

Fondita Responsible Investment Policy 2024

Fondita has a long history of responsible investments. The fund Fondita Global Megatrends was launched in 1998 with one of the themes being environmental protection. We have continuously developed our responsible investing principles, which was formalized by joining the UN PRI in 2010.

Today, our Responsible Investment Policy and Internal ESG framework is aligned with the UN PRI recommendations, which serves as inspiration for our development goals in our responsible investment agenda. We view this area to be in constant development and possible updates to our Responsible Investment Policy is done annually.

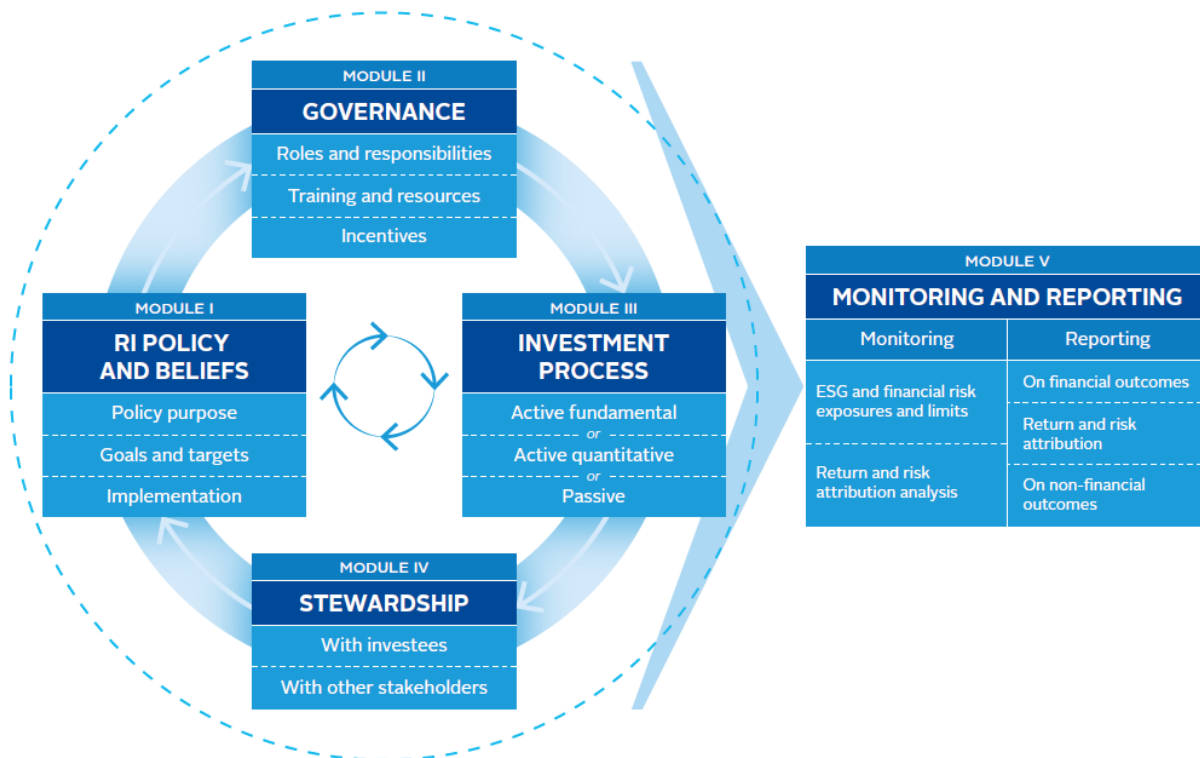


Table 1: ESG integration in listed equity: a five-part process. Source: the UN PRI “ESG integration in listed equity: A Technical guide” April 2023.

The guide provided by UN PRI aims to support listed equity investors in integrating environmental, social and governance (ESG) consideration into their strategies. It is intended as a resource for those looking to review or update ESG policies and practices over time, which is why we see it as a great fit to align with our internal ESG Framework. Fondita aims to be and stay at the forefront of responsible investing.

Principles of responsible investment

The main goal of our investment operations is to generate the best possible long-term returns for our customers. We aim to do this responsibly and in accordance with the chosen investment strategy.

Our principles for responsible investments are based on the belief that companies that operate responsibly and in accordance with sustainable standards are better investments in the long term, as the risks and opportunities related to environment, social responsibility, and good governance (ESG factors) are more extensively explored and understood compared to a traditional investment process. Therefore, it is important to integrate ESG-related factors when performing company analysis. A more informed investment decision is a better investment decision.

In our investment decisions, as owners and in our daily operations in general, we always strive to act responsibly and in accordance with sustainable development. In our principles for responsible investment, in our sustainability risk assessments and in our operations, we consider international agreements, norms and standards that guide society and business.

The goal of responsible investing

We want to invest in companies where sustainability factors are an integral part of the company's strategy and corporate culture. This means the company bears responsibility towards its employees and treats everyone equally, while monitoring, measuring, and improving its own environmental and social footprint. The company's revenue needs to mainly come from activities, which we believe is sustainable in the long term, and the product or service needs to be in line with the overall values of sustainable development.

We take our climate responsibility seriously and work to reduce our investments carbon footprint towards carbon neutrality. As signatories of the Net Zero Asset Manager initiative, we have committed to carbon neutral portfolios by 2050 at the latest. All Fondita funds are actively managed funds based on a bottom-up stock picking strategy. They have a consistent, uniform investment strategy and follow the same principles for responsible investing. Our goal is to be a long-term owner in sustainable, high-quality growth companies.

Our methods for responsible investing

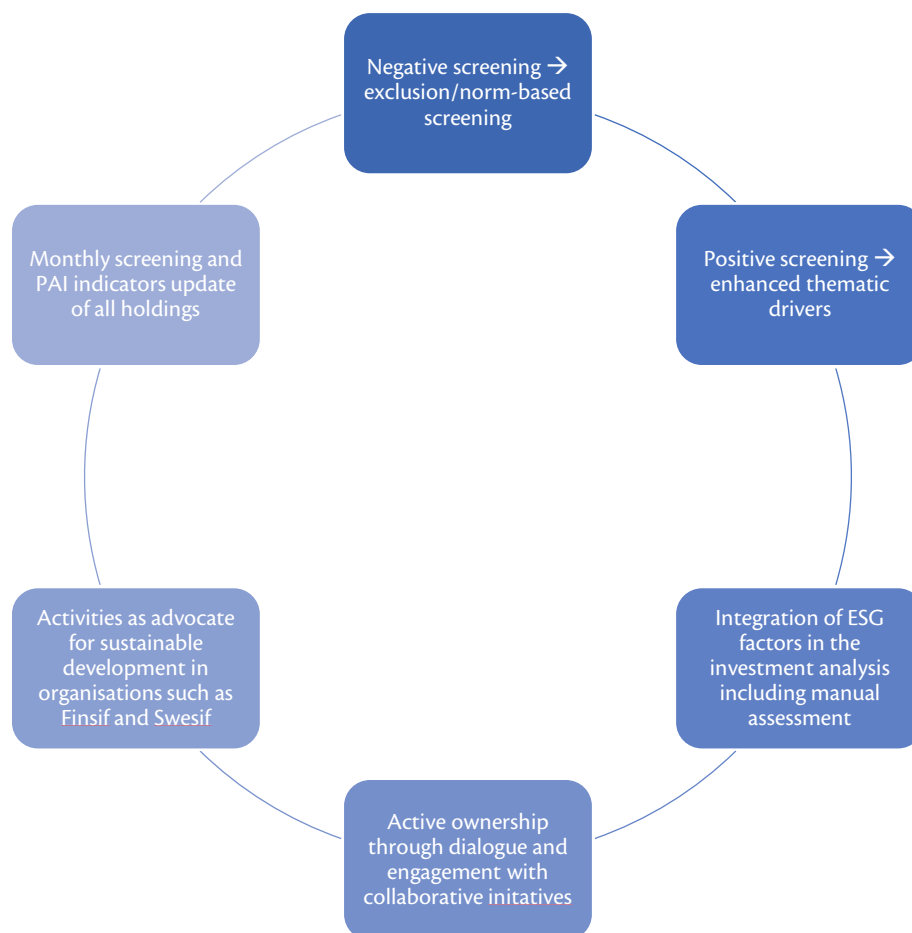


Table 2: Our methodology

Responsible investment includes several methods at different stages of the investment process to integrate the ESG factors in portfolio management. See summary in Annex I.

Negative screening -exclusion/norm-based screening. We exclude from our investment universe certain sectors which we consider unsustainable and companies which operate in violation of international norms and standards such as UN Global Compact, OECD guidelines for multinational enterprises and EU Taxonomy “Do No Significant Harm” principle.

Positive screening - enhanced theme-based screening. The purpose is to look for companies which have enhanced sustainability focus and benefit from various sustainable megatrends.

Integration of ESG factors in the investment analysis is done by using external databases such as MSCI and Bloomberg, partners ESG analysis which is then complemented by our internal ESG assessment tool based on financial materiality. The result is integrated in the investment process.

Active ownership and dialogue with our holdings, and participation in collaborative initiatives with instances such as CDP is part of our day-to-day operations.

We conduct **monthly screenings and PAI indicator updates to all our holdings**, to make sure we have the best overview possible of our holdings. We screen for our exclusion criteria found in [our exclusions list](#).

Commitments

The impact of sustainable investing is most obvious when a group of investors together pursue important issues concerning the environment, social responsibility, and corporate governance. This is why Fondita is actively involved in cooperating with other organizations in pursuing sustainable development. Since 2010, we have been committed to the UN's principles for responsible investment in our investment activities and we report annually to the UN Principles for Responsible Investment (PRI) organization.

As signatories to the UN PRI, we commit to:

1. Integrate ESG issues into our investment processes and our decision-making.
2. Being active owners and including ESG issues as part of our corporate governance.
3. Strive for appropriate reporting on ESG issues from the companies in which we invest.
4. Working to promote acceptance of and implementation of these principles in the investment industry.
5. Promoting responsible investing with other investors.
6. Reporting on our activities and progress regarding the implementation of the principles

Fondita is also a member of Finland's Sustainable Investment Forum (Finsif) and Sweden's Sustainable Investment Forum (Swesif). The purpose of these associations is to promote responsible investment and to act as a platform for networking and knowledge exchange. For the year 2024, Fondita also has representation in the Finsif Board of Directors, as our Head of ESG was elected as a member.

Fondita has since 2021 been a signatory of the Net Zero Asset Manager's Initiative. This obliges us to achieve net zero emissions in our funds by 2050. More information about the Net Zero Asset Management initiative can be found on <https://www.netzeroassetmanagers.org/>

During 2022 Fondita also signed up to the CDP Climate, Water and Forests Program. By taking part in the work of this global non-profit organization, we can influence and contribute to an increasing number of companies and cities reporting their environmental impact through the CDP investor initiative.

Lastly, Fondita became signatories of Access to Medicine foundation (<https://accesstomedicinefoundation.org/>) in 2023. The goal is to encourage companies to develop access to medicine and healthcare strategies such as affordability and availability programs. We identified the foundation as a suitable partner to cooperate with as Fondita Healthcare targets companies which have access to medicine or healthcare strategy.

Governance

The portfolio managers of each fund have the responsibility to manage the fund and to make the investment decisions. The Head of ESG supports the portfolio managers in the company specific ESG analysis of portfolio holdings, monitoring and the reporting concerning the fund. We consider the investment process a close collaboration between Portfolio Managers and the Head of ESG.

Fondita encourages external ESG training and conducts annual internal ESG training. The portfolio managers in charge of our article 9 funds (Fondita Sustainable Europe and Fondita Healthcare) and the Head of ESG are CESGA certificate holders.

Greenwashing

Greenwashing is defined as the act of providing misleading information of environmental, social and governance impacts of company operations or underlying assets.

We ensure that the communication about our funds is transparent and make sure to avoid greenwashing in all forms. We perform internal controls on documentation which is published on the webpage or available for customers. In a situation of uncertainty, our internal compliance resource or external compliance partner is available to assist.

Our investment process, from the screening process for new investment targets to monitoring of our fund holdings, is based in quality data from MSCI, which is a reputable and trusted ESG data provider. The most important factor in our choice of ESG data is to assess the quality to ensure we make informed decisions based on correct information in our investment process. We conduct monthly screenings of our fund's sustainability targets and towards our exclusion list in MSCI. We compliment missing coverage in MSCI with our internal ESG assessment, as we recognize there is still gaps in data for financial market participants as reporting directives such as CSRD does not yet cover all regulatory relevant datapoints.

Additionally, we use external certifications of our funds (Nordic Swan and Austria Ecolabel) as a tool in the work against greenwashing in fund management, especially as the current regulatory landscape, including article 8 and article 9 classifications, allow for large variations within each product category. The environmental certificates which we have received, require yearly audits by the issuers regarding specific ESG requirements. We have two funds with the Austrian Ecolabel certificate and one fund with the Nordic Swan Ecolabel. This provides verification to our way of working with responsible investing and provides comparability and assurance towards investors that we are operating according to our principles.

Control

The ESG assessment methodology applies a four-eye principle on completed assessments, in other words the relevant portfolio manager and Head of ESG verify and discuss the result of each assessment together.

If the situation requires, the Compliance function performs controls on the regulatory related publications or ESG assessments. Compliance conducts an annual review of a random sample of the ESG assessments and the published ESG information to ensure regulatory compliance and performs ad-hoc reviews if necessary. Fondita has one internal Compliance resource and an external compliance partner which in cooperation are responsible for Fondita's compliance matters.

Annex I: Summary of Fondita's responsible investment methodology

<p>Negative screening/exclusion <i>Impact of the sector on sales >5%</i> <i>Norm-based exclusion</i></p>	<ul style="list-style-type: none"> • Fossil fuels • Weapons • Tobacco and recreational cannabis • Alcohol • Gambling • Quick loans • Adult entertainment • Uranium
<p>Positive screening/thematic driving forces <i>Companies whose operations are adapted to sustainable megatrends</i></p>	<ul style="list-style-type: none"> • Environmentally and climate-smart solutions • Health and well-being • Digitization and technological development
<p>Integration of ESG factors <i>How we take sustainability into account in our own ESG analysis</i></p>	<ul style="list-style-type: none"> • Integration of ESG factors alongside a fundamental economic analysis • In-house manual company level ESG assessment based on financial materiality • Use of ESG analysis by our partners • Use of databases such as MSCI and Bloomberg
<p>Active ownership and influence</p>	<ul style="list-style-type: none"> • Company meetings • Meetings with our counterparty experts • Collaborative engagement (e.g. CDP campaigns) • Public discussion on responsible investment • Annual General Meetings and voting
<p>Investor initiatives and frameworks for responsible investment</p>	<ul style="list-style-type: none"> • PRI (2010) • Finsif & Swesif (2018) • Net Zero Asset Managers Initiative (2021) • CDP (2022)
<p>ESG Committee</p>	<ul style="list-style-type: none"> • Quarterly meetings • External independent expert members • Reporting to the Board and availability to discuss ESG topics the Board requests an expert view
<p>ESG reporting</p>	<ul style="list-style-type: none"> • Fund-specific ESG reporting • Tailormade reporting to customers if requested • MSCI reporting models • Annual Report for Responsible Investments • UNPRI reporting • Ecolabel reporting • NZAM reporting

Table 3: Summary of Fondita's responsible investment work

Annex II: Document versions

Update by	Amendments and time
Erik Wikström, Head of ESG	Minor updates to previous years Responsible Investment Policy 19.02.2024