

## Summary for a fund reported as an Article 9

Pursuant to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

### Fond: Handelsbanken Global Småbolag Index Criteria

#### No significant harm to the sustainable investment objective

In order to qualify as sustainable investments, companies whose economic activities contribute to the achievement of an environmental or social objective must also not counteract sustainable development through other parts of their value chain (the “do no significant harm” principle). For this fund, which has a reduction in emissions of carbon dioxide and other greenhouse gases as its objective at the fund level, the fund company ensures this by following a Paris Aligned Benchmark where specific sustainability requirements are embedded in the index methodology. The sustainability requirements of the index aim to reduce emissions of carbon dioxide and other greenhouse gases. The companies in the fund and the index are selected and weighted in such a way that the index portfolio’s emissions of carbon dioxide and other greenhouse gases are adapted to the long-term global warming targets of the Paris Agreement, i.e., the goal of limiting global warming to 1.5 degrees Celsius.

In addition, the index methodology involves the application of the following exclusion criteria when selecting companies to include in the fund and its index:

1. Exclusion criteria for companies with activities linked to controversial sectors as well as specific PAI indicators, such as fossil fuels and controversial weapons.
2. Exclusion criteria for companies with confirmed violations of international norms and conventions.
3. Exclusion criteria for companies that cause significant harm to one or more environmental objectives linked to climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and mitigation of environmental pollution, protection and restoration of biodiversity and ecosystems.

#### Sustainable investment objective of the financial product

The fund is an equity index fund and aims to follow the performance of the Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index as closely as possible. The index constitutes a registered EU benchmark for alignment with the Paris Agreement (a so-called Paris Aligned Benchmark) pursuant to Regulation (EU) 2016/1011 (the Benchmark Regulation), and aims to reflect the performance for small caps worldwide on the developed equity markets, taking into account specific sustainability requirements. The sustainability requirements of the index aim to reduce emissions of carbon dioxide and other greenhouse gases. The companies in the fund and the index are selected and weighted in such a way that the index portfolio's greenhouse gas emissions are adapted to the long-term global warming targets of the Paris Agreement, i.e., the goal of limiting global warming to 1.5 degrees Celsius.

#### Investment strategy

The fund is an equity index fund managed with the aim of generating returns over time that correspond as closely as possible to the returns of the index. The fund applies the following investment strategy to meet the sustainable investment objective:

*Target of reducing carbon emissions:* The fund is managed in line with an index that is a registered EU benchmark for alignment with the Paris Agreement (a so-called Paris Aligned Benchmark), pursuant to Regulation (EU) 2016/1011 (the Benchmark Regulation). The fund and the composition of its index aim for reduced emissions of carbon dioxide and other greenhouse gases.

*Dialogue and asset stewardship:* Active engagement is an essential strategy for influencing companies in a more sustainable direction. The fund company and the fund manager do this through company dialogues, asset stewardship and engagement in investor networks. Company dialogues are conducted both directly between the fund manager and the company, as well as together with other investors or within the scope of investor networks and other collaborations.

*Exclusion strategy:* The fund applies sustainability requirements in the form of an exclusion strategy. The strategy applies to companies that produce or distribute controversial weapons, military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling, fossil fuels, as well as companies with confirmed violations of international norms and conventions related to human rights, the environment, employee rights or anti-corruption and anti-bribery. Furthermore, companies are excluded if they cause significant harm to one or more environmental objectives linked to climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and mitigation of environmental pollution, protection and restoration of biodiversity and ecosystems.

#### Proportion of investments

The fund invests directly in the securities included in the fund's index. However, indirect investments in the form of index-based financial instruments (such as futures) may be used in the fund's management of liquidity and risk. The stated asset allocation is based on the fund's investment strategy and its objective to reduce emissions of carbon dioxide and other greenhouse gases by following the Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index as closely as possible. The information on the minimum proportion of sustainable investments only refers to investments with environmental objectives and

relates to the objective of reducing emissions of carbon dioxide and greenhouse gas at the fund level (the fund as a whole). The result of the actual allocation in the fund is reported in the fund's annual report. It is important to note that the information about the minimum proportion of sustainable investments (90%) refers to the fund level and does not provide an indication of whether an individual company in the fund constitutes a sustainable investment.

### **Monitoring of sustainable investment objectives**

On a daily basis, the fund company's risk control monitors compliance with the target of reducing carbon dioxide and other greenhouse gases, which is done by monitoring whether the fund is following its Paris Aligned Benchmark. The fund company's risk control also follows up on whether the fund complies with its provisions on the exclusion of companies. This verification concerns sectors we exclude and which we believe risk counteracting sustainable development. The fund company's risk control also monitors that the investee companies in the fund do not violate international norms and conventions. For further information, refer to the heading "Methodologies" below.

### **The following sustainability indicators are used to measure the attainment of the financial product's sustainable investment objective:**

- Greenhouse gas intensity/carbon footprint in accordance with the Paris Aligned Benchmark regulatory framework: To meet the objective of reducing carbon emissions and other greenhouse gases, the fund and its index shall reduce their greenhouse gas intensity (measured as Scope 1, 2 and 3 emissions relative to EVIC) at least 7% annually.

### **Methodologies**

The fund company regularly conducts follow-up at the holdings level to ensure that companies with activities in sectors excluded by the fund and/or companies that violate international norms and conventions are not included in the fund. All of the fund's requirements for exclusion are built into in the fund's index methodology. This means that no companies with activities in sectors excluded by the fund and/or companies that violate international norms and conventions are allowed to be included in the index and thus neither in the fund.

### **Data sources and processing**

Information about the companies' exposure to excluded activities and incidents that lead to violations of international norms and conventions is obtained for funds that follow sustainability-adapted indices by the index provider from external data providers in accordance with the respective fund's index methodology. Corresponding information is also retrieved directly by the fund company.

The fund company conducts regular discussions with the external data providers to ensure high-quality data. Specific analyses are performed when there is contradictory information. In case of doubt, the company in question is contacted and given the opportunity to provide their view.

### **Limitations to methodologies and data**

Information about the companies' exposure to excluded activities is limited to the information made available by the companies themselves. Consequently, it is not always possible to ensure the exact exposure to these activities. The limitations are most prominent for companies with a smaller portion of the business involved in the excluded activities, such as a grocery store that also sells alcohol.

### **Due diligence**

For passive management, where the integration of sustainability risks is embedded in the index methodology, efforts related to due diligence mainly involve selecting the index and index provider. In this work, the fund company ensures that the sustainability requirements set for the product are encompassed within the index methodology. Furthermore, the party that delivers sustainability data to the index provider, as well as the quality of this data, are assessed. For more information, see "Due diligence routines" at [handelsbankenfonder.se](https://handelsbankenfonder.se).

### **Engagement policies**

As a significant investor, the fund company has a responsibility and an opportunity to engage with companies to influence them to act responsibly and conduct their business in a sustainable manner, in addition to promoting the development of sustainability efforts in the asset management industry. The fund company engages through company dialogues, asset stewardship and investor networks. Our engagement efforts are based on Handelsbanken's core values, our commitments, as well as the international norms and conventions supported by the fund company.

### **Attainment of the sustainable investment objective**

The objective of the fund is to reduce emissions of carbon dioxide and other greenhouse gases, in accordance with Article 9(3) SFDR. The fund has the following index as its benchmark: Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index.