FONDITA

Fondita's Responsible Investment Policy

Responsible investing
principles, goals and methods

Principles of responsible investment

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

Our principles for responsible investment are based on the belief that companies that 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, social responsibility and governance (ESG factors) are more extensively explored. Therefore, it is important to integrate ESG-related factors when performing company analysis.

We strive to always act responsibly and in accordance with sustainable development in our investment decisions and in our own daily operations. Responsibility is grounded in our employees' values. In our principles for responsible investment, in our sustainability risk assessments and in our operations, we take into account the most common international agreements and standards that guide society and business.

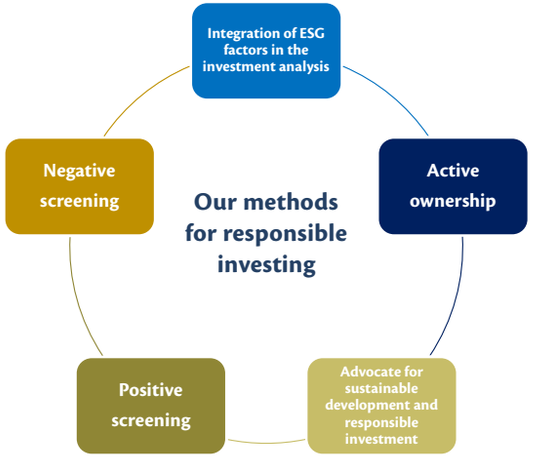
The goal of responsible investing

We want to own shares in companies where sustainability and ESG factors are integral to a 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 equity funds' carbon footprint towards carbon neutrality. All Fondita funds – both small cap and thematic funds – are actively managed funds based on bottom-up stock picking. They have a consistent investment philosophy and follow the same strategy for responsible investing. Our goal is to be a long-term owner in responsible, high-quality growth companies, and our strong thematic driving forces are climate smart solutions, health and well-being, and digitalization and technological development. The principles and methods presented in the next section cover all aspects related to responsible investing. In their daily work, our portfolio managers are responsible for the implementation of the described methods, and for considering how to integrate ESG factors into the analysis of a company.

Our methods for responsible investing

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



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. Companies whose operations violate general standards do not belong in our investment funds either.

The purpose of positive screening for our thematic funds is to look for companies whose operations are enhancing sustainability, and which benefit from various sustainable megatrends.

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

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

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Environment

- Use of renewable energy
- CO2 emissions
- Carbon dioxide risk
- Energy consumption
- Water use
- Waste management
- Taxonomy

Social

- Gender equality and diversity
- Safety
- Health
- Corporate culture
- Measures to prevent human-right violations

Governance

- Measures to combat corruption and bribery
- Board independence
- Remuneration policy
- The relatioship 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 is in line 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 each year. During these meetings we discuss issues that affect operational activities and the business environment, and whenever possible, we strive to encourage responsible and sustainable operations, as well as transparency in reporting. These meetings also give us the opportunity to raise issues that are important to us. From 2022 onwards, we will identify at least two important sustainability issues that we will consistently discuss with the companies' management.

In 2022, we will focus on: 1) the company's strategy for achieving carbon neutrality; and 2) the company's actions for achieving equality and diversity.

Our principles for responsible investing and corporate governance are aimed at achieving a long-term increase in the value of the companies held. Fondita assumes that the companies follow good corporate governance and management principles, for example by following the Securities Market Association's Code of Corporate Governance. In addition, emphasis is placed on environmental and social responsibility. If it is considered that any of the companies' corporate governance is not adequate, Fondita will try to influence the company and/or its leaders to bring about change. In such cases, cooperation with other shareholders may also occur. Fondita can also determine that it serves our customers best to relinquish a specific holding, rather than for us to try and influence a company's position.

Fondita strives to participate in the annual general meetings of companies where the interests of our fund unit holders need to be protected. If necessary, Fondita can also vote with the help of a proxy. Fondita is responsible for ensuring that voting rights are applied in accordance with the purpose and strategy of the investment in the company in question. Each fund votes individually at the Annual General Meeting (AGM).

At the AGM, Fondita attaches special importance to issues concerning the interests of fund unit holders. This applies to, for example.

- ***The companies´capital structure***
- ***Its remuneration policy***
- ***Appointments to and the composition of the board***
- ***ESG matters***
- ***Transparent impact opportunities and appointment processes***

a broad group of investors together pursue important issues concerning the environment, social responsibility and corporate governance. It is important for us to have an active role, both as owners and as advocates for sustainability in society in general. This is why Fondita is actively involved in cooperation with other organizations in contributing to sustainable development. Since 2010, we have committed ourselves 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 ourselves to:

1. Integrating 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. Striving 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. We have also signed the ***UN Global Compact initiative.*** By becoming a member, companies and organizations commit themselves to actively work with sustainability issues and to annually report their work to the UN. The work is based on the Global Compact's 10 basic principles, which are based on internationally accepted conventions on human rights, labour rights, the environment and anti-corruption.

Companies that have joined the Global Compact undertake to adopt, support and implement these core values relating to human rights, working principles, the environment and anti-corruption in their sphere of interest. Companies and organizations involved in the initiative will comply with international obligations regarding working conditions, human rights, the environment and the fight against corruption in all countries, regardless of the country in which they operate. This provides companies with a framework for accountability. As we do not accept norm-breakers in our investment activities, we also want to commit to following the same principles and values in our own operations.

In 2021, the ***Net Zero Asset Manager's Initiative*** was also signed. 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 **netzeroassetmanagers.org.**

RACE TO ZERO

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WE SUPPORT UN GLOBAL COMPACT

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An overview of our responsible investment methods

Negative screening/exclusion **Exclusion of norm breakers** Impact of the sector on sales >5%	✓ *Fossil fuels* ✓ *Weapons* ✓ *Tobacco and cannabis* ✓ *Alcohol* ✓ *Commercial gaming operations* ✓ *Quick loans* ✓ *Adult entertainment* ✓ *Uranium* ✓ *Genetic engineering (red)*
Positive screening	**Companies whose operations are adapted to sustainable megatrends** • *Environmentally and climate-smart solutions* • *Health and well-being* • *Digititalization and technological development*
Integration of ESG factors How we take sustainability into account in our own ESG analysis	• *Integration of ESG factors alongside a basic economic analysis* • *Our ESG analysis takes into account aspects related to the environment, society and governance* • *Use of ESG analyses by our partners* • *Use of databases such as MSCI and Morningstar (Sustainalytics)*
Active ownership and influence	• *Company meetings* • *Meetings with our counterparty experts* • *ESG questionnaire for our holdings* • *Public discussion on responsible investment* • *Annual General Meetings and voting*
Investor initiatives and frameworks for responsible investment	• *PRI (2010)* • *Finsif & Swesif (2018)* • *UN Global Compact (2021)* • *Net Zero Asset Managers Initiative (2021)*
ESG Committee	• *External expert member* • *Annual reporting to the board*
ESG reporting	• *Fund-specific ESG reporting* • *MSCI reporting models* • *Annual Report for Responsible Investments (2022)* • *UNPRI reporting*

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