



*Fondita Fund Management Company Ltd.*

# **SFDR PAI Report**

## **2023**

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# SFDR Annual Report:

Principal Adverse Sustainability  
Impacts (PASI) Statement

 April 5 2024

|                 |                                   |
|-----------------|-----------------------------------|
| Portfolio Name: | Fondita European Micro Cap        |
| As Of Date:     | January 1st to December 31st 2023 |
| Analysis Date:  | 5th of April 2024                 |

Financial market participant

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Fondita Fund Management Company Ltd.

### Summary

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

This principal adverse impacts statement covers the reference period from 1st of January to 31st December 2023.

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Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

| Adverse Sustainability Indicator | Metric                | Impact   | Coverage | Reported | Estimated | Explanation   | Actions taken |
|----------------------------------|-----------------------|----------|----------|----------|-----------|---|---------------|
| <b>Greenhouse Gas Emissions</b>  |                       |          |          |          |           |   |               |
| <b>1. GHG Emissions</b>          | Scope 1 GHG emissions | 337.51   | 44.30%   | 30.97%   | 13.34%    | Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.         |               |
|                                  | Scope 2 GHG emissions | 892.46   | 44.30%   | 30.97%   | 13.34%    | Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.         |               |
|                                  | Scope 3 GHG emissions | 5,298.23 | 44.30%   | 0.00%    | 44.30%    | Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. |               |

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

| Adverse Sustainability Indicator            | Metric                              | Impact   | Coverage | Reported | Estimated | Explanation   | Actions taken |
|---|-------------------------------------|----------|----------|----------|-----------|---|---------------|
| <b>Greenhouse Gas Emissions</b>             |                                     |          |          |          |           |   |               |
|   | Total GHG emissions                 | 6,528.20 | 44.30%   | 0.00%    | 44.30%    | The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).       |               |
| <b>2. Carbon Footprint</b>                  | Carbon Footprint                    | 264.59   | 44.30%   | 0.00%    | 44.30%    | The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). |               |
| <b>3. GHG intensity of investee company</b> | GHG Intensity of investee companies | 520.23   | 44.30%   | 0.00%    | 44.30%    | The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).  |               |

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

| Adverse Sustainability Indicator                                      | Metric  | Impact | Coverage | Reported | Estimated | Explanation  | Actions taken |
|---|---|--------|----------|----------|-----------|--|---------------|
| <b>Greenhouse Gas Emissions</b>                                       |   |        |          |          |           |  |               |
| <b>4. Exposure to companies active in the fossil fuel sector</b>      | Share of investments in companies active in the fossil fuel sector  | 0.00%  | 43.28%   | 43.28%   | 0.00%     | The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal. |               |
| <b>5. Share of non-renewable energy consumption and production</b>    | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | 62.18% | 23.51%   | 23.51%   | 0.00%     | The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.  |               |
| <b>6. Energy consumption intensity per high impact climate sector</b> | NACE Code A (Agriculture, Forestry and Fishing)   | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)   |               |
|   | NACE Code B (Mining and Quarrying)  | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)  |               |

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

| Adverse Sustainability Indicator | Metric  | Impact | Coverage | Reported | Estimated | Explanation  | Actions taken |
|----------------------------------|---|--------|----------|----------|-----------|--|---------------|
| <b>Greenhouse Gas Emissions</b>  |   |        |          |          |           |  |               |
|                                  | NACE Code C (Manufacturing)   | 0.07   | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)   |               |
|                                  | NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)                 | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)                 |               |
|                                  | NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities) | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities) |               |
|                                  | NACE Code F (Construction)  | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)  |               |

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

| Adverse Sustainability Indicator | Metric   | Impact | Coverage | Reported | Estimated | Explanation  | Actions taken |
|----------------------------------|--|--------|----------|----------|-----------|--|---------------|
| <b>Greenhouse Gas Emissions</b>  |  |        |          |          |           |  |               |
|                                  | NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles) | 0.04   | 34.00%   | 34.00%   | 0.00%     | The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles) |               |
|                                  | NACE Code H (Transportation and Storage)   | N/A    | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage)                                      |               |
|                                  | NACE Code L (Real Estate Activities)   | 1.18   | 34.00%   | 34.00%   | 0.00%     | The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)  |               |



## Principal adverse sustainability impacts statement

### Biodiversity

|  |  |       |        |       |        |   |
|--|--|-------|--------|-------|--------|---|
| <b>7. Activities negatively affecting biodiversity-sensitive areas</b> | Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas | 2.78% | 66.15% | 0.00% | 66.15% | The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment. |
|--|--|-------|--------|-------|--------|---|

### Water

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

### Waste

|   |   |      |        |        |       |  |
|---|---|------|--------|--------|-------|--|
| <b>9. Hazardous waste and radioactive waste ratio</b> | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average | 1.76 | 13.51% | 13.51% | 0.00% | The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). |
|---|---|------|--------|--------|-------|--|

Principal adverse sustainability impacts statement

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

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

| Adverse Sustainability Indicator   | Metric   | Impact | Coverage | Reported | Estimated | Explanation  | Actions taken |
|--|--|--------|----------|----------|-----------|--|---------------|
| <b>Social and employee matters</b>   |  |        |          |          |           |  |               |
| <b>10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</b>  | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises   | 0.00%  | 44.08%   | 0.00%    | 44.08%    | The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.                      |               |
| <b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</b> | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises | 1.02%  | 44.30%   | 44.30%   | 0.00%     | The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.   |               |
| <b>12. Unadjusted gender pay gap</b>   | Average unadjusted gender pay gap of investee companies  | 21.91% | 2.98%    | 2.98%    | 0.00%     | The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. |               |

## Principal adverse sustainability impacts statement

### INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

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

| Adverse Sustainability Indicator  | Metric  | Impact | Coverage | Reported | Estimated | Explanation   | Actions taken |
|---|---|--------|----------|----------|-----------|---|---------------|
| <b>Social and employee matters</b>  |   |        |          |          |           |   |               |
| <b>13. Board gender diversity</b>   | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members                 | 31.60% | 43.28%   | 43.28%   | 0.00%     | The portfolio holdings' weighted average of the percentage of board members who are female.   |               |
| <b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b> | Share of investments in investee companies involved in the manufacture or selling of controversial weapons                          | 0.00%  | 44.30%   | 44.30%   | 0.00%     | The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.  |               |
| <b>Voluntary Adverse Sustainability Indicator</b>   |   |        |          |          |           |   |               |
| <b>Emissions</b>  |   |        |          |          |           |   |               |
| <b>15. Investments in companies without carbon emission reduction initiatives</b>   | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 13.93% | 44.30%   | 0.00%    | 44.30%    | The percentage of the portfolio's market value exposed to issuers without a carbon emissions reduction target aligned with the Paris Agreement.   |               |
| <b>Human rights</b>   |   |        |          |          |           |   |               |
| <b>16. Number of identified cases of severe human rights issues and incidents</b>   | Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis             | 0.00   | 43.28%   | 0.00%    | 43.28%    | The total number of severe and very severe human rights concerns controversies associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Number of Severe and Very Severe Human Rights Concerns Controversies per company divided by the company's most recently available enterprise value including cash (EVIC). |               |

## Principal adverse sustainability impacts statement

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### Other indicators for principal adverse impact

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Fondita Fund Management Company Ltd. does not assess any other PAI specific sustainability impacts other than the ones present in this report. However, Fondita Fund Management Company Ltd conducts an extensive internal ESG assessment (based on external analysis and third-party data) and screening for other sustainability related parameters as part of our investment process. The PAI indicators are integrated in the investment process.

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### Description of policies to identify and prioritize principal adverse sustainability impacts

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Fondita Fund Management Company Ltd. identifies and assess the principle adverse sustainability impacts as part of our responsible investment principles, responsible investment policy, internal ESG framework, internal ESG mapping and ESG assessment process.

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### Engagement policies

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Fondita Fund Management Company Ltd. conducts company specific engagement and collaborative engagement through as an example CDP and Access to Medicine. Our latest collaboration with CDP we reached out to 12 of our holdings as the lead investor to encourage reporting in CDPs Climate, Water and Forest module.

Fondita Fund Management Company Ltd. continues to take dialogues with potential holdings and existing holdings on the topics most important for us, which are carbon reduction targets and equality policies, which are prominent targets in all of our funds.

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### References to international standards

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Fondita Fund Management Company performs monthly screenings for violations of UN Global Compact, DNSH (EU Taxonomy) and OECD guidelines for multinational enterprises. If a company is flagged the holding is escalated through our escalation process and an assessment is conducted to confirm and verify the violation with the company (Investor Relations most likely). This can ultimately lead to the holding being sold if the violation is verified. Fondita Fund Management Company Ltd. is a signatory of UN PRI, UN Global Compact and the Net Zero Asset Manager initiative.

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### Historical comparison

Fondita Fund Management Company Ltd. PAI indicators has compared to the previous reference year (2022) developed positively in most categories, notably with a lower amount across all emissions categories in line with our ambition to become climate neutral fund managers as part of Net Zero Asset Managers. However, we recognize still the lack of data from companies which makes it difficult to fill all of the data gaps including the issue with coverage for our micro caps, for our external data provider, MSCI.

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