



*Fondita Fund Management Company Ltd.*

# **Engagement Policy**

*Presented to the Board, implemented and  
approved by management 12.09.2024.*

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## 1. Introduction

Fondita is a long-term investor and managing ESG related issues and possibilities is an important part of ensuring value creation for our customers. As signatories to several commitments such as UN Global Compact, UN Principles of Responsible Investments and Net Zero Asset Managers we want to ensure our investments are carried out in a responsible manner in companies of high quality. We are committed to integrating ESG factors in the investment analysis and our active ownership strategy.

## 2. Purpose

The purpose of this policy is to support the [Fondita Responsible Investment Policy](#). The purpose of the policy is to provide additional information about our commitments and our activities as a fund manager. Furthermore, information about the governance structure is provided.

The policy applies to our operations as well as our investment activities.

## 3. Engagement

As a fund manager of concentrated funds (approx. 35-50 holdings per fund) we aim to have an on-going dialogue with as many holdings as possible, which focuses on discussions with management and investor relations.

### 3.1 Minimum requirement

To manage risk, Fondita has an [exclusion list](#) which considers sectors and international norms which we do not invest in due to the inherent risk. A screen is conducted towards the exclusion list before investing and once a month during the holding period of an investment. The screening process is conducted in MSCI. If a company is found in violation of the exclusion list, Fondita engages in dialogue with the company to verify the violation of the exclusion list. If the company is verified to have violated the exclusion list, the holding is sold immediately.

### 3.2 Active Ownership

As part of our active ownership strategy, we aim to discuss with the management of our holdings as often as possible to receive firsthand updates of financial and sustainability related progress. Our intentions are to discuss potentially missing data and to receive updates on on-going initiatives.

Active ownership for Fondita is taking discussions with our holdings to better understand their operations. In case we identify potential flags in terms of sustainable business conduct we do our best to notify the company before it might become an issue, to protect shareholder value. We use several methods of influencing companies, which is discussed later in this section. As a smaller fund manager we do our best to focus on topics which are most material and can impact one of our holdings significantly.

### 3.3 Voting

Fondita does not outsource or use proxy voting in AGMs (Annual General Meetings) of holdings. As a smaller fund manager, we do not have the resources to control or vote on all of our holding's AGMs.

Fondita focus on voting on matter which are not aligned with our values or topics we see might have a negative impact on the shareholder value. An example might be an update remuneration policy, which does not reflect the company's current situation. In cases we vote we also follow up on the decisions made to ensure they are being delt with accordingly, in the timeframe which has been proposed.

### 3.4 Collaborative Engagement

We have identified collaborative engagement as a valuable way to enhance our opportunities in engaging with our holdings. The most important part is choosing collaborative initiatives which are conducted by credible entities with a clear goal and responsibilities of collaborators. Entities we have conducted collaborative engagement with are CDP, UN PRI and Access to Medicine foundation. In these collaborative efforts several asset managers and other stakeholders team up to make a change in the companies which are contacted. In the collaborative efforts we have seen good results, such as the CDP engagement last year where Fondita encouraged three out of twelve holdings to report in the CDP modules. This is likely due to the collaboration gathering tens or hundreds of managers behind the same cause which sets significant expectations on the companies which are contacted. Fondita choses collaborations to participate in based on alignment with our company's values and potential to contribute to our client's collective best interests

### 3.5 Commitment to advance

As part of our the Fondita Climate Change policy and Fondita Human Rights policy we have chosen to commit to advance two topics as part of engagement strategy.

- a) Fondita has decided to reach out to all our holdings which do not yet have an equality and diversity policy implemented to encourage to implement and publish one publicly. We have identified that we are able to have a significant impact to advance equality and diversity in companies by taking a dialogue with the holdings who do not yet have a policy implemented.
- b) Fondita has decided to reach out to all our holdings which do not yet have an emissions reduction target to encourage to set one. We have identified we can have a significant impact to advance emissions reduction in companies by taking a dialogue with the holdings who do not yet have a policy implemented.

The engagement will be conducted by reaching out to the investor relations of each holding.

## 4. Targets and Reporting

There are approximately 60-70 companies, which do not yet have an emissions reduction target or equality and diversity policy. The goal is to contact at least 25% during Q4 2024, 50% during Q1-Q2 2025 and remaining 25% in Q3 2025 at the latest. In other words, the project will run throughout the year.

The target is to contact new holdings in the fund from Q4 2025 onwards as business-as-usual, if they do not have an emissions reduction target or equality and diversity policy.

Engagement efforts are documented as part of our engagement process. All activities under 'Engagement' (section 3) is reported on an annual basis in our Annual Review of Responsible Investments.

## **5. Governance**

The Head of ESG at Fondita with the support of the Fondita ESG committee are responsible for drafting and upholding the policy. The final approval is by the management. The policy is reviewed annually.

## **6. Approval**

The policy has been approved and implemented by management and presented to the board of Fondita.