

ANNEX III

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Handelsbanken Hållbar Global High Yield

Legal entity identifier: 636700C65DPPXHHA8U43

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.

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.

Sustainable investment objective

Does this financial product have a sustainable investment objective?	
☒ Yes	☐ No
☒ It will make a minimum of sustainable investments with an environmental objective: 40%	☐ It promotes Environmental/Social (E/S) characteristics ____%
☒ 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
☒ It will make a minimum of sustainable investments with a social objective: 1%	☐ with a social objective
	☐ It promotes E/S characteristics, but will not make any sustainable investments

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

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.



What is the sustainable investment objective of this 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.

The fund's sustainable investments contribute to the following environmental objective as defined in the EU Taxonomy for environmentally-sustainable activities: mitigation and adaptation to climate change.

Sustainable investments primarily contribute objectives stated above through investments in sustainable bonds in which the borrowed capital is used to finance projects with an environmental or social objective. Even so-called sustainability-linked bonds can be considered to be contributing to the referenced objectives in the case in which the financial and/or structural characteristics of the fixed income instrument are linked in some manner to pre-defined sustainability objectives. This also applies to bonds or 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 by exceeding a minimum level for the company's turnover in line with the Sustainable Development Goals or the EU Taxonomy or a combination thereof. In addition to company turnover, the capital expenditures or operational expenditures (CAPEX/OPEX) can be used to assess a company's contributions to the objectives.

The fund uses a benchmark that is not aligned to the fund's objectives related to sustainable investment.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective is measured based on the share of the fund's investments that is 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 investments that is invested in bonds that fulfil the requirements in the Climate Bonds Initiative.

ICMA: Share of the fund's investments 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.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

To be defined as sustainable investments, the economic activities of the companies issuing the bonds and interest-bearing instruments must contribute to the attainment of an environmental or social objective, while not impeding 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 confirmed violations of international norms and conventions.
3. Assessment that the investments are not considered to result in significant adverse impacts on sustainability factors (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 otherwise finances, as well as if these can be considered as significantly impeding a sustainable development.

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

Through the ongoing application of the three principal strategies in our fund management: Inclusion, Exclusion and Engagement.

The fund manager integrates sustainability risks into the investment decisions to avoid investments with high sustainability risks and instead includes investments where sustainability risks are deemed to be managed in an acceptable manner.

Through screening and exclusion, the Management Company excludes bonds and interest-bearing instruments with activities linked to controversial sectors as well as issuers with confirmed violations of international norms and conventions, such as UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

Through its Asset Stewardship activities The Management Company engages companies to manage their sustainability risks and any principal adverse impacts on sustainability factors.

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

The Management Company excludes companies with verified violations of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through screening and exclusion.



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



Yes. The portfolio management takes into account the principal adverse impacts on sustainability factors (PAI). This is conducted through a process developed by the Management Company in which potential adverse impacts are identified and analyzed. Companies or issuers that are considered as having unacceptable risks linked to PAI are managed through exclusion or active corporate governance. The fund invests widely across several sectors and the PAI indicators that are relevant will therefore differ between the fund's investments. The quality and accessibility of the data also currently affects the integration of principal adverse impacts on sustainability in fund management.

In addition to the Management Company's PAI tool, an exclusion strategy is also applied to the fund. The purpose is to ensure that investments are not financing activities with a heightened risk of adversely impacting sustainability factors. This applies to activities related to the 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. Any deviations are managed through exclusion. Controls regarding the fund's exclusion strategy are conducted at the time of investment as well as on an ongoing basis.

Disclosures on the principal adverse impacts on sustainability factors will be reported in the fund's annual report, which is available on the Management Company's website.



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.

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

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. The fund includes securities issued for the purpose of financing improvements to the environment, climate, poverty, or any of the other 17 UN Sustainable Development Goals. Evaluation and transparency are key issues and the fund manager evaluates and systematically follows up to ensure that the fund's investments are reporting pursuant to the relevant framework of the investments and the well-defined KPIs during the duration of the investments.

An internally-developed country model is used for investments in government bonds. This tool is used to evaluate how well countries perform within the areas related to environmental sustainability, social issues and governance. The tool is used particularly for investments in so-called use-of-proceeds-bonds to ensure that the financing relates to important sustainability areas for the country.

An internally-developed evaluation process is applied for sustainability-linked bonds (SLB) to evaluate whether the bond fulfils the requirements for sustainable investment. The evaluation process focuses on the materiality, ambition levels as well as measurability, transparency and the verifiability of the objectives.

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. The dialogues include a broad range of sustainability issues.

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.

Product and activity-based exclusion for turnover exceeding thresholds

Area	Production	Distribution	Services
Alcohol	5%	5%	50%
Cannabis (non-pharmaceutical)	5%	5%	50%
Commercial gambling	5%	5%	50%
Pornography	0%	5%	-
Tobacco	0%	5%	50%
Weapons and military equipment	5%	5%	50%
Depleted uranium	0%	0%	0%
Fossil fuels - total *)	5%	5%	50%
Coal	1%	1%	50%
Tar sands	0%	-	50%
Power from fossil fuels *)	5%	5%	50%
Electricity generation with GHG intensity above 100g CO ₂ e/kwh	50%	-	-

*) Exempted companies that meet the fund company's criteria for so-called transition companies.

Exclusion based on norms and conventions	
Controversial weapons	Companies that are involved in the production or distribution of anti-personnel mines, biological weapons, chemical weapons and cluster weapons.
Nuclear weapons	Companies that are involved in the production or distribution of nuclear weapons.
International norms and conventions	Companies violating international norms and conventions.

The fund has the option of including so-called transition companies involved in power generation, transmission and distribution of electricity and with some exposure to fossil fuels. Transition companies refer to bonds or other interest-bearing instruments issued by companies that have been considered by the Management Company's sustainability committee as those that are in the process of transitioning business operations in a manner that is expected to contribute to, rather than counteract, the attainment of one or several of the Sustainable Development Goals. The company's rate of transition is assessed based on the following dimensions: that the companies' activities do not consist primarily of fossil power generation, that the company's current investment rate supports the transition from fossil fuels to renewable energy, as well as that the company's forecasted business development of the activities is in line with a global warming of a maximum of 2°C. The limits in the table referenced in the previous paragraph do not apply to so-called transition companies.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

Sustainable investments: In accordance with the methodology applied by the Management Company to determine what constitutes a sustainable investment, the fund invests in sustainable bonds, sustainability linked bonds or in bonds issued by issuers whose economic activities contribute to the attainment of the Sustainable Development Goals in Agenda 2030.

Exclusion strategy: The fund applies sustainability criteria in the form of an exclusion strategy. The strategy is a binding element for the Management Company in the management of the fund.

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

By excluding issuers with confirmed violations of international norms and conventions linked to, for example, taxes, workers' rights, as well as anti-corruption and anti-bribery, the Management Company ensures that the fund's investee companies comply with current practices related to good corporate governance.

In addition to norm-based exclusion, the Management Company has developed an internal analysis tool to evaluate practices for good corporate governance in the investee companies with regard to issues linked to the companies' governance, such as relationships with employees, remuneration, management and management structures, as well as compliance with tax regulations. Any inadequacies identified as a result of the analysis can lead to dialogues and active corporate governance from the Management Company or, alternatively, exclusion in the event the inadequacies are considered to be significant.

Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

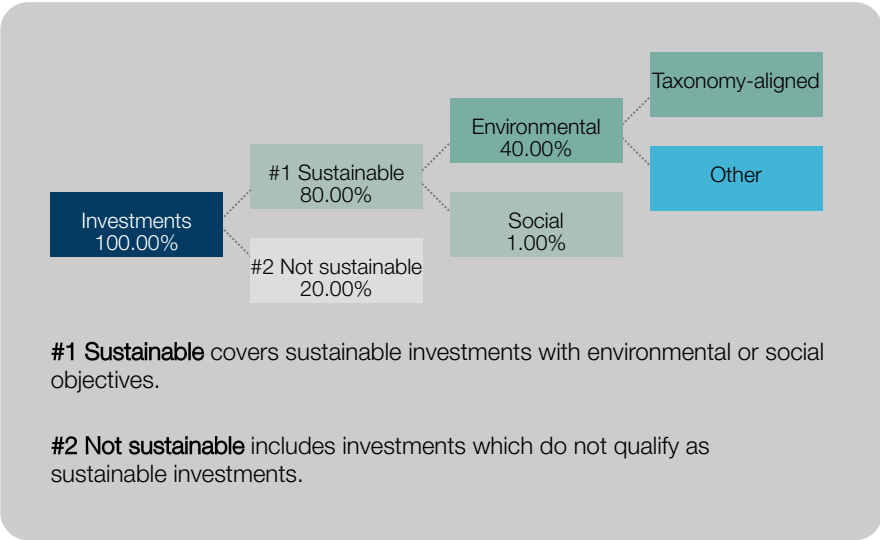
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include



What is the asset allocation and the minimum share of sustainable investments?

The stated asset allocation is based on the fund's investment strategy and its objective of making investments in green and social bonds as well as in bonds issued by issuers whose economic activities contribute to the attainment of the Sustainable Development Goals in Agenda 2030. 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 proportion 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 proportion of sustainable investments at the total level, i.e., the minimum proportion 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.



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

limitations on emissions and switching to fully 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.

As a rule, companies currently have not begun to disclose the extent to which their activities are aligned with the EU Taxonomy. There also are no comprehensive technical standards for all environmental objectives. In light of this, the Management Company has chosen at the present time to not state a minimum level with regard to alignment with the taxonomy and therefore reports 0%.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?¹**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

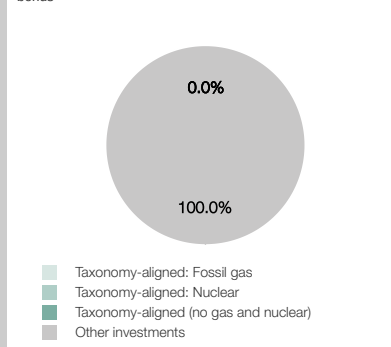
☒

No

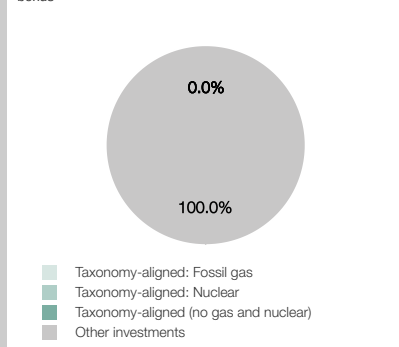


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial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

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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

There is no commitment with regard to a specific minimum share of investments in transitional and enabling activities.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally 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 fund has the option of investing in economic activities that at present cannot be classified as aligned with the EU Taxonomy. This occurs in part due to the lack of comprehensive technical standards for all of the environmental objectives and due to the inadequate access to reported data from the companies. The fund can make sustainable investments in companies considered to be contributing to both environmental and social objectives. The fund does not make a distinction in importance between various environmental or social objectives and therefore has not stated a minimum proportion of sustainable investments for each objective. However, the fund has a commitment regarding the minimum proportion of sustainable investments, as reported.

¹ 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



What is the minimum share of sustainable investments with a social objective?

The fund may make sustainable investments in companies considered to be contributing to both environmental and social objectives. However, the fund has a commitment regarding the minimum share of sustainable investments with a social objective, as reported.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The fund invests in derivatives as part of its investment focus. Derivatives are used to take positions in the fixed income or foreign exchange market for hedging and risk management in the portfolio. The fund may hold liquid assets for the management of liquidity and risks. This category may also include securities for which relevant data is unavailable.



Where can I find more product specific information online?

- *More product-specific information can be found on the website:*
[Sustainability-related disclosure - Handelsbanken Hållbar Global High Yield](#)