



*Annual Review of*

# Responsible Investments

## 2023

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AUM: 575 mEUR

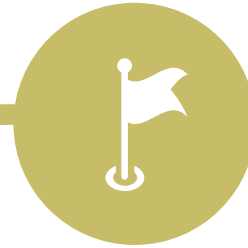
### SFDR

Article 9: Healthcare  
Sustainable Europe  
Article 8: Global Megatrends  
European Micro Cap  
European Small Cap  
Finland Micro Cap  
Nordic Micro Cap  
Nordic Small Cap

**Carbon footprint: 57%  
lower than market**

Company meetings: 481

## Milestones



**Sustainable Europe wins  
UN Global Sustainable Fund Award**

Healthcare reclassified to Article 9

Fondita's head of ESG elected to Finsif  
board of directors

UN PRI: **four stars** in listed equities

Reapproved external environmental  
certificates for Global Megatrends and  
Sustainable Europe

Six funds with **AA MSCI ESG** rating

## Sustainability advocate activities



Guest lectures at Hanken and  
Arcada

Three ESG related master thesis  
collaborations

Fondita acted as lead investor in  
CDP's Non-disclosure campaign

Signatory investor with the  
Access to Medicine foundation

# Introduction

## Dear reader

*Fondita's Annual Responsible Investment Review for 2023 has been published.*

As we look back at 2023, we had yet an eventful year in several aspects. At the end of the day, market returns turned out good, even great when looking at some sectors, like technology for instance. Small caps continued to underperform, as did thematically environmental stocks. Environmental- and Climate smart companies were not the darlings of investors which stands in clear conflict with the alarming statistics published in 2023 regarding record temperatures, droughts, floods, and other extreme weather events.

For us at Fondita the two biggest achievements regarding responsible investing in 2023 were the reclassification of Fondita Healthcare to an article 9 fund and Fondita Sustainable Europe winning the United Nations Global Sustainable Fund Award 2023.

**We continued our journey to reach carbon neutral portfolios and can report again that our carbon footprint continues to be well below the market, approximately 57% lower.**

A declining trend in our carbon footprint is important as we aim for a 70% reduction in emissions by 2030 and net zero portfolios by 2050 at the latest. When considering social sustainability aspects, we focus on improved diversity, inclusion and equality, in the companies we own. In our company meetings we, among other topics, continue to discuss what climate actions our holdings are taking and what kind of policies are in place for improved social equality.

Regarding active ownership and engagement, Fondita participated in the large collaborative engagement initiative led by CDP, namely the CDP Non-Disclosure campaign. As lead signatories we contacted 12 of our portfolio companies and encouraged them to disclose and report in the Climate, Water and Forest module relevant for them. We are pleased to see that 3 companies improved the transparency in their reporting significantly.

We also remained an active advocate for sustainability by participating in events organized by Finsif, having dialogues with our holdings on sustainability topics and delivering guest lectures about responsible investing. Our Head of ESG was also elected to the Finsif Board of Directors for 2024.

During 2023 our UNPRI scorecard also resulted in a four-star rating in the most relevant category, namely listed equities (fundamental). The result is a testament that our responsible investing principles, processes, and methodologies are walking the talk.

**We think it's clear at this point that environmental, social and governance risks should be considered as impacting the financial profile of companies. Equally we see the opportunities stemming from ESG.** We firmly believe at Fondita that combining the fundamental financial analysis with an integrated ESG assessment gives a holistic view of the company's operations and potential, which should generate higher risk-adjusted returns in the long run. We focus on financial materiality in sustainability related opportunities and risks to identify downside risks and identify opportunities in relevant markets.

**A more informed investment decision is a better decision which is why we work with our responsible investment policy throughout all our funds,** independent of what category (Article 8 or 9) or external certification our fund has attained. Our aim as investors has not changed. We continue to target value adding long-term returns for our customers while also respecting sustainable development.

***We want to thank all our customers for your trust and co-operation. We hope you enjoy the review and let's keep in touch and continue discussions!***

***Team Fondita***



# Responsible investing at Fondita

## 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.

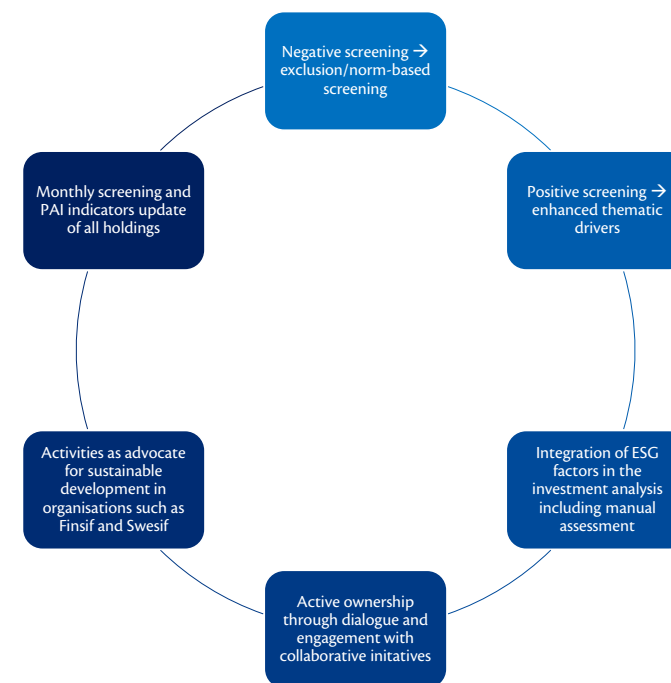
## The goal of responsible investing

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.

**Responsible investment includes several methods at different stages of the investment process to integrate the ESG factors in portfolio management.**



**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 know-

ledge 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 by the nomination committee.

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/>

Since 2022 Fondita has been active in 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 ([acesstomedicine-foundation.org](https://www.accesstomedicine-foundation.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 prefers companies which have an “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 for some 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.



# An overview of our responsible investment methods

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

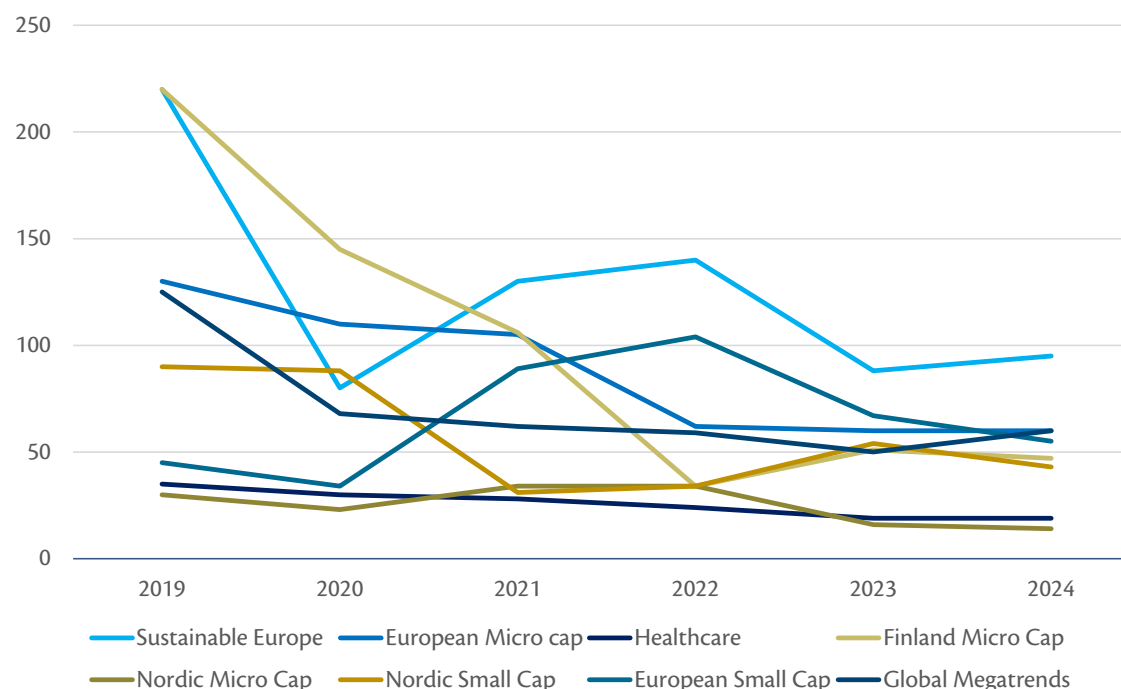
# Carbon Intensity and footprint of our funds

**As Net Zero Asset Manager signatories it's important for us to follow the carbon emissions and carbon intensity development in our funds.** We made our initial target disclosure in January 2023 with the short-term target of decarbonization of portfolio emissions in absolute terms by 70% to 2030 compared to our reference year. **Our emissions have dropped by 54% since the reference year 2019 and are on track to reach our interim goal (2030).**

We aim for net zero emissions by 2050.

Our targets can be reviewed on [Net Zero Asset Managers homepage](#).

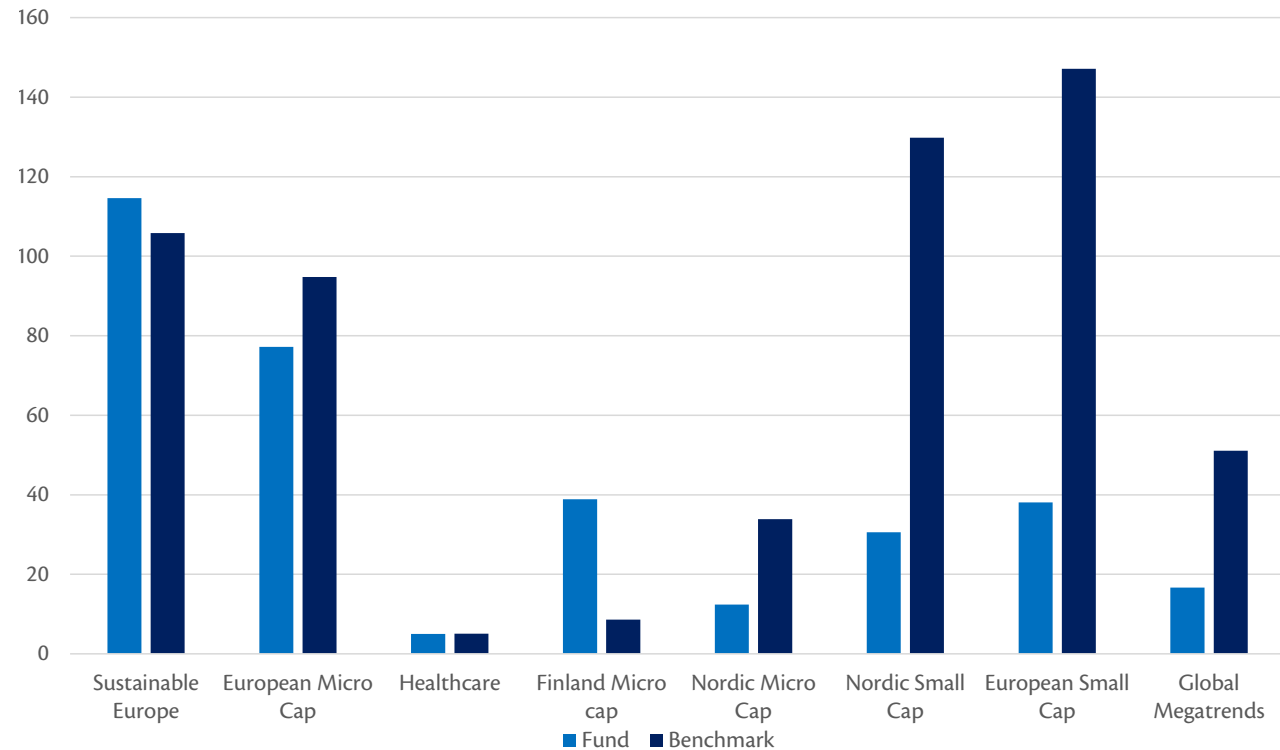
**This table shows the evolution of the Carbon Intensity development (tCO<sub>2</sub>/M\$ sales) of the Fund. Carbon Intensity takes into account Scope 1 and Scope 2 emissions with data MSCI.**



**Benchmarks:**  
 Global Megatrends vs MSCI World  
 Finland Micro Cap vs MSCI Finland Micro  
 European Micro Cap vs MSCI Europe Micro  
 Healthcare vs MSCI World Healthcare  
 Nordic Micro Cap vs MSCI Nordic Micro  
 Nordic Small Cap vs MSCI Nordic Small  
 Sustainable Europe vs MSCI Europe  
 European Small Cap vs MSCI Europe Small

# Carbon Intensity and footprint of our funds

*This table illustrates the funds Carbon Emissions (tCO<sub>2</sub>/M\$ invested) compared to a relevant benchmark. The Carbon emissions takes into account Scope 1 and Scope 2 emissions from MSCI.*



**Benchmarks:**

*Global Megatrends vs MSCI World  
 Finland Micro Cap vs MSCI Finland Micro  
 European Micro Cap vs MSCI Europe Micro  
 Healthcare vs MSCI World Healthcare  
 Nordic Micro Cap vs MSCI Nordic Micro  
 Nordic Small Cap vs MSCI Nordic Small  
 Sustainable Europe vs MSCI Europe  
 European Small Cap vs MSCI Europe Small*

# Our funds sustainability targets

We continue where we left last year with our fund's sustainability targets.

We have continued to focus on emission reduction targets and equality related policies in companies for 2023. Our sustainability targets in the article 8 funds are exactly these topics, carbon emission reduction and equality while our article 9 funds have individual, more complex targets. The targets have been set as part of the SFDR regulation and can be reviewed on our homepage as part of the fund's annual reporting, more specifically in the periodic SFDR report on the targets we have set according to regulation.

*The data is based on the portfolio holdings as per 31.12.2023. The data is mainly procured from MSCI ESG database and if the coverage is low, we compliment the assessment with our internal ESG assessment methodology. This table illustrate the sustainability targets.*

| European Micro Cap  | European Small Cap   | Finland Micro Cap   | Global Megatrends   | Nordic Micro Cap  | Nordic Small Cap  | Healthcare   | Sustainable Europe  |
|---|--|---|---|---|---|--|---|
| <ul style="list-style-type: none"> <li>• 56% carbon reduction initiatives or targets</li> <li>• 52% equality or diversity policy (limited MSCI coverage 51%)</li> </ul> | <ul style="list-style-type: none"> <li>• 46% carbon reduction initiative or targets</li> <li>• 50% equality or diversity policy</li> </ul> | <ul style="list-style-type: none"> <li>• 77% carbon reduction initiative or target</li> <li>• 28% equality or diversity policy (limited MSCI coverage 36%)</li> </ul> | <ul style="list-style-type: none"> <li>• 84,7% carbon reduction initiative or target</li> <li>• 67% equality or diversity policy</li> </ul> | <ul style="list-style-type: none"> <li>• 57,5% carbon reduction initiative or target</li> <li>• 35,8% equality or diversity policy</li> </ul> | <ul style="list-style-type: none"> <li>• 60,8% carbon reduction initiative or target</li> <li>• 44% equality or diversity policy</li> </ul> | <ul style="list-style-type: none"> <li>• 100% of investments made in companies which address and prevent current and unmet medical needs.</li> <li>• 84% of the companies had access to healthcare or medicine strategy or policy.</li> <li>• 64,44% female board members (median)</li> <li>• 75% equality or diversity policy</li> <li>• 82,8% carbon reduction initiative or target</li> </ul> | <ul style="list-style-type: none"> <li>• EU Taxonomy alignment 54,4%</li> <li>• 61,5% equality or diversity policy</li> </ul> |

# Fondita Healthcare reclassified to an article 9 fund

**Fondita's global, actively managed healthcare fund, Fondita Healthcare, was classified as an Article 9 fund (previously Article 8) as of 1.11.2023. According to the EU Sustainable Finance Disclosure Regulation (SFDR), Article 9 funds have the primary objective of investing sustainably from an environmental or social responsibility perspective.**

For Fondita Healthcare, the main objective is to invest in companies that improve health and well-being and promote equality both in terms of access to healthcare as well as operationally in the companies' activities. The Fund's holdings are aligned with the UN Sustainable Development Goals (SDGs), and the primary goals supported are improving health and well-being (SDG 3) and gender equality (SDG 5).

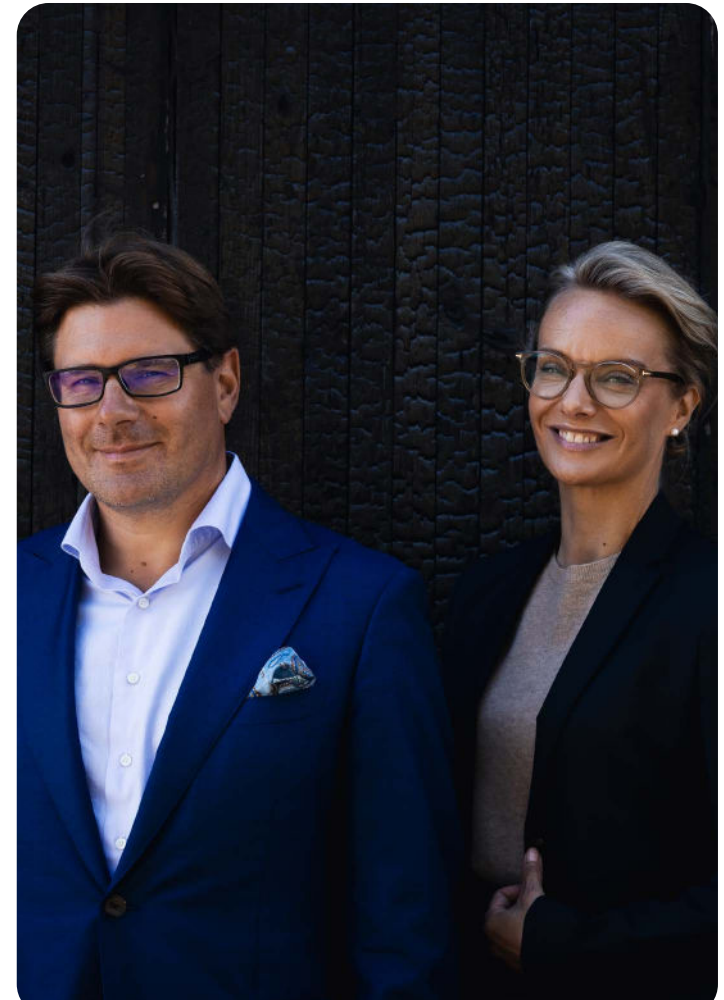
The fund invests in companies that support current and unmet medical needs and provide access to medicine and medical care. This is achieved by investing in companies active in innovation, production and distribution of medicines and healthcare equipment, tools and supplies, as well as diagnostics and healthcare services.

Operationally, the companies are to act in a socially and environmentally responsible way. The holdings are to focus on social sustainability aspects such as improved diversity, inclusion and equality and have environmental goals, such as CO2 neutrality, which are in line with Fondita's commitment to the Net Zero Asset Manager initiative.

***Healthcare is an incredibly interesting, structurally growing sector and one of the three megatrends that Fondita's thematic funds invest in.***

Demographic changes with an ageing population, as well as increased welfare, translate into growing demand for healthcare. Innovation and technological advances improve care and deliver new products to fulfil current and unmet demand fueling the sector's growth.

***Fondita Healthcare is one of few Article 9 equity funds with a social sustainability objective. Globally less than 5 % of healthcare funds are classified as Article 9 funds and Fondita Healthcare is the first Article 9 fund in this category in Finland.***



# Sustainable Europe wins global UN Fund Award

Fondita Sustainable Europe was chosen as one of the four winners of the UN Global Sustainable Fund Award 2023.



Marcus Björkstén, PM

*“The 2023 United Nations Sustainable Fund Award, with a theme on climate investment, recognizes the achievements and impact of global equity funds dedicated to investing in climate mitigation and environment protection”*

is said in a statement by UNCTAD.

The winners were picked from a total of 3 800 mutual equity funds that filled specific sustainability criteria and were therefore eligible for the award. The final decision regarding the winners were then made by an independent selection committee aided with extensive sustainability related data.

In short, some of the factors that were considered during the whole process were:

- Climate sustainability or SDG alignment
- Investment in key SDG sectors
- Systematic adoption of ESG & SDG: s in the investment process
- Visible focus on climate investment
- Assessment of sustainability disclosure quality
- Other relevant quantitative or qualitative information resulting from UNCTAD's due diligence.
- ESG rating
- Performance

This is an important recognition that yet again affirms the Fondita Sustainable Europe funds focus on investing in companies that are providing climate and environmentally smart solutions. *It also shows that the sustainability parameters we integrate in our investment process at Fondita is generating the sustainability profile we strive after.* Our ambition is to be considered as being in the forefront regarding sustainable asset management and this is certainly proof that we have been successful.

*“Sustainable funds factor sustainability-related considerations into their asset selection process. These funds have become important instruments for channeling much needed capital into sectors that are critical for achieving the Sustainable Development Goals (SDGs) and the targets set by the Paris Agreement.”*

**Rebeca Grynspan**  
Secretary-General, UNCTAD



# Briefing from the ESG committee and the main themes discussed during the year

*The ESG committee at Fondita was formed in 2022 to provide a forum to discuss timely sustainability related topics and further develop our ESG work.*

The ESG committee had yet an active year in 2023, now steered with the appointed Head of ESG of Fondita. The first milestone of the year was to establish an ESG committee charter, which purpose was to provide transparency to our potential and existing customers on how the ESG committee operates. The ESG committee charter considers the purpose, authority, composition, mandate, and frequency of the meetings. The charter is published on the Fondita homepage.

The ESG committee met three times during 2023. The members of the committee attended all of the meetings, either on-site or remotely on Teams.

**The biggest themes discussed during 2023 were the following:**

- *Fondita Healthcare reclassification from an article 8 to an article 9 fund. As there is a limited amount of social article 9 funds to benchmark, we discussed extensively the regulatory requirements and our sustainability targets.*
- *Update of PAI indicators for July 2023, as part of our regulatory requirements as well as update of relevant documentation (Prospectus and Annual Report)*
- *UN PRI reporting process and results*
- *Fondita Code of Conduct which was published in the summer 2023*
- *Geopolitical uncertainty and inherit country specific risks*
- *Fondita's updated ESG assessment methodology based on financial materiality.*
- *Fondita exclusion list update*

*We are happy to continue working with our experts in the committee during 2024 and look forward for further fruitful discussions. The ESG committee charter can be viewed on our homepage [here](#).*

## 2024 Committee Members

Marcus Björkstén, Portfolio Manager  
Janna Haahtela, Portfolio Manager  
Erik Wikström, Head of ESG  
Fredrik von Knorring, Sales & deputy CEO  
Hanna Silvola, external independant  
David Seekell, external independant

# Third-party environmental certificates

***Two of our funds are accredited with third party environmental certificates. The environmental certificates are a tool in the battle towards greenwashing as both Nordic Swan & Austrian Ecolabel require auditing performed by the issuer.***

This provides us with an additional layer of transparency as we are yearly inspected that the requirements of the certificates are fulfilled. To pass, the fund must meet all requirements and annual compliance checks, as well as be available for an onsite inspection every second year. We believe certificates also provide investors the opportunity to truly compare funds in the same categories i.e. with the same certificates as you can be sure they meet certain criteria set by the issuer.

***Fondita Sustainable Europe renewed the Nordic Swan Ecolabel in 2023, which is the leading environmental label in the Nordics.*** Fondita Sustainable Europe has had the label as one of the first Finnish equity funds since October 2020. The new stricter requirements focus on definitions, the use of proxy data

and taxonomy related specifications as new requirements have been added for critical emission sectors, biodiversity conservation and the inclusion of the EU taxonomy in the fund's sustainability analysis during the years, among others.

The new guidelines for the Austrian Ecolabel also saw further requirements of exclusion criteria for fossil fuels, arms and tobacco companies while adding new mandatory commitments to existing recommendations. We are happy to report we were able to meet the new requirements also in 2023 for both funds, Fondita Sustainable Europe, and Fondita Global Megatrends.

- ***Sustainable Europe is certified with Nordic Swan & Austrian Ecolabel since 2020.***
- ***Fondita Global Megatrends is certified with Austrian Ecolabel since 2020.***



***Read more about the Nordic Swan Ecolabel [here.](#)***



***Read more about the Austrian Ecolabel [here.](#)***



# Active Ownership and engagement through dialogue and collaborative initiatives



*At Fondita, our portfolio managers are actively meeting companies, both portfolio holdings and potential investments and peers. Beside the fundamental financial discussions, we aim to discuss sustainability related issues. Upcoming topics in meetings circulate around carbon reduction initiatives and equality measures.*

**During 2024 our portfolio managers had 481 company meetings.**

We consider assessing the governance of companies as one of the most crucial aspects out of the E, S and G because the management and the Board of Directors needs to be the driving force behind implementing the set strategy including the sustainability targets. By having the dialogue with the company and their management we can make more informed decisions.

We aim for a mixture of on-going dialogue as well as participation in larger collaborative initiatives where we see we can have the most impact in areas we consider to be the most important regarding sustainability.

The biggest engagement effort for Fondita in 2023 was our lead investor engagements in CDP's (former Carbon Disclosure Project) 2023 Non-Disclosure Campaign. The

NDC runs alongside the main CDP disclosure request, to boost transparency and drive-up rates of corporate disclosure. We contacted 12 of our holdings in the start of the summer to encourage the companies to report to the CDP Climate, Water and Forest modules. The recommendation to report focused on either the Climate, Water or Forest questionnaire depending on the sector the company operates within. We were happy that 3 of the companies we engaged with decided to increase their environmental disclosures. Fondita was responsible to reach out to the companies, take the dialogue of why disclosure is important and assist in case it was needed.

## **The following companies reacted to the campaign:**

- **Verbio AG, a manufacturer and supplier of biofuels, have submitted their disclosures in all three recommended modules, Climate, Forest, and Water.**
- **Adesso SE, who provides innovative and tailored IT solutions, have reported in their recommended module, Climate.**
- **Fenix Outdoor International AG, an outdoor brand known for their wholesale of Fjällräven products, have reported in their recommended modules, Climate and Water.**

As we work closely with sustainability related data in our investment process, it's of great importance to attain quality and comparable data. We also firmly believe company disclosures raises awareness of their environmental impacts which in turn helps them focus on the most relevant issues.

CDP announced a record-breaking number of disclosures in 2023 with over 23 000+ companies sharing their environmental data through CDP. Out of these, over 5 800 companies disclosed vital data based on capital markets requests, which is an increase of 15% compared to 2022.

This goes to show collaborative engagement campaigns have significant impact on capital markets. We are eager to participate in each opportunity we can which includes collaborative efforts in establishing better transparency in the market regarding sustainability related data. This is especially important, since regulation such as CSRD has been watered down making it difficult for financial market participants to retrieve data to meet regulatory requirements as well as further developing the ESG integration in the investment process. The report from CDP from the campaign can be [read here](#).

# Fondita's Head of ESG elected to the Finsif 2024 board of directors

***Our Head of ESG, Erik Wikström, was elected to the board of Finsif for 2024.***

Finsif was established in 2010 and has 99 member organizations today. Half of the members are asset managers, the second largest group is investors and the smallest group of members is service providers. Finsif organizes events, collaborates with researchers and communicates the agenda for investors and related groups in Finland. The goal is to encourage members to integrate sustainable investment issues as a part of investment decision-making and evaluation processes.

Fondita has been a member of Finsif since 2018. Finsif has been a great platform to network and discuss topical issues with experts in the field. As a fund manager with strong integration of ESG related factors in our investment process, we see the possibility to advocate and discuss responsible investments among peers as a significant advantage.

We are excited to now have representation on the board and take the opportunity to share best practices and our ways of working with responsible investing while further expanding our knowledge in the field.

***"The first few months in Finsif have been exciting while several interesting and timely events is materializing in the pipeline. The aim is to continue to organize quality events to bring experts in the field together to exchange ideas and opinions."***

***- Erik Wikström, Head of ESG***



# A brief look into 2024

***Regulatory change on the horizon, again. The SFDR (Sustainable Finance Disclosure Regulation) consultation was completed in the end of December 2023 and we expect change to the current practice regarding SFDR.***

The preliminary results indicated a fairly splitter market where half of the financial market participants expects the product categories (article 6, 8 & 9) to be reworked completely and the other half expecting some sort of minimum requirements to each product categories, to provide comparability in the market. The current landscape of products is split, and investors have a hard time comparing products in the same categories with each other.

As the energy transition and green investments as a investment theme has experienced headwinds during the previous year's it's difficult to predict for 2024. As the underlying drivers for transitioning towards more sustainable options continues to grow, such as making the EU more energy self sufficient and less reliant on imported fossil fuels and extreme climate events continue to ramp up causing significant damages, the current focus of politicians is addressing the interest rates, inflation, and geopolitical situation. We can argue well



that there is a need to continue investments into the sphere but when will it get back to being a priority? We continue to see reports where sustainability related plans and agendas are being watered down in local governments.

However, there is light in the tunnel such as the EU climate target 2040 which still believes we can reach ambitious climate targets. If this is possible, it's up to the incoming next years, as we have seen several ambitious initiatives trying to take flight but at the last second support backing away. This is one of the fundamental problems in predicting the theme as an investment opportunity as there can be massive support for something in the EU as an example but when about to be

implemented countries can back away without sanctions or fines, making it less predictable which initiatives are likely to pull through.

***We still firmly believe in our approach to responsible investing throughout the funds as it ensures a more informed, holistic assessment of the companies we invest in on the long term and continue to stay alert on all market developments regarding sustainability. We have as priority to continue to advocate for responsible investing during 2024 and further develop our approach to response investing.***

***Erik Wikström***  
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# ESG rating development of Fondita funds

The data is based on the portfolio holdings as per 31.12.2023. The changes in the funds ESG rating relates mostly to MSCI change in Fund ESG rating methodology during the summer 2023. Read more about the [methodology change here](#).

| MSCI ESG Rating    | 2023           | 2022            |
|--------------------|----------------|-----------------|
| European Micro Cap | BBB (Average)  | BBB (Average)   |
| European Small Cap | A (Good)       | AA (Very Good)  |
| Finland Micro Cap  | AA (Very Good) | A (Good)        |
| Global Megatrends  | AA (Very Good) | AAA (Excellent) |
| Healthcare         | AA (Very Good) | AAA (Excellent) |
| Nordic Micro Cap   | AA (Very Good) | AA (Very Good)  |
| Nordic Small Cap   | AA (Very Good) | AA (Very Good)  |
| Sustainable Europe | AA (Very Good) | AA (Very Good)  |

A professional photograph of four individuals standing in a row against a dark, vertically-grained wood wall. From left to right: a man in a dark suit and striped shirt, a man in a dark suit and white shirt, a woman in a dark blazer and glasses, and a man in a blue suit and glasses. The lighting is soft, highlighting their faces and clothing.

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