



**Fondita Fund Management Company Ltd.
SFDR PAI Report 2022**

SFDR Annual Report:

Principal Adverse Sustainability Impacts (PASI) Statement

 **June 26 2023**

Portfolio Name:	Fondita European Small Cap December
As Of Date:	January 1st to December 31st 2022
Analysis Date:	26th of June 2023

Financial market participant

Fondita Fund Management Company Ltd.

Summary

Fondita European Small Cap considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Fondita Fund Management Company Ltd.

This principal adverse impacts statement covers the reference period from 1st of January to 31st of December 2022.

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Greenhouse Gas Emissions					
1. GHG Emissions	Scope 1 GHG emissions	1,064.65	83.79%	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
	Scope 2 GHG emissions	641.23	83.79%	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
	Scope 3 GHG emissions	14,051.81	84.25%	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
	Total GHG emissions	15,509.37	83.79%	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Greenhouse Gas Emissions					
2. Carbon Footprint	Carbon Footprint	289.21	83.79%	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
3. GHG intensity of investee company	GHG Intensity of investee companies	565.37	83.79%	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.92%	83.79%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Greenhouse Gas Emissions					
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and production	80.85%	44.85%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	
	NACE Code A (Agriculture, Forestry and Fishing)	N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)	
		N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)	
6. Energy consumption intensity per high impact climate sector	NACE Code B (Mining and Quarrying)	N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)	
	NACE Code C (Manufacturing)	0.79	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)	

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INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Greenhouse Gas Emissions					
	NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	
	NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	0.00	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	
	NACE Code F (Construction)	0.33	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)	
	NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.02	56.27%	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Greenhouse Gas Emissions					
	NACE Code H (Transportation and Storage)	N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage)	
	NACE Code L (Real Estate Activities)	N/A	56.27%	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)	
Biodiversity					
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	0.00%	84.25%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.	

Principal adverse sustainability impacts statement

Water

8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	0.00%	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio . Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
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Waste

9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	3.64	20.94%	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
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INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Social and employee matters					
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%	85.97%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Social and employee matters					
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	54.08%	83.79%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	9.36%	4.70%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	
13. Board gender diversity	Average ratio of female to male board members in investee companies	31.00%	83.79%	The portfolio holdings' weighted average of the ratio of female to male board members.	

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse Sustainability Indicator	Metric	Impact	Coverage	Explanation	Actions taken
Social and employee matters					
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%	83.79%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	
Voluntary Adverse Sustainability Indicator					

Emissions

15. 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	33.73%	84.25%	The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.	
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Human rights

16. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0.00	83.79%	The total number of severe and very severe human rights concerns controversies associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Number of Severe and Very Severe Human Rights Concerns Controversies per company divided by the company's most recently available enterprise value including cash (EVIC).	
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Principal adverse sustainability impacts statement

Other indicators for principal adverse impact

Fondita Fund Management Company Ltd. does not assess any other PAI specific sustainability impacts other than the ones presented in this report, which is why information about any other adverse sustainability impacts used to identify and assess additional principal adverse impacts on a sustainability factor is not necessary. However, we do analyze other sustainability parameters as part of our assessment process.

Description of policies to identify and prioritize principal adverse sustainability impacts

Fondita Fund Management Company Ltd. identifies and assesses the principle adverse sustainability impacts as part of our responsible investment principles, internal ESG map and our manual ESG assessment.

Engagement policies

Fondita Fund Management Company Ltd. conducts company specific engagement and collaborative engagement through as an example CDP: One of Fondita's main themes in the discussions with companies in 2022 was whether or not they have a carbon reduction target, and if they do not, encourage them to establish one, which is why we have chosen carbon reduction targets as one of our voluntary indicators to report on.

References to international standards

The fund completes a monthly screening for violations of UN Global Compact, ILO and DNSH (EU Taxonomy) among other parameters. If a company is flagged the holding is escalated and a assessment is conducted to confirm and verify the violation, which can ultimately result in the holding being sold. Fondita Fund Management Company Ltd. is a signatory of the Net Zero Asset Manager initiative. Fondita Fund Management Company Ltd has verified CO2 reduction targets.

Historical comparison

Fondita Fund Management Company Ltd. does not have historical data for the PAI indicators as this is the first reporting year (2022).

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