

## European SRI Transparency Code

30.9.2022

### European SRI Transparency Code

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: [www.eurosif.org](http://www.eurosif.org). The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in February 2018.

### **REVISION OF THE CODE**

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level. Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

### **TWO KEY MOTIVATIONS UNDERPIN THIS CODE**

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

### **GUIDING PRINCIPLE**

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

### **COMMITMENTS BY SIGNATORIES**

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

### **Statement of Commitment**

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Fondita Fund Management Company Ltd. We have been involved in SRI since 2010 and welcome the European SRI Transparency Code. This is our first statement of commitment and covers the period 2021 to 2022. Our full response to the European SRI Transparency Code can be accessed below and is available on our website.

### **Compliance with the Transparency Code**

Fondita Fund Management Company Ltd. is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Fondita Fund Management Company Ltd. meets the full recommendations of the European SRI Transparency Code.

30.9.2021

### **Eurosif classification of Sustainable and Responsible Investment<sup>1</sup> strategies**

**Sustainability Themed Investment:** investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

**Best-in-Class Investment Selection:** approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

**Norms-Based Screening:** screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

**Exclusion of Holdings from Investment Universe:** an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors, or countries. This approach systematically excludes companies, sectors, or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco, and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

**Integration of ESG Factors into Financial Analysis:** the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

**Engagement and Voting on Sustainability Matters:** engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behavior or increase disclosure. Engagement and voting on corporate governance are necessary but are not sufficient in themselves for inclusion in this category.

**Impact Investing:** impact Investments are investments in companies, organizations, and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances.<sup>2</sup> Investments are often project specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French fonds solidaires.

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<sup>1</sup> Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

<sup>2</sup> Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgibin/iowa/investing/index.html>, 2012

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### 1. List of funds covered by the Code

Name of the fund(s)

- Fondita Global Megatrends (previously 2000+)  
*ISIN codes:*
- Fondita Global Megatrends (previously 2000+) A FI0008802889
- Fondita Global Megatrends (previously 2000+) B FI0008802897
- Fondita Global Megatrends (previously 2000+) I FI4000411178  
Fund launch date: 14.9.1998
  
- Fondita Sustainable Europe  
*ISIN codes:*  
Fondita Sustainable Europe A FI4000024484  
Fondita Sustainable Europe B FI4000024492  
Fondita Sustainable Europe I FI4000411194  
Fund launch date: 19.5.2011

Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norm	Fund capital as at 31 December	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-Class Investment section <input type="checkbox"/> Engagement & Voting <input type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis/engagement <input checked="" type="checkbox"/> Sustainability Themed	Passively managed <input type="checkbox"/> Passive investing – core benchmark : specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark : specify the index tracking Actively managed <input checked="" type="checkbox"/> Shares in a	<input checked="" type="checkbox"/> Controversial weapons <input checked="" type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals	Fondita Global Megatrends (previously 2000+)  Fondita Sustainable Europe	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input checked="" type="checkbox"/> Austrian Ecolabel <input checked="" type="checkbox"/> Other Fondita Sustainable Europe Nordic	- (KIID) - Prospectus - Management report - Financial and non-financial reporting - Corporate presentations - Other (please specify)  <a href="https://fondita.fi/en/fund/global-megatrends/">https://fondita.fi/en/fund/global-megatrends/</a>  <a href="https://fondita.de/fund/sustainable-europe/">https://fondita.de/fund/sustainable-europe/</a>

Fondita Sustainable Europe	euro area country <input checked="" type="checkbox"/> Shares in an EU country <input type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO2 intensive (including coal) <input checked="" type="checkbox"/> Genetic engineering <input checked="" type="checkbox"/> Other: Nuclear Power <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> OECD Guidelines for MNCs <input type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)		Swan Ecolabel	
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## 2. General information about the fund management company

### 2.1. Name of the fund management company that manages the applicant fund(s)

Fondita Fund Management Company Ltd.

[www.fondita.com](http://www.fondita.com)

Aleksanterinkatu 48 A,  
00100 Helsinki  
Finland

Tel.: +358 (0) 9 66 89 890

Fax: +358 (0) 9 66 89 89 66

info@fondita.fi

### 2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

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 investment projects in the long term, as the risks and opportunities related to the environment, society and governance (ESG factors) are more extensively analyzed. 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 for leading society and business.

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.

### **2.3. How does the company formalise its sustainable investment process?**

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

Responsible investment policy:

<https://fondita.de/wp-content/uploads/2022/05/fonditas-responsible-investment-policy-2022.pdf>

Voting rights policy:

<https://fondita.fi/en/2018/03/31/principles-of-corporate-governance/>

Engagement policy<sup>3</sup>:

<https://fondita.de/wp-content/uploads/2022/05/fonditas-responsible-investment-policy-2022.pdf>

### **2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company<sup>4</sup>?**

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 unfavorable 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

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<sup>3</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES

<sup>4</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

transformation towards renewable energy), uranium, coal, genetic engineering, 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.

**2.5. How many employees are directly involved in the company's sustainable investment activity?**

Three employees at Fondita Fund management Company are directly involved in the company's sustainable investment activities.

**2.6. Is the company involved in any RI initiatives?**

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's HighLevel Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input type="checkbox"/> SIFs - Sustainable Investment Fora <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change <input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonization Coalition <input checked="" type="checkbox"/> Other (please specify) Net Zero Asset Managers Initiative	<input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input type="checkbox"/> Other (please specify)	<input type="checkbox"/> ICGN – International Corporate Governance Network <input type="checkbox"/> Other (please specify)

**2.7. What is the total number of SRI assets under the company's management?**

Fondita Global Megatrends (previously 2000+) and Sustainable Europes total AUM as of 31.12.2021 329 MEUR

**3. General information about the SRI fund(s) that come under the scope of the Code**

**Fondita Global Megatrends (previously 2000+)** is a theme fund with a global mandate whose drivers, identified already when the fund was launched in 1998, are highly topical still today. The fund invests in companies that benefit from:

- the growing demand to protect the environment
- needs stemming from demographic changes
- prospects for growth of the technology sector

These companies have drivers such as global population growth, increasing disposable income, and rising life expectancy. The demand for food and energy is rising at the same time as a growing demand for more environmentally friendly and energy efficient solutions, trends that benefit the portfolio companies in the long term.

**Fondita Sustainable Europe** is an equity fund that primarily invests in European quality companies that through their products or services:

- Enable a future of reduced CO<sub>2</sub> emissions
- Enable a future where natural resources are consumed more efficiently

The fight against climate change will play a central role in all types of companies over the next 20-30 years. We are convinced that the companies that are perceived to be part of this solution will do better in relative terms.

### **3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?**

- Invest in companies, which aims to prevent climate change
- Invest in companies, which can meet the funds investment focus and exclusion criterias
- Beat the benchmark, we believe sustainable companies are the winners in the future

### **3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?**

MSCI ESG Database (Primary) – For Controversy, exclusion and to some extent thematic exposure. There is some useful data regarding environmental impact estimate that we use in for the funds.

Sustainalytics rating – We do monitor this data monthly to have a grasp of the ESG risk score. This is not a score that is affecting the actual decision-making process but is informative to the portfolio manager nevertheless.

Bloomberg database – We look at the ESG disclosure score to get a grasp of the company’s attitude towards ESG issues and their transparency – we consider it a plus in the decision-making process if the company has a high score, i.e., it is transparent.

Third party research databases (analyst research) – The fund management company use 5-6 brokerages with analysts. There are companies that are not covered by the MSCI database. In these situations, we often need the analysts help to assess how well the company fits into the theme, also the analyst might have other valuable pointers on the company from a sustainability point of view.

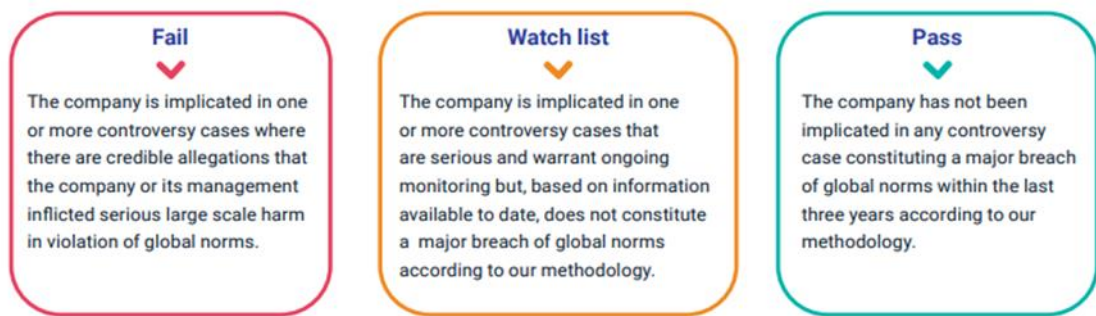
Communication with the management of the company/holding – This is necessary to truly understand the how well the company fits into the theme, and more importantly what they are doing in order to maintain that stance.

### **3.3. What ESG criteria are taken into account by the fund(s)?**

1. Negative Screening: Based on the MSCI database done monthly by our ESG-responsible – we exclude companies with a more than 5 % exposure towards: tobacco, alcohol, fossil fuels, gambling, weapons, nuclear, adult entertainment, GMO (red & green)

MSCI has the following exclusion criteria’s that we screen against: “Alcohol Maximum Percentage of Revenue”, “Generation Fossil Fuels Maximum Percentage of Revenue”, “Gambling Maximum Percentage of Revenue”, “Weapons Maximum Percentage of Revenue”, “Nuclear Power Maximum Percentage of Revenue”, “Tobacco Maximum Percentage of Revenue”, “Genetic Engineering Maximum Percentage of Revenue”.

In addition exclude companies who have breached (Categorized as “FAIL” in the MSCI database) the UN:s 10 Global Compact Principles, again based on the MSCI database. Below the different outcomes for companies in the MSCI database regarding the UN Global Compact classifications according to MSCI:



If a company is on the watchlist we have the following process.

As the Watchlist-categorization does not mean that the company has breached any of the norms, only that there are implications of this, we can invest in such a company. In many cases these implications are never proven true. If the company is on the watchlist we read the arguments and the reasons closely for this classification and discuss the matter with the management when we meet them. We also discuss the matter with analysts and get their opinion about the implied accusations. If we get the impression that management is seriously trying to resolve the matter or if we are assured that the implications are non-substantial, we continue to hold the share. Otherwise, we sell the share within 3 months. We do the screening based on these categorizations monthly. We can purchase shares of a company that is on the watchlist if we are confident regarding the resolution of the issue within 24 months, or that the accusations are unfounded, of the matter based on our discussions with the company, analysts and our own assessment. If nothing has happened within 24 months, we sell the holding.

## 2. Positive Screening

### **Fondita Global Megatrends (previously 2000+)**

Thematic Exposure features

Based on the MSCI database, Bloomberg database, Analysts and our own research & meetings with companies, we shortlist companies with a significant (if below 20% it has to be expected to increase) part of their revenue coming from the funds 3 investment themes. The objective is to invest in companies that benefit from the growing demand to protect the environment, needs stemming from demographic changes and prospects for growth of the technology sector.

We look for the companies in different ways. We look in the Bloomberg database based on keywords in the company description field, we look in MSCI database for companies with activity in the three themes, we meet hundreds of companies in different seminars & events during the year and pick up candidates there, we get tips from analysts regarding companies with a nice fit.

The turnover share can vary between 10 % and 100%. If it is in the lower range, it has to be expected to increase in the near to medium term (within 1-3 years). This can be the situation for companies making substantial investments into business areas that fit into the themes of the fund.

### **Fondita Sustainable Europe**

Thematic Exposure features

Based on the MSCI database, Bloomberg database, Analysts, and our own research & meetings with companies, we shortlist companies with a significant (if below 20% it has to be expected to increase) part of their revenue coming from the funds 2 environmental themes. The themes are Co2 reduction and a more efficient use of natural resources. In other words, companies that have products or services that enable a future with less CO2 and/or a more efficient use of natural resources will be potential candidates of the fund.



It is not easy finding companies with the appropriate exposure as there is no database with this data. We therefore look for them in different ways. We look in the Bloomberg database based on keywords in the company description field, we look in MSCI database for companies with a positive environmental impact (see picture below from the MSCI screening tool), we meet hundreds of companies in different seminars & events during the year and pick up candidates there, we get tips from analysts regarding companies with a nice fit. We are by now an established player withing sustainable investing and therefore there is a lot of push towards us regarding companies withing the chosen environmental thematic.

The turnover share can vary between 10 % and 100%. If it is in the lower range, it has to be expected to increase in the near to medium term (within 1-3 years). This can be the situation for companies making substantial investments into business areas that fit into the themes of the fund. Regarding 50% of the fund the range is much tighter. For 50% of the holdings the share of turnover than is in line with the chosen themes of the fund is between 40% and 100%.

### **3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?<sup>5</sup>**

Fondita Global Megatrends (previously 2000+) invests in companies that benefit from:

- The growing demand to protect the environment

**Fondita Sustainable Europe** is an equity fund that primarily invests in European quality companies that through their products or services:

- Enable a future of reduced CO<sub>2</sub> emissions
- Enable a future where natural resources are consumed more efficiently

### **3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?**

Our ESG valuation methodology is mainly based on data from MSCI. We also rely on data from analysts in cases where MSCI does not have coverage (small & microcaps). We also form our opinion based on dialogue and our own research in the case of smaller companies. We look at mainly ESG risk metrics, carbon metrics, SDG alignment.

### **3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?**

We aim to screen according to the following time-schedule:  
Controversy screening: Monthly  
Sector exclusion: Quarterly  
Thematic exposure on company level: Annually

## **4. Investment process**

### **4.1. How are the results of the ESG research integrated into portfolio construction?**

The ESG factors are part of the investment process. We analyze ESG factors, the alignment with the thematic focus but also the financials and fundamentals of the company. When all elements are taken into consideration, we make an assessment of our conviction of the investment and based on that construct the portfolio, with higher conviction (also risk and liquidity aspects taken into account) having a higher weight in the portfolio.

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<sup>5</sup> Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code):

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697>

#### **4.2. How are criteria specific to climate change integrated into portfolio construction?<sup>6</sup>**

**Fondita Global Megatrends (previously Fondita 2000+)** invests in companies that benefit from:

- The growing demand to protect the environment

**Fondita Sustainable Europe** is an equity fund that primarily invests in European quality companies that through their products or services:

- Enable a future of reduced CO<sub>2</sub> emissions
- Enable a future where natural resources are consumed more efficiently

#### **4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?<sup>7</sup>**

The funds (Fondita Sustainable Europe and Fondita Global Megatrends (previously 2000+) are only invested in listed equities. All holdings are subject to ESG analysis.

#### **4.4. Has the ESG evaluation or investment process changed in the last 12 months?**

No, the ESG Evaluation process has remained unchanged

#### **4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?**

Yes, parts of the holdings are engaged in initiatives that have social goals, however this is not a criteria or a factor we look for in the investment process.

#### **4.6. Does (do) the fund(s) engage in securities lending activities?**

The fund rules prohibit this in Fondita Global Megatrends (previously 2000+) and Fondita Sustainable Europe.

#### **4.7. Does (do) the fund(s) use derivative instruments?**

The fund rules prohibit the use of any derivatives in Fondita Global Megatrends (previously 2000+) and Fondita Sustainable Europe.

#### **4.8. Does (do) the fund(s) invest in mutual funds?**

The fund rules prohibit this in Fondita Global Megatrends (previously 2000+) and Fondita Sustainable Europe.

### **5. ESG controls**

#### **5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>8</sup>**

We are members of Swesif and Finsif, both organizations objective is to be a network and meeting point for discussing relevant ESG issues.

Swesif:

Swesif was founded in 2003 and has approximately 105 members, most of whom are asset owners and asset managers. Swesif is an independent association that has its purpose in sustainable investment and its mandate in the breadth and representativeness of its members

Finsif:

Finland's Sustainable Investment Forum (Finsif) is a member based organization, that promotes responsible investment that takes account factors related to environment, society, and corporate governance when considering investment decisions. Finsif was established in 2010. Finsif has over

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<sup>6</sup> Reference to Article 173 of the French TECV Act and HLEG recommendations on DISCLOSURE

<sup>7</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (delivering on investor and stakeholder demands for climate-related information)

<sup>8</sup> Reference to Article 173 of the French TECV Act

70 members varying from smaller players (11 million euros of assets under management) to grand league (up to 105 billion euros of assets under management).

Fondita Sustainable Europe obtained the Nordic Swan Ecolabel in October 2020.

## **6. Impact measures and ESG reporting**

### **6.1. How is the ESG quality of the fund(s) assessed?**

We monitor the ESG risk scores for the fund based on the MSCI ESG database. We also look at the separate E, S and G risk scores and how they have developed over time. We also try to assess the Taxonomy alignment of the fund (based on third party estimates). We measure the initiatives the holdings are undertaking to reduce emissions. In addition, we measure both the operational and product SDG alignment of the fund's holdings.

### **6.2. What ESG indicators are used by the fund(s)?<sup>9</sup>**

ESG risk scores (Total, E, S and G). Carbon emissions reductions development and targets. SDG alignment (operational and product). Also, we put weight on the managements overall attitude towards sustainability and how this is reflected in the company's culture. For smaller companies, where there is little data regarding sustainability, we base our evaluation on our own meetings with the company and discussions with analysts.

### **6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?**

We have a Fondita ESG report which is available on our web site

We have the following documents related to our SRI policy available on our website:

- Sustainability report for the fund
- Sustainability profile for the fund (Swedish)
- Fondita policy for sustainable investments
- Exclusion list for Fondita
- SFDR classification for the fund
- Fund holdings

### **6.4. Does the fund management company publish the results of its voting and engagement policies?<sup>10</sup>**

Currently we do not publish this. In the beginning of 2022, we published our first Annual Responsible Investment Review where we describe our approach on voting and engagement policies.

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<sup>9</sup> Reference to Article 173 of the French TECV Act

<sup>10</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE