Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Discretionary Portfolio Management + (the "**Discretionary Portfolio Management +**") **Legal entity identifier:** N/A

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Discretionary Portfolio Management + promotes:

1) The investments in a diversified portfolio of mutual funds, (the "**Underlying Funds**"), for which environmental, social and governance ("**ESG**") factors have been integrated into the investment process as a way to foster positive change; and
2) The exclusion of investments in certain controversial sectors and investments that do not respect certain societal and international norms (the "**Exclusion Criteria**"). Further details on the nature of these exclusions are set out in response to the question, "*What investment strategy does this financial product follow*?" below.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Discretionary Portfolio Management + .

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Discretionary Portfolio Management + are:

- The share of the portfolio invested in Article 8 SFDR Underlying Funds;
- The share of the portfolio invested in Article 9 SFDR Underlying Funds; and
- The percentage of investments that do not comply with the Discretionary Portfolio Management + ‘s Exclusion Criteria.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Svenska Handelsbanken AB, (Publ), Luxembourg Branch (the “**Luxembourg Branch**”) relies on the methodologies developed by the Underlying Funds’ managers to define and assess contribution of their investments towards environmental and/or social objective(s).

The Luxembourg Branch has defined an evaluation methodology that aims to measure the share of the Discretionary Portfolio Management +’s that contributes to environmental or social objectives by applying a look through analysis.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Luxembourg Branch relies on the methodologies developed by the Underlying Funds’ managers to ensure that none of the Discretionary Portfolio Management +’s sustainable investments significantly harm any environmental and/or social objective.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Luxembourg Branch relies on the methodologies developed by the Underlying Funds’ investment managers to take into account all mandatory Principal Adverse Impact indicators (“PAI”) as per Annex I CDR Regulation (EU) 2022/1288 and ensure these investments do not significantly harm any environmental and/or social objective.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Luxembourg Branch relies on the methodologies developed by the Underlying Funds’ investment managers to ensure that the portion of sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In addition, the Discretionary Portfolio Management + will not invest in any Underlying Fund with exposure to companies that have been identified as being in violations of the UNGC principles or OECD Guidelines for Multinational Enterprise.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Discretionary Portfolio Management + considers principal adverse impacts ("**PAIs**") as follows.

Indicators applicable to investments in investee companies

Environmental – GHG emissions

- Table 1, indicator 1 – Scope 1 + 2 + 3 carbon emissions portfolio assessment.
- Table 1, indicator 4 – Share of investments in companies active in the fossil fuel sector: in the portfolio management, fossil fuels are excluded, and underlying exposure is only permitted to:
    - (i) companies whose involvement in fossil fuels is below the threshold values for the exclusion strategy (5% production/distribution, 50% services).
    - (ii) approved companies in transition[1].

Companies and Underlying Funds that invest in companies that carry out the extraction of Arctic oil, coal mining, or the extraction of oil sands, are excluded entirely.

Social and employee matters

- Table 1, indicator 10 – Share of investments in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprise: the Discretionary Portfolio Management + will not invest directly in companies, nor in any Underlying Fund exposed to companies, that have been identified as being in violations of the UNGC principles or OECD Guidelines for Multinational Enterprise.
- Table 1, indicator 14 – Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons): the Discretionary Portfolio

[1] As defined under Handelsbanken Fonder's *'Inclusion of companies in transition'* methodology documentation (cf. https://www.handelsbanken.se/sv/om-oss/svenska-dotterbolag/handelsbanken-fonder/our-work; https://www.handelsbanken.se/tron/public/info/contents/v1/document/32-93856).

Management + will not invest directly in companies, nor in any Underlying Fund with exposure to companies exposed or having ties with the production of controversial weapons.

Indicators applicable to investments in sovereigns and supranationals

Social

- Table 1, indicator 16 – Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law: the Discretionary Portfolio Management + will not invest directly in sovereigns and supranationals, nor in any Underlying Fund with exposure to sovereigns and supranationals, subject to social violations.

The Luxembourg Branch relies on quantitative data provided by a third-party provider to consider the Discretionary Portfolio Management +'s principal adverse impacts on sustainability factors.

More information on how PAIs have been considered during the reference period will be made available in the periodic reporting of the Discretionary Portfolio Management +.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The composition of the portfolio is largely made of investments selected by the group's management company ("Handelsbanken Fonder AB"), depending on the different risk model portfolios (low, medium and high risk) agreed with each client; the portfolios are mainly composed of mutual funds, some of them being selected locally by the Luxembourg Branch in order to accommodate the clients' specific expectations in terms of currency and/or geographical repartition.

Underlying Funds

To attain the environmental and/or social characteristics promoted, the Discretionary Portfolio Management + will invest in a diversified portfolio of mutual funds that either:

(i) are financial products referred to in Article 8 SFDR and which the Luxembourg Branch has determined satisfy its requirements of aligning with the environmental and social characteristics promoted by the Fund ("Article 8 SFDR Underlying Funds"); or

(ii) are financial products referred to in Article 9 SFDR and which the Luxembourg Branch has determined satisfy its requirements of aligning with the environmental and social characteristics promoted by the Fund ("Article 9 SFDR Underlying Funds").

Exclusion Criteria

The Discretionary Portfolio Management + also ensures that investments in prohibited weapons, nuclear weapons, the armaments industry, tobacco, alcohol, commercial gambling, pornography and the extraction and refinement of fossil fuels are excluded from the portfolio. Companies and Underlying Funds that invest in companies that carry out the extraction of Arctic oil, coal mining, or the extraction of oil sands, are excluded entirely.

Furthermore, the Discretionary Portfolio Management + also ensures that investments in companies that have been identified as being in violations of the UNGC principles or OECD Guidelines for Multinational Enterprise and investments in sovereigns and supranationals subject to social violations are excluded from the portfolio.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are:

- The Discretionary Portfolio Management + will invest in either:
  - Article 8 SFDR Underlying Funds; or
  - Article 9 SFDR Underlying Funds.
- The Discretionary Portfolio Management + will not invest in companies, mutual funds and states that do not comply with the Exclusion Criteria.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices by investee companies, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance are ensured through investing in Article 8 or Article 9 SFDR products, which in turn are required to ensure the good governance practices of their investee companies. For direct investments, the Discretionary Portfolio Management + will exclude companies falling within the "Severe" category of the controversy score as measured by Sustainalytics. Further information on the methodology of this rating can be found in the website disclosures.

What is the asset allocation planned for this financial product?

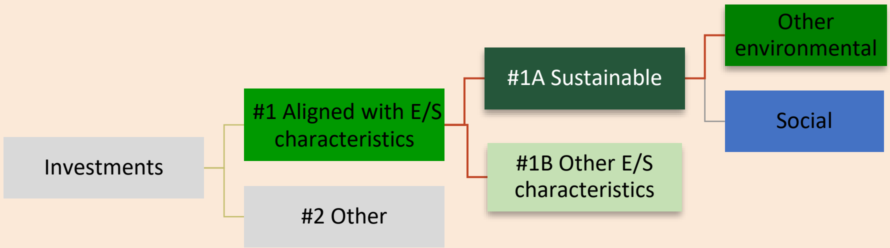
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure**

At least 51% of the Discretionary Portfolio Management +'s NAV will be invested in assets that qualify as aligned with E/S characteristics (#1 Aligned with E/S characteristics).

Among these, the Discretionary Portfolio Management + commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10% of the portfolio on an aggregated basis (#1A Sustainable).

The Discretionary Portfolio Management + is allowed to invest up to 49% of its NAV in cash, cash equivalents, hedging instruments and/or investments that do not meet the environmental and or social characteristics promoted (#2 Other).



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Discretionary Portfolio Management + does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?**

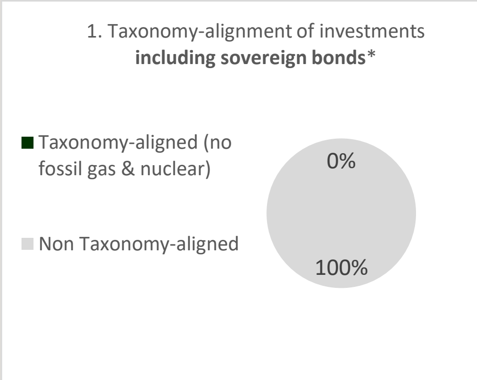
☐ Yes:

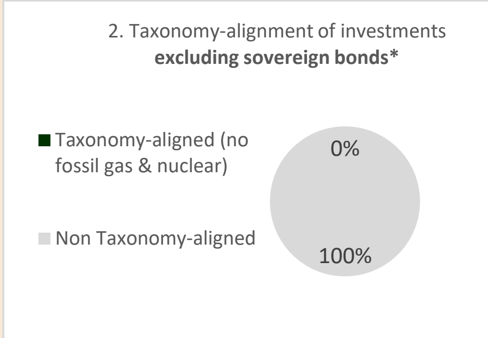
☐ In fossil gas ☐ In nuclear energy

☒ No

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*
***As the Discretionary Portfolio Management + does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of sovereign bonds in the Discretionary Portfolio Management +'s portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

What is the minimum share of investments in transitional and enabling activities?

As the Discretionary Portfolio Management + does not commit to making any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Discretionary Portfolio Management + commits to a minimum 1% of sustainable investments with an environmental objective aligned with SFDR. These investments could be aligned with the EU Taxonomy, but the Luxembourg Branch is not currently in a position to specify the exact proportion of the Discretionary Portfolio Management +'s investments which take into account the EU criteria for environmentally sustainable economic activities.

What is the minimum share of socially sustainable investments?

The minimum share of socially sustainable investments that the Discretionary Portfolio Management + commits to make is 1%.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The Discretionary Portfolio Management + may hold ancillary liquidities and use financial derivative instruments for hedging purposes. As these instruments are not expected to detrimentally affect the attainment of the financial product's environmental and social characteristics, no minimum environmental or social safeguards are applied.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website: