsbanken’s policies and guidelines.
- Review and ESG assessment of the financed asset(s) and the customer, using both public and non-public information, including a screening for ESG incidents or controversies.
- Assessing and confirming the type of Green Asset, its compliance with the Use of Proceeds categories in the

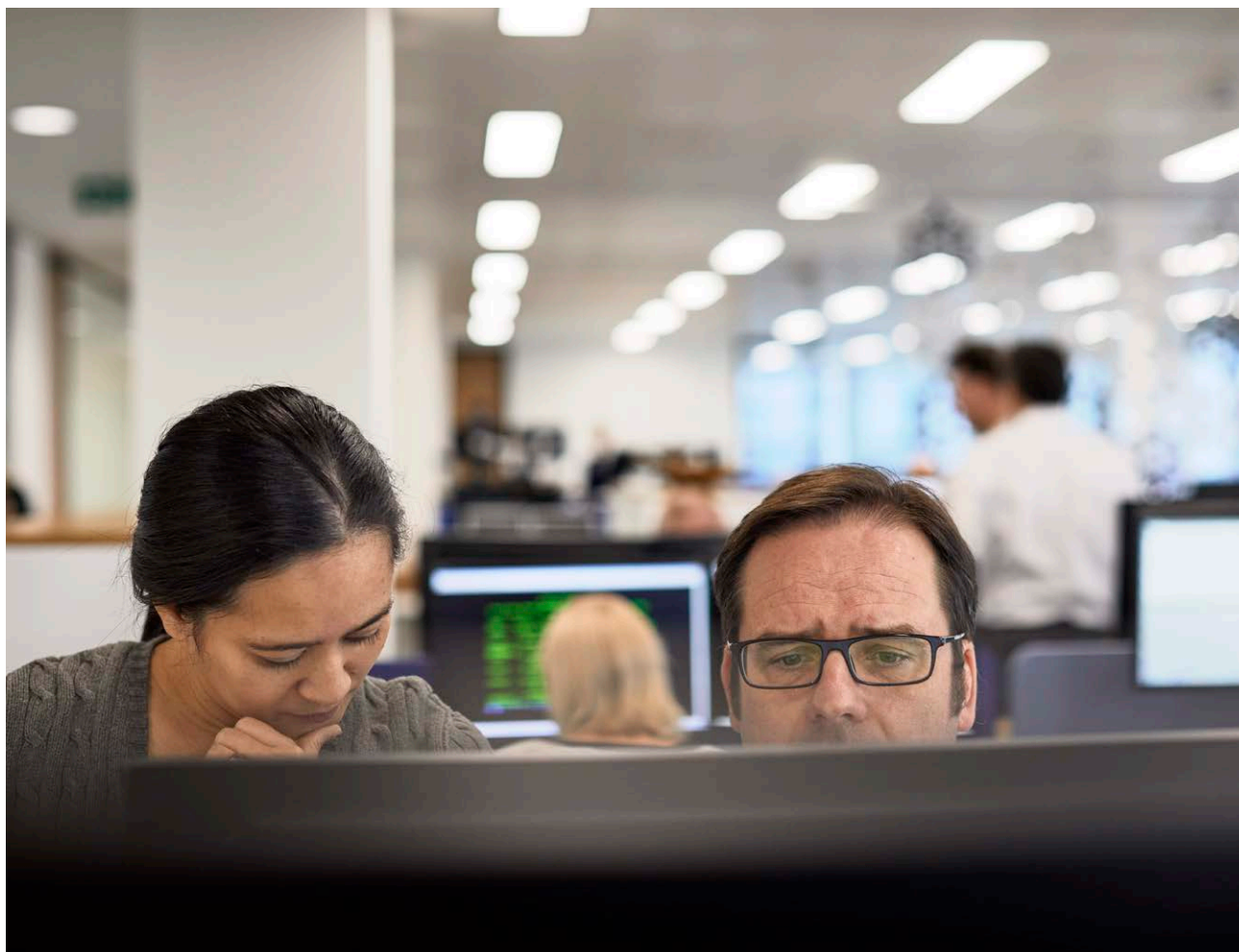
Framework, validating the purpose of the financing and a review of compliance with the Exclusion criteria (see Methodology and Scope).

- Assessing the benefit of the asset(s) in relation to the Sustainable Development Goals.

### Risk Assessment and Management

The assets must be compliant with applicable national laws and regulations, Handelsbanken’s policies and guidelines as well as the Green Terms. This includes the Bank’s sector guidelines (see appendix or the Bank’s website), Credit policy, Sustainability policy, Environmental guideline, Ethics policy as well as specific environmental certification schemes (such as those outlined in the Framework for Green Buildings and Forestry) and the UN Global Compact, OECD Guidelines for Multinational Enterprises and the Equator Principles.





### Approval by the Green Finance Committee

Handelsbanken's Green Finance Committee has the mandate to approve (i) Green Assets, (ii) technical criteria for green loans and (iii) the Bank's Green Bond Framework. The GFC is a sub-committee of the Group Sustainability Committee, from which it also draws many of its members. Handelsbanken's Chief Sustainability Officer chairs the Group Sustainability Committee and the Green Finance Committee, and is responsible for sustainability strategy and implementation throughout the Bank. The GFC currently consists of representatives from the following units:

- Group Communication Department
- Group Credit Department
- Group Finance
- Group Sustainability Function
- Handelsbanken Capital Markets
- Stadshypotek

The GFC reviews information about the assets and evaluates the overall environmental benefit according to a standardised process that includes life cycle considerations, potential rebound effects, resilience and scientific targets. If there is doubt about the environmental benefits or compliance with the Bank's Green Bond Framework, such assets will not be included. Eligible Green Assets are approved by majority vote by the GFC, where the Bank's Chief Sustainability Officer holds a veto. The decisions made by the GFC are documented.

### Green Registry and Documentation

The information gathered in the approval process is recorded along with loan and ESG information in a database (the "Green Registry"). The Green Registry allows the Green Assets to be monitored by the Bank and will be used as a tool to determine if there is a current or expected headroom to issue a Green Bond. If a loan ceases to meet the Green Terms, the green status of the loan will be removed from the Bank's Green Registry.

The Bank may need further clarity about the use of proceeds for both existing and future loans. In such cases the Bank will require the customer to sign a side letter confirming the purpose of the financing and/or that information may be provided to investors regarding the specific asset that has been financed.

### Second Opinion

Handelsbanken acknowledges the recommendation in the Green Bond Principles regarding a high level of transparency in the issuer's process for Project Evaluation and Selection. The internal documents applicable to the Green Asset process have been made available to Cicero in the Second Opinion process.

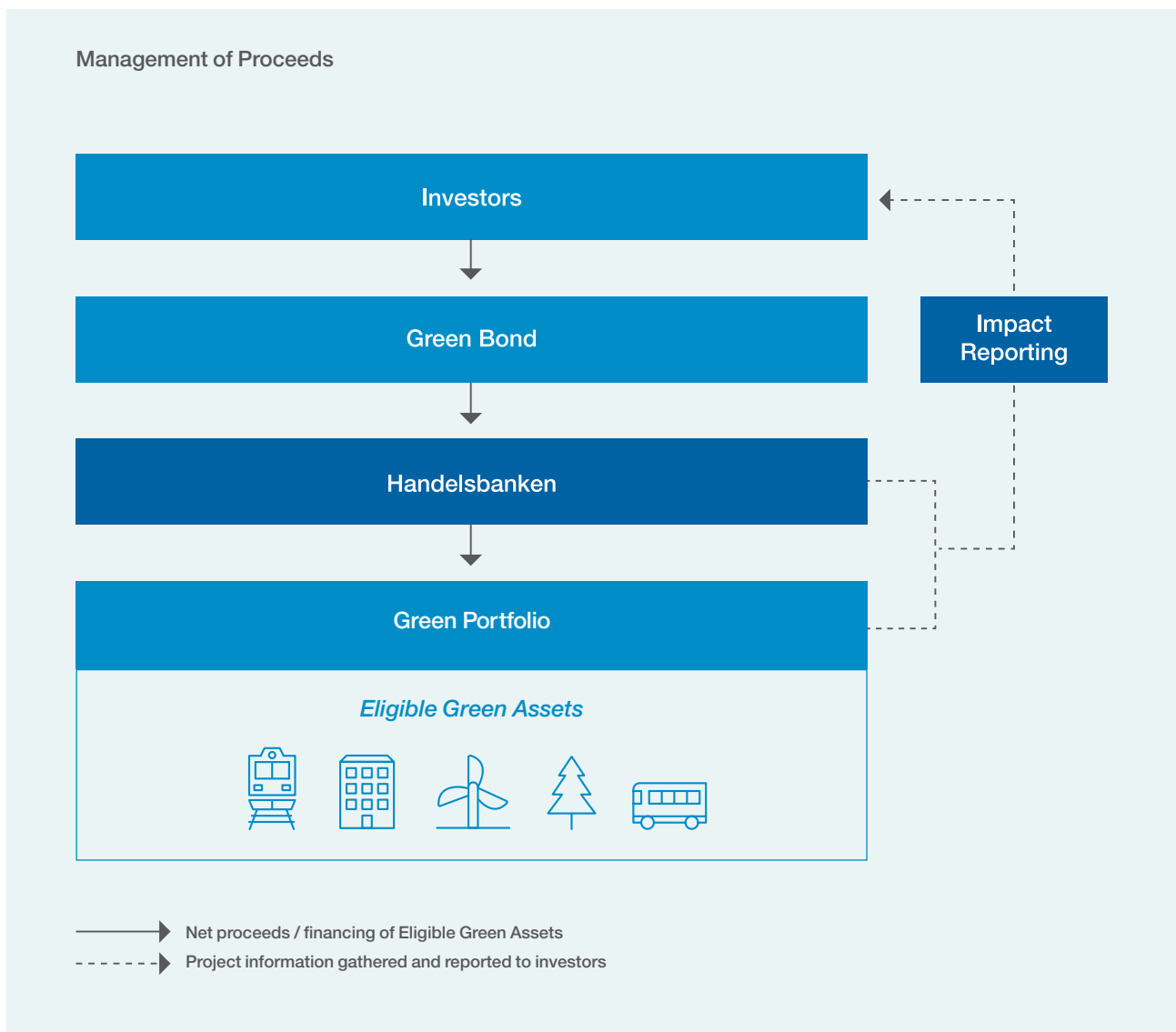
### 3. Management of Proceeds

An amount equal to the net proceeds of any issue under the Green Bond Framework will be credited to an earmarked portfolio (the “Green Portfolio”) in the Bank’s internal information system managed by the Treasury Department. Deductions will be made from the Green Portfolio by an amount corresponding to the financing or refinancing of Eligible Green Assets that have qualified according to the Process for Project Evaluation and Selection or to repay a Green Bond. If an Eligible Green Asset no longer qualifies according to the Green Terms or if the underlying eligible loan is repaid or divested, an amount equal to the funds will be re-credited to the Green Portfolio pending reallocation to other Eligible Green Assets. Net proceeds may be reallocated to other Eligible Green Assets by the Treasury at any time during the term of a Green Bond. The Bank’s Treasury will keep a record of the purpose of any change in the Green Portfolio.

Pending the allocation of an amount equal to the net proceeds and while the Green Portfolio has a positive balance, including the unlikely event of there being no Eligible Green Assets, the proceeds may be invested or utilised by Treasury in accordance with the Bank’s internal sustainability policy and the requirements of the liquidity reserve.

**External Review**

Handelsbanken acknowledges the recommendation in the Green Bond Principles regarding transparency and verification of net proceeds allocation. The allocation of net proceeds will be verified by the Bank’s external auditor. For further information, see the “Annual Review” section under Reporting and Transparency.



## 4. Reporting and Transparency

Handelsbanken will publish an annual report on its website ([www.handelsbanken.se/ireng](http://www.handelsbanken.se/ireng)) that will detail the allocation of green bond net proceeds and adherence to the Green Terms (the "Reporting"). The first such Reporting is expected to take place in April 2019 and will be available in English.

The Reporting will contain information on the Eligible Green Assets and a summary of Handelsbanken's Green Bond activities in the preceding year, as well as information, including examples of the Eligible Green Asset's adherence to the relevant criteria in the Framework.

Handelsbanken acknowledges the recommendation in the Green Bond Principles regarding transparency and reporting on the impacts of financed projects. Due to confidentiality agreements, single loans, projects and customers cannot be disclosed unless the customer has agreed to allow such transparency. As detailed in the Process for Project Evaluation and Selection, Handelsbanken will strive to use side letters or such terms in the loan documentation, whereby transparency is allowed for single loans, projects and customers, but does not

expect this will encompass all Eligible Green Assets. However, all assets included in the Green Registry have been analysed and environmental data has been compiled, whereby aggregate data based on the use of proceeds categories in the Framework will be disclosed to investors.

### Allocation Disclosure

- Handelsbanken will provide allocation reporting for each of the Use of Proceeds categories in the Framework. Emphasis will be placed on providing examples and allocation reporting to single projects based on loan size.
- The sum of outstanding Green Bonds.
- The sum of the Green Portfolio balance (including any short term investments or funds managed within Handelsbanken's liquidity portfolio).
- The proportion of net proceeds allocated to new loans (see definition under Methodology and Scope).
- All data is to be as of the end of the previous year.



For more information on Handelsbanken's sustainability work visit [handelsbanken.se/sustainability](http://handelsbanken.se/sustainability) or read the [Sustainability Report 2017](#)

## Performance Reporting

The Reporting will contain a disclosure of asset level performance indicators. The reporting will strive to disclose the impact based on Handelsbanken's financing's share of the total investment. For assets and projects that are not yet operational, Handelsbanken will strive to provide estimates of future performance levels. Given the number of project types in the use of proceeds categories, the final Key Performance Indicators

could differ from the ones listed below. Handelsbanken will emphasise energy production/savings and greenhouse gas savings as the most relevant performance metrics for most project types. The data will be provided in a table format and disclosing, where and when available, the following indicators and measurements:

### Use of Proceeds categories

### Indicative Key Performance Indicators

I. Clean Transportation	<ul style="list-style-type: none"> <li>– Capacity (such as freight or passengers)</li> <li>– Travel distance</li> <li>– Greenhouse gas savings</li> </ul>
II. Environmentally Sustainable Management of Living Natural Resources	<ul style="list-style-type: none"> <li>– Sustainable Forestry certification scheme (if applicable)</li> <li>– Hectares (size of land) of forest holdings</li> <li>– Net carbon sequestration (tonnes per year)</li> </ul>
III. Green Buildings	<ul style="list-style-type: none"> <li>– Environmental certification (if applicable).</li> <li>– Reduction in energy use (MWh per year).</li> <li>– Reduction of greenhouse gas emissions (tonnes per year).</li> </ul>
IV. Pollution Prevention and Control	<p>Waste to energy</p> <ul style="list-style-type: none"> <li>– Yearly electricity production (MWh or GWh per year).</li> <li>– Yearly heat production (MWh or GWh per year).</li> <li>– Reduction of greenhouse gas emissions (tonnes per year).</li> </ul> <p>Waste management</p> <ul style="list-style-type: none"> <li>– Amount of waste recycled (tonnes per year)</li> <li>– Reduction of greenhouse gas emissions (tonnes per year).</li> </ul>
V. Renewable Energy	<ul style="list-style-type: none"> <li>– For a renewable energy installation on buildings the percent of the total energy use supplied by the installation, the energy production (kWh per year) and the yearly reduction of greenhouse gas emissions.</li> <li>– For an investment in a stand-alone renewable energy project the energy production (MWh per year), installed capacity (MW) and the estimated yearly reduction of greenhouse gas emissions.</li> </ul>
VI. Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>– Qualitative improvements in freshwater supply and/or wastewater treatment (when available and applicable).</li> <li>– Quantity of treated wastewater and/or supplied freshwater (cubic meters per year).</li> </ul>

## Annual Review

The external auditor of Handelsbanken, or a similar party appointed by Handelsbanken with the relevant expertise and experience, will investigate and report whether an amount equal to the Green Bond net proceeds has been allocated to the Eligible Green Assets that Handelsbanken has communicated in the Reporting. The conclusions will be provided in a signed statement, which will be published on Handelsbanken's website ([handelsbanken.se/ireng](https://handelsbanken.se/ireng)).

## Dedicated Website

Handelsbanken will provide a dedicated webpage for Green Bonds at its website ([handelsbanken.se/ireng](https://handelsbanken.se/ireng)) where investors can find information regarding Handelsbanken's Green Bonds, including:

- Green Bond Framework
- Second Opinion
- Reporting
- Annual Review
- Investor Presentations

# Definitions

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**Miljöbyggnad Silver**

means the rating Silver within the Miljöbyggnad building certification scheme administered by the Sweden Green Building Council (SGBC), pursuant to its definition at the time of receipt of the relevant certification.

**BREEAM Very Good**

means the rating Very Good within BREEAM, a grading scheme for the real estate sector developed by BRE Global, as well as local adaptations such as BREEAM-NL, BREEAM-NO and BREEAM-SE developed by the Dutch, Norwegian and Swedish Green Building Councils respectively, pursuant to its/their definition at the time of receipt of the relevant certification.

**LEED Gold**

means the rating Gold within LEED, a grading scheme for the real estate sector developed by the U.S. Green Building Council pursuant to its definition at the time of receipt of the relevant certification.

**Svanen**

means the environmental assessment and certification scheme of real estate assets developed and administered by the Nordic Swan Ecolabel, pursuant to its definition at the time of receipt of the relevant certification.

**FSC**

means the global certification system for forests and forest products developed by the Forest Stewardship Council. FSC has a stated goal of environmentally sound, socially responsible and economically viable forestry.

**PEFC**

means the global certification system for forests developed by the Programme for the Endorsement of Forest Certification. The PEFC promotes sustainable forest management through third party certification according to the PEFC standard.

**IPCC**

means the United Nations Intergovernmental Panel on Climate Change, established in 1988 as a scientific and intergovernmental body dedicated to providing a scientific view of climate change and the findings presented in the contributions to the fifth assessment report on Climate Change (2014).

**NEDC**

means the New European Driving Cycle, a standardised driving cycle designed to assess the emission level of car engines.



# Policies and Guidelines

## Selection of Policies established by the Board

## Publicly available

1	Capital policy	No
2	Credit policy	No
3	Financial policy	No
4	Information policy	No
5	Policy against corruption	Yes
6	Policy for compliance	No
7	Policy for ethical standards	Yes
8	Policy for financial risks	No
9	Policy for handling customer complaints	No
10	Policy for independent risk control	No
11	Policy for managing conflicts of interest	Yes
12	Policy for operational risk	No
13	Policy for remuneration, pensions and suitability assessment	No
14	Policy for sustainability	Yes
15	Policy on measures against money laundering and financing of terrorism and the observance of international sanctions	Yes

## Selection of Guidelines established by the CEO

## Publicly available

16	Guidelines for Handelsbanken regarding Climate Change and Environmental impact	Yes
17	Guidelines regarding Human Rights and Working Conditions	Yes
18	Guidelines regarding business relations with the armaments and defence industry	Yes
19	Guidelines for information security in the Handelsbanken Group	No
20	Guidelines regarding business relations in forestry and farming	Yes
21	Guidelines for managing taxes	Yes

Public Policies and Guidelines are available at [handelsbanken.se/sustainability](https://handelsbanken.se/sustainability)

