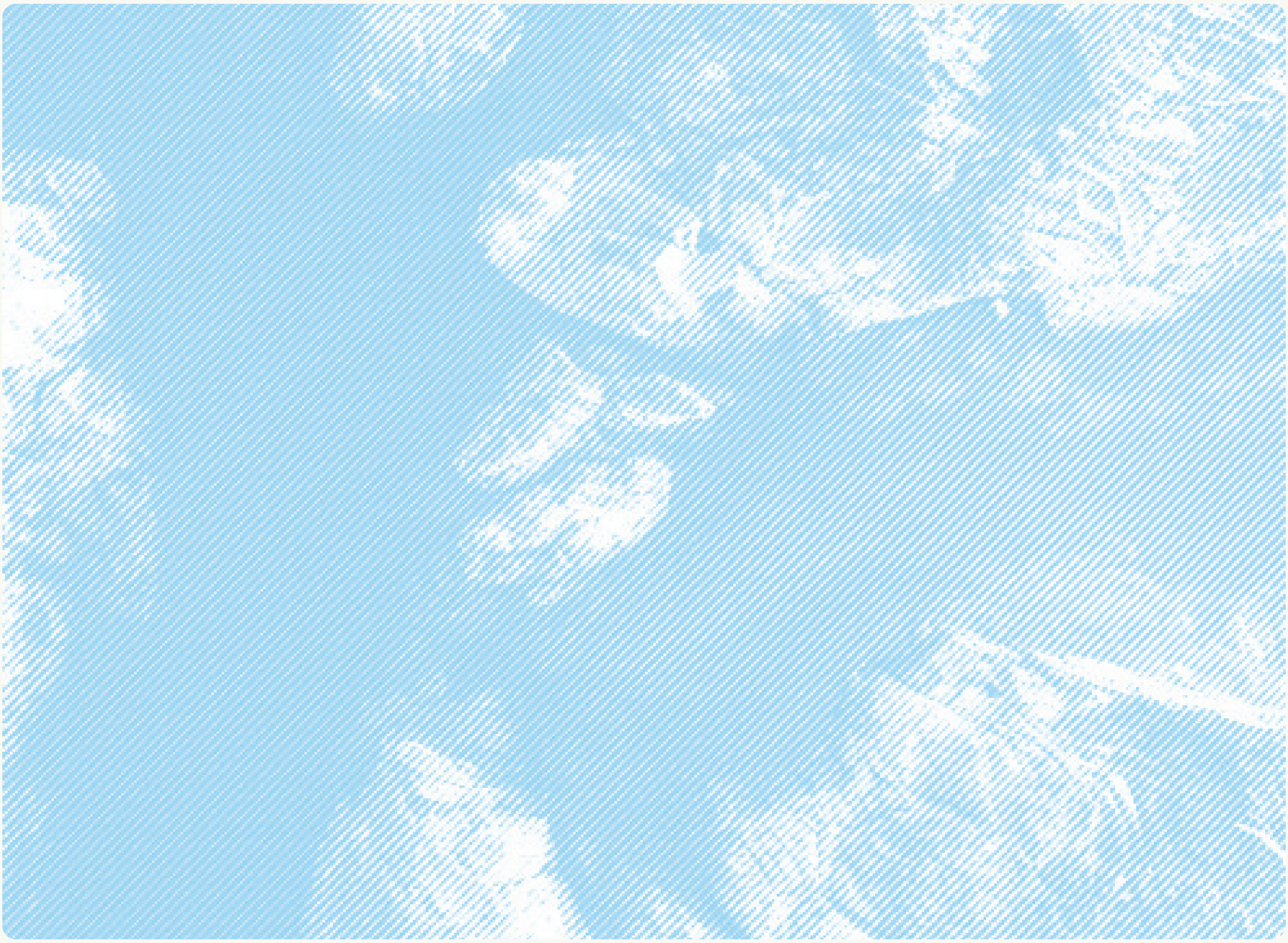
Handelsbanken

Handelsbanken Fonder
Climate report
2024



Contents

About the report

The purpose of Handelsbanken Fonder's Climate report 2024 is to inform stakeholders about our work related to climate change. We also hope to contribute to increased transparency and the continued development of forward-looking climate-related information within the financial sector, as well as in the broader economy.

This report has been prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The focus is on how climate change affects us as an asset manager, but it also includes commentary on the impact we, as an asset manager, have on the climate.

For definitions of key terms and frameworks, see the glossary in the appendix on page 25.

About TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) to address the lack of consistent and reliable information on companies' climate-related risks and opportunities. The TCFD's primary goal is to develop a reporting framework that enables companies to provide decision-useful information to investors, lenders, and insurers, allowing them to better assess and price climate-related risks and opportunities.

In 2023, the FSB officially transferred oversight of corporate climate-related reporting from the TCFD to the International Financial Reporting Standards (IFRS) Foundation. The TCFD's recommendations have been integrated into the IFRS S1 and S2 standards.

Climate report – 2024

Climate change is one of the greatest challenges of our time. As part of the financial system and as a manager of our customers' savings, Handelsbanken Fonder has a role to play in enabling the transition to a more low-carbon economy.

The significance of climate change for us as investors

By offering our clients funds and asset management that support their transition journey, we as a fund company have the greatest opportunity to make a positive impact. Considering climate-related risks and opportunities is a vital part of our overarching mission to deliver good long-term returns for our customers, as these risks, if realized, could significantly negatively affect the value of our investments.

This report presents our overall climate efforts, with a focus on the year 2024 and the strategy to achieve our long-term climate goal: to support investments aligned with net-zero emissions by 2040.

As an interim target on the path to net zero, we aim to reduce the carbon footprint of our total investment portfolio by 50 % by 2030. We see clear progress, having reduced our carbon footprint by nearly 18 % in 2024 compared to 2023, which corresponds to a 31 % reduction since the base year 2020.

The report also highlights how we use scenario analysis to assess climate risks and opportunities, and the methodology we apply to prioritize companies for engagement. We are fully aware of the complexity and challenges that the transition entails, but we are committed to continuing our work through concrete actions and transparent reporting of our climate efforts. Our goal is to create good long-term financial returns by integrating environmental, social, and governance (ESG) aspects into our investment processes.

Net zero: Net zero refers to achieving a balance between the greenhouse gas emissions associated with an investment portfolio and the removal or offsetting of those emissions. This concept is central to aligning investment strategies with global climate goals, particularly the Paris Agreement's objective of limiting global warming.

About risk
Past performance does not predict future returns. The value of the money invested in the fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed. Note that a fund with risk level 5-7 as stated in the fund's key information investment document (KIID) can vary greatly in value due to the fund's composition and management methodology. A summary of investors' rights as well as a prospectus, fund rules and KIID are available for each fund at handelsbanken.se/fonder.

The Year in Review 2024

Sustainability is central to Handelsbanken Fonder's asset management. Below are some figures that illustrate our work on climate issues and its effects during 2024.

In 2024

we conducted **12 of our own climate dialogues** with companies that were prioritised because they represent a large share of our financed emissions.

we conducted a total of **58 direct dialogues** with companies about their climate efforts.

climate has been a topic on the agenda in **122 of all the general meetings** we have voted at.

SEK 1,058 billion

Handelsbanken Fonder manages just over SEK 1.058 billion, which makes up approximately 89 per cent of Handelsbanken's total assets under management.

SEK 337 billion

SEK 337 billion in our Paris Aligned Benchmark funds.

SEK 63.7 billion

At the end of 2024, our holdings in green, social and sustainability bonds totalled SEK 63.7 billion for active fixed income management, an increase of SEK 11.4 billion compared to the previous year. Of these, we held SEK 61.4 billion in bonds classified as contributing to environmental and climate solutions, which is an increase of 20.6 per cent compared to 2023.

62.3 per cent SBTi

62.3 per cent of the fund company's financed emissions come from companies with validated Science Based Targets, and a further 8.8 per cent of the financed emissions are covered by other ambitious targets or commitments to set Science Based Targets.

181 companies

In 2024, Handelsbanken Fonder supported Climate Action 100+, an initiative which has engaged with 181 companies. In 2024, the fund company took on the role of co-lead in the dialogues with SSAB.

21 companies in transition

21 companies approved as companies in transition.

11 per cent

According to data from Morningstar, as of 2024, we are the fund company with the largest assets under management in Article 9 funds (around 11 per cent of all assets under management in Article 9 funds).

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Policy and commitment

Handelsbanken Fonder supports Net Zero Asset Managers (NZAM) and its global goal of net-zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5°C ('net-zero emissions by 2050 or earlier'). Handelsbanken Fonder is committed to aligning investments with net-zero emissions by 2040.

Ambition to reach net zero by 2040

The goal of net zero is ambitious and challenging and must be balanced with our core mission as an asset manager – to create good long-term returns for our clients.

Market development and customer demand are parameters that affect the fund company's total investment portfolio. A key aspect of achieving our goals is therefore to offer attractive management solutions that make a positive contribution and support the transition towards net zero.

As part of our efforts, we focus on developing a clear strategy based on the Net Zero Investment Framework 2.0 and other guidelines. We also define related goals and take a systemic approach to utilising the tools at our disposal as fund managers. We conduct a review of our targets every five years, an effort that began in 2024 and will continue in 2025. The review is guided by the Net Zero Investment Framework 2.0 (NZIF 2.0), which was published in the summer of 2024.

Policy and criteria

The Handelsbanken Group's guidelines for environmental and climate change cover the entire group and serve as a guide for decision-making. According to these guidelines, the bank's GHG emissions should be reduced over time in line with the 1.5-degree target.

Handelsbanken Fonder's Policy for Shareholder Engagement and Responsible Investment states that the fund company does not invest in companies whose revenue to more than 5 per cent derives from the extraction of thermal coal, or whose revenue to more than 30 per cent derives from coal power generation. Read more in our policy here.

In addition to the exclusions defined in the policy, the fund company offers funds with two levels of exclusion: Basic and Enhanced (Criteria). Both levels exclude investments in fossil fuels, including coal, oil, and natural gas. This means excluding companies where more than 5 per cent of revenue comes from exploration, extraction, distribution, or refining of fossil fuels. Companies with more than 5 per cent of revenue from fossil fuel-based power generation are also excluded, except for those that qualify as companies in transition. Read more about our exclusion criteria here.

99.4 per cent of the fund company's assets under management are subject to exclusions at either the Basic or Enhanced level and thus exclude fossil fuels. The remaining 0.6 per cent consists of funds that do not have direct company exposure.

Governance

The Board of Directors' oversight of climate-related risks and opportunities

The Board of Directors of Handelsbanken Fonder is responsible for monitoring our sustainability strategy, which also includes climate change perspectives. These aspects are considered in decisions on overall strategic direction, with the Board receiving regular updates from the organisation. The Board of Directors reviews and approves our Policy for Shareholder Engagement and Responsible Investment, which governs our assets under management. The policy also sets out the strategic direction for our voting behaviour at annual general meetings (AGMs) and work in nomination committees.

How management assesses and manages climate-related risks and opportunities

Management is responsible for monitoring and developing our climate change efforts, which includes governance and strategy development. The Head of Sustainability is responsible for the development of strategies and policies, as well as methods and tools pertaining to climate change, including keeping the organisation informed on global and industry developments related to climate change. Asset managers are responsible for the integrated management of climate risks and opportunities in accordance with policies and strategies within their respective business areas.

Governance structure for climate-related risks

Handelsbanken Fonder's governance structure for managing climate-related risks is integrated into our overall sustainability governance. The Sustainability Committee – led by the Head of Sustainability and consisting of the CEO (decision-maker), Head of Products, fund managers and specialists – decides on sustainability-related issues, such as method development and decisions regarding the assessment of companies in relation to our exclusion criteria. Progress and monitoring of our climate goals are regularly reported in the Sustainability Risk Forum, which includes the CEO, Head of Products, Heads of Asset Management, Head of Compliance, Chief Risk Officer, and Head of Sustainability.

Strategy

Handelsbanken Fonder's principal climate-related impact occurs through the investments made by the fund company. Our investment portfolios are exposed to both transition risks and physical climate risks, as well as to opportunities linked to the transition to a low-carbon economy.

Climate impact, risks and opportunities

Physical climate risks can include coastal and river flooding, and heat waves. At the same time, the transition to a low-carbon economy entails significant risks. Transition risks can consist of market-related, technological, or political risks. As with physical risks, the majority of Handelsbanken Fonder's risk exposure stems from companies in manufacturing. However, the transition also creates opportunities for value creation – for example in the electricity, gas, steam and air conditioning sectors. Handelsbanken Fonder takes these risks into account as well as the opportunities that the transition entails in its investment decisions.

- As a fund manager, we have a responsibility to manage our clients' capital with consideration for these climate risks and opportunities.
- As part of our commitment to the Net Zero Asset Managers initiative, we aim to achieve net-zero emissions from our investment portfolios by 2040, with interim targets guiding our path.
- We have developed methods and tools to reduce the impact of our investment portfolios on the climate and our risks. We exclude investments in fossil fuel companies, we include companies in transition, and we conduct climate-related engagement efforts.
- We follow up on our climate efforts regularly and report transparently on the outcomes in relation to our set goals.

Our climate strategy

Our climate strategy rests on three central pillars, reflecting our view that we, as asset managers, have a responsibility and an opportunity to drive change towards the goals of the Paris Agreement:

1 Reduce carbon emissions

Why
We aim to reduce the carbon emissions of our total investment portfolio in a way that considers climate risks and opportunities and aligns with achieving global net-zero greenhouse gas emissions by 2040.

Target
Reduce the carbon footprint of our total investment portfolio by 50 % by 2030.

Our methods and tools
- We integrate consideration of companies' climate impact into our investment process.
- We develop and offer products aligned with our goal, such as index funds that follow the Paris Aligned Benchmarks. Read more on page 11.
- We conduct dialogues with portfolio companies regarding their climate targets and plans. Read more on page 13 and 14.
- We exclude fossil fuels from our investments. Our carbon footprint was already relatively low when we began measuring, due to excluding coal companies since 2015 and applying a fossil fuel exclusion strategy to the vast majority of our funds since 2018.

2 Invest in the transition

Why
Transitioning the economy requires major investments in solutions that either directly reduce or remove emissions, as well as in companies that indirectly enable emission reductions. This is why we invest in companies that produce and expand climate and environmental solutions.

Target
Double investments in environmental and climate solutions by 2030.

Our methods and tools
- We invest in companies that develop products and services that directly contribute to, or enable the climate transition.
- We develop and offer products that support our goal, such as our actively managed impact funds. Read more here (in Swedish).
- We invest in companies in transition. Read more on page 12.
- We invest in sustainable bonds and sustainability-linked bonds.
- Over 98 per cent of our funds integrate sustainability into their processes and have individually determined minimum levels of sustainable investments, which include environmental, climate-related and socially sustainable investments.

3 Influence the transition

Why
Engagement is an important tool that we as asset managers can use to contribute to the transition, and is therefore an integral part of our long-term ambition of net-zero emissions by 2040. We have therefore developed a strategy for our engagement and asset stewardship, which includes a clear escalation and voting policy.

Target
By 2030, engage in dialogue with companies that account for 70 % of the fund company's total financed emissions and are not yet aligned with a net-zero pathway.

Our methods and tools
- We conduct direct dialogues with priority companies. Read more on page 13.
- We participate in initiatives and collaborations with selected companies in high-emission sectors. Read more on page 24.
- We support calls and engage in industry initiatives to encourage increased reporting and improved data quality.
- We vote at AGMs. Read more on page 14.

About risk
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Methodology and tools

Scenario analysis

Handelsbanken Fonder uses scenario analyses to assess the potential impacts of different climate scenarios on our investments, which allows us to integrate these insights into our decision-making processes. This proactive approach enables us to mitigate risks, identify opportunities and align our investments with the transition to a low-carbon economy.

Physical risks

Physical risks are analysed based on current and future exposure to six costly climate threats: coastal floods, droughts, heat waves, river floods, tropical cyclones, and forest fires.
Risk exposure by 2050 is assessed according to two IPCC scenarios: RCP 4.5 (1.7-3.2˚C temperature increase by 2100), which is assessed as a likely scenario, and RCP 8.5 (3.2-5.4˚C increase) which is assessed as a worst-case scenario. Effects within each scenario are simulated through scientific climate models. Risks are assessed based on companies' geographical exposure of revenues and assets, quantified as operational risks and market risks. This determines what part of the company's value is at physical risk (Physical Value at Risk, PVaR), i.e. the estimated change in share price from physical climate risks.

Transition risks and opportunities

Transition risks and opportunities are analysed according to the IEA's Net Zero 2050 scenario (1.5˚C temperature increase). The scenario takes a long-term perspective to 2050, although the effects are expected to occur gradually in both the short and medium term. Risks and opportunities for companies are quantified through estimated changes in demand and costs. This decides which part of the company's value is at transitional risk (Transitional Value at Risk, TVaR), and includes three transition risks/opportunities:

- Political: cost and revenue changes from changed policy.
- Market-related: effects of carbon prices in relevant sectors.
- Technological: price changes and demand for fossil versus low-carbon technologies.

> ”Risks and opportunities are quantified for companies based on estimated changes in demand and costs”.

About risk

Paris-aligned index funds

Handelsbanken Fonder integrates and set climate targets and their outcomes into the investment process and develops and offers products that are in line with emission targets, such as index funds that follow the Paris Aligned Benchmarks.
The Paris Aligned Benchmarks framework developed by the EU provides an independent framework for what criteria a sustainable index should meet. By excluding or having a lower weight in companies with high emissions and companies that lack strategies to transition to a more sustainable business, the climate-related risks in the funds can be reduced. The companies in these indices are selected and weighted so that the portfolio's emissions are in line with the Paris Agreement's goal of a maximum of 1.5 degrees of warming. This means that the carbon footprint of the fund will be reduced by at least seven per cent each year.

Sustainable investments and solution investments

Handelsbanken Fonder reports in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), which includes reporting on sustainable investments. A sustainable investment is defined under the regulatory framework as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not cause significant harm to any other environmental or social objective and that the investee company follows good governance practices.

In the fund company's application, a sustainable investment may thus consist of a company that derives at least 25 per cent of its revenue from activities that contribute to an environmental or social objective in Agenda 2030, or if at least 20 per cent of its revenue is aligned with an environmental objective within the EU Taxonomy. Alternatively, a sustainable investment can be an investment that has been assessed as an impact investment, or an investment in a sustainable bond. Learn more about the methodology, details and other criteria applied in accordance with SFDR, here.

All the fund company's products reported in accordance with Articles 8 and 9 of the SFDR have a commitment to a minimum proportion of sustainable investments, and the level is determined specifically for each fund. Through these commitments, the fund company works to maintain a high level of sustainable investments, as these, among other things, are the investments necessary for the climate transition.

Companies in transition

Companies that transition from fossil energy to renewable energy production are vital for reducing overall carbon dioxide emissions. Therefore, we accept a certain amount of exposure to fossil fuels if a company meets the requirements listed below. This applies to companies in electricity power generation, transmission and distribution.

Handelsbanken Fonder's requirements for our actively managed equity and fixed income funds, actively managed allocation funds, as well as certain passively managed funds:

- The company's planned development of operations follows a clear, defined plan where the goal is to reduce the company's carbon dioxide emissions in line with the Paris Agreement.
- The company's current operations do not mainly consist of fossil energy.
- The company's current investment rate supports the transition to reduce carbon emissions in line with the Paris Agreement.

Our requirements for Paris Aligned Benchmark funds:

The company has established and published targets in accordance with the requirements of the Science Based Targets initiative to transform its operations in line with the Paris Agreement.

- The company's current operations do not mainly consist of fossil energy (maximum 50 per cent of its revenue).
- The company derives a maximum of 5 per cent of its revenue from coal power.
- The company derives a minimum of 10 per cent of its revenue from renewable energy.
- The company does not cause significant harm to one or more of the SDG targets, such as climate change mitigation, adaption to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and mitigation of environmental pollution, and protection and restoration of biodiversity and ecosystems.

Decision-making process and follow-up

Handelsbanken Fonder's Sustainability Committee prepares the basis for the decision made by the fund company's CEO on whether a company meets the established requirements to be classified as a company in transition.

21 companies are currently approved as companies in transition, which means that the fund company's actively managed share and fixed income funds, actively managed allocation funds, and certain passively managed funds can invest in these companies.
For approved companies in transition, read more here.

We regularly follow up on the approved companies to ensure that our requirements for qualification as a company in transition continue to be met.

Climate engagements

Starting point of our engagement efforts

Engagement is an important tool in the work towards our long-term climate goal. The starting point for our climate engagement efforts is therefore to prioritise using our resources when engaging with companies in which we have a relatively large ownership share and influence, where we see an opportunity to drive change with tangible effects on the climate. Our engagement efforts are conducted with a forward-looking perspective. This means that we focus on the companies demonstrating the will and ability to drive change that leads to emission reductions. Our climate-related engagements are based on the "IIGCCs Net Zero Stewardship Toolkit". Read more here.

Method for prioritising dialogues

Each year, we conduct a portfolio analysis of all our holdings to assess which companies should be prioritised in our climate dialogues. The first step is to identify the companies whose emissions (Scope 1, 2 and 3) account for 70 per cent of the fund company's total financed GHG emissions. In the next step, how aligned these companies are with a net-zero pathway is assessed. The assessment is based on IIGCC's Net Zero Framework 2.0 and its recommended criteria, definitions, and related data points results in a categorisation of companies into the following six levels:

1. Companies that lack sufficient data to be assessed ("No data").
2. Companies that lack a commitment to align to net zero ("No commitment").
3. Companies that are committed to aligning to net zero ("Committed to aligning").
4. Companies that are in the process of aligning to a pathway towards net zero. ("Aligning to a net zero pathway").
5. Companies that are aligned to a pathway towards net zero. ("Aligned to a net zero pathway").
6. Companies that have reached net zero ("Achieving net zero").

The highest priority is given to companies that do not yet have net zero targets or companies that have not set short or medium-term emission reduction targets. An additional priority group consists of companies that do not yet fully report on their direct emissions and their significant indirect emissions, as obtaining an accurate picture of the operations' emissions is crucial for developing and implementing relevant transition and emission reduction plans, which is the next step and priority in our dialogues.

The analysis and categorisation clarifies why a company is prioritised, and to steer and focus our engagement efforts on the concrete steps that each company needs to take in order to move towards net zero.

Objectives of engagement efforts and expectations of companies

The objective of the engagement efforts is for each prioritised company to gradually meet more – and in the long term all – of the remaining criteria in order to be assessed as aligned to a net-zero pathway. The fund company has developed a climate scorecard that enables monitoring of each company's current status and identifies which criteria have not yet been met.

Handelsbanken Fonder expects our portfolio companies to:

- Have targets to reach net-zero emissions by 2050.
- Adopt science-based emission reduction targets in the short and medium term.
- Report direct emissions (Scope 1 and 2) and significant indirect emissions (Scope 3).
- Demonstrate a clear transition plan that sets out the measures that are expected to drive emission reductions in line with the company's short and medium-term goals.
- Demonstrate investments or other measures that support the implementation of the transition plan.
- Decrease their emissions, in absolute terms or in intensity measures, in line with the expectations set by the company's targets.

The fund company continuously monitors the progress of its climate engagement work.

Tools and escalation strategy in our climate engagement

Engagement with prioritised companies is primarily conducted through direct dialogues. This is because many of the companies on the list are those where we have a relatively large ownership stake and thus good conditions for dialogue and influence.

A number of the fund company's prioritised climate dialogues are conducted through collaborative dialogues in cooperation with other investors within Climate Action 100+. These are primarily large multinational companies with significant global climate impact, where coordinated investor dialogues can lead to greater impact and more efficient use of both investors' and companies' resources.

In both direct and collaborative dialogues, escalation can occur by raising the issue to the next level of the company's leadership. That is, if dialogue with IR and sustainability functions does not yield results, the dialogue can be escalated to the CFO, CEO, and Chair of the Board. Exercising ownership at general meetings is another tool. Read more here.

Voting on climate issues

Our Voting Policy expresses that the fund company, in general, is positive to shareholder motions aimed at increased transparency and reporting regarding the climate question. The fund company wants the companies to implement a climate strategy and aim to meet the Paris Agreement in order for the companies to become carbon neutral by 2050 at the latest. This includes interim targets for reduced emissions and other measures. We vote in favor of introducing an annual vote on the company's climate work—known as "Say on Climate"—if it is relevant for the company, i.e., if there are material climate risks in the business. Read our voting policy here.

Goals and metrics

Our goals and metrics help us steer and monitor the implementation and outcomes of our climate strategy, and thereby evaluate whether it is guiding us correctly toward Handelsbanken Fonder's long-term climate goal: to support investments aligned with net-zero emissions by 2040.

1 Reduce carbon emissions

50% We intend to reduce the carbon footprint of our overall investment portfolio by 50 per cent by 2030.

In order to offer relevant products to our customers that support a transition and to account for significant sustainability risks in our investment decisions, we have developed the interim target of reducing the carbon footprint by 50 per cent in our overall investment portfolio.

2 Invest in the transition

X2 We aim to double investments in environmental and climate solutions by 2030. To succeed in the transition, large investments are needed in solutions that either directly reduce or remove emissions, or indirectly enable emission reductions in other parts of the economy. Therefore, we invest in companies that produce and scale up environmental and climate solutions, as well as in bonds that are directly aimed at financing such efforts.

3 Influence the transition

70% By 2030, engage in dialogue with companies representing 70 per cent of the fund company's total financed emissions that are not yet aligned with a net-zero pathway.

About risk

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Metrics

Carbon footprint

Handelsbanken Fonder calculates emissions using data for the investment objects' Scope 1, 2 and 3 emissions. The emissions calculations are based on the ownership share in each investment, calculated by comparing the size of the investment with the company's value including cash (EVIC). These methodologies are in line with the definitions of Principal Adverse Impact Indicators 1, 2 and 3 in Table 1 of the EU Sustainable Finance Disclosure Regulation (SFDR). Handelsbanken Fonder uses the definition of greenhouse gases as defined in the Kyoto Protocol in our calculations. Learn more about which these are in our glossary at the end of the report.

Shares and corporate bonds		2024	2023	2022	2021	2020*
Portion of total portfolio		94.2%	89.20%	88.1%	92.3%	91.8%
Coverage		91.4%	96.30%	92.3%	95.0%	93.7%
Reported/Estimated	Scope 1 + 2	87.7% / 12.3%	93.0% / 7.0%	88.4% / 11.6%	83.6% / 16.4%	76.5% / 23.5%
	Scope 3	51.2% / 48.8%	57.9% / 42.1%	40.4% / 59.6%	-	-
	Scope 1 + 2 + 3	51.2% / 48.8%	57.5% / 42.5%	40.1% / 59.9%	-	-
Carbon footprint (tCO2e/mSEK EVIC)	Scope 1 + 2	1.92	2.62	3.01	2.75	3.53
	Scope 3	40.23	48.59	47.18	46.4	57.64
	Scope 1 + 2 + 3	42.15	51.21	50.19	49.15	61.17
GHG intensity (tCO_2e/mSEK Revenue)	Scope 1 + 2	3.72	4.15	6.97	7.92	8.39
	Scope 3	111.58	128.7	116.98	130.41	144.63
	Scope 1 + 2 + 3	115.30	132.84	123.95	138.33	153.02
Financed emissions (tCO_2e)	Scope 1 + 2	1 755 209	2 032 724	1 960 693	2 172 659	2 140 867
	Scope 3	36 777 115	37 698 494	30 732 719	36 658 690	34 957 388
	Scope 1 + 2 + 3	38 532 324	39 731 218	32 693 412	38 831 349	37 098 255

* The base year has been chosen based on data availability; 2020 is the earliest possible year with updated Scope 3 data available from the fund company's data provider.

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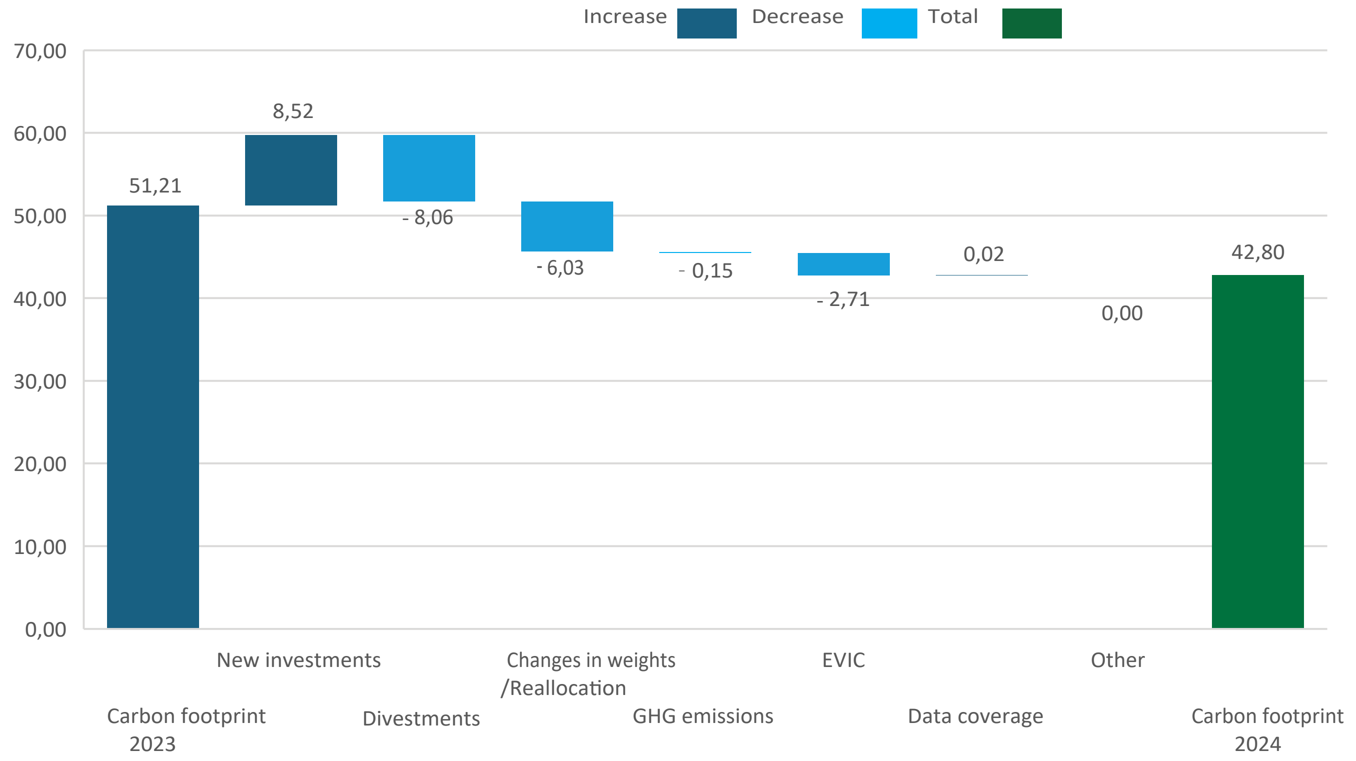
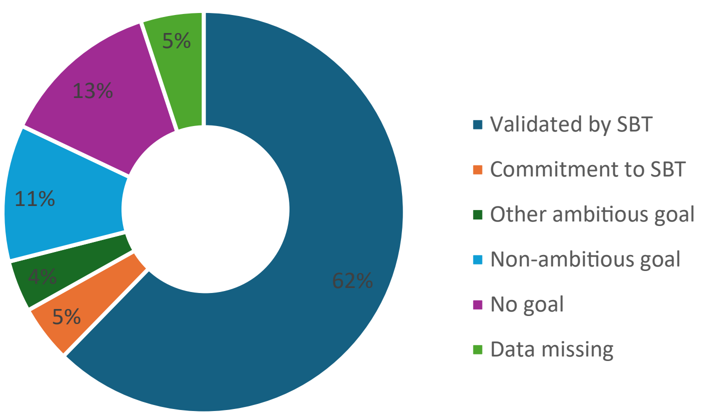
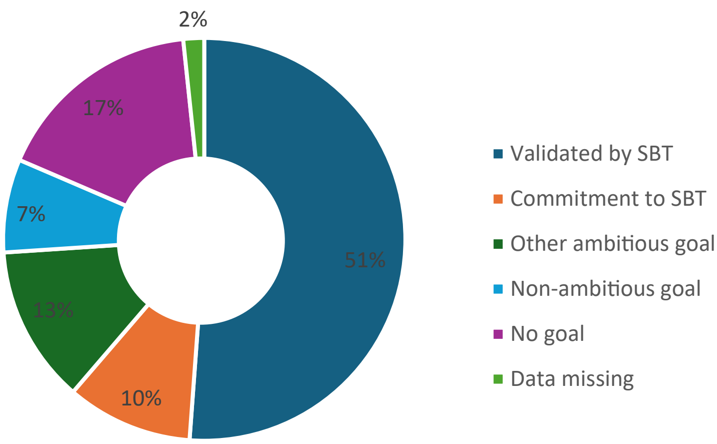
Change in Carbon Footprint (Scope 1+2+3)



Carbon footprint Scope 1+2+3



Carbon footprint Scope 1+2



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Commentary on emissions 2023–2024

During the period from 2023 to 2024, the fund company recorded a decrease in both Scope 1+2 and Scope 3 emissions. This reduction is primarily due to reallocations within the portfolio rather than actual emission reductions by the individual companies. In other words, the emissions profile improved as a result of changes in the portfolio composition, not because of operational improvements in the companies themselves.

Despite this, we observe a positive development in the climate ambitions of the companies. Currently, 62 per cent of the portfolio's total emissions are covered by science-based climate targets validated by the Science Based Targets initiative (SBTi), and an additional 9 per cent are covered either by commitments to set such targets or by other ambitious climate goals. This means that over 70 per cent of the portfolio's emissions are linked to companies with clear climate strategies, which strengthens the fund company's long-term position in the transition toward net-zero emissions.

Environmental and climate Solutions

An environmental and climate solution investment is defined as an investment that contributes to an environmental objective, based on the goals of Agenda 2030 and the EU Taxonomy. This includes companies whose revenue contributes to an environmental or climate goal (to the extent that the company's revenue is assessed to contribute, for example 50 per cent), as well as sustainable bonds such as green bonds—where the entire borrowed amount is used to finance environmental investments or projects.

Measurement point	2024	2023	2022
Share of investments in environmental and climate solutions	18.10%	20.70%	22.70%
Change from previous year	-2.60%	-2.00%	
Share of sustainable investments	42.10%	43.20%	43.20%
Change from previous year	-2.50%	0.00%	

Commentary on environmental and climate solutions 2023–2024

The share of investments in environmental and climate solutions decreased during the year from 20.7 per cent to 18.1 per cent. This decline is primarily explained by changes in portfolio composition and fund flows. The share of sustainable investments also decreased slightly, from 43.2 per cent to 42.1 per cent, but remains at a high level relative to the fund company's total investment portfolio. The work continues to increase long-term investments that contribute to environmental and climate goals in accordance with Agenda 2030.

Stress Tests

Physical climate risks

The analysis shows that Handelsbanken Fonder's overall portfolio has lower physical climate risk exposure (PVaR) than global benchmark indices. In a likely scenario, PVaR is expected to increase from the current 0.08 per cent to 0.50 per cent, compared to 0.55 per cent for the global index. Even in a worst-case scenario, the portfolio's PVaR (0.76 per cent) is lower than the benchmark index (0.84 per cent).

Manufacturing sectors show the highest risk exposure with the current PVaR of 0.04 per cent, which could rise to 0.40 per cent in the worst-case scenario. It should be noted that the analysis does not capture all potential climate-related physical risks, and real-world consequences in an extreme scenario may be greater than the estimates.

Transition risks and opportunities

Handelsbanken Fonder's portfolio has a transition risk value (TVaR) of 2.41 per cent, which is significantly lower than the 4.57 per cent of the unscreened global benchmark index. This indicates less exposure to risks in the transition to a low-carbon economy.

The largest risk exposure is in the manufacturing sector at 1.73 per cent. The electricity, gas, steam and air conditioning utilities sector, on the other hand, shows a negative TVaR (-0.21 per cent), which points to potential opportunities where the climate transition could lead to value growth for companies in this sector.

Examples from our operations

We want to be part of the transition to a low-carbon world, and we currently see several investment opportunities in companies that are transitioning their operations from fossil energy production to renewables. We have therefore developed criteria that define companies that are making this shift, which entails a certain exposure to fossil fuels. The requirements apply to companies in electricity generation, transmission and distribution. Read more on page 12.

Examples: reducing our climate impact

Companies in transition – EDP

One example of a company in transition we have invested in is EDP, a Portuguese energy company that has undergone a significant transformation from being heavily reliant on fossil fuels to now operating with almost no profits derived from fossil sources. Just 20 years ago, fossil fuels accounted for a large portion of EDP's electricity production. Today, the picture looks very different: in 2024, 95 per cent of its electricity production came from renewable sources—an increase from only 20 per cent two decades earlier. This transition has been achieved through strategic investments in wind and solar power, as well as a gradual phase-out of the company's coal-fired power plants. EDP is now on track to be completely coal-free by 2025 and aims for 100 per cent renewable electricity production by 2030. EDP's journey is a clear example of how a major energy company can shift from fossil dependency to becoming a leader in renewable energy. It highlights the importance of investing in companies in transition.

Handelsbanken Global Index Criteria – the world's largest Article 9 fund

At the turn of the year, the fund company had eight Paris Aligned Benchmark (PAB) funds, with a total managed capital of SEK 337 billion , representing approximately 32 per cent of our total assets under management.

Among these, the Handelsbanken Global Index Criteria fund was recognised by Bloomberg in May 2024 as the world's largest Article 9 fund. As of year-end, the fund managed over SEK 145 billion in assets.

About risk

Past performance does not predict future returns. The value of the money invested in the fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed. Note that a fund with risk level 5-7 as stated in the fund's key information investment document (KIID) can vary greatly in value due to the fund's composition and management methodology. A summary of investors' rights as well as a prospectus, fund rules and KIID are available for each fund at handelsbanken.se/fonder.

Examples of investments in solutions

Salmon companies and the climate transition

The global food system accounts for approximately 25–30 per cent of total greenhouse gas emissions. The majority of these emissions stem from agriculture and land use, particularly from meat and dairy production, including their feed supply chains. As the global population grows and prosperity increases, the world is expected to consume significantly more protein, which, given current consumption patterns, would lead to substantial increases in emissions. Transforming both the production and consumption of food is therefore crucial to reducing global emissions.

Plant-based protein sources have the lowest climate impact, but fish and aquaculture can also play a role in the transition to more sustainable diets and food systems, according to both the UN's Food and Agriculture Organization (FAO) and the EAT-Lancet Commission. Farmed salmon offers a significantly lower climate impact and a more nutrient-rich alternative to meat and other animal protein sources, such as pork, lamb, and chicken. Even compared to other seafood, salmon provides high nutritional value and low carbon emissions per kilogram of edible product. In this way, farmed salmon is a climate-efficient and healthy alternative to beef and several other animal protein sources. Salmon farming also has other sustainability-related advantages, such as low water risk and a low feed-to-food ratio. However, salmon farming and its feed supply chain are also associated with sustainability risks and potential negative environmental and climate effects. Farmed salmon kept in sea cages is associated with local environmental risks, including fish escapes, sea lice, and the impact of excess nutrients and waste from the fish and their feed on the seabed environment. The feed itself also entails a range of possible environmental and climate effects. Therefore, requirements and controls on the ingredients used in fish feed are important sustainability issues for the salmon industry. Plant-based ingredients often include soy, which carries risks related to land use, while fishmeal and fish oil—along with their sources and fishing methods—can impact wild fish stocks.

Given this risk profile, the fund company assesses that some salmon companies can be considered sustainable, but not all. Within the framework of our SFDR methodology, we have therefore developed specific criteria to assess whether a salmon company can be classified as a sustainable investment. A salmon company is considered to contribute to reduced climate impact (SDG 13) and to health (SDG 3), provided that it has set science-based emission reduction targets, including for its value chain (Scope 3), and that over 95 per cent of the company's salmon farms are certified (according to a GSI-approved standard).

Handelsbanken Fonder holds investments in several salmon companies and therefore has both a responsibility and an opportunity to drive improvements in how the salmon industry manages its sustainability risks. For this reason, we have been engaging in dialogue with salmon companies for several years regarding their strategies and goals for managing sustainability risks—both independently and through participation in investor initiatives and joint dialogues (led by FAIRR).

Handelsbanken Hållbar Energi and Bakkafrost

Hållbar Energi is a global equity fund with the goal of investing in companies whose economic activities contribute to achieving the UN Sustainable Development Goals (Agenda 2030), particularly Goal 7 on Sustainable energy for all and Goal 13 on Combating climate change. This includes investments not only in renewable energy but also in solutions that reduce the total energy demand and climate impact of society.

In this context, the food sector plays an important role. Therefore, Hållbar Energi invests in Bakkafrost, a salmon producer operating in the Faroe Islands and Scotland. Bakkafrost has passed the fund company's sustainability investment assessment and is considered to have strong management of the sustainability risks associated with salmon farming. In FAIRR's latest 2023/24 ranking of sustainable companies in the food industry, Bakkafrost ranked 5th highest out of a total of 60 companies.

The conditions for salmon farming in the Faroe Islands are in many ways unique. In the Faroe Islands, the long-term sustainability of the fjords and the salmon industry is crucial to the country's economy, with salmon accounting for around 45 per cent of exports. As a result, the salmon industry in the Faroe Islands is characterized by a high degree of both control and collaboration with authorities and researchers. For example, measurements of sea lice prevalence are conducted by an independent third party, rather than being measured and reported to authorities by the companies themselves.

Strict thresholds are applied, and if exceeded, companies face significant consequences. Controlling sea lice, parasites, fish health, and mortality is a top priority for Bakkafrost, and the company has made substantial investments in developing a mechanical treatment method. This involves treating the salmon exclusively with freshwater and turbulence aboard a vessel. The treatment is free from chemicals and does not involve the use of cleaner fish. The company reports that the treatment has shown good results in controlling sea lice and maintaining fish health, with very low mortality as a result.

The Faroe Islands differ from other geographies in that there are no rivers where wild salmon spawn. This means that the risks associated with potential fish escapes are relatively lower in the Faroe Islands than elsewhere, as there is no risk of genetic mixing with wild salmon populations. Nevertheless, fish escapes remain an important issue for Bakkafrost, and the company is investing in better net cages and continuously evaluating cage positioning to prevent escapes, which are often caused by storms or seal attacks.

There are, however, ongoing challenges for this and other companies in the same industry. We have extensive experience in engaging with the industry on sustainability, which gives us the opportunity to advocate for and drive improvements. For several years, we have discussed challenges related to feed supply chains, fish escapes, fish mortality, and the control of diseases and parasites, and we are seeing progress. The fund company's portfolio managers and sustainability analysts have visited Bakkafrost's salmon farms multiple times, both in the Faroe Islands and in Scotland. We also engage in dialogue with authorities, interest groups, and researchers to gain multiple perspectives on the challenges facing the salmon industry.

We believe that, as investors, we can make the greatest difference by continuing to encourage improvements in the industry through active ownership in carefully selected companies at the forefront of industry development.

The role of the forest

Forests play an important role in mitigating climate change as they both sequester carbon and absorb carbon dioxide. Forests also provide renewable raw materials and can thereby replace some of the energy-intensive products made from fossil fuels. It is essential to practice forestry in a way that does not result in deforestation that compromises the forest's ability to act as a carbon sink and instead causes it to emit more greenhouse gases than it absorbs.

Tornator

Tornator is a Finnish forestry company operating in Finland, Estonia, and Romania. The company has a clear strategy to maximize the forest's potential as a solution to combat climate change. Its core business involves forestry conducted according to principles that ensure long-term biodiversity, carbon sequestration, and economic return. The company also offers forest management services. Tornator aims to achieve annual carbon sequestration of between 4.5 and 5.1 million tonnes of CO_2e in its forests during the period 2021–2030. To reach this goal, the company actively works to ensure continuous forest growth, thereby increasing the forests' capacity to absorb carbon dioxide. In 2024, the growth in Tornator's Finnish forests amounted to approximately 3.7 million cubic meters, which is in line with the previous year. Since 2020, Tornator has issued green bonds, and in 2023, it updated its green framework. The purpose of the update was to clarify and improve the framework in line with market developments and to add a project category for promoting biodiversity.
Handelsbanken Hållbar Global Obligation has investments in two green bonds issued by Tornator, which together represent one of the fund's largest individual positions. Tornator has allocated both of its public green bonds to the category of sustainable forestry, including investments in new or existing dual-certified forests in Finland. At the time of this report, the fund's holdings in Tornator amounted to 16.5 million euros. According to Tornator's own estimates, each million euros invested in their green bonds contributes to the storage or avoidance of approximately 4,600 tonnes of carbon dioxide. This would mean that the fund's investment corresponds to a reduction or avoidance of approximately 75,884 tonnes of CO_2e emissions. To read more about the methodology and Tornator's work, see their Green Finance Investor Letter 2024. Please note that the estimated impact includes both carbon sequestration from annual forest growth and substitution effects.

*Tornator Oyi Green Finance Investor Letter 2024

About risk
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Examples of engagement efforts

Some of the climate initiatives and collaborations that we support are:

CDP

CDP is an independent, international not-for-profit organisation striving for increased transparency and dialogue on companies' environmental impact – and for the information about this impact being made available to investors.

Handelsbanken Fonder takes part in CDP's annual Non-Disclosure Campaign, which aims to boost companies' transparency around climate change, deforestation and water security, and a CDP campaign that encourages companies to set and report Science-Based Targets for emission reductions in order to reach net zero by 2050. Learn more here.

Climate Action 100+

Climate Action 100+ is a global collaborative initiative that aims to ensure that the world's largest corporate greenhouse gas emitters take responsibility and necessary action on climate change. Handelsbanken Fonder joined the initiative in 2017. Within the framework of the initiative, Handelsbanken Fonder currently has the role as one of three leading investors in the dialogues with SSAB, and participates as a supporting investor in the dialogues with Volvo AB and Caterpillar. In other dialogues, the fund company does not participate directly in the engagement efforts; however, as a participant in Climate Action 100+, we stand behind all the overall engagement efforts conducted.

For an overview of which companies Climate Action 100+ engages with, learn more here. Learn more about Climate Action 100+ here.

Institutional Investors Group on Climate Change (IIGCC)

The Institutional Investors Group on Climate Change (IIGCC) is a leading European member organisation for investor collaboration on climate change and a founding partner of the Net Zero Asset Managers (NZAM) initiative. The IIGCC supports investors in driving progress towards net zero by providing a platform for collaboration, developing tools such as the Net Zero Investment Framework and engaging with stakeholders to promote effective climate action. As a member of the IIGCC, Handelsbanken Fonder has been part of working groups to improve guidelines and methods related to the integration of Scope 3 data for asset managers. Learn more here.

Examples of how we voted on climate issues in 2024

Climate – proposal for the AGM of Berkshire Hathaway

A proposal to Berkshire Hathaway calls on the company to report on how its insurance, investments and other activities comply with the Paris Agreement. In recent years, the company has shown some responsiveness by raising climate issues to the board. However, meaningful corporate sustainability reporting for their holdings is still lacking, especially regarding carbon-intensive industries and companies that may be affected by climate change, such as utilities and insurance companies (which are part of their portfolio). For these reasons, we voted in favour of this proposal.

Climate Lobbying – AGM at Tyson Foods

A proposal at Tyson Foods' annual general meeting urged the company to report on and align its lobbying activities with its stated climate goals under the Science Based Targets initiative (SBTi) and its long-term net-zero targets. While the company does report some information on its lobbying, there is no transparent evaluation of whether the industry associations it supports are aligned with its own climate goals. We believe the requested report would ensure transparency in the company's policy objectives, reduce reputational risks, and provide shareholders with assurance that the company's resources are being used in a way that supports its stated goals. Therefore, we voted in favor of this proposal.

Appendix

Glossary

Greenhouse gas emissions
Greenhouse gas emissions typically include the following, as defined by the Kyoto Protocol:

Carbon dioxide (CO_2): The most significant anthropogenic greenhouse gas, primarily resulting from the combustion of fossil fuels, deforestation, and industrial processes.

Methane (CH4): Emitted during the production and transport of fossil fuels, as well as from livestock, agricultural practices, and waste management.

Nitrous oxide (N2O): Released from agricultural and industrial activities, as well as during the combustion of fossil fuels and solid waste.

Hydrofluorocarbons (HFCs): Synthetic gases used as replacements for ozone depleting substances in various applications, such as refrigeration and air conditioning.

Perfluorocarbons (PFCs): By-products of aluminum smelting and semiconductor manufacturing processes.

Sulfur hexafluoride (SF6): Used in various industrial applications, such as electrical insulation and semiconductor manufacturing.

Nitrogen trifluoride (NF3): Used in the production of semiconductors and liquid crystal displays (LCDs).

Scope 1 emissions: Scope 1 emissions are direct greenhouse gas emissions that occur from sources owned or controlled by an organisation. These emissions are a direct result of a company's activities

Scope 2 emissions: Scope 2 emissions are indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat, or cooling consumed by an organisation. These emissions physically occur at the facility where the energy is generated but are attributed to the organisation that uses the energy.

Scope 3 emissions: Scope 3 emissions are all other indirect emissions that occur in an organisation's value chain. These emissions are a consequence of the company's activities but occur from sources not owned or controlled by the organisation

Avoided Emissions: Avoided emissions, sometimes informally called 'Scope 4' emissions, refer to the reduction in greenhouse gas emissions that occurs when a low-carbon product, service, or project is implemented compared to a business-as-usual scenario. While not an official category in the GHG Protocol, this concept is increasingly used in sustainable investing to assess the positive climate impact of investments beyond direct emissions reductions.

Net zero: Net zero, in the context of an asset manager, refers to achieving a state of balance between the greenhouse gas emissions associated with an investment portfolio and the removal or offsetting of those emissions. This concept is central to aligning investment strategies with global climate goals, particularly the Paris Agreement's objective of limiting global warming.

Enterprise value including cash (EVIC): EVIC is calculated as the sum of the market capitalisation of a company, without the deduction of cash or cash equivalents. It is used in the method to calculate carbon footprint as proposed by the EU Technical Expert Group on Sustainable Finance (TEG). Note that the carbon footprint can thus, even if the absolute emissions are the same, increase or decrease depending on how the market values a company.

Financed Emissions: Financed emissions refer to the total greenhouse gas emissions associated with the companies in which the firm invests. These emissions are attributed to the asset manager based on the ownership in each company, calculated by comparing the size of the investment to the enterprise value including cash (EVIC).

Carbon Footprint: The carbon footprint in the context of portfolio emissions is the normalized measure of financed emissions, usually expressed in tonnes of carbon dioxide equivalent (tCO2e) per million euros (or any other currency) of enterprise value including cash (EVIC). As such, it is interpreted as financed emissions per million euros invested.

Greenhouse Gas Intensity: Greenhouse gas intensity is a metric that expresses greenhouse gas emissions in relation to a company's most recent sales figure, measured in millions of euros.

Physical Value at Risk (PVaR): Physical Value at Risk (PVaR) quantifies potential financial losses due to physical climate risks, such as extreme weather events (e.g., hurricanes, floods, droughts) and long-term climatic changes (e.g., rising sea levels, changing precipitation patterns). PVaR helps assess the potential damage to assets,disruption to operations, and other financial impacts resulting from these physical climate risks.

Transition Value at Risk (TVaR): Transition Value at Risk (TVaR) measures potential financial losses associated with the transition to a low-carbon economy.This includes risks from policy and legal changes (e.g.,carbon pricing, emissions regulations), technology shifts, market changes (e.g., changing consumer preferences), and reputational impacts. TVaR helps quantify the potential financial impacts of these transition risks, such as stranded assets, increased operating costs, or reduced demand for carbon intensive products.

Representative Concentration Pathways
The IPCC's Fifth Assessment Report (AR5, 2013–2014) uses four scenarios to model future climate change, known as RCPs—Representative Concentration Pathways:

RCP 8.5: This scenario assumes continued high carbon dioxide emissions, three times higher than today, and significantly increased methane emissions.

RCP 6: In this scenario, CO_2 emissions increase until 2060, but energy intensity is lower than in RCP 8.5. Methane emissions stabilize, and CO_2 emissions peak in 2060 at a level 75% higher than today, then decline to 25% above current levels.

RCP 4.5: This scenario assumes stringent climate policy, lower energy intensity, and extensive afforestation programs. CO_2 emissions increase slightly and peak around 2040.

RCP 2.6: This scenario assumes even more stringent climate policy and low energy intensity. Oil use declines, and methane emissions decrease by 40 % by 2100. CO_2 emissions remain at current levels until 2020, then peak and become negative by 2100.

Science Based Targets Initiative (SBTi): The Science Based Targets initiative (SBTi) is a collaborative effort between CDP, the United Nations Global Compact, theWorld Resources Institute (WRI), and the World Wide Fund for Nature (WWF). The initiative aims to help companies set ambitious greenhouse gas emission reduction targets that are in line with the latest climate science and the goals of the Paris Agreement. By setting science-based targets, companies demonstrate their commitment to reducing their carbon footprint and contributing to the global effort to limit global warming to well below 2˚C above pre-industrial levels, with efforts to limit warming to 1.5˚C.

The SBTi provides a framework and methodology for companies to set emission reduction targets for their operations (scope 1 and 2) and value chain (scope 3).

The initiative offers sector-specific guidance to help companies in various industries set targets that are consistent with the decarbonization pathways required to meet the goals of the Paris Agreement. These sector-specific guidelines cover a range of industries, including power, transport, buildings, industry, land use, and more.

Sustainable Finance Disclosure Regulation (SFDR): The Sustainable Finance Disclosure Regulation (SFDR) is a key EU regulation implemented in March 2021 to improve transparency and prevent greenwashing in sustainable investing. It requires financial market participants in the EU to disclose how they integrate sustainability risks and impacts into their processes and products. The SFDR mandates specific disclosures for different product categories, focusing on climaterelated metrics like emissions and fossil fuel exposure.

Artikel 9 - *The fund has sustainable investment or a reduction of carbon emissions as its objective.*
For funds with sustainable investment objectives, it is required that the investment contributes positively to an environmental or social goal, does not significantly harm any other such goal, and follows good governance practices.

Funds with a goal of reducing carbon emissions aim to achieve low carbon exposure to meet the long-term global warming targets of the Paris Agreement, i.e., limiting global warming to a maximum of 1.5˚C. These funds follow EU Paris Aligned Benchmarks.

Article 8 - *The fund promotes environmental and social characteristics through its investments but does not have sustainable investments as its objective.*
Promoting environmental and social characteristics may include considering climate and environmental factors, human rights, labor rights, and equality.

Article 6 - *Sustainability risks are integrated into investment decisions.*
Sustainability risks are considered in investment decisions, without the fund promoting environmental or social characteristics or having sustainable investments as its objective.

Article 6 - *Sustainability risks are not integrated due to the fund's investment focus.*
Due to the fund's investment strategy, sustainability risks are not considered in investment decisions. Examples include funds that invest only in derivatives and liquid assets.

EU Taxonomy: The EU Taxonomy is a classification system that defines environmentally sustainable economic activities, aiming to provide a common language, prevent greenwashing, and direct investments towards sustainable projects. As a key part of the EU's sustainable finance strategy and climate initiatives like the European Green Deal and Fit for 55 Package, the Taxonomy sets performance thresholds for activities substantially contributing to one of six environmental objectives, including climate change mitigation and adaptation, while avoiding significant harm to the others and complying with minimum social safeguards. It covers revenue, capital expenditures, and operational expenditures, and is designed to evolve over time to reflect technological advancements and changing environmental priorities.

Taskforce on Climate-related Financial Disclosures (TCFD): Taskforce on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) to address the lack of consistent and reliable information on companies' climate-related risks and opportunities. The TCFD's primary goal is to develop a reporting framework that enables companies to provide decision-useful information to investors, lenders, and insurance underwriters, allowing them to better assess and price climate-related risks and opportunities.

The TCFD framework is structured around four core elements: Governance, Strategy, Risk Management, and Metrics and Targets. These elements are designed to help companies disclose how they identify, assess, and manage climate-related risks and opportunities, as well as the potential financial impacts of these issues on their business.

International Financial Reporting Standards (IFRS): The International Financial Reporting Standards (IFRS) Foundation, responsible for developing globally accepted accounting standards, established the International Sustainability Standards Board (ISSB) in 2021 to create a comprehensive baseline of sustainability disclosure standards. The ISSB released two proposed standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), which build upon existing initiatives like the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). IFRS S2 incorporates the TCFD recommendations, providing a framework for reporting on governance, strategy, risk management, and metrics related to climate risks and opportunities.

European Sustainability Reporting Standards (ESRS): The European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG) to support the implementation of the Corporate Sustainability Reporting Directive (CSRD), provide a comprehensive set of disclosure requirements covering environmental, social, and governance matters. ESRS E1 (Climate change), a key standard within the ESRS, aligns with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the International Sustainability Standards Board's (ISSB) IFRS S2 (Climate-related Disclosures). It requires companies to disclose information on governance, strategy, risk management, metrics, and targets related to climate change, including greenhouse gas emissions and plans to transition to a lowcarbon economy. The alignment of ESRS E1 with TCFD and IFRS S2 ensures compatibility between EU and global sustainability reporting standards, reducing the reporting burden for companies and facilitating the comparability of sustainability information for investors and stakeholders.

The Kyoto Protocol: The Kyoto Protocol is an international agreement adopted in 1997 as an extension of the United Nations Framework Convention on Climate Change (UNFCCC). It sets legally binding emission reduction targets for industrialized countries to reduce greenhouse gas emissions by an average of 5 % below 1990 levels from 2008-2012. It introduced market-based mechanisms like Emissions Trading, CDM, and JI to help countries meet targets cost-effectively.

The Paris agreement: An international treaty on climate change adopted in 2015 at the United Nations Climate Change Conference (COP21) in Paris. The agreement's central aim is to strengthen the global response to the threat of climate change by keeping global temperature rise this century well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

Agenda 2030 and the Global Goals: The UN resolution "Agenda 2030 — Transforming our world" was adopted by the UN General Assembly in 2015. Agenda 2030 consists of 17 Global Goals and 169 targets, aiming to achieve long-term sustainable economic, social, and environmental development. Its objectives include eradicating extreme poverty, reducing inequalities and injustices in the world, and combating climate change.

Say on Climate: Say on Climate is an international initiative aimed at strengthening corporate climate accountability through increased transparency and shareholder influence. Companies are encouraged to annually publish their climate strategies and allow shareholders to vote on these plans. By integrating climate issues into corporate governance, the initiative seeks to promote actions aligned with the goals of the Paris Agreement.

Approved companies in transition

To read about which companies are approved as transition companies, learn more here.

Direct and collaborative dialogues – climate

Read more about our direct dialogues here.
Read more about our collaborative dialogues here.

Handelsbanken
handelsbanken.se
08-701 10 00
106 70 Stockholm