ANNEX III

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

Product name: Handelsbanken Global Småbolag Index Criteria **Legal entity identifier:** 549300M3FT0YPIOB9559

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

[X] **Yes**	[ ] **No**
[X] It will make a minimum of **sustainable investments with an environmental objective:** 90%	[ ] It **promotes Environmental/Social (E/S) characteristics** ___%
[ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[X] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
[ ] It will make a minimum of **sustainable investments with a social objective:** ___%	[ ] with a social objective
	[ ] It promotes E/S characteristics, but **will not make any sustainable investments**

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

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

What is the sustainable investment objective of this financial product?

The fund is an equity index fund that aims to follow the performance of the Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index as closely as possible. The index constitutes a registered EU benchmark for alignment with the Paris Agreement (a so-called Paris Aligned Benchmark) pursuant to Regulation (EU) 2016/1011 (the Benchmark Regulation), and aims to reflect the performance of small cap companies in developed equity markets globally, taking into account specific sustainability requirements.

The sustainability requirements of the index aim to reduce emissions of carbon dioxide and other greenhouse gases. The companies in the fund and the index are selected and weighted in such a way that the index portfolio's greenhouse gas emissions are adapted to the long-term global warming targets of the Paris Agreement. The fund is reported as a fund in accordance with Article 9(3) of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR). More information about the index that the fund tracks can be found at www.solactive.com/indices/?se=1&index=DE000SL0C1W3. Note that it is the fund as a whole that, according to Article 9(3) SFDR, has a reduction in emissions of carbon dioxide and other greenhouse gases as its objective.

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

The fund is an index fund and the fund's Paris Aligned Benchmark has been selected with the aim of attaining the objective of reducing emissions of carbon dioxide and other greenhouse gases.

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

  Greenhouse gas intensity/carbon footprint in accordance with the Paris Aligned Benchmark regulatory framework: To meet the objective of reducing carbon emissions and other greenhouse gases, the fund and its index shall reduce their greenhouse gas intensity, measured as Scope 1, 2 and 3 emissions relative to EVIC, at least 7% annually. The fund and its index shall also display a greenhouse gas intensity which is at least 50% lower than the greenhouse gas intensity of the reference portfolio. These emissions reductions shall be achieved by requiring that the total exposure to the sectors listed as high climate impact sectors in Sections A-H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council correspond, at least, to the total exposure to these sectors in the reference portfolio. The requirement is established in order to ensure that the index provides a realistic picture of the real economy, including the sectors that need to actively reduce their greenhouse gas emissions in order to achieve the targets of the Paris Agreement.

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

  In order to qualify as sustainable investments, companies whose economic activities contribute to the attainment of an environmental or social objective must also not counteract sustainable development through other parts of their value chain (the "do no significant harm" principle). For this fund, which has a reduction in emissions of carbon dioxide and other greenhouse gases as its objective at the fund level, the fund company ensures this by meeting all, and in certain cases exceeding, the mandatory requirements set for a Paris Aligned Benchmark in the index methodology. This entails that the companies included in the fund are to apply the following principles:

  1. Exclusion criteria for companies with activities linked to controversial sectors as well as specific PAI indicators, such as fossil fuels and controversial weapons.

  2. Exclusion criteria for companies with confirmed violations of international norms and conventions.

  3. Exclusion criteria for companies that cause significant harm to one or more environmental objectives linked to climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and mitigation of environmental pollution, protection and restoration of biodiversity and ecosystems.

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

  Indicators for adverse impact on sustainability factors are taken into account by integrating and considering the companies' emissions of carbon dioxide and other greenhouse gases in the index methodology and thus the portfolio composition. This is done to attain the objective of reducing emissions of carbon dioxide and other greenhouse gases.

  Through screening and exclusion, the fund and its indices exclude issuers with activities linked to controversial sectors as well as issuers with confirmed violations of international norms and conventions such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Through dialogue, the fund company influences companies to manage their sustainability risks and any potential principal adverse impacts on sustainability factors.

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

Through screening and exclusion, the fund and its indices exclude companies with confirmed violations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

☒ Yes,

The portfolio manager considers principal adverse impacts (PAI). This is done through a process developed by the fund company where potential adverse impacts are identified and analysed. Certain adverse impacts are managed through exclusion within the scope of the fund's index methodology, while other potential adverse impacts are managed through active asset stewardship and engagement. The fund invests broadly across numerous sectors, and which PAI indicators are relevant therefore differs depending on the fund's investments. Data quality and data availability also currently affect the integration of principal adverse impacts on sustainability factors in the management.

In addition to the fund company's PAI tools, an exclusion strategy is applied to the fund and its index. The aim of the strategy is to ensure that companies are not involved in activities with a heightened risk of adversely impacting sustainability factors. This applies to activities relating to the production and distribution of controversial weapons, military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling and fossil fuels, as well as to companies with confirmed violations of international norms and conventions related to human rights, the environment, employee rights or anti-corruption and anti-bribery. Any deviations are managed by exclusion. The exclusion criteria are built into the fund's index methodology and verification of the fund's exclusion strategy is conducted at the time of investment and on an ongoing basis.

Information on the principal adverse impacts on sustainability factors will be disclosed in the fund's annual report, available on the fund company's website.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management

Target of reducing carbon emissions: The fund is managed in line with an index that is a registered EU benchmark for alignment with the Paris Agreement (a so-called Paris Aligned Benchmark), pursuant to Regulation (EU) 2016/1011 (the Benchmark Regulation). The fund and the composition of its index aim for reduced emissions of carbon dioxide and other greenhouse gases. The companies in the fund and the index are selected and weighted in such a way that the index portfolio's greenhouse gas emissions are aligned with the long-term global warming targets of the Paris Agreement. This means the following:

structures, employee relations, remuneration of staff and tax compliance.

- The index must have a greenhouse gas intensity, measured as emissions of greenhouse gases according to Scope 1, 2 and 3, which is at least 50% lower than the greenhouse gas intensity of the reference portfolio, and it must also show a reduction in greenhouse gas intensity of at least 7% annually.
- The total exposure to the sectors listed as high climate impact sectors in Sections A-H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council must correspond, at least, to the total exposure to these sectors in the reference portfolio. The requirement is established in order to ensure that the index provides a realistic picture of the real economy, including the sectors that need to actively reduce their greenhouse gas emissions in order to achieve the targets of the Paris Agreement.
- Within the framework of the index methodology, companies are rewarded if they set Science Based Targets, meaning targets for reducing greenhouse gas emissions that are both clearly established and publicly disclosed, and/or if companies, via their products and services, positively contribute to the attainment of the environmental objectives of Agenda 2030.

Dialogue and asset stewardship: Active engagement is an essential strategy for influencing companies in a more sustainable direction. The fund company and the fund manager do this through company dialogues, asset stewardship and engagement in investor networks. Company dialogues are conducted both directly between the fund manager and the company, as well as together with other investors or within the scope of investor networks and other collaborations. The dialogues cover a wide range of sustainability issues. Through representation on nomination committees and voting at shareholders' meetings, the fund company conducts active and responsible asset stewardship. The basis for this is our Policy for Shareholder Engagement and Responsible Investments as well as our guidelines for nomination committees.

Exclusion strategy: The fund applies sustainability requirements in the form of an exclusion strategy. The strategy applies to companies that produce or distribute controversial weapons, military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling, fossil fuels, as well as companies with confirmed violations of international norms and conventions related to human rights, the environment, employee rights or anti-corruption and anti-bribery. Furthermore, companies are excluded if they cause significant harm to one or more environmental objectives linked to climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and mitigation of environmental pollution, protection and restoration of biodiversity and ecosystems. The index also excludes companies operating in controversial sectors.

Product and activity-based exclusion for turnover exceeding thresholds (The information below concerns the most essential details regarding exclusions, but further details are provided in the index methodology.)

Area	Production	Distribution	Services
Alcohol	5%	5%	50%
Commercial gambling	5%	5%	50%
Fossil fuels - total *)	5%	5%	50%
Power from fossil fuels *)	5%	5%	50%
Cannabis (non-pharmaceutical)	5%	5%	50%
Weapons and war materials	5%	5%	50%
Depleted uranium	0%	0%	0%
Pornography	0%	5%	-
Tobacco	0%	5%	50%
Coal	1%	1%	50%
Tar sands	0%	-	50%
Electricity generation with GHG intenstity above 100g CO2e/kwh	50%	-	-

**) Exempt companies that meet the following criteria:*

Alternative 1:

Max 10% production, distribution & exploration, min 10% renewable power production, max 5% coal-based power production, verified Science-Based Target.

Alternative 2:

0% oil production and fossil exploration, max 10% oil distribution, max 50% natural gas production and fossil distribution, verified Science-Based Target, at least 10% renewable power production, max 5% coal-based power production, the company is classified as a "Utility" company.

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

The fund and its index are able to invest in companies in transition. Companies in transition refers to power generation companies that are deemed to be in the process of transforming their operations in a way that is expected to contribute to, rather than counteract, the fulfilment of the Paris Agreement. Exceptions are made from the 5% criterion regarding "fossil fuels – power generation" in the index methodology if all of the following criteria are met:

- 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 has a maximum of 50% revenue from fossil fuel energy.
- The company has a maximum of 5% revenue from coal power.
- The company has a minimum of 10% revenue from renewable energy. However, exceptions can never be made to the minimum criteria in the Paris

Aligned Benchmarks framework (see Articles 2-12 of the Delegated EU Regulation 2020/1818 to the Benchmarks Regulation).

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

  Target of reducing emissions of carbon dioxide and other greenhouse gases: All requirements in the Paris Aligned Benchmarks regulatory framework are mandatory for the fund company to adhere to in the fund's management. This includes an annual reduction of greenhouse gas intensity from the investment portfolio and index of at least 7%.

  Exclusion strategy: The fund applies sustainability requirements in the form of an exclusion strategy. The strategy is binding for the fund company in the fund's management.

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

  By excluding companies with confirmed violations of international norms and conventions linked to, for example, tax, employee rights, corruption and bribery, it is ensured that the companies the fund invests in comply with current practice in terms of good governance.

  In addition to the norm-based exclusion, the fund company has developed an internal analysis tool to assess good governance practices in the investee companies with regard to issues related to the companies' governance, such as employee relations, remuneration, executive and management structures, and compliance with tax legislation. In cases where deficiencies are identified, the outcome of the analysis may result in the fund company addressing these deficiencies through dialogue and active asset stewardship.

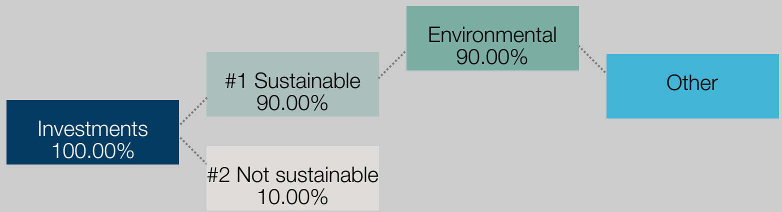
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

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

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

The stated asset allocation is based on the fund's investment strategy and its objective to reduce emissions of carbon dioxide and other greenhouse gases by, as closely as possible, following the Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index – a registered EU benchmark for alignment with the Paris Agreement. The information on the minimum proportion of sustainable investments only refers to investments with environmental objectives and relates to the objective of reducing emissions of carbon dioxide and greenhouse gas at the fund level (the fund as a whole). The result of the actual allocation in the fund is reported in the fund's annual report. It is important to note that the information about the minimum proportion of sustainable investments and the target of, for example, a 7% annual reduction of emissions of carbon dioxide and other greenhouse gases refers to the fund level, and not to each of the constituent companies in the fund.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-larbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

At the moment, the companies have generally not started reporting on the extent that their activity is aligned with the EU Taxonomy. There are also no technical standards for all environmental objectives. Considering this, the fund company currently chooses not to specify a minimum extent of taxonomy-aligned sustainable investments, and therefore reports 0%.

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

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

☐ Yes:

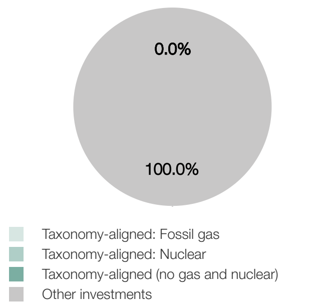
☐ In fossil gas ☐ In nuclear energy

☒ No

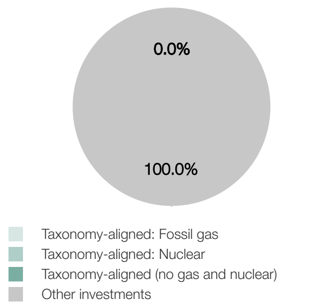
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial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

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective — see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

1. Taxonomy alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



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

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

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

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund has a reduction in emissions of carbon dioxide and other greenhouse gases as its objective and the minimum share of sustainable investments is therefore the same as the commitment concerning the minimum share of sustainable investments with an environmental objective.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

The fund has a reduction in emissions of carbon dioxide and other greenhouse gases as its objective and there is no commitment to make a specific minimum share of socially sustainable investments.

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

For its liquidity management and risk balancing, the fund can hold cash. Index-based financial instruments (futures and exchange-traded funds) can also be used in the fund's liquidity management. The fund uses index-based financial instruments with built-in sustainability requirements in underlying indices if possible, i.e. when these are available for the relevant market and are otherwise deemed appropriate.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Yes

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

  The reference benchmark is a registered EU benchmark for alignment with the Paris Agreement (a so-called Paris Aligned Benchmark) pursuant to Regulation

(EU) 2016/1011 (the Benchmark Regulation). The index is rebalanced semi-annually to meet the set objective of reducing emissions of carbon dioxide and other greenhouse gases, as well as the index's other sustainability criteria.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  The index will be replicated through optimised (sample-based) physical replication, which means that the fund invests directly in most of the equities included in the index. Tracking error (deviation from the index) is expected to be less than 0.5% under normal market conditions. The management fee as well as customer flows, index rebalancing and corporate events all generate transaction costs for the fund which are not present in the index. These are the main factors that impact the fund's ability to replicate the index.

- ***How does the designated index differ from a relevant broad market index?***

  The sustainability requirements in the index, for example in the form of the set exclusion criteria, have resulted in a reduction in the investment universe compared to a broad market index.

- ***Where can the methodology used for the calculation of the designated index be found?***

  https://solactive.com/downloads/Guideline-Solactive-SPAB.pdf

Where can I find more product specific information online?

- ***More product-specific information can be found on the website:***

  Sustainability-related disclosure - Handelsbanken Global Småbolag Index Criteria