

Summary for financial products that promote environmental or social characteristics

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

Fund: Handelsbanken Institutionell Kortränta

No sustainable investment objective

This fund promotes environmental and social characteristics but does not have sustainable investments as its objective. In promoting environmental and social characteristics, the fund takes into account the environment and climate, as well as human rights, employee rights and equal opportunity.

In the promotion of environmental and social characteristics, the fund may also invest in sustainable investments, in accordance with the assessment method applied by the Management Company.

Environmental or social characteristics of the financial product

The fund promotes **environmental characteristics** through:

- Investments in sustainable bonds or in bonds issued by companies whose economic activities are considered to be contributing to an environmental objective. This includes 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 and interest-bearing instruments issued by issuers whose economic activities are considered to be contributing to an environmental objective under the Sustainable Development Goals in Agenda 2030 and/or activities aligned with the EU Taxonomy.
- Exclusion criteria for issuers with activities linked to fossil fuels and companies with verified violations of international norms and conventions related to environmental issues.
- Considering the principal adverse impacts for sustainable development linked to the environment and climate.

The fund promotes **social characteristics** through:

- Investments in sustainable bonds or in bonds issued by companies whose economic activities are considered to be contributing to a social objective. This includes 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 and interest-bearing instruments issued by issuers whose economic activities are considered to be contributing to a social objective under the Sustainable Development Goals in Agenda 2030.
- Exclusion criteria for issuers with activities linked to controversial weapons, nuclear weapons, weapons and military equipment, alcohol, tobacco, cannabis, pornography and commercial gambling, as well as by excluding issuers with verified violations of international norms and conventions related to human rights, employee rights or anti-corruption and anti-bribery.
- Considering principal adverse impacts on sustainability factors (Principal Adverse Impact, PAI) linked to human rights, employee rights or anti-corruption and anti-bribery. Refer to www.handelsbankenfonder.se as well as the fund's prospectus for more detailed information about the Management Company's strategies regarding exclusion.

Investment strategy

Sustainability analysis: Sustainability analysis is an integral part of the portfolio management's investment analysis in which each issuer is carefully analyzed based on relevant issues related to how the company conducts its business, as well as what products and services the company offers.

Asset Stewardship: 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 issuers with production and distribution of controversial weapons, nuclear weapons, weapons and military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling, fossil fuels, as well as 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.

The minimum proportion of the fund's investments used to attain the environmental or social characteristics promoted by the fund shall total 80%. The minimum proportion of sustainable investments shall total 10% of the fund's investments.

Monitoring of environmental or social characteristics

The Management Company's risk control function monitors the environmental/social characteristics promoted by the fund on a daily basis to ensure compliance.

The following sustainability indicators are used to assess the environmental/social characteristics of the fund:

- *Sustainable investments:* Share of the fund's value that is invested in bonds and interest-bearing instruments considered to be contributing to an environmental or social objective pursuant to the Sustainable Development Goals in Agenda 2030

and/or the EU Taxonomy, at the same time as they do not significantly harm any other environmental or social objective and that the companies follow good governance practices. Follow up is conducted by the Management Company's risk control function.

- *Carbon footprint*: Carbon footprint measured in the investee companies' greenhouse gas emissions Scope 1, 2 and 3 relative to the investee companies' enterprise value including cash (EVIC). Follow up is conducted by the Management Company's sustainability group.
- *Greenhouse gas intensity*: The greenhouse gas intensity measured in the investee companies' greenhouse gas emissions Scope 1, 2 and 3 relative to the investee companies' revenue. Follow up is conducted by the Management Company's sustainability group.
- *UN Global Compact (UNGC) principles and Organization 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. Follow up is conducted by the Management Company's risk control function.
- *Fossil fuels*: Share of investments in bonds and interest-bearing instruments issued by issuers that are active within the fossil fuels sector. Follow up is conducted by the Management Company's risk control function.
- *Climate Bonds Initiative*: Share of the fund's value that is invested in bonds that fulfil the requirements in the Climate Bonds Initiative. Follow up is conducted by the Management Company's sustainability group.
- *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. Follow up is conducted by the Management Company's sustainability group.

The exclusion strategy and the stated minimum share of sustainable investments pursuant to the assessment methodology applied by the Management Company are mandatory components of the fund's investment strategy and are regularly monitored by the Management Company's risk control function.

Methodologies

The fund regularly applies follow up at the holdings level 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) and Sustainalytics ([sustainalytics.com](https://www.sustainalytics.com)).

Data sources and data processing

Information on the companies' 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. The contributions to the EU Taxonomy are obtained from Sustainalytics and SDG contributions are obtained from ISS ESG. The classification of sustainable bonds is obtained primarily through direct analysis of the companies' framework for sustainable bonds that companies have published inhouse, in consultation with other data gathered inhouse at the companies, as well as data obtained from Bloomberg.

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 has established routines for due diligence to ensure that sustainability risks and the sustainability requirements specified for each fund are taken into account in the investment decisions. 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, 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.

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. When investments are made in corporate bonds, the Management Company assumes the role as financier on behalf of the fixed income fund and engagement in sustainability issues occurs primarily in the form of dialogues with the bond's issuing company. Such dialogues are coordinated with equity management in the event the Management Company is also the shareholder in the company/issuer.