

# Statement on principal adverse impacts of investment decisions on sustainability factors

	<b>Financial market participant:</b> Handelsbanken (Corporate identity number: 502007-7862) (LEI number: NHBDILHZTYCNBV5UYZ31)
	<p><b>Summary:</b></p> <p>Handelsbanken (Corporate identity number: 502007-7862) (LEI number: NHBDILHZTYCNBV5UYZ31) considers the principal adverse impacts of its investment decisions on sustainability factors. This statement on principal adverse sustainability impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.</p> <p>The statement refers to Handelsbanken AB's portfolio management in Sweden. Subsidiaries of Handelsbanken AB and international branches prepare separate statements on principal adverse impacts of investment decisions on sustainability factors, and are therefore not covered by this statement. The statement encompasses directly owned assets, assets in funds managed by Handelsbanken Fonder AB and assets in external funds.</p> <p>In its portfolio management, Handelsbanken assesses potential adverse impacts on sustainability factors, and has identified these as principally covering factors such as climate, environment, human rights, anti-corruption, labour law and gender equality.</p> <p>Handelsbanken's portfolio management obtains data, and monitors 18 mandatory and two optional sustainability indicators, in line with the prioritised areas for Handelsbanken Fonder AB, which constitutes the majority of the holdings in the portfolio management in Sweden. The statement is in compliance with the requirements of Article 6 in Delegated Regulation 2022/1288. The indicators are presented below, under the section Description of principal adverse impacts on sustainability factors. Analysis of these indicators will lead to actions being taken in line with the strategies for inclusion, exclusion and engagement. An explanation of the progress of each indicator will be given when past results are available, and implemented actions as well as planned actions and goals for the upcoming reference period will be reported. As over 80% of the capital has been allocated to Handelsbanken's funds, and the fund management is assigned to Handelsbanken Fonder AB (also referred to as the portfolio manager below) by Handelsbanken AB, information about Handelsbanken Fonder's policies and measures taken is also presented in this statement.</p>

Portfolio management uses indicators within the following areas (among others): GHG emissions, energy efficiency, biodiversity, water, waste, social and employee-related matters, human rights, the environment, anti-corruption and anti-bribery matters, to identify and prioritise principal adverse impacts.

This statement for the 2024 financial year is the third of its kind published by Handelsbanken, and it will be updated on a yearly basis. The statement encompasses the Swedish operations' portfolio management, where the majority of assets are managed, and is available in either English or Swedish. In the event that principal adverse impacts on sustainability factors have not been taken into account for a particular portfolio, or the integration of the sustainability factors on the portfolio level deviates from what has been set out in this statement, this will be presented in the respective portfolio's pre-purchase information. Portfolio management may consist of either funds or other financial instruments. Handelsbanken Sweden has assigned the management of discretionary portfolios to Handelsbanken Fonder.

## Principal adverse sustainability impacts statement

**Table 1:**  
**Indicators applicable to investments in investee companies**

	Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
GHG emissions	1. GHG emissions							
		Scope 1 GHG emissions	127,894 tCO <sub>2</sub> e	133,121 tCO <sub>2</sub> e	141,769 tCO <sub>2</sub> e	The Bank notes a continued decrease in the indicators measuring GHG emissions related to Scopes 1 and 2. At the same time, an increase in emissions related to Scope 3 was noted. According to the analysis, the increase is primarily explained by improved access to reported data.	Handelsbanken has assigned the management of its Swedish portfolios to Handelsbanken Fonder, which has a target of reducing the carbon footprint of the investment portfolio, measured as tCO <sub>2</sub> e per EVIC (Enterprise value including cash) for the portfolio companies, by 50 per cent by the year 2030, with 2020 as the baseline year. The target includes all emissions in the companies' value chains, i.e. Scopes 1, 2 and 3. The baseline year was chosen on the basis of data availability, with 2020 as the earliest possible year for which updated Scope 3 data from the fund management company's data supplier is available. It was developed in accordance with the Net Zero Investment Framework (NZIF) as a part of the fund manager's obligations within Net Zero Asset Managers (NZAM). The portfolio manager presented its fourth progress report to NZAM in 2024.	
		Scope 2 GHG emissions	40,804 tCO <sub>2</sub> e	47,123 tCO <sub>2</sub> e	52,360 tCO <sub>2</sub> e			
		Scope 3 GHG emissions	4,233,955 tCO <sub>2</sub> e	4,166,210 tCO <sub>2</sub> e	3,163,011 tCO <sub>2</sub> e			
		Total GHG emissions	4,402,654 tCO <sub>2</sub> e	4,346,454 tCO <sub>2</sub> e	3,357,140 tCO <sub>2</sub> e			
	2. Carbon footprint		574.02 tonnes CO <sub>2</sub> e/EUR m EVIC (Enterprise Value Including Cash)	638,68 tonnes CO <sub>2</sub> e/EUR m EVIC (Enterprise Value Including Cash)	470,82 tonnes CO <sub>2</sub> e/EUR m EVIC (Enterprise Value Including Cash)	The majority of the portfolio management's total carbon footprint derives from companies with established emissions reduction targets approved by the Science Based Targets initiative (SBTi).		
	3. GHG intensity of investee company	GHG intensity of investee company	1424.35 tCO <sub>2</sub> e/EUR m Revenue	1,680.14 tCO <sub>2</sub> e/EUR m Revenue	1,089.24 tCO <sub>2</sub> e/EUR m Revenue			

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							<p>During the year, the portfolio manager voted in favour of the majority of shareholder motions pertaining to climate-related matters, such as pushing companies to ensure their lobbying work aligns with the Paris Agreement. The portfolio manager has also carried out its own engagement work through dialogues with most of the larger emitters. The purpose of the dialogues is to pressure the companies into clearly reporting and reducing their emissions. Handelsbanken has not set time-bound targets for the reduction of GHG emissions or implemented forward-looking climate scenario analyses for its directly owned assets in discretionary mandates to the same extent as for assets in funds managed by Handelsbanken Fonder.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.81%	0.49%	0.55%	<p>Through its exclusion strategy, portfolio management only has exposure to:</p> <p>(i) companies whose involvement in fossil fuels is below the threshold value for exclusion (5% production/distribution, 50% services)</p> <p>(ii) approved companies in transition.</p> <p>Exposure to companies active in the fossil fuel sector has remained low at the aggregated level in 2024.</p>	<p>Handelsbanken has implemented restrictions on business relationships with companies linked to the extraction of fossil fuels. For example, the Bank must avoid directly financing new coal mines, the expansion of existing mines, and coal power generation. This is because such operations are not considered in line with a global reduction of carbon dioxide emissions towards the 1.5°C goal. Handelsbanken aims to be a part of the transition to a world with low carbon dioxide emissions, and here the word transition is crucial. Companies that make the transition from fossil energy production to renewable energy production are key players when it comes to the actual reduction of total carbon dioxide emissions in the real economy.</p> <p>The portfolio manager therefore accepts a certain degree of exposure to fossil fuels if the company it invests in meets the requirements to qualify as a company in transition. Investments in companies in transition are expected to remain in place during the next reference period.</p>
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of	Consumption: 54.39% Production: 13.43%	Consumption: 57.44% Production: 16.23%	Consumption: 59.45% Production: 19.94%	For this year's outcome, the share of non-renewable energy consumption and the share of non-renewable	In the portfolio manager's proactive influence work, the issue of non-renewable energy consumption and production is addressed through dialogues with the companies concerned.

		investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources				energy production have decreased.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	(NACE Sector) A: 0.28 B: 1.90 C: 0.44 D: 1.63 E: 1.03 F: 0.12 G: 0.18 H: 9.90 L: 0.49 (GWh/EUR m)	(NACE Sector) A: 0.44 B: 3.52 C: 2.19 D: 1.79 E: 1.01 F: 0.77 G: 0.085 H: 1.34 L: 0.49 (GWh/EUR m)	(NACE Sector) A: 0.50 B: 5.43 C: 58.91 D: 1.60 E: 0.66 F: 2.57 G: 1.81 H: 2.20 L: 0.49 (GWh/EUR m)	The Bank's analysis points to marginal changes for the majority of sectors. It is noted that the most significant change is in sector H. The main explanation is the change in exposure to the sectors and improved reporting of companies with high energy consumption intensity.	In the portfolio manager's proactive influence work, the issue of increased energy efficiency is addressed through dialogues with the companies concerned.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.44%	1.35%	1.30%	Handelsbanken notes that the outcome for 2024 is largely unchanged, and that a slight improvement in coverage has taken place, amounting to over 77% for 2024.	During the year, the portfolio manager has specifically addressed biodiversity in 61 of its proactive direct dialogues.  In 2024, the portfolio manager refined its strategy and reporting as regards biodiversity based on guidance from TNFD and in the light of a comprehensive mapping of the investment portfolio's impact and dependency on nature and its ecosystem services. The work involved the development of a methodology for the prioritisation of company dialogues on biodiversity. In addition to direct dialogues, the portfolio manager participates in wider dialogues on the matter with other investors through Nature Action 100, FAIRR, Sustainalytics and IIHC.  The question remains a priority in the portfolio manager's engagement work.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.60 tonnes/EUR m	1.54 tonnes/EUR m	0.21 tonnes/EUR m	Handelsbanken notes that coverage for the indicator is under 10%. The expectation is that the result will change as the coverage increases, and that the outcome will then better reflect actual impact. A decrease in emissions to water is noted for this year's outcome.	Controversies in this area are included in the norm screening that the portfolio manager purchases from ISS ESG, and major cases which are deemed to be particularly serious will be included in the regular work with norms.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive	1.25 tonnes/EUR m	1.13 tonnes/EUR m	2.72 tonnes/EUR m	The Bank notes a deterioration in the outcome for 2024, as well	Controversies in this area are included in the norm screening that the portfolio manager purchases from

		waste generated by investee companies per million EUR invested, expressed as a weighted average				as an improved coverage rate, which for 2024 is above 73%.	ISS ESG, and major cases which are deemed to be particularly serious will be included in the regular work with norms.
	<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	0.00	0.00	The portfolio manager does not invest in companies that have verified violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. The assessment is based on data from ISS ESG. In exceptional cases, an existing holding may be reclassified due to a change in the analysis. In such cases, the holding will be disposed of as soon as is practically possible. Some exposure may remain, however, during the brief period between the change of signal and the actual disposal.	<p>The portfolio manager applies continued regular screening and exclusion criteria linked to verified breaches of international norms. In the event that a company is deemed not to have taken adequate measures, following such breaches, the holding is divested.</p> <p>The portfolio manager participates in regular dialogues with other investors regarding companies with verified violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises, and also regarding companies subject to allegations of such violations.</p> <p>The engagement work with companies as regards these matters remains a prioritised part of the portfolio manager's responsible investment work.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	57.30%	41.62%	45.00%	The Bank notes a deterioration in the outcome for 2024.	<p>The matter is addressed by the portfolio manager in the relevant cases within the framework for engagement work with companies plus, where applicable, by voting at shareholders' meetings when motions concerning this area are on the agenda.</p> <p>The matter remains a prioritised part of the portfolio manager's engagement work.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	7.38%	4.62%	5.33%	Coverage for this indicator remains low. The Bank notes a marginal increase	At the shareholders' meeting prioritised for voting and where motions in this area are on the

						in coverage in 2024, though it remains under 3%. The expectation is that outcome for the indicator will change as coverage increases, and thereby better reflect the actual impact. However, for the year in question the outcome for the indicator has increased.	agenda, the portfolio manager performs analyses and exercises its voting rights in accordance with these.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Women: 35.90% Men: 64.10%	Women: 34.70% Men: 65.30%	Women: 30.82% Men: 69.18%	The Bank notes an improvement in the outcome for 2024, as the share of female Board members has increased. In addition, the coverage rate for the indicator exceeds 70%.	The portfolio manager works actively to increase gender diversity in company boards, such as through representation in nomination committees, and through our voting at shareholders' meetings.  The matter remains a prioritised part of the portfolio manager's active shareholder steering work.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	0.00	0.00	The portfolio manager does not invest in companies with exposure to controversial weapons. The assessment is based on data from ISS ESG. In exceptional cases, an existing holding may be reclassified due to a change in the analysis. In such cases, the holding will be disposed of as soon as is practically possible. Some exposure may remain, however, during the brief period between the change of signal and the actual disposal.	The portfolio manager applies continued regular screening combined with strict exclusion criteria to ensure that investments live up to established requirements.
	<b>Indicators applicable to investments in sovereigns and supranationals</b>						
	<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Environmental	15. GHG intensity	GHG intensity of investee countries	0.09 ktCO <sub>2</sub> /EUR m GDP	0.15 ktCO <sub>2</sub> /EUR m GDP	0.07 ktCO <sub>2</sub> /EUR m GDP	A decrease of GHG intensity is noted for 2024.	The portfolio manager analyses principal adverse impacts on sustainability factors in investments in sovereigns based on established threshold values. This analysis forms the basis for assessments of whether a investment in a sovereign is aligned with the fund's environmental and social aspects.
Social aspects	16. Investee countries subject to social violations	Number of investee countries subject to	1	0	0	The portfolio manager has, via an external fund, exposure to a country	The portfolio manager analyses principal adverse impacts on sustainability factors in investments in

		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.				where the analysis indicates a lack of corporate social responsibility. The assessment is based on data from Sustainalytics.	sovereigns based on established threshold values. This analysis forms the basis for assessments of whether a investment in a sovereign is aligned with the fund's environmental and social aspects.
	<b>Indicators applicable to investments in real estate assets</b>						
	<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	Not applicable	Not applicable	Not applicable	The portfolios have no direct investments in real estate assets.	The portfolios have no direct investments in real estate assets.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.	Not applicable	Not applicable	Not applicable	The portfolios have no direct investments in real estate assets.	The portfolios have no direct investments in real estate assets.
	<b>Other indicators for principal adverse impacts on sustainability factors Table 2 and 3</b>						
	<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2024</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Emissions	2.4 Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	31.35%	35.04%	50.00%	The Bank notes that a larger share of investments have initiated carbon reduction initiatives in 2024. At the same time, the portfolio manager intensified its proactive engagement work through an increase in the number of dialogues focusing on the companies' climate work.	The matter is brought up by the portfolio manager where relevant, and climate-related aspects are addressed in direct dialogues with the companies.



Social	3.9 Lack of a human rights policy	Share of investments in entities without a human rights policy	4.35%	6.06%	6.00%	The Bank notes an increase in the share of investments in companies with a human rights policy for 2024. Coverage has improved, amounting to approximately 77% for 2024.	This is a prioritised matter within the framework of the portfolio manager's proactive dialogue for engagement, and human rights are regularly addressed in direct dialogues with companies.
<p><b>Description of strategies to identify and prioritise principal adverse impacts on sustainability factors</b></p> <p>The starting-point for Handelsbanken's portfolio management work of identifying and prioritising principal adverse impacts for sustainability factors is Handelsbanken's Policy for sustainability. This policy is updated and adopted annually by the Handelsbanken Board. The current version was adopted on 27 March 2025. Indicators that we are committed to, and which we use to evaluate compliance with international standards in our investments, are set out in the Chief Executive Officer's guidelines for environment and climate change, human rights and working conditions, the tobacco industry, the armaments and defence industry, and anti-corruption. As the main investments are allocated to funds managed by Handelsbanken Fonder AB, and the portfolio management is undertaken on assignment of Handelsbanken AB, the fund management company's policies are presented in this context.</p> <p>The starting-point for Handelsbanken Fonder's identification and prioritisation of principal adverse impacts for sustainability factors is presented in the Policy for shareholder engagement and responsible investment. The policy is updated and adopted at least once a year by Board of Handelsbanken Fonder. The currently applicable version of the Policy for shareholder engagement and responsible investment was adopted on 23 May 2025 and can be found at <a href="#">Follow our work   Handelsbanken</a>.</p> <p>The CEO of Handelsbanken Fonder is responsible for the implementation of policies and principles in the fund management company's strategies and processes. Using the Policy for shareholder engagement and responsible investment adopted by the Board as the starting point, the CEO establishes guidelines for the ongoing, operative sustainability work. These guidelines are updated regularly in line with the development of the methods and processes used in the sustainability work. As part of the ongoing investment work, the heads of asset management are responsible for the ongoing identification and prioritisation of principal adverse impacts on sustainability factors. Part of this is comprised of Handelsbanken Fonder's due diligence procedures regarding sustainability aspects ahead of investment decisions, which can be found at <a href="#">Follow our work   Handelsbanken</a>.</p> <p>By regularly following up companies' and issuers' compliance with international norms and conventions and ensuring they are in line with our commitments, as well as following up how the companies and issuers perform relative to a number of indicators, the fund management company can identify principal adverse impacts on sustainability factors.</p> <p>Handelsbanken Fonder's assessment is that the fund management company's principal adverse impacts encompass the following sustainability factors: climate, environment, human rights, anti-corruption, labour law and gender equality.</p> <p>The selection of indicators for principal adverse sustainability impacts is based on Handelsbanken Fonder's commitments and the international norms and conventions that the fund company respects. The selection also takes the fund management company's global investment portfolios into consideration. In addition, the identification of the indicators intends to take into consideration the likelihood of adverse impacts, their degree of severity, as well as whether the consequences are irreversible.</p> <p>Handelsbanken Fonder's process and model for monitoring PAI indicators are based on an analysis of the prioritisation of the various indicators for the respective sectors. The analysis constitutes a comprehensive mapping at sub-sector level to ensure that the right PAI indicators are prioritised for each sector, as well as what any deficiencies should lead to in terms of the type of warning signal in the monitoring. Many indicators are prioritised regardless of sector, e.g. PAI 1.10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</p>							



	<p>Based on the identification and prioritisation of principal adverse impacts on sustainability factors, the fund management company takes action through the three main strategies of Inclusion, Exclusion and Engagement, which Handelsbanken Fonder applies consistently in its fund management.</p> <ul style="list-style-type: none"> <li>• The fund management company integrates sustainability risk in investment decisions to avoid investments in companies with high sustainability risks and instead include companies that manage their sustainability risks adequately. Through screening and exclusion, the fund management company excludes companies that violate international norms and conventions and/or that through their products and services are involved in controversial sectors.</li> <li>• Through dialogues and active shareholder steering, the fund management company pressures companies to manage their sustainability risks and potential adverse impacts on sustainability factors.</li> </ul> <p>The strategies for inclusion, exclusion and engagement can be found at <a href="#">Follow our work   Handelsbanken</a>.</p> <p>Data retrieval and analysis is based on information from an external supplier of sustainability data. The primary data sources for this statement used by Handelsbanken Fonder are ISS ESG and Sustainalytics. The fund management company has made the assessment that retrieving the data directly from the companies is not a realistic alternative, and instead uses an external supplier of sustainability data for the retrieval. This data is based on the companies' public information and reporting. In cases where companies do not report, estimates are made for certain data points. Sustainability data for various areas can be estimated if it is possible to do this reliably. It cannot be ruled out that estimated values may either underestimate or overestimate the principal adverse impacts on sustainability factors.</p> <p>In addition, to identify climate risks, Handelsbanken Fonder carries out scenario analyses and stress tests on the fund management company's investment portfolios.</p>
	<p><b>Engagement policies</b></p> <p>The starting points for our engagement work are Handelsbanken's values, our obligations and the international norms and conventions endorsed by Handelsbanken Fonder. As a significant investor, Handelsbanken Fonder has a responsibility and a possibility to influence companies to act responsibly and to conduct their business sustainably, and to push the asset management industry to develop its sustainability work. The fund management company exercises its influence through company dialogues, shareholder steering and investor networks, as described in the Strategy for engagement and Handelsbanken Fonder's voting policy, which can be found at <a href="#">Follow our work   Handelsbanken</a>. The fund management company primarily manages adverse impacts through engagement dialogue and active shareholder steering, using both internal and external analyses to inform how Handelsbanken Fonder elects to vote at shareholders' meetings.</p> <p>In order to determine and prioritise the strategies for our engagement work, Handelsbanken Fonder bases its work on the identification and prioritisation of principal adverse impacts on sustainability factors, see above, together with the investments' sector and geographical exposure. Guidance is also taken from our commitments under international frameworks and principles, such as the UN Global Compact and UN Guiding Principles on Business and Human Rights.</p> <p>Engagement work which is deemed to have the greatest chances of success is prioritised, and the fund management company's management of adverse impacts on sustainability through engagement work includes reactive dialogue when companies are suspected or confirmed to have violated international norms, and proactive dialogue to encourage improvements to companies' sustainability work, thus alleviating the risk of adverse impacts. Proactive engagement work during the year has been focused on the areas reduced climate impact, biodiversity and human rights, including labour law. Within each area, a selection of companies in sectors with a high risk of adverse impact is prioritised.</p>

	<p>Through our shareholder steering work, we influence companies through participation in nomination committees and by voting at shareholders' meetings. Prior to shareholders' meetings, the fund management company specifically monitors for shareholder motions related to sustainability topics, such as climate, gender equality and labour law.</p> <p>The fund management company intends to work more systematically to develop clearer processes and procedures to ensure that appropriate measures are taken in instances where the target of reducing principal adverse impacts on sustainability factors for the investments linked to the highest risk of adverse impacts is not met.</p>
	<p><b>References to international standards</b></p> <p>Handelsbanken supports international initiatives and guidelines with the common aim of encouraging and facilitating corporate sustainability. Handelsbanken is a signatory of the United Nations Principles for Responsible Banking (PRB), the United Nations Principles for Responsible Investment (UN PRI), and the Net Zero Banking Alliance; it also supports the voluntary UN Global Compact initiative. Furthermore, the Fund Management Company has signed the Net Zero Asset Managers Initiative and has stated goals to invest in line with the Paris Agreement and to achieve net zero GHG emissions from its investment portfolios by no later than 2040.</p> <p>In addition, Handelsbanken has adopted several guidelines in the sustainability area, where we commit to international standards and conventions relating to the tobacco industry, the armaments industry, climate, the environment, etc. With regard to climate scenario analysis, the fund company has during 2024 used tools from ISS ESG for analysis of both transition risks and physical risks. In both cases, the main scenarios that are used come from the International Energy Agency (IEA). The results of the climate scenario analysis are presented in Handelsbanken Fonder's annual climate report, which is produced in accordance with the TCFD's recommendations and is available at <a href="#">Follow our work   Handelsbanken</a>.</p> <p>The indicators below are used to evaluate principal adverse impacts in relation to international standards</p> <p>The following indicators for principal adverse impacts on sustainability factors provide support in measuring the degree of adaptation to the Paris Agreement:</p> <ol style="list-style-type: none"> <li>1. GHG emissions</li> <li>2. Carbon footprint</li> <li>3. GHG intensity of investee countries</li> <li>4. Exposure to companies active in the fossil fuel sector</li> <li>5. Share of non-renewable energy consumption and production</li> <li>6. Energy consumption intensity per high impact climate sector</li> <li>15. GHG intensity</li> </ol> <p>Table 2, indicator 4. Investments in companies without carbon emission reduction initiatives</p> <p>Furthermore, the following indicators provide support in measuring the degree of compliance with the UN Global Compact (UNGC):</p> <p>UNGC principles 1 and 2:</p> <ul style="list-style-type: none"> <li>• Table 3, indicator 9. No policy for human rights</li> </ul> <p>UNGC principles 7 and 8:</p> <ul style="list-style-type: none"> <li>• 1. GHG emissions</li> <li>• 2. Carbon footprint</li> <li>• 3. GHG intensity of investee countries</li> <li>• 4. Exposure to companies active in the fossil fuel sector</li> <li>• 5. Share of non-renewable energy consumption and production</li> <li>• 6. Energy consumption intensity per high impact climate sector</li> <li>• 7. Activities negatively affecting biodiversity-sensitive areas</li> <li>• 8. Emissions to water</li> <li>• 9. Hazardous waste and radioactive waste</li> </ul> <p>UNGC principles 1-10:</p>

	<ul style="list-style-type: none"> <li>• 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</li> <li>• 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</li> </ul> <p>The following indicators provide support in measuring the risk of impact on biodiversity and ecosystems, through drivers of nature change in accordance with the guidelines from the Taskforce on Nature-related Financial Disclosures (TNFD, <a href="#">Guidance for Financial Institutions</a>):</p> <ul style="list-style-type: none"> <li>• Climate change: <ul style="list-style-type: none"> <li>◦ Table 1, indicator 1. GHG emissions</li> </ul> </li> <li>• Impurities: <ul style="list-style-type: none"> <li>◦ Table 1, indicator 8. Emissions to water</li> <li>◦ Table 1, indicator 9. Hazardous waste and radioactive waste</li> </ul> </li> <li>• State of nature: <ul style="list-style-type: none"> <li>◦ Table 1, indicator 7. Activities negatively affecting biodiversity-sensitive areas</li> </ul> </li> </ul>
	<p><b>Historical comparison</b></p> <p>The historical comparison shows that data coverage has generally improved in 2024 compared to 2023, though a number of indicators only showed a marginal increase. The degree of data coverage for the different indicators affects the conclusions that can be drawn from the historical comparison, and the expectation is that the outcomes may be characterised by a certain volatility until the degree of coverage reaches a higher level. For the data points where historical data is available this year, the Bank notes a decrease in 2024 compared to 2023 for PAI indicators that include scope 1 and 2 emissions. For indicators for scope 3 or that include scope 3, an increase was noted in 2024 compared to 2023. It is positive that more companies are reporting data as this probably better reflects their climate impact.</p> <p>Several indicators describing corporate governance show marginal differences between the 2024 outcome and the 2023 outcome. For exact outcomes for 2024 and previous years, please see comments for each indicator.</p> <p>Continued improvements are noted in the indicator <i>Investments in companies without carbon emission reduction initiatives</i> in table 2 during 2024 compared with previous years.</p> <p>In table 3, it is noted that the indicator <i>No policy for human rights</i> that applies to investments in investment objects for 2024 has improved further compared to the outcome for 2023, exhibiting a continued positive trend. The Bank notes that companies are generally increasing and improving their reporting, which is a positive as it results in better supporting data for the portfolio manager's investment decisions.</p>