

Contents

- Our vision 2
- The year in review: key figures and progress..... 3
- Policy and commitment..... 4
- Governance..... 5
- Strategy 6
- Methods and tools..... 9
- Examples from the business 16
- Appendix 18

About the report

The purpose of this report is to provide a transparent and comprehensive picture of Handelsbanken Fonder’s work on sustainability within asset management. We want to inform our stakeholders about how we integrate sustainability aspects into investment decisions, corporate governance and engagement work. We also want to increase understanding of how asset management can contribute to a more sustainable economy.

The report also covers our governance, strategy, methodology, goals and follow-up, as well as examples from the business.

For definitions of key terms and frameworks, see the glossary in the appendix on page 18.

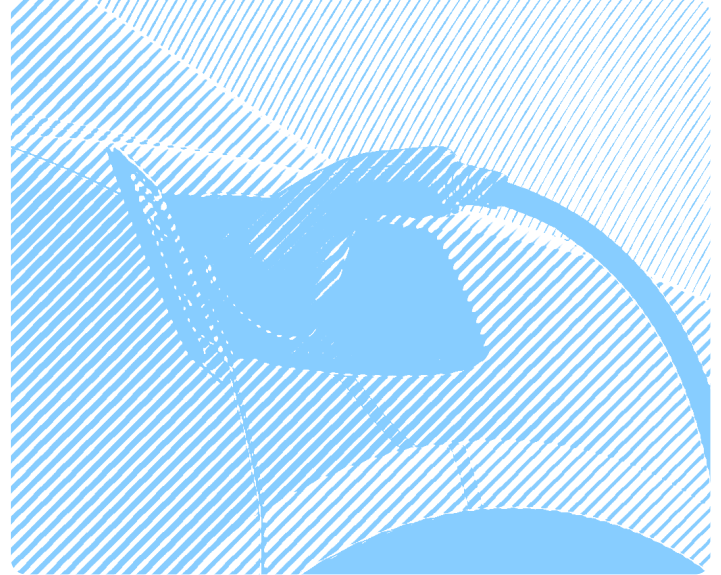
Sustainability in our funds

Sustainability-related issues, including climate, biodiversity and human rights, are an important part of Handelsbanken Fonder's mission as an asset manager. Through a broad range of funds, we give our customers the opportunity to choose products that take these aspects into account. As a manager of significant assets, we integrate sustainability aspects into our investment decisions and strive to contribute to the long-term stability and transparency of financial markets.

Our vision

Handelsbanken Fonder's vision is to create strong long-term returns in our management with a high ambition regarding responsible ownership of our investments today and in the future. Our actions as a responsible investor and owner are an important part of our management and are reflected in a broad range of funds that provide our customers with a choice of products based on their own sustainability preferences. The starting point for our work is Handelsbanken's core values, our commitments and the international norms and conventions that the fund company supports. In addition to financial aspects, Agenda 2030 and the Sustainable Development Goals guide us in how we invest.

This report describes our sustainability work, how we work with governance, methodology, exclusion, engagement and follow-up.



We also describe how we use external data, internal tools and cooperate with other investors to strengthen our analysis and engagement work. Our ambition is to offer funds that meet our customers' needs while contributing to sustainable development. We do this by combining financial analysis with sustainability analysis, and by being transparent about our methods, goals and results.

Read more about how we work with prioritized thematic issues in Handelsbanken Fonder's reports regarding:

- [Climate](#)
- [Nature and biodiversity](#)
- [Human rights](#)

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.

The year in review

Sustainability is central to Handelsbanken Fonder's management. Here are some figures showing our work and its impacts during 2025.

98,99%

of our investment portfolio is not exposed to companies operating in the **fossil fuels** sector*.



98,81%

of our investments do not negatively impact areas of sensitive **biodiversity****.



96,57%

of our investments are in companies that have a **human rights** policy***.



70 percent

of our nomination committee representatives were women in 2025.

141 direct and 478 joint dialogues

with our portfolio companies.



241 billion

Handelsbanken Fonder manages just over SEK 241 billion (as of 2025-12-31) in our article 9-funds, which represents approximately 21 percent of all assets under management.



1 161 billion SEK

Handelsbanken Fonder manages just over SEK 1,161 billion (as of 2025-12-31), which represents approximately 90 percent of total assets under management within the Handelsbanken group.

Would you like to know more about how our sustainability work developed in 2025? Read more about the outcome [here](#).

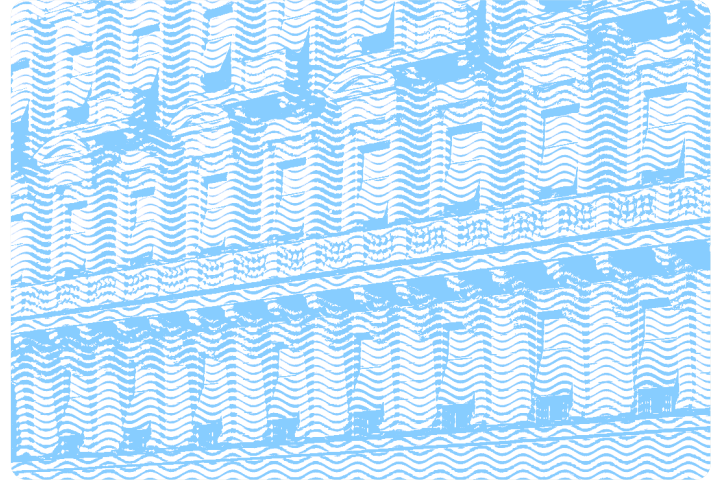
*PAI statement, indicator 14. ** PAI statement, indicator 17. *** PAI statement, indicator 3.9
For more information, see the PAI Statement [here](#).

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Policy and commitment

Handelsbanken Fonder's main objective is to create financial returns and, to the greatest extent possible, contribute to sustainable development in line with the Paris Agreement and the Sustainable Development Goals. Through a broad range of funds we can offer our customers alternatives that take their preferences into account. Our actions as a responsible investor and owner are an important part of our management.



The starting point for our sustainability work

The starting point for our work is Handelsbanken's core values, our commitments and the international norms and conventions that the fund company supports. In addition to the financial aspects, Agenda 2030 and the Sustainable Development Goals guide how we invest. The fund company's long-term investment horizon, our sustainability goals and the insight that sustainability is important for sound risk management and the possibility of good returns form the basis of our sustainability work.

Handelsbanken Fonder has signed the UN Principles for Responsible Investment (UN PRI) and also supports the UN Global Compact initiative.

These initiatives and guidelines, together with the values reflected in the bank's corporate culture, form a common and clear foundation for Handelsbanken Fonder's asset management.

Policy

Handelsbanken Fonder's policy for shareholder engagement and responsible investment is based on international norms in areas such as the environment, human rights, labour conditions, corruption and prohibited weapons. The policy applies in full in relation to the management of direct investments in Swedish and foreign equities and corporate bonds. For other investments, the policy is applied as far as possible.

The policy also covers the investment advice provided by the fund company. The outcome of the fund company's work on corporate governance and responsible investment is reported at least annually to the fund company's Board of Directors and on an ongoing basis to the fund company's CEO. The policy is updated and adopted by the Board of Directors at least once a year.

Read more in our policy for shareholder engagement and responsible investment [here](#).

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Governance

The Board's responsibility

The Board of Directors of Handelsbanken Fonder is responsible for overseeing the sustainability strategy. The strategy is considered in decisions on overall strategic direction, and the business continuously informs the Board. The Board reviews and approves the policy for shareholder engagement and responsible investment, which governs our managed assets. Handelsbanken Fonder's Voting Policy sets the strategic direction for our voting behaviour at general meetings and our work in nomination committees.

Management responsibility

Management is responsible for overseeing and developing the sustainability work, including governance and strategy development. The Head of Legal, Sustainability and Corporate Governance is responsible for the development of strategies and policies, as well as methods and tools related to sustainability, including keeping the organisation informed about global trends and industry developments. The heads of portfolio management are responsible for the integrated management of sustainability-related risks and opportunities within their respective business areas, in accordance with established policies and strategies. The Operational Sustainability Manager is responsible for managing and coordinating the sustainability work and supports the portfolio managers in implementation.

Governance structure

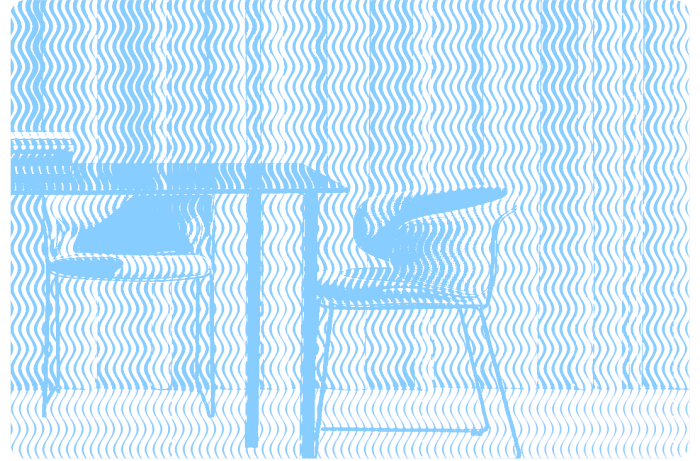
Handelsbanken Fonder's governance structure for managing sustainability-related risks is integrated into our overall sustainability governance. The Sustainability Committee, led by the Head of Legal, Sustainability and Corporate Governance and consisting of the CEO (decision-maker), the Operational Sustainability Manager, Product Manager, Heads of portfolio management and specialists, is tasked with, among other matters, preparing and making decisions on the fund company's interim sustainability targets, working methods and definitions, assessment of individual companies and issuers, and strategic initiatives and investor collaborations. The monitoring of and progress of our sustainability goals are reported regularly in the Sustainability Risk Forum, which consists of the CEO, Product Manager, heads of portfolio management, Head of Compliance, Head of Risk, Head of Legal, Sustainability and Corporate Governance, Operational Sustainability Manager and specialists.

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Strategy

Our main objective is to generate financial returns and, to the greatest extent possible, contribute to sustainable development through management in line with the Paris Agreement and contribute to the Sustainable Development Goals. The purpose of our sustainability strategy is to guide us towards our vision and our main objective, and thereby manage both financial risks and opportunities as well as negative social and environmental impacts. Our overarching sustainability strategy rests on three main pillars: reduce negative impact, increase positive impact and be an active owner.



Sustainability impacts, risks and opportunities

An investment can entail both potential negative and positive impacts on people and the environment. The fund company therefore identifies, analyses and manages both potential negative consequences and positive contributions within the framework of our sustainability work.

A sustainability risk is an environmental, social or governance-related event or circumstance that, if it were to occur, would have an actual or potential significant negative impact on the value of the investment. Sustainability is therefore an integrated part of the analysis that forms the basis for our investment decisions. We are convinced that sustainability and responsible investment are an integrated part of successful management. Handelsbanken Fonder's fundamental view is that companies that are transitioning and offering solutions to global sustainability challenges have better conditions to create value over time. Our sustainability strategy aims to reduce the potential negative consequences of our investments, manage risks and capture opportunities for positive impact. We do this with the help of tools and methods that are applied in different ways depending on the investment approach and product.

Managing sustainability risks and opportunities across different investment approaches

The fund company has procedures in place to ensure that both sustainability risks and the sustainability requirements set for each fund/portfolio are taken into account in investment decisions. Sustainability analysis forms part of the investment analysis carried out before investment decisions are made or an investment strategy is designed. One part of the potential negative impact considered consists of indicators for principal adverse impacts on sustainability factors. These are reported annually at an overall level; read more [here](#).

Actively managed equity and fixed income funds

In our active management, company analysis is decisive. It aims to find and invest in the right company or corporate bond. The analysis helps identify investments that contribute positively to returns over time. Sustainability analysis is integrated into this company analysis. In the management process, each portfolio company or issuer is analysed carefully based on relevant issues concerning the company's strategy, financial and non-financial performance and risks, capital structure and corporate governance. The analysis is based on information from the companies,

external sources and our own analysis.

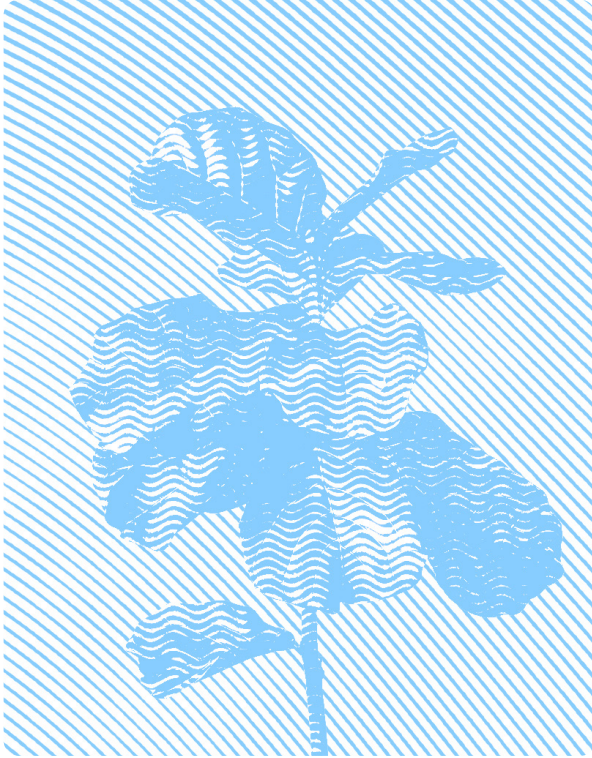
Actively managed fund-of-funds

In the management of fund-of-funds, sustainability is a central part of the analysis. The investments are based on an extensive analysis of fund companies and funds, whether they are Handelsbanken Fonder's own or from another external fund provider, and based on this analysis funds are selected. The evaluation of a fund company includes, among other things, organisation, sustainability, management team and investment process. For example, requirements are set for a systematic sustainability effort.

Read more about our due diligence routines [here](#).

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Index and Rules-based funds

For our index funds and rule-based funds, the funds' sustainability requirements are integrated into the index methodology or into the rule-based model applied by the fund. The assessment is based on data from external ESG-data providers.

Index funds aligned with the Paris Agreement

The EU framework for Paris-aligned indices, Paris Aligned Benchmarks, provides an independent framework for the criteria a sustainable index must meet. By excluding or giving a lower weight to companies with high emissions, and companies that lack strategies for transitioning to a more sustainable business, climate-related risks in the funds can be reduced. The framework favours companies that have set science-based emission targets, Science Based Targets, and companies that through their products and services contribute positively to the environmental goals of Agenda 2030. The companies in these indices are selected and weighted so that the portfolio's emissions are aligned with the Paris Agreement's goal of limiting warming to a maximum of 1.5 degrees Celsius. This means that the fund's carbon footprint is to decrease by at least seven percent each year.

About risk

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Our sustainability strategy

Our sustainability strategy is designed to guide us towards our sustainability goals and to manage the most significant sustainability-related risks and opportunities in our investment operations. At the end of 2025, the fund company updated its interim targets. Read more [here](#) (in swedish).

Reduce negative impact



Why

Reducing negative sustainability effects is central to risk management, long-term returns and conducting investment activities in line with both customer expectations and applicable regulations.

Goal

Net zero greenhouse gas emissions across our total investment portfolio, including Scope 1, 2 and 3, by 2040 at the latest.

Interim target 1 (alignment target): By 2030 at the latest, 50 percent of the companies in our investment portfolio shall be on a pathway towards net zero greenhouse gas emissions.

Interim target 2 (reference target): Reduce the carbon footprint of our investment portfolio by 50 percent by 2030 compared with the base year 2020.

Our methods and tools

- Handelsbanken Fonder's policy for shareholder engagement and responsible investment determines which activities we exclude from investment.
- In addition, the fund company offers different levels of exclusion in its fund range.
- We do not invest in companies that, in the fund company's assessment, have been confirmed to act in violation of international norms and conventions.
- Our engagement work is aimed, among other things, at addressing negative impact, so-called reactive engagement.

Increase positive impact



Why

Making investments that contribute to sustainable development can support long-term value creation for our customers and the society.

Goal

Investments that contribute to the goals of Agenda 2030.

Our methods and tools

- All funds reported as Article 8 or 9 under the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR) have a requirement for a minimum share of sustainable investments.
- We invest in companies whose products and services directly contribute to or enable positive impact for environmental or social goals.
- We invest in sustainable bonds and sustainability-linked bonds.
- Our proactive engagement work is aimed, among other things, at capturing opportunities for value creation and positive impact.

Be an active owner



Why

Active ownership is an important tool for us as fund managers to take responsibility, contribute to long-term value creation for our customers and manage material risks and impacts associated with our investments.

Goal

We prioritise ongoing dialogue with the companies that account for 70 percent of our investment portfolio's financed greenhouse gas emissions and that are not yet aligned with a pathway to net zero.

Between 2025 and 2030:

- we will annually conduct at least 20 engagement dialogues on biodiversity with selected portfolio companies in priority sectors.
- annually conduct engagement dialogues on human rights with at least 20 selected portfolio companies in priority sectors.

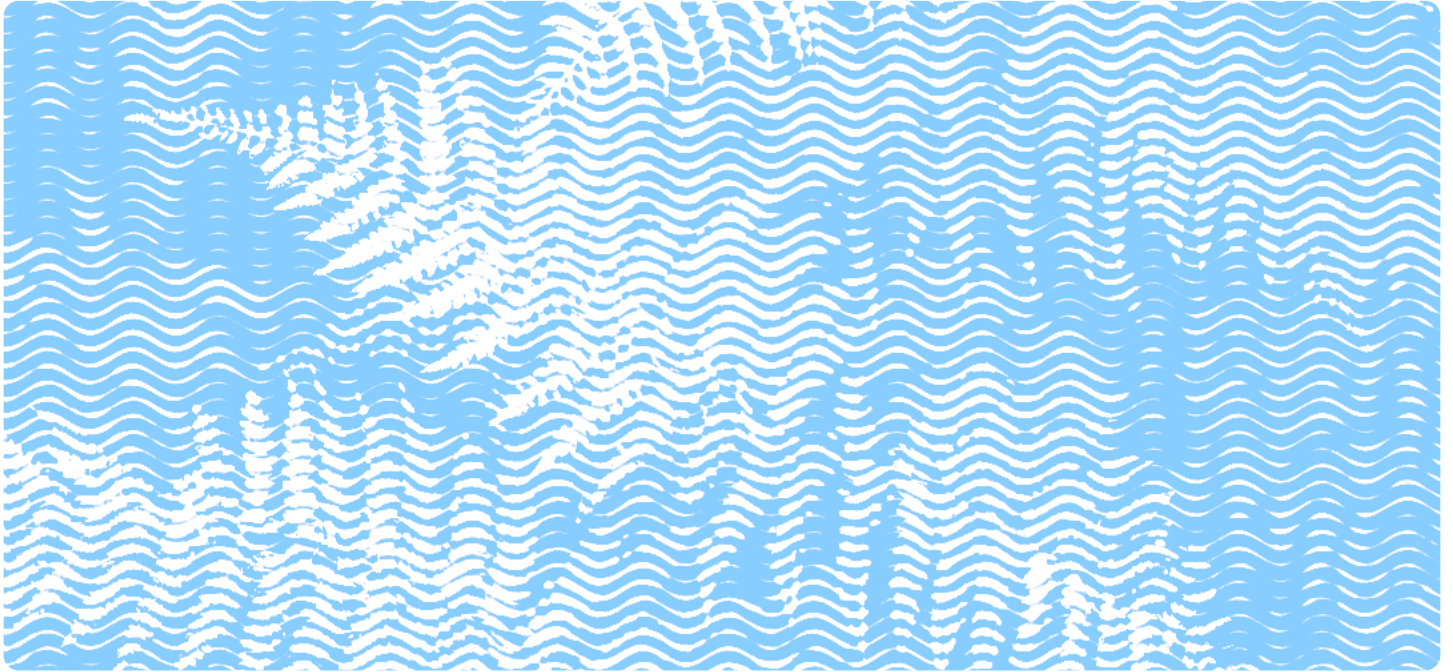
Our methods and tools

Our engagement work includes dialogues and corporate governance.

- Our dialogue work includes direct dialogues, dialogues with other investors and participation in investor networks and collaborations.
- Our corporate governance work includes nomination committees and voting at general meetings.

About risk

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Methods and tools

Reduce negative impact by excluding

Reducing negative sustainability impact is central to risk management, long-term returns and to conducting investment activities in line with both customer expectations and applicable regulations.

The fund company's policy for shareholder engagement and responsible investment has determined the activities in which the fund company does not invest. The fund company's position are based on the following reasoning:

- Some products and services carry a high risk of having negative impact on the surrounding world, society and various stakeholders.
- It is incompatible with our role as a responsible investor, a long-term invest-

ment perspective and investing for a sustainable development and future.

- Some products and services entail heightened sustainability risks in companies' value chains; in such cases, our assessment is that the risks are not manageable.

The fund company excludes investments in the following, in accordance with the policy:

- Companies involved in the manufacture or distribution of weapons prohibited under international law, such as cluster munitions, anti-personnel mines, biological and chemical weapons.
- Companies involved in the production or distribution of nuclear weapons.
- Companies with more than 5 percent of turnover from thermal coal extraction or

more than 30 percent of turnover from coal-fired power generation.

- Companies involved in cigarette production.
- Companies that, in the fund company's assessment, have been confirmed to act in violation of international norms and conventions.

In addition to what the fund company excludes under the Policy for shareholder engagement and responsible investment, the fund company offers different levels of exclusion in its fund range. Specific criteria for each fund are set out in the fund prospectuses. An overall description of the fund company's exclusion criteria can be found [here](#).

About risk

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Increase positive impact through inclusion

Making investments that contribute to sustainable development can support long-term value creation for our customers and society.

We therefore apply a combination of tools such as:

- Sustainable investments: companies that conduct their business in a sustainable way or whose products and services contribute to or enable positive impact for environmental or social goals.
- Sustainable bonds and sustainability-linked bonds.

Sustainable investments under SFDR

A sustainable investment is defined under SFDR as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not cause significant harm to any other environmental or social objective and that the investee companies follow good governance practices. Read more about methods and definitions [here](#).

Contributes to an environmental or social objective

According to the criteria established by Handelsbanken Fonder, an investment object must meet at least one of the following criteria to satisfy the requirement of contributing to an environmental or social objective:

- The company or issuer has at least 25 percent of turnover linked to an environmental or social objective that contributes to achieving the Sustainable Development Goals in Agenda 2030.
- The company or issuer has at least 20 percent of turnover aligned with the EU Taxonomy.
- The investment is a sustainable bond or sustainability-linked bond where the fixed income instrument's financial and/or structural characteristics are linked to predefined sustainability objectives.



- The company has been assessed as an impact investment within one of our impact categories.
- Funds with the objective of reducing carbon emissions and other greenhouse gases, and which are reported under Article 9.3 of SFDR, must, in order to be regarded as funds with sustainable investments as an objective, be managed in accordance with an index that is a registered EU benchmark aligned with the Paris Agreement, a so-called Paris Aligned Benchmark (PAB index).
- Which products and services the company is otherwise involved in and whether these can significantly be considered to counteract sustainable development.

Sustainable bonds and sustainability-linked bonds

Investing in sustainable bonds is a way to directly finance companies working with solutions that contribute to the Sustainable Development Goals. When we invest in bonds classified as green or sustainable, we actively seek investment opportunities that provide clear added value. Investments are directed towards project objectives that are considered material within the sector, in the market and in line with our overarching strategy. We also carry out engagement efforts in this area and have had many dialogues with companies and banks to inform them about the types of projects we would like to see more of and about the sustainability parameters where we want greater transparency. In addition to investing in sustainable bonds, our fixed income funds invest in sustainability-linked bonds. These are bonds that facilitate responsible financing of a company's transition, through predefined sustainability objectives that the company must achieve, together with ongoing reporting of its progress.

Do no significant harm

To ensure the principle of Do No Significant Harm, DNSH, Handelsbanken Fonder takes into account and assesses:

- That the company has no activities linked to controversial sectors and specific PAI indicators, Principal Adverse Impact, such as fossil fuels and prohibited weapons.
- That the company has not been confirmed to act in violation of international norms and conventions.
- That the investment is not deemed to cause principle adverse impacts for sustainability factors, PAI. This is done through the fund company's internal PAI tool.

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Active engagement

Active ownership is an important tool for us as a fund managers to take responsibility, contribute to long-term value creation for our customers and manage material risks and impacts associated with our investments.

Dialogues

Dialogues can be conducted in different ways. We divide it into direct dialogues, dialogues with other investors and investor networks and collaborations. We believe that by combining these different methods, we and other investors can benefit from each other's experience and knowledge, coordinate our messages and efforts and thereby use both our own and the companies' resources more efficiently.

Direct dialogues

In direct dialogues, the fund company's portfolio managers and sustainability analysts often participate together, adding value to the dialogue through more relevant perspectives for all parties on the company's operations, risks and opportunities.

Dialogues jointly with other investors

A strength of joint dialogues is that several investors together represent a larger ownership stake and send clear signals to companies about investors' expectations on a particular issue. Joint dialogues are often conducted under the leadership of an external engagement provider, a third-party organisation that coordinates investor dialogues, either around specific themes, such as human rights or climate, or in cases where companies are suspected of violations of international norms such as the UN Global Compact or the OECD Guidelines for Multinational Enterprises.

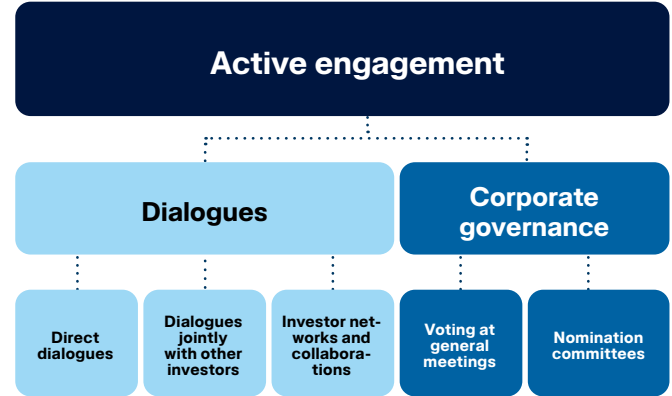
Investor networks and collaborations

Handelsbanken Fonder also actively participates in investor networks and collaborations. Participating in joint initiatives is a way to contribute to the development of sustainability work within our own industry, the asset management industry. Participation in networks is also important for the fund company's own learning and development.

Corporate governance

An important part of the mandate as asset manager is active and responsible corporate governance in the companies in which the funds invest. As a shareholder, Handelsbanken Fonder can influence companies by applying active ownership for both actively and passively managed funds. Some of the most direct ways of influencing are through representation in nomination committees and voting at general meetings.

The starting point is the fund company's Policy for Shareholder Engagement and Responsible Investment, guidelines for nomination committee work, Voting Policy and relevant industry rules from the Swedish Investment Fund Association, the Swedish Code for Fund Companies



and Guidelines for Fund Companies' Exercise of Ownership. In addition, the recommendations of the Swedish Institutional Investors Association regarding information to shareholders on incentive programmes and the Association's view on sustainability and variable remuneration apply.

Voting at general meetings

Handelsbanken Fonder invests in a large number of companies across several geographical markets. By voting at general meetings, Handelsbanken Fonder can influence the direction these companies take on relevant issues. In general, the fund company votes at general meetings in companies where the holding exceeds 0.5 percent or where particularly important issues are raised. Since many sustainability issues at general meetings are unique, the fund company considers the following before taking a position in voting:

- The company's involvement in controversies related to the issue.
- The reasonableness and quality of the proposal in the motion.
- Whether the company has already addressed the issue or not.
- The company's performance in the area compared with competitors.
- Whether the issue is better handled by management in the company's operational activities.
- An assessment of whether a general meeting decision is needed for change in the issue to be achieved.
- Whether the issue has already been addressed in the fund company's direct dialogue with the company.

For more information, read the fund company's Voting policy [here](#).

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Nomination committees

The most direct influence Handelsbanken Fonder can have in its ownership role is to participate in nomination committees. Therefore, the fund company accepts when asked to participate in a nomination committee, provided that the holding is not considered too small or that the fund company is far down the ownership list. Handelsbanken Fonder sees the nomination committee as having a key role in corporate governance and, among other things, providing an opportunity to influence the composition of boards. The fund company's guidelines for nomination committee work are sent to the companies where a place on the nomination committee has been offered.

The guidelines describe the focus for the nomination committee's assignment:

- board competence and needs analysis
- the importance of sustainability competence relevant to the company's operations
- diversity and equality in boards.

We capture opportunities for value creation through proactive engagement

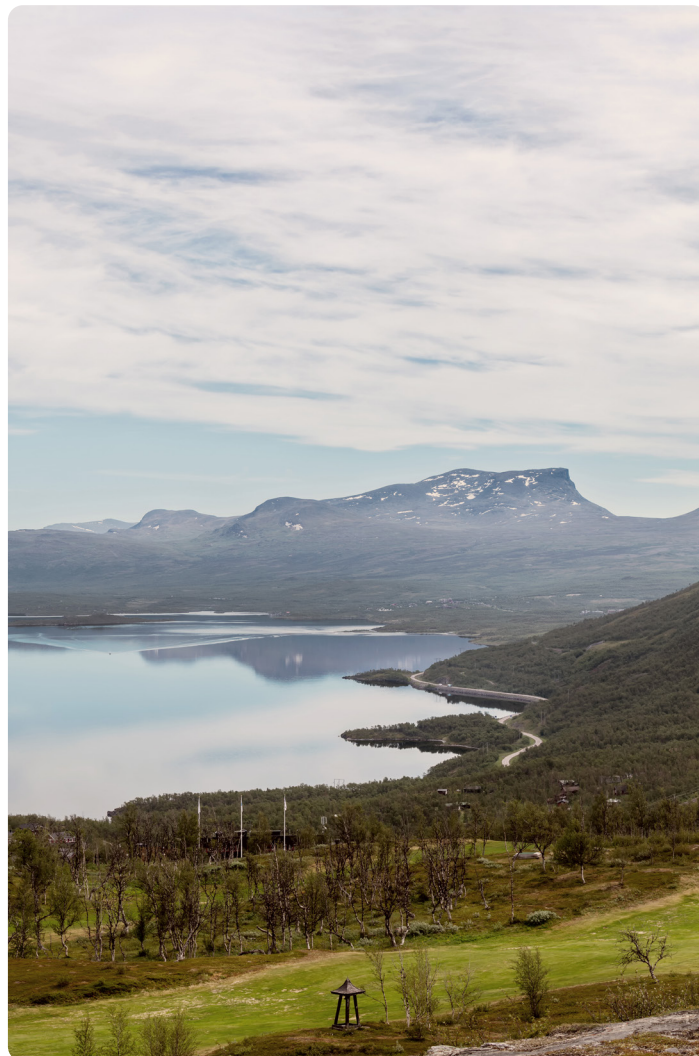
Sustainability dialogues are an integrated part of the portfolio managers' ongoing work to understand and capture opportunities for value creation in their portfolios. We call this proactive engagement.

The purpose of this forward-looking proactive engagement work is to gain a deeper understanding of how companies manage their material sustainability issues and at the same time encourage the continuous development of companies' management of sustainability risks and opportunities, with the aim of creating value for investors over time.

We manage material risks through thematic engagement

We conduct thematic engagement in order to take responsibility and manage material risks such as climate, biodiversity and human rights. Since climate change, loss of nature and ecosystems and social inequalities can affect entire markets, they are often referred to as systemic risks. As a long-term investor in many markets and sectors, we therefore view these issues as material to understand and manage. We are exposed to these risks through our investments, especially in companies operating in sectors with a high risk profile and significant sustainability impact.

For more information on the thematic engagement work, see our reporting on climate, biodiversity and human rights here.



Managing negative impact through reactive engagement

The purpose of the reactive engagement work is to manage any negative impact of our investment decisions. This also includes engagement with companies where we see a risk that the company has caused or is linked to violations of international norms in the areas of the environment, human rights and anti-corruption. Managing signals of negative impact on people and the environment is partly about reducing risks in our portfolios, but it is also about us as investors and owners having a responsibility to respond to irregularities identified in our portfolio companies.

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Priorities for our engagement work

Climate

Climate change means that, as a fund manager, through our investment portfolios, we are exposed to both transition risks and physical climate risks, as well as opportunities linked to the transition to a low-carbon economy. Active engagement is an important tool that we as asset managers can use to manage our climate risks and contribute to the transition, and is therefore an integrated part of our climate strategy and our long-term ambition of net zero emissions by 2040 at the latest. Within the framework of the fund company's climate strategy, we have therefore developed a specific engagement target, clarified what we expect from companies and developed a method for prioritising engagement efforts. Read more about the goals, priorities and tools within our climate-related engagement work in our climate strategy [here](#).

Nature and biodiversity

The loss of biodiversity creates risks for us as an asset manager because we invest in companies whose activities and value chains negatively affect and/or depend on nature and ecosystems in a number of different ways. Engagement dialogue is one of the most important sustainability tools financial actors can use to work with their indirect impact in the value chain. Within the framework of the fund company's work on biodiversity, we have therefore developed a specific engagement target. Read more about the goals, priorities and tools within our nature-related engagement work in our strategy for nature and biodiversity [here](#).

Human rights and labour rights

The world is marked by a decline in democracy and human rights and freedoms, and we see an increase in the share of the population affected by conflict, inequality and threats of violence and oppression. In addition to human suffering, this entails a range of risks for markets, value chains and companies, since stable, open and peaceful societies are a prerequisite for healthy and competitive markets, as well as for the development of human capital and access to knowledge and information. As a fund manager, we have a responsibility to understand how these systemic risks affect and are affected by our investments. According

to the UN Guiding Principles on Business and Human Rights, all companies, including financial actors, have a responsibility to prevent or mitigate negative impacts on people in their operations and value chains. Engagement work is one of the most important tools we have to manage the risks we have identified. Within the framework of the fund company's work on human rights, we have therefore developed a specific engagement target. Read more about the goals, priorities and tools within our work on human rights [here](#).

Corporate governance, business ethics and compliance

Corporate governance is about how companies are governed and managed. Companies with good governance often have better conditions for long-term profitability, lower sustainability risks and more responsible impact on the world around them. Good corporate governance is therefore an important component considered in our management. We carry out active engagement work to strengthen corporate governance in our portfolio companies through dialogue, voting and nomination committees. Corporate governance issues, business ethics and anti-corruption are high priorities in many of the fund company's direct, proactive dialogues. We expect companies to have policies, strategies and systems in place to manage their sustainability risks and opportunities, to have good corporate governance and to report transparently to their stakeholders. We cooperate with other investors in the Nordic region and require large companies in our market to integrate sustainability into incentive programmes. We also participate together with other investors in a joint initiative led by Transparency International Sweden to develop knowledge and influence within anti-corruption. Through representation on nomination committees, we drive the issue of equality in boards.

About risk

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Our escalation process

The fund company may apply a combination of different tools to carry out engagement and, where appropriate, escalate the handling of a particular issue with a company. Which tool is best suited is assessed on a case-by-case basis and adapted to the type of issue, the company and the company's previous response. In general, the escalation process can be stepped up through the following stages:

- Proactive engagement is often conducted by portfolio managers on their own.
- In cases of identified risks or negative impact, so-called reactive engagement, dialogues are conducted either individually by a sustainability specialist or by a sustainability specialist together with the portfolio manager.
- In cases of identified risks or negative impact, so-called reactive engagement, where it is assessed that the fund company's influence would be greater by working together with other investors, we may choose to conduct joint dialogues.
- In both direct and joint dialogues, escalation can take place by taking the issue to the next level within the company's management, meaning that if dialogue with investor relations and sustainability functions does not produce results, the dialogue can be taken up with the CFO, CEO or chair of the board.
- In cases where neither direct nor joint dialogue is assessed to produce sufficient results, the fund company may choose, at the company's annual general meeting, to vote in favour of proposals aimed at remedying the problem.
- In serious cases, where the company's board is deemed not to have handled an issue responsibly enough, the fund company may at the company's annual general meeting vote against discharge for all or part of the board.
- In serious cases where engagement is not deemed to have an effect, the fund company may consider divesting its shares in the company.

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Pictured: Frej Örnberg, sustainability analyst at Handelsbanken Fonder; Farzad Ashouri Mehranjani, sustainability analyst at Handelsbanken Fonder; Cecilia Carlsson; Anna Zetterström Bellander, sustainability analyst at Handelsbanken Fonder; Filippa Annersten, sustainability analyst at Handelsbanken Fonder; and Aurora Samuelsson, Operational Sustainability Manager at Handelsbanken Fonder.

The sustainability team – expert support in the fund company's management

The fund company has a dedicated sustainability team consisting of six people. The team has broad and solid experience of sustainability issues from various roles and businesses, such as public authorities, the financial sector, insurance companies and sustainability data providers. With its combined expertise, the team functions as expert support in portfolio management, with the task of ensuring that relevant sustainability data are available and interpreted correctly.

The sustainability team also acts as a sounding board in the assessment of sustainability risks and opportunities – an important part of the portfolio managers' investment decisions. In addition, the team has extensive knowledge of current and upcoming sustainability-related regulations.

The team is led by the fund company's Operational Sustainability Manager, who has more than 20 years of experience in company analysis and engagement dialogue from a sustainability perspective. The group consists of experienced employees with in-depth knowledge of issues including climate, human rights, international norms, biodiversity and sustainability risks. The team also has expertise in data management, analysis and adapting strategies based on insights from data. The team also has expertise in engagement dialogue and active ownership.

Together with the portfolio managers, the sustainability team leads various types of sustainability dialogues and actively contributes to integrating sustainability into the investment process.

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Examples from our operations

How we work with investments in a changing world with geopolitical uncertainty and conflict

Our sustainability strategy, as well as our methods and tools, are designed to manage risks and opportunities in a constantly changing external environment, including geopolitical tensions and conflicts.

Companies operating in conflict and high-risk contexts face an elevated risk of causing or contributing to violations of human rights and breaches of international law. However, we do not exclude companies on the basis of the country in which they are headquartered or operate.

Instead, we start from the guidelines that apply to our asset management and apply the risk management tools available to us in different ways, depending on the context and the individual company's role and conduct.

In simplified terms, this can be described as a scale for how we manage these issues:

- **International sanctions:** We comply with the EU's, UN's and OFAC's sanctions regimes. Companies on these lists are not permitted for investment.
- **Exclusion due to breaches of norms:** Companies that have been confirmed to act in violation of international norms on human rights, labour rights, the environment and anti-corruption are excluded according to our policy.
- **Extended exclusion:** Another way to reduce exposure to companies that may contribute to or be linked to violations of human rights in conflict is to exclude investments in weapons and war materiel in addition to prohibited weapons. Read more about our criteria for exclusion [here](#).
- **Risk management:** We analyse large amounts of data and information from different sources. In cases of suspected but unconfirmed information that a company may have been confirmed

to act in violation of international norms, we apply, in the first instance, a combination of different risk management tools. This may include conducting our own in-depth analysis and opening a dialogue with a company to understand what has happened and communicate our expectations for responsible conduct. In some cases, analysis may show that a company has not acted illegally but has acted inappropriately or unethically. Even in such cases, engagement is a tool we apply. This may lead to improvements or divestment.

- **Engagement:** We engage in dialogue with companies and civil society, both on our own and in cooperation with expert organisations and investors. Human rights and conflict-affected contexts are high priorities. In 2025, we participated as lead investor in a project to develop guidance on risk management in conflict environments.



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Handelsbanken Fonder and ESG4Real – a step towards more transparent and balanced sustainability analysis

In 2023, Handelsbanken Fonder was certified according to ESG4Real, a non-commercial initiative that aims to establish a quality-assured minimum standard for responsible asset management. The certification confirms that Handelsbanken Fonder meets a set of basic requirements for ESG analysis and integration in the investment process.

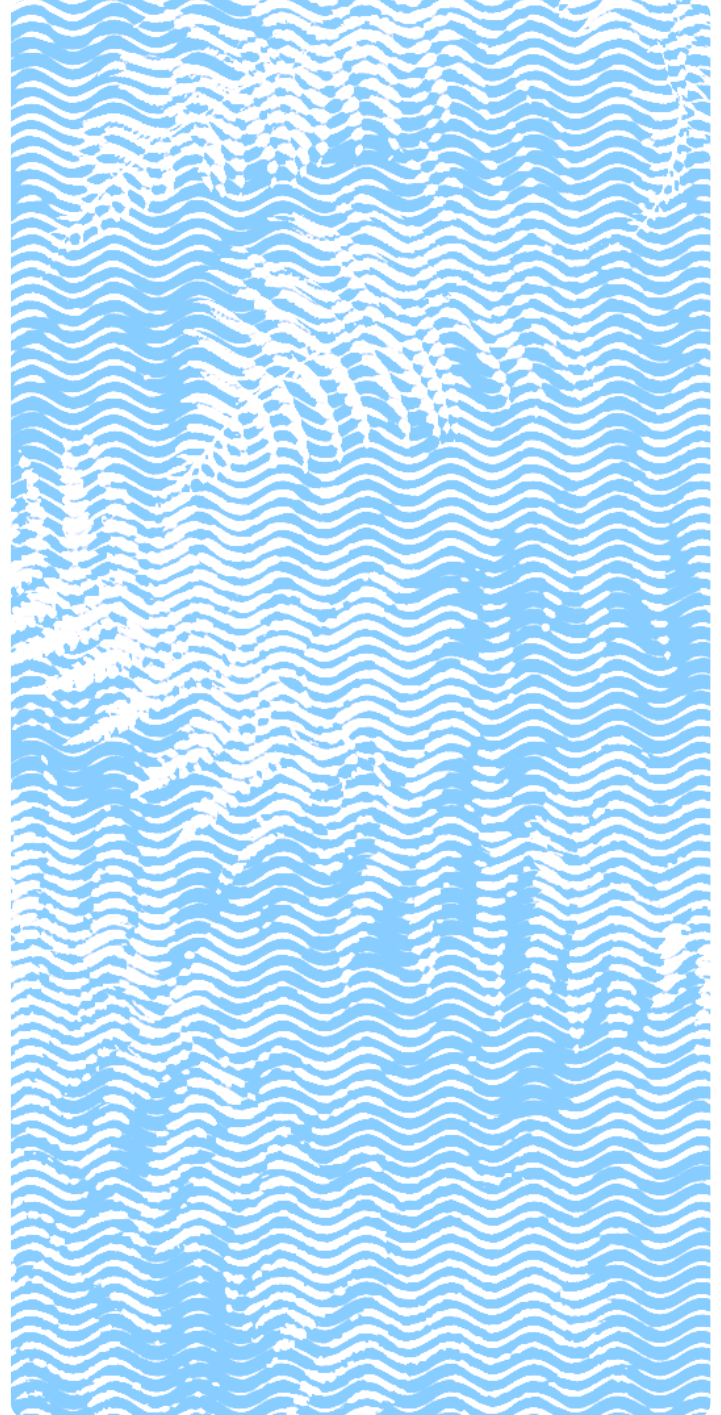
ESG4Real was founded in 2015 by Bantorget Förförvaltning in Sweden together with the Dutch trade union FNV. Its purpose is to help asset owners invest responsibly by offering a quality-assured methodology for ESG integration. The model is based on internationally recognized initiatives such as UN PRI, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Paris Agreement. It includes screening against these norms and conventions, as well as requirements that specific ESG criteria are analysed in connection with investment decisions. These criteria have been developed based on what is commonly used by established research firms, asset managers and experts.

For Handelsbanken Fonder, the certification means that we have undergone a comprehensive review of our sustainability analysis processes and that we operate in accordance with ESG4Real's requirements for mandatory ESG integration.

This means, among other things, that we systematically include sustainability aspects in investment decisions, document and follow up our work, and undergo independent review to ensure compliance. The certification also aims to improve transparency and communication between asset owners and asset managers through clearer reporting on key ESG parameters. An important part of the model is to achieve a more balanced analysis of environmental, social and governance aspects, with greater attention given to the social dimension.

Through ESG4Real, Handelsbanken Fonder gains access to a network of asset owners and managers who share experiences and knowledge, contributing to skills development. Allowing an independent party to review and quality-assure the processes is one way for us to increase transparency in our sustainability work.

Read more about ESG4Real [here](#).



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Appendix

Glossary

Sustainable Finance Disclosure Regulation (SFDR)

Since 10 March 2021, Handelsbanken Fonder has reported in accordance with EU Regulation 2019/2088, the Sustainable Finance Disclosure Regulation (SFDR). The purpose of this reporting is, among other things, to provide investors with information on how sustainability risks are integrated into investment decisions, how principal adverse impacts on sustainability factors are considered, and whether a fund has sustainable investments as its objective or promotes environmental or social characteristics. In order to harmonize disclosures related to sustainability, the regulatory framework also includes a definition of sustainable investments, which, among other things, requires that the companies in which investments are made follow good governance practices and that the principle of do no significant harm is ensured, so that neither the environmental objective nor the social objective is significantly harmed.

Article 9 - *The fund has sustainable investments or carbon emission reduction as its objective.*

For funds with sustainable investments as their objective, in addition to making a positive contribution to an environmental or social objective, the investment must not cause significant harm to any other environmental or social objective, and the company must follow good governance practices.

Funds with carbon emission reduction as their objective seek to maintain low exposure to carbon emissions in order to meet the long-term global warming goals of the Paris Agreement, i.e. to limit global warming to a maximum of 1.5 degrees. These funds follow so-called EU Paris-Aligned Benchmarks.

Article 8 - *The fund promotes environmental and social characteristics through its investments, but does not have sustainable investments as its objective.*

A fund promoting environmental and social characteristics may, for example, take into account the environment and climate, as well as human rights, labour rights and equal treatment.

Article 6 - *Sustainability risks are integrated into investment decisions.*

Sustainability risks are integrated into investment decisions, without the fund promoting environmental or social characteristics or having sustainable investments as its objective.

Article 6 - *Sustainability risks are not integrated due to the fund's investment strategy.*

Due to the fund's investment strategy, sustainability risks are not integrated into investment decisions. Examples may include funds that invest only in derivatives and cash.

EU Taxonomy: The EU Taxonomy is a classification system that defines environmentally sustainable economic activities, with the aim of providing a common language, preventing greenwashing and directing investments towards sustainable projects. As an important part of the EU's sustainable finance strategy and climate initiatives such as the European Green Deal and the Fit for 55 package, the taxonomy sets performance thresholds for activities that substantially contribute to one of six environmental objectives, including climate change mitigation and climate change adaptation, while avoiding significant harm to other objectives and complying with social safeguards. It covers revenue, capital expenditure and operating expenditure, and is designed to evolve over time to reflect technological progress and changing environmental priorities.

Net zero: Net zero refers to achieving a balance between greenhouse gas emissions associated with an investment portfolio and the removal or offsetting of those emissions. This concept is central to aligning investment strategies with global climate goals, particularly the Paris Agreement's goal of limiting global warming.

Financed emissions: Financed emissions refer to the total greenhouse gas emissions associated with the companies in which the company invests. These emissions are attributed to the asset manager based on ownership in each company, calculated by comparing the size of the investment with the enterprise value including cash (EVIC).

Carbon footprint: Carbon footprint is the normalized measure of financed emissions, usually expressed in tonnes of carbon dioxide equivalent (tCO₂e) per million euro (or other currency) of enterprise value including cash (EVIC). It is therefore interpreted as financed emissions per million euro invested.

Greenhouse gas intensity: Greenhouse gas intensity is a measure that expresses greenhouse gas emissions in relation to a company's latest sales figure, measured in millions of euro.

Science Based Targets Initiative (SBTi): The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The initiative aims to help companies set ambitious greenhouse gas reduction targets aligned with the latest climate science and the goals of the Paris Agreement. By setting science-based targets, companies demonstrate their commitment to reducing their carbon

footprint and contributing to the global effort to limit warming to well below 2°C above pre-industrial levels, while striving to limit warming to 1.5°C.

SBTi provides a framework and methodology for companies to set emissions reduction targets for their operations (Scope 1 and 2) and value chain (Scope 3). The initiative offers sector-specific guidance to help companies across different industries set targets aligned with the emission reductions required to achieve the goals of the Paris Agreement. These sector-specific guidelines cover a range of industries, for example energy, transport, buildings, industry and land use.

The Paris Agreement: An international climate agreement adopted in 2015 at the UN Climate Conference (COP21) in Paris. The central aim of the Agreement is to strengthen the global response to the threat of climate change by keeping the increase in global temperature this century well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the increase to 1.5 degrees Celsius.

Agenda 2030 and the Global Goals: The UN resolution “Transforming our world: the 2030 Agenda for Sustainable Development” was adopted by the UN General Assembly in 2015. Agenda 2030 consists of 17 Global Goals and 169 targets and aims to achieve long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, reduce inequalities and injustices in the world, and combat climate change.

Taskforce on Climate-related Financial Disclosures (TCFD): The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) to address the lack of consistent and reliable information on companies’ climate-related risks and opportunities. The primary objective of the TCFD is to develop a reporting framework that enables companies to provide decision-useful information to investors, lenders and insurers so that they can better assess and price climate-related risks and opportunities.

The TCFD framework is structured around four core elements: governance, strategy, risk management, and metrics and targets. These elements are designed to help companies report on how they identify, assess and manage climate-related risks and opportunities, as well as the potential financial implications of these matters for their business.

Read more about our work

Outcome 2025

Read more about the development of our sustainability work in 2025 [here](#).

Investor networks and collaborations

Read more about our participation in investor networks and collaborations [here](#).

Companies in transition

Read more about our criteria and approved companies in transition [here](#).

Inclusions

Read more about our inclusion approach [here](#).

Exclusions

Read more about our approach to exclusions [here](#).

Engagement

Read more about our engagement efforts [here](#).

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