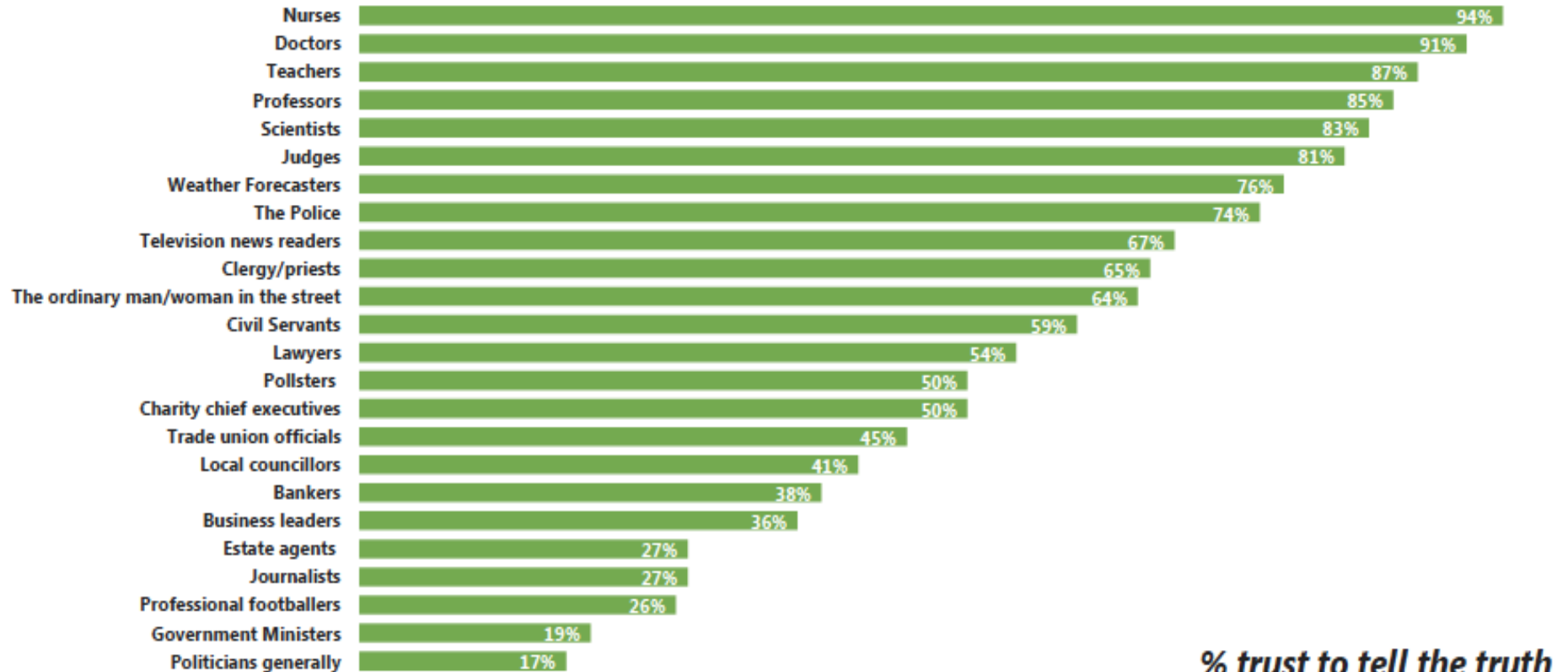
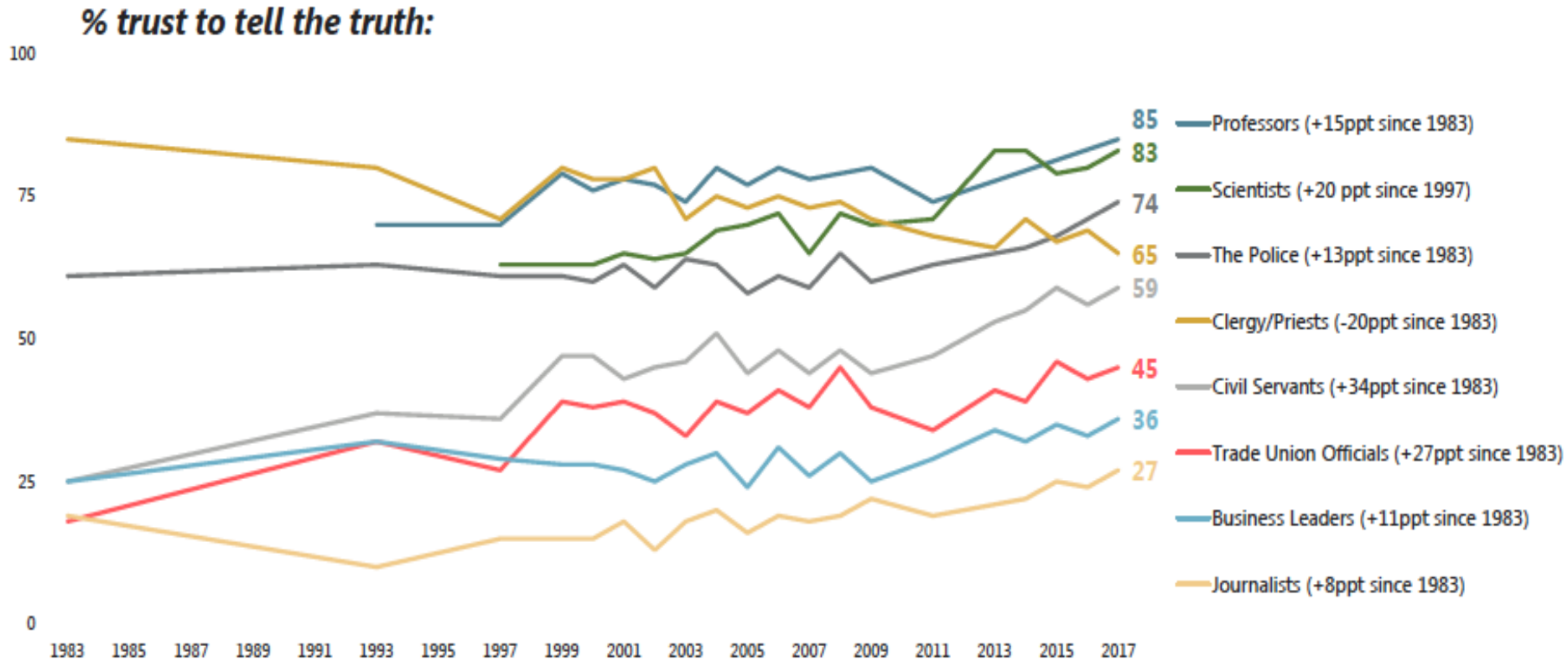


Who Do You Trust to Tell the Truth?

"Now I will read you a list of different types of people. For each would you tell me if you generally trust them to tell the truth, or not?"



Plus Ça Change



Profit Purpose

- There is one and only social purpose of business..... to increase profits so long as it stays within the rules of the game

Profit Purpose

- There is one and only social purpose of business..... to increase profits so long as it stays within the rules of the game
- A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole

The purpose of business is not to produce profits

The purpose of business is to produce profitable solutions to the problems of people and planet

In the process, it produces profits

But profits are not per se the purpose of business

The company is a commitment to the creation of a common purpose

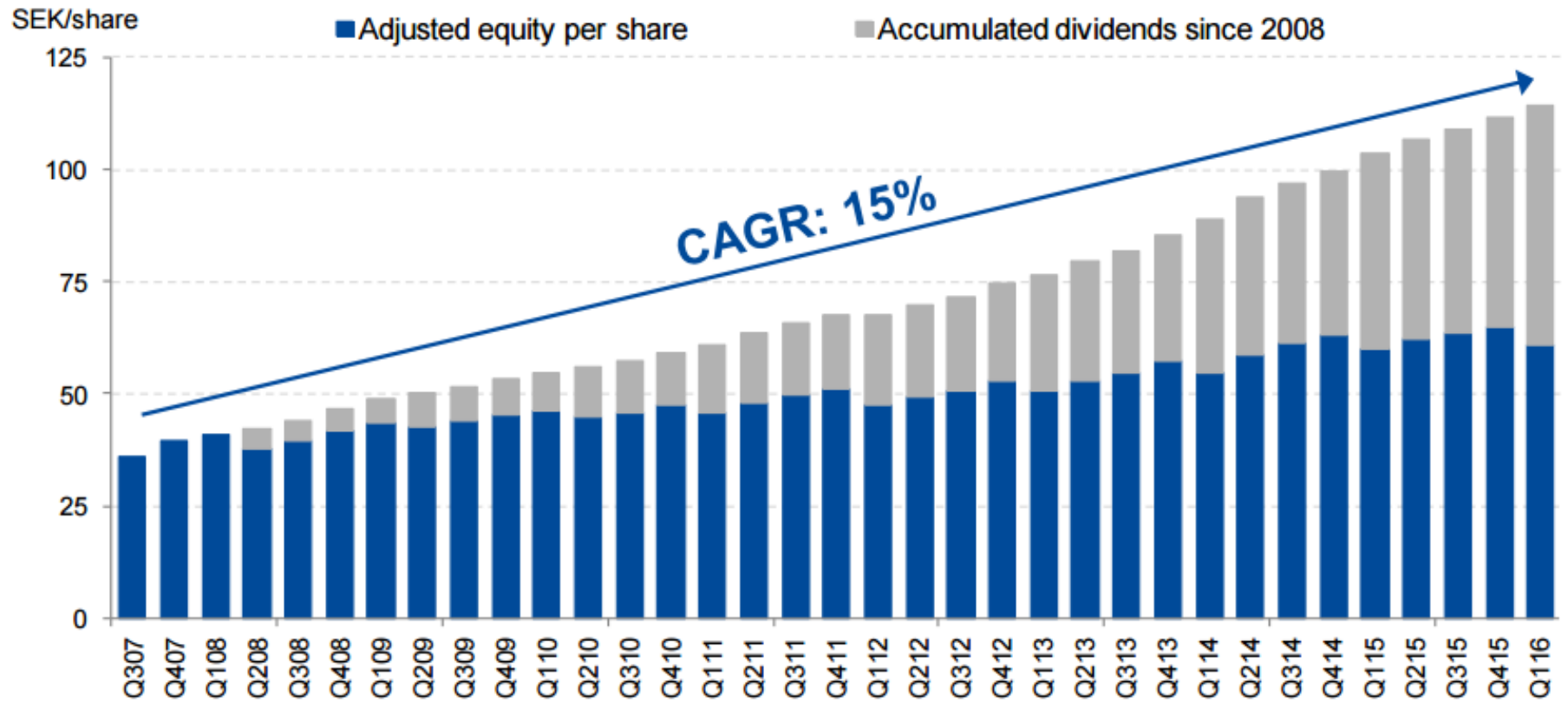
It commits to those contributing to the common purpose

They in turn commit to the company purpose

This establishes reciprocal relations of trust

That produce mutual benefits

Average Annual Growth in Equity



Dividends reinvested in ROE per quarter
 CAGR = Compounded Annual Growth Rate

Resilient Through Financial Crisis

- No need for support from government or shareholders
- In Bloomberg's ranking of the world's strongest banks
- Among highest credit rating of any bank during crisis
- Strong liquidity and capital ratios during and since crisis
- Able to support customers through the economic cycle

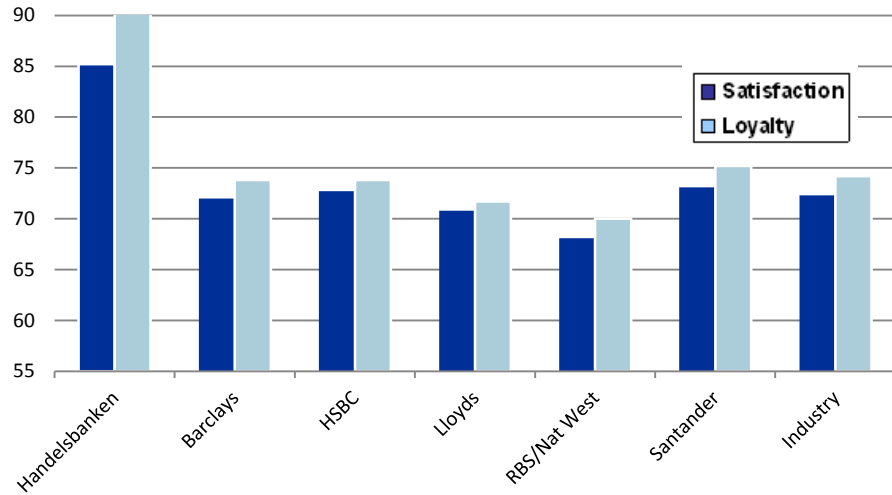
Corporate Purpose

- More satisfied customers
- Lower costs than peers

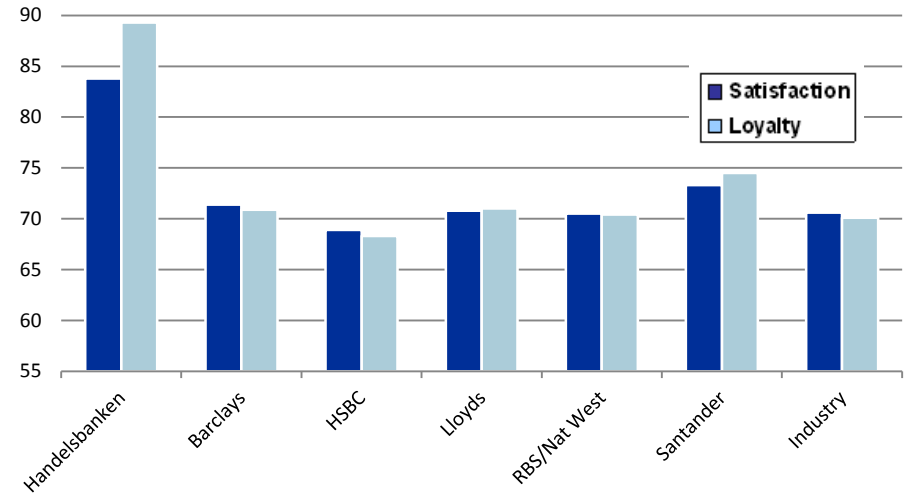
The corporate goal has been reached for the past 44 years

Most Satisfied Customers

Individual customers



Corporate customers



Ranked number one for customer satisfaction and loyalty, for the ninth year running, in an independent survey of UK bank customers.

Source: EPSI Rating, October 2017

Values of Handelsbanken

“Work with human nature”

Values, not command and control

Local knowledge and responsibility
“The Branch is the Bank”

Focus on customer satisfaction
Avoid conflicting steering mechanisms

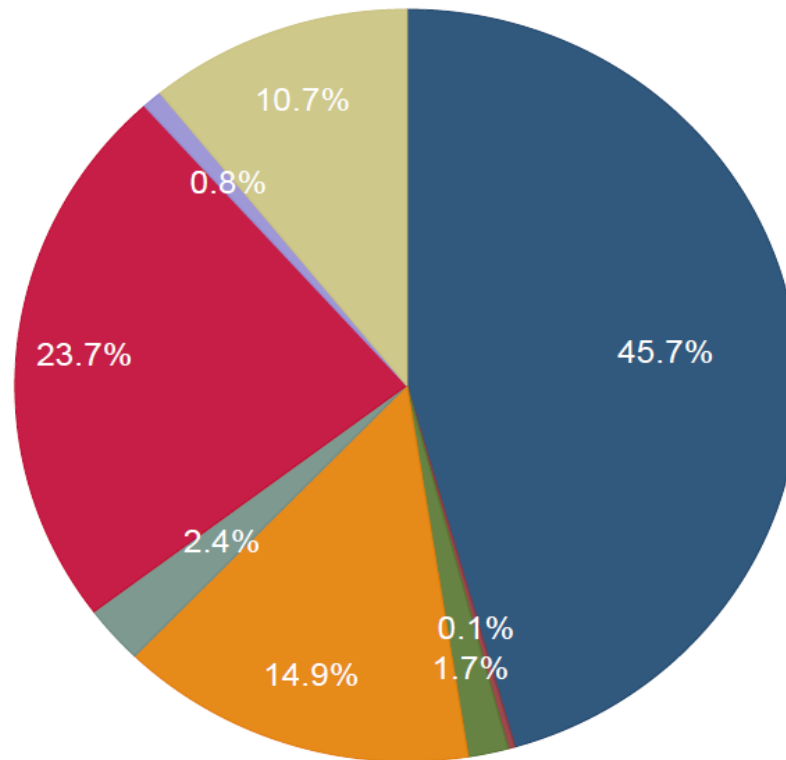
“Take the long-term view”

Lasting relationships, not transactions
Focus on customer needs

Prudence and financial stability

Responsible member of the community

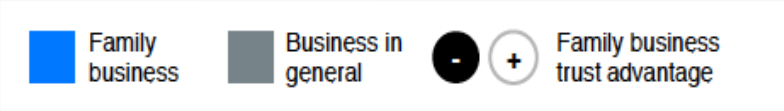
Families Dominate Ownership in 85 Countries in 2012



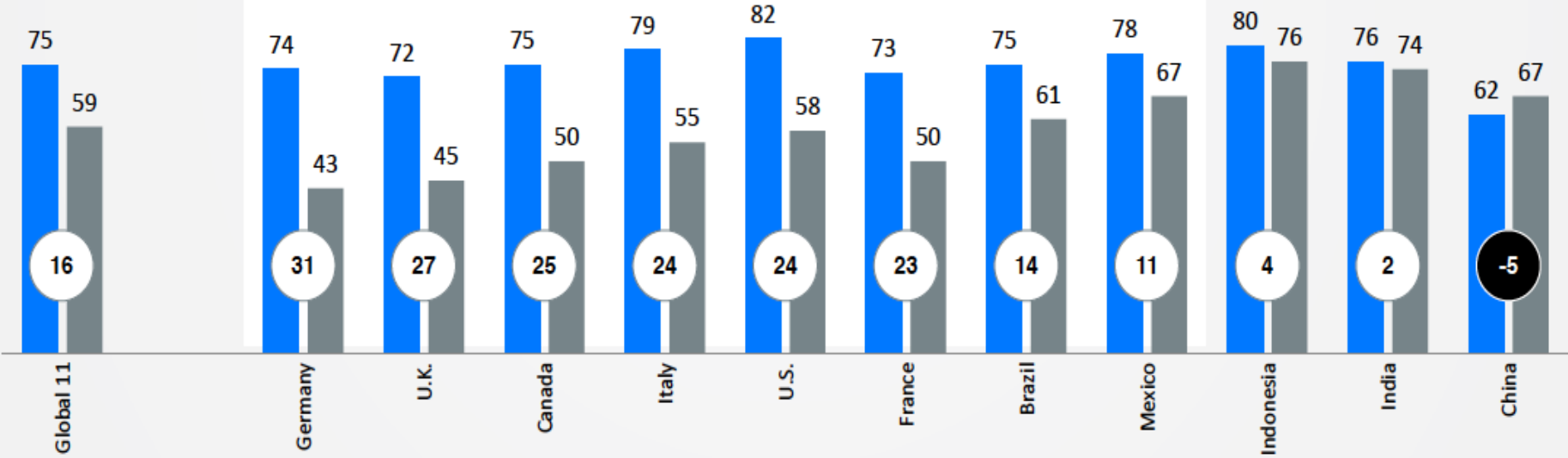
Source: Aminadav, Gur and Elias Papaioannou (2016), "Corporate Control around the World", Working Paper,

People Trust Family Business

Percent trust in family business vs. business in general, 11-country global total

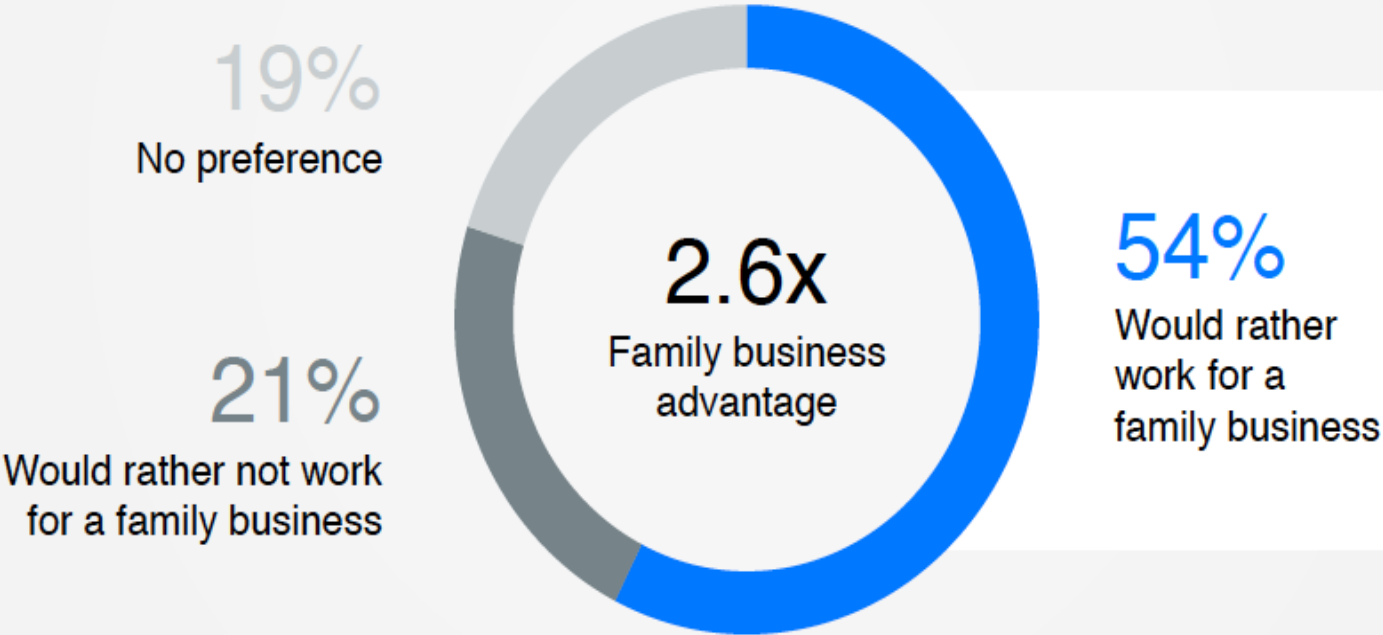


Family business has a double-digit trust advantage in 8 of 11 countries



Source: 2017 Edelman Trust Barometer. Q11-620. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Q15-17G. Thinking about different types of businesses, please indicate how much you trust each type of business to do what is right using a 9-point scale where one means that you "do not trust them at all" and nine means that you "trust them a great deal". (Top 4 Box, Trust), question asked of half the sample. General Population, 11-country global total.

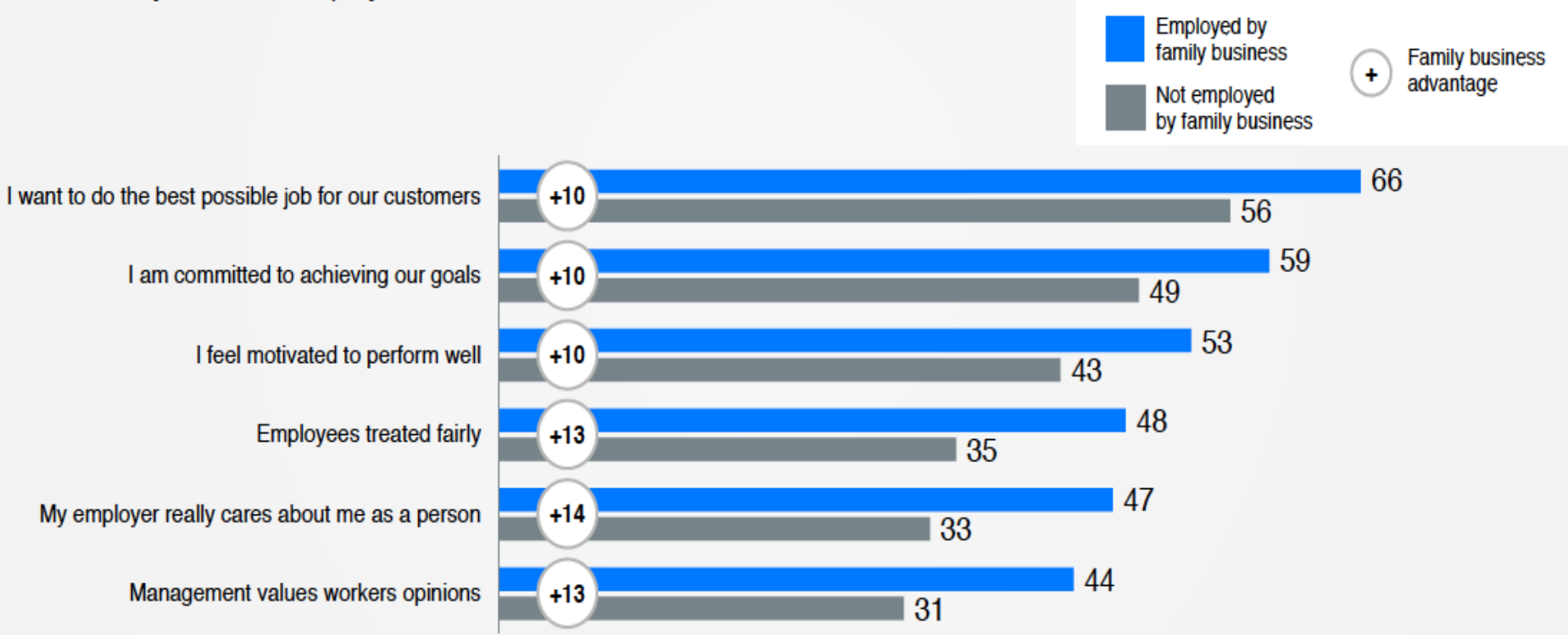
Among Those with a Preference, More Than Twice as Many Would Rather Work for a Family Business



Source: 2017 Edelman Trust Barometer Family Business Supplement. Q37. Indicate how much you agree or disagree with the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Bottom 4 Box, Disagree; Code 5, Neutral; Top 4 Box, Agree) General population, 12-country global total.

Family Business Employees More Committed

Percent who strongly agree with each of the following statements, family business employees vs. nonfamily business employees

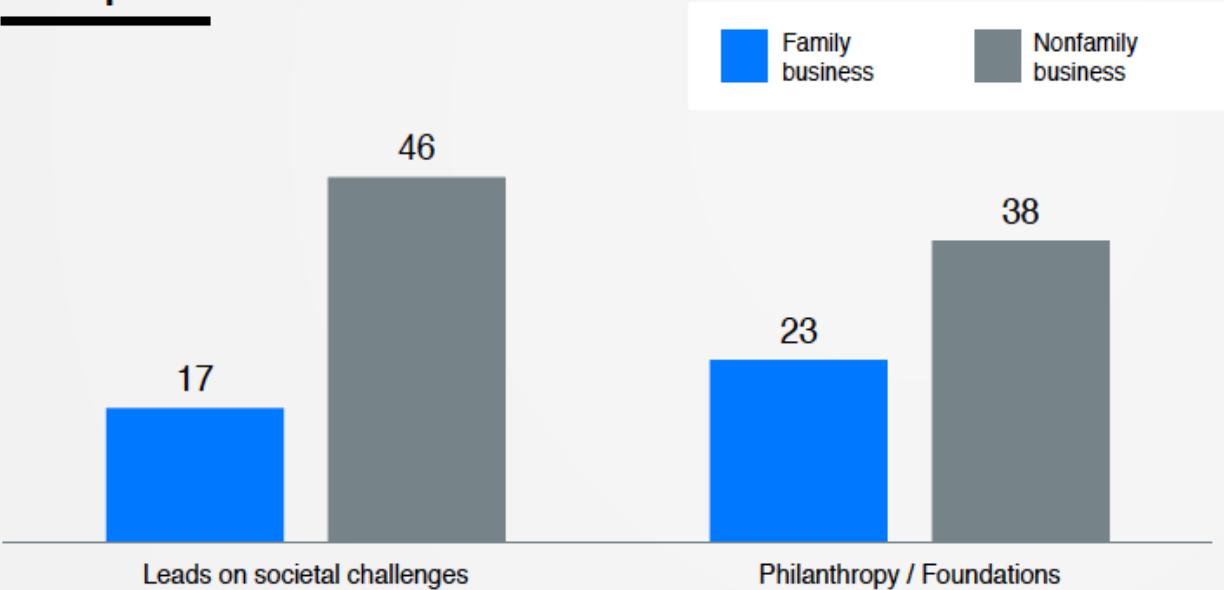


Source: 2017 Edelman Trust Barometer Family Business Supplement. Q38. Thinking of the current company where you work, please indicate how much you agree or disagree with each of the following statements using a 9-point scale where one means that you "strongly disagree" and nine means that you "strongly agree". (Top 2 box, Strongly agree), question only asked among current employees who are not self-employed. Family Business Employees and Non-Family Business Employees, 12-country global total.

Family Business Perceived as Behind on Societal Contributions

Percent who believe each is more likely to be true of family business vs. nonfamily business

Perception



Reality

81%
of the world's largest family businesses practice philanthropy

56%
of all family business owners personally oversee the progress and effectiveness of their philanthropic projects

Source: E&Y and Kennesaw State University.
Staying power: How do family businesses create lasting success?

Source: 2017 Edelman Trust Barometer Family Business Supplement, Q35. Think about family businesses versus businesses that are not controlled by a family. For each of the characteristics below, please indicate how likely it is that each one would describe a family versus a non-family owned business. Rate each trait on the following scale where 1=This is much more likely to be true of family businesses, 5=This is equally likely to be true of family-owned and non-family-owned businesses, and 9=This is much more likely to be true of non-family-owned businesses. (Top 4 box, Non-family businesses; Bottom 4 Box, Family businesses) General Population, 12-country global total.
Source of third-party research: E&Y and Kennesaw State University. Staying power: How do family businesses create lasting success?

The Consensus

- Law defines fiduciary responsibilities of directors as promoting success of the company for the benefit of its shareholders
- Corporate governance aligns interests of management with shareholders
- Regulation protects minority shareholders, customers, employees and society
- Competition law promotes competitive environment
- Companies maximize shareholder value while conforming to rules of the game

Purpose Proposition

- Law requires companies to define their purposes and enables them to adopt arrangements that promote their purposes
- Corporate governance aligns management with fulfilment of their corporate purposes
- Regulation aligns corporate with public purposes where appropriate
- Companies are evaluated against fulfilment of their purposes



PROSPERITY

COLIN MAYER

better
business
makes the
greater
good