

ANNUAL SUSTAINABILITY REPORT



2016

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Front page picture from Gwadar, Pakistan
Photo: Tundra

Capital invested in a fund may either increase or decrease in value and it is not certain that you will be able to recover all of your investment. Historical return is no guarantee of future return. The value of invested capital may vary substantially due to the composition of the fund and the investment process used by the fund manager. The Full Prospectus, KIID etc. are available on our homepage. You can also contact us to receive the documents free of charge. Please contact us if you require any further information: +46 8-55 11 45 70.

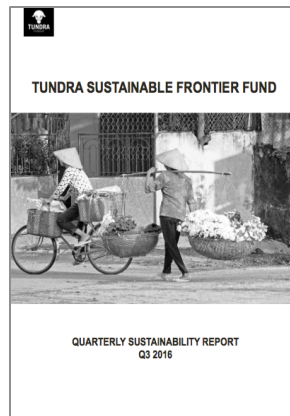
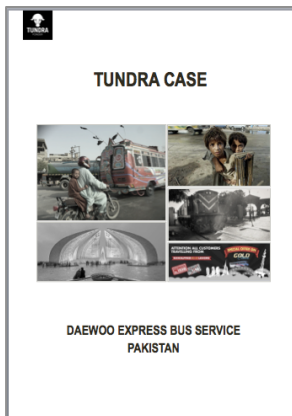
INTRODUCTION

Sustainable investing, responsible investments and social responsibility are all concepts reflecting the same underlying principles; at Tundra we use the term ESG when referring to the inclusion of environmental aspects, social factors and corporate governance into the investment process and strategies. Tundra has made the assessment that corporate behaviour concerning sustainability will have a substantial impact on the long term competitiveness and should hence be taken into consideration across the organisation. In this report, we summarize our efforts during the past year.

Although responsible investments have been central to Tundra's business since the start, 2016 was a year of extended efforts within each of the areas E, S and G. The following pages will give an overview of some of the environmental, social and governance issues that has been considered during the year, and examples from portfolio companies. We have established a range of new collaboration in addition to existing ones during the past year. Tundra's ESG process is governed by international standards of responsible investing, and to emphasize our commitment we have joined several international collaborations to formalise our ambitions. We are supporting the **UN Global Compact** and committed to continue our work aligning with universal principles on human rights, labour, environment and anti-corruption. Tundra also aims to incorporate all aspects of the principles of the **Sustainable Developmental Goals (SDGs)** that are considered relevant to the business and the ESG-process. During the year we have focused on different areas in relation to the SDGs, all presented in our quarterly reports, other publications and presentations (see page 20). Tundra has also signed the UN-led initiative **PRI (Principles for Responsible Investments)** and work actively to incorporate the principles in our strategy and investments. These are basically principles that have been implemented in our business all along, but we see this collaboration as a further step in order to make these efforts more visible. Furthermore, Tundra has chosen to support the **Carbon Disclosure Project, CDP** – an international collaboration aiming to motivate companies to disclose their environmental impact by reporting on emissions and to map out progress globally. More information on CDP on this link: <https://www.cdp.net/en>. We are also in the process of assessing our own impact on environment, for our organisation and for portfolio companies. This work will be published in a separate report during spring 2017.

Among other new collaborations is our new screening expert, **Sustainalytics**, that we signed up with during autumn, and are very much looking forward to work with. In conjunction with this, we also intensified our efforts within ESG and introduced screening for norm-breaches in all of our funds. For the Tundra Sustainable Frontier fund the requirements were strengthened, by excluding all companies that are involved in extraction of fossil fuels, or companies involved in production where the raw material mainly consists of fossil fuels. We are also in the process of expanding our network of NGOs and adding more research collaborations.

Engagement is key. We strongly believe that change is possible, and our ambition is to have an impact on the development in the markets where we operate. This is only possible through an active ownership, local presence and large networks from all levels of society. We recently published a case study on Daewoo Express Bus Services, the largest and one of the few organized transportation companies in Pakistan. In September 2016 Tundra, through three of its funds, acquired 9.4% of the company through an pre-IPO (expected listing in 1H2017). The analysis of the sector showed systematic violations of human rights as represented by the high prevalence of "truck cleaners" working on board the traditional colourful buses in Pakistan. When Daewoo started its operations in Pakistan 1997, it promised to deliver safe, comfortable and quality travel for Pakistani citizens. As a result, we believe that the company will grow faster than the transportation sector as a whole and thereby become a profitable investment for Tundra's unit holders. This is an excellent example describing an investment where the business case is very closely linked to the conclusions of the ESG analysis. This also reflects the Tundra way of working with sustainability.



A sample of reports from Tundra's work within ESG during 2016

CURRENT PORTFOLIO

By the end of 2016, Tundra Sustainable Frontier Fund includes 48 companies from eight countries: Argentina, Botswana, Kazakhstan, Nigeria, Pakistan, Sri Lanka, Vietnam and recently Egypt. Four companies were added in the last quarter. The first is a company in Pakistan called **Tri-Pack Limited**. Incorporated as a public company in 1993, Tri-Pack produces biaxially orientated polypropylene films for packaging. The range of products also includes transparent, pearled and metallized films produced in different varieties and thickness options. As a packaging material, the films are said to ensure a good barrier against external elements such as moisture, odour etc. Tri-pack is a joint venture between Mitsubishi Corporation of Japan and Packages Limited, Pakistan. The company has several ISO certifications such as ISO 9001 (Quality Management System), ISO 18001 (Occupational Health and Safety Assessment Series), ISO 14001 (Environmental Management System), ISO 22000:2005 (Food Safety Management System), PAS 223:2011 (Prerequisite programs and design requirements for food safety and manufacture and provision of food packaging) and HACCP Codex Alimentarius (Hazard Analysis and Critical Control Point).



A few samples of Tri-Pack products. **Photo:** Tri-Pack Films Limited.

The other three new companies are from Egypt, a country with nearly 92 million inhabitants with 95 percent of the population living on only five percent of the land, almost entirely along the Nile or in the Nile Delta. Egypt holds an emerging markets status, but displays the core features of a frontier market according to Tundra standards; a large population, a low socioeconomic level with a potential for rapid growth. Here Tundra venture into a new territory and added the following companies in the Sustainable Fund. The first company; **Arabian Cement Company** was founded in 1997 and listed on the stock exchange in May 2014. The company is located in Suez Governorate-Egypt and has an annual production capacity of five million tons of cement. One of the company's leading cement brand, Al Mosalah, is reportedly considered among the best in the country. The company is also certified in international standards such as ISO 9001:2008 (Quality), BS OHSAS 18001:2007 (Occupational Health & Safety), ISO 14001:2004 (Environmental) and ISO 50001:2011 (Energy). The second company, **Juhayna Food Industries** was listed on the Egyptian Exchange in 2010. The company was founded in 1983 and produces, processes and packages dairy, juice and cooking products. The company has seven operational facilities, distribution centers serving more than 65,000 retail outlets across the country and a dairy farm with a capacity of 8,000 milking cows. The company implements international standards such as ISO 9001: 2008, BRC Food ver.7, FSSC 22000: 2013, ISO 22000:2005, ISO14001:2004, OHSAS 18001:2007. The company also implements 'Quality and food safety management standards' such as GMP, GLP, GWP, GHP and GAP. The final company **Suez Cement**, established in 1977, was listed on the stock market in 2005. It has the annual capacity of 11m metric tons of clinker which is produced in its facilities in Suez, Kattameya Tourah, Helwan and El Minya. The company has 15 operating quarries and 6 kilns in operation. All plants are certified with ISO 9001 and ISO 14001.



Cairo Skyline. To the right: The River Nile.
Photo: Tundra

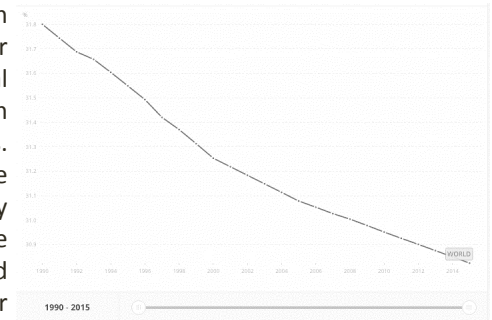


Suez Cement's Tourah operational facility.
Photo: Suez Cement

ENVIRONMENT

Around the world, 663 million people live without safe water while one in three (an estimated 2.4 billion people) do not have access to proper sanitation; as a result - a shocking 900 children die from diarrhoeal diseases every day [1]. A majority of these incidents can be found in frontier markets which are underdeveloped or developing economies. According to the World Health Organization, the key factor responsible for burgeoning diseases and fatalities stem from an unsanitary environment [2]. According to the Asian Development Bank, climate change negatively impacts the people, land and economy of Asia (and small Pacific states) more than any other part of the world. Other major environmental concerns in the continent are air pollution, water availability/quality and deforestation [3]. In Pakistan, water pollution due to industrial and agricultural activity is one of the most pressing problems.

This can be illustrated by the fact that an alarming 33 percent of citizens do not have access to safe drinking water. In Sri Lanka, an island country, the main environmental concerns are deforestation, coastal conservation and quality of water [4]. Half of Sri Lanka was once covered with forests; today, this has been reduced to about on fourth of the land area [4]. The main reasons for this trend are timber farming and clearing forests to make way for tea plantations. While potable water and deforestation are legitimate concerns in Vietnam as well, air pollution is fast becoming a grave issue there. According to official reports and statistics reported by media, the air quality in Hanoi and Ho Chi Minh City has been getting worse with nitrogen dioxide levels increasing well above permitted levels [5]. In Egypt, air and water pollution are rapidly becoming major concerns. The river Nile is the main source of water for the country including agricultural, municipality-level and citizen demand. However, the river is heavily polluted which gives rise to many problems for citizens as well as to the marine life due to the high presence of ammonia and other pollutants [6]. Soil degradation is also a dilemma which hinders progress in the agricultural sector. In Nigeria, 73,000 people died due to poor sanitation and polluted water [7]. Other major issues that plague the country include deforestation, oil spills and air pollution. In 2016, the World Health Organization deemed Onitsha, a city in Nigeria, as the world's most polluted city [8]. In South America, one of main causes for concern is the increasing incidents of global warming along with air and water pollution and waste management. In Argentina, water pollution and deforestation are some of the major environmental concerns. Forests are cleared for the purposes of farming soy, among other things, as one of the main exports in the country is that of soy products. Reportedly, there are only 33m hectares of forest left in 2005 as compared to the 105m hectares in 1914 [9]. Severe water pollution also means that certain areas in the country do not have safe drinking water. According to a Green Cross study, a lot of the population wastes water unnecessarily at a time when an alarming 11 percent have no access [10].



The gradual decline of forest cover in the world between 1990 and 2015. Source: World Bank

REPORTS FROM SELECTED COMPANIES

Access Bank, Nigeria

According to the bank, the *Environmental and Social Risk Management Manual* guides its sustainability relationship with customers over five phases. These phases are E&S Screening and Categorization, E&S Risk Assessment, Decision and Documentation, Monitoring; and Reporting. The Bank has developed a web-based Sustainable Finance Toolkit to aid the marketing teams in identifying E&S risks and to properly articulate risk management strategies to deal with the respective E&S issues that may emerge during the assessment stage. According to the Bank, LED lighting and motion sensitive lighting is used in the head office and some of the branches. Reportedly, the Bank also sensitizes members of staff through regular training measure to ensure water is used in a conservative manner. Further, an automated environmental portal monitors the bank's use of diesel and fuel with a view to curtailing its carbon footprint. Inclusive in the Bank's ESG plan is to power more ATMs and more branches using solar energy.



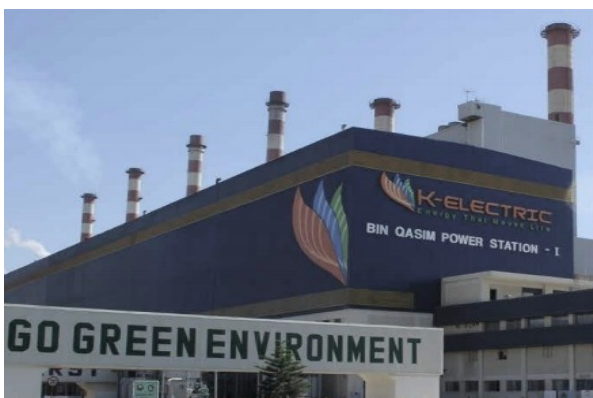
Onitsha, a Nigerian city labelled the most polluted in the world by the WHO. Photo: CNN

Grupo Supervielle SA, Argentina

The bank's initiative to expand environmental protection activities was launched in 2009 following an agreement signed with the FMO, Dutch Development Bank. General policies are implemented in the areas of climate change, human rights, community resettlement, forestry affairs, investment in regions and in specific industrial sectors. The sales and risk departments received courses to show how the organization ensures the necessary competencies to efficiently respond to environmental and social risks. The company reportedly included the presentation of environmental certificates in the bidding process as an additional aspect to weigh suppliers. In 2015, several actions were initiated to achieve the reduction of consumption: the use of low consumption lighting, the adaptation of electrical equipment, acquisition of equipment with longer life spans and better energy efficiency. When comparing the projected consumption of bank branches, an energy saving of 5% was observed between years 2013 and 2015. In order to reduce the negative impact that our operational and commercial activities might bring, the internal auditing area of Banco Supervielle verifies twice a year the inclusion of environmental and social assessment in credit analysis reports, in compliance with the Environmental and Social Risk Management Policy (ARAS).

Century Paper & Board Mill, Pakistan

As the name suggests, the company manufactures paper and paperboard. The company posits itself as "Clean, Green, Sustainable". The company has an 'Environment Policy' and implements ISO 14001 Environment Management System to mitigate any negative environmental impacts. In 2016, the company focused on its consumption of water and electricity. Electricity consumption was reportedly reduced throughout the year by using efficient lighting systems along with GPS timers, resizing electric motors, and using inverters and programmable logic controllers. Pollution was minimized by reducing water usage and installing state-of-the-art secondary waste water treatment plants.



K-Electric's Bin Qasim Power Station in Karachi, Pakistan.
Photo: K-Electric

Gul Ahmed, Pakistan

The textile giant posits itself as a 'green company'. Some of the projects under their green scheme are effluent treatment and gaseous emissions. The company's effluent waste water treatment plant has a recycling capacity of 4,500 cubic meters per day since May 2007. A caustic soda recovery plant has been successfully refurbished in 2012. The company has the first Gas Turbine (combined cycle power plant) in the textile industry which was installed in 2006. It generates 10 MW electricity. How it works: heat from the flue gases going into the atmosphere is reduced by feeding the heat to the heat recovery steam generator to produce steam.



Tundra's ESG team visiting Pakistan's Gul Ahmed. Photo: Tundra

Juhayna Food Industries, Egypt

In 2015, the Federation of Egyptian Industries' Environmental Compliance and Sustainable Development Office awarded the Sustainable Development Award to the company. A training program aimed at raising local farmers' awareness regarding cow fertility, hygiene, vaccinations etc. was also established by the company in collaboration with the European Bank for Reconstruction and Development. This not only helped the farmers by increasing their volumes by more than 20% but they did so with good environmental standards during the process.

K-Electric Ltd., Pakistan

The power utility company has a climate change policy framework. The company aims to expand its current power generation by 15% through renewable energy to reduce its carbon footprint. By 2018, the company aims to add 11 new projects that will focus on renewable energy infrastructure, energy efficiency and GHG reduction. Compliant with Environment Management System ISO 14001, the company carries out several programs for energy conservation and lowering emissions. K-Electric also has extensive programs in place for solid and water waste management.

Richard Pieris & Co., Sri Lanka

One of the largest conglomerates in the country, the Company has stated they have implemented solar systems at several Arpico Supercentres, which are in turn expected to significantly reduce energy costs in the future. The company carried out a program whose aim was to enable everyone to save energy by ‘switching on’ and ‘switching off’. Richard Pieris (Arpico) has obtained a Global Organic Latex Standard which means that their product contains a minimum of 95% certified organic raw material of the total weight. The company also enhanced its effluent treatment plants by converting the solvent base to water base and by using bio-mass as an energy source. The Arpico Green Gas Unit, is an award-winning product, which reportedly enables consumers to produce bio-gas through organic waste while generating compost fertilizer as a by-product. The company also produced the country’s first nano-technological air purification CFL bulb which enhances the quality of life by purifying and eliminating germs/bacteria while saving up to 80% of electricity; it has been given a five star rating from the country’s Sustainable Energy Authority. The Group has also obtained environmental certifications including the ISO 2000, Forest Stewardship Council and the Central Environmental Authority.

Tokyo Cement, Sri Lanka

The company states that it uses biomass energy to power their production process in order to minimize its carbon footprint. One of the company’s products – Tokyo Super Portland Pozzolana Cement – has been awarded the Singaporean ‘Green Mark’ label accredited by two building councils in Singapore and the Chartered Institute of Builders in UK. This award was reportedly given due to the company’s sustainable manufacturing practices which include using carbon-neutral biomass energy, recycling coal fly ash from a power plant, minimizing energy consumption and CO2 emissions, qualifying for all applicable ISO certificates to name a few. Recently, the company acquired an environment-friendly 5MW power community for fuel as opposed to imported fossil fuels. Farmers in the community supply Gliricidia trees to fuel the power plant. So far, The company has planted 2.3m trees to fuel the biomass unit. The company also sponsors the maintenance of greenhouses with dry zone flora, a mangrove cultivation project that farmed 15,000 new mangrove plants along the eastern coastline during the year and an award-winning coral rehabilitation program.



Red mangroves. **Photo:** WWF, Panda



Tundra on a road trip near Islamabad.
Photo: Tundra

Nishat Mills, Pakistan

The company reportedly focuses on preserving natural resources and being sustainable. The company is engaged in waste management and has installed water treatment plants, cotton recycling plants and oil recycling machines at different sites to recycle the water, waste cloth and oil in order to save resources where possible. Further, the company installed 45 powerless ventilators to save electricity. Nishat Mills also has a scheme called the “Rupee for a Tree Scheme” which aims at creating awareness among the employees by planting trees at the company’s premises and various other public places. Reportedly, the company also replaced conventional tube lights that waste a lot of energy with more efficient LED lights and solar panels at different locations.

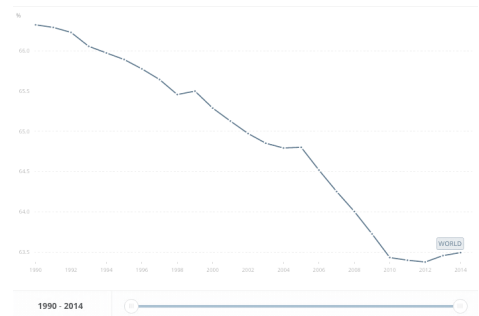


The dockyard at Colombo, Sri Lanka. **Photo:** Tundra

SOCIAL

All over the world, and especially in the frontier markets, social enterprises and NGOs are working tirelessly to aid their citizens who are facing a myriad of issues. According to the World Food Programme, almost 13 percent of the world's population is undernourished. The urgency and importance of the matter can be ascertained by the fact that 'ending hunger, achieving food security and improved nutrition' is on of the ten biggest global challenges, and the second objective on the United Nation's Sustainable Development Goals for the year 2030 [11, 12]. The statistics for unemployment are also alarming. According to the International Labour Organization, more than 61m jobs have been lost since 2008's global crisis; meanwhile, workers aged 15 to 24 were hit the hardest as the global youth unemployment rate was 13 percent in 2014 [14]. Gender equality is another major concern worldwide. According to the United Nations, as of 2014, 143 countries guarantee

and policies, gender-based stereotypes and social norms and practices [13]. Where Asia is concerned, several of the issues stated above are applicable. Due to the industrial and corporate boom, gaps between the continent's rich and poor have widened to the extent that the top 5 richest consume a total of 20 percent [14]. In Pakistan, the Human Rights Watch reports that even though there has been a decline in militant violence, hundreds have died due to suicide bombings, armed attacks and killings. The government has dealt with incidents of violence against women, religious minorities and transgender people inadequately. Child marriages, rape, 'honour killings' (murdering wives, daughters, sisters etc. in the name of honour), domestic violence, acid attacks are some of the key brutalities faced by the women in the country without much legal consequence [15]. The country is also a host to two million Afghan refugees – most of whom are not protected properly by the government. Sri Lanka, recuperating from three decades of civil war, has faced a range of difficulties. The war obviously infringed ordinary people's human rights where around 65,000 civilians are said to be missing due to the conflict. The government has also failed to protect its transgender and homosexual community from discrimination, mistreatment and other abuse [16]. However, in a positive development, the country finally passed its freedom of information law. In Vietnam, freedom of expression is severely restricted where bloggers, rights activists etc have been imprisoned for protesting in peaceful marches. Religion, the justice system all are under the control of the government [17]. Egypt also witnessed severe infringement of its citizens in the form of unlawful arrests, creating obstacles for human rights organizations including passing laws to curb their independence, banning various forms of free speech [18] and abuse at the hand of law enforcement agencies [19]. Systemic violence against women is the norm in the country where girls go through genital mutilation despite the presence of severe laws against the barbaric practice [20]. African human rights abuses are reportedly centred around militant attacks including abductions and forced recruitment, sexual and gender-based violence, abuse and war crimes at the hand of security forces and curtailed freedom of expression [21, 22]. Similarly, Nigeria's human rights issues included the effects of military and Boko Haram conflict, 2.1 million internally displaced people with inadequate resources, ethnic violence between communities, ill-treatment at the hands of the forces, forced eviction of thousands of people due to demolition of informal settlements [23]. While in Argentina, the scope of human right violations revolve around threats to freedom of expression, police brutality, violence against women and discrimination against indigenous people [24, 25].



The rate for the total labour force participation from 1990 to 2005. **Source:** World Bank



Workers at a Vietnamese clothing factory.
Photo: Tundra

REPORTS FROM SELECTED COMPANIES

Cargills Ceylon, Sri Lanka

Reportedly, the company manufactures its products in the highest standards using technically advanced machinery and which are SLS certified. The parent company, JKH, sponsors the higher education for deserving children of employees and this year we recommended several employees whose children have promising academic careers. JKH will provide a monthly stipend through the duration of the students' courses. The company has two labour unions that are renewed every 3 years. Around 59% of the total non-executive employees are covered under collective bargaining agreements. Compliant with Occupational Health and Safety laws. There has been a 21% reduction in accidents.

Ferozsons Laboratories Limited, Pakistan

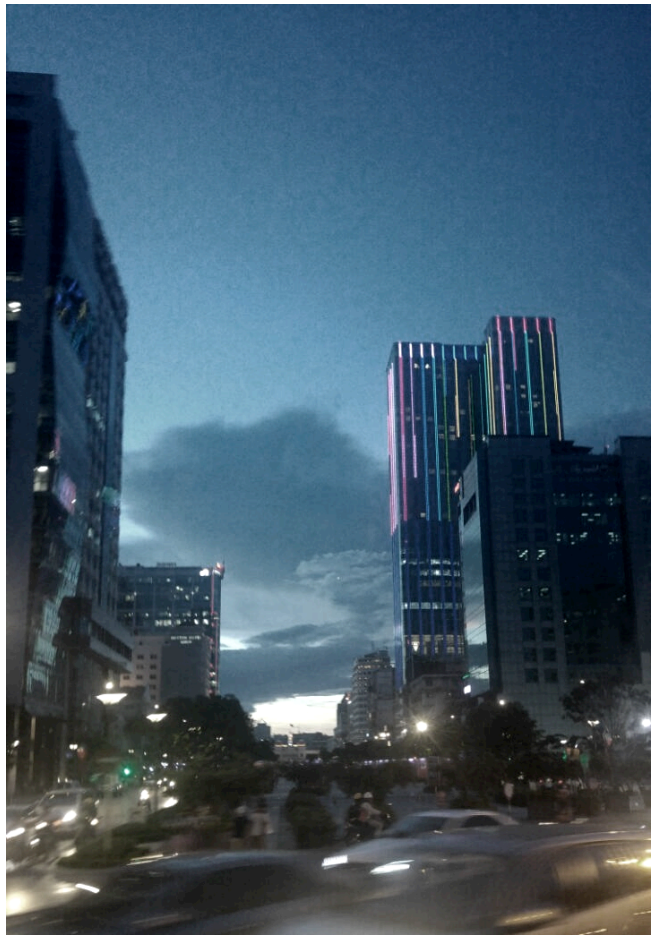
The pharmaceutical company has reportedly undertaken the following social initiatives for the community. Firstly, a financial donation was given to construct a girls school in Hassa village in Azad Jammu & Kashmir. Ferozsons also supported the establishment and expansion of The Citizens Foundation (TCF) school in Muzaffargarh and sponsored story-telling workshops and the distribution of storybooks for children at TCF schools around the country along with funding teacher trainings. Scholarships were provided for higher learning at the Lahore University of Management Sciences under its flagship National Outreach Program. Installation of dialysis machines at district hospitals in Sahiwal and Okara was also carried out. The company collaborated with art institutions such as the National College of Arts in Lahore, took its students to the cancer ward at the Mayo Hospital where they worked at uplifting the environment to the in-patient and OPD environment.

Halyk Savings Bank, Kazakhstan

The bank states that it has several programs in place to support disadvantaged or vulnerable social groups such as children and people with disabilities, orphans and veterans. These include donating to charities to supporting large-scale medical projects that focus on infant and maternity hospitals to building children's playgrounds. Initiatives for education and sport have also been taken.

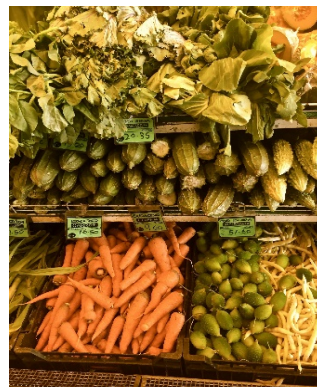
John Keells Group, Sri Lanka

The largest listed conglomerate in the country, John Keells reportedly keeps a track of all its employees. For instance, the company recorded 218 incidences of occupational injuries and diseases in 2015, whilst Group employees received, on an average, 35 hours of training per person. The training hours for employees are determined on a needs basis, aligning business-specific requirements with gaps identified in respect of both operating and roof competencies as outlined in the company's policy guidelines. The company's CSR activities revolve around the following programs. Under its English Language Scholarship Programme, a total of 1,200 school children completed classes, under the foundation, pre-intermediate and intermediate level courses. Under its Soft Skills and Industrial Training for University Undergraduates initiative, a total of 1,275 undergraduates from multiple faculties benefited from the workshops conducted under "The Final Step".



Rush hour in Ho Chi Minh City, Vietnam.

Photo: Tundra



Vegetables and fruit, Sri Lanka. From Arpico far left and left, Cargill's to the right and coconuts at a Temple visit far right. **Photo:** Tundra

initiative in the Sabaragamuwa and Uva-Wellassa Universities. A project called wAVE (working Against Violence through Education) aimed at combating gender-based violence and child abuse through awareness raising was also carried out; through this session, a total of 8,182 persons, of which 5,026 persons were Group staff were sensitized. The company also has several other social initiatives which include a vision project (eye camps, cataract clinics, screenings for almost 36,000 schoolchildren); an HIV and Aids awareness campaign; donating to hospitals, water sanitation project and an elephant research project to name a few.

Juhayna Food Industries, Egypt

The company actively invests in several social projects. The company was one of the main sponsors of a breast cancer hospital – the country's first free facility of its kind; it also participated in the renovation of a university hospital; the company also collaborated with a major charitable institution to build a hospital that specializes in oncology in an impoverished and neglected area. The company sponsored a university team in a national competition. An innovative training program was initiated to support the country's farmers to not only boost the country's milk production capacity but also to introduce and implement high environmental standards. As a result of this training, volumes rose by more than 20% while some farmers have tripled their production of milk.

K-Electric Ltd., Pakistan

The power utility company is one of the largest employers in the country with 11,000 employees. Reportedly, the company has given PKR70m under their social investment programme which made an impact on around 3.4m people. Further, the company states that over 1,000,000 people in Karachi have been sensitized through their energy conservation programme. Agreements have also been signed with 13 major lifeline health and education institutions to provide subsidized or 100% free electricity. The company distributed solar study lamps to top performing students at The Citizens Foundation. The company management has met with over 8,000 students during 34 sessions of technical visits and lectures. The company also sponsors and facilitates PhD students at NED University along with a pledge to develop a testing lab at the university as well. The company entered into an agreement with UNICEF to support grass-root initiatives for sport activities while also increasing awareness about polio and preventive diseases. The company also sponsored a football league in Lyari – one of the most vulnerable areas of the city – in collaboration with UNICEF and the Anti-Narcotics Force in 2014. Awareness about the dangers of drug abuse

and importance of immunization for kids and other health-related messages were raised. The company also aims to sponsor a football and cricket league for the youth of the city.



A still from the documentary on the youth of the football league sponsored by K-Electric. Photo: YouTube

Meezan Bank, Pakistan

The Islamic bank reportedly undertakes employee satisfaction surveys along with organizing team-building initiatives which include social events boost employee contentment. The bank also hires special people that have physical disabilities and/or deformities. Day care facilities for working parents are also available. The bank also developed programs on Islamic banking and finance with 3 leading universities including LUMS, IBA and IMSciences (Peshawar). For 7 years, the bank partnered with IBA in a talent hunt program where disadvantaged students are given admission to the prestigious college. A total of 25 out of 68 students have been shortlisted through the program. The bank also partners with several not-for-profit healthcare organizations such as The Indus Hospital, Shaukat Khkanum Memorial Cancer Hospital, Sind Institute of Urology Transplant and raises funds for them.

Netsol Technologies, Pakistan

One of the leading information technology companies in the country, the company has several programs in place for its employees. These includes a literacy program for low paid illiterate employees; a Noble Cause Fund established for medical and education expenses of low-paid employees; a day-care facility and a preventative health care. Its IT-employee turnover has improved from 2012 (almost 20%) to less than 10% now. Reportedly, the company has the largest concentration of female employees in Lahore, Pakistan and at its headquarters in the United States. In the past, the IT giant has provided humanitarian relief for affected in earthquakes and flood relief.

Nishat Mills Limited, Pakistan

Employees: The company has all relevant policies in place for its employees. It posits itself as an equal opportunity

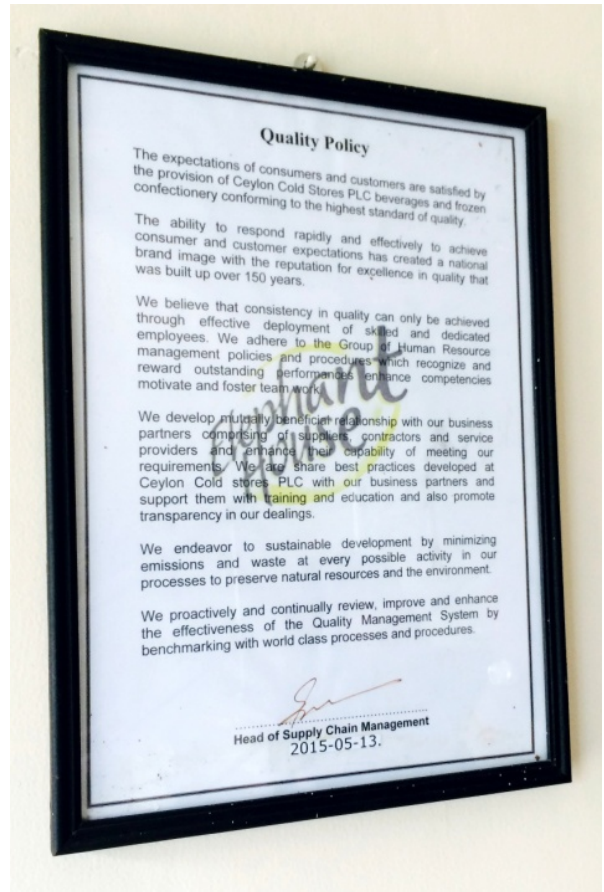
employer that encourages women especially in the stitching and garments segment. Periodic training sessions are held to promote preventive measures for ensuring the safety and security of the employees. Fire fighting equipment is available at all the company's locations. Malaria and typhoid vaccinations are arranged for workers and their families. Product: The company's products are stated to comply with an independent testing and certification system for textile raw materials called the Oeko Tex Standards 100. Other certifications the company has include: C-TPAT or Certification Customs – Trade Partnerships against Terrorism at all its production facilities, SA-8000, WRAP and SEDEX.

Richard Pieris & Co., Sri Lanka

Reportedly, Arpico Plastishells water tank is the country's only water tank to be ISO 9001:2008 certified. Stringent policies on food safety and quality are reportedly maintained in their retail chains. Several of the company's tea factories have reportedly obtained certifications from Fair-Trade Labelling Organisations and the Ethical Tea Partnership. Welfare activities such as a roadwork laying project along with donations and community programs were carried out in a flood-hit area. Efforts to reduce parasitic diseases, malnutrition and anaemia along with infant and maternal deaths were also reportedly carried out. The company donated pipes and fittings for a drug rehabilitation centre to reportedly improve the living standards of the resident patients. Training programmes are reportedly in place to educate employees on health and safety measures at the workplace. Medical facilities are also provided to them. The Group employs 30,000 people. Health camps which included eye and dental clinics were conducted for workers where screenings for diagnosing ailments were carried out. Provided financial assistance (books and school uniforms as well) to all estate employee children who qualified for university education along with English language and computer skills classes.



A housing project built after the tsunami. Trincomalee, Sri Lanka. **Photo:** Tokyo Cement



A Quality Policy around the premises of Elephant House, a subsidiary of John Keells Group, Sri Lanka **Photo:** Tundra

Tokyo Cement, Sri Lanka

The cement company aims to invest in small and medium-sized enterprises (SMEs) in its network to educate them on best practices which will help grow their businesses. In the first phase 200 dealers will be targeted, while the eventual aim is to educate 1,000 SMEs. The company also has a training academy dedicated to masons and other construction professionals for anyone wishing to work in the industry. During the 2014-15 financial year, the academy provided certifications to 185 builders. The company also holds an annual quiz to motivate school children in educational activities with cash prizes over Rs1m (around USD 6,655). Monthly coaching camps to hone cricketing talent among rural children are also carried out along with building the infrastructure necessary for playing – a venture that is supported by leading cricketers. Active participant in a school nutrition programme which targets meal times at underprivileged schools in 2 districts. Also working towards a housing program for disadvantaged communities in partnership with Habitat for Humanity. The company employs 956 employees out of which 858 are permanent.

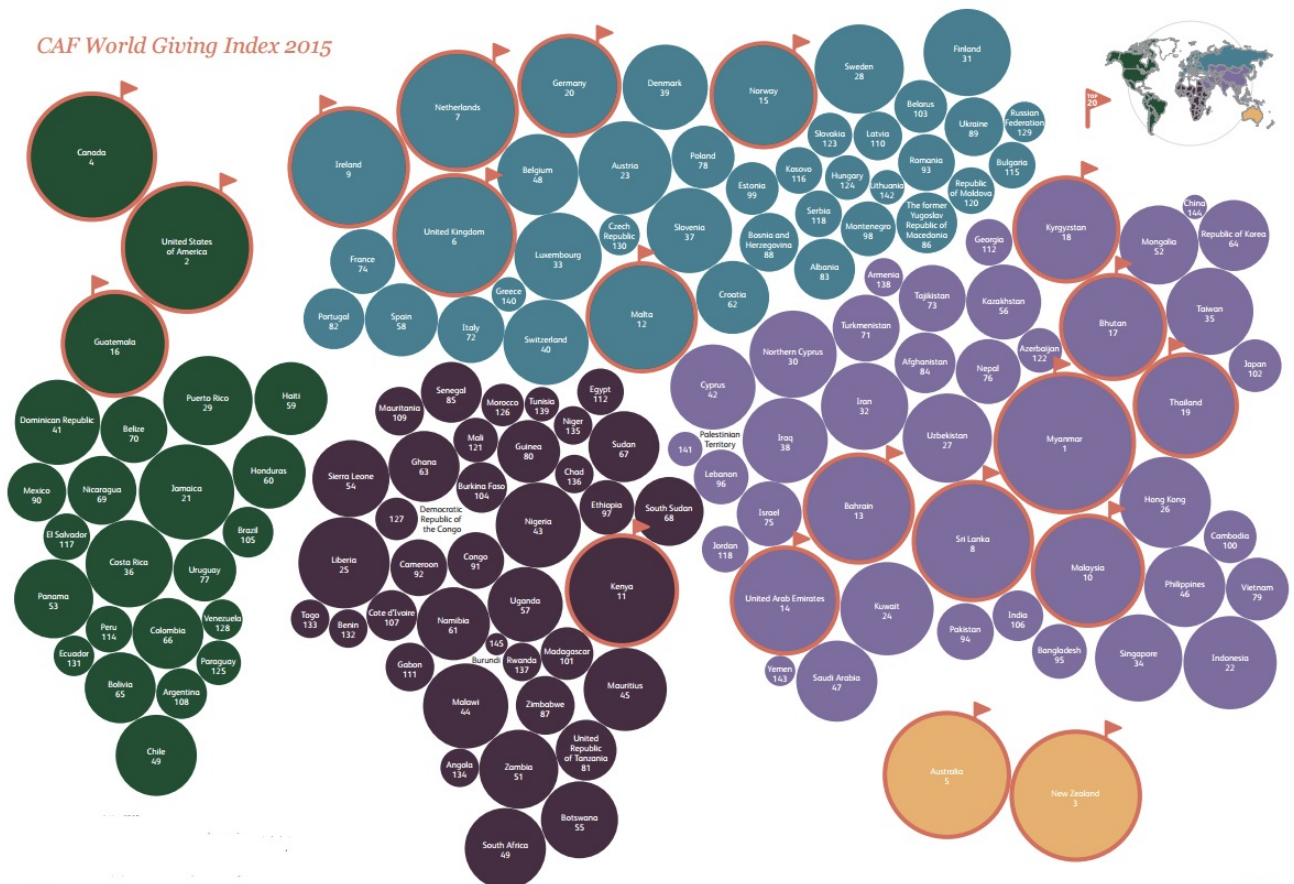
United Bank For Africa, Nigeria

Reportedly, the bank gives equal opportunity to all, irrespective of gender, ethnicity, religion, physical disability and other social backgrounds. Staff are free to air their views through various media, which includes the quarterly electronic chats with the Executive Management, quarterly human capital clinics, dedicated emails for internal complaints and whistle blowing etc. There is also a staff cooperative society in place which admits members on a voluntary basis. This registered association is aimed at enhancing the economic and social wellbeing of its members, which includes current and retired staff of the company. The Bank has a Safety and Physical Security Risk Management Policy, which is reportedly diligently implemented. The company also has a retainership in hospitals across Nigeria to handle medical needs of staff, in addition to the medical clinic at the head office and first aids in all business offices. The bank also appoints Safety and Health Champions in all business offices and on each floors in multi-floor business offices and at the head-office. The Bank reportedly has an established minimum age for engaging staff, below which such person cannot be employed. In addition,

the Service Level Agreement with contractors helps to ensure that outsourced services are also in compliance with the Bank's core values and practice, as regards the policy against forced labour and child labour.

Vinamilk, Vietnam

Vinamilk is the largest dairy company in the country and enjoys superior reputation in the market. The company reportedly receives accolades for being one of the 'best places to work' in Vietnam. In 2015, according to the company, there were 91 employees who took maternity leave, all of whom resumed work after the leave period ended. Employees are encouraged to voice their suggestions and grievances and in 2015, 11 complaints were raised; these were said to have been resolved immediately. Heavy emphasis is laid on employee trainings which can be gauged from the fact that there were 404 courses (with a budget of over USD500,000) held in 2014 alone. The company measures its 'human resource health' by the number of employees that leave the company – about 6%.



GOVERNANCE

Corruption is a major threat to any society because it commences a vicious cycle of inequality where advantages and/or wealth is unfairly concentrated to a limited few [26]. As per Transparency International, the global movement tackling corruption, 2016 saw more countries regress on the corruption perception index than improve [27]. The opposite of corruption, then, is transparency. The frontier market, too, suffers from similar risks. In Pakistan, tax evasion is one of the key governance concerns in the country. According to the Federal Board of Revenue (FBR) of Pakistan, all three taxes – customs duty, sales tax and income tax – are successfully evaded by 67% of the people [28]. According to FBR, there are only 2.2 million individuals and companies in the country that file tax returns. However, within the business community, shockingly around 80 percent registered companies do not pay income tax [29]. Within the corporate set up, Pakistani companies suffer from a range of issues, including lack of board independence. In Sri Lanka, corporate governance behaviour varies from company to company. A lack of transparency in board appointments, sometimes carried out because of political influences, is also a problem seen in many listed companies [30, 31]. Vietnam also sees a similar lack of transparency in procurement and infrastructure investments which have an indirect impact on the private sector; corruption is prevalent, but described as manageable [32, 33]. In Egypt, corruption and tax evasion are some of the main impediments to a successful economy – around \$28b lost annually due to corruption in the financial and administrative sector [34]. In Nigeria, evidence suggests that corruption is related to the country's social norms described as being a characterized by neo-patrimony, where power is maintained through the awarding of personal favors and where politicians may abuse their position. Among major challenges are the implementation of anti-corruption bodies and increased transparency on asset recovery [35]. The private sector is doing better than the public sector, but suffers from poor management practices and an unforgiving tax system, inefficiencies in customs and complexities in related legal frame work [36]. In Argentina, reportedly, the country lost over US\$6.2bn to corruption between 1990 to 2013 [37]. Things escalated markedly when it came to light that the country's (now) former president, Cristina Kirchner was involved in fraud over a corruption case involving public works; in December, Kirchner was indicted and the judge froze up to \$633m assets [38]. Due to this reason, the country has jumped into action and has been pushing to implement anti-corruption reforms [39].



Accountability, transparency and corruption in the public sector from 1990 to 2005.
Source: World Bank

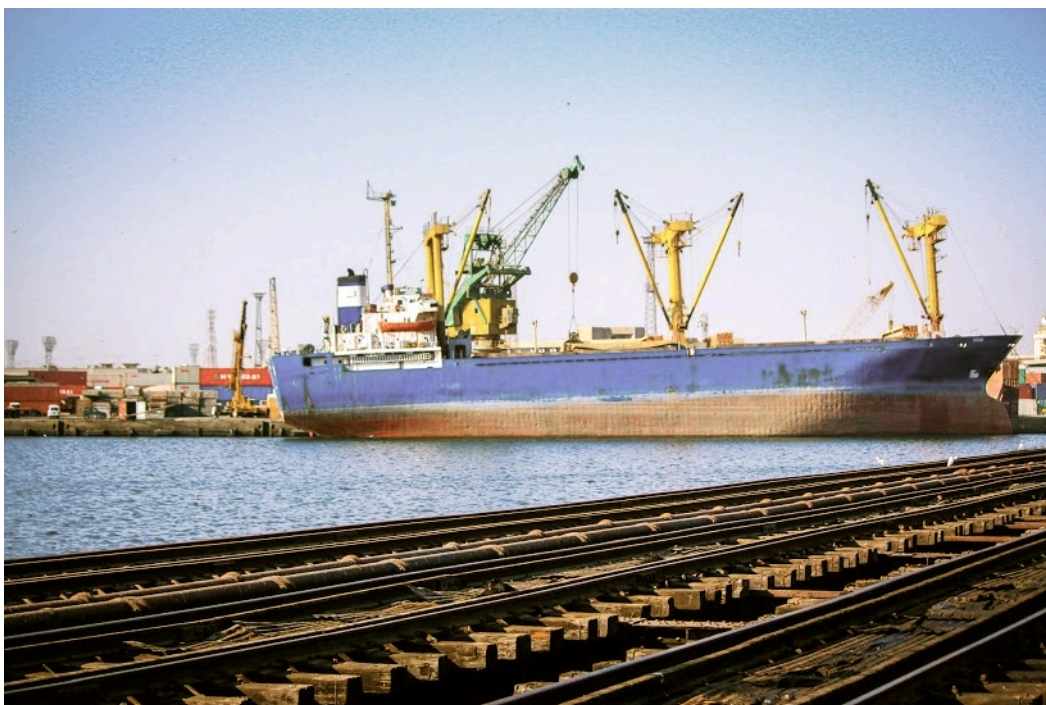
REPORTS FROM SELECTED COMPANIES

Access Bank, Nigeria

According to the bank, its Environmental and Social Risk Management Manual guides its sustainability relationship with its customers over 5 phases. These phases are E&S Screening and Categorization, E&S Risk Assessment, Decision and Documentation, Monitoring; and Reporting. The Bank has developed a web-based Sustainable Finance Toolkit to aid the marketing teams in identifying E&S risks and to properly articulate risk management strategies to deal with the respective E&S issues that may emerge during the assessment stage. According to the Bank, LED lighting and motion sensitive lighting is used in the head office and some branches. Reportedly, the Bank also sensitizes members of staff through regular training measure to ensure water is used in a conservative manner. Further, an automated environmental portal monitors the bank's use of diesel and fuel with a view to curtailing its carbon footprint. Inclusive in the Bank's ESG plan is to power more ATMs and more branches using solar energy.



A view of one of the prominent companies in Vietnam.
Photo: Tundra



The Karachi Port Trust (KPT) in Karachi, Pakistan. *Photo: Tundra*

Access Engineering, Sri Lanka

There are three independent Directors on the company's Board. There is a disciplinary policy in place which is reportedly circulated among all members of the staff which addresses the issues of bribery, money laundering and whistle blowing. Also the company is reportedly a member of TRACE International for anti-bribery compliance.

Avanceon Ltd., Pakistan

In 2014, the company conducted two workshops where different moderators covered a wide range of topics on corporate governance. These included the role, importance and structure of the board, strategic planning through various models and analysis matrices, succession planning, risk management and internal controls. There is also a comprehensive ethics program instated in the company. This program includes a code of ethics, training for employees, means of communicating, mechanism to report wrongdoing, system for detection and conducting inquiries, taking corrective action. The company has an elaborate whistle blowing policy which related to finance, accounting, internal control and anti-corruption matters. There are 7 board of directors, with three being independent.

BBVA Banco Frances, Argentina

The bank reportedly has six independent directors. The organization also has a model for prevention of asset laundering and terrorism financing with three main objectives: application of the "Know your client" policy;

the existence of an exhaustive monitoring system and a process of permanent improvement of that model. During 2016 the Bank focused on updating of the manuals of procedures and policies, implementation of procedures and controls in accordance with new regulations, monitoring the process of updating high risks clients' documentation, complete revision of the monitoring system's parameters, improvement of the monitoring systems, including detection methods based on casuistry and client profile, optimization of alerts management tool according to regulatory innovations, redefinition of the internal training and formation model by combining two modes: attended and e-learning and participation in the process associated to the tax amnesty. Formative and awareness actions around the Ethical Code of Conduct and the Internal Conduct Rules for the Capitals Market were carried out by reinforcing the content of both of them to make the employees assume a responsible attitude. Training actions were carried out as a complement through remote training courses in Personal Data Protection.

Century Paper & Board Mill, Pakistan

As the name suggests, the company manufactures paper and paperboard. The company's Code of Ethics focuses on corporate governance principles, transparency, fair business practices and business risk management, to name a few. The company has eight directors on the board, with one being an independent. In 2012, the company was awarded 'Best Corporate Award' on its Annual Report for the year 2010 by the Institute of Chartered Accountants of Pakistan. The award promotes

excellence in corporate reporting in Pakistan and the awarding institution insists that the award helps improve a company's overall corporate governance.

FPT Corp, Vietnam

One of the leading technology corporations in the country, FPT Corp was established in 1988. There are seven board of directors in the company, out of whom two are independent. Reportedly, the company strives to emulate the criteria of OECD's Principles of Corporate Governance in its own processes. In 2015, FPT was recognised as the "Overall Best Company in Vietnam for Corporate Governance" by Asia Money magazine.

Grupo Supervielle, Argentina

The company has three independent Directors on the Board in compliance with NYSE rules. Grupo Supervielle has an Ethics Code that mandates for their employees, the prohibition to participate in the violation of any law whatsoever, in a specific chapter of the Ethic Code, the company assumes a strong commitment to fight against money laundering and terrorism financing. Grupo Supervielle also has a system in place to receive complaints through an Ethics Line, where both employees and third parties, who detect a legal transgression, an offense against the company's values or an Ethics Handbook transgression, can launch an anonymous and confidential complaint. During 2015, 85 complaints were received, compared to 46 complaints received during the year 2014. Of these, 11 were considered relevant.



Tundra official photo.

K-Electric, Pakistan

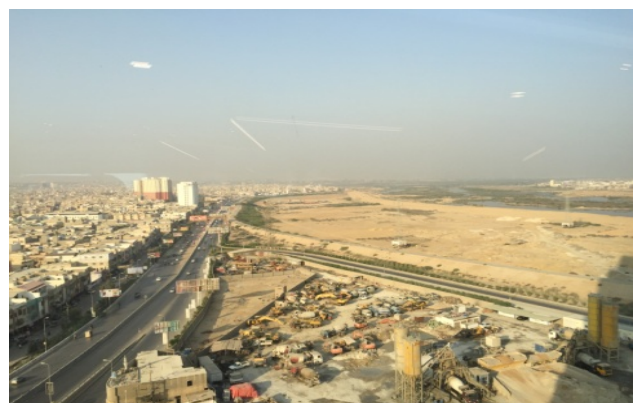
The power utility company is one of the largest employers in the country with 11,000 employees. Karachi Electric Ltd. (KE) has a detailed Code of Conduct for its Board of Directors (BoD) and employees. There are 13 Board of Directors at the company, with one independent director. At the Asian Power Awards 2015, KE was awarded the 'Power Utility of the Year' for Pakistan. At present, the company's major shareholder (Abraaj Group) is evaluating the possibility of a divestment and there are strong rumours that a Chinese power utility is interested in acquiring that stake.



FPT workmen installing cable wires. Top: A contract signing ceremony. Photos: FPT Corp

Habib Bank, Pakistan

The largest private bank in Pakistan, Habib Bank Ltd. (HBL) has expanded many fold since its inception in 1941. The bank even has an international presence which is operational in over 25 countries. The company complies with the Code of Corporate Governance and applies its principles in its day-to-day functions and decision-making processes. HBL's board comprises of seven directors with three categorized as independent, non-executive directors. In 2015, the bank won 15 awards due to its performance; one of these was the 'Safest Bank Award' by Global Finance Magazine. The Bank is also among the top 25 companies on the Pakistan Stock Exchange for 2014 and 2015. This award is given to companies that excel in profitability, market activity and corporate governance. Reportedly, HBL has anti-bribery, anti-money laundering and whistle blowing policies in place.



View of Karachi from TPL Holdings office. Photo: Tundra

Pakistan State Oil, Pakistan

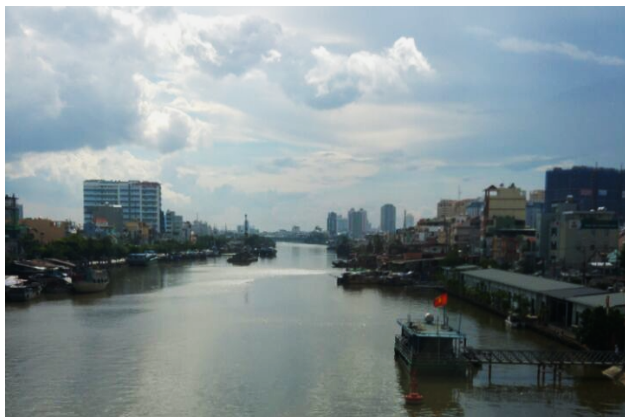
The company markets and distributes petroleum, oils and lubricants. Recently, the company became a signatory to the United Nations Global Compact. The company will adhere to the Compact's principles regarding human rights, labor and anti-corruption, to name a few. In February 2015, the government of Pakistan dissolved the board of Pakistan State Oil allegedly over their failure to prevent the petrol crisis in Punjab in January. By the end of the year, a reconstituted board of management with four new board members came together for their first meeting.

Vinamilk, Vietnam

The largest dairy company in the country, the company enjoys a great reputation in the market and amongst the people. Prior to 2015, the CEO of the company, Ms. Lien was also the Chairperson of the board. However, a new chairwoman has since been elected to establish a separation between the two positions in order to conform to good corporate governance practices. The company has an extensive corporate governance regulation manual and a code of conduct in place. In November 2015, Vinamilk was named one of ASEAN's top 50 companies during the first ASEAN Corporate Governance Conference and Awards Ceremony.

Military Commercial Bank, Vietnam

Founded in 1994, the company provides personal and corporate banking services in the country. In an assessment of its strategic governance objectives, the bank reportedly enhanced its governance in 2015 by 'consolidating the governance and operation structure of member entities, increasing capacity of risk management, IT management and cross-selling management'. The bank also learnt that there is a gap in operating efficiency between different branches which needs to be bridged. There are 11 board members in the company, out of which one is independent.



Top picture: Ho Chi Minh river. **Photo:** Tundra



A high-rise building in Colombo, Sri Lanka.
Photo: Tundra

Millat Tractors Limited, Pakistan

The tractor manufacturer is among the top 25 companies on the Pakistan Stock Exchange for 2014 and 2015. The company's board comprises of eight directors, one of whom is an independent. The company is in compliance with its code of corporate governance.



A product line at Millat Tractors. **Photo:** Millat Tractors

ENGAGEMENT

In 2016, the Tundra team met several companies, non-governmental organisations, journalists and consultants in order to grow its network and increase local presence. In what proved to be a very successful engagement; ESG questionnaires were sent to all 48 companies in the Sustainable Frontier Fund. This includes companies in all eight countries in Asia, Africa and South America. These questionnaires touch upon the core areas of ESG and serves as a base for a transparent communication and relationship with the management of each company in the fund.

In addition, in the last quarter of 2016, the ESG team (along with Tundra's financial team) met with representatives of several companies to gauge and understand the on-ground realities of sustainable practices. Some of the major corporate meetings undertaken included a sit down with the CEO of Meezan Bank – the premier Islamic bank in the country, the upper management of Al Shaheer – a meat producer, retailer and exporter, a director of Sui Northern Gas Pipeline and Sui Southern Gas – one of the largest utility companies in Pakistan and a conversation with the CFO and HR team of TPL Holdings Ltd – a tech-based conglomerate. All meetings stressed the importance of sustainable initiatives such as:

- Minimizing the environmental impact of operations
- Ensuring equal opportunities for all employees regardless of gender, disability, political opinion, sexual orientation, age, religion and ethical background
- Steering clear of instances of child labour, including on a sub-contractor level
- Enabling an environment that fosters independence on company boards
- Having a strong corporate governance policy which has detailed anti-money laundering, anti-bribery and whistleblowing processes in place

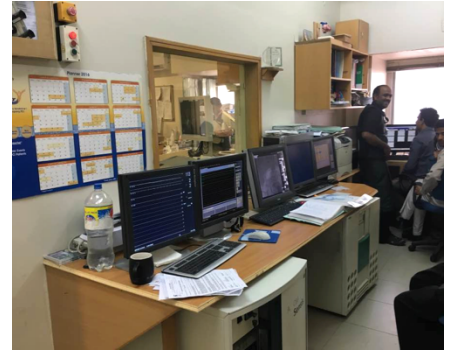
As a next step similar questionnaires will be sent out to all companies in Tundra's portfolios. This work has already been initiated and will be reported continuously during the year. In addition to the basic questions we will add specific questions for companies with areas that have been identified as problematic based on our background research on sector or country-specific issues or external screening.

Over the year, there have been several meetings, dialogues and correspondence with representatives from non-profits organisations, NGO:s and media. Some of these have been covered in our quarterly reports. Going forward we have taken the decision not to disclose these collaboration in detail. The work of journalists, human rights activists and people working in social organisations can at times be associated with challenges in the contact with authorities and other stakeholders in society. We wish to keep an open dialogue with our informants and make sure they feel comfortable communicating with us openly, therefore these collaborations will only be displayed when our collaborators wish so.



Meetings with Meezan Bank and Al Shaheer.
Meetings with Sui and TPL Holdings.
Photos: Tundra

Every year in December, Tundra Fonder makes a small financial contribution that benefits the disadvantaged or the vulnerable in society. The main reason for this contribution is to highlight important local initiatives within Corporate Social Responsibility (CSR). This year Tundra made a contribution to a health care institution called the *Indus Hospital*. A visit was made to the Indus Hospital where Tundra made its annual Christmas charity donation. The organization operates as a non-profit hospital with state-of-the-art technology where treatment is free of charge for all patients. Read the full report on Tundra's



Glances from inside The Indus Hospital. Left: a laboratory. Right: A control booth outside the operation theatre. **Photos:** Tundra

Indus Hospital

The 150-bed medical institution reportedly treats over 140,000 patients per month with a cost of PKR 1 800 (USD 17) per treatment per patient. It provides general surgery, cardiothoracic surgery, ophthalmology, orthopedics and trauma surgery, general medicine, plastic surgery, mother- and child healthcare, pediatrics and nutritional services to name a few. The main campus of the hospital in Karachi boasts a successful not-for-profit model that has been duplicated across the country. Currently, there are a total of eight facilities that are being managed by the *Indus Hospital*. These hospitals are operating in Karachi, Badin, Muzaffargarh, Bhong and Lahore with upcoming centers in Peshawar and Mansehra. The hospitals' funding comes from individuals (49%), the corporate sector (35%), government grants (11%) and international donors (5%).

Tundra's ESG Analyst, Maryam Mughal visited the *Indus Hospital* in November this year to learn more about its policies and operations. A meeting was set with the hospital's representative, Zohaib Faizi who is the Team Leader of the Communication & Resource Development department. Zohaib presented the *Indus Hospital* model which included a detailed history of the project. He also spoke in detail about their plans of expanding the main campus in Karachi due to the demand of the growing population of the city. The aim is to increase their capacity from 150 beds to a facility with over 1 800 beds. Moreover, the expansion is designed keeping in mind a sustainable and green environment. The focus is on innovative design that is energy efficient and environmentally friendly in a long term perspective. The expansion process began in 2014 and will be completed by 2024.



The exterior of the Indus Hospital building overlooking its gardens at night. **Photo:** Indus Hospital



Notice in the local language (Urdu) explaining to patients that all treatment is free and to report any solicitation of bribes to the management at the given number. **Photo:** Tundra

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SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Sustainable Development Goals (SDGs) were adopted by world leaders on the 25th of September 2015 at the United Nation's summit. The overall aim of the 17 goals is to end poverty, fight inequality and injustice and tackle climate change by year 2030. These goals stand as an extended version of the eight Millennium Development Goals (MDGs) targeting poverty, hunger, disease, gender inequalities, access to water and sanitation. Tundra aims to incorporate all aspects of the principles of the SDGs that are considered relevant to the business and the ESG-process. This is to be interpreted as work in progress, and will be updated continuously. During the year we have focused on different areas in relation to the SDGs, all presented in our quarterly reports, other publications and presentations.

Below is a description on some of the goals we worked on during last year. More details on the 17 goals can be found on the following link:

<http://www.undp.org/content/undp/en/home/sdgooverview/post-2015-development-agenda/>



Achieve gender equality and empower all women and girls

Gender equality refers to equal rights, responsibilities and opportunities for women and men, and girls and boys. Today nearly 30% of countries still have not included gender equality in their constitutions. The most important actions in order to reach set goals for gender equality are investments in education programs for girls, to increase the age at which girls enter marriage and to ensure access to sexual and reproductive health services.

- An estimated 31 million girls do not enter primary school, most of them in low- and middle income countries. Both Pakistan and Nigeria can be found among the bottom ten countries for female education
- Each year 15 million girls under the age of 18 are married, this equals over 40 000 girls every day
- Each year around 16 million girls aged 15-19 and one million girls under the age 15 give birth each year, and yet another three million girls undergo unsafe abortions



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

The 8th goal is to promote sustainable economic growth and decent work, by achieving full and productive employment and decent work for all female and males globally by 2030. Equal pay for work of equal value is another target. Immediate and effective measures are requested to eradicate forced labour, end modern slavery and human trafficking. Prohibition and elimination of the worst forms of child labour are called for, including recruitment and use of child soldiers, and subsequently, by 2025, end child labour in all its forms. Another fundament is to protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular female migrants, and those in precarious employment.

- There are nearly 36 million victims of human trafficking globally, with more than 2/3 cases in Asia. An estimated 66% of all victims in Asia are being used in forced labour (corresponding number for Europe is 26%)



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Peace, justice and strong institutions are closely linked to human rights and effective governance. All countries need to take action against sexual violence, crime, exploitation and torture. To meet this goal, governments need to uphold the rule of law for all without any discrimination. Terminating corruption in all its forms is extremely important for achieving this goal.

- Corruption costs developing countries an estimated US \$1.26 trillion per year; money that could otherwise help the poor and the disadvantaged.



Strengthen the means of implementation and revitalize the global partnerships for sustainable development

In order to achieve a sustainably better world; governments, the private sector and civil society must interact and gather around principles, values and shared goals. The SDGs can serve as an international platform that allowing us to work towards common goals according to given principles. Urgent action is needed to reach the sustainable development objectives. Long-term investments, including foreign direct investment, are needed - especially in countries that are described as developing. Core areas for action include sustainable energy, infrastructure and transport, as well as information and communications technologies. Frameworks, regulations and structures should be rearranged and adapted to reinforce sustainable development. National structures and legislation should be strengthened to facilitate the process.

- Worldwide 780 million adults and 103 young people (15-24 years) lack basic reading and writing skills

Sources: UNDP, Global Goals, Children & Armed Conflict, World Bank, UN

SUSTAINABILITY GUIDELINES

Tundra’s ESG process is governed by international standards of responsible investing. These include screening for “norm-based” violations, “controversial weapons” and “sector-based” breaches (see below).

Norm-based breaches include screening for breaches that are in contravention with the United Nations Global Compact (see Table) - the guiding principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. During this screening, companies’ adherence to international norms for human rights, the environment, labor standards and anti-corruption are assessed.

Controversial weapons. During this screening, a company’s involvement with prohibited or banned weapons is assessed. There is a zero tolerance as far as these weapons are concerned. Companies with any involvement in controversial weapons are automatically excluded from the fund.

Sector-specific breaches. There are certain sectors that are considered to be no-go areas in the ‘sustainability’ universe. These are sectors involved in alcohol, pornography, tobacco, weapons or gambling. However, if the total revenue from a product from one of these sectors does not exceed 5%, the company may still be eligible for the sustainable fund.

Guidelines in detail	
Norm-Based Breaches*	<ul style="list-style-type: none"> • Environment • Human Rights • Labour Rights • Corruption
Controversial Weapons*	<ul style="list-style-type: none"> • Nuclear Weapons Biological Weapons • Chemical Weapons • Non-detectable Fragments • Blinding Laser Weapons • Anti-personnel mines • Cluster Munitions • Incendiary Weapons • Depleted Uranium Ammunition <p>All Production/Distribution: 0%</p>
Sector-specific Breaches**	<ul style="list-style-type: none"> • Alcohol (Production: 5%/Distribution: 5%) • Pornography (Production: 0%/Distribution: 5%) • Tobacco (Production: 0%, Distribution: 5%) • Weapon 5% • Gambling 5% • Extraction/production of fossil fuels 5%

* Includes all of Tundra’s funds ** Tundra Sustainable Frontier Fund

The Six Principles Principles for Responsible Investments

- Principle 1**
We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2**
We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3**
We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4**
We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5**
We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6**
We will each report on our activities and progress towards implementing the Principles.

Tundra The PRI Tundra Fonder has signed the UN-led initiative PRI (Principles for Responsible Investments) and work actively to incorporate the principles in our strategy and investments. See Principles above, for more information about the initiative follow this link:
<https://www.unpri.org>

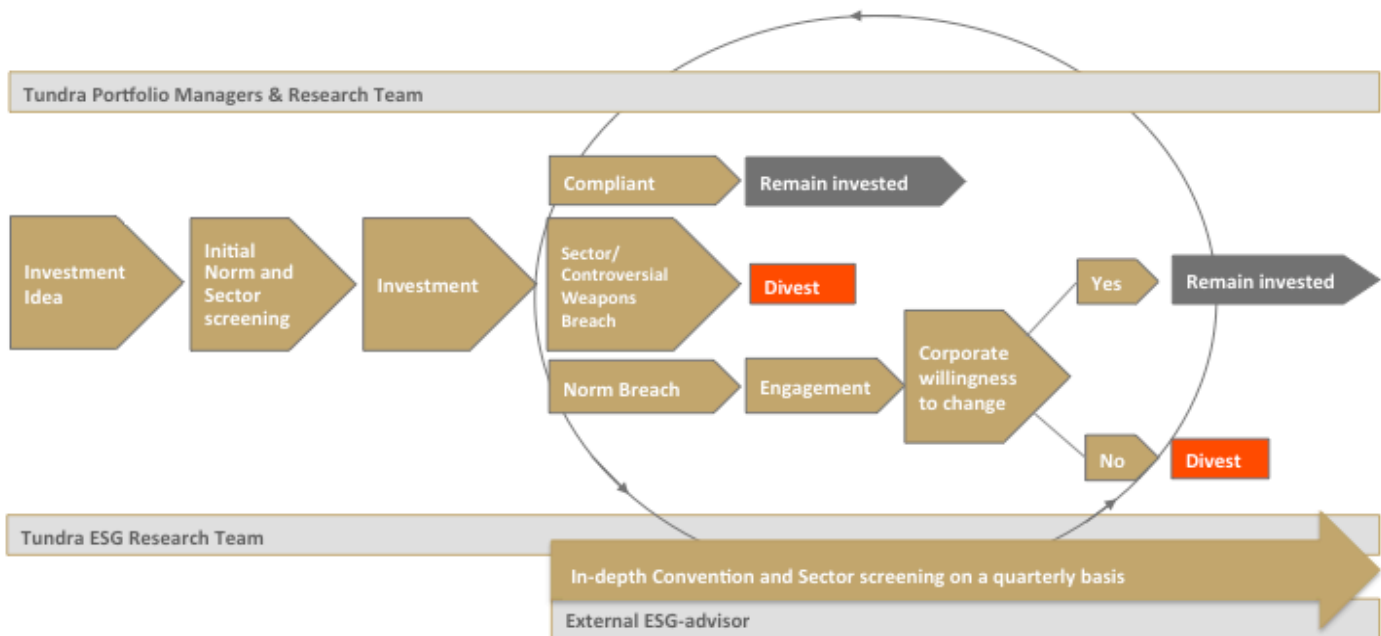
The Ten Principles UN Global Compact

- Human Rights**
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: make sure that they are not complicit in human rights abuses.
- Labour**
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour;
Principle 6: the elimination of discrimination in respect of employment and occupation.
- Environment**
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility;
Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-Corruption**
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

TUNDRA'S ESG PROCESS

As shown below, the screening process for sustainability encompasses a few phases. The initial phase begins with an idea to invest in a particular company by Tundra's portfolio managers and research team. There is a preliminary screening carried out and after it is confirmed that the company does not belong to a "no-go" sector and has not breached any of the international guidelines (see above for detail), the investment is made. The local ESG Research team, along with an external ESG Advisor, then carries out an in-depth research into the invested company to verify and ensure absolute compliance to international standards.

In the event of a possible breach in controversial weapon or a sector breach, there is an immediate divestment from the offending company. However, if the breach is "norm-based", the ESG Research team will create and implement a twelve-month engagement strategy with the company's higher management. The aim of this dialogue is to persuade the management to do better; to extract their willingness to work towards fixing the issue(s). These meetings would usually take the form of interviews, discussions, and answering quantitative data sets. If, on the other hand, the company is unwilling to cooperate, this will result in an immediate divestment.



EXTERNAL SCREENING

With a local presence through our research offices in Karachi, Pakistan and Ho Chi Minh City, Vietnam we are able to analyze companies on our markets on a regular basis. Our work within ESG is developed continuously. Our ESG-team, consisting of a senior ESG analyst in Karachi and an ESG researcher in Stockholm cooperates closely with the Chief Investment Officer to integrate ESG questions into the financial analysis. The group have weekly contact and web-based meetings at least once a week. Currently Tundra has collaborations with two external ESG advisors; award-winning Sustainalytics and ISS-Ethix. Tundra's ESG process is governed by international standards of responsible investing. As shown in the figure below, the screening process for sustainability encompasses different phases. The initial phase begins with an idea to invest in a particular company by Tundra's portfolio managers and research team. The internal ESG research team, along with external advisors carries out an in-depth research into the invested company to verify and ensure compliance to international standards. If there is a "norm-based" breach, the research team will create and implement a twelve-month engagement strategy with the company's higher management. The aim of this dialogue is to persuade the management to improve their routines and to help them make the company's ESG or sustainable behaviour in line with international standards. This work also include contacts with authorities, journalists, experts, NGOs and other relevant parts to achieve a thorough insight. The dialogue is led by our internal ESG-team with the primary goal to achieve a change and influence the company.

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