

Inclusion strategy



Our vision

Handelsbanken Fonder’s main goals are to create returns for our customers, to contribute to sustainable development through fund management aligned with the Paris Agreement, and to contribute to the UN’s 17 Sustainable Development Goals (SDGs) to the greatest extent possible. Our engagement as a responsible investor and owner is essential to our fund management.

The starting point for our work includes the core values of Handelsbanken, our commitments and the international norms and conventions that the fund company respects. The 2030 Agenda and the SDGs provide guidance for our investments. 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 inclusion strategy*.

Our sustainability goals

1. Align our assets under management with the Paris Agreement climate goals and attain net-zero greenhouse gas emissions by 2040.
2. Increase our contributions to the SDGs in the 2030 Agenda.



Inclusion

We have a long-term investment horizon and therefore include investments in companies that have long-term, sustainable business models and directly contribute to Agenda 2030 and the SDGs.

We actively seek investments in:

- Companies with sustainable business operations or whose products and services contribute to sustainable development.
- Companies that contribute to the transition to a low-carbon economy in line with the goals of the Paris Agreement. Refer to the section below on "Inclusion of companies in transition".

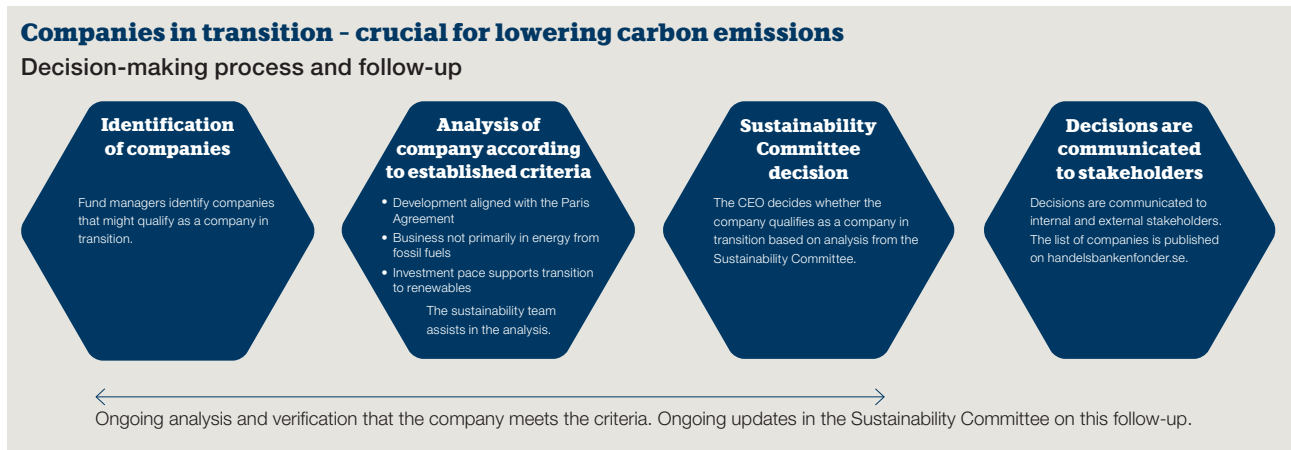


Inclusion of companies in transition

We want to be involved in the transition to a low-carbon world, and currently see a number of investment opportunities in companies that are shifting their operations from production of fossil fuel energy to renewable energy. We have therefore decided that we can accept a certain exposure to fossil fuels if the company meets our requirements to qualify as a company in transition. This is applicable to the majority of our funds. The requirements apply to companies in electrical power generation, transmission and distribution.

Our criteria for companies in transition:

- The company's business development follows a clear, defined plan in which the goal is to reduce the company's carbon dioxide emissions in line with the Paris Agreement.
- The company's current operations must not consist mainly of fossil fuel energy.
- The company's current pace of investment supports the transition to reduce carbon dioxide emissions in line with the Paris Agreement.



Application in different asset management strategies

Actively managed equity and fixed income funds

Company analysis is decisive in our active management. The purpose of the analysis is to identify and invest in the right company or corporate bonds. The analysis helps to identify risks in the companies' business models and to find the companies that are at the forefront of the transition to sustainable development (companies in transition). Each portfolio company or issuer is carefully analysed based on relevant issues concerning strategy, financial and non-financial results and risks, capital structure, social and environmental impact, and corporate governance. The analysis is based on information from the companies, external sources and our own analysis. Companies can be included on the basis of their operational sustainability performance, or their products and services. Companies in transition can be included as well.

Actively managed fund-of-funds

Sustainability is a key component in analysis within the management of fund-of-funds. Investments are based on a comprehensive analysis of fund companies and funds – regardless of whether the funds are Handelsbanken Fonder's own or another fund provider's. Funds are included on the basis of this analysis. The evaluation of a fund company includes

its organisational structure, sustainability, fund management team and investment process. Demands are, for example, made on the company needing a systematic process for its sustainability efforts. The fund company's sustainability ambitions for the future are also assessed. No distinction is made between funds managed internally and those managed by external fund managers. The funds included in actively managed fund-of-funds can also include companies in transition. In this type of management, we also actively seek funds that specifically focus on contributing to the SDGs.

Index and rules-based funds

For our index funds and rules-based funds, the funds' sustainability requirements are integrated into the index methodology or rules-based strategy that guide the funds' investments. The selection for inclusion of funds is based on the company's operational sustainability performance or the company's products and services. The assessment is based on data from an external provider of ESG analysis. Some of the funds may also include companies in transition. The scope of and further details regarding these sustainability requirements are available in each fund's prospectus under the section "Sustainability requirements in index".