

# Exclusion strategy

## About Handelsbanken Fonder

Handelsbanken Fonder AB (the fund company) conducts fund management in UCITS funds and alternative investment funds. The fund company engages in portfolio management and, to a limited extent, investment advisory services for other companies within the Handelsbanken Group. The fund company is part of the Handelsbanken Group as a wholly owned subsidiary of Svenska Handelsbanken AB (plc).

The primary objective of Handelsbanken Fonder is to generate financial returns while contributing to sustainable development through investment portfolios that are aligned with the Paris Agreement, as well as to, through the fund company's operations, contribute to the Sustainable Development Goals (as defined in Agenda 2030) to the greatest extent possible.

Being a responsible investor and shareholder is a central part of our approach to asset management. In the view of the fund company, acting responsibly is an essential condition for long-term value creation in a company. Consequently, responsible investments are an important prerequisite to attaining our objective of generating satisfactory long-term returns, and the consideration of sustainability risks is an integral component in the management of funds and portfolios as well as in the fund company's investment advisory services.

The fund company's long-term investment horizon, our sustainability goals, as well as the insight that sustainability is fundamental to a sound management of both risks and returns, are the foundation of the fund company's Exclusion strategy.

## What we exclude

The Policy for Shareholder Engagement and Responsible Investment sets the direction of the fund company's responsible investment efforts and its actions as an investor and shareholder. The Policy is approved by the Board of Directors at Handelsbanken Fonder at least annually.

The policy has determined business activities in which the fund company does not invest. The fund company's position is based on the following rationale:

- Certain products and services face a high risk of adversely impacting the wider society and other stakeholders.
- The business activities are incompatible with the role of a responsible investor, a long-term investment perspective and investing for a sustainable development and future.
- Certain products and services involve increased sustainability risks in the companies' value chains, and in our assessment the risks are not manageable.

## The fund company excludes investments in:

- Companies involved in the production or distribution of weapons banned under international law, such as cluster weapons, antipersonnel mines, biological and chemical weapons.
- Companies involved in the production or distribution of nuclear weapons.
- Companies whose revenue to more than 5% derives from the extraction of thermal coal, or whose revenue to more than 30% derives from coal power generation.
- Companies involved in the production of cigarettes.

## Levels of exclusion in our fund offering

In addition to what the fund company excludes according to the Policy for Shareholder Engagement and Responsible Investment, the fund company offers funds in two different levels of exclusion; Basic and Enhanced exclusion level (Criteria). Please see more details below:

### Basic exclusions

	Production	Distribution
Banned weapons*	0%	0%
Nuclear weapons	0%	0%
Tobacco	0%	5%
Cannabis**	5%	5%
Pornography	0%	5%
Commercial gambling	5%	5%
Fossil fuels – exploration, extraction, distribution and refining	5%	5%
Fossil fuels – power generation***	5%	5%
Tar sands	0%	-
Does not invest in companies that according to the fund company's assessment are in violation of international norms and conventions.		

### Enhanced exclusions (Criteria)

	Production	Distribution
Banned weapons*	0%	0%
Nuclear weapons	0%	0%
Weapons and military equipment	5%	5%
Tobacco	0%	5%
Alcohol	5%	5%
Cannabis**	5%	5%
Pornography	0%	5%
Commercial gambling	5%	5%
Fossil fuels – exploration, extraction, distribution and refining	5%	5%
Fossil fuels – power generation***	5%	5%
Tar sands	0%	-
Does not invest in companies that according to the fund company's assessment are in violation of international norms and conventions.		

\* Cluster bombs, anti-personnel mines, chemical and biological weapons.

\*\* Companies that manufacture pharmaceuticals that contain an active cannabis substance and has been tested and approved by a national pharmaceutical agency or equivalent are an exception and investable.

\*\*\* For most of our funds, the principle of excluding fossil fuels can be suspended for a period of time if the company meets our requirements for qualifying as a company in transition. For more information, see each fund's prospectus.