



Sustainability-related disclosures
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Our Principles for responsible investment

The goal of our investment management is to generate the best possible return for our customers. We aim to do this responsibly and in accordance with the selected investment strategy.

Our principles for responsible investment are based on the belief that companies who act responsibly and work in accordance with sustainable principles are better investments in the long term, as the risks and opportunities related to the environment, society and governance (ESG factors) are more extensively analysed. Therefore, it is essential to integrate ESG-related aspects when performing a company analysis.

We strive to always act responsibly and consider sustainable development in all our investment decisions and our daily operations. Responsibility is grounded in our employees' values. In our principles for responsible investment, sustainability risk assessments and business operations, we consider the most common international agreements and standards leading both society and business.

The goal of responsible investment

We want to own shares in companies where sustainability and ESG factors are an integrated part of the company's strategy and corporate culture. This means the company acts responsibly towards its employees and treats everyone equally while monitoring, measuring and improving its own environmental footprint. The company's sales come mainly from business operations that we believe are sustainable in the long term, and the end product or service is in line with the overall values of sustainable development.

We take our climate responsibility seriously and work to reduce our carbon footprint towards eventual carbon neutrality.

All Fondita funds, both small cap and theme funds, are actively managed funds based on bottom-up stock picking. The funds have a consistent investment philosophy and follow the same strategy for responsible investment. Our goal is to be a long-term owner of shares in responsible, high-quality growth companies, and our driving forces are climate-smart solutions, health and well-being, and digitalization and technological development.

Our method for responsible investment

Responsible investment includes a number of methods at different stages of the investment process to integrate the ESG factors in portfolio management. For Fondita, these methods are:

- Negative screening → as in exclusion/norm-based screening
- Positive screening → as in enhanced theme-based screening
- Integration of ESG factors in the investment analysis
- Active ownership
- Advocate for sustainable development and responsible investment

Positive and negative screening

Through negative screening we exclude from our investment universe certain sectors that we have identified as unsustainable, either because of their climate impact or their broader societal impact. These are companies involved in fossil fuels, weapons, tobacco, cannabis, alcohol, commercial gambling, quick loans, adult entertainment, uranium and genetic engineering (red). Companies whose operations violate general standards do not belong in our investment funds either.

The purpose of positive screening for our theme funds is to look for companies whose operations enhance sustainability and benefit from various sustainable megatrends. At Fondita, we have identified three megatrends that we believe are sustainable and will prevail for years to come: climate-smart solutions, health and wellbeing, and

digitalization and technological development. They all promote development that contributes to a more sustainable future combined with growing underlying markets.

ESG integration

Responsible investment decisions are made by taking ESG factors into account and integrating them into the overall analysis of a company. We use our internal company-specific analysis tools, ESG analyses from partners, as well as ESG tools and databases from MSCI and Bloomberg.

When carrying out our ESG inquiries with our portfolio companies, we examine closely various parameters that affect environmental, social and governance aspects. We pay special attention to the following factors:

Environment

- Use of renewable energy
- CO2 emissions (scope 1 & 2)
- Carbon dioxide risk
- Energy consumption
- Water usage
- Waste management
- Taxonomy

Social

- Equality and diversity
- Safety
- Health
- Corporate culture
- Measures to prevent human rights violations

Governance

- Measures to combat corruption and bribery
- Board independence
- Remuneration policy
- The relationship between ESG factors and remuneration
- The company's risk management

Before we make an investment decision, we strive to discuss with the company's management to ensure that our view of the company and its strategy aligns with the management's vision. We are also active owners during the investment period itself, closely monitoring the company's operations and meeting with company representatives every year. During these meetings, we discuss issues that affect operational activities and the business environment. Whenever possible, we strive to encourage responsible and sustainable operations, as well as transparency in reporting.

SFDR

Article 8

The financial product has as its main environmental objective climate change mitigation and as a social objective to improve equality and promote basic human rights.

For Fondita, sustainable investments in an Article 8 fund are investments that contribute to sustainable development in environmental, social and economic terms. Several factors are considered, but Fondita has defined the main criteria for a sustainable investment as follows; an environmentally sustainable investment means that the company

has in its strategy set CO2 reduction targets and has a vision for CO2 neutrality and the company does not operate in sectors that are unsustainable according to Fondita and are therefore excluded from Fonditas investment universe.

In terms of social responsibility, the company's activities are in line with the UN Global Compact criteria regarding human rights and labour law and the company has an equality policy in place.

The company also follows practices for good governance.

Sustainability indicators

When ESG aspects are monitored different indicators related to E, S and G are considered using MSCI ESG-data, other third party data and company reported data.

After exclusions of unsustainable sectors and possible UN Global compact norm breach exclusions focus is on understanding the company's ESG strategy and policy. Emphasis is put on carbon reduction targets, development (increase or decrease) of carbon emissions, carbon intensity, waste management policy, water reduction plan, development (increase or decrease) in water consumption, renewable energy targets, development (increase or decrease) in energy consumption, health and safety policy, incident involvement, equality and diversity policy, equality and diversity targets, diversity in the management team, human rights violation measures, anti-corruption and bribery policy, board independency, female board representation, sustainability linked pay and MSCI approved score for good governance practice.

Index

The fund does not have an official index.

Sustainable investments

The fund's environmental objective is climate change mitigation. The fund's main objective related to climate change focus both on companies CO2 reduction targets and the exclusion of environmentally unsustainable sectors from the fund's investment universe. The fund's environmental objective is mainly in line with UN SDG 13 Climate Action and SDG 12 Responsible Consumption and Production.

The social objective of the fund is to improve gender equality and support fair human and employee rights. By promoting companies that comply with the UN Global Compact principles and have an equality policy in place the fund's social objective is in line with the UN SDG 5 Gender Equality and SDG 8 Decent work and economic growth.

Article 9

The sustainable investment objective is to only invest in companies that provide a climate and environmentally smart product or service. These products and services will either reduce CO2 emissions or help us use our natural resources more efficiently. The companies we invest in also need to be socially responsible and follow good governance practices.

Sustainability indicators

We identify companies that have a significant part of the revenue originating from a product or service that enables CO2 reduction or a more efficient use of natural resources. To assess whether the company is sustainable from an operational point of view we monitor the following indicators: MSCI ESG Risk scores, Taxonomy eligibility and alignment, implemented diversity programs, anti-discrimination policy implementation, bribery & corruption controversies, taxes paid, renewable energy usage, carbon emissions development, energy consumption trend. For smaller companies where there is limited data we make our assessment based on data we can collect ourselves from the company.

Index

The fund uses as a reference index the MSCI Climate Paris Aligned Index. This is the index we believe is the best reference index. This reference index is used when the fund is presented to existing and potential investors. This is however not an official benchmark index as the fund does not have one.

Summary of SFDR

Fund	Article	Exclusion	PAI	Sustainable Investment*
Fondita European Micro Cap	8	Yes	Yes	50%
Fondita European Small Cap	8	Yes	Yes	50%
Fondita Finland Micro Cap	8	Yes	Yes	50%
Fondita Global Megatrends	8	Yes	Yes	50%
Fondita Healthcare	8	Yes	Yes	50%
Fondita Nordic Micro Cap	8	Yes	Yes	50%
Fondita Nordic Small Cap	8	Yes	Yes	50%
Fondita Sustainable Europe	9	Yes	Yes	100%

* a sustainable investment according to the funds sustainability classification

Principal Adverse Impacts

At Fondita, we consider the investment decisions' principal adverse sustainability impacts. Before investing, we evaluate the ESG risks associated with the company. If we perceive the risk to be higher, it affects our return requirement on the company. This evaluation is done based on the ESG risk metrics from our databases. Our own evaluation also influences the decision. The evaluation is based on the company's history, the industry, third-party analysis, and our dialogue with the company. We form an overall picture of the company from an ESG risk perspective. In our small and micro cap funds, we do not have access to the same amount of data from the databases, so in these cases, we form an overall picture mainly based on the dialogue with the management and through our own ESG analysis.

In order to assess the potential principle adverse sustainability impacts on an investment, we pay close attention to the sector in which the holding belongs, the geographical location of production, and what the company produces. Certain sectors and geographical areas are associated with a higher risk of ESG related incidents. We also take into account a number of qualitative and quantitative indicators of the company's management and their prioritisation of ESG. In addition, we monitor the company's data points regarding CO2 emissions and its ambitions to reduce them. We also clarify management's approach to ESG in the company during meetings with them.

We strive to form a holistic picture with the data we have, thereby minimising these ESG-related risks in our investments. We avoid companies where the risks of principle adverse sustainability impacts are, in our judgment, high.

Integration of ESG risks in the investment decisions

ESG risks are defined under the SFDR Regulation (Article 2) as an environmental, social or governance event or circumstance which, if it were to occur, would have a significant actual or potential negative impact on the value of the investment. In order for us to be aware of these risks in our funds, we include this aspect in our investment decisions.

Fondita avoids sectors that we believe are associated with high risk from an ESG perspective. There is a high risk of increased regulation, taxation and political opposition in these activities. Public opinion also tends to become more negative towards such activities. These factors make companies in the sectors operate in an uncertain and unfavourable environment. In addition, the activities can easily be considered questionable from an ethical perspective. The sectors in which we do not invest are tobacco, weapons, adult entertainment, fossil fuels (except

for companies undergoing a transformation towards renewable energy), uranium, coal, gambling, cannabis, and payday loans. Depending on the fund, alcohol, nuclear power and fossil fuels (regardless of any transformation towards renewables) are also excluded. The exclusion applies to companies that are directly active in these sectors (>5% of turnover) or that are suppliers to these sectors (>5% of turnover). We also avoid companies that have violated the UN Global Compact's 10 principles.

Practices for good governance

Regarding the assessment of good governance practices, we collect the following datapoints: governance risk score (MSCI). Implemented diversity programs, anti-discrimination policy implementation, bribery & corruption controversies, taxes paid. For smaller companies where there is limited data, we make our assessment based on data we can collect ourselves from the company.

Remuneration policy

Fondita's remuneration policies apply to the following groups of staff: executive management, fund managers and members of the company's permanent risk control function. When remunerating employees, Fondita follows the provisions on remuneration in Chapter 4b of the Finnish Investment Funds Act. Employees do not receive variable remuneration, as the entire salary consists of a fixed monthly or hourly wage. Fondita's remuneration principles are not linked to sustainability targets or sustainability risks.

Data sources

Fondita uses MSCI's ESG database as our main source of sustainability related data. MSCI has delivered ESG related data since 1990 and has 1700 clients including leading pension funds, asset managers and consultants. The MSCI database covers over 14.000 companies and they have a team of over 200 analysts that validate the data. In our view MSCI is the industry leader within ESG data for investors today.