

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

ANNEX IV

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852.

Product name: XACT Nordic High Dividend Low Volatility (UCITS ETF)

Legal entity identifier: 549300FEPRERSBV2XX18

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective:% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective:%	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 43.81% of sustainable investments <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with a social objective <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund promotes environmental and social characteristics through sustainable investments, meaning investments in companies whose economic activities are deemed to contribute to an environmental or social objective in line with the Sustainable Development Goals of the 2030 Agenda and/or activities aligned with the EU Taxonomy. At the end of the reference period, the fund had invested 43.81% of its holdings in companies that, according to the assessment method used by Handelsbanken Fonder, are considered to be sustainable investments.

Through these sustainable investments, the fund contributed to the following objectives:

Environmental objectives defined in the EU Taxonomy with technical screening criteria;
Climate change mitigation.

Other environmental objectives;

Achieving Sustainable Agriculture and Forestry (SDG 2 & 15), Conserving Water (SDG 6), Contributing to Sustainable Energy Use (SDG 7), Mitigating Climate Change (SDG 13), Optimizing Material Use (SDG 12) & Preserving Terrestrial Ecosystems (SDG 15).

Social objectives;

Alleviating Poverty (SDG 1), Attaining Gender Equality (SDG 5), Combating Hunger and Malnutrition (SDG 2), Ensuring Health (SDG 3), Providing Basic Services (SDG 1, 8, 9, 10 & 11) & Safeguarding Peace (SDG 16).

Furthermore, during the reference period, the fund has promoted environmental and/or social characteristics through its criteria for excluding companies whose operations are linked to controversial weapons, military equipment, fossil fuels, alcohol, tobacco, cannabis, pornography and commercial gambling, as well as by excluding companies that have confirmed violations of international norms and conventions related to the environment, human rights, employee rights or anti-corruption and anti-bribery.

The fund has also promoted environmental and/or social characteristics through considering the principal adverse impact on sustainability factors (PAI) related to environment, climate, human rights, employee rights and anti-corruption and anti-bribery.

The fund is an index fund, and the fund's index has been selected with the purpose of achieving the environmental or social characteristics that the fund promotes through its exclusion criteria described above. Concerning promotion via sustainable investments, these investments are included in the fund and its index as stated above but are not an explicit part of the index methodology.

● *How did the sustainability indicators perform?*

Metric	Value
Share of sustainable investments (%)	43.81%
Carbon footprint (Scope 1,2,3) (tCO2eq/EURm)	1,360.72
Greenhouse gas emissions (Scope 1,2,3) (tCO2eq/EURm)	1,821.56
UN Global Compact principles and OECD Guidelines for Multinational Enterprises: Share of investments in investee companies that have been involved in violations of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises (%)	0.00%
Share of investments in companies that are active within the fossil fuels sector (%)	0.00%

● *...and compared to previous periods?*

During the previous reference period, the fund had no investments deemed to have verified violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The fund did not either have investments in companies that were involved with controversial weapons. Additionally, the fund did not have any investments in companies whose revenue to more than 5% derived from activities (production/distribution) linked to military equipment, alcohol, tobacco, cannabis, pornography, commercial gambling and fossil fuels.

For the sustainability indicators for which comparable data from previous reference periods is not available, comparable data will be disclosed in the fund's next annual report.

● *What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?*

The objective of the sustainable investments was to invest in companies whose economic activities are assessed to make a positive contribution to an environmental or social objective, or alternatively companies whose activities are aligned with the EU Taxonomy. The environmental objectives and the social objectives are defined on the basis of the Sustainable Development Goals of the 2030 Agenda.

The objectives the fund contributed to by the end of the reference period are listed above. The contribution to the environmental objectives defined in the EU Taxonomy have been measured through the companies' estimated alignment with the taxonomy in terms of revenue. In regard to the other environmental and social objectives, the contribution to these goals has been measured through the companies' revenue from products and services that, according to the fund company's assessment, can be considered to contribute to the Sustainable Development Goals of the 2030 Agenda. Qualifying as a sustainable investment requires an estimated 20% taxonomy aligned revenue, or a 25% revenue from products and services that contribute to the Sustainable Development Goals of the 2030 Agenda. In certain cases, the assessment of the company's contribution to environmental or social objectives is based on different criteria than a minimum level of revenue, such as capital expenditure or operational expenditure (CAPEX/OPEX).

• *How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?*

Through the application of the principles stated below during the reference period, the sustainable investments have been ensured to not cause significant harm to any environmental or social sustainable investment objective.

- Criteria for excluding companies with activities linked to controversial sectors as well as specific PAI-indicators, such as fossil fuels and controversial weapons.
- Criteria for excluding companies with confirmed violations of international norms and conventions.
- Assessment of the investment not causing significant adverse impacts on sustainability factors (PAI). The assessment is conducted in the fund company's internal PAI tool.
- Assessment of which products and services the company is otherwise involved with, and if these could be deemed to significantly counteract sustainable development.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

Through the usage of the fund company's internal PAI tool, indicators of adverse impacts on sustainability factors have been analysed and evaluated. Investments that are considered to cause significant adverse impacts are, in accordance with the fund company's assessment method, not deemed as meeting the requirements concerning not causing significant harm within the framework of sustainable investment.

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

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.

During the reference period, the fund's investments have been aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This has been ensured through applying the fund company's exclusion strategy.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The portfolio manager considers principle adverse impacts on sustainability factors (PAI). This is done through one of the fund company's developed PAI tools where potential adverse impacts are identified and analysed. Companies deemed to have high risks in regard to PAI are managed primarily through exclusion or asset stewardship.

Below, the indicators that have been analysed for the fund are disclosed:

Adverse sustainability indicator	Metric	Value	% coverage	% eligible
1.1 GHG Emissions	Scope 1 GHG emissions (tCO ₂ eq)	163,712.37	99.53%	99.53%
	Scope 2 GHG emissions (tCO ₂ eq)	22,823.67	99.53%	99.53%
	Scope 3 GHG emissions (tCO ₂ eq)	1,710,003.63	99.53%	99.53%
	Scope 1+2 GHG emissions (tCO ₂ eq)	186,536.07		
	Scope 1+2+3 GHG emissions (tCO ₂ eq)	1,896,539.67		
1.2 Carbon Footprint	Carbon Footprint Scope 1+2+3 (tCO ₂ eq/EURm)	1,360.72	99.53%	99.53%
	Carbon Footprint Scope 1+2 (tCO ₂ eq/EURm)	133.84	99.53%	
1.3 GHG intensity of investee companies	GHG Intensity Scope 1+2+3 (tCO ₂ eq/EURm)	1,821.56	99.53%	99.53%
	GHG Intensity Scope 1+2 (tCO ₂ eq/EURm)	204.63	99.53%	
1.4 Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	0.00%	99.53%	99.53%
1.5 Share of non-renewable energy consumption and Production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage (%)	62.13%	69.77%	99.53%
	Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage (%)	37.53%	23.89%	99.53%
1.6 Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh/EURm)			
	A – AGRICULTURE, FORESTRY AND FISHING			
	B – MINING AND QUARRYING			
	C – MANUFACTURING	1.91		

	D – ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY			
	E – WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES			
	F – CONSTRUCTION	0.08		
	G – WHOLESALE AND RETAIL TRADE, REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	0.08		
	H – TRANSPORTATION AND STORAGE	19.64		
	L – REAL ESTATE ACTIVITIES			
1.7 Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	1.84%	99.53%	99.53%
1.8 Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (t/EURm)	2.15	20.81%	99.53%
1.9 Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average (t/EURm)	1.18	63.87%	99.53%
1.10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0.00%	99.53%	99.53%
1.11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	28.89%	97.41%	99.53%
1.12 Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (%)		0.00%	99.53%
1.13 Board gender diversity	Average ratio of female to male board members in investee companies (%)	38.45%	99.53%	99.53%
1.14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (%)	0.00%	99.53%	99.53%
2.4 Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (%)	40.81%	99.53%	99.53%
3.9 Lack of a human rights policy	Share of investments in entities without a human rights policy (%)	0.00%	90.22%	99.53%
1.15 GHG Intensity	GHG intensity of investee countries (KtonCO2eq/EURm)		0.00%	0.00%
1.16 Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.		0.00%	0.00%



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022-12-31

Largest investments	Sector	% Assets	Country
TELENOR	Diversified Telecommunication Services	2.89%	NO
Tele2 B	Wireless Telecommunication Services	2.84%	SE
Sampo Plc A	Insurance	2.82%	FI
Nordea Bank Abp	Banks	2.81%	FI
DNB Bank ASA	Banks	2.75%	NO
Swedbank AB A	Banks	2.69%	SE
Orkla	Food Products	2.67%	NO
Gjensidige Forsikring ASA	Insurance	2.66%	NO
Elisa Oyj	Diversified Telecommunication Services	2.65%	FI
Volvo, AB ser. B	Machinery	2.63%	SE
Tryg A/S	Insurance	2.57%	DK
Svenska Handelsbanken A	Banks	2.54%	SE
Skandinaviska Enskilda Banken ser. A	Banks	2.53%	SE
Telia Company	Diversified Telecommunication Services	2.46%	SE
TietoEVRY	IT Services	2.39%	FI



What was the proportion of sustainability-related investments?

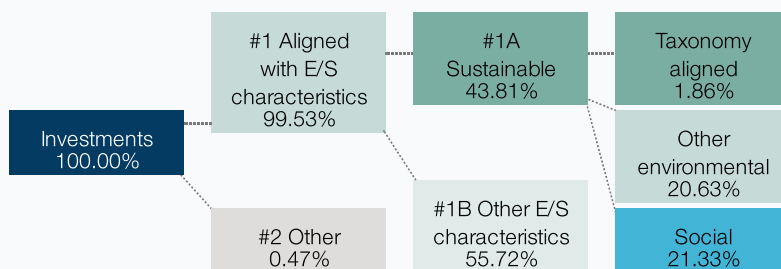
Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

- *What was the asset allocation?*



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- *In which economic sectors were the investments made?*

Sector/Industry code	Sector/Industry name	Sum
15	Materials	19.18%
151010	Chemicals	3.85%
151030	Containers & Packaging	3.71%

151040	Metals & Mining	3.71%
151050	Paper & Forest Products	7.92%
20	Industrials	23.01%
201020	Building Products	1.75%
201030	Construction & Engineering	1.94%
201040	Electrical Equipment	2.33%
201060	Machinery	12.00%
202010	Commercial Services & Supplies	3.24%
203030	Marine	1.75%
25	Consumer Discretionary	4.16%
252010	Household Durables	4.16%
30	Consumer Staples	11.53%
301010	Food & Staples Retailing	4.32%
302020	Food Products	4.95%
303010	Household Products	2.26%
35	Health Care	4.16%
352020	Pharmaceuticals	4.16%
40	Financials	31.61%
401010	Banks	13.32%
402010	Diversified Financial Services	7.91%
403010	Insurance	10.38%
45	Information Technology	4.02%
451020	IT Services	2.39%
452010	Communications Equipment	1.63%
50	Communication Services	10.84%
501010	Diversified Telecommunication Services	8.00%
501020	Wireless Telecommunication Services	2.84%
60	Real Estate	4.86%
601020	Real Estate Management & Development	4.86%

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 extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

At the moment, the companies have typically not started reporting on the extent that their activity is aligned with the EU Taxonomy. This means that only estimated data is available. The fund company has assessed that this estimated data can be considered trustworthy enough to be used to determine if the company contributes to an environmental objective defined in the EU Taxonomy and on that basis be considered a sustainable investment. However, the fund company cannot with sufficient certainty determine an investment's exact alignment with the EU Taxonomy. Therefore, investments aligned with the taxonomy are currently reported at 0% below.

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

Yes:

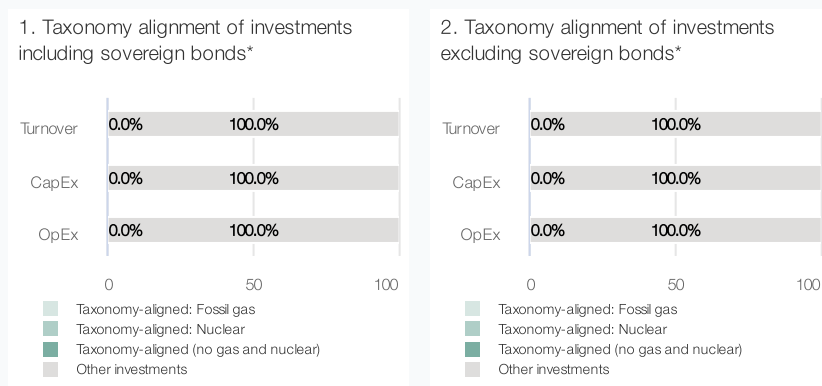
In fossil gas

In nuclear energy

No

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

The graphs below show in green the percentage of investments that were 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.



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

• *What was the share of investments made in transitional and enabling activities?*

The fund has not reported any taxonomy aligned investments and therefore neither any investments in transitional or enabling activities.

• *How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?*

Comparable data is not available from previous reference periods, and therefore this data will not be reported until the fund's next annual report.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The fund is able to invest in economic activities that currently cannot be classified as aligned with the EU Taxonomy. This occurs, among other reasons, due to the environmental objectives currently not having complete technical screening criteria and due to the access to reported data from companies being insufficient.

At the end of the reference period, the fund had 20.63% of sustainable investments with an environmental objective not aligned with the EU Taxonomy.

Additionally, the fund had 1.86%% of sustainable investments that the fund company, based on estimated data, deems as contributing to an environmental objective aligned with the EU Taxonomy (but which cannot with absolute certainty be classified as compatible with the EU Taxonomy as such).



What was the share of socially sustainable investments?

At the end of the reference period, the fund had 21.33% of sustainable investments with a social objective.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

During the reference period, the fund held cash and equity index derivatives for liquidity and risk management. Concerning investments listed in equity index derivatives, these investments have been made in sustainability-screened derivatives where deemed possible.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Exclusions

During the reference period, the fund has been managed in line with its exclusion strategy, meaning that potential holdings that during this period no longer meet the fund’s sustainability requirements have been divested.

Asset stewardship

The fund company and the portfolio manager have during the reference period conducted active asset stewardship in order to improve upon the portfolio companies’ sustainability efforts, reduce sustainability risks and to manage and reduce potential risks regarding adverse impacts on sustainability factors.

Engagement

During the reference period, the fund company carried out direct engagement between the fund company and companies 197 times. 11 of these were dialogues with companies that on balance day had holdings in this fund. These dialogues aim to support the continuous improvement of the companies’ sustainability efforts and include questions regarding how to handle the company’s sustainability risks, the prevention of adverse impacts and contributions to sustainable development. The dialogues can also be reactive/incident based.

In addition to direct dialogues, the fund company has during the reference period taken part in collaborative engagements where 224 companies have been addressed together with other investors. 2 of these were dialogues with companies that on balance day had holdings in this fund.

Through participating in initiatives, investor statements and networks, the fund company has carried out engagement activities during the reference period.

Voting at shareholders’ meetings

As a part of the fund company’s asset stewardship, the fund company voted on behalf of the fund at 49 shareholders’ meetings.

Nomination committees

The fund company has through its ownership share taken part in 70 nomination committees and worked to put forward proposals for boards with expertise and diversity. Among these, the fund had holdings in 7 of these companies on balance day.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How does the reference benchmark differ from a broad market index?*

The fund follows an index with sustainability requirements. This means that companies that do not fulfill the requirements for sustainable and responsible investments are not allowed to be part of the index. These companies are ones involved in controversial weapons or with verified violations of international norms related to the environment, human rights, employee rights or anti-corruption and anti-bribery. This also includes companies whose revenue to more than 5% derives from activities (production/distribution) linked to military equipment, alcohol, tobacco, pornography, commercial gambling and fossil fuels.

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

The sustainability indicators of the fund and the index as well as the fund's performance relative to a broad market index are reported below.

- *How did this financial product perform compared with the reference benchmark?*

The fund is an index fund managed in line with its reference benchmark (index). This means that the fund's performance with regard to the sustainability indicators in all essential aspects are consistent with the reference benchmark's corresponding performance.

- *How did this financial product perform compared with the broad market index?*

The fund has been compared against a broad, market cap-weighted Nordic index (Solactive Nordic Investable Market Index).

Around 60 companies in the broad market index were not investable for the fund or possible to include in the fund's index due to established sustainability requirements.

The fund had 0% exposure to companies active in the fossil fuel sector, PAI 1.4. The corresponding share for the broad market index was 4.7%.

The share of investments in investee companies with violations of the UN Global Compact or the OECD Guidelines for Multinational Enterprises was 0% for the fund and the broad market index during the period.

On the balance date, the fund had a 43.81% share of sustainable investments, compared to a broad Nordic market index of 46.89%.