



# Contents

## About this report

The purpose of this report is to provide a transparent and consolidated overview of our work on human rights within asset management. We aim to inform our stakeholders about how we integrate human rights into investment decisions, ownership activities and engagement.

The report also covers our governance, strategy, methodologies, targets and monitoring, as well as examples from operations. For definitions of key concepts and frameworks, please refer to the glossary in the appendix on page 10.

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# Our work on human rights

Handelsbanken Fonder's work is based on the view that, as investors, we have a responsibility to respect human rights. Furthermore, we believe that human rights and freedoms provide better conditions for long-term value creation and stable markets.

## The materiality of human rights for us as investors

The world is characterised by democratic backsliding and declining respect for human rights and fundamental freedoms, alongside a growing number of people affected by conflict, inequality, and threats of violence and oppression. Beyond the human suffering involved, this development entails a range of risks for markets, value chains and companies, as stable, open and peaceful societies are a prerequisite for well-functioning and competitive markets, as well as for the development of human capital and access to knowledge and information.

As asset managers, we have a responsibility to understand how these systemic risks affect, and are affected by, our investments. All companies, including financial institutions, have a responsibility under the United Nations Guiding Principles on Business and Human Rights to prevent or mitigate negative impacts on people in their operations and value chains. Handelsbanken and Handelsbanken Fonder have governance structures and policies in place relating to sustainability and human rights.

### Read more about policies, guidelines and governance:

- Handelsbanken's sustainability policy [here](#).
- Handelsbanken's human rights guidelines [here](#).
- Handelsbanken Fonder's policy on shareholder engagement and responsible investment [here](#).
- Read more about our overarching work with policies, guidelines and governance [here](#).



## The United Nations Guiding Principles on Business and human rights

The Guiding Principles constitute a global standard for how states and companies should prevent, address and remedy adverse human rights impacts related to business activities. The framework is based on three pillars:

- The state duty to protect human rights.
- The corporate responsibility to respect human rights.
- Access to remedy for those who are adversely affected.

The principles establish that companies, regardless of size, sector or geographic location, should respect all human rights and conduct human rights due diligence processes to identify, prevent and address risks of adverse impacts in their operations and business relationships.

Read more about the principles [here](#).

## About risk

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# Strategy

Our human rights strategy is built on three main pillars: reducing negative impacts, increasing positive impacts, and acting as an active owner. As an asset manager, we have a responsibility to identify and understand the financial risks and opportunities that human rights pose to our investments (financial materiality). In addition, in line with the UN Guiding Principles on Business and Human Rights and the [OECD guidelines for multinational enterprises](#), we also have a responsibility to respect human rights, with a clear focus on prioritizing the areas where impacts on people are most significant and severe—namely, those we assess to be the most salient human rights risks.

## Impacts, risks and opportunities

Through its global and diversified investment portfolio, the fund company is exposed to systemic shortcomings in respect for human rights at a global level. We have therefore developed a process to identify and manage the most severe forms of negative impact.

These issues may give rise to financial risks for the fund company, including through impacts on portfolio companies' reputation, regulatory sanctions, operational disruptions in supply chains, or changes in the value of investments. At the same time, a proactive and responsible approach to human rights issues can create opportunities by strengthening companies' long-term value, reducing risk exposure and increasing trust among investors and customers. By integrating both risk and opportunity perspectives into the investment process, the fund company can contribute to sustainable investments that create long-term value.

### The most salient human rights risks

This concept is used to highlight those human rights risks that are most severe for people. It encompasses both potential and actual adverse impacts arising from a company's operations and business relationships. Such risks may either have very severe consequences for individuals, affect a large number of people, or result in harm that is difficult to remedy.

The most significant risks are therefore given the highest priority in our governance, risk analysis, follow-up and engagement with companies, in line with the United Nations guiding principles on business and human rights.



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## Our human rights strategy

Our human rights strategy is based on three key pillars, reflecting our role as an asset manager and our responsibility to respect human rights while managing the financial risks and opportunities associated with human rights issues.

### 1 Reduce negative impacts



#### Why

Managing the risk of negative impacts is important in order to act in line with applicable frameworks, take responsibility and meet clients' expectations of us as an asset manager

#### Goal

We do not invest in companies that violate international norms and conventions.

#### Our methods and tools

- We identify and manage the most serious forms of impact in our portfolios..
- We exclude companies that have been confirmed to breach international norms, as well as sectors with elevated risks and limited opportunities for influence, such as prohibited weapons and tobacco.
- We conduct reactive and thematic engagement with companies in high-risk sectors and geographies, both directly and through collaborative initiatives.

### 2 Increase positive impacts



#### Why

Investing in companies that respect human rights and offer products or services with positive societal impact strengthens both business resilience and the ability to contribute to Agenda 2030.

#### Goal

For our Article 8 and Article 9 funds, a minimum share of sustainable investments is established. These consist of investments that contribute to one or more sustainability objectives, including objectives related to social development.

#### Our methods and tools

- We invest in companies working to achieve Agenda 2030 targets in areas such as health and socioeconomic development.
- We invest in green bonds and sustainability-linked bonds in areas such as water and sanitation and gender equality.

### 3 Be an active owner



#### Why

Active ownership is a key tool for identifying, reducing and managing negative impacts and risks in our portfolios, as well as capturing opportunities.

#### Goal

Between 2025 and 2030, to conduct engagement dialogues on human rights with at least 20 selected portfolio companies annually in priority sectors.

#### Our methods and tools

- We have developed a method for prioritising engagement, based on our entire portfolio, focusing on sectors with a high risk of exposure to the most serious impacts on people, companies' performance and our ability to influence.
- We conduct direct engagement with prioritised companies.
- We participate in initiatives and collaborations with selected companies in sectors that generally have a major impact on people in their operations and value chains.
- We vote on human rights-related issues where this is assessed to be in line with our voting policy.

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# Methods and tools

## Identification and management of the most serious forms of negative impact in our portfolios

As asset managers, under the UN Guiding Principles on Business and Human Rights, we have a responsibility to identify and prioritise the risks that have the most severe consequences for people.

### Identification of exposure

The asset management company invests globally, across many different sectors and regions. Our investment portfolios may therefore be exposed to risks of negative impacts related to the following serious issues:

- Modern slavery, including forced labour.
- Worst forms of child labour.
- Operations in high-risk and conflict-affected areas.
- Violations of Indigenous peoples' rights.
- Persecution of human rights defenders, organizations, and dissenting individuals.
- Extensive and severe negative impacts on local communities (for example related to environmental impacts or land rights).

We identify our exposure to the most material human rights issues by:

- Prioritising and analysing companies' human rights practices in particularly sensitive sectors and value chains, such as agriculture, mining, information and communication technology, textiles and apparel, construction and infrastructure, as well as high-risk commodities such as coffee, tea, rice, sugar, tomatoes, cocoa, palm oil and soy.
- Using risk-based screening to identify companies with inadequate risk management.
- Using reactive norm-based screening to capture reported suspected violations of human rights.

### Preventing or mitigating negative impacts

We manage identified negative impacts through a combination of tools:

- In accordance with the asset management company's responsible investment policy, all our funds exclude investments in companies involved in the production or distribution of prohibited weapons, nuclear weapons, businesses where more than 5 per cent of revenue comes from thermal coal extraction, or more than 30 per cent from coal-fired power generation, as well as companies involved in cigarette production. These activities are assessed as being associated with elevated risks of negative impacts and extremely limited oppor-



- tunities for influence.
- We exclude companies that have been found to violate international norms.
- Risk assessments of companies' processes for managing human rights (Human Rights Due Diligence, HRDD), with prioritisation of companies in sensitive sectors.
- Our human rights engagement activities are based on the prioritisation of companies in high-risk sectors and the serious issues we have identified.
- Applies an escalation process for companies with very high risks but limited conditions for influence.

### Monitoring and reporting

To ensure transparency and continuous improvement, we regularly monitor developments within our investments. This means that we:

- Continuously follow up on identified risks and measures taken to ensure that negative impacts are managed effectively.
- Publicly report on our work on human rights.

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## Human rights and labour rights engagement

### Basis for our engagement

Engagement dialogue is one of the most important tools investors can use to address human rights risks. Handelsbanken Fonder has therefore developed a specific engagement target of conducting dialogue with 20 prioritised companies per year.

### Prioritised engagements and expectations of companies

Our engagement on human rights is based on our assessment of the areas where we see the most salient risks of negative impacts on people. We therefore prioritise engagement with companies in sectors and geographies with an elevated risk of being linked to issues such as forced labour, worst forms of child labour, operations in high-risk and conflict-affected areas, violations of Indigenous peoples' rights, persecution of human rights defenders, organizations and dissenting individuals and extensive and severe negative impacts on local communities.

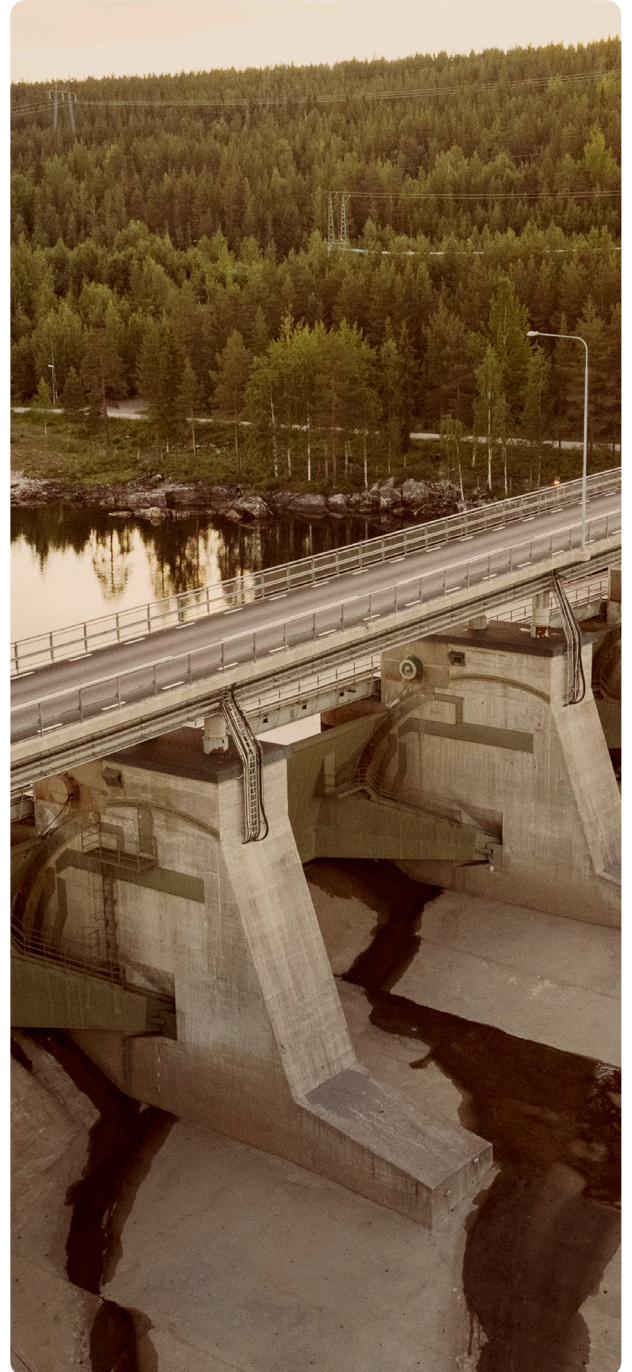
Handelsbanken Fonder has chosen to join collaborative initiatives in order to engage jointly with other investors with companies exposed to these and other material issues. Read more about these initiatives and collaborations [here](#).

In addition, we conduct our own direct dialogues, prioritising companies based on a screening methodology that combines data on our portfolios' exposure to high-risk activities, companies' risk management, and outcomes in the form of reported incidents. Another key measure in our engagement work is reactive engagement dialogues in prioritised cases of suspected serious human rights violations.

Handelsbanken Fonder's engagement efforts aim to encourage portfolio companies to respect human rights and operate in line with the UN Guiding Principles on Business and Human Rights. Prioritised dialogues are assigned objectives and are monitored over time.

### Voting on social issues

The fund company is generally supportive of shareholder proposals that promote increased transparency regarding risks related to human rights, including risks in the supply chain and among workers who are not covered by the company's direct employer responsibility. The fund company also supports proposals aimed at ensuring that companies live up to their responsibilities under international human rights conventions and the UN Guiding Principles on Business and Human Rights.



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# Targets and metrics

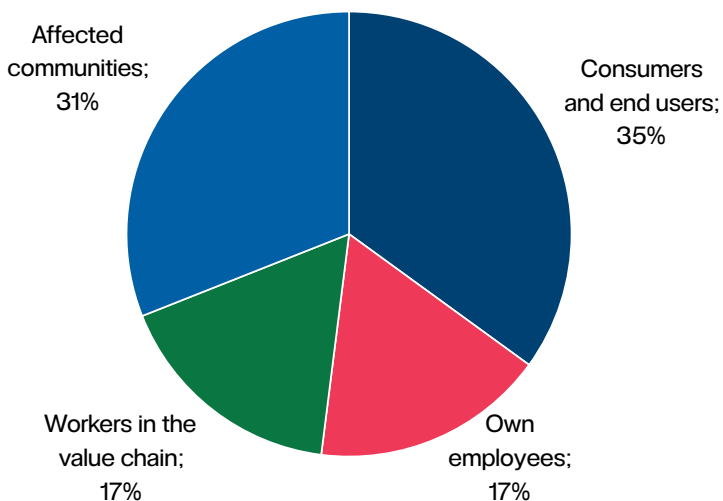
## Engagement target

Between 2025 and 2030, Handelsbanken Fonder intends to conduct engagement dialogues on human rights each year with at least 20 selected portfolio companies in prioritised sectors, such as mining, the apparel industry, construction, and the food sector.

## Number of dialogues on human rights and social issues

In 2025, we conducted 67 direct dialogues of our own and 143 dialogues together with other investors regarding human rights and social issues. In these dialogues, the entire value chain was discussed. The pie chart below shows the distribution of focus areas within our direct dialogues.

Our experience from direct engagements is that companies generally demonstrate a good willingness to engage in dialogue. However, the collaborative engagements in 2025 show more varied outcomes, where just over half of the incident-driven engagements demonstrated sufficient, good, or excellent willingness to engage, while the remaining engagements responded inadequately or not at all.



## Voting 2025

Handelsbanken Fonder voted on 171 items related to human rights at company annual general meetings.

## Dialogues

**23%** of our direct dialogues and **30%** of our dialogues together with other investors concerned human rights.

## 95 incident-driven engagements

were conducted via ISS with companies due to allegations of violations of human rights and labour rights.

## Project on conflict

Handelsbanken Fonder participated in a project in which dialogues were conducted with selected companies operating in conflict-affected and high-risk areas, which among other things resulted in the report Navigating Portfolio Exposure to Conflict-Affected and High-Risk Areas (CAHRA). Read the report [here](#).

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# Examples from our operations

Handelsbanken Funds have significant investments in value chains where metals and minerals are critical to the geopolitical, digital, and climate-related transition. At the same time, mining is associated with substantial impacts on nature and surrounding communities. Therefore, the mining sector is prioritised within the framework of our stewardship activities. Another central part of our work on human rights in global supply chains is the issue of living wages, where we focus on how low wages can lead to serious labour-related violations and thus constitute a particularly prioritised area for engagement.

## Human rights and the mining Industry

The fund management company expects mining companies to respect human rights and maintain good relationships with Indigenous Peoples and local communities. As these issues are highly prioritised, Handelsbanken Funds participate in dialogues with mining companies through the PRI Advance initiative.

### Respect for Indigenous Peoples' rights

The question of how mining companies manage social aspects and human rights is central to the sector's long-term sustainability and constitutes a clear example of a salient human rights issue in our portfolios. As investors, we consider it crucial that companies have clear processes in place to respect Indigenous Peoples' rights to ensure Free, Prior and Informed Consent (FPIC), and enable the participation of local communities in decisions that affect their living environment. In recent years, we have followed how a leading gold mining company has strengthened its governance around community engagement and human rights, including through a more consistent approach to managing relationships with Indigenous Peoples and local communities following a major acquisition.

### Artisanal Small-Scale Mining (ASM)

Small-scale and informal mining activities (Artisanal Small-Scale Mining, ASM) are linked to several of our most important human rights issues. This type of activity affects many people around the world and is often found in areas where the protection of human rights is weak. ASM provides livelihoods for millions of people, but can at the same time lead to land conflicts, environmental damage, poor working conditions, and the occurrence of child labour. In many regions, particularly in Africa and Latin America, ASM also takes place on land close to or within areas belonging to Indigenous Peoples. Due to how widespread ASM is, and how serious and sometimes irreversible the impacts can be, we view ASM as a salient human rights issue in many value chains. The number of people working in ASM and the volume of minerals extracted through



these activities are increasing and are expected to continue to increase. This means that the risks are also growing and need to be addressed. This is why, through PRI Advance, together with other investors, we engage in active dialogue on how ASM can become more formalised and regulated, so that the rights of people and communities are strengthened. In these dialogues, we emphasise, among other things, the importance of distinguishing between legal small-scale activities and illegal practices, as well as developing solutions through technical support, collaboration, and more transparent supply chains. The issue of ASM will therefore continue to be a prioritised theme in our engagement with the mining sector going forward.

## Human rights and living wages

Living wages are one of the most central issues in our work on human rights in global supply chains. Low wages often contribute to serious labour-related violations, which makes the wage issue a prioritised area in our engagement activities.

### Platform for Living Wage Financials (PLWF)

To further strengthen our work on human rights, Handelsbanken Fonder has joined the Platform for Living Wage Financials. The initiative works to ensure that companies in global supply chains pay living wages. A lack of living wages is a key cause of serious labour-related human rights violations, such as excessive and forced working hours, indebtedness, and child labour. Each year, the initiative assesses how companies manage wage issues in the textile, food, and retail sectors, which serves as a basis for joint engagement dialogues. Through our participation in PLWF, we work with one of our most important human rights issues in these value chains: the right to a living wage, and thereby the ability to meet basic needs. Read more about the initiative [here](#).

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## Voting on labour rights

Handelsbanken Fonder invests in many companies across several geographical markets. By voting at company general meetings, the fund company has the opportunity to influence companies' work on labour rights and other social issues.

The fund company is generally positive towards shareholder proposals that increase transparency regarding risks related to human rights, including risks affecting workers in the value chain. We also support proposals that promote companies living up to their responsibilities under international conventions and the UN Guiding Principles on Business and Human Rights.

## Some examples of how we voted in 2025

### Skywest Inc

A shareholder proposal requested that SkyWest, Inc. adopt and publicly disclose a non-interference policy ensuring respect for the right to freedom of association and collective bargaining in accordance with the ILO Declaration on Fundamental Principles and Rights at Work. SkyWest, Inc. is the holding company for the North American regional airline SkyWest Airlines as well as an aircraft leasing company. Against the background of the company's exposure to risks of violations of workers' rights,

Handelsbanken Fonder considered that such a policy would strengthen the protection of human rights and reduce business risks, and voted in favour of the proposal.

### Next Plc

Next Plc is a British multinational company selling clothing, footwear, and home furnishing products. A shareholder proposal requested that the company disclose how it determines base pay for hourly employees as well as for regularly contracted third-party workers, including which board committee oversees these issues. The proposal also requested information on the number of employees paid below the actual living wage, broken down by type of employment and working hours, as well as an analysis of the costs and benefits of introducing a living wage as the minimum wage. Next Plc disclosed some information on its pay policy and workforce strategy but lacked several of the details requested in the proposal. Given that wage levels had been identified as a material risk for the company, and in light of previous controversies related to pay and equal treatment, Handelsbanken Fonder considered that increased transparency would provide shareholders with better insight into how the company managed these risks. Handelsbanken Fonder therefore assessed that additional reporting was warranted and voted in favour of the proposal.

Read more about how the fund company votes [here](#).



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# Appendix

## Glossary

### **Agenda 2030 and the Sustainable Development Goals**

The UN resolution “Agenda 2030: Transforming our world” was adopted by the UN General Assembly in 2015. Agenda 2030 consists of 17 Sustainable Development Goals and 169 targets and aims to achieve long-term sustainable economic, social, and environmental development by eradicating extreme poverty, reducing inequalities and injustices worldwide, and combating climate change. Read more [here](#).

### **Human Rights Due Diligence (HRDD)**

A systematic process to identify, prevent, mitigate, and account for companies’ actual and potential adverse impacts on people. The process is based on international frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Responsible Business Conduct. Through HRDD, companies are expected to continuously assess risks in their operations and value chains, engage relevant stakeholders, and openly disclose how risks are managed and which measures are taken.

### **ILO Convention No. 169**

An international ILO convention concerning the protection of Indigenous and Tribal Peoples in independent countries. The Convention aims to ensure these Peoples’ rights to preserve and develop their identity, culture, language, and institutions, as well as to exert influence over land, natural resources, and development processes affecting them. It requires states, in consultation with the peoples concerned, to take special measures to protect their rights, ensure non-discrimination, and guarantee participation in decisions affecting their living conditions and territories. Read more [here](#).

### **OECD Guidelines for Multinational Enterprises**

Non-binding recommendations from governments to enterprises on responsible business conduct. The Guidelines aim to promote the contribution of multinational enterprises to economic, social, and environmental development, while preventing and addressing adverse impacts arising from corporate activities, products, and services. The Guidelines cover, among other areas, human rights, labour relations, environment, anti-corruption, and taxation, and constitute a central international standard for corporate responsibility, often used as a point of reference in legislation, codes of conduct, and investors’ due diligence work. Read more [here](#).

### **PRI Advance**

A global investor initiative within the framework of the Principles for Responsible Investment (PRI) focusing on corporate responsibility for human rights. The initiative brings together institutional investors who jointly engage with selected companies in sectors with elevated risk, including mining and commodities companies. Its purpose is to strengthen companies’ human rights due diligence processes, increase transparency regarding risks and measures, and contribute to the prevention and management of adverse impacts on people in the value chain. Read more [here](#).

### **UN Guiding Principles on Business and Human Rights**

The Principles were adopted by the United Nations in 2011 and constitute a global framework for how states and companies should work to respect human rights in business activities. The Principles are based on three pillars: the state duty to protect human rights, the corporate responsibility to respect them, and access to remedy for those affected. The framework underpins many international standards, guidelines, and regulations related to sustainable business conduct and responsible investment. Read more [here](#).

# Handelsbanken

handelsbanken.se

08-70110 00

106 70 Stockholm