## Handelsbanken

# Handelsbanken Fonder Companies in transition





#### Companies in transition

Phasing out fossil fuels and replacing them with renewable energy sources is essential to counteract climate change. Companies operating in fossil energy therefore face both significant risks and new opportunities.

To manage these factors, Handelsbanken Funds applies specific exclusion criteria. Most of our funds exclude companies where more than five percent of revenue comes from fossil fuels. For funds applying baseline exclusion criteria, some exposure is allowed – up to 50 percent from gas distribution and electricity generation with emissions above 100 g CO<sub>2</sub>e/kWh. Funds applying enhanced exclusion criteria have a stricter limit of a maximum of five percent.

Companies with higher exposure than five percent can still be included if they are actively transitioning and meet our requirements for transition plans. These companies play a crucial role in the global reduction of greenhouse gas emissions, and Handelsbanken Funds wants to contribute to this transition through responsible ownership.

#### Our requirements

To ensure that investments truly contribute to the transition, we apply quantitative criteria for companies in transition. All companies approved as companies in transition must meet the following basic requirements:

- The company must have ambitious climate targets, for example in line with the Science Based Targets initiative (SBTi)\* or equivalent, or have committed to setting a Science Based Target
- The company's current operations must not primarily consist of fossil energy
- The company has a maximum of 5% revenue from coal power

These basic requirements, with additional conditions, are applied differently depending on the type of fund, both for our funds that follow enhanced exclusion criteria and for index funds that follow Paris Aligned Benchmarks. We continuously evaluate these requirements to ensure they remain relevant as sustainability reporting, transition technologies, and target-setting methods evolve over time.

#### **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.

<sup>\*</sup> The Science Based Targets initiative is a collaboration between CDP, WRI, WWF, We Mean Business and the UN Global Compact. The initiative supports companies in setting climate targets in line with what climate science deems necessary for each sector and business for the world to meet the goal of limiting global warming to 1.5°C.

#### Companies in transition in funds with Enhanced exclusion criteria

Companies with more than 5 percent revenue from gas distribution or power generation with emissions above 100 g  $\rm CO_2e/kWh$  must meet all of the following criteria:

#### Revenue thresholds

- Maximum 50% from gas distribution
- Maximum 50% from power generation with emissions above 100 g CO<sub>2</sub>e/kWh
- Maximum 50% from fossil fuels in total
- Maximum 5% from coal power

#### Climate targets

The company has ambitious climate targets, for example in line with the Science Based Targets initiative (SBTi) or equivalent, or has committed to setting a Science Based Target.

#### Companies in transition in Paris Aligned Benchmarks Index funds

For index funds that follow Paris Aligned Benchmarks (PAB), the selection process is regulated according to the Benchmark Regulation and governed by quantitative rules within the framework of the index methodology. According to the methodology, exceptions to the five percent criteria regarding fossil fuels are made if all of the following criteria are met:

#### Revenue thresholds

- Minimum 10% renewable power generation
- Maximum 50% from gas distribution
- Maximum 50% from power generation with emissions above 100 g CO\_e/kWhh
- Maximum 50% from fossil fuels in total
- Maximum 5% from coal power

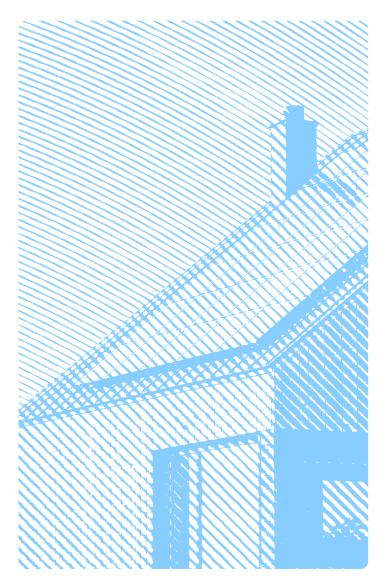
#### Climate targets

The company has established and published targets in accordance with the requirements of the Science Based Targets initiative (SBTi) to transform its operations in line with the Paris Agreement.

#### Decision-making process and follow-up

Handelsbanken Funds' Sustainability Committee prepares the basis for decisions by the fund company's CEO on whether a company meets the requirements to be classified as a company in transition.

Currently, 78 companies are approved as companies in transition for funds with enhanced exclusion criteria, which means that the fund company's actively managed equity and fixed-income funds, actively managed allocation funds, and certain passively managed funds can invest in these companies.



We regularly follow up on the approved companies to ensure that our requirements for qualifying as a company in transition continue to be met.

#### Learn more

Environment and Climate Change – Handelsbanken's Guidelines Policy for Shareholder Engagement and Responsible Investment

\* On January 1, 2018, new rules for benchmarks came into effect in the EU through the EU Benchmark Regulation (BMR). These rules apply to all companies that provide indices used as benchmarks and to companies that report to such indices.

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## Approved companies in transition for funds with enhanced exclusion criteria, as of 30 September 2025

A2A SpA	ENGIE SA	National Grid North America, Inc.
ACWA Power Co.	EVN AG	National Grid Plc
ATCO Ltd.	Electricity Supply Board Ltd.	NextEra Energy Capital Holdings, Inc.
Air Water, Inc.	En+ Group International PJSC	NextEra Energy, Inc.
Algonquin Power & Utilities Corp.	Endesa SA	Nippon Express Holdings, Inc.
Asia Cement Corp.	Enel Americas SA	Northland Power Inc.
Atlantica Sustainable Infrastructure Ltd.	Enel Chile SA	Orsted A/S
Avangrid, Inc.	Enel Generacion Chile SA	PECO Energy Co.
BKW AG	Enel Investment Holding BV	PG&E Corporation
Baltimore Gas & Electric Co.	Enel SpA	Pacific Gas and Electric Company
Brookfield Infrastructure Partners LP	Energia Group Ltd.	Polenergia SA
CK Infrastructure Holdings Limited	Energia Group NI FinanceCo Plc	REN Finance BV
Canadian Utilities Limited	Energia Group NI Holdings Ltd.	Redes Energeticas Nacionais SGPS SA
Carrefour Banque SA	Enka Insaat ve Sanayi AS	SSE Plc
Carrefour SA	Essential Utilities, Inc.	San Diego Gas & Electric Co.
Centrica Plc	Fortis Inc.	Scottish Power Ltd.
Companhia Energetica de Minas Gerais SA	Fortum Oyj	Sobeys, Inc.
Constellation Energy Corporation	Greenvolt Energias Renovaveis SA	Stedin Holding NV
Constellation Energy Generation LLC	Hera SpA	TOKAI Holdings Corp.
Contact Energy Ltd	Iberdrola International BV	The Navigator Co. SA
Delmarva Power & Light Co.	lberdrola SA	Vattenfall AB
E.ON SE	Ignitis grupe AB	Vector Limited
EDP Finance BV	Iren SpA	Veolia Environment SA
EDP SA	KELAG-Kaerntner Elektrizitaets-AG	Viridian Group FundCo II Ltd.
ENCE Energia y Celulosa, SA	Latvenergo AS	Wm Morrison Supermarkets Ltd.
ENGIE Brasil Energia SA	MVV Energie AG	YTL Corporation Berhad

## Approved companies in transition for Paris Aligned Benchmarks Index funds, as of 30 September 2025

Enel Chile SA  Companhia Energetica de Minas Gerais SA  ENGIE SA  Fortum Oyj  EDP SA  Enel Americas SA  Contact Energy Ltd  Contact Energy Ltd	Orsted A/S	Enel SpA	ENGIE Brasil Energia SA
Fortum Oyj EDP SA	Enel Chile SA	Endesa SA	Contact Energy Ltd
	Companhia Energetica de Minas Gerais SA	ENGIE SA	
lberdrola SA Enel Americas SA	Fortum Oyj	EDP SA	
	lberdrola SA	Enel Americas SA	

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handelsbanken.se 08-701 10 00 106 70 Stockholm