

# Fondita European Small Cap

ESG Report

Q2 / 2021

## SFDR Classification

Article 8

Light Green

## MSCI ESG Rating

A  
GOOD

AAA	Excellent
AA	Very Good
A	Good
BBB	Average
BB	Satisfactory
B	Weak
CCC	Very weak

## Current Responsibility scores

Overall Score	A
Environment	BBB
Social	BBB
Governance	A
Percent of portfolio covered	83 %

## Carbon footprint 2020 (Scope 1&2)

30,6 (t CO<sub>2</sub>e/\$M Sales)

## % of portfolio with set CO2 reduction targets

35 %

## The fund excludes the following industries:

Max 5% of the turnover can be derived from the excluded sector.

Controversial weapons, Weapons, Nuclear power, Tobacco, Alcohol, Gambling, Pornography, Coal, Uranium, GMO, Fossil fuels\*, UN Global Compact breaches

\* We can make exceptions if we believe that the company is in a clear transformation process towards renewable energy, e.g. Nestle.

## ESG Approach

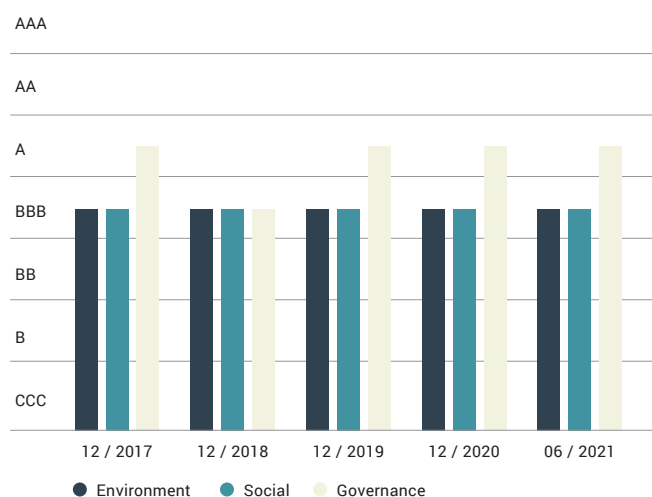
Fondita European Small Cap invests in European small cap companies with a bias towards companies with earnings growth and quality. The investment process includes certain qualitative and quantitative sustainability factors for all holdings. The sustainability data coverage for small companies is fairly poor, which means the construction of the holdings ESG profile is to some extent derived from our own subjective assessment. The fund excludes companies with exposure to sectors we perceive as unsustainable or unethical, as well as companies that have severe UN Global Compact breaches. If issues arise regarding ESG we engage through direct dialogue with management. If issues are not properly addressed, we divest the holding.

## Portfolio alignment with UN sustainable development goals (SDG)

91,00 % of portfolio covered by data

Operational		Product	
GENDER EQUALITY SDG5	73 %	RESPONSIBLE CONSUMPTION & PRODUCTION SDG12	27 %
CLIMATE ACTION SDG13	42 %	INDUSTRY INNOVATION & INFRASTRUCTURE SDG9	20 %
INDUSTRY INNOVATION & INFRASTRUCTURE SDG9	37 %	CLIMATE ACTION SDG13	12 %
AFFORDABLE & CLEAN ENERGY SDG7	35 %	AFFORDABLE & CLEAN ENERGY SDG7	12 %

## Development of fund's responsibility scores



## Rating distribution

Rating	Amount
AAA	0%
AA	8%
A	18%
BBB	31%
BB	20%
B	4%
CCC	0%
No rating	19%

## Portfolio top 10 holdings

Rank	Company	Sector	Portfolio Weight	ESG Rating
1	REPLY	Information Technology	6,03 %	BBB
2	SIEGFRIED HOLDING	Healthcare	5,50 %	A
3	VERBIO	Energy	5,11 %	BB
4	DERMAPHARM HOLDING	Healthcare	5,03 %	BBB
5	IMCD N.V.	Industrials	4,70 %	A
6	INTERPUMP GROUP	Industrials	3,90 %	BB
7	BORREGAARD	Materials	3,90 %	A
8	STILLFRONT	Communication	3,32 %	BBB
9	CONSTRUCCIONES	Industrials	3,27 %	BBB
10	WACKER NEUSON	Industrials	3,26 %	BB

## Sustainability Impact

### Revenue exposure to sustainable impact solutions

81,3 % of portfolio covered by data

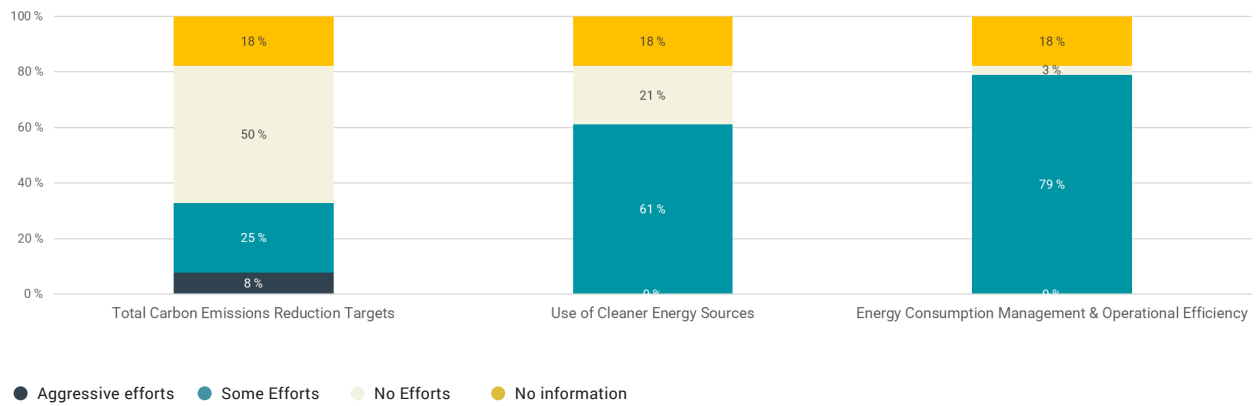
<b>BASIC NEEDS</b>	<b>EMPOWERMENT</b>
1,8 %	0 %
<b>CLIMATE CHANGE</b>	<b>NATURAL CAPITAL</b>
8,50 %	1,60 %
<b>TOTAL SUSTAINABLE IMPACT</b>	
12,00 %	

Rank	Company	Portfolio Weight	Theme
1	VERBIO	5,1 %	Alternative Energy
2	CONSTRUCCIONES	2,1 %	Energy Efficiency
3	SIEGFRIED HOLDING	0,9 %	Disease Treatment
4	ALTRI	0,9 %	Alternative Energy
5	BEFESA	0,6 %	Pollution

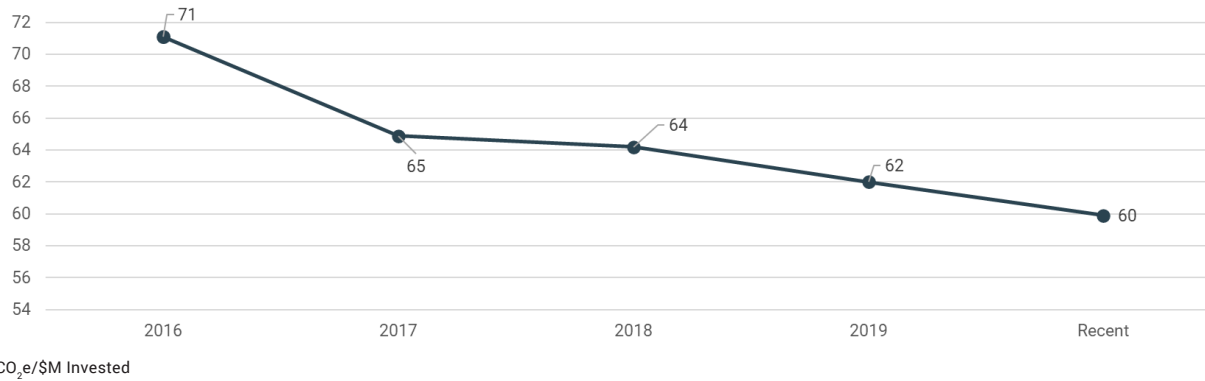
# Carbon Metrics

## Carbon Reduction Targets of Portfolio Holdings

86,3 % of portfolio covered by data



## Carbon Intensity Trend of Current Holdings



## Carbon Metrics for Portfolio Top Holdings

Rank	Company	Sector	Country	Portfolio Weight	CO <sub>2</sub> Intensity	CO <sub>2</sub> Risk Management
1	BORREGAARD	Materials	Norway	3,90 %	354	Modest
2	VERBIO	Energy	Germany	5,11 %	181	Low
3	SIEGFRIED HOLDING	Healthcare	Switzerland	5,50 %	118	Low
4	RECTICEL	Materials	Belgium	1,59 %	350	Modest
5	BEFESA	Industrials	Luxembourg	2,34 %	184	Low
6	CORBION	Materials	Netherlands	2,33 %	154	Modest
7	ALTRI	Materials	Portugal	1,42 %	210	Low
8	ZEHNDER	Industrials	Switzerland	2,60 %	113	Modest
9	S&T	Info Tech	Austria	2,98 %	63	Low
10	Dermapharm	Healthcare	Germany	5,03 %	34	Low

### Current Environmental Certificates

The fund has 2 environmental certificates, the Nordic Swan Ecolabel and the Austrian Ecolabel. The fund needs to fulfil certain sustainability related requirements in the investment process, transparency and consequently the holdings, to maintain these certificates. The fund is audited annually based on the requirements of the certificates.

#### The Nordic Swan Ecolabel:

- The fund excludes investments in certain industries and companies that are particularly problematic from a sustainability point of view (please visit our Q&A).
- The fund conducts an extensive ESG (Environmental, Social and Governance) analysis of its potential investments and prioritizes companies that are more sustainable.
- The fund discloses all holdings on a quarterly basis. In addition, the fund publishes an annual report on the sustainability performance of the fund.
- Nordic Ecolabelling encourages active ownership and rewards funds that engage with investee companies.

#### The EU Ecolabel:

The EU Ecolabel is the European label of environmental excellence for products and services meeting high environmental standards throughout their lifecycle: from raw material extraction, to production, distribution and disposal. The EU Ecolabel promotes the circular economy by encouraging producers to generate less waste and CO<sub>2</sub> during the manufacturing process. The EU Ecolabel criteria also encourages companies to develop products that are durable, easy to repair and recycle.

#### SFDR-Classification

SFDR aims to increase transparency on how financial market participants integrate sustainability into their investment decisions and recommendations. It introduces a classification system with new disclosure requirements for investment products.

Dark Green (Article 9) – The fund has sustainability as their objective.

Light Green (Article 8) – The fund promotes environmental or social characteristics, or a combination.

Grey (Article 6) – Funds which do not integrate any kind of sustainability into the investment process.

#### MSCI ESG Rating

MSCI assesses thousands of datapoints across 35 ESG Key Issues, focusing on the intersection between a company's core business and the industry issues that can create significant risks and opportunities for the company. Companies are rated on a AAA-CCC scale relative to the standards and performance of their peers. Issue scores and weights combine to overall ESG rating. E, S and G scores are also calculated separately.

The EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

### Carbon Reduction Targets

This number indicated the percentage of holdings that have a set carbon reduction target as opposed to holdings with no set target. The targets can naturally be very different in terms of aggressiveness. The data is based on MSCI's ESG database.

### Carbon Metrics

MSCI ESG Research collects carbon emissions data for the companies in the coverage universe. Data is collected once per year from most recent sources, including annual reports, Corporate Social Responsibility reports or websites. In addition, MSCI ESG Research uses the carbon emissions data reported through CDP (formerly the Carbon Disclosure Project) or government databases when reported data is not available through direct corporate disclosure. When companies do not disclose data, MSCI ESG Research uses proprietary methodologies to estimate emissions.

**Carbon Intensity** – Carbon Intensity measures the carbon efficiency of a company as total carbon emissions normalized by total sales. At a portfolio level, carbon intensity is the ratio of portfolio carbon emissions normalized by the investor's claims on sales. This method expresses portfolio carbon efficiency and allows investors to know how many emissions per dollar of sales are generated from their investment.

The Carbon Intensity data is based on Scope 1&2 emissions.

**Scope 1** – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

**Scope 2** – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

**Sustainable Impact Solutions** – Revenue exposure to Sustainable Impact Solutions reflects the extent to which company revenue is exposed to products and services that help solve the world's major social and environmental challenges. It is calculated as a weighted average, using portfolio or index weights and each issuer's percent of revenue generated from Sustainable Impact Solutions.

### Product related and operational SDG alignment of the fund

The MSCI SDG Alignment framework provides 17 SDG Net Alignment scores and 17 SDG Net Alignment assessments (including Strongly Aligned, Aligned, Neutral, Misaligned and Strongly Misaligned) for each of the 17 global goals. In addition, the model offers assessments and scores for two dimensions, product alignment and operation alignment, for each company and for each of the 17 goals.



Signatory of:

