RI TRANSPARENCY REPORT

2013/14

Handelsbanken Asset Management
About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation’s response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a Principles index which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an ‘at-a-glance’ summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the ‘General’ column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

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<thead>
<tr>
<th>Symbol</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>✓</td>
<td>The signatory has completed all mandatory parts of this indicator</td>
</tr>
<tr>
<td>☒</td>
<td>The signatory has completed some parts of this indicator</td>
</tr>
<tr>
<td>❌</td>
<td>This indicator was not relevant for this signatory</td>
</tr>
<tr>
<td>-</td>
<td>The signatory did not complete any part of this indicator</td>
</tr>
<tr>
<td>✅</td>
<td>The signatory has flagged this indicator for internal review</td>
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</table>

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

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### Organisational Overview

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<thead>
<tr>
<th>Indicator</th>
<th>Short description</th>
<th>Status</th>
<th>Disclosure</th>
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<td>OO 02</td>
<td>Headquarters and operational countries</td>
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<td>Public</td>
</tr>
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<td>OO 03</td>
<td>Subsidiaries that are separate PRI signatories</td>
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<td>Reporting year and AUM</td>
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<td>OO 07</td>
<td>Segregated mandates or pooled funds</td>
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<td>Private</td>
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<td>OO 08</td>
<td>Breakdown of AUM by market</td>
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<td>OO 09</td>
<td>Additional information about organisation</td>
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<td>RI activities for listed equities</td>
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<td>RI activities in other asset classes</td>
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### Overarching Approach

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<td>OA 04</td>
<td>Conflicts of interest</td>
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<td>RI goals and objectives</td>
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<td>OA 06</td>
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<td>OA 07</td>
<td>Governance, management structures and RI processes</td>
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<td>RI roles and responsibilities</td>
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<td>OA 09</td>
<td>RI in performance management, reward and/or personal development</td>
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<td>Private</td>
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<td>OA 10</td>
<td>Collaborative organisations / initiatives</td>
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<td>Promoting RI independently</td>
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<td>OA 12</td>
<td>Dialogue with public policy makers or standard setters</td>
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<td>OA 13</td>
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<td>Description of ESG incorporation</td>
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<td>LEI 03</td>
<td>Percentage of each incorporation strategy</td>
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<td>LEI 04</td>
<td>Type of ESG information used in investment decision</td>
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<td>LEI 05</td>
<td>Information from engagement and/or voting used in investment decision-making</td>
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<td>Types of screening applied</td>
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<td>LEI 09</td>
<td>Types of sustainability thematic funds/mandates</td>
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<td>Description of ESG integration</td>
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<td>LEI 11</td>
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<td>Aspects of analysis ESG information is integrated into</td>
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<td>LEI 15</td>
<td>How ESG incorporation has influenced portfolio composition</td>
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<td>LEI 16</td>
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<td>LEI 17</td>
<td>Examples of ESG issues that affected your investment view / performance</td>
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<td>LEI 18</td>
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## Direct - Listed Equity Active Ownership

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<td>LEA 03</td>
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<td>Monitor / discuss service provider information</td>
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<td>LEA 16</td>
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Handelsbanken Asset Management

Reported Information

Public version

Organisational Overview

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### Basic Information

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<th>Gateway/Peering</th>
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<table>
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<tr>
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<th>% of assets under management (AUM) in ranges</th>
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<td>&lt;10%</td>
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<td>10-50%</td>
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<td>&gt;50%</td>
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- Fund of funds, manager of managers, sub-advised products
- Other, specify
- Execution and advisory only services
Handelsbanken Asset Management

Handelsbanken is one of the world's most resilient banks. Handelsbanken Asset Management's objective is to be the leading asset management company in the Nordic region. We offer advanced solutions for the management of our clients’ assets within fund and discretionary portfolio management. The management of assets is based on the values that are the foundation for the entire Handelsbanken Group: a long-term focus and client satisfaction.

Handelsbanken's business approach:

- Long-term collaboration in all of our client relationships
- High-quality in the management of assets - skilled portfolio managers and robust investment processes
- Serving as a stable and persevering counterparty for our customers

Handelsbanken's business concept is well-proven and has resulted in our position as one of the world's strongest banks[1]. The Bank has grown organically for some time and did not participate in the Swedish government's capital support or guarantee program during the previous financial crisis.

The Bank has been acclaimed as one of the strongest banks in the world by the news agency Bloomberg[1]. The ranking criteria include financial strength, capability to manage risk and cost efficiency. No other European bank was at the top of the ranking. Handelsbanken's S&P rating is AA-. For several years, Handelsbanken has had lower loan losses than other banks - during the last five years Handelsbanken's average loan loss ratio was 0.1 per cent while the industry average was 0.4 per cent.

The Bank's financial strength and stable management ensures a long-term commitment in our asset management assignments. This gives us the opportunity to prioritise a long-term focus and high-quality in the management of assets and in our client relationships, regardless of the state of the economy. As part of a full-service bank, we are also able to accommodate the financial needs that our clients may have beyond asset management.

Handelsbanken strives to be a responsible contributor to society and endorses the principles on human rights, work conditions, the environment and anti-corruption that are summarised in the UN's Global Compact. Handelsbanken Asset Management is also a signatory of PRI, which forms the basis for our work with responsible investing.

[1] According to a ranking conducted by the news agency Bloomberg in May 2013.
Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

172

Additional information. [Optional]

The total number of employees in the Handelsbanken Group is 11 500.

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

Indicate the year end date for your reporting year.

31/12/2013

Indicate your total AUM at the end of your reporting year.

<table>
<thead>
<tr>
<th>Currency</th>
<th>trillions</th>
<th>billions</th>
<th>millions</th>
<th>thousands</th>
<th>hundreds</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK</td>
<td>328</td>
<td>000</td>
<td>000</td>
<td>000</td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>49</td>
<td>548</td>
<td>399</td>
<td>217</td>
<td></td>
</tr>
</tbody>
</table>

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)
To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Internally Managed (%)</th>
<th>Externally Managed (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed equity</td>
<td>&gt;50%</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>Fixed income – corporate</td>
<td>10-50%</td>
<td>0</td>
</tr>
<tr>
<td>Fixed income – government</td>
<td>&lt;10%</td>
<td>0</td>
</tr>
<tr>
<td>Fixed income – other</td>
<td>&lt;10%</td>
<td>0</td>
</tr>
<tr>
<td>Private debt</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Private equity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Commodities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>&lt;10%</td>
<td>0</td>
</tr>
<tr>
<td>Forestry</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Farmland</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Inclusive finance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash</td>
<td>&lt;10%</td>
<td>0</td>
</tr>
<tr>
<td>Other (1), specify</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (2), specify</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)
Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☑ We incorporate ESG issues into investment decisions on our internally managed assets
- ☐ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☑ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☑ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ☑ Yes, our total listed equities are 10% or more of our total AUM
- ☐ No, our total listed equities are less than 10% of our total AUM

Additional information. [Optional]

We require that external managers have signed PRI - however in some older collaborations this is not the case, and we encourage non-signatories to sign.

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☑ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Fixed Income – other
- ☐ Hedge funds
- ☐ Cash
- ☐ None of the above

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☑ Organisational Overview
- ☑ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**
<table>
<thead>
<tr>
<th>Direct - Listed Equity incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Listed Equity incorporation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct - Listed Equity active ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Engagements</td>
</tr>
<tr>
<td>☑ (Proxy) voting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct - Fixed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Fixed Income - Corporate</td>
</tr>
</tbody>
</table>

**Closing module**

☑ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.
Handelsbanken Asset Management

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
## Responsible Investment policy

<table>
<thead>
<tr>
<th>OA 01</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OA 01.1</strong></td>
<td>Indicate if you have a responsible investment policy.</td>
<td>☐ Yes</td>
<td>☐ No</td>
</tr>
<tr>
<td><strong>OA 01.2</strong></td>
<td>Indicate if you have other guidance documents or more specific policies related to responsible investment.</td>
<td>☐ Yes</td>
<td>☐ No</td>
</tr>
</tbody>
</table>
What are responsible investments for Handelsbanken Asset Management?

We believe that a responsible attitude is essential to long-term value creation in a company. Responsible investments are therefore a vital prerequisite for achieving our goal of generating good long-term returns for our customers. Handelsbanken Asset Management's aim: We want responsible investments to be an integrated part of the asset management we conduct at Handelsbanken.

Key Policy Elements

Our policy for responsible investment applies to all our mutual funds and portfolios. The policy has been a part of the corporate governance policy since 2009, which is based on the Swedish code for corporate governance and the Swedish code for mutual fund companies. The policy is established each year by the board of the fund management company.

The policy describes our approach, scope and process. It covers the sustainability areas E, S and G and the fundamental references consist of the most important international standards - which for example form the basis of the principles in Global Compact - together with the conventions and agreements which limit particularly inhumane weapons.

Fundamental values and general approach

Our fundamental values are a combination of our strong corporate culture, the aim of corporate social responsibility at the Bank and broad international initiatives, such as Global Compact. Our approach is not to sell all holdings we identify as less responsible. We always have a long-term perspective in our holdings and instead we aim to use our contacts with the company for a dialogue. We can make contact either independently or with others. Through contacts with the companies, Handelsbanken Asset Management thus wants to contribute to a sustainable and responsible development in our environment as well as in our investments. If the dialogue does not in the long term lead to desirable changes, we may decide on exclusion. When deciding exclusion, index funds may be exempt if the investment is important to the fund's chances of reflecting the underlying index.

Approach

We integrate ESG issues such as environmental risk and corporate governance matters in our current investment decisions. Our ambition is for the work with responsible investments to be done continuously and be integrated into our existing management organisation. In this way, we want the people who make the actual investment decisions to experience the sustainability issues in the daily operations.

We have decided not to build up an organisation which operates in parallel with the investment process. Instead, we strive to facilitate for management to conduct research operations with the right organisation and tools, and make investment decisions which take into account sustainability issues. Resources have been allocated to co-ordination and follow-up as well as sustainability research and relevant research tools. In addition to our own research capacity, we co-operate with several sustainability research experts, e.g. Ethix and MSCI ESG Research. We believe this is the right way of guaranteeing complete integration with our asset managers and researchers. This approach requires a lot of work and we continuously improve and clarify integration of sustainability matters in management.

We also prioritise training efforts in our approach to responsible investments, both in management - which from 2013 is included in the induction training for new employees in the management organisation - and in other relevant groups in the organisation such as business
and product development.

<table>
<thead>
<tr>
<th>OA 02</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OA 02.1</strong></td>
<td>Indicate if your responsible investment policy is publicly available.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OA 02.2</strong></td>
<td>Provide a URL to your responsible investment policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>URL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OA 02.3</strong></td>
<td>Indicate if your other policies or guidance documents related to responsible investment are publicly available.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes, all</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ Yes, some</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OA 02.4</strong></td>
<td>List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy or document name</td>
<td>URL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Copyright © 2013 PRI Association. All rights reserved.
During 2014 we intend to further improve transparency in our reporting on sustainable investing, i.e. a publicly available document reporting on our approach and progress in this field.

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Policy setting out your overall approach</td>
<td>☑ Applicable policies cover all AUM</td>
</tr>
<tr>
<td>☒ (Proxy) voting policy</td>
<td>○ Applicable policies cover a majority of AUM</td>
</tr>
<tr>
<td>☒ Engagement/active ownership policy</td>
<td>○ Applicable policies cover a minority of AUM</td>
</tr>
<tr>
<td>☒ Specific guidelines on corporate governance</td>
<td></td>
</tr>
<tr>
<td>☒ Specific guidelines on environmental issues</td>
<td></td>
</tr>
<tr>
<td>☒ Specific guidelines on social issues</td>
<td></td>
</tr>
<tr>
<td>☐ Asset class-specific guidelines</td>
<td></td>
</tr>
<tr>
<td>☒ Screening/exclusion policy</td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify</td>
<td></td>
</tr>
<tr>
<td>☐ Other, specify</td>
<td></td>
</tr>
</tbody>
</table>

**OA 03.2** Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

All mutual funds are covered by our Policy for responsible investments. When deciding exclusion, index funds may be exempt if the investment is important to the fund’s chances to reflect the underlying index in accordance with the ESMA legislation. Today there are however no such exemptions.

**OA 04** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☑ Yes
The way of managing potential conflicts of interest is a Policy for handling of conflicts of interest. This is a non-public policy.

- No

**Objectives and strategies**

<table>
<thead>
<tr>
<th>OA 05</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>OA 05.1</td>
<td>Indicate if your organisation sets objectives for its responsible investment activities.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>OA 05.2</td>
<td>Indicate how frequently your organisation sets or revises objectives for responsible investment.</td>
<td>At least once per year</td>
<td></td>
</tr>
<tr>
<td>OA 05.3</td>
<td>Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.</td>
<td>Quarterly</td>
<td></td>
</tr>
</tbody>
</table>

- Yes

Handelsbanken Asset Management’s Responsible Investment Committee (RIC) formulates and follows up relevant objectives for operations in responsible investments, with the general goal that ESG issues should be integrated into the existing investment process.

The RIC is headed by the Chief Executive/Head of Handelsbanken Asset Management. Other members are CIO, Head of Sustainable Investments, Head of Institutional Sales, Head of Corporate Governance, Head of Legal Department and Business Development Manager.
### OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

<table>
<thead>
<tr>
<th>Roles present in your organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Board members or trustees</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☐ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Other Chief-level staff or head of department, specify</td>
</tr>
<tr>
<td>☑ Head of Responsible Investment</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Portfolio managers</td>
</tr>
<tr>
<td>☐ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Investment analysts</td>
</tr>
<tr>
<td>☐ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Dedicated responsible investment staff</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ External managers or service providers</td>
</tr>
<tr>
<td>☑ Oversight/accountability for responsible investment</td>
</tr>
<tr>
<td>☑ Implementation of responsible investment</td>
</tr>
<tr>
<td>☐ No oversight/accountability or implementation responsibility for responsible investment</td>
</tr>
<tr>
<td>☑ Other role, specify</td>
</tr>
<tr>
<td>☑ Head of Corporate Governance</td>
</tr>
</tbody>
</table>

---

19
☐ Oversight/accountability for responsible investment
☑ Implementation of responsible investment
☐ No oversight/accountability or implementation responsibility for responsible investment
☐ Other role, specify

<table>
<thead>
<tr>
<th>OA 08.2</th>
<th>Indicate the number of dedicated responsible investment staff your organisation has. [Optional]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>3</td>
</tr>
</tbody>
</table>

| OA 08.3 | Additional information. [Optional] |

In order to support and manage the operational work on integrating ESG issues into the investment process, Handelsbanken Asset Management has set up a coordination function comprising the person in charge of responsible investments, Head of Corporate Governance, and the person in charge of the daily work with responsible investments. The coordination function must guarantee the practical conditions for the management organisation to integrate ESG - in the form of sustainability analysis, tools, expertise and internal coordination. This includes evaluation and selection of external service providers. The function must also be responsible for the work of developing in the strategic direction decided by the committee and coordinate efforts with the rest of Handelsbanken. Corporate governance and communication are other important assignments for the coordination function.

<table>
<thead>
<tr>
<th>Promoting responsible investment</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>OA 10</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 4,5</th>
</tr>
</thead>
<tbody>
<tr>
<td>OA 10.1</td>
<td>Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

☑ Yes

| OA 10.2 | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |

Select all that apply
Asian Corporate Governance Association
Association for Sustainable & Responsible Investment in Asia
Australian Council of Superannuation Investors
CDP Climate Change
CDP Forests
CDP Water
CFA Institute Centre for Financial Market Integrity
Council of Institutional Investors (CII)
Eumedion
Extractive Industries Transparency Initiative (EITI)
Global Investors Governance Network (GIGN)
Global Real Estate Sustainability Benchmark (GRESB)
Institutional Investors Group on Climate Change (IIGCC)
Interfaith Center on Corporate Responsibility (ICCR)
International Corporate Governance Network (ICGN)
Investor Group on Climate Change, Australia/New Zealand (IGCC)
Investor Network on Climate Risk (INCR)/CERES
Local Authority Pension Fund Forum
Principles for Responsible Investment

Your organisation’s role in the initiative during the reporting period (see definitions)
☐ Basic
☐ Moderate
☐ Advanced

Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
SWESIF, FINSIF

Your organisation’s role in the initiative during the reporting period (see definitions)
☐ Basic
☐ Moderate
☐ Advanced

Shareholder Association for Research and Education (Share)
United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation’s role in the initiative during the reporting period (see definitions)
☐ Basic
☐ Moderate
☐ Advanced
22

Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]

Handelsbanken Group Level

☐ United Nations Global Compact

Your organisation’s role in the initiative during the reporting period (see definitions)

☐ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]

Handelsbanken Group Level

☐ Other collaborative organisation/initiative, specify

Swedish Investment Fund Association (Fondbolagens Förening)

Your organisation’s role in the initiative during the reporting year (see definitions)

☐ Basic
☐ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]

The Association’s working group for corporate governance is working to ensure that SRI becomes, in every respect, an important matter for every available fund. We are an active member.

☐ Other collaborative organisation/initiative, specify

Sustainable Value Creation (SVC)

Your organisation’s role in the initiative during the reporting year (see definitions)

☐ Basic
☐ Moderate
☐ Advanced
Sustainable value creation is a cooperation project initiated in 2009 by 14 of Sweden's largest investors. As investors and owners of Swedish companies, we wish to highlight the importance of companies working in a structured manner with sustainability issues, which we see as a prerequisite for long-term value creation in the companies and long-term financial yield for us as investors and owners.

☐ Other collaborative organisation/initiative, specify
☐ Other collaborative organisation/initiative, specify

OA 11 Mandatory Core Assessed PRI 4

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☑ Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
☐ Provided financial support for academic or industry research on responsible investment
☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
☑ Spoke publicly at events and conferences to promote responsible investment
☐ Wrote and published in-house research papers on responsible investment
☑ Encouraged the adoption of the PRI
☐ Other, specify

☐ No

OA 11.3 Additional information. [Optional]

Handelsbanken aims to provide knowledge-based information rather than commercial information to its clients. We want clients to be well informed in order for them to make good financial decisions. One example of this is EFN, a Handelsbanken owned internet TV provider. EFN employs the best financial and economic journalists in Sweden and provides objective, high quality news and comments through daily broadcasts. Sustainability and governance topics are regularly treated in these programmes and we experience that clients demand more of this.
Handelsbanken Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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## ESG incorporation in actively managed listed equities

### Implementation processes

<table>
<thead>
<tr>
<th>LEI 03</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEI 03.1</td>
<td>Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### ESG incorporation strategy (select all that apply)

- [ ] Screening alone (i.e. not combined with any other strategies)
- [ ] Thematic alone (i.e. not combined with any other strategies)
- [x] Screening + Integration strategies
- [ ] Thematic + integration strategies
- [ ] Screening + thematic strategies
- [x] All three strategies combined

<table>
<thead>
<tr>
<th>Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of actively managed listed equities to which each strategy or combination of strategies is applied (estimate +/- 10%)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

- [ ] No incorporation strategies applied

### Total actively managed listed equities

- [ ] 100%

---

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Describe your primary reasons for choosing a particular ESG incorporation strategy.

In our opinion, responsible behaviour is essential to long-term value creation in a company. Responsible investments are therefore a vital prerequisite for achieving our goal of generating good long-term returns for our customers.

Our aim is that the work with responsible investments is carried out on an ongoing basis and is integrated into our existing management organisation - we believe that an integrated strategy has the greatest impact on an already robust investment process and thereby on value creation in a portfolio over time. We want the people who make the actual investment decisions to experience sustainability issues in their daily work, both from a risk perspective and as a way of identifying investment ideas.

In order to manage our customers’ assets according to the established fundamental values characterising Handelsbanken and Handelsbanken Asset Management, an integrated strategy is supplemented by norm-based screening. Our fundamental values are based on Handelsbanken’s corporate culture and international norms pursuant to the UN initiatives Global Compact and PRI. Therefore, it is important to us to identify companies acting in conflict with our view of responsible investments and work with them in a structured manner.

By combining these two strategies, we meet our overall goal of generating good long-term returns for our customers, while fulfilling our aims and our customers’ expectations of us as a responsible investor.

We also have products with a special sustainability focus. This product family also contains best-in-class strategies and mutual funds with a sustainability theme. Here the chosen strategies become part of the whole product strategy and an adaptation to customer requests and the identified yield potential.
Screening and integration

We work on integrating ESG risks in the investment decisions for most of our funds and portfolios. This is the starting point in our overall work with responsible investments. Twice a year all our portfolios are screened in a norm-based screening where norm infringers are identified and we receive a signal if companies we have invested in contravene international standards and conventions. This does not lead to automatic exclusion of the company in the portfolio with no opportunity of a dialogue. We avoid investments in forbidden weapons, e.g. cluster munitions and anti-personnel mines.

Screening, integration and thematic

We also offer products with a special sustainability focus. In their investment strategy, they can avoid or reward companies and/or sectors. Our Criteria funds avoid companies which infringe international standards and conventions and investments in arms, tobacco, alcohol, gambling and pornography. In the Ny Energi fund (New Energy), companies are rewarded when developing or advancing technologies and techniques to limit global warming. The fund also invests in companies with assets which may contribute to more efficient use of energy.

(A) Implementation: Screening

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☑ Negative/exclusionary screening

Screened by

☑ Product
☐ Activity
☑ Sector
☐ Country/geographic region
☑ Environmental and social practices and performance
☑ Corporate governance
Screening for controversial weapons is applied to the entire investment universe. Exclusion based on ethical sector screening (pornography, weapons, gambling, alcohol and tobacco) and on norm-based screening is applied to Criteria funds. Exclusion based on screening for fossil fuels takes place in one fund (Global Dynamisk 90).

☒ Positive/best-in-class screening

Screened by

☐ Product
☐ Activity
☐ Sector
☐ Country/geographic region
☒ Environmental and social practices and performance
☐ Corporate governance

One fund applies investment based on best-in-class screening on sustainability criteria.

☒ Norms-based screening

Screened by

☒ UN Global Compact Principles
☒ Universal Declaration of Human Rights
☒ International Labour Organization Conventions
☒ United Nations Convention Against Corruption
☒ OECD Guidelines for Multinational Enterprises
☐ Other, specify

The entire range, all portfolio holdings, is included in norm-based screening twice a year.
LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Generally regulated in fund regulations and changes in these comply with laws and regulations regarding fund regulations.

LEI 07

Mandatory

CORE ASSESSED

PRI 1

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of the quality of the research undertaken or provided is carried out.
- Other, specify.
- None of the above.

LEI 07.2

Additional information. [Optional]

In addition to continuous feedback on perceived quality, etc. from our researchers and asset managers, our suppliers are regularly evaluated by ESG analysis by the coordination function for responsible investments.

(B) Implementation: Thematic

LEI 09

Mandatory

DESCRIPTIVE

PRI 1

LEI 09.1

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- Environmentally themed funds.
- Socially themed funds.
- Combination of themes.
Ny Energi

Our fund Ny Energi (New Energy) invests in shares in companies developing or advancing technologies and techniques to limit global warming. The fund also invests in companies with assets which may contribute to more efficient use of energy.

The fund rewards companies in sustainable development, that is companies active in:

- Products and services for increased energy efficiency
- Renewable energy
- Renewable fuel
- Companies which limit their CO2 emissions
- Operations contributing to increased environmental global developments in various regions.

The fund avoids investments in fossil fuels such as coal and oil. Investments are made in natural gas if this is considered the best regional alternative to other fossil fuel.

Investment process

Ny Energi’s investment process follows a clear structure and consists of three main steps as follows:

**Step 1 - Identify global segments in the global warming theme**

The process begins with an extensive qualitative global analysis, where segments (technologies and methods) considered to have long-term high and profitable structural growth are identified. Focus lies on identifying central global driving forces, imbalances between demand and supply, long-term increasing investment requirements, and rapid technology development and research trends. The market for energy savings and renewable energy has many factors which favour growth, for example steadily increasing demand and rapid development.

**Step 2 - Identification of companies regionally with exposure to the segments**

Based on the initial analysis, companies are identified which have a large exposure to selected segments. For a company that has been listed for a long time, more importance is attached to the key figure trend. For recently listed companies, the key figures do not have the same predictive power and the qualitative analysis is more important.

Focus is on assessing the company management's ability to act in a confidence-inspiring manner and steer the company in the right direction and how the owners' interests are safeguarded. Other important parameters include the positioning of the company and its products on the market, its financial situation and future outlook. It is also interesting to identify companies with something unique, e.g., technology leaders or have a business model favoured by growth in the field. The company must also show good grounds for a profitable trend ahead.

Many of the companies and markets developing renewable energy are relatively young. This means that there is still some inefficiency in these markets, which the asset manager can benefit from. When analysing small companies or recently listed ones, the asset manager's expertise and analysis of the company is of utmost importance. Prior to a potential investment, the asset manager always tries to meet or speak to the management.
Step 3 - Portfolio construction

The fund is a global portfolio where stock-picking is vital, which also impacts the portfolio construction. This means that the degree of conviction regarding the individual company impacts the portfolio composition and the shares invested in. All holdings are active positions without index links.

An important part of the management process is the asset manager’s daily overview of the fund. Thanks to extensive knowledge of the energy market and the individual holdings, the asset manager can identify deviations from the normal pattern and identify changes at an early stage. Thus the portfolio can quickly be adapted to them. The fund is constructed in order to generate some returns every day with scrupulous risk control, instead of taking large risks and having too large fluctuations in returns.

Thematic investment approach

We have funds with a thematic investment approach where holdings are concentrated on identified investment themes. These include themes with a sustainability focus such as water supply, illustrating how the sustainability perspective is integrated into regular asset management, regarding both risk and potential.

Investment process

Step 1 - Identify themes in structural growth

The process is begun by an extensive qualitative global analysis, where themes considered to have a long-term high structural growth are identified. The entire global team is involved in this with their individual expertise in e.g. emerging markets, the US and Latin America. The active equity management’s global research team also contributes with qualitative documentation for decisions. The initial gathering of information includes a large number of meetings with sector organisations, companies, politicians and sector experts.

Focus is on identifying central global driving forces, imbalances between demand and supply, relatively long-term increasing investment requirements, and catalysts such as technology development.

Step 2 - Stock-picking/portfolio construction on chosen themes

With our initial information collection and based on research, we identify companies which have large exposure to our selected investment themes and which meet the requirements made in our in-house developed research and valuation model.

Step 3 - Portfolio Construction

Initially investments are made in relatively small block, then a gradual increase is made as the asset manager’s confidence in the company and the management increases.

A theme must be sustainable and investable. The time horizon for an individual theme is usually at least three years, while the companies in the theme can be exchanged more often.
**ESG issues**

<table>
<thead>
<tr>
<th><strong>Coverage/extent of review on these issues</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental</strong></td>
</tr>
<tr>
<td>☐ We systematically review the potential significance of environmental issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We occasionally review the potential significance of environmental issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We do not review environmental issues</td>
</tr>
<tr>
<td><strong>Social</strong></td>
</tr>
<tr>
<td>☐ We systematically review the potential significance of social issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We occasionally review the potential significance of social issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We do not review social issues</td>
</tr>
<tr>
<td><strong>Corporate Governance</strong></td>
</tr>
<tr>
<td>☐ We systematically review the potential significance of corporate governance issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We occasionally review the potential significance of corporate governance issues and investigate them accordingly</td>
</tr>
<tr>
<td>☐ We do not review corporate governance issues</td>
</tr>
</tbody>
</table>

---

**Communication**

<table>
<thead>
<tr>
<th><strong>Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ We disclose it publicly</td>
</tr>
</tbody>
</table>

Provide URL

http://handelsbanken.se/csr

<table>
<thead>
<tr>
<th><strong>Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Indicate the information your organisation proactively discloses to clients/beneficiaries and the public regarding your approach to ESG incorporation.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Broad approach to ESG incorporation</td>
</tr>
<tr>
<td>☐ Detailed explanation of ESG incorporation strategy used</td>
</tr>
</tbody>
</table>
### LEI 18.4

Indicate how frequently you typically report this information.

- [ ] Quarterly or more frequently
- [X] Between quarterly and annually
- [ ] Less frequently than annually
- [ ] Other, specify

- [ ] No
  - [ ] We disclose it to clients and/or beneficiaries only
  - [ ] We do not proactively disclose it to the public and/or clients/beneficiaries
Handelsbanken Asset Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.
**Engagement**

**Overview**

<table>
<thead>
<tr>
<th>LEA 02</th>
<th>Mandatory</th>
<th>Gateway</th>
<th>PRI 1,2,3</th>
</tr>
</thead>
</table>

**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Reason for interaction</th>
</tr>
</thead>
</table>
| Individual/Internal staff engagements | - To support investment decision-making (e.g. company research)  
| | - To influence corporate practice (or identify the need to influence) on ESG issues  
| | - To encourage improved ESG disclosure  
| | - Other, specify  
| | - We do not engage via internal staff |
| Collaborative engagements | - To support investment decision-making (e.g. company research)  
| | - To influence corporate practice (or identify the need to influence) on ESG issues  
| | - To encourage improved ESG disclosure  
| | - Other, specify  
| | - We do not engage via collaborative engagements |
| Service provider engagements | - To support investment decision-making (e.g. company research)  
| | - To influence corporate practice (or identify the need to influence) on ESG issues  
| | - To encourage improved ESG disclosure  
| | - Other, specify  
| | - We do not engage via service providers |

**Process**

**Process for engagements run internally**

<table>
<thead>
<tr>
<th>LEA 03</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
</table>

**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

- Yes
Describe how you identify and prioritise engagements.

The true foundation of our engagements is our basic values which are of course engendered by our strong corporate culture. More formally, we have signed Global Compact and PRI, meaning we have undertaken to work with these issues in a structured way.

The matters we engage in are identified either by internal research or by external sources. We perform a bi-annual norm based screening, provided by an external consultant. The identified companies' breaches of international norms are discussed in the RIC (Responsible Investment Committee) in which a formal decision is taken to engage. Simply put, we prioritise according to how seriously the RIC judges the breaches to be and how important our holding in the company is. We also take into consideration the possibility of influencing a company, in reality, and of changing its behaviour. Engagement may also occur when the portfolio manager has direct contact with a company. RIC sets targets for all engagements and does a systematic and continuous follow-up of all engagements.

RIC discusses and decides which way of communication with the company in question is deemed most efficient and is thus chosen. We may act alone or in collaboration with others, or together with a service provider (pooled engagement).

☐ No

Additional information. [Optional]

The number of engagements is likely to increase in the years ahead since ESG integration is now increasing. We also see an increasing interest from clients and the public for engagement as a strategy.

Indicate if you define specific objectives for your engagement activities.

⊕ Yes

⊕ Yes, for all engagement activities

☑ Yes, for the majority of engagement activities

☐ Yes, for a minority of engagement activities

☐ No
LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
- Yes, in the majority of cases
- Yes, in the minority of cases

LEA 04.3 Describe how you monitor and evaluate the progress of your engagement activities.

RIC (Responsible Investment Committee) monitors and evaluates progress according to the targets set on engagements on a regular basis.

The procedure of an engagement is often carried out through a number of contacts with the companies and discussion with service providers and other informed parties. We acknowledge that change in many cases is slow and we believe patience is of importance. However, engagement will not continue indefinitely - if the company is not willing to discuss or if change does not occur, we will terminate engagement and may decide to exit the investment.

- No

Process for engagements conducted via collaborations

LEA 05 Mandatory Core Assessed PRI 2

LEA 05.1 Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes
The matters we engage in alone or together with other investors are identified either by internal research or by external sources. We perform a bi-annual norm based screening, provided by an external consultant. The identified companies’ breaches of international norms are discussed in the RIC (Responsible Investment Committee) where a formal decision is taken to engage. We prioritise according to how seriously the RIC judges the breaches to be and how important our holding in the company is. We also take into consideration the possibility of influencing a company, in reality, and of changing its behaviour. Collaborative engagement may also occur in a less formal way, when the portfolio manager has direct contact with a company and important matters are brought up together with other investors.

When we engage together with others the most important aspect is that we agree on the goals set and the way forward to achieve this.

<table>
<thead>
<tr>
<th>LEA 06</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA 06.1</td>
<td>Indicate if the collaborative engagements in which you are involved have defined objectives.</td>
<td>☑ Yes</td>
<td>☑ Yes, for all collaborative engagement activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>☑ Yes, for the majority of collaborative engagement activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>☑ Yes, for a minority of collaborative engagement activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>☑ No</td>
<td></td>
</tr>
</tbody>
</table>

| LEA 06.2 | Indicate if you monitor the actions companies take following your collaborative engagements. | ☑ Yes | ☑ Yes, in all cases |
| | | | ☑ Yes, in the majority of cases |
| | | | ☑ Yes, in the minority of cases |
Describe how you monitor and evaluate the progress of your collaborative engagement activities.

When a collaborative engagement is decided (as for individual engagements) we set specific goals for what we want to achieve. Goals may be set-up of policies, improved reporting, improved internal processes, etc. These are monitored by direct contacts with companies, by research from service providers or through other sources. Progress in this field is measured by the degree of fulfilment of these goals.

○ No

### Process for engagements conducted with/on your behalf by service providers

<table>
<thead>
<tr>
<th>LEA 07</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA 07.1</td>
<td>Indicate if you play a role in the engagement process that your service provider conducts on your behalf.</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 07.2</th>
<th>Indicate what role you play in engagements that your service provider conducts on your behalf.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Specify the issues for the engagement</td>
<td></td>
</tr>
<tr>
<td>✔ Specify the objectives for the engagement</td>
<td></td>
</tr>
<tr>
<td>✔ Select the companies to be engaged with</td>
<td></td>
</tr>
<tr>
<td>✔ Participate directly in the engagements with your service provider</td>
<td></td>
</tr>
<tr>
<td>✔ Actively monitor and review the activities of the service provider</td>
<td></td>
</tr>
<tr>
<td>□ Other, specify</td>
<td></td>
</tr>
</tbody>
</table>

○ No

<table>
<thead>
<tr>
<th>LEA 07.3</th>
<th>Additional information. [Optional]</th>
</tr>
</thead>
</table>

We are proactive and are inclined to take the lead in steering the engagement processes that are relevant to us, but we are very aware that the objectives of the engagements may sometimes be better served by a process that is led by specific expertise competence. For these reasons we collaborate with service providers on occasional engagements.

<table>
<thead>
<tr>
<th>LEA 08</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA 08.1</td>
<td>Indicate whether you monitor and/or discuss the following information provided to you by your service provider</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please select all that apply

☒ The subject (or ESG issue(s)) of engagement
☒ The objectives of the engagement
☒ The rationale for engagement
☒ The frequency/intensity of interactions with companies
☒ Progress towards achieving engagement goals
☒ Outcomes that have been achieved from the engagement
☒ Next steps for engagement activity
☐ Other, specify
☐ None of the above

General processes for all three groups of engagers

<table>
<thead>
<tr>
<th>LEA 10</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA 10.1</td>
<td>Indicate if you track the number of companies you engage with.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Tracking engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual / Internal staff engagements</td>
<td>☐ Yes, we track the number of our engagements in full ☐ Yes, we partially track the number of our engagements ☐ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ☐ No, we do not track and cannot estimate our engagements</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>☐ Yes, we track the number of our engagements in full ☐ Yes, we partially track the number of our engagements ☐ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ☐ No, we do not track and cannot estimate our engagements</td>
</tr>
<tr>
<td>Service provider engagements</td>
<td>☐ Yes, we track the number of our engagements in full ☐ Yes, we partially track the number of our engagements ☐ No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers ☐ No, we do not track and cannot estimate our engagements</td>
</tr>
</tbody>
</table>

Communication

<table>
<thead>
<tr>
<th>LEA 15</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2.6</th>
</tr>
</thead>
</table>
LEA 15.1
Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.6
Additional information. [Optional]

We have rarely been asked by our clients for disclosure of the companies we are engaged in and have an active dialogue with. In general we do not believe that such disclosure is beneficial to the dialogue or would alter the speed of change. However, we do experience increasing demand from clients, media and other parties to disclose such information.

(Proxy) voting and shareholder resolutions

Process

LEA 17
Mandatory | Descriptive | PRI 2

LEA 17.1
Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.

Based primarily on

- Our own voting policy
- Our clients requests or policy
- Other, explain

- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.
We vote at AGMs where we are a major owner and when we believe the outstanding decisions are important.

We wish to control the voting process in full. Our general view is that service providers can only interpret our voting policy and corporate culture into a meaningful decision on our behalf.

---

**LEA 21**

**Mandatory**

**LEA 21.1** Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ☐ Yes, in most cases
- ☐ Sometimes, in the following cases:
  - ☐ No
  - ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

---

**LEA 21.2** Additional information. [Optional]

We inform the companies of the reasons for a decision to vote against or abstain. In most cases we have had a discussion with the company before the AGM in order to influence or change a proposal.

---

**Outputs and outcomes**

**LEA 22**

**Mandatory**

**LEA 22.1** For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- ☐ We do track or collect this information

<table>
<thead>
<tr>
<th>Votes cast (to the nearest 1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
<tr>
<td>38</td>
</tr>
</tbody>
</table>
Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

<table>
<thead>
<tr>
<th>LEA 26</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA 26.1</td>
<td>Indicate if your organisation proactively discloses information on your voting activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ We disclose it publicly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ We disclose it to clients/beneficiaries only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>◊ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LEA 26.6 | Additional information. [Optional] |

When asked, we provide information on voting activities.
Handelsbanken Asset Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

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# ESG incorporation in actively managed fixed income

## Fixed Income - Corporate

### Implementation processes

<table>
<thead>
<tr>
<th>FI 04</th>
<th>Mandatory</th>
<th>Gateway/Core Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI 04.1</td>
<td>Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments, and (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ESG incorporation strategy** (select all that apply)

- [ ] Screening alone (i.e. not combined with any other strategies)
- [ ] Thematic alone (i.e. not combined with any other strategies)
- [ ] Integration alone (i.e. not combined with any other strategies)
- [x] Screening + Integration strategies

**Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)**

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
</tr>
</thead>
</table>

- [ ] Thematic + integration strategies
- [ ] Screening + thematic strategies
- [ ] All three strategies combined
- [ ] No incorporation strategies applied

**Total actively managed fixed income - corporate**

100%
In our opinion, responsible behaviour is essential to long-term value creation in a company. Responsible investments are therefore a vital prerequisite for achieving our goal of generating good long-term returns for our customers.

Our aim is that the work with responsible investments is carried out on an ongoing basis and is integrated into our existing management organisation - we believe that an integrated strategy has the greatest impact on an already robust investment process and thereby on value creation in a portfolio over time. We want the people who make the actual investment decisions to experience sustainability issues in their daily work, both from a risk perspective and as a way of identifying investment ideas.

In order to manage our customers’ assets according to the established fundamental values characterising Handelsbanken and Handelsbanken Asset Management, an integrated strategy is supplemented by norm-based screening. Our fundamental values are based on Handelsbanken’s corporate culture and international norms pursuant to the UN initiatives Global Compact and PRI. Therefore, it is important to us to identify companies acting in conflict with our view of responsible investments and work with them in a structured manner.

By combining these two strategies, we meet our overall goal of generating good long-term returns for our customers, while fulfilling our aims and our customers’ expectations of us as a responsible investor.

We work on integrating ESG risks in the investment decisions for most of our funds and portfolios. This is the starting point in our overall work with responsible investments. Twice a year all our portfolios are screened in a norm-based screening where norm infringers are identified and we receive a signal if companies we have invested in contravene international standards and conventions. This does not lead to automatic exclusion of the company in the portfolio with no opportunity of a dialogue. We avoid investments in forbidden weapons, e.g. cluster munitions and anti-personnel mines.

(A) Implementation: Screening

<table>
<thead>
<tr>
<th>FI 06</th>
<th>Mandatory</th>
<th>Descriptive</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI 06.1</td>
<td>Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Type of screening

- Negative/exclusionary screening
- Positive/best-in-class screening
- Norms-based screening

Screened by

- UN Global Compact Principles
- Universal Declaration of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

The entire range, all portfolio holdings, is included in norm-based screening twice a year.

FI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Generally regulated in fund regulations and changes in these comply with laws and regulations regarding fund regulations.

FI 07 Mandatory Core Assessed PRI 1

FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers’ ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above
(C) Implementation: Integration of ESG factors

<table>
<thead>
<tr>
<th>FI 11</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI 11.1</td>
<td>Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESG issues</th>
<th>Coverage/extent of review on these issues</th>
</tr>
</thead>
</table>
| Environmental | ☑ We systematically review the potential significance of environmental issues and investigate them accordingly  
                          ☑ We occasionally review the potential significance of environmental issues and investigate them accordingly  
                          ☑ We do not review environmental issues |
| Social | ☑ We systematically review the potential significance of social issues and investigate them accordingly  
                          ☑ We occasionally review the potential significance of social issues and investigate them accordingly  
                          ☑ We do not review social issues |
| Corporate Governance | ☑ We systematically review the potential significance of corporate governance issues and investigate them accordingly  
                          ☑ We occasionally review the potential significance of corporate governance issues and investigate them accordingly  
                          ☑ We do not review corporate governance issues |

Communication

<table>
<thead>
<tr>
<th>FI 18</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI 18.1</td>
<td>Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>☑ We disclose it publicly</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Provide URL

http://handelsbanken.se/csr

| FI 18.2 | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries. |
| ☑ Yes |

| FI 18.3 | Indicate the information your organisation proactively discloses to clients/beneficiaries and the public regarding your approach to ESG incorporation. |
| ☑ Broad approach to ESG incorporation  
                          ☑ Detailed explanation of ESG incorporation strategy used |
Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

- No
  - We disclose it to clients/beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries