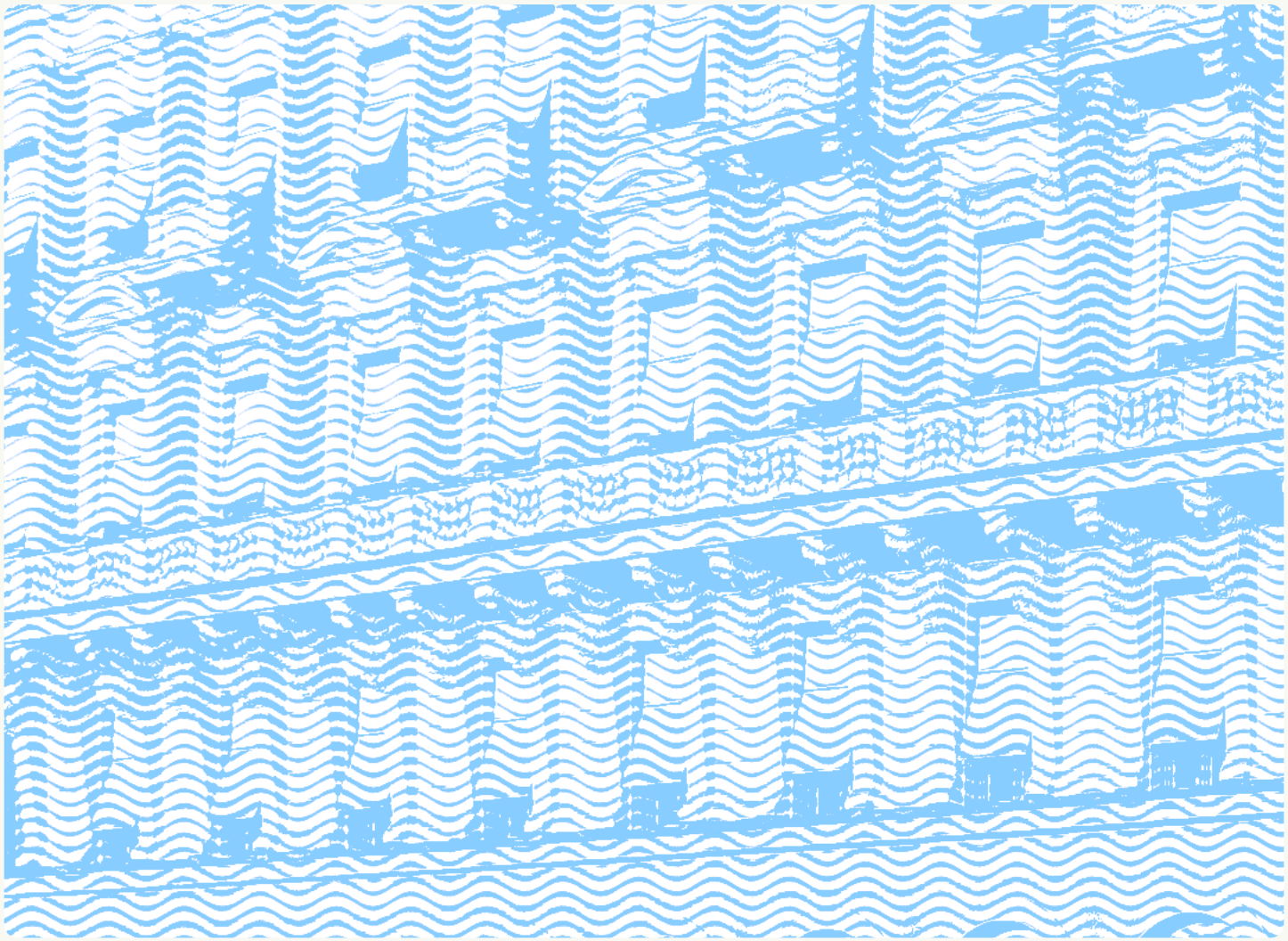
Handelsbanken Fonder

Due Diligence routines

SEPTEMBER 2026. VERSION 4.0



Due Diligence routines related to sustainability in investment decisions

The fund company's CEO-guidelines for Due Diligence in fund management operations constitute the basis for the routines that are to be applied and the type of Due Diligence that is to be respected in conjunction with investment decisions in the fund company's funds and portfolios. Within these guidelines, the fund company must comply with the laws and other regulations applicable to the business operations, fund rules/investment rules, information disclosed in the prospectus and key information document, as well as internal rules adopted by the fund company, such as investment strategies/investment guidelines and the fund company's Policy for Shareholder Engagement and Responsible Investment.

The fund company has established routines to ensure that both sustainability risks and the sustainability requirements, including the exclusion criteria specified for each fund/portfolio, are taken into account in investment decisions.

The fund company considers principal adverse impacts on sustainability factors (PAI) within the areas of greenhouse gas emissions, energy efficiency, biodiversity, water, waste, social and employee matters, human rights, environment, anti-corruption and anti-bribery matters in order to identify and prioritise principal adverse impacts. These indicators are reported annually at an aggregated level in the fund company's Statement on principal adverse impacts of investment decisions on sustainability factors (PAI Statement), which is published on the fund company's website. The fund company manages principal adverse impacts through the application of exclusion criteria, engagement dialogues and active ownership activities. The approach differs depending on the adverse impact concerned. The fund company has also developed its own PAI tool through which additional potential principal adverse impacts are identified, analysed and prioritised for engagement.

The fund company's active ownership activities and engagement dialogues, in addition to constituting part of the fund company's efforts to consider principal adverse impacts on sustainability factors (PAI), also form part of the fund company's management of sustainability risks. Active ownership activities and dialogues may, for example, aim to address sustainability risks in investee companies and limit negative impacts. The Due Diligence procedures applied differ depending on the type of asset management.

Within actively managed equity and fixed income asset management, sustainability analysis is an integrated part of the portfolio managers' investment analysis, where each investment is carefully assessed in terms of sustainability risks and opportunities. Investments held by the fund are reviewed, both at the time of investment and on an ongoing basis, to determine whether they can be classified as sustainable investments according to the fund company's assessment methodology and whether they have exposure to excluded activities and/or violate international norms and conventions related to human rights, the environment, labour rights, or anti-corruption and anti-bribery matters.

For actively managed funds investing primarily in other funds, including both the fund company's own funds and funds from external providers, all providers in whose products the fund management invests complete an Operational Due Diligence (ODD) process and an Investment Due Diligence (IDD) process. The sustainability efforts of both the provider and the product are evaluated in the ODD and IDD processes. This applies to both the management of funds and discretionary portfolios. The fund company carries out controls to ensure that all providers have completed both an ODD and an IDD.

For rules-based funds investing in other funds, investments are made only in funds that meet the sustainability requirements of the fund itself. In addition, for all funds managed by the fund company, the Risk Control function performs ongoing reviews of the funds' underlying assets to verify that they are aligned with the sustainability requirements established for each fund.

For other rules-based funds and index funds, in which the integration of sustainability risks is embedded in the index methodology, the Due Diligence efforts are conducted largely in conjunction with the fund company's selection of indices, where assessments are made, among other things, to ensure that the sustainability requirements specified for the product are included in the index methodology. In addition, the party that supplies the sustainability data to the index provider is evaluated, as is the quality of this data. The indices used by the fund company in its asset management are provided by index providers that are registered as administrators with ESMA in accordance with the Benchmark Regulation (BMR).

Risk Control continuously monitors each fund to ensure compliance with the customer promise linked to sustainability. In addition, all funds are reviewed and reported in line with the disclosure requirements of SFDR and are reported quarterly in the fund company's published EET file as well as in the periodic reporting for each fund. This review and reporting are carried out by the fund company's sustainability team. Furthermore, Compliance verifies, based on a risk-based analysis, that the fund company complies with the Due Diligence rules and routines adopted by the fund company. Both Risk Control and Compliance regularly report to the fund company's CEO and Board of Directors.

About risk
Past performance does not predict future returns. The value of the money invested in the fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed. Note that a fund with risk level 5-7 as stated in the fund's key information investment document (KIID) can vary greatly in value due to the fund's composition and management methodology. A summary of investors' rights as well as a prospectus, fund rules and KIID are available for each fund at handelsbanken.se/fonder.

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