



Handelsbanken

Asset Management



Sustainable Impact Report 2021



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Introduction

Handelsbanken Asset Management manages four Sustainable investment funds:



Source: Handelsbanken Asset Management

The fund managers have three goals:

- 1 Inflation beating returns
- 2 Incentivising better corporate and government behaviour
- 3 Helping to solve problems, aligned with the United Nations Sustainable Development Goals

2021 Impact Report

- Our inaugural impact report, in 2020, focused on our holistic approach to sustainability
- This year, in light of the UK hosting COP26 (the 2021 UN Climate Change Conference), we want to highlight the positive environmental impact your investments are having



Reasons for future optimism:
the climate transition is
generating more and more
attractive environmental-
related investment
opportunities

Renewable energy

What

Renewable energy infrastructure in Europe, including wind farms, solar farms and battery storage units.

Why (financial)

High cash yield, long-life assets, low economic sensitivity.

Why (sustainable)

A clear alignment with United Nation Sustainable Development Goals 7: Affordable and Clean Energy and 13: Climate Action.

How

Next Energy Solar Fund and The Renewables Infrastructure Group (TRIG).



Clean energy shares

What

Shares in companies that are involved in the generation, storage, efficiency and consumption of sustainable energy sources (such as solar, wind, hydro, geothermal, biofuels and biomass).

Why (financial)

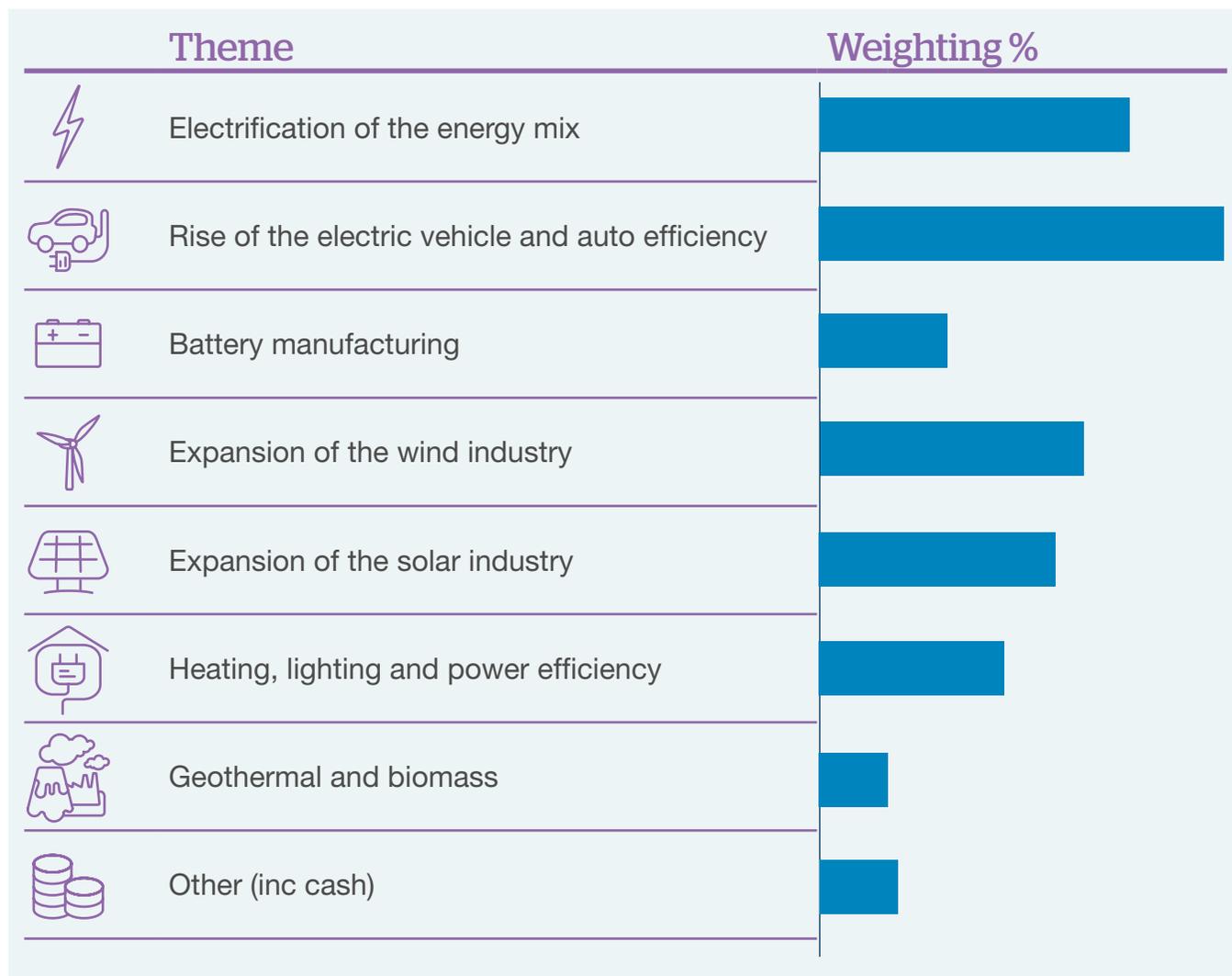
We expect the coming years will see a social and regulatory shift towards a sustainable energy system. Companies associated with this space are likely to experience higher sales and earnings growth.

Why (sustainable)

A clear alignment with United Nation Sustainable Development Goals 7: Affordable and Clean Energy and 13: Climate Action.

How

Guinness Sustainable Energy Fund.



Source: Guinness Sustainable Energy Fund Monthly Update 07/2021

Water shares

What

Invests in companies involved in water demand management and pollution control as well as in water infrastructure companies such as utilities.

Why (financial)

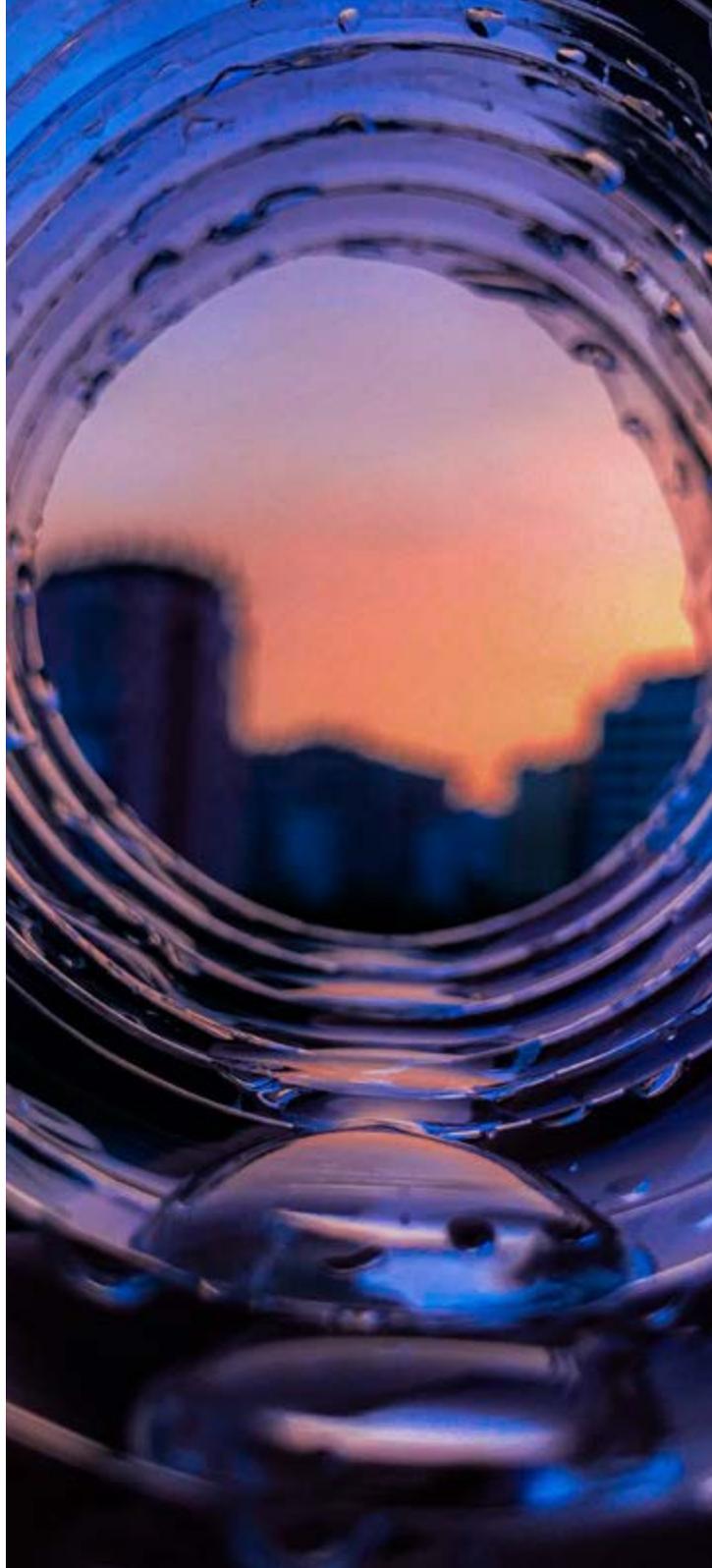
Stable dividend yield. Defensive characteristics when markets are volatile. Tend to be high quality companies with consistent growth credentials.

Why (sustainable)

Aligns with United Nation Sustainable Development Goals 6: Ensure availability and sustainable management of water and sanitation for all.

How

Natixis Thematics Water Fund.



Natixis thematic allocation

Fund	%
Demand efficiencies	43.4
Consumers	19.2
Industrials	13.5
Distributors	10.6
Water Infrastructure	31.5
Technologies	12.3
Regulated	12.2
Concessions	7.1
Pollution control	22.4
Measurement	15.3
Waste management	7.1
Cash & cash equivalent	2.7

Source : Natixis Investment Managers, Thematics Water Fund

Green bonds – developed markets

What

Bonds issued by developed market governments and corporates where the proceeds must be used for environmentally friendly projects.

Why (financial)

Tend to be high quality bonds with reliable yield.

Why (sustainable)

Positive impact (see graphics below).

How

Allianz Green Bond Fund.

Aligned with the Green Bond Principles

Green bond proceeds finance:

- Energy efficiency
- Sustainable management of living natural resources
- Pollution prevention
- Climate change adaptation
- Sustainable water management
- Eco-efficient products
- Terrestrial and aquatic biodiversity conservation
- Renewable energy
- Clean transportation, and/or green buildings



Impact measures – €1m invested in the Allianz Green Bond Fund



0,28 MW
RENEWABLE ENERGY
CAPACITY



867 MW/h
RENEWABLE ENERGY
GENERATION



702 TONS
CO2 EMISSIONS
AVOIDED

Source: Allianz Global Investors, data as of 13/07/2020

Impact figures are calculated for a EUR 1Mn investment in Allianz Green Bond. Data is calculated for green bonds included in the portfolio during the year 2019 with available reportings or impact expectations disclosed by the issuer (53% of the fund). Bonds without any available reporting or impact expectation disclosure from the issuer are not included. Impact figures are approximates and do not necessarily reflect the exact impact of the fund.

Green bonds – emerging markets

What

Bonds issued by emerging market corporates where the proceeds must be used for environmentally friendly projects in emerging markets.

Why (financial)

Higher yield than developed market green bonds.

Why (sustainable)

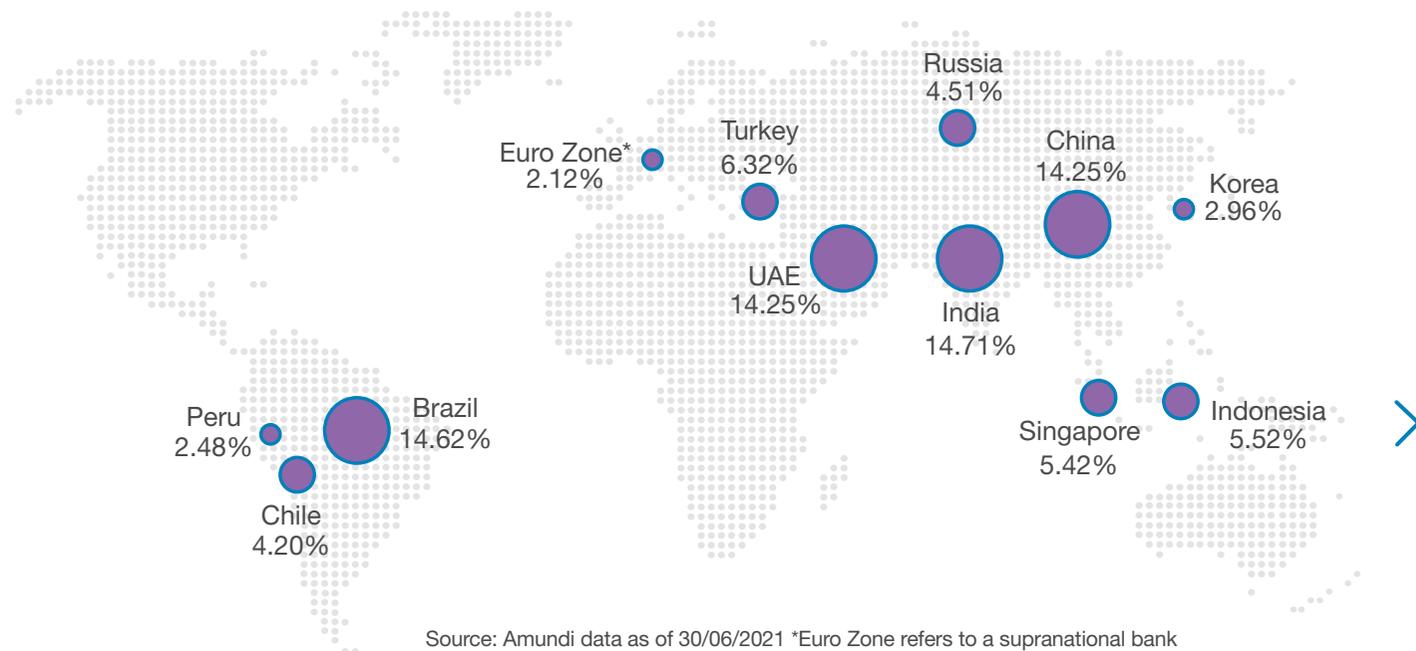
Crucial to fund mitigation and adaption efforts towards climate change in emerging market countries, which can be more vulnerable to events linked to climate breakdown.

How

Amundi Emerging Markets Green Bond Fund.

Breakdown by country (% of assets)

Amundi Emerging Markets Green Bond Fund



Example bonds

Issuer	Sector	Date	Amount issued	Rating	Description
 Star Energy	Utilities	April 2018	US\$580m	BB-	Use of Proceeds: Proceeds will be used to finance the Wayang Windu geothermal power plant and specifically assets with emissions of less than 100g CO2 per kWh estimated carbon intensity. Carbon Trust notes that this compares favorably to the Indonesian national average emission factor for electricity of over 730g CO2 per kWh. Reporting: Annual reporting on the installed geothermal capacity and estimated avoided CO2 emissions.
 ReNew Power	Utilities	March 2019	US\$525m	BB-	Use of proceeds: The proceeds of Green Bonds will be used for refinancing and capital expenditure of renewable energy projects (354.0MW of solar power and 281.70MW of wind power) of subsidiaries of ReNew Power Limited. Reporting: Commitment to regular reporting on allocation of proceeds, advancement of projects and environmental and social impact indicators.

Source: Amundi, for illustrative purposes.

Looking ahead

Reasons for optimism



Environment

Governments globally are committed to 'greener' economies. This will require policy change, regulatory change and massive private sector participation.



Social

Public consciousness has shifted, consumer preferences are changing. Businesses require a social licence to operate.

Oversight

“It is a key role of the Sustainable Committee (including external member, Andrea Marmolejo) to act as oversight and to rigorously assess the environmental credentials of each investment opportunity that is proposed for the Sustainable portfolios.”

Sustainable Committee



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Past performance is not a reliable indicator of future results.

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