

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 Latinamerika Impact Tema

No significant harm to the sustainable investment objective

For a company to be defined as a sustainable investment, an investment must not only contribute positively to the attainment of an environmental or social goal, the investment must also not cause significant harm to any other environmental or social objective and the company must follow good corporate governance practices. To ensure compliance with the do not cause significant harm principle, the Management Company applies the following principles:

1. Exclusion criteria for companies with activities linked to controversial sectors as well as specific PAI indicators (Principal Adverse Impact), such as fossil fuels and controversial weapons.
2. Exclusion criteria for companies with confirmed violations of international norms and conventions.
3. Assessment that the investments are not considered to cause 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 company 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 an equity fund with investments in Latin America and mid-America. The objective is to make investments in companies whose economic activities contribute to the attainment of the Sustainable Development Goals in Agenda 2030. Each company is analyzed based on a framework that includes what the company does, for whom, to what extent and the impact from the company. This framework assists in identifying who/what benefits from the company's solutions or activities in which the stakeholders may vary and range from local inhabitants in regions where social challenges remain in the efforts to attain the UN's Sustainable Development Goals, to specific groups that do not have access to basic human needs, as well as climate solutions in general. The analysis includes products and services within sectors such as education, financial services, healthcare, housing, electricity, infrastructure, green energy, water and sanitation, sustainable agriculture and food production. The approach utilized to analyze companies from an impact-perspective is closely linked to generally-recognized frameworks and initiatives in the area.

Investment strategy

Sustainability analysis: The fund is managed through a thematic process with focus on companies that contribute to the attainment of the Sustainable Development Goals in Agenda 2030 or, alternatively, companies that contribute to the transition to a world with low carbon emissions.

Dialogue and active corporate governance: 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, corporate governance work 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 companies with production and distribution of banned weapons, nuclear weapons, weapons and war materials, 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.

Proportion of investments

The fund normally invests directly in equities. However, indirect investments in the form of index-based financial instruments (such as futures) may be used in the fund's management of liquidity.

The stated asset allocation is based on the fund's investment strategy and its objective is to make investments in companies 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 proportions. This also applies to the information regarding the minimum proportion of sustainable investments (90%) 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.

Monitoring of sustainable investment objective

The Management Company's risk control function monitors compliance on a daily basis with regard to the fund's sustainable investment objective, the exclusion strategy and the share of the fund where the holdings can be classified as impact. The control relates to the share of the fund's investments that are considered to be a sustainable investment. The control relates to the sectors we exclude and that we consider risk impeding a sustainable development. We also follow up to ensure that the fund does not invest in companies that are in violation of international norms and conventions. For additional information, refer to the "Methodologies" section below.

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 sustainable investments with an environmental or social objective. Compliance with the taxonomy will be measured for applicable activities covered by the EU Taxonomy and where relevant information is available.

Methodologies

The fund regularly applies follow up at the holdings level to ensure that investments are made in companies that comply with the sustainable investment requirements, 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) and Sustainalytics (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. 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 provided that 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, 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.