

SUSTAINABILITY REPORT



SEMI-ANNUAL 2018

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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. See full disclaimer on www.tundrafonder.se.

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Stockholm, October, 2018

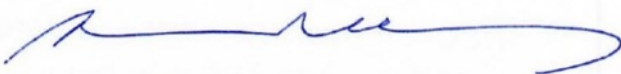
Dear Reader,

The late Dr Hans Rosling made substantial contributions to our understanding of international development and the world, with his bold and fact-driven approach. For those of among you who have not read his book **Factfulness** – I urge you to do so. Or take an hour or two to listen to any of his many lectures available on Youtube. Just like Professor Rosling, we are not optimists; we simply believe in possibilities and trust facts. We know that the least developed parts of the world are improving fast, much faster than most of us in the more developed countries can anticipate. The investment opportunities we find in the countries we call ‘our markets’ were last seen in the ‘developed’ world more than 50 years ago. We believe, that our markets are a second chance to make the investments you always dreamed of making. Hopefully without repeating the same mistakes.

Tundra builds on opportunities, we want to participate in the growth of our markets and be a part of their success stories. Tundra was founded to make inaccessible markets accessible. Accessibility to a large extent relies on transparency and educating investors about these new investment destinations.

In this semi-annual report, we will describe how our work in supporting responsible investments within the areas of Environment, Social Responsibility and Governance (ESG) has continued over the first part of 2018.

Thank you for joining us on our journey.

A blue ink signature of Mattias Martinsson, consisting of a series of fluid, connected loops.

Mattias Martinsson

Founder, Chief Investment Officer, Tundra



CSE TUNDRA SUSTAINABILITY FORUM

Tundra in collaboration with the Colombo Stock Exchange (CSE), hosted a sustainability forum in Colombo on March 5, 2018. The forum's participants included representatives from the top 100 listed companies, heads of brokerage houses and media representatives. The forum highlighted the growing global importance of incorporating ESG factors in companies which also attracts foreign investment. There was a panel discussion on best practices and challenges with 4 leading companies in Sri Lanka: John Keells Holdings, Cargills (Ceylon), IFS South Asia and Access Engineering. Dr. Jennie Ahrén, Tundra's Head of ESG, also participated in the panel. Panellists discussed C-suite's adoption of sustainability as a management tool, improving work-place practices, and gender equality among staff along with transparency in supply chains. Companies described reducing environmental impacts such as reusing wastewater and company-sponsored public initiatives on e-waste management and recycling.

This was followed by a second panel discussion with members of the civil society to elaborate on social factors and their implications for corporate governance. The organisations that took part in this panel were the local chapters of ECPAT, which focuses on the sexual exploitation of children around the world, and Transparency International, the leading global movement against corruption.

In connection with the conference, we also ran a workshop for leading brokerage firms in Sri Lanka. Participants included heads of research and senior analysts. During the workshop, we focused on the different ways ESG principles can be put into practice, and how local analysts can help improve the quality of traditional financial research by including ESG related data. We emphasised Tundra's willingness to share knowledge and information resources to promote wide scale and swift implementation of ESG in the financial services industry.

Following the event, we have seen continued progress in aspects relating to responsible investments in Sri Lanka with the implementation of an ESG Index for listed companies, read more here: <https://bit.ly/2QywdwW>. During spring, Tundra's Head of ESG and CIO were invited to write articles for one of the leading newspapers in Sri Lanka, find the first article here: <https://bit.ly/2E5c1BL>.



UN GLOBAL COMPACT NETWORK SWEDEN



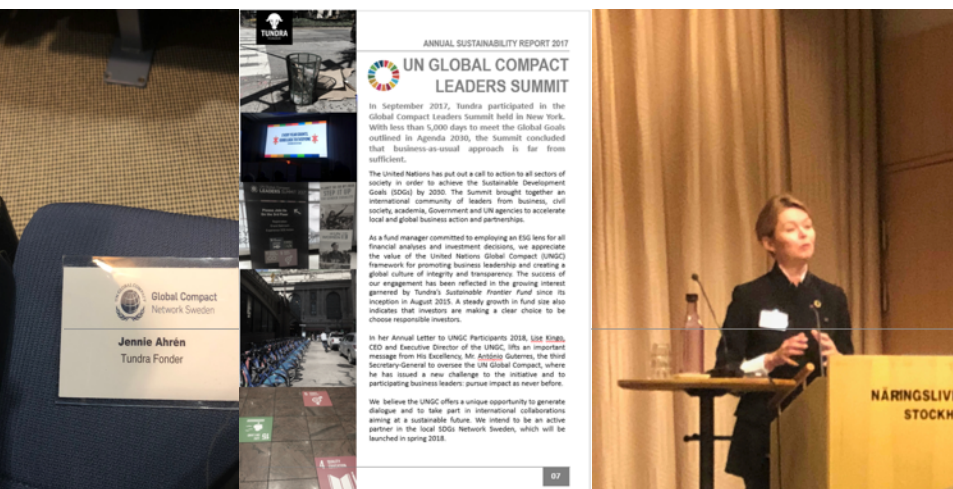
The Global Compact Network Sweden was launched on 22 March in Stockholm. The ceremony was attended by more than 100 individuals. During the event, speakers from a variety of sectors spoke about their engagement with UNGC and their aspirations for the Swedish business community. Lise Kingo, CEO and Executive Director of the UNGC, was in attendance and emphasised the importance of establishing Local Networks to make Global Goals relevant to local businesses.

The UN has put out a call to action to all sectors of society in order to achieve the Sustainable Development Goals (SDGs) by 2030. The 2030 Agenda emphasizes opportunities for national implementation of the SDGs. Tundra is a participant to the UNGC, and encourages all of its portfolio companies, collaborators, and other stakeholders to sign the initiative and report on their progress.

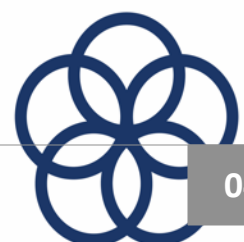
As a fund manager committed to deploying an ESG lens for all financial analyses and investment decisions, we value the UNGC framework for promoting business leadership and creating a global culture of integrity and transparency. The success of our engagement has been reflected in the growing interest garnered by Tundra's *Sustainable Frontier Fund* since its inception in August 2015. A steady growth in fund size indicates that investors are making a clear choice to invest responsibly.

In her Annual Letter to UNGC Participants 2018, Lise Kingo spotlights an important message from His Excellency, Mr. António Guterres, the third Secretary-General to oversee the UNGC, where he has issued a new challenge to the initiative and to participating business leaders: pursue impact as never before.

We believe the UNGC offers a unique opportunity to generate dialogue and to take part in international collaborations aiming at a sustainable future. We intend to be an active partner in the local SDGs Network Sweden, as well as larger global collaborations. This year we have decided to focus on the Nordic meetings (Stockholm and Copenhagen) to reduce overseas traveling.



17 PARTNERSHIPS FOR THE GOALS



04

eHEALTH IN KENYA

In June we presented a report on eHealth in Kenya, in collaboration with Karolinska Institutet. The study was conducted and written in partnership with Malin Almgren, PhD.

With the ambition to extend our collaborative efforts and strengthen connections with academia, Tundra hosted a Breakfast Event based on the SDGs on June 13, 2018. The event focused on Goal 3 – Good Health and Well-Being, Goal 16 – Peace, Justice and Strong Institutions, and Goal 17 – Partnerships for SDGs. We intend to use these events to create further opportunities for collaboration and knowledge exchange between academia, trade, industry, and government agencies.

At the Breakfast, we launched our new report on eHealth in Kenya. The report investigates the prevalence and uptake of eHealth initiatives in Kenya, one of our core markets. East Africa's market hub, Kenya is home to a sophisticated and vibrant media landscape supported by sizeable digital access. eHealth initiatives allow for cheaper and more accessible care for the local population while promoting transparency through better record keeping, increasing efficiency through improved payment systems, and connecting remote users. According to the World Bank: Kenya has the potential to be one of Africa's success stories from its growing youthful population, a dynamic private sector, a highly skilled workforce, improvements in infrastructure, a new constitutional framework, and its pivotal role as a flourishing democracy in East Africa.

In an effort to investigate Kenya's eHealth initiatives and ascertain commonly held views on digital health care services we interviewed stakeholders from academia, finance, business and service users in Nairobi. Read more: <https://bit.ly/2NwD9J4>.



TUNDRA CORE MARKETS

The following section describes our core markets, including demographics, politics and potential country specific risks; all important attributes for investments. The overview is to be interpreted as a snapshot and not an deeper analysis.

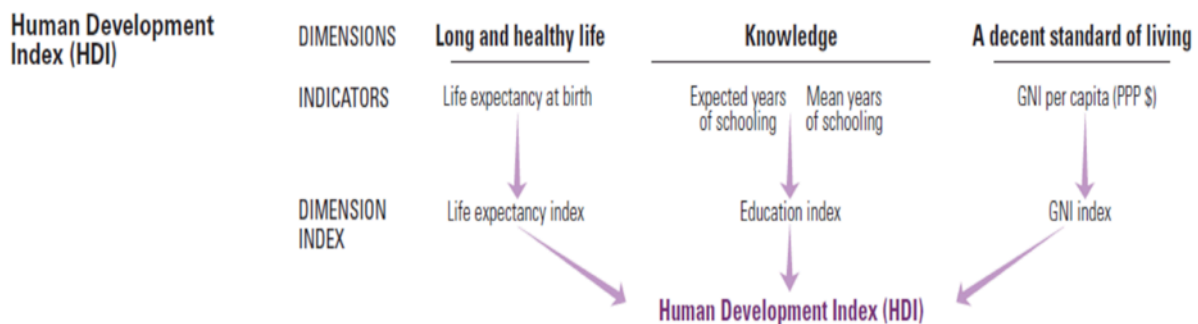
In this year's semi-annual report we have decided to include two important scores, the UN's Human Development Index¹ and the newly published Health SDG index², two measures that capture a country's development differently. All frontier markets face major challenges but also have great potential for future sustainable growth, if the risks facing them are managed responsibly.

HUMAN DEVELOPMENT INDEX

Created by Pakistani economist Dr. Mahbub ul Haq in 1990, the Human Development Index (HDI) is a statistical tool that measures the quality of life in countries on a scale from 0 to 1. It captures average achievement in three key areas of human development: health and life expectancy; access to education and years of schooling; and a decent standard of living. The HDI was created to highlight the fact that economic growth alone cannot paint a full picture of a country's development. It must include people and their capabilities in addition to economic factors. The 2018 HDI statistical update, released on September 14 includes 189 countries.

While the HDI is a useful tool it is not the final word on human development since it does not include measures on empowerment, inequality and gender etc. Nonetheless, it plays an important role in interrogating policy choices at the sub- and supra- state level, asking how two countries or two regions within a country with the same level of income can produce divergent human development outcomes. This lens can yield interesting results for investors when applied to frontier and emerging markets characterised by high population growth and largely young populations, rapid urbanisation, rising demand for infrastructure and challenging political contexts.

HDI scores range from 0 (a low level of development) to 1 (a high level of development). The HDI combines: (i) Life Expectancy Index – average life expectancy compared to a global average; (ii) Education Index – mean years of schooling and expected years of schooling; and (iii) Income Index – Gross National Income. For more information, please visit: <https://bit.ly/1kkByXA>.

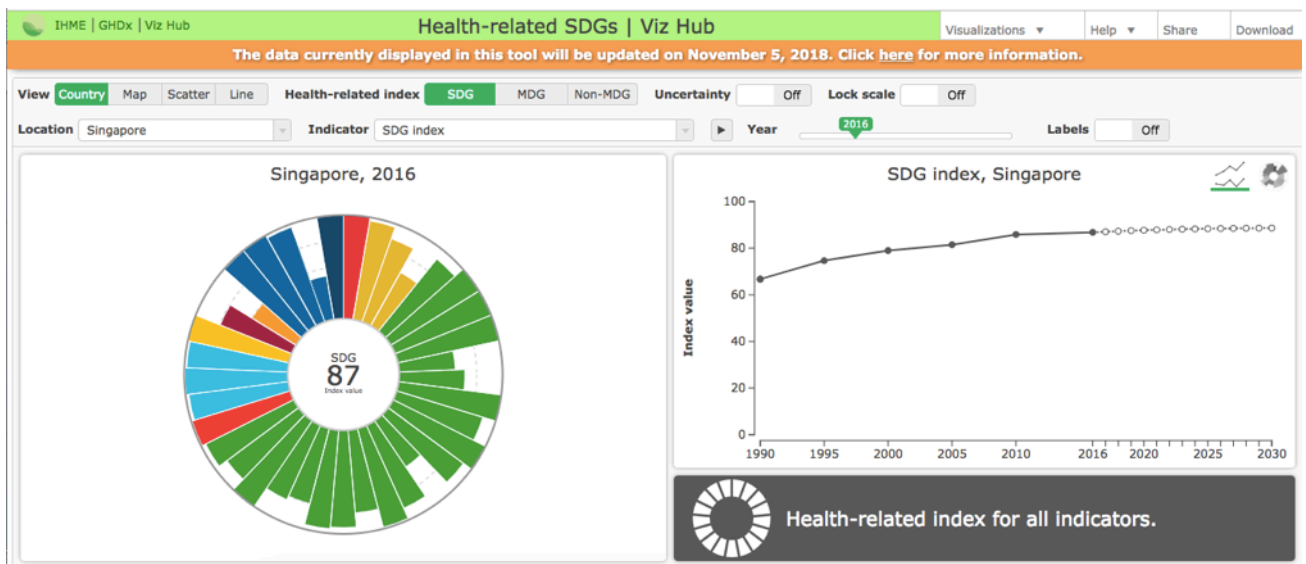


SDG INDEX

In September 2015, the international community agreed to 17 Global Goals for Sustainable Development. Frequently referred to as the Sustainable Development Goals (SDGs) the goals are embedded in the global ambition of “leaving no one behind.” For more information on the SDGs, please visit: <https://bit.ly/2naggB3>.

The health-related SDG index (SDG index) – offers a snapshot of a country’s performance across health-related SDG indicators². Measured on a scale of 0 to 100, with 0 capturing the poorest performances across countries over time, and 100 reflecting the best performances across countries over time. Both the index and the data visualization tool are valuable sources of information on progress towards achieving the SDGs. Data from 188 countries from 1990-2016 on 37 health-related SDG indicators (e.g. maternal mortality, gender based violence, incidence of all forms of malnutrition, access to reproductive health and rights etc.). This data can also be used to understand potential trajectories for these indicators through 2030, based on past trends. For more information on the SDG index, please visit: <https://bit.ly/2xYvGOe>.

We apply the SDGs in a range of contexts in our investment decisions in frontier and emerging markets. Our markets are characterized by rapid population growth – skewed towards a younger demographic, growing middle classes with a demand for housing, transport, health services and employment.



Singapore takes the lead on the health-related SDGs, followed by Sweden and Iceland.

In the following section you will find a short description together with a snapshot of country facts about Tundra’s core markets. The data has been collated from a range of databases and reflects, what we believe, are important aspects of our core markets.

BANGLADESH FACTS



Capital: Dhaka

Population: 164 669 751

Area: 147 630km² (Land 130 170 km²/ Water 18 290 km²)

Official Language: Bengali (Bangla)

Major Religion: Islam

GDP current: \$249 724m

GDP per Capita (2017): \$1 517

Currency: Bangladeshi Taka (BDT)

Access to Improved drinking water (2015): 97%

Access to Improved Sanitation (2015): 47%

Adult Literacy Rate (2015): 73% (F: 70% / M: 76%)

CO₂ Emissions (metric tons/capita) (2014): 0.46

Labour Force Participation Rate, ILO estimate (2017): 56% (F:33% /M:80%)

Road Safety (2013): 14 deaths/100 000

Life expectancy at birth (2016): 72 years (F: 74 years / M: 71 years)

Maternal mortality (2015): 176 deaths/100,000 live births

Total fertility rate: 2.1 births per woman

Under-5 mortality (2017): 32 deaths/1,000 live births

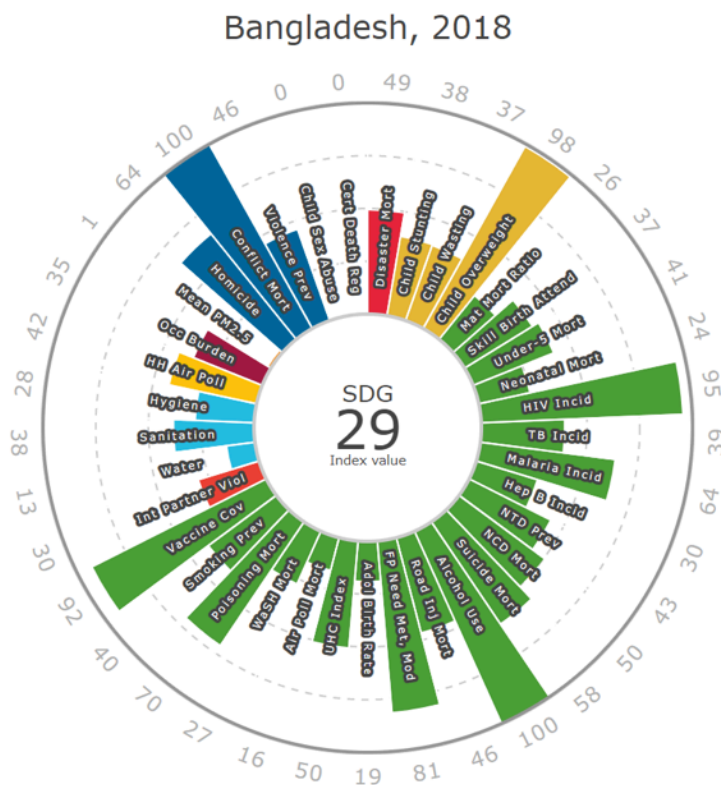
Sources: UN, World Bank, WHO, CIA World Fact Book



Bangladesh, is the 9th most populous country (164 million) in the world and the 10th most densely populated one. Situated on the Ganges delta, the largest riverine delta in the world, it experiences extensive flooding every year. After achieving independence in 1971, Bangladesh was ruled by the military for 15 years followed by a series of unstable democratic transitions. The current head of government, Prime Minister Sheikh Hasina has been in power since January 2009. With the help of the international community, Bangladesh has made great strides in reducing its poverty rate from over half of the population to less than a third; it has achieved the SDGs for maternal and child health; and has made great progress in ensuring food security.

The economy has grown at an annual average of about 6% over the last two decades and a growth rate of 6.75% is predicted until 2019³. In 2014 the country reached the World Bank’s lower-middle income status. Lately Bangladesh has suffered from Islamist extremism resulting in terror actions against bloggers. A new World Bank report shows that Bangladesh is among the countries that are most affected by pollution, with an estimated 28% of all disease related deaths caused by pollution, compared to the global average of 16%⁴. The SDG index (2018) for Bangladesh is 29 and its HDI ranking is 136 out of 189 placing it in the medium human development category (<https://bit.ly/2Rv7vz8>). Tundra has investments in five Bangladeshi companies, all in the Tundra Sustainable Frontier fund.

Potential country risks: Bangladesh is one of the front-line countries experienced the effects of climate change. Widespread poverty, overpopulation, over-burdened infrastructure and poor governance are other key development challenges.



EGYPT FACTS



Capital: Cairo

Population (2017): 97 553 151

Area: 1 001 450 km² (Land 995 450 km²/ Water 6 000 km²)

Official Language: Arabic

Major Religion: Islam

GDP, current (2017): \$235 369m

GDP per Capita (2017): \$2 413

Currency: Egyptian Pound (EGP)

Access to Improved drinking water (2015): 99%

Access to Improved Sanitation (2015): 93%

Adult Literacy Rate (2015): 76% (F: 68% / M: 84%)

CO₂ Emissions (metric tons/capita) (2014): 2.20

Labour Force Participation Rate, ILO Estimate (2017): 48% (F: 22% /M: 74%)

Road Safety: 12.8 deaths/100 000

Life expectancy at birth: 71 years (Female 74 / Male 69)

Maternal mortality (2015): 33 deaths/100,000 live births

Total fertility rate: 3.3 births per woman

Under-5 mortality (2016): 22.8 deaths/1,000 live births

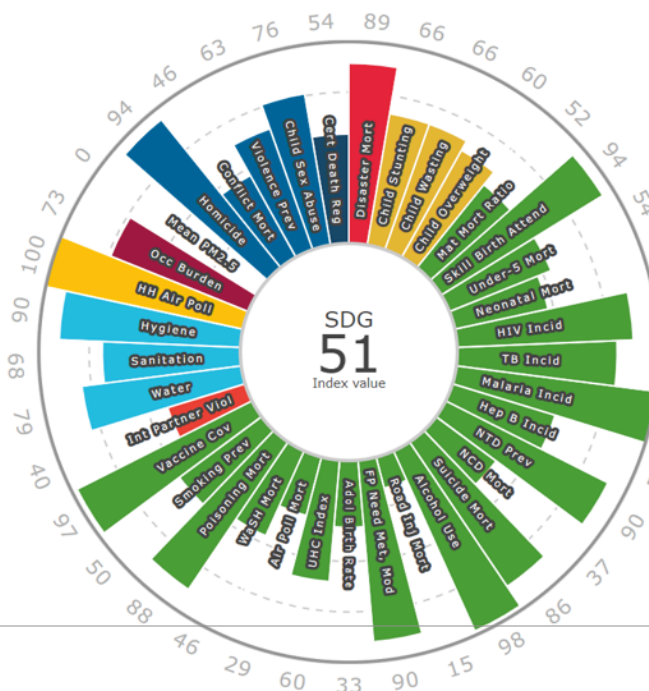
Sources: UN, World Bank, WHO, CIA World Fact Book



Egypt has the highest population in the Middle East (97 million and growing), and the second largest economy in Africa. Dominated by arid desert landscapes almost all agricultural activity takes place, exclusively, along the Nile with nearly 95% of the population living within 20kms of the Nile⁵. The Suez Canal connects the Mediterranean Sea with the Indian Ocean and is an important shipping route. In February 2011, President Hosni Mubarak was ousted as a result of widespread public discontent demanding the end of a 30-year rule marked by corruption, socio-economic inequities, and fear mongering by security officials. Nearly 28% of the population was living below the poverty line. The current leadership under President Abdel Fattah el Sisi, was re-elected for a second term in March 2018. His government agreed to an IMF package resulting in tough structural reforms designed to stimulate the economy. His rule is checkered by restrictions on freedom of speech and human rights violations, with new laws strengthening the state's control over citizens internet and social media use. Egypt's economy largely depends on agriculture, tourism, textile production, food processing and hydrocarbons. The tourism sector, which was affected by political instability post 2011, is gradually recovering. The economy has strengthened after the reforms with a forecasted annual GDP of 5.5% in 2019⁶. Egypt's SDG index (2018) is 51. And its HDI is 115 placing it in the medium human development category. Low literacy rates among females ages 15 and above (67%) are a significant challenge. Tundra's holdings in Egypt increased during 2018 with 15 companies in our portfolios. There are 10 companies in the Sustainable Frontier Fund.

Potential country risks: In the short-term, political stability appears to have improved, but longer-term issues persist. Regional uncertainties are manifold including a contentious relationship with Israel, contagion risk from Syria and Iran's nuclear program. Environmental concerns include: water quality and quantity, soil erosion, air pollution, and the environmental effects of tourism. Egypt gets most of its water from the Nile, which is polluted by untreated industrial, agricultural and municipal effluence. The population is at risk of Hepatitis C virus (HCV) – infection rates in Egypt are the highest in the world⁷ and adult obesity – also highest in the world⁸.

Egypt, 2018



KENYA FACTS



Capital: Nairobi

Population (2017): 49 699 862

Area: 580 367 km² (Land 569 140 km²/ Water 11 227 km²)

Official Language: Swahili, English

Major Religion: Islam, Christianity

GDP current (2017): \$74 938m

GDP per Capita (2017): \$1 508

Currency: Kenyan Shilling (KSh)

Access to Improved drinking water (2015): 58%

Access to Improved Sanitation (2015): 30%

Adult Literacy Rate (2015): 78% (F: 75%/ M: 81%)

CO₂ Emissions (metric tons/capita) (2014): 0.3

Labour Force Participation Rate, ILO Estimate (2017): 65% (F: 62%/ M: 68%)

Road Safety (2013): 29.1 deaths/100 000

Life expectancy at birth (2016): 67 years (F: 69/ M: 65)

Maternal mortality (2015): 510 deaths/100,000 live births

Total fertility rate (2016): 3.9 births per woman

Under-5 mortality (2017): 46 deaths/1,000 live births

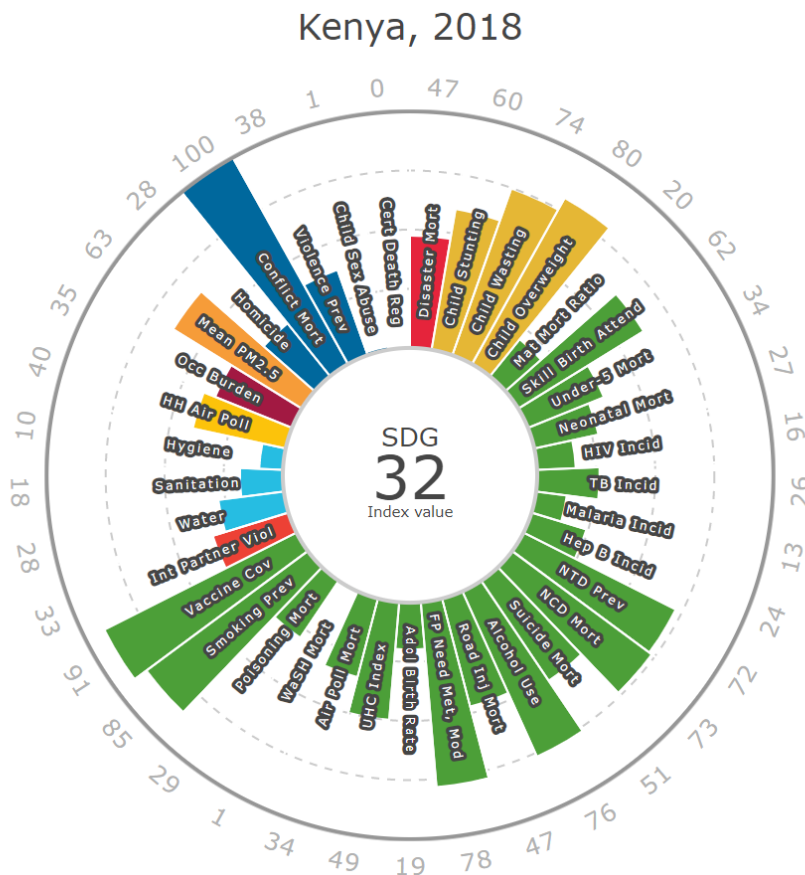
Sources: UN, World Bank, WHO, CIA World Fact Book



Kenya is East Africa's largest economy and is the region's financial, IT and transport hub of the region. The industrial sector is significantly larger and more varied than in neighbouring countries. Agriculture and tourism are also important industries. Tourism and commodity exports are the primary earners, with the latter affected by fluctuations in international markets. After his re-election in 2017, President Kenyatta announced his government's "Big Four" development priorities: (i) manufacturing, (ii) universal healthcare, (iii) affordable housing, and (iv) food security. Kenya is struggling to achieve universal healthcare, but it has reached some of the Millennium Development Goals (MDGS) including reducing child mortality, free maternal healthcare and close to universal primary school enrolment⁹. Kenya's annual GDP Growth is estimated to 5.87% in 2019¹⁰.

Kenya's SDG index (2018) is 32 (see below) and its HDI rank is 142 out of 189 countries, placing it in the medium human development category, with some challenges in quality of health, education and standard of living (<https://bit.ly/2BZJj5>). At present, Tundra does not hold any Kenyan companies in its portfolios.

Potential country risks: Poverty, unemployment and corruption are the major risks in Kenya today. There has been some progress towards providing universal healthcare but the country has a long way to go yet. Environmental challenges include water pollution, deforestation, soil erosion, desertification and poaching.



NIGERIA FACTS



Capital: Abuja

Population (2017): 190 886 311

Area: 923 768 km² (Land 910 768 km²/ Water 13 000 km²)

Official Language: English

Major Religion: Islam, Christianity

GDP current (2017): \$375 771m

GDP per Capita (2017): \$1 969

Currency: Nigerian Naira (NGN)

Access to Improved drinking water (2015): 67%

Access to Improved Sanitation (2015): 33%

Adult Literacy Rate (2015): 60% (F: 50%/ M: 69%)

CO₂ Emissions (metric tons/capita) (2014): 0.5

Labour Force Participation Rate, ILO Estimate (2017): 55% (F: 50%/ M: 60%)

Road Safety (2013): 20.5 deaths/100 000

Life expectancy at birth (2016): 53 years (F: 54/ M: 53)

Maternal mortality (2015): 814 deaths/100,000 live births

Total fertility rate (2016): 5.5 births per woman

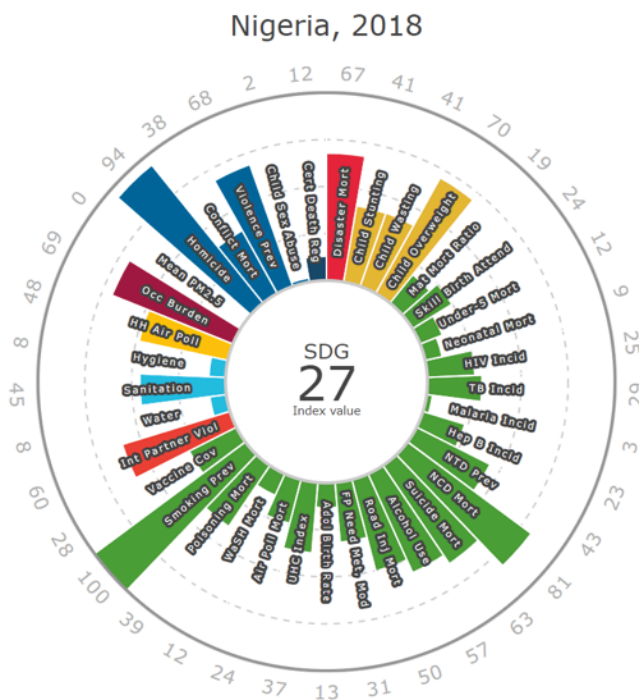
Under-5 mortality (2017): 100 deaths/1,000 live births

Sources: UN, World Bank, WHO, CIA World Fact Book



Nigeria has the largest population and biggest economy in Africa. A multi-ethnic federation, Nigeria consists of 36 autonomous states. Historically, it has been largely led by military regimes from the mid-1960s to 1999, but since then civilian rule has prevailed. The elections in 2015 led to the first democratic change of power in Nigeria's history and Muhammadu Buhari, became the new President. The political climate is volatile with Boko Haram, an Islamist terrorist movement, posing the single greatest threat since the Biafra war in the 1960s. The government has prioritised tackling unemployment, corruption, terrorism and economic diversification moving away from heavy reliance on oil exports. Nigeria is one of the top oil producing countries in the world and also has one of the largest natural gas reserves in Africa. Unfortunately, the profits of the oil trade have not benefited the majority of the population. There are significant infrastructure issues, especially with regards to power generation. Nigeria also suffers from high levels of corruption, poverty and unemployment¹¹. Nigeria ranks 157 out of 189 countries on the HDI which places it in the low category of human development. It faces some serious challenges in women's empowerment especially in terms of reproductive health (<https://bit.ly/2RtfyMQ>). In the health-related SDG (2018) index Nigeria scores 27 (see below). The World Bank forecasts 2.2% annual GDP growth in 2019¹². Tundra is currently invested in six Nigerian companies, all from the financial sector. Five of these holdings are in the Tundra Frontier Sustainable fund.

Potential country risks: Serious political challenges include attacks by Boko Haram in the country's northern regions. According to the United Nations, Nigeria's population could reach 730 million people in 2100, up from 186 million today. This population explosion is exacerbated by the fact that currently half of the inhabitants live below the poverty line, pandemics are rampant (HIV, tuberculosis), and infant mortality. The fact that literacy is low 51% (female 41%) amplifies socio-economic inequalities. Nigeria's greatest environmental challenges include oil spills, desertification and loss of natural habitats.



PAKISTAN FACTS



Capital: Islamabad

Population (2017): 197 015 955

Area: 796 095 km² (Land 770 875 km²/ Water 25 220 km²)

Official Language: Urdu, English

Major Religion: Islam

GDP current (2017): \$304 952m

GDP per Capita (2017): \$1 548

Currency: Pakistan Rupee (PKR)

Access to Improved drinking water (2015): 89%

Access to Improved Sanitation (2015): 58%

Adult Literacy Rate (2015): 58% (F: 46%/ M: 70%)

CO₂ Emissions (metric tons/capita) (2014): 0.9

Labour Force Participation Rate, ILO Estimate (2017): 54% (F: 25%/ M: 83%)

Road Safety (2013): 14.2 deaths/ 100 000

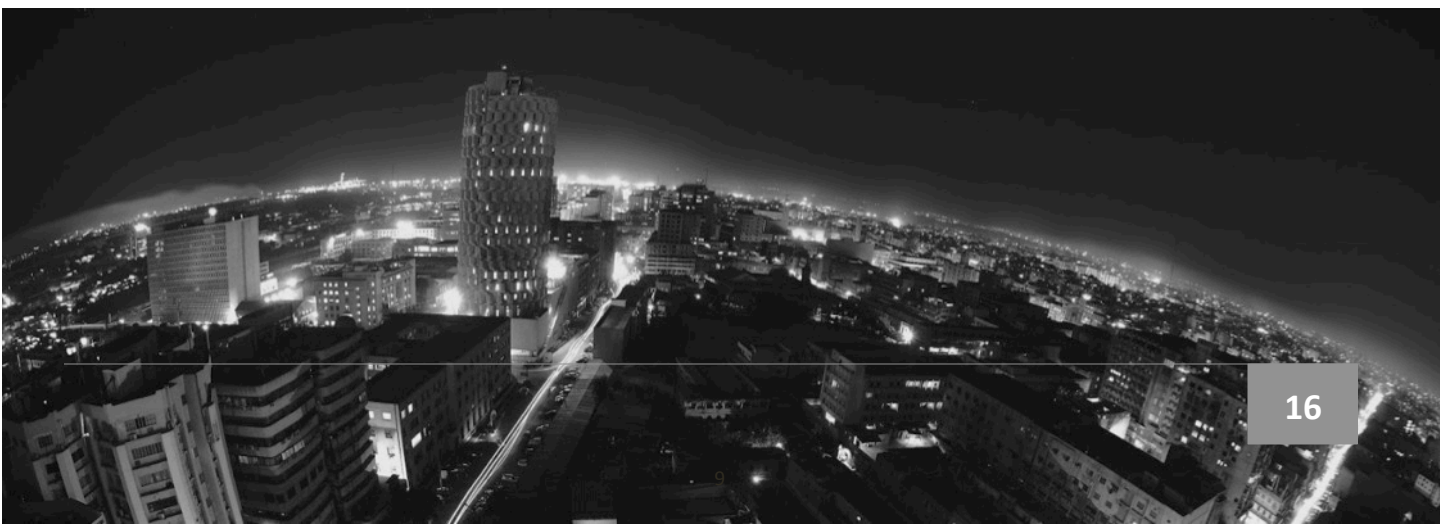
Life expectancy at birth (2016): 66 years (F: 68/ M: 66)

Maternal mortality (2015): 178 deaths/100,000 live births

Total fertility rate (2016): 3.5 births per woman

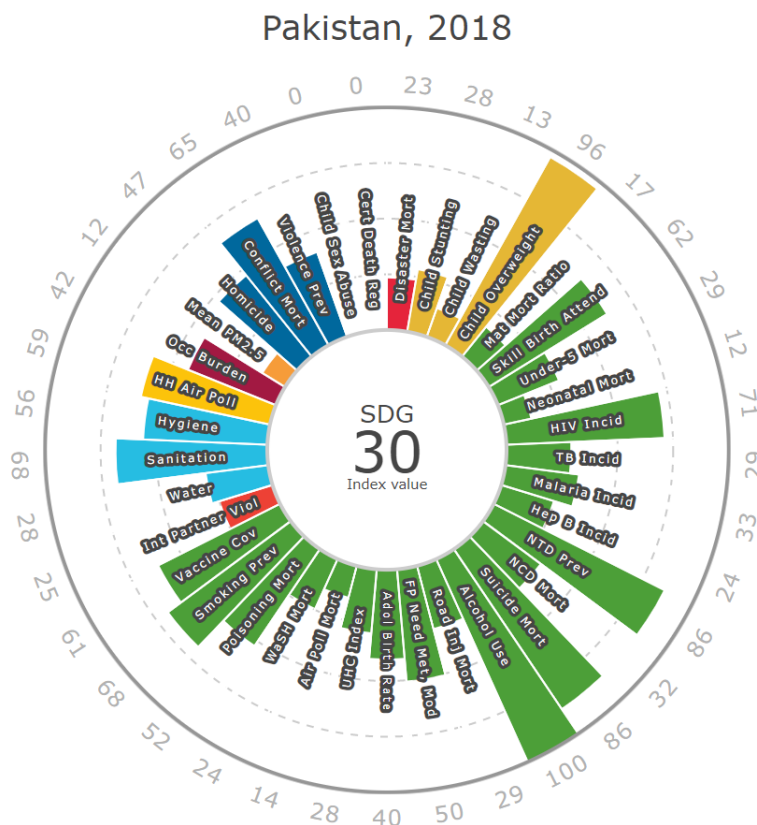
Under-5 mortality (2017): 75 deaths/1,000 live births

Sources: UN, World Bank, WHO, CIA World Fact Book



Pakistan, located in South Asia, has a coastline on the Arabian Sea in the South and is sheltered by the mountains of the Karakoram range in the North. The country shares borders with Afghanistan, China, India and Iran. It has the sixth largest population in the world. According to the United Nations High Commissioner for Refugees, Pakistan is also home to nearly 1.3 million registered Afghan citizens¹³. After national elections in July 2018, the country elected a new Prime Minister, Imran Khan, and President, Arif Alvi. The new government’s top priorities are to fight corruption, promote self-reliance, improve the provision of and access to health and education. Pakistan’s economy continues to grow to meet the needs of its young and educated population. The partnership with China, its largest neighbour and ally, through the China-Pakistan Economic Corridor (CPEC) is an important part of this forward momentum. Introduced to the world in 2013, the broader Belt and Road Initiative (of which CPEC is a part) envisions building trade links with the rest of the world – a 21st century reimagining of the silk route. Under CPEC, Chinese investments in Pakistan include major infrastructure improvements; with loans and investments of over \$55 billion expected in Pakistan’s energy and transportation sectors¹⁴. In the latest HDI report Pakistan ranked 150 out of 189 (<https://bit.ly/2zUbGh1>). As of 2018, Pakistan’s SDG index is 30 (see below). Currently Tundra has 54 Pakistani companies in its portfolios, 14 of these are in the Tundra Sustainable Frontier Fund.

Potential country risks: High birth rate and a population over 210 million, religious extremists, energy crisis, and unemployment are first tier challenges. Unemployment is exacerbated by a low literacy rate at 57% (female 44.3%). Environmental challenges include: air pollution, deforestation and water shortages (ranked 3rd among countries facing water shortage by IMF).



SRI LANKA FACTS



Capital: Colombo

Population (2017): 21 444 000

Area: 65 610 km² (Land 62 710 km²/ Water 980 km²)

Official Language: Sinhala

Major Religion: Buddhism

GDP (current): \$87 174m

GDP per Capita (2017): \$4 065

Currency: Sri Lankan Rupee (LKR)

Access to Improved drinking water (2015): 92%

Access to Improved Sanitation (2015): 94%

Adult Literacy Rate (2010): 91% (F: 90% / M: 93%)

CO₂ Emissions (metric tons/capita): 0.9 (2014)

Labour Force Participation Rate, ILO estimate (2017): 54% (F: 35% /M: 74%)

Road Safety (2013): 17 deaths/100 000

Life expectancy at birth: 75 years (F: 79 / M: 72)

Maternal mortality: 30 deaths/100,000 live births (2015)

Total fertility rate: 2 births per woman

Under-5 mortality (2017): 9 deaths/1,000 live births

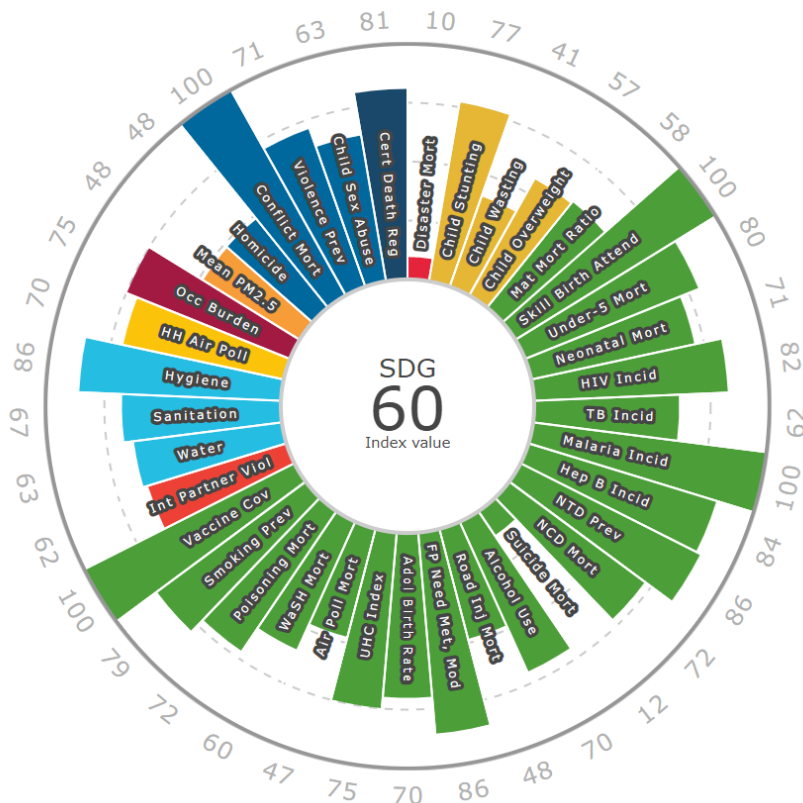
Sources: UN, World Bank, WHO, CIA World Fact Book



Sri Lanka is a lower-middle income country located off the southern tip of India. Formerly known as Ceylon, the island has been through almost three decades of civil war which ended as late as 2009. The country has witnessed stable economic growth since the war but due to extreme weather events and recent political instability growth slowed down during 2017. The World Bank forecasts an economic growth of 4.49% in 2019¹⁵. The government led by President Maithripala Sirisena, since 2015, is trying to resolve challenges related to government debt, which at about 79% of GDP, is one of the highest among emerging markets. Tourism, tea, textiles, and agricultural exports are the main earners. The government recently announced that all public institutions are to generate and use solar energy by constructing solar panels on their building rooftops. Reportedly nearly 1 million households will also receive these solar panels. Chinese investments have also increased in Sri Lanka's infrastructure projects. A free-trade agreement between China and Sri Lanka has been in the works since early 2016 and is said to be finalized sometime this year¹⁶. Sri Lanka ranks 60 out of 189 in the HDI placing it in the high human development category (<https://bit.ly/2y2dnrs>). An area of improvement is the low number of women's seats in parliament, 5.8% compared to the HDI average of 22.3%. Sri Lanka's SDG index as of 2018 is 60. Tundra currently has 12 Sri Lankan companies in the Sustainable Frontier Fund.

Potential country risks: After the 30-year civil war human rights issues, especially as related to religious/ethnic minorities, women's rights and sexual rights are contentious. Environmental challenges include: deforestation, degradation of mangrove forests and coral reefs, soil degradation, and growing air and water pollution.

Sri Lanka, 2018



VIETNAM FACTS



Capital: Hanoi

Population (2017): 95 540 800

Area: 331 210 km² (Land 310 070 km²/ Water 21 140 km²)

Official Language: Vietnamese

Major Religion: Buddhism, Catholicism

GDP (current): \$223 864m

GDP per Capita (2017): \$2 343

Currency: Vietnamese Dong (VND)

Access to Improved drinking water (2015): 91%

Access to Improved Sanitation (2015): 78%

Adult Literacy Rate (2015): 95% (F: 93% / M: 96%)

CO₂ Emissions (metric tons/capita) (2014): 1.8

Labour Force Participation Rate, ILO Estimate (2017): 78% (F: 73%/ M: 83%)

Road Safety (2013): 24.5 deaths/ 100 000

Life expectancy at birth (2016): 76 years (F: 81/ M: 72)

Maternal mortality (2015): 54 deaths/100,000 live births

Total fertility rate (2016): 2 births per woman

Under-5 mortality (2017): 21 deaths/ 1,000 live births

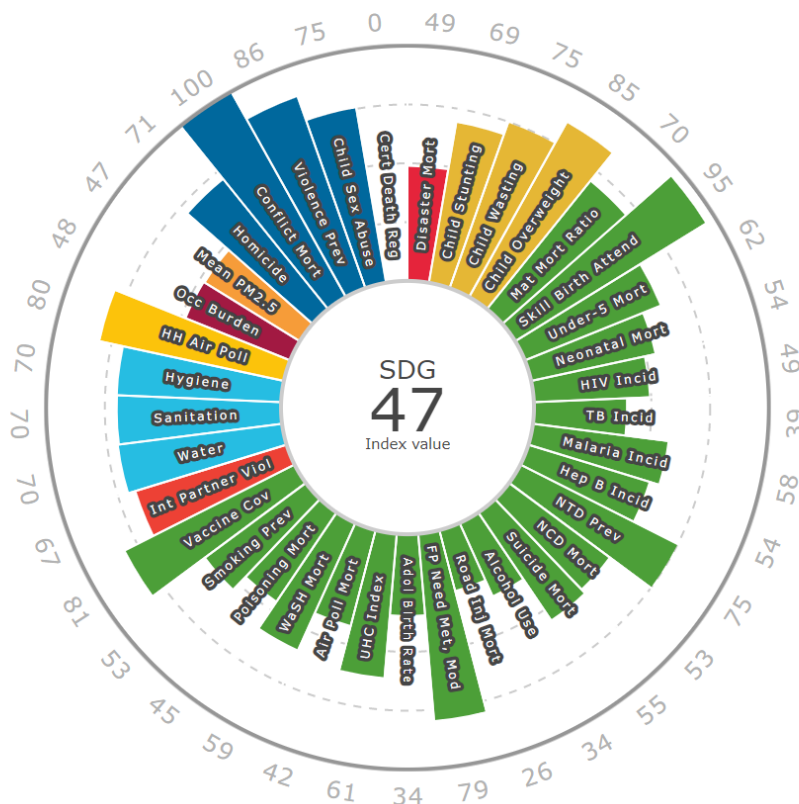
Sources: UN, World Bank, WHO, CIA World Fact Book



Vietnam is one of the fastest growing economies in South East Asia, located in the eastern Indochina Peninsula. Over the past 30 years Vietnam’s development has been remarkable. Following the economic and political reforms under the Đổi Mới Policy, launched in 1986, rapid economic growth and development have transformed Vietnam from one of the world’s poorest nations to a lower middle-income country¹⁷. The country has favorable demographics with a little more than 95 million people, 70% of whom are in the labour force. Unemployment rate is low (2.2%), while literacy rate is high (94.5%). The Vietnamese government has prioritized, and succeeded, in shifting the economy from its agriculture and natural resource dependent base to a manufacturing and services focus. As a result, Vietnam has successfully attracted large quantities of Foreign Direct Investment (FDI) and turned into a key manufacturing hub of mobile phones and other electronic goods. The World Bank forecasts Vietnam’s annual growth at 6.55% until 2019¹⁸. As of 2018, Vietnam’s SDG index is 47 (see below). It ranks 116 out of 189 on the HDI putting it in the medium human development category.

Potential country risks: Political repression, corruption, and human rights violations. Environmental issues include: land and forest degradation, loss of biodiversity, water pollution, air pollution and poor solid waste management.

Vietnam, 2018

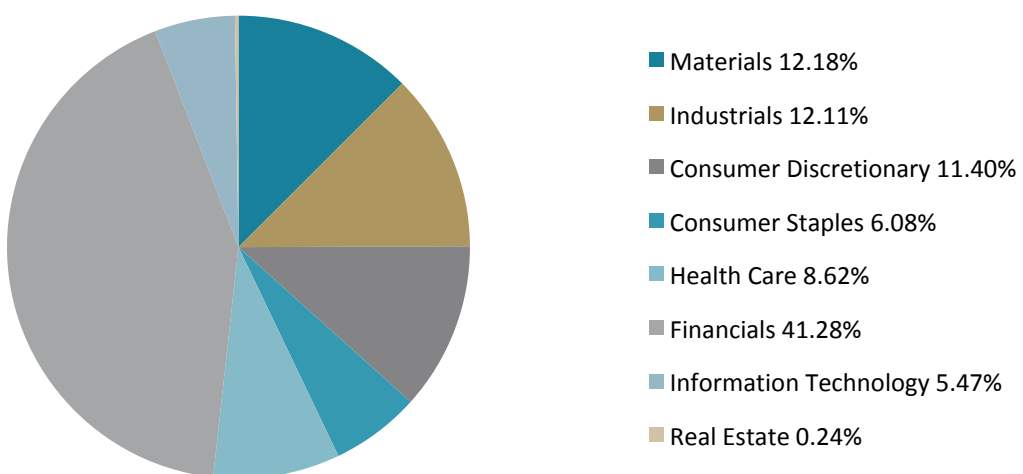


SUSTAINABLE FRONTIER FUND

Tundra Sustainable Frontier Fund focuses on the next generation of emerging markets such as Vietnam, Bangladesh, Sri Lanka, Pakistan, Egypt and Nigeria. Featuring strong population growth, rapid urbanisation, investments in infrastructure, growing middle classes and stabilising political environments, a vast majority of international investors are yet to discover these markets. The fund is managed according to Tundra’s active stock picking philosophy and backed by local research offices in Asia. Investments are directed by an ESG approach where each investment has to comply with the UN Global Compact with regards to human rights, labour rights, corporate governance and environmental impacts. The fund is registered in Sweden and is fully UCITS compliant.

As per August all companies in the fund had undergone ESG analysis, both by internal ESG Research Team and by external screening consultant (Sustainalytics). We regularly engage with the majority of the holdings in the portfolio; through meetings, conference calls, and through the Tundra ESG Questionnaire, the basis for the ESG Rating System briefly described over the next pages.

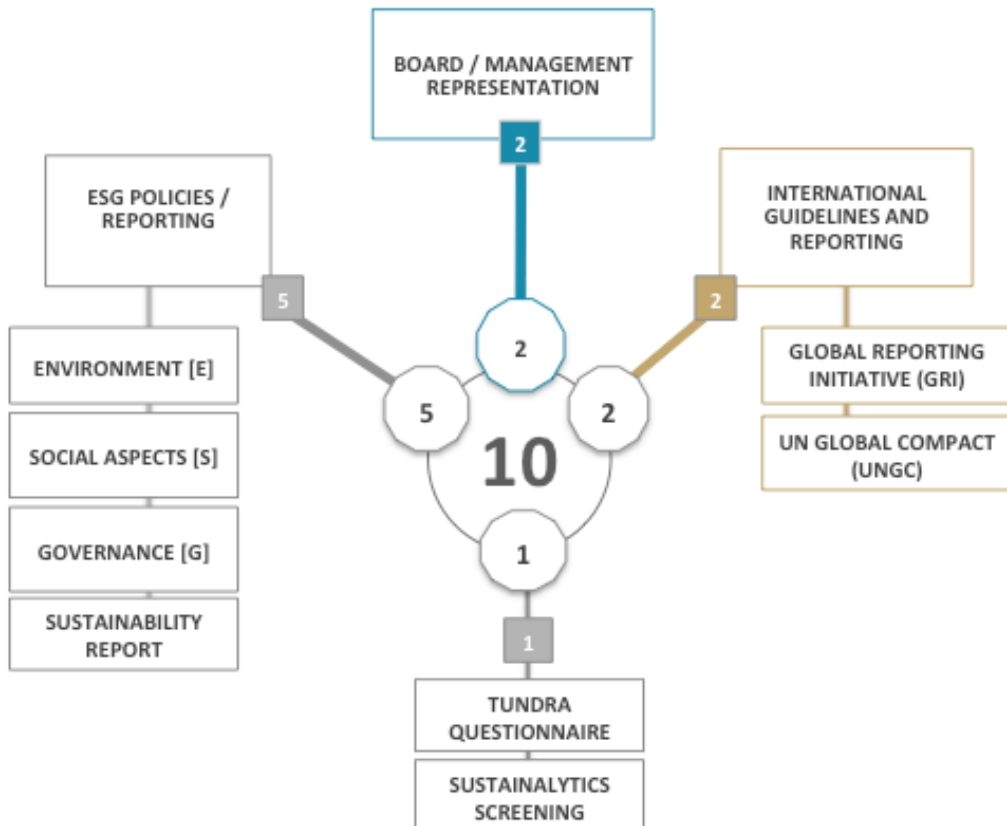
This section also covers information about the ten largest holdings in **Tundra Sustainable Frontier Fund** as per August 2018, and sector specific information with focus on ESG risks and opportunities. Out of the eleven sectors (Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, Telecommunication, and Services and Utilities) our portfolio have investments in eight, with the majority in Finance (se Figure below).



TUNDRA ESG RATING SYSTEM

During 2017 all companies in each of our four funds received the *Tundra ESG Questionnaire*. Companies included in the *Tundra Sustainable Frontier Fund* were also assessed against a range of criteria relevant to different aspects of ESG. All companies have been rated,

The *Tundra ESG Questionnaire* is a method of engaging with our portfolio of companies. Companies in the *Tundra Sustainable Frontier Fund* are further assessed against a range of more specific criteria including environment, social issues and corporate governance. The *ESG Rating System* has been designed to create a platform for systematic ESG dialogue with companies. All companies will be evaluated annually and written feedback including assessment scores will be shared each summer. In 2018, we intend to develop the questionnaire further to include more specific questions pertaining to different countries/sectors and build a database of reported company incidents. All results are presented at group level. Detailed scores are kept confidential and shared separately with each company. Insights from some of the *ESG Rating Results* are included on the following page.



The ***Tundra ESG Rating System***. Companies are rated on a range of factors relevant to ESG. Maximum score is 10. Results from the earlier ratings can be found in our *2017 Sustainability Report* on our website: www.tundrafonder.se/sustainable

Our annual assessment for 2017 included 63 companies, out of which 39 (62%) had **Satisfactory/Strong ESG** practices considering international guidelines for their respective sectors. Of these, 7 companies (11%) received 8 points or more and were classified as having **Very Strong ESG** practices. Corresponding numbers for the semi-annual update (49 companies that were rated in December 2017, and still in the fund by mid-summer 2018) were 57% for **Satisfactory/Strong ESG** and 18% for **Very Strong ESG** practices.

Measured in proportion to AUM, 72.5% of holdings had ESG practices matching the criteria for **Satisfactory/Strong ESG** in the ratings for 2017. This autumn, we are sending feedback and another questionnaire for 2018 to companies, and a new assessment will be made at the start of next year. Scores may be adjusted if additional information is provided by companies. Amended scores will not equal a score of **Very Strong ESG** practices since transparency in reporting is part of the assessment. Failure to communicate and report on sustainability is an important consideration in the rating system.

INTERNATIONAL GUIDELINES AND REPORTING

Company compliance with international guidelines was assessed. Two initiatives were selected in the first round of the *Tundra ESG Rating System*. The first initiative is the GRI (www.globalreporting.org/Pages/default.aspx). Our analysis showed that 22% of companies in the fund reported through the GRI. For the semi-annual update the figure is 20%. The second initiative is the UN Global Compact, UNGC (<https://www.unglobalcompact.org>). Our research shows that 13% of companies were signatories to the UNGC for the first rating, and 18% for the semi-annual update.

BOARD AND MANAGEMENT REPRESENTATION

Representation and transparency of the Board of Directors and senior management was an integral part of the analysis. Companies were assessed on various aspects including women in leading positions, independent directors, access to management etc. Out of the 63 companies: 48 (76%) met the criteria for Independent Directors (75% for the semi-annual ratings). Details on female representation reflected in the figure to the left pertaining to the semi-annual rating (52% for female representation for the Board resp. 60% women in the senior management in the previous ratings).



58% OF TUNDRA'S HOLDINGS IN VIETNAM HAVE WOMEN BOARD OF DIRECTORS



50% OF TUNDRA'S HOLDINGS IN VIETNAM HAVE WOMEN IN SENIOR MANAGEMENT ROLES

FINANCIAL SECTOR

The financial sector, which is central to Tundra's work, has plays a vital role in mainstreaming ESG through responsible investments. As described by the Principles for Responsible Investments (PRI): "responsible investment can and should be pursued even by the investor whose sole purpose is financial return, because it argues that to ignore ESG factors is to ignore risks and opportunities that have a material effect on the returns delivered to clients and beneficiaries." Six of the ten largest holdings in the fund are within the financial sector. The financial sector boasts an average score of 6.5 points in Tundra's ESG rating system. All six of the largest holdings within the finance sector in the Tundra Sustainable Frontier fund exceed this score.

Sector risks: "You are what you are lending" i.e. a bank's risk lies in the customers they have both on an individual and at an institutional level. The challenge is to forego lucrative business opportunities if these do not comply with ethical standards. Governance risks often have more to do with the cost of doing business i.e. more regulation leads to higher customer costs. Loss of reputation and public trust is another important business risk. In short, while banks are primarily service providers most controversies they face are attributable to governance and social issues with the highest frequency in business ethics, customers, society and community.

Sector opportunities: Financial institutions also have a tremendous opportunity to shape and embed ESG through sustainable investments. They also have a strong potential to lead by example by implementing ethical and equal corporate governance structures and embracing transparency in their business practices. There is an opportunity for financial service providers – both direct and indirect -- to engage leadership, employees, customers and investors on the powerful roles they can play in creating a more sustainable world.

COMPANY FACTS

Zenith Bank, founded in 1990 and based in Nigeria, provides banking and other financial products and services to corporate and individual customers in Nigeria, the rest of Africa, and internationally. Its primary products and services include corporate, investment, commercial, consumer, personal, and private banking products and services; and foreign exchange, treasury, cash management, and other non-banking financial services. In Tundra's ESG rating system the company scored 8 points out of 10, with policy document in all three Environmental, Social and Governance segments. Further, the company has women represented on its Board of Directors as well as in its senior management team. Zenith Bank is known for its socially responsible approach alongside its sharp business models. The bank encourages gender equality and ensures that equal opportunities are offered to all employees. In addition it runs projects in collaboration with NGOs to support and educate different segments of society.

Commercial International Bank Egypt SAE (CIB), founded in 1975 and based in Egypt, provides a range of financial services such as asset and liability products, securitization, direct investing, wealth management and treasury to enterprises to other institutions, households and high net worth individuals. Through its subsidiaries, the bank also offers life insurance, leasing and factoring, investment banking, brokerage and research. In Tundra's ESG rating system CIB scored 8 points out of 10, with policy document in all three Environmental, Social and Governance segments. It has women on its board and in its senior management team, which improved its overall score. The bank runs several initiatives promoting community health including, blood donation drives and support for cancer research. Further, the bank raises environmental awareness among its employees and partners with NGOs and academic institutions to promote entrepreneurial solutions aimed at sustainably improving living standards in disadvantaged communities.

BRAC Bank Limited, founded in 1999 and based in Bangladesh, provides various commercial banking products and services domestically. BRAC serves retail, wholesale, small and medium enterprises (SMEs), and provides Probashi banking products and services. It provides various deposit products, such as current accounts, fixed deposits, SME deposits, savings accounts, and term deposits. They also offer a loan portfolio comprising personal loans, auto loans, home loans, and secured loans/overdrafts. In Tundra's ESG rating system BRAC Bank scored 8 points out of 10, with policy documents in all three Environmental, Social and Governance segments. The company has women representatives on the Board of Directors as well as in its senior management team. As a part of the company's Corporate Social Responsibility (CSR) program, the bank supports the education of financially challenged students, especially in rural Bangladesh. BRAC Bank is also engaged in environmental initiatives: it continues to expand its solar power capacity by bringing new SME Offices under renewable energy as part of its commitment to the environment. The bank also supports local hospitals.

BRAC Bank distributed cycles among 10 female students under its CSR program. Photo: BRAC Bank



Guaranty Trust Bank Plc., founded in 1990 and based in Nigeria, provides commercial banking services to its customers. The bank's services include retail banking, making loans and advances, equipment leasing, corporate finance, money market activities, and allied services, as well as foreign exchange operations. The bank's only subsidiary is involved in funds and portfolio management services. This acquisition was added to the Sustainable Frontier Fund after its initial screening and does not have a score in the rating system, at present. The bank has several CSR programs. For example, since 2009 it has been organising the Autism Awareness Conference as a core part of its Orange Ribbon Initiative, an advocacy program designed to support people with developmental disabilities and special needs, especially Autism Spectrum Disorders (ASD). The bank also became a signatory to the United Nations Environmental Programme's (UNEP) Finance Initiative on Sustainable Development and is committed to promoting sustainable development, sustainability management and public awareness.

National Bank of Pakistan was founded in 1949 and is based in Pakistan. It provides various commercial banking products and services for individuals, corporate entities, and the government. National Bank provides a range of products and services including: corporate finance, trading and sales, retail banking, commercial banking, payment and settlement, and agency services segments. This acquisition was added to the Sustainable Frontier Fund after screening and currently has no score under the rating system. The main areas of focus for their CSR initiatives are education, health, women and children, special persons, and promotion of culture. They also offer relief services for people affected by natural disasters. In 2018 they arranged a traffic rule awareness walk in Karachi together with the local police to reduce traffic accidents.

United Bank for Africa Plc. (UBA) is a financial services group in sub-Saharan Africa with presence in Africa, the United Kingdom, the United States and France. UBA offers a range of banking, pension fund custody and other financial services to customers in retail, commercial and corporate segments of the African market. In Tundra's ESG rating system the company scored 7 points out of 10, with policy document in all three Environmental, Social and Governance segments. It has female representation on the Board of Directors as well as in its senior management team. The bank's CSR program is managed by UBA Foundation with a special focus on education. The Foundation is actively involved in facilitating educational projects and bridging the literacy gap on a pan-African scale, by engaging in adult literacy, financial literacy, equipping and constructing Information and Communication Technology Centers and more.



CONSUMER DISCRETIONARY SECTOR

This sector includes companies that offer goods considered to be non-essential such as automobiles, apparel, durable goods, entertainment and leisure.

Sector risks: Our focus in this sector has mainly been automobile production. A major sustainability risk facing the auto industry is the transition from fossil fuels to renewable energy i.e. green and electric cars. Digitization and new consumer trends such as ride-share facilities e.g. Uber, Careem and Grab increase competition and challenge market growth. Automobile manufacturers are increasingly vulnerable to reputational risk and losing consumer trust, the most famous instance is the Volkswagen emissions scandal, which damaged Volkswagen's reputational internationally and resulted in massive product recalls and fines. Rebuilding trust after such a significant breach is a mammoth challenge especially in the face of increasing competition.

Sector opportunities: Forward looking businesses will be able to lead and transform the market in reducing emissions and manufacturing cars with smaller environmental footprints. This sector also has an opportunity to improve sustainability in the supply chain e.g. responsible mineral extraction and mining etc. Technological developments offer opportunities to improve passenger and road safety with smarter cars, self-parking, self-braking etc.

Tundra only has one company, which incidentally is also the largest holding in the Sustainable Frontier Fund, in the top ten in the consumer discretionary sector.

COMPANY FACTS

GB Auto is an Egyptian company, founded in 1999. it assembles, manufactures, distributes, and offers sale and after-sales service of automotive products primarily in the Middle East and North Africa. The average score in Tundra's ESG rating system for this sector is 4.8 points. GB Auto exceeds this average scoring 7.5 points. The company holds policy documents in all three Environment, Social and Governance segments. Unfortunately, the company has no women on its board, but women do hold senior management roles. The company is reportedly trying to reduce its carbon footprint by partnering with businesses that specialise in the transportation and disposal of hazardous materials. It also works with local municipalities to dispose solid waste sustainably. GB Auto's social engagement occurs through education and health initiatives.



HEALTHCARE SECTOR

The healthcare sector contains a diverse range of industries involved in the provision, distribution, and consumption of healthcare services and related products. These range from research, medical equipment, healthcare facilities and pharmaceuticals. Companies in this sector operate in a climate besieged by a rise in chronic diseases, aging populations, and growing demand from emerging markets.

Sector risks: Risks in this sector include breaches in ethical conduct during clinical trials, lobbying by special interest groups, corruption, insufficient product safety/quality, and fraudulent marketing. There are additional environmental risk in the manufacturing, where active substances may reach drinking water/nature, via waste and water management. Evolution of technological and increasing vulnerability to digital attacks pose challenges to digital health and cyber security as well as data privacy.

Sector opportunities: Businesses with an eye towards a sustainable future will take leadership in introducing comprehensive compliance processes in pharmaceuticals research and development. In addition, companies actively investing in improving access to affordable and quality healthcare services, diagnostics, and medicines in low- and middle-income countries will contribute positively to the development of emerging markets, while meeting a growing demand from typical underserved populations and markets.

Professor Eccles et al. have shown that the healthcare sector is the single most important one for achieving the SDGs, followed by resource transformation, consumption, and non-renewable resources (all three of which address similar issues from different perspectives)¹⁹.

Among the top ten largest holdings in the Tundra Sustainable Frontier Fund, only one belongs to the healthcare sector:

COMPANY FACTS

Square Pharmaceuticals Ltd. based in Bangladesh, was founded in 1958. It is primarily engaged in the manufacture and marketing of generic pharmaceuticals, such as basic medication, and animal health products. The company is also involved in the marketing of pesticide products. The healthcare sector has an average score of 3.4 points in Tundra's ESG rating system. Square Pharmaceuticals scored 6 points. It has policies in place for Environmental, Social and Governance aspects. Additionally, the company has female board members as well as women in the senior management positions. Square Pharmaceuticals' outreach efforts include partnering with NGO's to make affordable healthcare available to low income groups in Bangladesh. It sponsors programmes to cultivate awareness on the healthcare needs and in 2014 the company was awarded the Asia Responsible Entrepreneurship Awards 2014-South Asia.

INDUSTRIAL SECTOR

The industrial sector includes the goods-producing segment of the economy, including agriculture, construction, fisheries, forestry, and manufacturing.

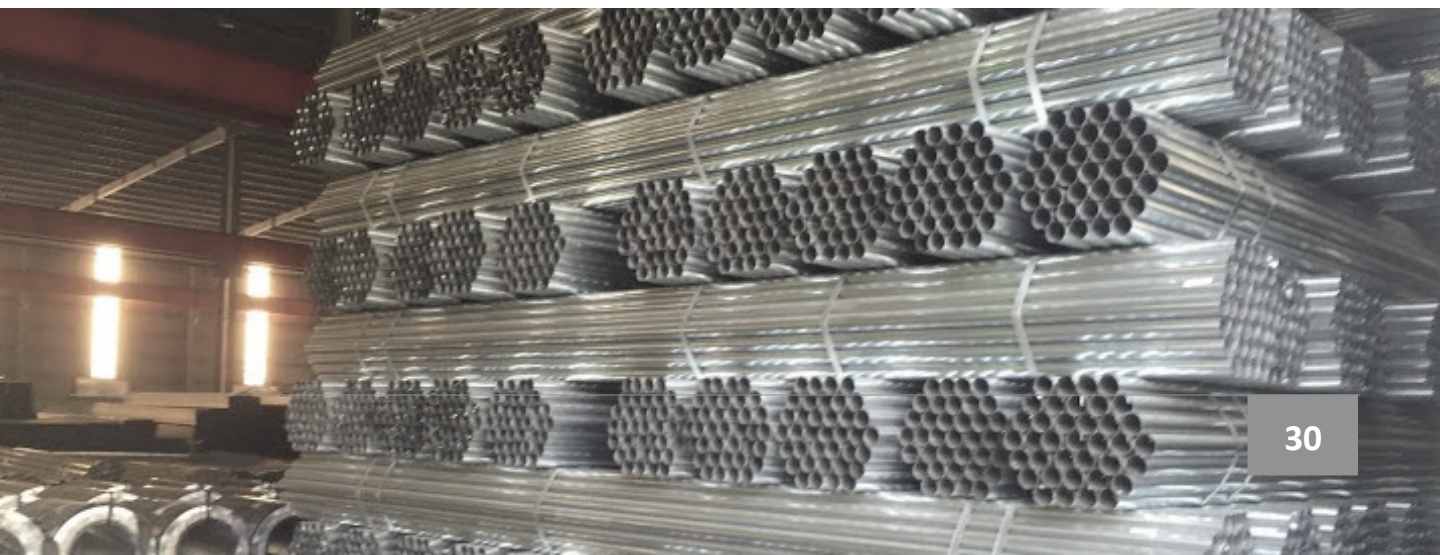
Sector risks: Risks and environmental impacts associated with the production of electronic equipment include high water usage, particularly in the production of semiconductors, use of hazardous chemicals and their associated effects on human health and the environment. Finally, the sourcing of ‘conflict’ minerals (tantalum, tin, tungsten, cobalt and gold) which have risky supply chains and are notorious for the poor treatment of workers in mineral extraction and in assembly plants.

Sector opportunities: Increasingly consumers want to know the provenance of the goods they are buying. They want products to be green, sustainable and produced humanely. Keeping this in mind, businesses engaged in the industrial sector are ideally positioned to assess material sustainability aspects and adopt relevant policies, objectives and targets to support green design.

Within the top ten holdings in the Tundra Sustainable Frontier fund, there is only one company in the industrial sector:

COMPANY FACTS

Vietnam Electrical Equipment, based in Hanoi, Vietnam and founded in 2010, the company designs, manufactures, and trades in electric meter products under the GELEX-EMIC brand name. The company offers electric meter products, such as single phase electricity meters, and three phase mechanical electric meters; 1-phase and 3-phase intelligent multifunction electronic meters; current and voltage transformers; medium and low voltage measurement; and other electronic measuring devices. Vietnam Electrical Equipment operates in the industrial, real estate, logistics, infrastructure, and investment sectors. The company has not provided any response to our previous questionnaire; hence we were unable to evaluate and score it under the Tundra’s ESG rating system. The company does have a governance policy; as well as women on its board and senior management team.



INFORMATION TECHNOLOGY SECTOR

This sector includes businesses associated with the manufacture of electronic goods; software development; and the creation of computers or products and services relating to information technology. The IT sector offers a wide range of products and services for both customers and other businesses.

Sector risks: Companies that are unable to protect the privacy of their customers run the risk of losing them or being confronted with legal claims. Other risks may not lie with the company itself but with its supply chain. For instance, raw materials such as tin, cobalt, tungsten, gold and tantalum used to manufacture mobile phones and other electronic devices, can come from conflict areas such as the Democratic Republic of Congo (DRC) with attendant human rights violations.

Sector opportunities: The IT sector has the opportunity to help frontier markets leap frog development in education, healthcare and civic amenities. It can implement processes for assessing and managing internet security and data privacy, both from a business and a customer perspective.

In the Tundra Sustainable Frontier Fund there is one company in the information technology sector among the ten largest holdings:

COMPANY FACTS

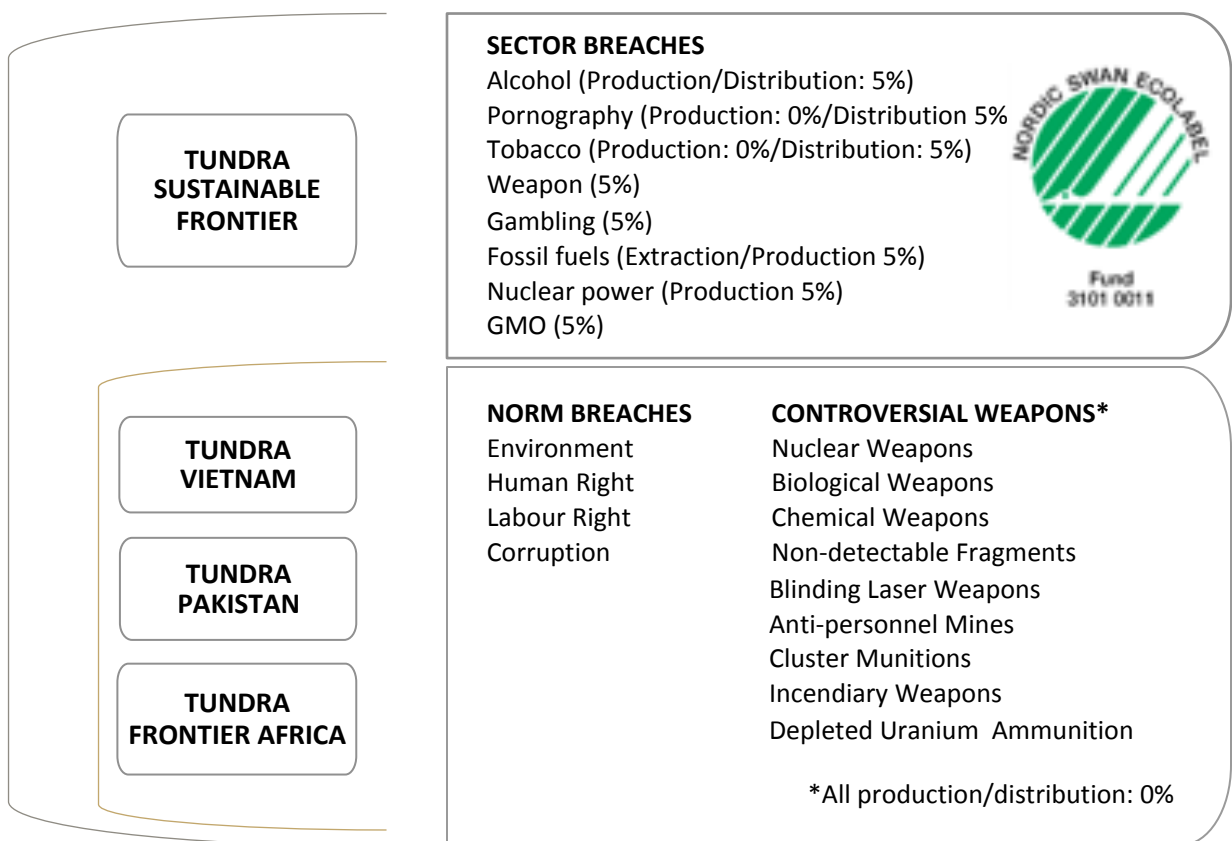
FPT Corporation was founded in 1988 and is headquartered in Hanoi, Vietnam. The company provides IT, telecommunication products and services in Vietnam and internationally; operating through IT and Telecommunications, Investment and Education segments. FPT offers internet services to individuals, households, and enterprises, such as Internet leased line services, domestic and international telecommunication. In the Tundra ESG rating system, FPT scored 7 points, which surpasses the average score of 5.3 in the IT sector. Unfortunately, the company has no women board members, but it does have women on the senior management team. The company has received several awards for its CSR program, which includes solutions to make the latest technology and information available to battle socio-economic issues. It has also launched a Green IT project to reduce greenhouse gas emissions, and to cut its Data Center's energy. FPT has also deployed solutions to save energy at FPT University, reducing CO2 emissions by 19.2 tonnes per year.



SUSTAINABILITY GUIDELINES

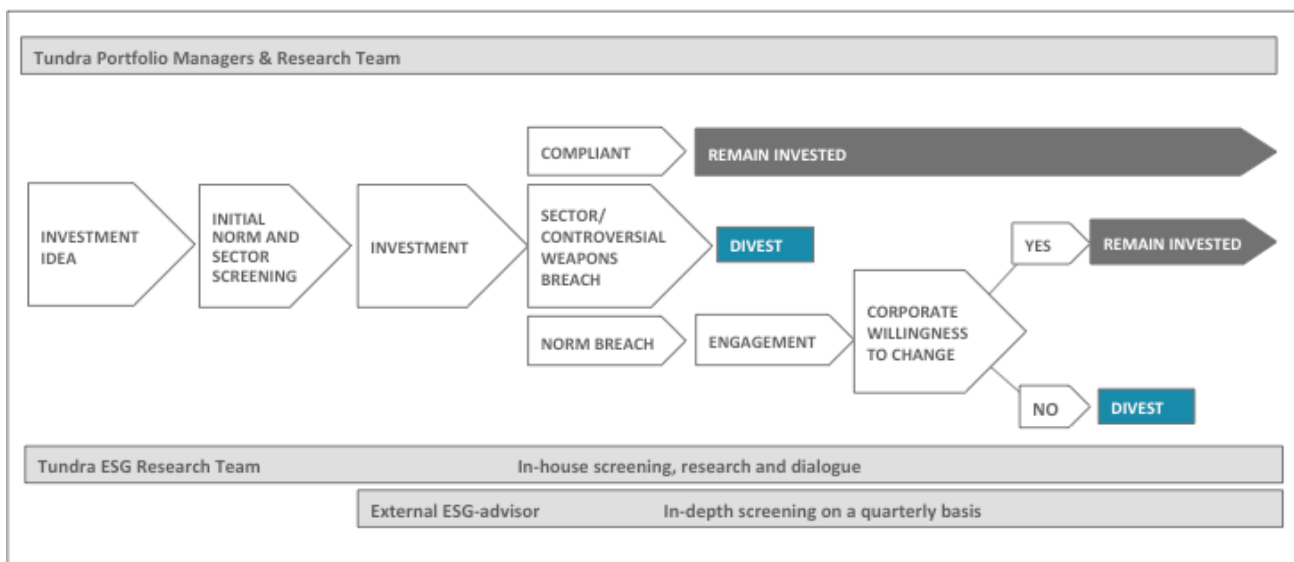
Tundra's ESG process is governed by international standards of responsible investing. These include screening for "norm-based" violations, "controversial weapons" and "sector-based" breaches (see figure below).

- **Norm-based breaches.** This includes screening for breaches that are in contravention of the UNGC (see figure below) - 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, labour standards and anti-corruption are assessed.
- **Controversial weapons.** During this screening, a company's involvement with prohibited or banned weapons is assessed. There is 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.** The sector-specific screening includes exclusion of certain sectors in the fund. These are summarised as: alcohol, pornography, tobacco, weapons, gambling, fossil fuels and/or GMO. 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.



TUNDRA ESG PROCESS

Tundra's ESG process is governed by international standards of responsible investing. It has a detailed sustainability screening process (see below). Following an investment idea; a preliminary screening is carried out, after confirmation that the prospective company does not belong to any excluded sectors, the investment decision is made. There is a limit system implemented that hinders acquisition of holdings in exclusion sectors. Tundra's ESG team then carries out detailed research on the company to verify and assure compliance with international standards. A full list of companies is also shared with Sustainalytics, Tundra's external ESG Advisor, on a quarterly basis. In case of a breach, a dialogue is established with the company. A breach in *controversial weapons* or a *sector* breach results in immediate divestment. If the breach is *norm-based*, in violation of international guidelines, the ESG team will create and implement a 12-month engagement strategy to work with the company management in order to ensure their willingness towards addressing the issue(s). Engagement takes the form of interviews, discussions, and answering quantitative data sets. If the company is unwilling to cooperate, the process will result in an immediate divestment.



Our local presence through research offices in Karachi, Pakistan and Ho Chi Minh City, Vietnam is important to our ability to regularly analyse companies in our markets. The ESG team constitutes a smaller unit of the larger investment team. As of September 2018 the ESG team comprise five people including Head of ESG, ESG Researcher (Stockholm), Senior ESG Analyst and Communications Officer (50% ESG) (Karachi) and ESG analyst (Ho Chi Minh City). The ESG team cooperates closely with the Chief Investment Officer and financial research team to integrate ESG questions into financial analysis. To facilitate open communication; all of our offices are designed around open plan spaces. We also follow specific communication protocols i.e. PM meetings are held weekly including at least one member of the ESG team; corporate calls are held once a month and include all team members. On a more informal basis, a chat room has been created to encourage discussion between team members about current financial research, portfolio developments and on-going company specific research. There is a common server with data on companies and other research available to the entire investment team.

OUR COLLABORATIONS

We believe in sustainable development. At its core, sustainable growth is about building partnerships and creating opportunities for dialogue across varied stakeholder groups.

Tundra supports and aligns its work with several global initiatives that encourage organisations to integrate ESG factors into their investment processes and strategies. These initiatives include the UNGC, the UN Principles for Responsible Investment (PRI), the Nordic Swan Ecolabel, Climate Action 100+ and the Carbon Disclosure Project (CDP). We believe that signing up to these international instruments demonstrates a commitment to sustainability. Partnering with global sustainability networks opens up avenues of collaboration e.g. investment in new technology, transitioning from fossil fuels to renewable energy, which ultimately improve business bottom-line and continuity. Furthermore, by adding their voices to business/investor led pressure groups on climate action, companies will amplify the pace of change.

THE NORDIC SWAN ECOLABEL

In October 2017 *Tundra Sustainable Frontier Fund* was among the first twelve investment funds globally to receive the Nordic Swan Ecolabel. To date 20 funds have received the ecolabel.



The Nordic Swan Ecolabel is a cooperative agreement created by the Nordic Council of Ministers. At its inception, the ecolabel strove to identify goods and services that minimized their environmental impact. 2017 was the first time the Nordic Swan Ecolabel was applied to financial instruments and investment funds. The ecolabel is only awarded to funds with an established record of and a systematic approach to sustainability in their investment process. *Tundra Sustainable Frontier Fund*, an actively managed equity fund invests globally in new emerging markets, was one of twelve investment funds globally to achieve this certification on October 10, 2017.

To learn more about The Nordic Swan Ecolabel, please visit: www.svanen.se/en/

UN GLOBAL COMPACT



Tundra is an active participant to the UN Global Compact and the UNGC Network Sweden. With participating companies across 161 countries, the UN Global Compact is the world's largest corporate sustainability initiative.

The UNGC initiative encourages SMEs, large corporations and entire cities to adopt socially responsible policies in four broad categories: human rights, labour, environment and anti-corruption. Tundra joined as a signatory in early 2017 and now stands as a participant in the UNGC. We aim to take part in meetings and events organised by the UNGC and affiliated local networks. We recommend that all of our stakeholders and our portfolio companies sign the ten principles (see below). To join the movement, companies need to complete an online application form and upload a digital copy of a Letter of Commitment signed by the CEO. For more detailed information on the UNGC and suggestions on how businesses can work with the SDGs, please visit: www.unglobalcompact.org.

THE TEN PRINCIPLES

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

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; and

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; and

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.



PRINCIPLES FOR RESPONSIBLE INVESTMENT

The PRI is an independent body that promotes responsible investments through its six principles, supported by the United Nations. The initiative was launched in April 2006 at the New York Stock Exchange.



“Developed by investors for investors”, the six aspirational principles encourage the incorporation of ESG concerns into everyday investment practices. Offering a list of possible actions for incorporating sustainable strategies, the PRI’s aim is to develop a more sustainable global financial system. ESG issues can have a major impact on investments and should be considered alongside financial factors when investing, is the main rationale for this framework. The PRI has over 2,000 signatories across 50 countries which represent USD \$80 trillion. Tundra joined the PRI in early 2017 and we encourage stakeholders in finance to adopt the movement as well. For more information, please visit: www.unipri.org

THE SIX PRINCIPLES

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

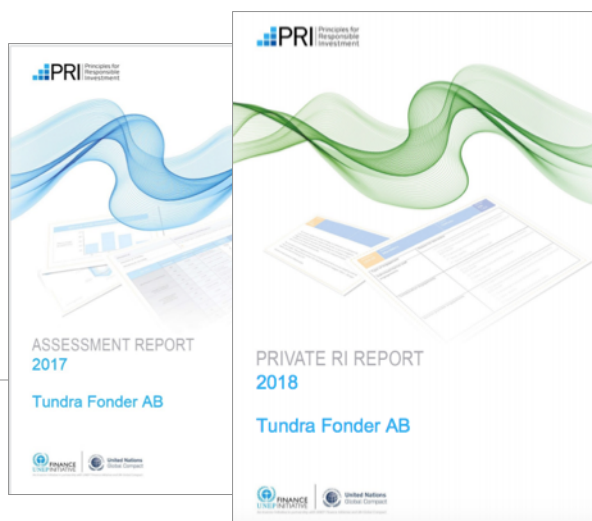
We will promote acceptance and implementation of the Principles within the investment industry.

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.



WOMEN'S EMPOWERMENT PRINCIPLES

In March 2018, Tundra signed the *CEO Statement of Support* for the Women's Empowerment Principles (WEPs). Globally 1,952 companies have signed the WEPs, which encourage high-level business leadership on gender equality and women's empowerment.

The 7 Principles empower women in the workplace, marketplace and community using sex-disaggregated data to communicate progress. Focusing on “*Equality Means Business*,” they offer a business case for corporate action emphasising that while gender equity is not only the right thing to do, it is also good for business and should be a priority. Developed through a collaboration between the UNGC and UN Women, the Principles are based on and an extension of the Calvert Women's Principles®. The latter were the first systematic effort to apply established labour and human rights standards for the protection of women especially in the context of corporate conduct. Informed by global best practices in businesses, the value of the WEPs extends beyond corporate engagement. They can be applied by academia, governments, and civil society groups to improve gender equity and women's participation in economic activities.



THE SEVEN PRINCIPLES

PRINCIPLE 1

Establish high-level corporate leadership for gender equality.

PRINCIPLE 2

Treat all women and men fairly at work – respect and support human rights and nondiscrimination.

PRINCIPLE 3

Ensure the health, safety and well-being of all women and men workers.

PRINCIPLE 4

Promote education, training and professional development for women.

PRINCIPLE 5

Implement enterprise development, supply chain and marketing practices that empower women.

PRINCIPLE 6

Promote equality through community initiatives and advocacy.

PRINCIPLE 7

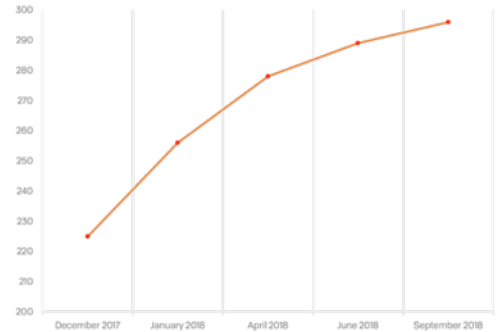
Measure and publicly report on progress to achieve gender equality

CLIMATE ACTION 100+



Tundra is a founding signatory of Climate Action 100+, a five-year investor led initiative tailored to improving governance on climate change, curbing emissions and strengthening climate-related financial disclosures by the world's largest corporate greenhouse gas emitters.

Today, 296 investors with USD \$31 trillion in assets under management have signed on to the initiative. For Tundra, signing on to the initiative makes imminent sense as we are committed to ensuring that the companies we invest in are on a sustainability journey i.e. they are minimising and disclosing environmental, social and governance risks resulting from business operations. To learn more about Climate Action 100+, please visit: www.climateaction100.org.



Supporters of the initiative will request companies to:

- Implement a strong governance framework articulating the company's, specifically the board and senior management, accountability and oversight of climate change risks and opportunities;
- Act to reduce greenhouse gas emissions across the value chain to help restrict global average temperature increase to well below 2 degrees C above pre-industrial levels.
- Provide enhanced corporate disclosure to allow investors the scope to assess business plans against a range of climate scenarios.

CARBON DISCLOSURE PROJECT



The global Carbon Disclosure Project, CDP, encourages investors, companies and cities to collect and self-report on environmental data. The CDP maintains one of the most comprehensive databases on environmental impacts. This data helps inform and drive business decisions in support of a low-carbon economy as described under the Paris Agreement.

Ratified by 174 of 197 parties to the United Nations Framework Convention in Climate Change (UNFCCC), the Paris Agreement came into effect in November 2016. It aims to (i) enhance global responses to climate change by restricting temperature to below 2 degrees C; (ii) strengthen the ability of countries to manage and adapt to climate change impacts. Network members include investors, companies and cities and represent over USD \$100 trillion in assets. Tundra has been a part of CDP since early 2017. Local presence coupled with partners in over 50 countries demonstrate that CDP have driven unprecedented levels of environmental disclosure. For investors, CDP's data and analyses offer keen insight into climate related risks and opportunities, which help make financial decisions more robust and increase corporate engagement on these issues. At Tundra, we encourage our portfolio companies to disclose emissions through the CDP. For more information, please visit: www.cdp.net/en.

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