

## Summary for a fund reported as an Article 9

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

### Fund: Handelsbanken Hållbar Global High Yield

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

To be defined as sustainable investments, bonds and interest-bearing instruments issued by companies whose economic activities contribute to the attainment of an environmental or social objective must also not impede a sustainable development through other parts of its value chain (the “do no significant harm” principle). To ensure this, the Management Company applies the following principles:

1. Exclusion criteria for bonds and interest-bearing instruments with activities linked to controversial sectors.
2. Exclusion criteria for issuers with verified violations of international norms and conventions.
3. Assessment that the investments are not considered to cause significant adverse impacts on sustainability factors (Principle Adverse Impact, PAI). This is conducted through the Management Company’s internal PAI tool.
4. Assessment of what products and services in which the bond or instrument is otherwise involved in, as well as if these can be considered as significantly impeding a sustainable development.

#### Sustainable investment objective of the financial product

The fund is a global fixed income fund where the fund’s investments are made in sustainable bonds, whereby the borrowed capital from the bonds is used for diverse projects and activities to promote the work in sustainability and the environment, or in bonds issued by issuers that support a sustainable development aligned with the Sustainable Development Goals in Agenda 2030. The fund includes securities issued for the purpose of financing improvements to the environment, climate, poverty, or any of the other 17 Sustainable Development Goals and includes projects within renewable energy, measures to prevent pollution, energy efficiency, sustainable food production, low-emission transport, biodiversity conservation, adaptation to climate change, new technologies, research and development of environmentally-friendly products and solutions, water purification, the supply of drinking water, social projects for access to affordable housing, education, healthcare, etc. The bonds issued by issuers that support a sustainable development aligned with the Sustainable Development Goals include so-called sustainability-linked bonds in which the financial and/or structural characteristics of the fixed income instrument are linked to pre-defined sustainability objectives. This also includes bonds issued by issuers whose economic activities support a sustainable development aligned with the Sustainable Development Goals in Agenda 2030.

#### Investment strategy

*Sustainability analysis:* The fund is an actively-managed fixed income fund that invests in bonds with a specific sustainability focus. The fund’s investments in sustainable bonds shall be invested in bonds in which the borrowed capital is used for diverse projects and activities to promote the work related to sustainability and the environment, or in bonds issued by issuers that support a sustainable development aligned with the Sustainable Development Goals.

*Dialogue:* Active engagement is an essential strategy to influence companies in a more sustainable direction. The Management Company and the fund manager manage this through company dialogues and work within investor networks. Company dialogues are conducted directly between the fund manager and the company, together with other investors or within the scope of investor networks and other collaborations.

*Exclusion strategy:* The fund applies sustainability criteria in the form of an exclusion strategy. The strategy includes bonds and interest-bearing instruments that finance the production and distribution of weapons and military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling, fossil fuels, issuers involved in controversial weapons or nuclear weapons, or issuers with verified violations of international norms and conventions related to human rights, the environment, employee rights or anti-corruption and anti-bribery.

#### Proportion of investments

The fund normally invests directly in fixed income securities. The fund may invest indirectly in the form of derivatives within the scope of its investment focus to take positions in the fixed income or foreign exchange markets, as well as for leverage and risk management.

Given that the fund is actively managed and the share of investments towards environmental and social objectives can vary over time, the information related to the minimum share of sustainable investments for each objective is intentionally set at a conservative level in light of the rules applicable to the fund’s management. However, the planned asset allocation is expected to exceed the stated minimum shares. This also applies to the information regarding the minimum share of sustainable investments (80%) at the total level, i.e., the minimum share of sustainable investments irrespective of the investments having an environmental objective or a social objective. The result of the actual allocation in the fund will be reported in the fund’s annual report.

#### Monitoring of sustainable investment objective

The Management Company’s risk control function monitors compliance regarding the fund’s sustainable investment objective and the exclusion strategy on a daily basis. The control relates to the share of the fund’s investments that are considered to be a sustainable investment. The follow up of the share of sustainable investments is conducted on a daily basis. The control relates to the proportion of the fund’s investments in bonds consisting of green and social bonds in which the revenues are

used for diverse projects and activities to promote the sustainability and environmental work, or in bonds issued by companies whose products and services support a sustainable development aligned with the Sustainable Development Goals.

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

- The attainment of the sustainable investment objective is measured based on the share of the fund's investments that are invested in bonds and interest-bearing instruments that are considered to be contributing to an environmental or social objective under the Sustainable Development Goals in Agenda 2030 and/or in the EU Taxonomy.
- Climate Bonds Initiative: Share of the fund's value that is invested in bonds that fulfil the requirements in the Climate Bonds Initiative.
- ICMA: Share of the fund's value that is invested in bonds that follow the International Capital Market Association (ICMA) Principles for social bonds, Principles for green bonds, Guidelines for sustainable bonds and Principles for sustainability-linked bonds.

## **Methodologies**

The fund regularly applies follow up at the holdings level to ensure that investments are made in companies that fulfil the requirements of being classified as a sustainable investment, pursuant to the assessment method applied by the Management Company. In a corresponding manner, a regular follow up occurs to ensure that companies with activities in the sectors excluded by the fund and/or companies that violate international norms and conventions are not included in the fund. This means that information about each individual fund is obtained from external data providers, such as ISS ESG ([issgovernance.com/esg](https://issgovernance.com/esg)) and Sustainalytics ([sustainalytics.com](https://sustainalytics.com)).

## **Data sources and processing**

Information on the exposure to excluded activities and incidents that lead to violations of international norms and conventions is obtained from external data providers. The external data providers gather information about the companies' exposure to excluded activities from public presentations made by the companies and/or through direct contact with the companies. Information about violations of international norms and conventions is obtained from ISS ESG. The contributions to the EU Taxonomy are obtained from Sustainalytics and SDG contributions are obtained from ISS ESG. In addition, the Management Company conducts its own analysis with regard to contributions to environmental or social objectives, with the assessment based primarily on data obtained from the companies' annual reports.

The Management Company analyzes and controls the data to capture any deficiencies and/or inaccurate information. Data received from external sources is used primarily in its raw form since the data is reliable. For example, the management of data conducted for aggregations and transformations, such as the calculation of the carbon footprint based on the separate data points for emissions and company value, respectively.

## **Limitations to methodologies and data**

Information about the companies' exposure to excluded activities is limited to the information made available from 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**

The Management Company regularly takes into account the principal adverse impacts for sustainable development in the management of all of its investment decisions. The Management Company's website, [www.handelsbankenfonder.se](https://www.handelsbankenfonder.se), provides a description of the Management Company's due diligence routines for identifying and prioritizing principal adverse impacts and general information about the indicators used for sustainable development. The website also provides a description of the principal adverse impacts for sustainable development within the Management Company's business activities and a report of the actions taken in relation to these. The description also includes information about how the Management Company engages companies on behalf of the funds through dialogue and active corporate governance.

## **Engagement policies**

As a significant investor, the Management Company has a responsibility and an opportunity to engage with companies to act responsibly and conduct their business activities in a sustainable manner, in addition to promoting the development of the sustainability efforts in the asset management industry. The Management Company engages through company dialogues, corporate governance work 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 Management Company.

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

The fund does not use an index to attain the fund's sustainable investment objective.