



# Responsible Investment Policy

Fondita Fund Management Company Ltd.



We are convinced that responsible actions and sustainable businesses are connected to long-term value creation which we believe benefits the long-term business performance. We consider that companies acting responsibly are more successful than companies that do not act responsibly. Responsible investments are thus a prerequisite for achieving our long-term goals and generating a good return.

Fondita Fund Management Company has committed itself to operate responsibly. This means that we, in all our operations, take environmental, social, and corporate governance (ESG) issues into account. In May 2010 we signed the United Nations Principles for Responsible Investments (UNPRI). Through signing the principles, we have committed our operations are committed to:

1. incorporate ESG issues into our investment analysis and decision-making process
2. be active owners and incorporate ESG issues into our ownership policy and practice
3. seek appropriate disclosure on ESG by the companies in which we invest
4. promote acceptance and implementation of the principles within our industry
5. promote responsible investments with together with other investors to enhance our effectiveness
6. report our activities and progress towards implementing the principles

Our active portfolio management highlights quality companies with good prospects. Sustainable development issues are a priority in our investment process. We avoid investing in companies which do not operate in accordance with international principles (UN Global Compact), as well as companies whose activity is in conflict with our own values (see details in Appendix 1).

We conduct internal ESG analyzes to review our investments with MSCI's database and the results are reported to the portfolio managers. If issues related to ESG are detected, the portfolio managers follow the below mentioned agenda:

- Internal discussion
- Contacting the company to initiate a dialogue
- If necessary, contact the CEO or similar person in a leading role
- Based on the obtained information, determine how the company intends to proceed and assess the willingness to change
  - If the answer is in line with the portfolio manager's requirements and expectations, no further actions are taken except a follow-up within a reasonable time frame
  - If the answer is not in line with the portfolio manager's requirement and expectations or if the portfolio manager is dissatisfied with the outcome after the follow-up, the holding can be sold immediately

It should be noted that each case is different and that the process may be different in different cases.



Even if Fondita is a minority owner of the companies in question, we can influence corporate decision-making through corporate governance. We participate only in annual general meetings where we believe that our fund unit holders' interests need to be protected. If necessary, Fondita may also vote by proxy. More information about the principles of our corporate governance can be found [here](#).

We report annually to UN on our responsibility and its development. We want our business to make our funds holding companies to function even more responsible and we work proactively with development and competence in the field. We also encourage others to follow the same values. We are members of Finsif and Swesif and all our funds are connected to the Sustainability Profile (Swesif).

CONTACT INFORMATION:  
E-MAIL: [INFO@FONDITA.FI](mailto:INFO@FONDITA.FI)  
PHONE: 09 66 89 890

ADDRESS:  
ALEKSANTERINKATU 48 A  
00100 HELSINKI

VISIT US:  
[WWW.FONDITA.FI](http://WWW.FONDITA.FI)

## Attachment 1.

### Non-approved industries

Fondita does not invest in companies that are involved in the following products. A maximum of five percent of the turnover in the company may stem from activities that are attributable to the specified product or service.

- Controversial weapons
  - Refers to weapons such as cluster bombs, anti-personnel mines, chemical and biological weapons, and nuclear weapons
  
- Weapons
  - Refers to the manufacture of weapons for military purposes as well as critical components for weapons for military purposes
  - Does not apply to related products and services that are not critical weapon components
  
- Tobacco
  - Refers to cigarettes, snus, cigars, pipe and chewing tobacco and e-cigarettes
  - Does not refer to related products and services, such as paper and cardboard production for packaging
  
- Pornography
  
- Coal
  
- Uranium
  
- Genetically modified organisms (GMO)
  
- Fossil fuels
  - We can make exceptions if we believe that the company is in a clear transformation process towards renewable energy, e.g. Neste.

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