

*Table 1*

# Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant**

Handelsbanken Fonder  
Corporate identity number: 556418-8851  
LEI: 549300RJTULO02U5ZG71

**Summary (English)**

Handelsbanken Fonder AB (LEI 549300RJTULO02U5ZG71, and referred to below as the fund company) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the fund company.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

The fund company regularly assesses potential adverse impacts on sustainability factors and has identified that these mainly consist of factors such as the climate, environment, human rights, anti-corruption and employee matters, as well as gender equality.

This summary of how the fund company considers adverse sustainability impacts on sustainability factors is available in the following languages: Swedish, English, Norwegian, Finnish and Danish.

In the event that the principal adverse impacts on sustainability factors are not taken into account for individual products or the integration of sustainability factors at the product level exceeds that which is specified in this statement, this will be disclosed in the specific fund's prospectus.

The fund company collects data for, and quantitatively reports on, all mandatory as well as two additional sustainability indicators, in accordance with the requirements of Article 6 of Delegated Regulation (EU) 2022/1288. The indicators are presented below, under the section "Description of the principal adverse impacts on sustainability factors". Analysis of these indicators leads to the fund company taking action in line with its strategies for inclusion, exclusion and engagement. An explanation of the development for each indicator is presented where historical data is available, and actions taken, actions planned and targets set for the next reference period are presented for all indicators.

The fund company uses indicators in the following areas to identify and prioritise principal adverse impacts: greenhouse gas emissions, energy efficiency, biodiversity, water, waste, social and employee matters, human rights, the environment, anti-corruption and anti-bribery.

With regard to greenhouse gas emissions, the fund company has taken several measures during 2023 linked to considering adverse impact, such as:

- Continuing to work towards the goal of reducing its carbon intensity by 50% by 2030.
- Continuing to pursue its commitment to the Net Zero Asset Managers Initiative, and in 2023 presented its third progress report.
- Voting for several shareholder proposals on the climate issue, for example to urge companies to set emission targets.
- Continuing to engage in dialogue with numerous companies that are high emitters and initiating further dialogue. The purpose of these dialogues is to encourage companies to clearly report and reduce their climate impact.
- During the year, the fund company, as a subsidiary of Svenska Handelsbanken AB, has also developed and presented science-based emission targets which are currently being validated by the Science Based Targets initiative and are expected to be accepted in 2024.

## Sammanfattning (Svenska)

Handelsbanken Fonder AB (LEI 549300RJTULO02U5ZG71, nedan kallat Fondbolaget) beaktar de huvudsakliga negativa konsekvenserna av sina investeringsbeslut för hållbarhetsfaktorer. Föreliggande redogörelse är den konsoliderade redogörelsen för huvudsakliga negativa konsekvenser för hållbarhetsfaktorer för Fondbolaget. Denna redogörelse för de huvudsakliga negativa konsekvenserna för hållbarhetsfaktorer omfattar referensperioden från 1 januari till den 31 december 2023.

Fondbolaget bedömer löpande potentiella negativa konsekvenser för hållbarhetsfaktorer och har identifierat att de huvudsakligen omfattar faktorer såsom klimat, miljö, mänskliga rättigheter, antikorrupktion och arbetsrättsliga frågor samt jämställdhet.

Denna sammanfattning av hur Fondbolaget beaktar huvudsakliga negativa konsekvenser för hållbarhetsfaktorer finns tillgänglig på följande språk: svenska, engelska, norska, finska och danska.

I de fall huvudsakliga negativa konsekvenser för hållbarhetsfaktorer inte beaktas för enskilda produkter eller att integreringen av hållbarhetsfaktorer på produktnivå går utöver vad som angivits i denna redogörelse framgår detta av respektive fonds informationsbroschyr.

Fondbolaget inhämtar data för, och redovisar kvantitativt, samtliga obligatoriska såväl som två ytterligare hållbarhetsindikatorer, i enlighet med kraven i artikel 6 i den delegerade förordningen 2022/1288. Indikatorerna redovisas nedan, under avsnittet Beskrivning av huvudsakliga negativa konsekvenser för hållbarhetsfaktorer. Analys av dessa indikatorer leder till att Fondbolaget vidtar åtgärder i linje med strategierna för Välja in, Välja bort och Påverka. En förklaring av utvecklingen för respektive indikator redovisas i de fall historik finns tillgänglig, och för alla indikatorer redovisas såväl vidtagna åtgärder som planerade åtgärder samt mål för nästkommande referensperiod.

Fondbolaget använder indikatorer bland annat inom områdena växthusgasutsläpp, energieffektivitet, biologisk mångfald, vatten, avfall, sociala och arbetsrättsliga frågor, mänskliga rättigheter, miljö, bekämpning av korrupktion och mutor, för att identifiera och prioritera huvudsakliga negativa konsekvenser.

Avseende växthusgasutsläpp har Fondbolaget vidtagit flertalet åtgärder under 2023 i syfte att beakta negativ påverkan, såsom:

- Fondbolaget arbetar vidare på målet om att minska sin koldioxidintensitet med 50% till år 2030.
- Fondbolaget arbetar vidare med åtagande till Net Zero Asset Managers Initiative och har under 2023 redovisat sin tredje lägesrapport (progress report).
- Fondbolaget har röstat för flertalet aktieägarmotioner i klimatfrågan, exempelvis för att få bolag att sätta utsläppsmål.
- Fondbolaget har fortsatt påverkansdialog med ett antal bolag som har stora utsläpp samt initierat ytterligare dialog. Syftet med dialogerna är att förmå bolagen att tydligare rapportera och minska sin klimatpåverkan.
- Under året har Fondbolaget som dotterbolag till Svenska Handelsbanken AB också arbetat fram och presenterat vetenskapligt satta utsläppsminskingsmål som just nu är under validering av Science Based Targets initiative och förväntas accepteras under 2024.

## Sammenfatning (Dansk)

Handelsbanken Fonder AB AB (i det følgende benævnt Fondsselskabet) tager hensyn til de væsentligste negative indvirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer. Denne erklæring er den konsoliderede erklæring om de væsentligste negative indvirkninger på bæredygtighedsfaktorer fra Fondsselskabet.

Denne erklæring om de vigtigste negative indvirkninger for bæredygtighedsfaktorer omfatter referenceperioden fra den 1. januar til den 31. december 2023.

Fondsselskabet vurderer løbende potentielle negative indvirkninger for bæredygtighedsfaktorer og har identificeret, at disse hovedsageligt omfatter faktorer som klima, miljø, menneskerettigheder, bekæmpelse af korruption, sociale og personalemæssige spørgsmål samt ligestilling mellem kønnene.

Denne oversigt over, hvordan fondsselskabet vurderer de vigtigste negative indvirkninger for bæredygtighedsfaktorer, er tilgængelig på følgende sprog: svensk, engelsk, norsk, finsk og dansk.

I de tilfælde, hvor væsentligste negative indvirkninger for bæredygtighedsfaktorer ikke tages i betragtning for individuelle produkter, eller at integrationen af bæredygtighedsfaktorer på produktniveau overstiger det, der er specificeret i denne erklæring, vil dette blive oplyst af den respektive fonds prospekt.

Fondsselskabet indsamler data for og rapporterer kvantitativt alle obligatoriske samt to yderligere bæredygtighedsindikatorer, i overensstemmelse med kravene i artikel 6 i delegerede forordning 2022/1288. Indikatorerne er rapporteret nedenfor i den komplette rapport, under afsnittet Beskrivelse af væsentligste negative indvirkninger for bæredygtighedsfaktorer. Analyse af disse indikatorer fører til, at fondsselskabet træffer foranstaltninger i overensstemmelse med tilvalg, fravalg og påvirkning. En forklaring af udviklingen for hver indikator rapporteres, og truffet handlinger, planlagte handlinger og mål opstillet for den næste referenceperiode præsenteres for alle indikatorer.

Fondsselskabet bruger indikatorer på å følgende områder til at identificere og prioritere væsentlige negative påvirkninger: drivhusgasemissioner, energieffektivitet, biodiversitet, vand, affald, sociale og personalemæssige spørgsmål, menneskerettigheder, miljø, bekæmpelse af korruption og bestikkelse.

Med hensyn til udledning af drivhusgasser har fondsselskabet truffet flere tiltag i løbet af 2023 knyttet til at overveje negativ påvirkning, såsom:

- Fondsselskabet arbejder fortsat på målet om at reducere sin kuldioxidintensitet med 50 % inden 2030.
- Fondsselskabet fortsætter med at forfølge sit engagement i Net Zero Asset Managers Initiative og har præsenteret sin tredje statusrapport i 2023.
- Fondsselskabet har stemt for flere aktionærforslag om klimaspørgsmålet, for eksempel for at få virksomheder til at opstille emissionsmål.
- Fortsætte med at gå i dialog med flere virksomheder, der er høje emittere, og indlede yderligere dialog. Formålet med disse dialoger er at få virksomheder til tydeligt at rapportere og reducere deres klimapåvirkning.
- I løbet af året har Fondsselskabet, som datterselskab af Handelsbanken AB, også udviklet og præsenteret videnskabeligt fastsatte emissionsreduktionsmål, som i nuet valideres af Science Based Targets-initiative og forventes at blive accepteret i 2024.

## Tiivistelmä (Suomi)

Handelsbanken Fonder AB (LEI 549300RJTULO02U5ZG71, jäljempänä Rahastoyhtiö) ottaa sijoitus päätöksissään huomioon pääasialliset haitalliset vaikutukset kestävyystekijöihin. Tämä ilmoitus on yhdistetty ilmoitus Rahastoyhtiön pääasiallisista haitallisista vaikutuksista kestävyystekijöihin.

Tämä ilmoitus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin kattaa viitekauden, joka alkaa 1. tammikuuta ja päättyy 31. joulukuuta 2023.

Rahastoyhtiö arvioi jatkuvasti mahdollisia haitallisia vaikutuksia kestävyystekijöihin ja on tunnistanut näihin kuuluviksi pääasiallisesti sellaisia tekijöitä kuten ilmasto, ympäristö, ihmisoikeudet, korruptiontorjunta ja työoikeudelliset kysymykset sekä tasa-arvo.

Tämä tiivistelmä siitä, miten Rahastoyhtiö ottaa huomioon pääasialliset haitalliset vaikutukset kestävyystekijöihin, on saatavilla seuraavilla kielillä: ruotsi, englanti, norja, suomi ja tanska.

Mikäli pääasiallisia haitallisia vaikutuksia kestävyystekijöihin ei huomioida yksittäisille tuotteille tai kestävyystekijöiden integrointi tuotetasolla on tässä ilmoituksessa kerrottua laajempaa, asia ilmenee kyseisen rahaston esitteestä.

Rahastoyhtiö kerää tietoa ja ilmoittaa kvantitatiivisesti kaikki pakolliset sekä kaksi vapaaehtoista kestävyysindikaattoria delegoidun asetuksen 2022/1288 artiklan 6 mukaisesti. Indikaattorit esitetään ruotsinkielisen täydellisen ilmoituksen osiossa ”Beskrivning av huvudsakliga negativa konsekvenser för hållbarhetsfaktorer” (Kuvaus pääasiallisista haitallisista vaikutuksista kestävyystekijöihin). Näihin indikaattoreihin pohjautuvan analyysin perusteella ryhdytään strategioiden Suosiminen, Poissulkeminen ja Vaikuttaminen mukaisiin toimiin. Selvitys jokaisen indikaattorin kehityksestä esitetään, jos historialliset tiedot ovat saatavilla. Lisäksi esitetään sekä toteutuneet toimenpiteet että suunnitellut toimenpiteet ja tavoitteet seuraavalle viitekaudelle.

Rahastoyhtiö käyttää indikaattoreita muun muassa seuraavilta alueilta tunnistaakseen ja priorisoidakseen pääasiallisia haitallisia vaikutuksia: kasvihuonekaasupäästöt, energiatehokkuus, luonnon monimuotoisuus, vesi, jätteet, yhteiskunnalliset ja työoikeudelliset kysymykset, ihmisoikeudet, ympäristö, korruption- ja lahjustentorjunta.

Kasvihuonekaasupäästöjen osalta Rahastoyhtiö on ryhtynyt vuoden 2023 aikana useisiin toimenpiteisiin, jotka liittyvät haitallisten vaikutusten huomioimiseen kuten:

- Rahastoyhtiö jatkaa työtään hiilidioksidi-intensiteetin vähentämiseksi 50 prosentilla vuoteen 2030 mennessä.
- Rahastoyhtiö jatkaa työtään Net Asset Managers –sitoumuksen mukaisesti ja on vuonna 2023 julkistanut kolmannen tilannekatsauksen (edistymisraportti).
- Rahastoyhtiö on äänestänyt useiden ilmastoon liittyvien osakkeenomistajien aloitteiden puolesta, esimerkiksi saadakseen yhtiöt määrittelemään päästötavoitteet.
- Rahastoyhtiö on jatkanut vaikuttamisvuoropuheluja monien runsaspäästöisten yhtiöiden kanssa sekä aloittanut uusia vuoropuheluita. Vuoropuhelujen tavoitteena on kannustaa yhtiöitä raportoimaan selkeämmin ja vähentämään ilmastovaikutustaan.
- Vuoden aikana Rahastoyhtiö Handelsbanken AB:n tytäryhtiönä on myös kehittänyt ja esitellyt tieteellisesti asetetut päästövähennystavoitteet, jotka ovat parhaillaan vahvistettavana Science Based Targets -aloitteessa ja joiden odotetaan tulevan hyväksytyiksi vuonna 2024.

## Oppsummering (Norsk)

Handelsbanken Fonder AB (heretter kalt Fondsselskapet) vurderer de viktigste negative konsekvensene av investeringsbeslutningene på bærekraftsfaktorer. Denne rapporten er en konsolidert oversikt over de viktigste negative virkningene på bærekraftsfaktorer for fondsforvaltningsselskapet.

Denne erklæringen om de viktigste negative virkningene på bærekraftsfaktorer dekker referanseperioden fra 1. januar til 31. desember 2023.

Fondsselskapet vurderer løpende potensielle negative konsekvenser for bærekraftsfaktorer og har identifisert at de hovedsakelig omfatter faktorer som klima, miljø, menneskerettigheter, antikorrupsjon og arbeidsrettslige spørsmål samt likestilling.

Denne oppsummeringen av hvordan Fondsselskapet vurderer de viktigste negative konsekvensene for bærekraftsfaktorer er tilgjengelig på følgende språk: svensk, engelsk, norsk, finsk og dansk.

I de tilfeller hvor de viktigste negative konsekvensene for bærekraftsfaktorer ikke er hensyntatt for enkeltprodukter eller at integreringen av bærekraftsfaktorer på produktnivå går utover det som er angitt i denne rapporten, fremgår dette av det respektive fonds prospekt.

Forvaltningsselskapet samler inn data for, og rapporterer kvantitativt på alle obligatoriske samt to ytterligere bærekraftindikatorer, i samsvar med kravene i artikkel 6 i den delegerte forordningen 2022/1288. Indikatorene presenteres i den komplette redgjørelsen, under seksjonen « Beskrivning av huvudsakliga negativa konsekvenser för hållbarhetsfaktorer » (Beskrivelse av de viktigste negative virkningene på bærekraftsfaktorer). Analyse av disse indikatorene fører til at fondsforvaltningsselskapet iverksetter

tiltak i tråd med strategiene for velge inn, velge ut og påvirke. Der historikk foreligger, gis en forklaring på utviklingen for hver indikator, og for alle indikatorer rapporteres både iverksatte tiltak og planlagte tiltak, samt mål for neste referanseperiode.

Forvaltningsselskapet bruker indikatorer på områder som klimagassutslipp, energieffektivitet, biologisk mangfold, vann, avfall, sosiale og arbeidsrelaterte forhold, menneskerettigheter, miljø, antikorrupsjon og bestikkelser for å identifisere og prioritere de viktigste negative konsekvensene.

Når det gjelder klimagassutslipp, har forvaltningsselskapet i 2023 iverksatt flere tiltak knyttet til å vurdere negative konsekvenser, eksempelvis:

- Fondsselskapet fortsetter å jobbe mot målet om å redusere karbonintensiteten med 50 prosent innen 2030.
- Fondsselskapet fortsetter å jobbe med engasjement for Net Zero Asset Managers Initiative og har i 2023 lagt frem sin tredje framdriftsrapport.
- Fondsselskapet har stemt for flere aksjonærforslag i klimaspørsmålet, blant annet for å få selskaper til å sette utslippsmål.
- Forvaltningsselskapet har fortsatt dialog med en rekke selskaper med store utslipp og tatt initiativ til videre dialog. Formålet med dialogene er å få selskaper til å rapportere tydeligere og redusere sin klimapåvirkning.
- I løpet av året har Fondbolaget, som et datterselskap av Handelsbanken AB, også utviklet og presentert vitenskapelig fastsatte utslippsreduksjonsmål som for tiden valideres av Science Based Targets-initiativet og forventes å bli akseptert i 2024.

## Description of the principal adverse impacts on sustainability factors

### Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,468,047 (tCO <sub>2</sub> e)	1,510,808 (tCO <sub>2</sub> e)		The fund company notes an increase in the indicators that measure emissions related to Scope 3, and a decrease in terms of Scope 1 and 2. Analysis indicates that the increase in Scope 3 is mainly explained by the fact that several Swedish portfolio companies that are significant to the fund company have transitioned from using estimated to reported data. In several cases, this change has resulted in the companies reporting significantly higher emissions than previously estimated.
		Scope 2 GHG emissions	528,705 (tCO <sub>2</sub> e)	570,665 (tCO <sub>2</sub> e)		
		Scope 3 GHG emissions	36,336,407 (tCO <sub>2</sub> e)	36,216,924 (tCO <sub>2</sub> e)		
		Total GHG emissions	38,333,158 (tCO <sub>2</sub> e)	38,298,396 (tCO <sub>2</sub> e)		
	2. Carbon footprint	Carbon footprint	596.75 (tCO <sub>2</sub> e/mEUR EVIC)	529.14 (tCO <sub>2</sub> e/mEUR EVIC)		
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,565.43 (tCO <sub>2</sub> e/mEUR Revenue)	1 487.13 (tCO <sub>2</sub> e/mEUR Revenue)		
						The fund company has set a target to reduce its emission intensity measured in tCO <sub>2</sub> e per EVIC (PAI 2, "Carbon footprint") by 50% by 2030, based on the 2020 baseline. The target takes into account all emissions in the companies' value chains, i.e. scopes 1, 2 and 3, and is developed in accordance with the Net Zero Investment Framework (NZIF) as part of the fund company's commitment in the Net Zero Asset Managers (NZAM). During 2023, the fund company presented its third progress report to NZAM.  The fund company has eight index funds managed in line with Paris Aligned Benchmarks, with a total capital of 244 B SEK at the end of 2023. The funds and their index composition aim for a clear reduction

						<p>The majority of the fund company's total carbon footprint (over 63%) derives from companies that set science-based emission targets approved by the Science Based Targets Initiative (SBTi).</p>	<p>in carbon dioxide and other GHG emissions.</p> <p>During 2023, the fund company has voted for several shareholder proposals on climate issues, for example to urge companies to set emission targets. The fund company has also conducted its own direct engagement dialogue with several high emitters. The purpose of these dialogues is to encourage companies to clearly report and reduce their emissions.</p> <p>During 2023, the fund company, as a subsidiary to Handelsbanken AB, sought validation of its science-based emission reduction targets by the Science Based Targets Initiative (SBTi). The targets are expected to be validated in 2024.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.66%	0.65%	1.02%	<p>Through its exclusion strategy, the fund company only has exposure to:</p> <p>(i) companies whose involvement in fossil fuels falls below our exclusion thresholds (5% production/distribution and 50% services).</p> <p>(ii) approved companies in transition.</p> <p>The exposure to companies operating in the fossil fuel sector has at the aggregate level remained unchanged in 2023.</p>	<p>The fund company wants to do its part in the transition to a low-carbon world, with the word "transition" being central. Companies that transition their production from fossil fuels to renewable energy are key players in actually reducing the overall carbon dioxide emissions in the real economy.</p> <p>We have therefore decided to accept a certain amount of exposure to fossil fuels if the company meets our requirements to qualify as a company in transition. Investments in companies in transitions are expected to remain for the next reference period.</p>
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	<p>Consumption: 56.67%</p> <p>Production: 19.65%</p>	<p>Consumption: 61.33%</p> <p>Production: 19.22%</p>		<p>The coverage of the indicators has improved in 2023 but remains below 50%. The expectation is that the results will change as coverage increases, and that the outcome will then better reflect the actual impact. For this year's outcome, it is noted that the share of non-renewable energy consumption has</p>	<p>The fund company's proactive engagement activities address the issue of non-renewable energy consumption and production through company dialogue.</p> <p>The coverage of the indicators is still low, even though coverage increased in 2023. The fund company will continue to focus on reviewing the possibilities for increased coverage together with the data provider.</p>

						decreased and that the share of non-renewable energy production has increased marginally.	
	6. Energy consumption intensity per high impact climate sector	E Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector (NACE): A – Agriculture, Forestry and Fishing: 0.46 B - Mining and Quarrying: 4.10 C - Manufacturing: 1.68 D – Electricity, Gas, Steam and Air Conditioning Supply: 1.72 E – Water Supply; Sewerage, Waste Management and Remediation Activities: 0.72 F - Construction: 1.72 G – Wholesale and Retail Trade: 0.20 H – Transportation and Storage: 1.48 L – Real Estate Activities: 0.50 (GWh/mEUR)	Sector (NACE): A – Agriculture, Forestry and Fishing: 5.91 B - Mining and Quarrying: 22.67 C - Manufacturing: 2.57 D – Electricity, Gas, Steam and Air Conditioning Supply: 1.84 E – Water supply; Sewerage, Waste Management and Remediation Activities: 0.62 F - Construction: 0.09 G - Wholesale and Retail Trade: 0.33 H – Transportation and Storage: 1.60 L – Real Estate Activities: 0.52 (GWh/mEUR)		The fund company's analysis indicates marginal changes in the majority of sectors but notes that the three most significant changes are found in sectors A, B and F. The main explanation for this is changed exposure to the sectors and changed reporting of companies with high energy consumption intensity.	The fund company's proactive engagement activities address increased energy efficiency through company dialogue.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.76%	2.25%		The fund company notes an improvement in the 2023 outcome and slightly improved coverage, which for 2023 is over 80%.	During the year, the fund company specifically addressed biodiversity in 27 of its proactive direct dialogues.  During the year, the fund company joined the investor initiative Nature Action 100, where investors come together to address the 100 companies in the world that are deemed to be most systemically

							important for reversing the trend of nature and biodiversity loss by 2030. The issue remains a priority in the fund company's engagement efforts.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.40 (t/mEUR)	4.31 (t/mEUR)		The coverage for the indicators is low and the fund company notes that the coverage in 2023 has increased marginally and remains below 10%. The expectation is that the results will change as coverage increases, and that the outcome will then better reflect the actual impact. For this year's outcome, it is noted that discharges to water have decreased.	Controversies in this area are included in the norm-based screening that the fund company purchases from ISS ESG. Cases that are extensive and considered particularly severe will be included in the ongoing efforts related to norms.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	3.27 (t/mEUR)	5.66 (t/mEUR)		The fund company notes an improvement in the 2023 outcome and improved coverage, which for 2023 is over 80%.	Controversies in this area are included in the norm-based screening that the fund company purchases from ISS ESG. Cases that are extensive and considered particularly severe will be included in the ongoing efforts related to norms.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.03%	0.00%	0.00%	The fund company does not invest in companies with verified violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. The source for this assessment is ISS ESG. In exceptional cases, an existing holding may have its analysis changed and the holding is then divested as soon as possible. However, there may be an exposure during the short period between the change of signal and divestment.	Continued screening and exclusion criteria linked to verified breaches.  If a company is deemed not to have taken sufficient measures, the company's holdings will be sold off.  The fund company regularly participates in dialogues together with other investors regarding companies with verified or alleged violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.  The issue remains a priority in the fund company's engagement efforts.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD	44.75%	45.98%		The fund company notes an improvement in the 2023 outcome.	This is an issue that the fund company, in relevant cases, addresses through engagement dialogue and voting at shareholders' meetings



		Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises					where proposals related to this area are on the agenda. The issue remains a priority in the fund company's engagement efforts.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17.36%	16.61%		The coverage for the indicator is low and the fund company notes that the coverage in 2023 has increased marginally and remains below 5%. The expectation is that the results will change as coverage increases, and that the outcome will then better reflect the actual impact. For this year's outcome, an increase is noted.	At shareholders' meetings where proposals related to this area are on the meeting agenda, the fund company analyses and votes on them.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Women: 34.98% Men: 65.02%	Women: 34.19% Men: 65.81%		The fund company notes an improvement in the 2023 outcome as the share of female board members has increased. Furthermore, improved coverage of over 80% is noted for 2023.	The fund company works actively to increase gender equality on company boards through our representation on nomination committees and our votes at shareholders' meetings. The issue remains a priority in the fund company's engagement efforts.
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.01%	0.07%	0.00%	The fund company does not invest in companies with verified violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. The source for this assessment is ISS ESG. In exceptional cases, an existing holding may have its analysis changed and the holding is then divested as soon as possible. However, there may be an exposure during the short period between the change of signal and divestment.	Continued screening and strict exclusion criteria.

<b>Indicators applicable to investments in sovereigns and supranationals</b>							
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Environmental	15. GHG intensity	GHG intensity of investee countries	0.12 (ktCO <sub>2</sub> /mEUR GDP)	0.17 (ktCO <sub>2</sub> /mEUR GDP)		For the 2023 outcome, a reduction in GHG intensity is noted. The fund company's analysis indicates that the main explanation for this outcome is reduced exposure to countries with higher GHG intensity.	The fund company continuously analyses countries based on several factors related to the environment and climate through a model developed internally at the fund company. In addition to the latest value for GHG emissions per GDP, the model also takes into account the trend of the indicator as well as the share of renewable energy, protection of natural carbon sinks, and more.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0	0		The fund company still does not invest in companies assessed as lacking social responsibility. The source for this assessment is Sustainalytics.	The fund company continuously analyses countries based on several factors related to social issues through a model developed internally at the fund company. The analysis covers broad areas, such as human rights, based on underlying factors like conflicts, gender equality, freedom of religion and freedom of expression.
<b>Indicators applicable to investments in real estate assets</b>							
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not applicable	Not applicable		There are no direct investments in real estate.	There are no direct investments in real estate.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Not applicable	Not applicable		There are no direct investments in real estate.	There are no direct investments in real estate.

<b>Other indicators for principal adverse impacts on sustainability factors</b>							
<b>Table 2</b>							
<b>Additional climate and other environment-related indicators</b>							
<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next period</b>	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
<b>Indicators applicable to investments in investee companies</b>							
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average	0.00 (t/mEUR)			<p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p> <p>The coverage for the indicator is currently below 5%.</p>	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average	0.02 (t/mEUR)			<p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p> <p>The coverage for the indicator is currently below 5%.</p>	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average	0.03 (t/mEUR)			<p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p> <p>The coverage for the indicator is currently slightly above 5%.</p>	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.

	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	33.36%	49.00%		The fund company notes an increase in the share of investments in companies with carbon emission reduction initiatives, and also an increase in the number of proactive dialogues in 2023.	This is an issue of priority in the scope of the fund company's proactive engagement dialogue. Climate aspects have been addressed in direct dialogues with 80 companies.
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies	1. 1,516.65 (m <sup>3</sup> /mEUR) 2. 100.45%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  The coverage for the indicator is currently slightly above 10%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	17.69%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  The coverage for the indicator is above 80%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy				The fund company intends to report the indicator but has not been able to secure data through an external data provider.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing	11.00%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  The coverage for the indicator is above 80%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable				The fund company intends to report the indicator but has not	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of

		land/agriculture practices or policies				been able to secure data through an external data provider.	the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies	93.91%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  The coverage for the indicator is above 80%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	73.79 (t/mEUR)			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  The coverage for the indicator is under 50%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	14. Natural species and protected areas	1.Share of investments in investee companies whose operations affect threatened species  2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	1. – 2. 1.23%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.  At the time of reporting, the fund company is not able to break out a separate value for sub-indicator 1.  The coverage for sub-indicator 2 is above 80%.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.
	15. Deforestation	Share of investments in companies without a policy to address deforestation	81.42%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.	As a step in identifying nature-related risks and opportunities, the fund company has initiated efforts in line with the guidelines of the TNFD – Taskforce on Nature-related Financial Disclosures. This will continue in 2024, with in-depth analysis and further planning of measures.

<p style="text-align: center;"><b>Table 3</b></p> <p style="text-align: center;"><b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b></p>							
<p style="text-align: center;"><b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b></p>							
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Indicators applicable to investments in investee companies</b>							
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	6.58%	8.25%		<p>The fund company notes an improvement in the 2023 outcome as the share of investments with a human rights policy has increased. Furthermore, improved coverage of over 80% is noted for 2023.</p> <p>This is an issue of priority in the scope of the fund company's proactive engagement dialogue. Human rights have been addressed in direct dialogues with 53 companies, which is an increase from the previous year.</p>	
<b>Indicators applicable to investments in sovereigns and supranationals</b>							
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column	64.83			<p>The indicator measures the Gini coefficient, normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings. A lower rating indicates greater economic inequality. The underlying data is obtained by Sustainalytics from the World Bank.</p> <p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p>	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. The analysis covers overarching areas based on underlying factors, including economic equality.
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely	75.66			<p>The indicator measures the assessment of whether they can participate in electing their governing bodies,</p>	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. The analysis covers overarching areas

		including a quantitative indicator explained in the explanation column				<p>degree of freedom of expression, freedom of association and freedom of the press, normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings. A lower rating indicates a lower degree of freedom of expression. The underlying data is obtained by Sustainalytics from the World Bank.</p> <p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p>	based on underlying factors, including freedom of expression.
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	62.87			<p>The indicator is normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings, and measures an average of the following indicators: i) civil liberties (source: Freedom House), ii) degree of peacefulness (source: Vision of Humanity), iii) political rights (source: Freedom House), and iv) ratification of treaties and conventions. A lower value indicates a lower degree of respect for human rights.</p> <p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p>	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. The analysis covers overarching areas based on underlying factors, including human rights.
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a	80.87			<p>The indicator measures the assessment of whether public power is used for personal gain</p>	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company.

		quantitative indicator explained in the explanation column				through corruption and state capture, normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings. A lower rating indicates a higher degree of corruption. The underlying data is obtained by Sustainalytics from the World Bank.  This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.	The analysis covers overarching areas based on underlying factors, including monitoring corruption.
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0.00%			This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. In 2024, the fund company intends to include monitoring non-cooperative tax jurisdictions as an additional point of examination.
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column	66.89			The indicator measures the perceived probability of political instability, political violence and terrorism, normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings. A lower rating indicates a higher risk of political instability. The underlying data is obtained by Sustainalytics from the World Bank.  This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. The analysis covers overarching areas based on underlying factors, including political stability.



	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column	75.97		<p>The indicator measures trust in and compliance with the rules of society, in particular the quality of contract enforcement, property rights, police and courts, as well as the likelihood of crime and violence, normalised to a rating of 0-100 through Sustainalytics' process of Country Risk Ratings. A lower rating indicates a lower rule of law score. The underlying data is obtained by Sustainalytics from the World Bank.</p> <p>This is the first reporting period for the indicator. In subsequent reports, developments will be explained with reference to the actions taken during the reference period.</p>	The fund company conducts regular analyses of countries based on several factors related to social issues through a model developed within the fund company. The analysis covers overarching areas based on underlying factors, including rule of law score.
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**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

The basis of the fund company's identification and prioritisation of principal adverse impacts on sustainability factors is provided in the Policy for Shareholder Engagement and Responsible Investment. The policy is updated and adopted at least annually by the fund company's Board of Directors. The current version of the Policy for Shareholder Engagement and Responsible Investment was approved on 24 May 2024 and is available at [Follow our work | Handelsbanken](#).

The CEO of the fund company is responsible for implementing the policies and principles of the fund company's strategies and processes. The CEO establishes guidelines for the ongoing sustainability efforts based on the Policy for Shareholder Engagement and Responsible Investment, as adopted by the Board. These guidelines are regularly updated in line with developments in the methodologies and processes of the sustainability efforts. In the regular investment operations, the chief investment officers are responsible for the ongoing identification and prioritisation of principal adverse impacts on sustainability factors. Some of the guidelines consist of the fund company's "Due diligence routines related to sustainability in investment decisions", available at [Follow our work | Handelsbanken](#).

The fund company is able to identify principal adverse impacts on sustainability factors by regularly following up on the companies' and issuers' compliance with international norms and conventions to ensure alignment with our commitments, as well as by monitoring the performance of the companies and issuers relative to a number of indicators.

The assessment made by the fund company is that the fund company's principal adverse impacts include the following sustainability factors: climate, environment, human rights, anti-corruption and employee matters, as well as gender equality.

The selection of indicators for principal adverse sustainability impacts is based on the fund company's commitments and the international norms and conventions that the fund company respects. The selection also takes into consideration the fund company's global investment portfolios. In addition, the identification of the indicators intends to take into consideration the likelihood of adverse impacts, their degree of severity, as well as whether the consequences are irreversible.

The fund company's process and model for considering PAI indicators are based on analysis of how prioritised the various indicators are for each sector. The analysis is based on a comprehensive mapping at sub-sector level to ensure that the right PAI indicators are prioritised for each sector, and to establish what type of action signal any shortcomings should lead to in this consideration. Several indicators are considered to be prioritised regardless of sector, such as PAI 1.10, "Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises".

Based on the identification and prioritisation of principal adverse impacts on sustainability factors, the fund company takes action through the three main strategies of inclusion, exclusion and engagement. The fund company applies these continuously within its management through:

- Integrating sustainability risks into the investment decisions to avoid investments in companies with high sustainability risks and instead include companies that manage their sustainability risks in an acceptable manner.
- Screening and exclusion, in which the fund company excludes companies that violate international norms and conventions and/or are involved in controversial sectors through their products and services.
- Conducting dialogues and asset stewardship to influence companies to manage their sustainability risks and potential adverse impacts on sustainability factors.

The documents "Inclusion strategy", "Exclusion strategy" and "Engagement strategy" are available at [Follow our work | Handelsbanken](#).

Data collection and analysis is based on information from external providers of sustainability data. For this statement, the fund company uses data primarily from ISS ESG and Sustainalytics. The fund company has made the assessment that collecting data from companies directly is not manageable and has instead chosen to engage the services of external providers of sustainability data for this. This data is based on the companies' public disclosure of information and reporting. In cases where companies do not report, estimates will be made for certain data points. Sustainability data for different areas can be estimated if this can be done reliably. It cannot be ruled out that the estimated values can underestimate as well as overestimate the adverse impacts on sustainability factors.

In addition, the fund company conducts scenario analyses and stress tests on the fund company's investment portfolios to identify climate risks.

## Engagement policies

The starting points for our engagement activities are Handelsbanken's core values, our commitments and the international norms and conventions that the fund company respects. As a significant investor, the fund company has a responsibility and an opportunity to influence companies to act responsibly and conduct their operations in a sustainable manner, as well as to promote the development of the asset management industry's sustainability efforts. The fund company engages through company dialogues, asset stewardship and investor networks, as described in our "Engagement strategy" which is available at [Follow our work | Handelsbanken](#). The fund company primarily manages adverse impacts through engagement dialogues and active asset stewardship, and uses both internal and external analysis as the basis for determining how the fund company will vote at shareholders' meetings.

The fund company uses the identification and prioritisation of principal adverse impacts on sustainability factors (as described above), as well as the sector and geographic exposure of the investments, in order to determine and prioritise the direction of our engagement efforts. Our commitments to international frameworks and principles such as the UN Global Compact and the UN Guiding Principles on Business and Human Rights also provide guidance.

Engagement activities with the potential to make an impact are prioritised, and the fund company's management of adverse impacts on sustainability factors through engagement includes reactive dialogue when companies are accused of being, or found to be, in violation international norms, as well as proactive dialogue to encourage the improvement of companies' sustainability efforts, thereby preventing the risk of adverse impacts. During the year, proactive engagement focused primarily on the areas of reduced climate impact, biodiversity and human rights, including employee rights. Within each area, selected companies in sectors with a high risk of causing adverse impacts have been prioritised.

As part of our asset stewardship, we influence companies by participating in nomination committees and voting at shareholders' meetings. Ahead of annual general meetings, the fund company monitors specific shareholder proposals related to sustainability, such as those regarding the climate issue, gender equality and employee rights.

The fund company intends to more systematically develop clearer processes and routines for ensuring that appropriate actions are taken if the objective of reducing the principal adverse impacts on sustainability factors for the investments with the greatest risk of adverse impacts is not achieved.

## References to international standards

The fund company supports international initiatives and guidelines that have the common objective of encouraging and facilitating corporate sustainability. Through Handelsbanken, the fund company is a signatory of the UN Principles for Responsible Investment (UN PRI), and Handelsbanken and the fund company also support the voluntary UN Global Compact initiative. Further, the fund company has signed the Net Zero Asset Managers initiative and set targets to invest in line with the Paris Agreement and reach net-zero greenhouse gas emissions from investment portfolios by 2040. The fund company's operations are guided by these initiatives and guidelines which, together with the values expressed in our corporate culture, form a clear and common foundation for our asset management.

The following indicators for principal adverse impacts on sustainability factors provide support in measuring the degree of alignment with the Paris Agreement::

- Table 1, indicator 1. GHG emissions
- Table 1, indicator 2. Carbon footprint
- Table 1, indicator 3. GHG intensity of investee companies
- Table 1, indicator 4. Exposure to companies active in the fossil fuel sector
- Table 1, indicator 5. Share of non-renewable energy consumption and production
- Table 1, indicator 6. Energy consumption intensity per high impact climate sector
- Table 1, indicator 15. GHG intensity
- Table 2, indicator 4. Investments in companies without carbon emission reduction initiatives

Furthermore, the following indicators provide support in measuring the degree of compliance with the UN Global Compact (UNGC):

- UNGC principles 1 and 2:
  - Table 3, indicator 9. Lack of a human rights policy
- UNGC principles 7 and 8:
  - Table 1, indicator 1. GHG emissions
  - Table 1, indicator 2. Carbon footprint
  - Table 1, indicator 3. GHG intensity of investee companies
  - Table 1, indicator 4. Exposure to companies active in the fossil fuel sector
  - Table 1, indicator 5. Share of non-renewable energy consumption and production
  - Table 1, indicator 6. Energy consumption intensity per high impact climate sector
  - Table 1, indicator 7. Activities negatively affecting biodiversity-sensitive areas
  - Table 1, indicator 8. Emissions to water
  - Table 1, indicator 9. Hazardous waste and radioactive waste ratio
- UNGC principles 1-10:
  - Table 1, indicator 10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises

- Table 1, indicator 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

The following indicators provide support in measuring risk of impacts on biodiversity and ecosystems, through drivers of nature change in accordance with the guidelines of the Taskforce on Nature-related Financial Disclosures (TNFD, [Guidance for Financial Institutions](#)):

- Climate change:
  - Table 1, indicator 1. GHG emissions
- Land/freshwater/ocean use change:
  - Table 2, indicator 10. Land degradation, desertification, soil sealing
  - Table 2, indicator 15. Deforestation
- Pollution:
  - Table 1, indicator 8. Emissions to water
  - Table 1, indicator 9. Hazardous waste and radioactive waste ratio
  - Table 2, indicator 1. Emissions of inorganic pollutants
  - Table 2, indicator 2. Emissions of air pollutants
  - Table 2, indicator 3. Emissions of ozone-depleting substances
  - Table 2, indicator 13. Non-recycled waste ratio
- Resource use:
  - Table 2, indicator 6. Water usage and recycling
  - Table 2, indicator 7. Investments in companies without water management policies
  - Table 2, indicator 8. Exposure to areas of high water stress
  - Table 2, indicator 11. Investments in companies without sustainable land/agriculture practices
  - Table 2, indicator 12. Investments in companies without sustainable oceans/seas practices
- State of nature:
  - Table 1, indicator 7. Activities negatively affecting biodiversity-sensitive areas
  - Table 2, indicator 14. Natural species and protected areas

With regard to climate scenario analysis, the fund company has during 2023 used tools from ISS ESG for analysis of both transition risks and physical risks. In both cases, the main scenarios that are used come from the International Energy Agency (IEA). The results of the climate scenario analysis are presented in Handelsbanken Fonder's annual climate report, which is produced in accordance with the TCFD's recommendations and is available at [Follow our work | Handelsbanken](#).

## Historical comparison

It is noted in the fund company's historical comparison that data coverage has generally improved in 2023 compared to 2022, and for a number of indicators, data coverage has only increased marginally. The degree of data coverage for the different indicators affects the conclusions that can be drawn in the historical comparison and the expectation is that the outcomes, in general, may be volatile until the coverage rate reaches a higher level. Regarding the data points where historical data is available this year, the fund company can state that for PAI indicators that include climate emissions in Scope 1 and 2, there has been a decrease in 2023 compared to 2022; as regards indicators for or including Scope 3, there has been an increase in 2023 compared to 2022. The fund company's analysis of the outcome reveals that one explanation for this is that more companies in 2023 have progressed from estimated Scope 3 data to reported Scope 3 data, which partly explains the increase in reported emissions. The fund company believes it is positive that more companies are reporting data seeing as this better discloses the companies' climate impact.

For several indicators related to corporate governance, there are marginal differences between the 2023 outcome and the 2022 outcome. For exact outcomes for both 2023 and 2022, please see the comments for each indicator.

Table 2 includes several indicators that the fund company reported for the first time in 2023, which means that historical comparisons will only be possible in the coming years. An indicator in Table 2 which the fund company is able to historically compare is "Investments in companies without carbon emission reduction initiatives", where the fund company notes an improvement in 2023 compared to 2022. The improvement is due to more companies having taken action to reduce carbon dioxide emissions in 2023, which is positive.

For Table 3, the fund company has chosen to report on several of the indicators for government investments for the first time for 2023, meaning that historical comparisons will not be possible until the next reporting period. The "Lack of a human rights policy" indicator for investments in investee companies has improved in 2023 compared with the 2022 outcome. The fund company notes that companies are generally increasing and improving their reporting, which is positive because it provides a better basis for the fund company's investment decisions.

Note that the outcomes for 2023 and previous years with available data are reported point by point in the section "Description of the principal adverse impacts on sustainability factors" where historical data is available. Also note that additional indicators have been added for this reporting period and therefore the development of these will be explained in the next report.

Stockholm, 28 June 2024



Magdalena Wahlqvist Alveskog

*Chief Executive Officer*