



ANNUAL SUSTAINABILITY REPORT

IMPACT IN FRONTIER MARKETS

REPORTING YEAR 2021

PREPARED BY TUNDRA FONDER

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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.

The state of the origin of the Fund is Sweden. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3,3bis and 3ter CISA. The representative in Switzerland is OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich, whilst the Paying Agent is Società Bancaria Ticinese SA, Piazza Collegiata 3, 6501 Bellinzona. The Basic documents of the fund as well as the annual report may be obtained free of charge at the registered office of the Swiss Representative.

TEN YEARS OF IMPACT IN FRONTIER MARKETS

Tundra Fonder celebrated 10 years in 2021. For obvious reasons there were no major festivities, but the Tundra story continues. The past years presented us with a range of challenges where most low-income- and lower-middle-income countries have been hit by numerous crises. All the traditional weaknesses of developing nations have been put on display. Balance of payment crises, devaluations, soaring inflation and political unrest. And yet, *Tundra Sustainable Frontier Fund* is one of the best performing daily traded frontier markets and emerging markets funds since inception.

Since inception in April 2013 until year end 2021 the fund (net of fees and costs) has generated an average alpha of 4.6% annually vs our benchmark (MSCI FMxGCC Net TR) and 3.9% vs MSCI EM Net TR. How can you possibly make money in markets that undergo such severe pain? The answer lies in stock-selection, and the resilience great companies show over time. It is about understanding which companies are adapted to show foreign currency denominated growth despite the specific challenges of their home markets. A company's performance is not necessarily defined by the performance of their country.

Our stock-selections are based on a number of key criteria that need to be met; the overriding and most important part is that the portfolio companies have a positive impact on the societies where they undertake their business. This means making an assessment of the long-term demand of the product or the service they produce, together with a thorough due diligence regarding owners and management's suitability to produce this good or service versus their competitors.

The SDGs state it clearly: Leave no one behind. Tundra's markets alone are home to populations that corresponds to nearly three times the European Union. In order to support a just transition to a better world these countries need collaborations, knowledge, and maybe most importantly – they need investments. Tundra continues to do our share of promoting and supporting the very best of them. This is how we make an impact and how you, as an investor, can make a difference.

Sincerely,



MATTIAS MARTINSSON

Chief Investment Officer

FITTING SQUARE PEGS INTO ROUND HOLES

THE EU ACTION PLAN & FRONTIER MARKETS

It has been over a year since the European Union first presented its Sustainable Finance Disclosure Regulation (SFDR); requiring the financial sector to provide information about their investments' environmental, social, and governance risks as well as their impact on society and the planet. Among other implications funds that are available for sale in the EU now have to be classified as **Article 6** (Brown - no sustainability scope), **Article 8** (Light green - promotes environmental or social characteristics) or **Article 9** (Dark green - has sustainable investment as an objective). The initiative aims to increase transparency in the investment strategy, to facilitate comparison and to prevent greenwashing. The EU Taxonomy Regulation (2020/852/EU) and its delegated acts' sets technical screening criteria to determine if an economic activity can be considered sustainable for six environmental objectives. Tundra Sustainable Frontier Fund is currently classified as Article 8 - promoting environmental and social objectives.

The initiative is an important step towards consensus on how to define and measure corporate sustainability, but it also presents a range of challenges as criteria is set from a European perspective and reporting will be based on those standards. Most of our portfolio companies will not be subject to the disclosure obligations that European companies will adhere to. This means that the main part of data will not be available in general databases, as will be the case for European companies, but will have to be manually collected from each individual company. Tundra will use our engagement tool – Tundra Questionnaire – to introduce our portfolio companies to these new guidelines. It will take time before foreign investors have access to the same information on companies in low-income and lower-middle-income countries that they will easily extract from their European investments.

In the past ten years we have worked hard to try to make an impact in the frontier and emerging universe where we invest. We hosted the first Sustainability Conference in Pakistan in collaboration with the Karachi Stock Exchange in 2015, we contributed to the implementation of sustainability guidelines for listed companies in Sri Lanka and Vietnam. We have participated in high-level Climate meetings, and initiated collaborations with both academia and civil society to facilitate exchange of knowledge and walk the longer mile together. We put high demands on the companies we invest in, and try to follow them on their journey to a sustainable business. At times, we stood as the only foreign investor, and still managed to get our message across. We persist and engage where others divest. Throughout the years we have introduced foreign investor requirements on sustainability to more than 300 leading companies in the countries that Agenda 2030 state we should not leave behind.

We will continue to drive impact and assist our portfolio companies to strive towards the highest possible sustainability standards they can achieve given the realities of their home-markets. The more capital foreign investors can provide, the stronger argument we can make. Low-income and lower-middle-income markets' sustainability initiatives in the decades to come will determine how our world will look like 50 years from now.



A BETTER CONNECTED WORLD

During the past two years, the world suddenly felt a lot less global, with the pandemic still ever-present in many places and its aftermath affecting us all. Nevertheless, a positive and hopefully long-lasting impact is people's willingness to communicate and reach out to one another more than ever. In our experience, although we have not been able to do a lot of traveling and face-to-face meetings, that has not stopped us from keeping up the engagement with our portfolio companies, connecting with experts in different fields and working on what we are passionate about: building collaborations and bridging gaps.

TURN | TUNDRA RESEARCH NETWORK

TURN | Tundra Research Network remains our platform for impact in Low- and Middle Income Countries, LMICs (*Emerging and Frontier Markets*). The overarching aim of the network is to bridge the collaboration gap between business & policy makers, utilising local expertise.

During the past few years we have built collaborations with the underlying ambition to bridge the gap between business, academia, governmental institutions and non-governmental organisations in order to tackle systems-level challenges, such as climate change, global health issues and social inequalities just to mention a few. We continuously have meetings and engage with companies and other stakeholders across our markets. In addition to company meetings, we meet with representatives from civil society, research and governmental institutions.

- COLLABORATIONS – TURN aims to act as a catalyst for collaborations and supply a platform for innovation and sustainable growth.
- EVIDENCE – Efforts should build on scientific findings and take on a systematic approach that is applied by local experts, policy makers and representatives for business.
- ENGAGEMENT – Local commitment to issues pertaining to ESG is essential for sustainable business globally.



TURN | TUNDRA RESEARCH NETWORK

BRIDGING THE GAP BETWEEN BUSINESS AND SCIENCE

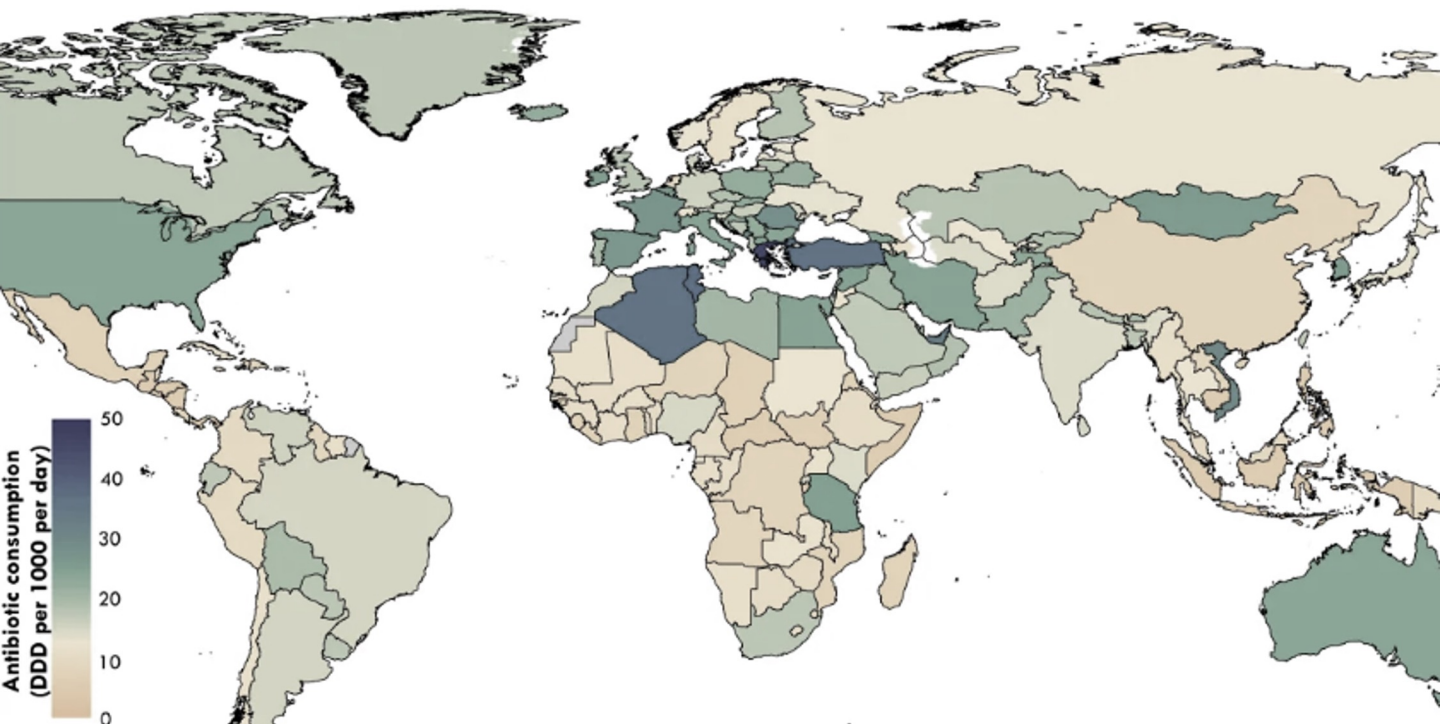
ACCESS TO MEDICINE FOUNDATION

In our role as an investor with the ambition to take on a long-term perspective, we consider global health - including universal health care coverage, access to quality health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all - a top priority. Tundra is proud to be a part of the initiative for a fair and equitable global response to the pandemic, coordinated by the Access to Medicine Foundation. Assuring an even distribution of covid-19 vaccination programs between countries should be a prioritised goal in the global ambition of leaving no one behind.

Over the past years we have also been working actively to create awareness on the global risks connected to antimicrobial resistance (AMR) in low- and middle-income countries. As a small company, our work includes engaging with portfolio companies on the issue, following up on controversies, outlining exclusion criteria, and collaborating with different organizations and experts engaged in AMR research.

On January 23rd 2020 at the World Economic Forum Annual Meeting in Davos, the Access to Medicine Foundation, the FAIRR Initiative, PRI and the UK Government launched a new initiative – Investor Action on Antimicrobial Resistance (AMR) – focused on tackling the global threat of drug-resistant infections. Tundra is proud to stand as a partner in this important initiative.

The Global Research on Antimicrobial resistance (GRAM) estimated antibiotic consumption for 204 countries between 2000 and 2018. Findings indicated a 46-percent increase in global antibiotic usage, with a surge in nations including Vietnam. Overall, the study identified high rates of antibiotic consumption in high-income and upper-middle income countries in North America, Europe, and the Middle East, contrasted by very low rates of consumption in sub-Saharan Africa and parts of southeast Asia.



SDG AMBITION ACCELERATOR 2021

The SDG Ambition Accelerator, provided by the United Nations Global Compact (UNGC) and supported by Accenture, SAP & 3M is an initiative that challenges and supports participating companies in setting ambitious corporate sustainability targets and accelerating the integration of the SDGs into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change – unlocking business value, building business resilience, and enabling long-term growth.

The need for SDG Ambition today is clear. The world is not delivering progress towards the SDGs at the pace and scale needed. While it is still possible to shift the world towards a 1.5°C trajectory and achieve the SDGs by 2030, it will take urgent, scalable and multi-stakeholder action to dramatically accelerate progress. Companies must take a clear stand and demonstrate bold leadership to transform business models and economies so they become more just and inclusive – leaving no one behind.

Over a period of six months, our ESG Analyst, Chau Le, and Portfolio Manager, Mathias Althoff, worked together with participants from 30 other Nordic companies to learn how to take ambitious business actions and do our part in achieving the SDGs by 2030. Throughout the journey, we gained an overview of how to integrate and mainstream ambitious sustainability goals across business units by pioneering a performance integration approach that utilizes enabling technologies and also the foundational tools and understanding to build a business case. It was a great opportunity to learn from peers and discuss the different perspectives and challenges of companies from various sectors.



SENDING OUR MESSAGE ACROSS

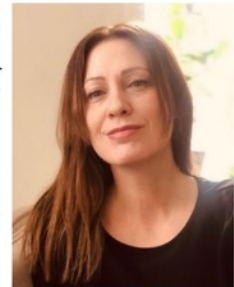
INVESTING SUSTAINABLY IN EMERGING MARKETS

Tundra's Chief Sustainability Officer, Dr. Jennie C Ahrén, had an interview about the challenges of sustainable investing in emerging markets in the April 2021 Edition of NordSIP Insights. This edition explored both the potential and the multifaceted risks that investors encounter upon venturing into emerging and frontier markets, ESG lens in hand. “Promoting the sustainable development goals in frontier and early-stage emerging markets is crucial, everyone will be worse off if we leave those countries behind,” explained Jennie. One of the the biggest challenges to investing sustainably in these markets is often the lack of general knowledge and awareness. At Tundra, we focus on educating and raising awareness among our portfolio companies rather than just demanding international standards from companies. “Being one of the few foreign investors in these countries creates opportunities for bigger impact, it also entails responsibility,” Jennie concluded. Read the full publication at <https://bit.ly/3GhOvOk>

Who’s (Not) Afraid of Emerging Markets?

The Nordic Asset Managers’ Perspective

“Promoting the sustainable development goals in frontier and early-stage emerging markets is crucial, everyone will be worse off if we leave those countries behind.”



Jennie C. Ahrén
Partner, Head of ESG
Tundra

are few borrowing opportunities available to them, apart from those through informal channels with questionable terms.”

Jennie C. Ahrén, Head of ESG and Partner at Tundra, is also profoundly aware of the role her firm’s investments have to play: “Promoting the sustainable development goals in frontier and early-stage emerging markets is crucial, everyone will be worse off if we leave those countries behind.” Tundra’s portfolio companies are often found at the low end of supply chains, inadvertently affecting the rest of those chains and eventually the end products.

Investing in emerging markets can be gratifying in other ways too. “Companies in those markets

FRONTIER MARKETS: THE NEW EMERGING MARKETS

In an interview with HedgeNordic in October 2021, Mattias Martinsson, Tundra’s Founding Partner and Chief Investment Officer, offered insights into our approach to investing in Frontier and smaller Emerging Markets. “We look at the world according to the World Bank definition, which divides the world into four income groups: high-income countries, upper-middle-income countries, lower-middle-income countries and low-income countries. Our team focuses on the two categories at the bottom: lower-middle-income and lower-income countries; these countries account for about half of the world’s population today, but only around 2 percent of

the world’s market capitalization,” shared Mattias. When selecting companies, Tundra looks at three main characteristics: responsible majority shareholders together with good management teams, companies subject to structural growth, and companies whose success is beneficial for the countries where they operate. “We are looking for companies that actually do good for the country,” emphasized by Mattias as the core of our ESG work. Access the full interview at <https://bit.ly/3G89xyP>

Frontier Markets: The New Emerging Markets

By EUGENIU GUZUN – 25/10/2021 No Comments



INVESTING IN THE WORKFORCE OF THE FUTURE

Tundra was founded almost eleven years ago with the ambition to facilitate access to markets generally considered out of reach. The categorisation differs depending on the source; frontier markets, early emerging markets, growth markets, or low- and lower-middle income countries (LMICs). We refer to them as the workforce of the future.

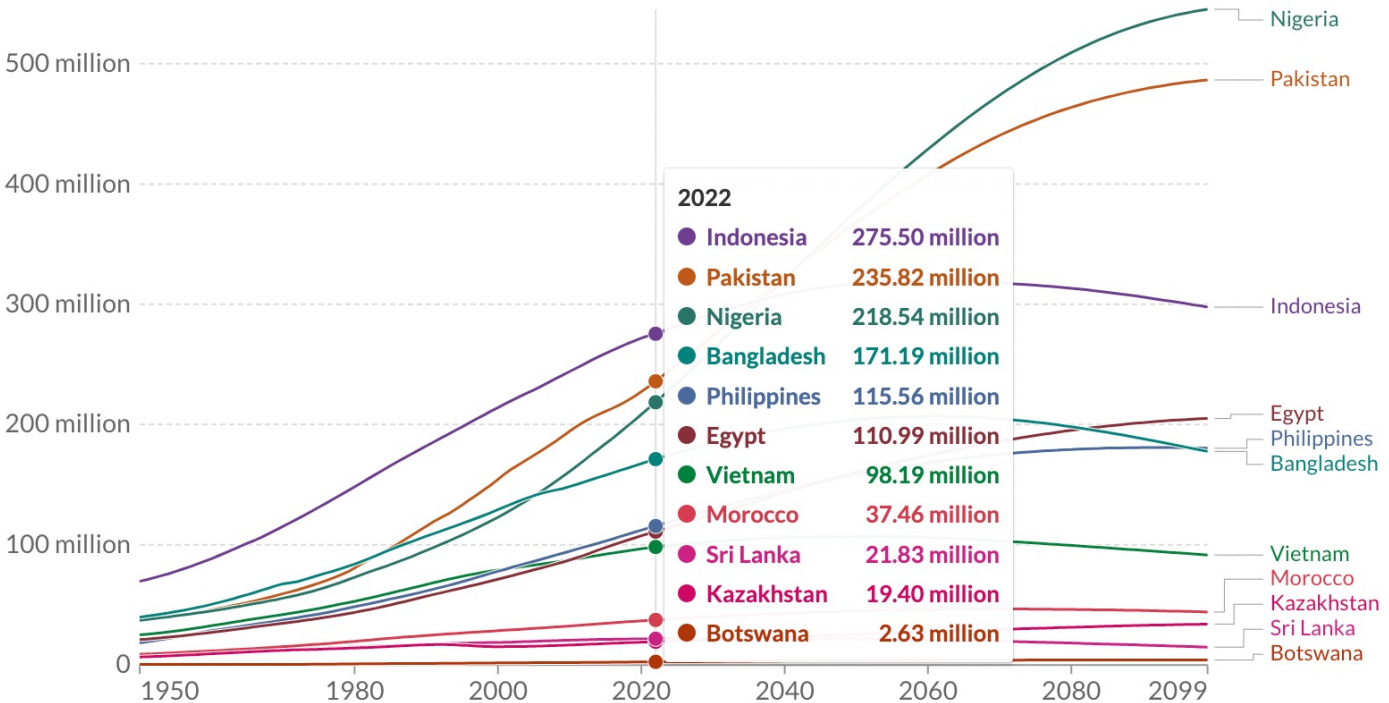
The base of our investment universe comprises countries that today are either defined as *Lower-Middle Income* or *Low Income*, according to the World Bank. These markets are characterized by young populations and relatively higher population growth. The lower median age, combined with continued higher population growth, means only the lower-middle income- and low-income countries will grow their workforce (people aged 15-64 years) over the next 50 years. An increasing population will further need to buy services and goods, most of which will be produced by local companies. More schools, hospitals, and factories will be built in these countries than in other parts of the world. Read more in our full report *Next generation of growth markets*: <https://bit.ly/3OkmBEs>

Population, 1950 to 2099

Our World in Data

Projections from 2022 onwards are based on the UN's medium-fertility scenario.

+ Add country



Source: United Nations World Population Prospects (2022)

CC BY



COMPANIES WITH THE AMBITION TO DRIVE IMPACT

Since its inception, the fund's sustainability analysis has been integrated into the financial analysis. Before investing, a detailed analysis is made of the company's history, its owners and senior executives. We evaluate each individual portfolio company and analyze risks and opportunities from a long-term sustainability perspective. Investments are made in companies that are judged to be the best in their sectors, where we prefer to see our investment as a long-term collaboration to achieve the best possible results. We invest in companies whose operations in the future will constitute a larger part of the local economy. Above all, we choose companies that we believe are driving the development of the society and exert a positive impact on the markets where the fund focuses on.

In the following pages you can read more about the companies we invest in. First, we had the opportunity to sit down with two of our portfolio holdings to discuss their viewpoint of sustainability and its integration as part of their business. The idea is to highlight the positive work by companies that not only are in a good position for long-term growth but use sustainability as a competitive edge to drive their businesses forward. The interview questions focused on how these two companies manage their operations in a more sustainable manner and also address sustainability challenges in their respective sectors and countries. Presented in the following pages are *Interloop Limited*, Pakistan and *WindForce PLC*, Sri Lanka.

Then follows a list of our top ten holdings together with short description of each company in more details as well as risks and opportunities in the respective country and sector.



INTERLOOP LIMITED www.interloop-pk.com

Interloop Limited is Pakistan's leading Ready Made Garment manufacturer with large well-equipped industrial infrastructure based in Pakistan and Sri Lanka, and marketing services offices in USA, Europe and Japan. The company, launched with 10 knitting machines in 1992, has grown into one of the world's largest Hosiery manufacturers that has the proficiency to work with different materials and make a wide range of products for top international brands and retailers.



Musadaq Zulqarnain - Chairman

A mechanical engineer by profession, Mr. Musadaq's leadership experience spans over four decades. Through his vision and commitment, he successfully led Interloop to become one of the world's largest hosiery manufacturers, backed by a strong purpose of creating positive change.

Mr. Musadaq is a development enthusiast and philanthropist, actively engaged in nurturing the youth of Pakistan by facilitating education, women empowerment and sports.



Faryal Sadiq - Vice President Sales & Marketing

Before joining Interloop in 2016, Ms. Faryal worked for over 10 years as a management consultant at Ernst & Young and Deloitte, UK, specializing in the consumer products and retail industry. She has advised top global clients on commercial strategy, operating model, enterprise cost reduction, growth strategies, and multiple transformation programs.

As VP at Interloop, Ms. Faryal also manages the company's Sustainability and Corporate Communication functions.

INTERVIEW - INTERLOOP LIMITED

- **How do you define long-term sustainability in business?**

Sustainability is part of our DNA and is integrated into our business approach, policies, processes, and practices. Interloop's sustainability framework is based on the triple bottom line approach i.e. People, Planet and Prosperity, which also aligns with the UN SDGs. We have set 5-year targets to prioritize the most critical areas including GHG emissions, water reduction, waste diversion, sustainable materials and the use of safe chemicals.

In order to achieve these goals, Interloop has established a corporate sustainability team which is responsible for the development, implementation and communication of a successful sustainability strategy. Priorities in sustainable development are closely monitored and reviewed through rigorous corporate governance procedures.

In addition, we also commit to international pledges including the Science-based Targets, the UN Women's Empowerment Principles and the Sustainable Cotton Challenge; such global affiliation adds further rigor to our sustainability practices.

- **How does Interloop positively contribute to Pakistan's society and long-term economic development?**

With sustainability at its core, Interloop continues to provide decent work and economic growth opportunities – over 30,000 directly employed with at least 20,000 more jobs till 2025. We aim to promote equal access to quality education through long-term partnership with The Citizens Foundation (TCF) sponsoring 29 schools with over 4,000 students, among which 45% are female. As one of the largest export firms in Pakistan, Interloop also contributes to the economic development by generating foreign exchange.

- **Within the coming decade, which key sustainability challenges for your sector and for Interloop do you see as the most crucial?**

- *Decarbonising the apparel sector is one of the biggest challenges of our generation. Specifically the following major areas need to be explored:*
 - + *Energy transition from fossil fuels (including coal phase out) to renewable energy sources (solar, biomass, etc.);*
 - + *Provision of cost-effective sustainable materials such as organic cotton in Pakistan;*
- *Water use reduction and waste diversion;*
- *In the context of Pakistan female labour force participation is also a major challenge as it is one of the lowest in the world. Thus, major legal, structural and cultural changes are required to increase the number.*

- **Please name something that makes you proud to be with Interloop.**

We are a truly purpose-driven company that is committed to creating positive change. Interloop is recognised as a pioneer in responsible business but the journey doesn't end here, rather we are continuously trying to improve ourselves for all our stakeholders.

WINDFORCE PLC *www.windforce.lk*

WindForce PLC is a leading renewable energy development company in Sri Lanka and has been a dominant player in the wind power industry since its first project in 2010. In addition, the company has further diversified into large-scale, ground and rooftop solar power generation systems and mini hydro plants, both locally and overseas. With power plants operating in Sri Lanka, Pakistan, Ukraine, and Uganda, WindForce offers a level of service, expertise and innovation that is unrivalled and sets the standards for power generation.



Manjula Perera - Managing Director

Entering the power generation sector as an entrepreneur in 2008, Mr. Manjula partnered with a few local investment companies to develop mini hydro power plants and thereafter moved on to set up the first and largest wind power plant in Sri Lanka, contributing directly to the National Grid.

As Managing Director at WindForce, Mr. Manjula devises strategies for growth and manages existing operations in a more profitable and sustainable manner.



Dilenthi Goonesekera - Investor Relation Officer

As the IR Officer, Ms. Dilenthi is responsible for communicating an accurate image of WindForce to the public so that shareholders, investors and other stakeholders can make informed and timely decisions about the company. She also acts as the HR Generalist and is involved in aligning the company's business operations with HR requirements.

With WindForce taking further steps to increase its transparency and efforts in sustainability, Ms. Dilenthi also oversees the company's ESG sustainability reporting.

INTERVIEW – WINDFORCE PLC

- **How do you define long-term sustainability in business?**

The world is still largely dependent on fossil fuels for energy generation; therefore making the switch to renewables has a multi-fold effect.

Renewable energy (RE) generation is sustainable in its own operation. Our long-term sustainability plan would be to change the generation mix in Sri Lanka to rely more on RE, tap into the underutilized labour force, provide cleaner and cheaper energy, mitigate climate change as well as contribute to the economic development.

We hope to maintain and grow our status as change makers in the RE space, prioritizing the green energy transformation in Sri Lanka but also expanding to new foreign markets. Needless to say, providing clean energy at affordable rates is our number one priority, which falls in line with Goal 7 under the UN SDGs.

- **How does WindForce positively contribute to Sri Lanka’s society and long-term economic development?**

Electricity production using fossil fuel has become so much more unaffordable. We are offering the cheapest electricity to the country which ensures that the lower bracket of society has access to affordable electricity. WindForce also generates 11% of our revenue in foreign exchange, which at this given moment is a substantial aid in bringing in foreign currency and contributing to the domestic foreign reserves.

- **Within the coming decade, which key sustainability challenges for your sector and for WindForce do you see as the most crucial?**

- *Skilled labour could become an issue with the local youth moving abroad due to the socio-economic situation in the country. We have predicted a labour gap in skilled workers within the next 5 year;*
- *Slow energy transition from fossil fuels to renewables;*
- *Land and resource allocation;*
- *Shortage of foreign reserves since the majority of equipment for RE development is imported;*
- *Converting the loss-making utility into a self-sustainable organization.*






- **Please name something that makes you proud to be with WindForce.**

We are proud that WindForce has the best management team in renewable energy development, who are willing to achieve the impossible. That is how we became the largest RE developer in Sri Lanka within just a decade.

TUNDRA TOP TEN HOLDINGS

In the following pages the ten largest holdings of the fund by end of December 2021 are presented. The table contains company data; share of portfolio, Tundra ESG Spectrum, together with opportunities and risks from a country and sector perspective. Then follows a general description of the ten portfolio companies together with general information on their public reporting and policies.

COMPANY	SHARE OF PORTFOLIO	ESG SPECTRUM	OPPORTUNITIES	RISKS
SYSTEM LTD (PAKISTAN)	8.49		COUNTRY (C): Renewable energy, waste management initiatives, infrastructure and technology development SECTOR (S): Digital transformation	C: Corruption, air pollution, water shortage, deforestation, unemployment, gender inequality S: Public trust, cyber risk, supply chain management
FPT GROUP (VIETNAM)	7.55		C: Ending poverty, renewable energy, infrastructure and technology development, global supply chains S: Digital transformation	C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press S: Public trust, cyber risk, supply chain management
SQUARE PHARMA (BANGLADESH)	7.49		C: Global supply chains, renewable energy, expanding labor force S: Affordable healthcare, application of technology	C: Corruption, poverty, inadequate healthcare, climate change, pollution, overburdened infrastructure, loss of biodiversity, freedom of press S: Public trust, unethical conduct, waste management
MEEZAN BANK (PAKISTAN)	6.03		C: Renewable energy, waste management initiatives, infrastructure and technology development S: Sustainable investment, ethical corporate governance structures, transparency	C: Corruption, air pollution, water shortage, deforestation, unemployment, gender inequality S: Public trust, money laundering, market manipulation, data privacy & security
MEDIA NUSANTARA CITRA (INDONESIA)	5.02		C: Vibrant startup ecosystem, travel industry, manufacturing, infrastructure S: Digital transformation	C: Corruption, infrastructure & governance issues, natural disasters, ethnic violence S: Data privacy & security, discrimination and harassment lawsuits, anti-competitive practices, service & program quality

COMPANY	COUNTRY	SHARE OF PORTFOLIO	ESG SPECTRUM	OPPORTUNITIES	RISKS
REE CORP	VIETNAM	4.65		COUNTRY (C):Renewable energy, infrastructure and technology development, global supply chains SECTOR (S): Pioneering in renewable energy sources and technology	C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press S: Just transition, occupational health and safety, waste and supply chain management
KASPI.KZ	KAZAKHSTAN	4.28		C: Strengthening human capital, infrastructure, sustainable low-carbon economic transition S: Sustainable investment, ethical corporate governance structures, transparency	C: Corruption and weak institutions, wealth inequality, freedom of press S: Public trust, money laundering, market manipulation, data privacy & security
GB AUTO	EGYPT	3.89		C: Renewable energy, human capital development S: Utilizing renewable energy sources and technology, eco-labelling, recycling and waste management	C: Corruption, freedom of press, gender inequality, unemployment rate S: Environmental concerns regarding carbon footprint and harmful emissions, occupational health and safety, supply chain management
MEDIKALOKA HERMINA	INDONESIA	3.67		C: Vibrant startup ecosystem, travel industry, manufacturing, infrastructure S: Affordable healthcare, application of technology	C: Corruption, infrastructure & governance issues, natural disasters, ethnic violence S: Public trust, unethical conduct, waste management
MASAN GROUP	VIETNAM	3.61		C: Ending poverty, renewable energy, infrastructure and technology development, global supply chains S: Pioneering in sustainable production and technology, eco-labelling, ethical marketing strategies	C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press S: Food safety and health-related concerns, supply chain transparency and traceability, water and waste management

DESCRIPTION OF TOP TEN HOLDINGS

SYSTEMS LIMITED - “ENABLING A DIGITAL TOMORROW”

<https://www.systemsltd.com/>

Sustainability related opportunities: digital transformation, human capital growth

Sustainability related risks: cyber security, energy management

Contribution to the SDGs: 1, 3, 4, 6, 8, 9, 10, 12, 13, 16

Systems support society twofold. It is Pakistan’s leading IT-services exporter (85% of sales) and being a knowledge-intensive business means it has a strong positive impact on Pakistan’s human capital growth. Pakistan’s IT-service exports is still only 1/6th per capita of its neighbour India. Systems Limited has an international presence in the UAE and Qatar and has attained partnerships with Microsoft, IBM and Huawei. The company has developed initiatives aimed at empowering women at the workplace, notably introducing a hybrid working model, ensuring a safe working environment, and attracting talented women on career breaks. Through collaborations with universities, the company facilitates industrial and academic linkages for the goal of upskilling and reskilling the youth. A number of CSR activities by the company include providing educational opportunities for children with humble background and contributing to better health facilities through donations to several hospitals.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



FPT CORPORATION - “EXPLORE NEW LANDS, ACHIEVE NEW GRAND”

<https://fpt.com.vn/en/>

Sustainability related opportunities: digital transformation, human capital growth

Sustainability related risks: cyber security, energy management

Contribution to the SDGs: Goal 4, 5, 7, 8, 9, 12, 13, 17

Just like Systems Ltd FPT is Vietnam’s leading IT-service exporter and supports society primarily through its Balance of Payment contribution of its IT-service exports. It however also supports society’s growth through being a knowledge-intensive business with significant educational efforts (including its own university) which has a positive impact on Vietnam’s human capital growth. Although the tech industry is characterised by its high proportion of male employees, FPT has strived to keep equal and fair opportunities for all employees regardless of gender. In 2021, the number of female employees increased by 21.4 % over the same period, similar to that of male employees at 21.3%. With offices and campuses across the country, FPT prioritizes applying the green model when constructing its facilities and also enhancing the awareness of environmental protection among its employees. In response to the pandemic, the company has deployed a digital vaccine program, FPT eCovax, which helps enterprises ensure business continuity despite disruptions caused by Covid-19.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE





SQUARE PHARMACEUTICALS LIMITED - “TOGETHER WE ARE STRONGER”

<https://www.squarepharma.com.bd/>

Sustainability related opportunities: equitable access to healthcare

Sustainability related risks: AMR, product quality & safety

Contribution to the SDGs: Goal 1, 3, 4, 5, 8, 9, 10, 12

Just like in most low-income and lower-middle-income countries pharmaceuticals and healthcare consumption is currently very low, in absolute terms as well as percentage of GDP. In 2019 the health expenditure per capita in Bangladesh amounted to USD 46/capita. Although this is almost three times higher (USD 17) from 2009, it can be compared to the world average of USD 112/capita. Square Pharma is the leading Bangladeshi producer of affordable medicines and is likely to show double-digit annual growth for decades ahead. Improving health is an important objective for Bangladesh as it improves productivity per capita and mitigates excessive population growth (people have fewer children if likelihood of survival is higher). SQUARE is one of the pioneer signatories of United Nations Global Compact (UNGC) in Bangladesh, since 2004. The company’s CSR policy emphasizes gender equality, non-discrimination and fair treatment, human rights, commitment toward the environment, transparency and anti-corruption. SQUARE’s outreach efforts include partnering with NGOs to make affordable healthcare available to low-income groups, organizing health awareness campaigns and operating a 24/7 free helpline for mothers and their babies.



MEEZAN BANK - “SERVING THE NATION BEYOND BORDERS”

<https://www.meezanbank.com/>

Sustainability related opportunities: financial inclusion

Sustainability related risks: data security, business ethics

Contribution to the SDGs: Goal 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16

World Bank estimates (2017) that only 21% of Pakistan’s population above 15 years of age had a bank account or a mobile wallet. Financial inclusion is key for reduced vulnerability, financial security, job creative and also is a means to reduce corruption in society. Meezan Bank is the leading Islamic bank in Pakistan where the government has a stated target for Islamic banking to increase to 25% of total assets by 2023, from 17% in 2020. We particularly like Meezan’s pioneering in providing high quality services within a niche that historically has lagged conventional banking, and its strong reputation in the business community. The bank is committed to driving growth for green banking initiatives; in 2021 the bank supported 18 renewable energy projects. To reduce dependence on fuel-based energy sources, Meezan Bank has installed solar panels with a capacity of up to 100KW. During the past year, the bank organized 75 Islamic banking and workshops with more than 5,500 participants, with the goal of accelerating financial literacy. Meezan Bank introduced a range of financing products under the banner of Meezan Women First; some of the features are no processing fee, priority processing and subsidized rates.



Photo: Bangladesh, manzur alam on Unsplash



MEDIA NUSANTARA CITRA - “CONTENT & DIGITAL AS THE NEXT FOCUS”

<https://mnc.co.id/en>

Sustainability related opportunities: digital transformation

Sustainability related risks: data security, ethical content

Contribution to the SDGs: Goal 1, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14, 15, 16

Media Nusantara is a deep-value position in the fund where we like the combination of a very strong audience share in its Free-To-Air channels, Indonesia’s largest content library, but primarily the efforts to transform into a digital business where its legacy assets can be monetized more effectively and its business model sustainable also 20 years ahead. The company positively impacts society primarily through its role as a responsible broadcaster which reaches most of Indonesia’s population across its 17 000 islands. It also plays an important role as one of the leading digital businesses, thereby impacting the population’s transition into the next generation of media. MNCN has set targets to reduce electricity consumption at least 5% per year and reduce water use by more than 5% per year compared to the previous year. MNCN is committed to provide equal work opportunities for all individuals, men and women, as well as persons with disabilities. The company also claims to have a clearly articulated social purpose whereby it does not air negative content that may influence the community; for example, it focuses on family-driven content suitable for all ages and does not air violent content.



REE CORPORATION - “TRANSFER TO THE NEW GENERATION”

<https://www.reecorp.com/>

Sustainability related opportunities: just transition to renewable energy

Sustainability related risks: ecological impact, employee health & safety

Contribution to the SDGs: Goal 6, 7, 8, 9, 11, 13

Renewable energy is likely to be the fastest growing source of electricity generation across low-income and lower-middle-income countries in the coming decades. Until 2045 Vietnam plans to increase its electricity generation capacity by 4 times, of which half will come from wind energy and solar energy. REE will play a key role in order to assure Vietnam reaches its goal which will be crucial for Vietnam to remain an attractive production hub for the world’s leading manufacturers. In 2021, REE significantly scaled down their footprint in coal thermal plants and successfully brought 3 wind power projects with a total installed capacity of 102 MW into commercial operation. The company also ensures their office buildings comply with international standards such as LEED and EDGE on the grounds of energy saving and eco-friendly materials. The company also prioritizes training programs and health improvement; REEnergize Station, an exclusive gym, was constructed to create the most comfortable fitness space for all employees.



Photo: Indonesia, Dominic Krainer on Unsplash



KASPI.KZ - “INNOVATION MAKES LIFE BETTER”

<https://ir.kaspi.kz/>

Sustainability related opportunities: financial inclusion, digital transformation

Sustainability related risks: data security, business ethics

Contribution to the SDGs: Goal 1, 4, 8, 9, 10, 11

Kaspi has completely transformed the way Kazakhs use financial services and purchase their goods. With a, for emerging markets, first-mover integration of modern financial services with a user-friendly e-commerce setting the company has lowered the costs for goods to reach the end consumer and the way the Kazakhi consumers purchases their goods. From a societal perspective increased documentation of transactions and improved purchasing power are key benefits. The company aims to offer a modern working environment with transparent career progression and continues to hire and train the best professionals by recruiting University graduates through Kaspi Lab's corporate university program. To support consumers experiencing temporary financial difficulties due to the pandemic, Kaspi.kz launched a consumer loan repayment deferral programme which enabled consumers to postpone 3 upcoming monthly payments. In cooperation with Qazaq Geography, the company is developing multiple programs to protect the environment, develop science and create modern infrastructure to enhance Kazakhstan's national parks.



GB AUTO - “BUILDING MOMENTUM FOR SUSTAINABLE DEVELOPMENT”

<https://ir.ghabbourauto.com/en>

Sustainability related opportunities: sustainable production & technology

Sustainability related risks: material sourcing & efficiency, labour practices

Contribution to the SDGs: Goal 4, 5, 8, 10, 12, 17

As Egypt's leading vehicle assembler GB Auto leads the sector forward towards more sustainable means of vehicle manufacturing. Its innovating financial services arm allows the less financially strong parts of the community to purchase capital intensive goods in order to earn a living. Gradually branching out its digital business the company also plays an important role of increasing the technological literacy across Egypt. The main benefit from society's perspective comes from society's goal of a higher share or localized production which means employment opportunities and also reduces import needs and presents export opportunities. The company has set environmental targets which includes reducing energy consumption by 10% per year and reducing emissions by 50% as well as improving air quality inside factories. GB Auto also aims to cut total water consumption by 10-15% across all manufacturing facilities, as it steadily upgrades its facilities. The company prides itself on offering an enabling space for all talented and committed individuals and supporting underrepresented segments of the community.

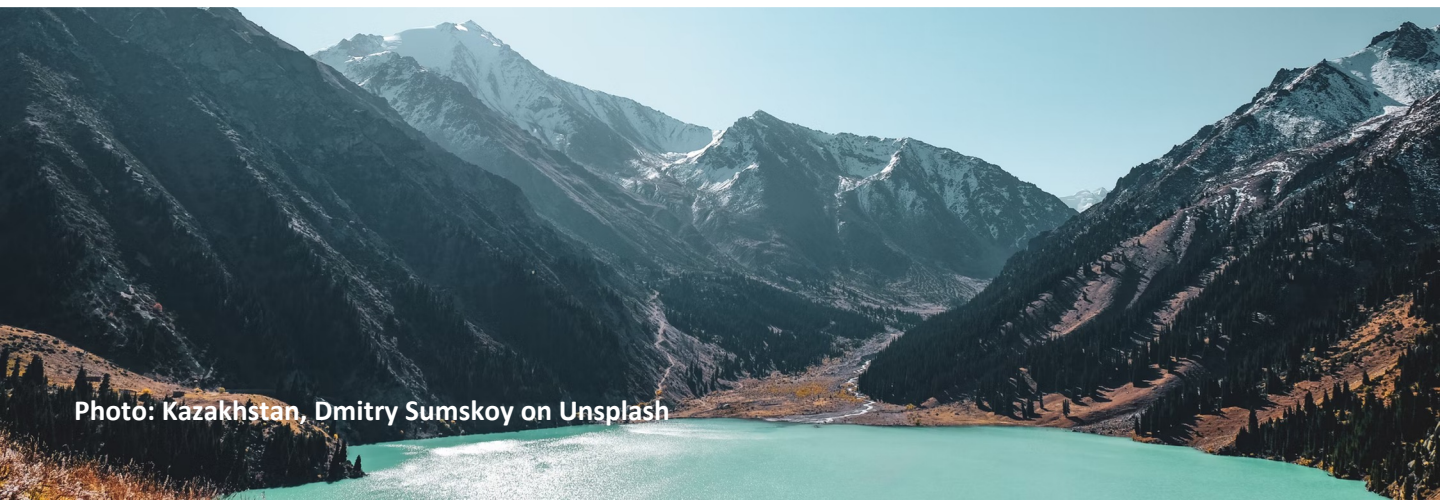


Photo: Kazakhstan, Dmitry Sumskey on Unsplash

MEDIKALOKA HERMINA - “MAINTAINING MOMENTUM IN A CHALLENGING YEAR”

<https://herminahospitals.com/en>

Sustainability related opportunities: equitable access to healthcare

Sustainability related risks: antimicrobial resistance (AMR), product quality & safety

Contribution to the SDGs: Goal 3, 4, 8, 9, 11

Hermina Hospitals is playing a key role in improving access to quality healthcare for Indonesians. Its legacy in maternal care has played an important role in allowing more females to give birth in safe surroundings. We very much like their partnership program where skilled doctors are part shareholders of new hospitals. This allows a safe expansion path for the company and ensures the most competent doctors are enrolled. The number of hospital beds per capita as of 2017 was 1 per 100 000, which can be compared to Japan (13), South Korea (12) and EU (5). This indicates continued good growth opportunities ahead. Hermina is an early adopters of JKN, Indonesia’s universal healthcare insurance program. The company has introduced policies to minimize plastic waste through campaigns to stop using single-use plastic, including the use of plastic bags in pharmacies. Despite disruption caused by Covid-19, the company has organized several training programs, mostly online, for employees, which also include education on AMR.



MASAN GROUP CORPORATION - “CONSUMER-TECH”

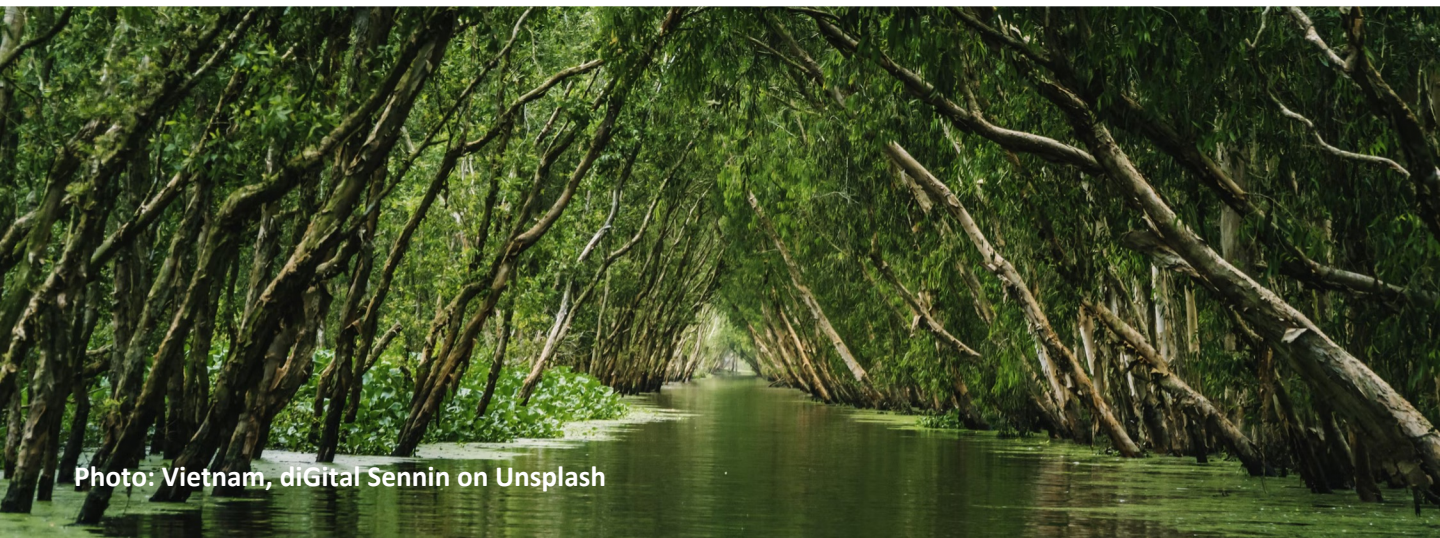
<https://masangroup.com/>

Sustainability related opportunities: sustainable production & technology

Sustainability related risks: AMR, supply chain traceability

Contribution to the SDGs: Goal 1, 2, 3, 8, 9, 11, 12, 13

We own Masan Group primarily because of its pioneering role in the consumer sector where the company has played an important role for the last decade. Being an early recipient of foreign investment the company has been an early mover in investor relations management and been a role model for many listed companies. From a societal perspective formalizing previously less documented sectors such as food retail and food production is a clear benefit as it improves tax collection and improves consumer safety. We view Masan as a good proxy to the emerging middle income class in Vietnam. The company’s meat processing complexes in Ha Nam and Long An have been certified BRC Global Standard for food safety. In addition to occupational safety training, Masan has upgraded transmission equipment, installed new machines and advanced production lines, and renovated factories to ensure that the most rigorous standards are met. A number of environmental initiatives include adopting biogas production from rice husks and sawdust waste to generate energy investing in waste and wastewater treatment facilities.



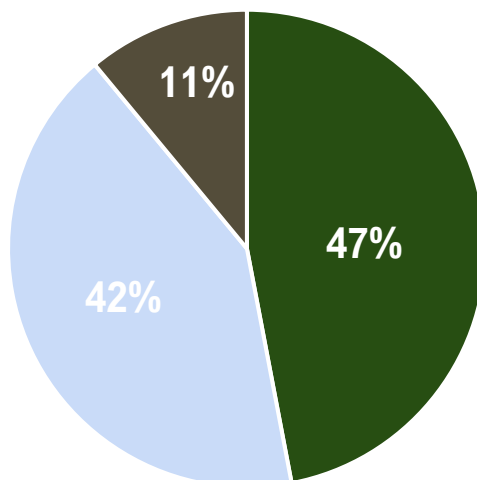
TUNDRA ESG SPECTRUM

For the past five years we have presented results from our own inhouse rating system: **Tundra ESG Spectrum**. This inhouse rating system was initially developed as a tool for engagement with portfolio companies; and further adapted to collect information and measure progress on relevant ESG data for the fund.

The ESG Spectrum was built on the inhouse rating system including 10 overarching categories divided into three groups: Top performing companies are categorized as **Fern Green** – fern; a symbol of endurance and resourcefulness; a plant that can grow in difficult places. A satisfactory level of ESG is marked by light blue; **Pale Blue Sky** – representing the depth of understanding and dedication, whilst **Charcoal** – lightweight black carbon residue, spiritually believed to improve the ability to take action and perform - is for the companies in the lower end of the rating system. Those are companies that do not fulfill the criteria for good ESG practices or engagement.

In total, 38* companies were included in the **Tundra Sustainable Frontier Fund** as per end of December 2021. The response rate reached 63% (compared to 62% in 2020, 59% in 2019 and 58% in 2018). Since the launch of our ESG ratings in 2017, the overall ESG score of all portfolio holdings have improved, but still there is significant room for improvement.

Out of the 38 companies in the fund by end of 2021, 89% had Satisfactory/Strong ESG practices. Among these, 18 companies (47%) scored 8 points or more and were classified as top performing ESG practices – Fern Green. In total, 4 companies (11%) had Unsatisfactory ESG practices – Charcoal (see graph below). Overall, 97% (n=37) of companies had an overarching ESG policy that was relevant to their specific sector, which represents a gradual increase from past results: 96% in 2020, 86% in 2019 and 78% in 2018. With regard to each ESG factor, all companies in the fund had policies addressing social and corporate governance issues; 97% had environmental policies in place.



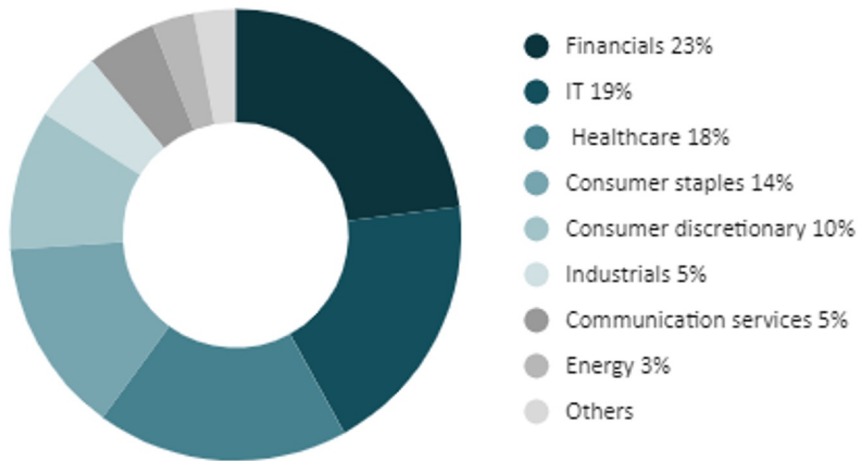
■ FERN GREEN ■ PALE BLUE SKY ■ CHARCOAL

- The analyses include companies that were in the Tundra Sustainable Frontier Fund by 2021/12/31. Any inactive companies and/or IPOs will be excluded from further analyses.

TUNDRA ESG SPECTRUM

The portfolio holdings are regularly followed up through the “Tundra Questionnaire”, which is an engagement tool where the focus is on the company's reporting of sustainability policies and international guidelines of importance. The aim of this tool is partly to determine the level of existing sustainability work and the reporting of this today, but also to prepare the company for future changes that may be of importance to international investors in the future. In our surveys, Tundra Fonder annually adds current changes that will be important for international investors in the future and thus gives companies the opportunity to begin work on these. The goal is to help the portfolio companies develop their sustainability work to a high international level. Every year, the companies that respond to the Tundra Questionnaire receive a follow-up letter in which they receive a grade for their current work and suggestions for changes that can raise the grade further.

TUNDRA SUSTAINABLE FRONTIER FUND SECTOR ALLOCATION YEAR END 2021



**NEARLY 400 000
EMPLOYEES**

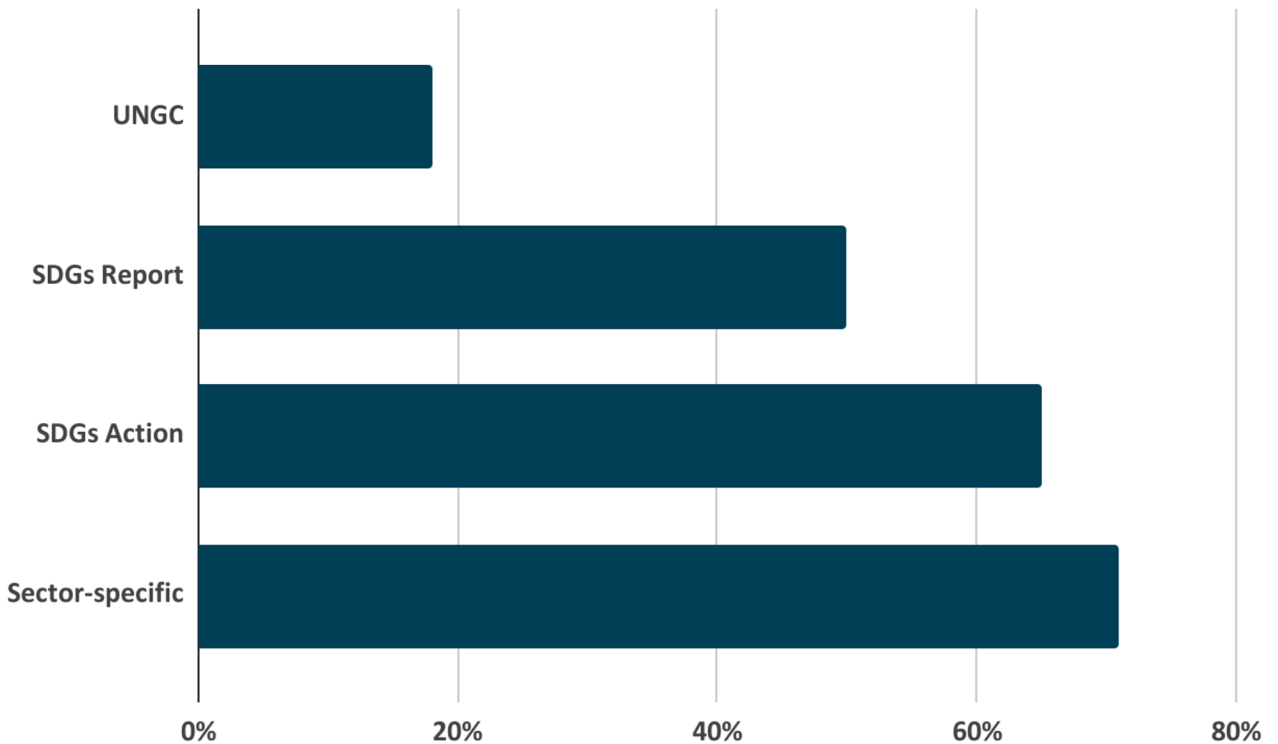


**38 PORTFOLIO
COMPANIES**

SDG ALIGNMENT

To date we have proposed the UNGC ten principles and the SDGs in engagements with over 250 companies in our core markets (e.g. Pakistan, Sri Lanka, Vietnam, Egypt). Through our internal ESG system we engage with all of our portfolio companies. The aim of the ESG Rating System is to create a platform for systematic ESG dialogue with companies. In our ESG Questionnaire sent out to all portfolio companies, the questions are formulated to be sector-specific and customized for each holding. In addition, companies are assessed in terms of their adherence to the ten principles (and encouraged to join the UNGC), SDGs reporting and action, as well as their progress in measuring and reporting on carbon emissions. Written feedback including overall assessment score and detailed points of improvement is shared with all companies in the fund.

In our analysis of the 2021 portfolio we found that 18% of companies were signatories to the UN Global Compact (UNGC), 50% officially adopted and reported on the Sustainable Development Goals (SDGs) while 65% identified actions in alignment with the global goals, 71% committed to a sector-specific international guideline, and 26% reported on their carbon emissions.

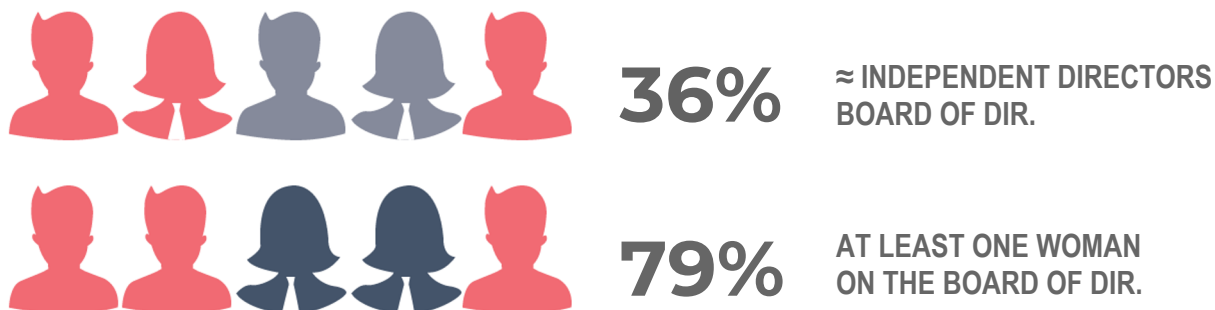


EDUCATION, GENDER, AND INEQUALITY

PORTFOLIO LEVEL

Economic participation of both genders along with equal opportunities for leadership is a core focus area for Tundra Fonder. For this reason, female representation on the Board of Director and in the Senior Management is an integral part of our analysis. Out of the 38 companies analyzed, 30 had least one woman on the Board marking an increase to 79% (compared to 74% in last year's ratings). As for senior management 28 companies (74%) had women represented. The average share of women on Board of Directors was 15%, and women held approximately 18% of positions within Senior Managements. The percentage of holdings in the fund with **no women at all** represented, neither on the Board of Directors nor in the Senior Management, was 8% (n=3) as per end of December 2021.

Questions regarding female representation on the board and senior management level are included in our ESG Questionnaire as well as during engagement with portfolio holdings. Companies are also asked to detail their policies on harassment and/or discrimination and how to ensure a safe working environment. In our Feedback Letters, such assessment of gender equality is communicated clearly and companies are encouraged to consult international initiatives such as the Women's Empowerment Principles (WEPs).



INTERNAL POLICIES AND EFFORTS

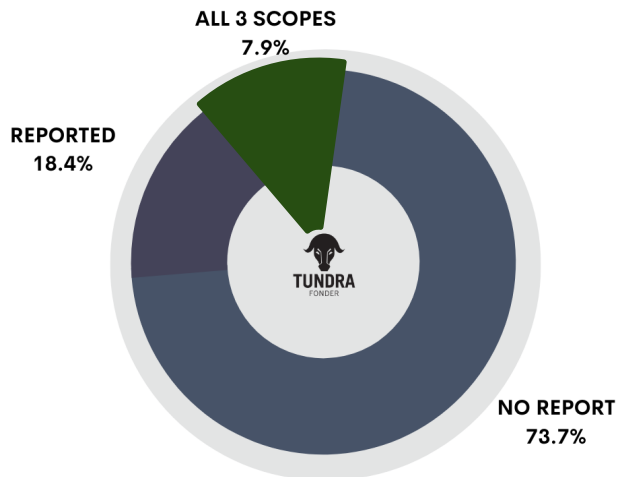
Tundra aims to provide trainings for all of our employees on a yearly basis. During 2021 ESG Analyst, Chau Le, and Portfolio Manager, Mathias Althoff, worked together with participants from 30 other Nordic companies to learn how to take ambitious business actions and do our part in achieving the SDGs by 2030. (See more info on page 7 in this report). Previously, all Tundra employees and Directors of the Board have conducted trainings on the UNGC Academy platform. Target 4.4.

Employees are given annual training on compliance which includes AML/CTF, MAR, conflicts of interests and ethics. Target 10.5.

Further, Tundra has a zero-tolerance policy towards all forms of violence and sexual harassment in the workplace, all clearly stated in our Code of Conduct. Tundra conducts our own survey to external providers of services and additionally asks our portfolio companies to respect our business' policies in line with the ten principles of UNGC. Target 5.2

OUR EFFORTS WITHIN CLIMATE ACTION

Measuring, reporting and ultimately reducing your company’s carbon footprint is a central feature in the commitment to fight climate change. In our efforts to promote higher transparency regarding carbon emissions, we have sought to measure the environmental impact of our portfolio. Only 26% of the portfolio officially reported on their carbon emissions and only three companies disclosed emissions in accordance with scope 1, 2 and 3. This is an improvement from 19% in 2020, but still not sufficient in order to draw conclusions for the portfolio as a whole.



Our primary focus currently thus remains, which is to encourage more of our portfolio companies to provide data for their businesses. We do this through our annual questionnaire where a part of this is providing them with our in-house data estimates of their emissions on Scope 1,2 and 3, alongside providing them with the tools to undertake their own assessment.

For our in-house estimates, we have seen varying levels of commitment and available operating data for the different sectors. Financials is one of key sectors in terms of portfolio weights. Within our markets, we note that Sri Lanka is on the forefront with respect to sustainability initiatives within the banking sector. Given the service industry nature, we apply a per employee intensity number to the total employees and took into account the scale of each bank to derive an estimated carbon emissions number; a similar approach is also applied for the technology companies. The healthcare sector covers a variety of businesses and there is a remarkable difference in terms of emissions hence the need to dig into details when comparing against a benchmark for emissions intensity. For pharmaceutical manufacturers, we face a dilemma where the drug prices in our markets are a fraction of the advanced economies and units of production also vary a lot from capsules to injectables. Among other sectors such as industrials, consumer staples and consumer discretionary, the portfolio companies have varying lines of business which we study individually to apply the KPIs and intensity based on available studies or regional peers. As companies report we will be able to compare their estimates versus our own estimates and thus have a more relevant discussion as to the accuracy of the data and potential implications going forward.

A main focus for Tundra is to inform and educate companies on international guidelines. Earlier on we have been engaging with companies through internal events; webinars on renewable energy/possibilities to finance a just transition and information on the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework; ESG questionnaires with country- and sector-specific questions on policies and environmental actions. We have also engaged with companies through partners. Our commitment to the E in ESG is manifested through our collaboration platforms, such as the Climate Action 100+ and the PRI among others.

SUSTAINABILITY GUIDELINES

The fund promotes, among other things, environmental and social characteristics. By managing and integrating environmental, social and corporate governance factors (“ESGs”) into investment decisions, Tundra Fonder can actively influence the companies invested in its impact on environmental and social factors. Tundra Fonder’s overall process and commitment to integrate all four areas of sustainability - human rights, labor law, environment and anti-corruption - into the investment process and active ownership aims to create long-term sustainable development, which the fund company considers a prerequisite for strong financial development.

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 - 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 fund.

SECTOR RESTRICTIONS

ALCOHOL (PRODUCTION/DISTRIBUTION 5%)

PORNOGRAPHY
(PRODUCTION 0% /DISTRIBUTION 5%)

TOBACCO (PRODUCTION 0%/DISTRIBUTION 5%)

WEAPON (PRODUCTION 5%/DISTRIBUTION 5%)

GAMBLING
(PRODUCTION 5%/DISTRIBUTION 5%)

FOSSIL FUELS (EXTRACTION /PRODUCTION 5%)

NUCLEAR POWERL (PRODUCTION 5%)

GMO (PRODUCTION 5%/DISTRIBUTION 5%)

CONTROVERSIAL WEAPONS*
PRODUCTION 0%/DISTRIBUTION 0%)

NORM RESTRICTIONS

ENVIRONMENT

HUMAN RIGHTS

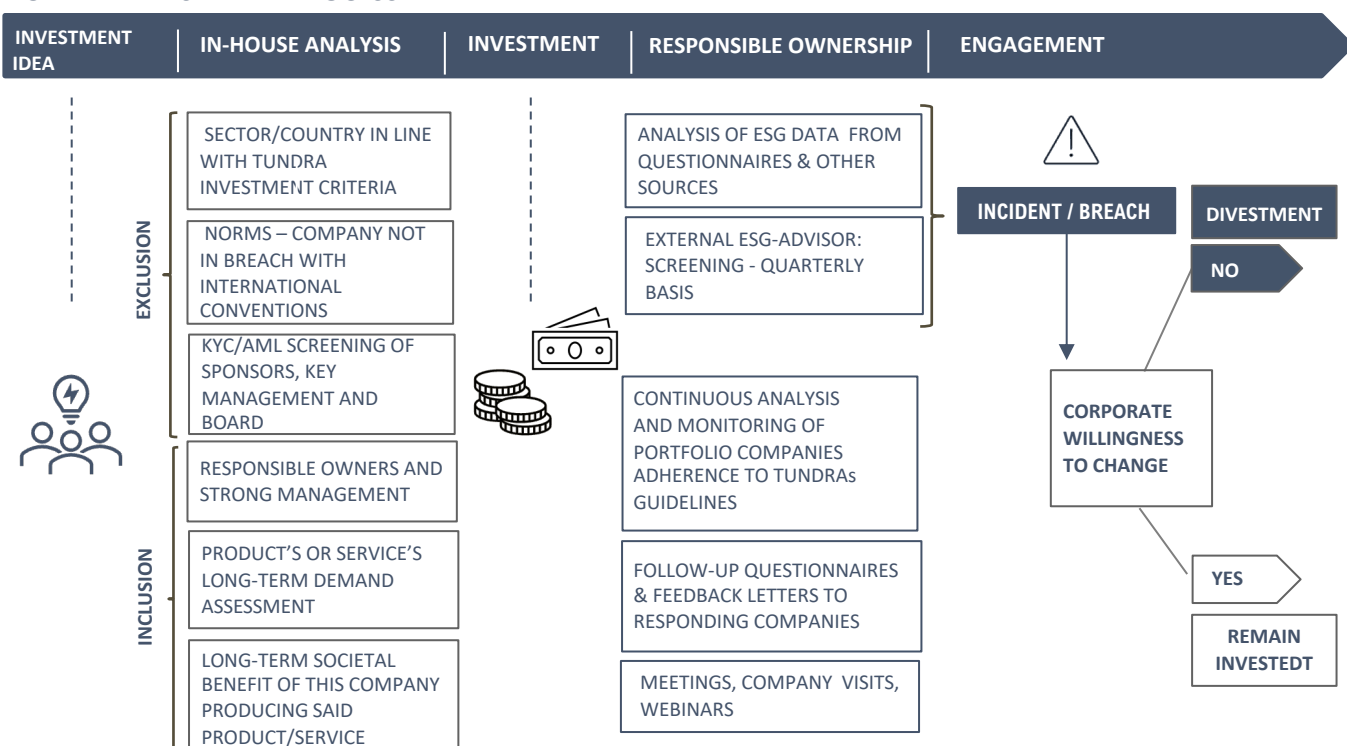
LABOUR RIGHTS

CORRUPTION

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; an in-house analysis including a range of criteria reflecting ESG factors is carried out. The analysis consists of a negative screening (exclusion) and a positive screening (inclusion). The negative screening makes sure that the company is not involved in any of the sectors in which the fund is prohibited to invest. It further checks that the company is not in breach with international norms as defined by UN. In addition an AML/KYC and adverse media screening of the sponsors, board of directors and key management is undertaken. The positive screening involves a thorough background check of the company’s owners, key management and board of directors. Further we undertake an in-depth analysis of the company’s product or service in order to make sure demand for the product/service will remain and preferably grow in importance in the future. This also concerns the company’s suitability to produce this particular product/service. This analysis goes into detail of how the product/service is produced, including worker conditions, resource efficiency, waste handling etc. The final part is to undertake an analysis of how the company positively impact the society where its business is undertaken. After corporate governance risks, the state governance risk (risk of the state interfering or disturbing the company in its operations) is the most important risk when investing in low-income and lower-middle-income countries from our experience. By investing in companies whose progress is supported by local authorities the risk of an investment is significantly reduced. After the investment is made; an ESG Questionnaire is shared with the company as a measure of engagement. Companies are followed continuously to assure that updated information is provided to the investment team. Further, a full list of the portfolio companies is shared with Sustainalytics, Tundra’s external ESG Advisor, on a quarterly basis. In case of a breach, contact is established with the company and the issue is discussed. 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. Divestments are reported in our monthly letters.

TUNDRA INVESTMENT PROCESS



ENGAGEMENT

ESG engagement is based on communication between investors and companies on aspects pertaining to environment, social responsibility and governance. We interact with our portfolio companies through meetings, telephone calls, conference calls, and e-mails. Our approach is based on an active local presence and in-depth analysis. We engage with our companies through our ESG questionnaires offering individualised feedback. This process allows companies to share company specific ESG related developments with us. Our personalised feedback gives companies a snapshot of their current level of ESG reporting versus other companies in their respective sectors, offering clear guidelines on how to improve further.

We believe collaborations are key. In addition to signing onto initiatives relevant to us as an organisation (See section “Our Collaborations”), we also collaborate with academia (researchers and universities in the Nordic countries as well as in our focus countries), NGOs in all the countries described as Tundra’s core markets, Stock Exchanges (e.g. Ho Chi Minh Stock Exchange, Pakistan Stock Exchange, Colombo Stock Exchange), journalists, and government representatives. Going forward it is our ambition to expand these collaborations.

Tundra’s ESG team stands as an integrated part of the financial team including Head of ESG (Stockholm) and ESG analyst (Ho Chi Minh City). In addition to the in-house research team, our external ESG consultant Sustainalytics analyses all of our fund holdings on a quarterly basis.

Before any investment is made we undertake a thorough analysis of the company, which entails meetings with management including detailed analysis of management processes to make sure our interests are aligned. We continuously monitor the work of management and communications issued by the company’s main shareholders, including the circulated agenda for AGMs/EGMs. Exercising our voting rights is another method of engagement. We typically participate in the AGM/EGM, either in person or by proxy, if we have an opinion on proposed agenda items or believe that important items are being left out, or if we want to support a particular candidate to the Board of Directors etc. We do not use a service provider for proxy voting. We exercise our voting rights to improve company performance, or to protect our rights.



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 *UN Global Compact (UNGC)*, the *Principles for Responsible Investment (PRI)*, the *Women Empowerment Principles (WEPs)*, *Climate Action 100+*, *MyPledge* and the *FAIRR Initiative*. We believe that signing up to these international initiatives demonstrates our commitment to sustainability, parallel to providing a tool for guidance. Partnering with global sustainability networks open up avenues of collaboration e.g. investment in new technology, transitioning from fossil fuels to renewable energy, which ultimately have a huge potential to improve businesses and the impact they have on the societies where they operate.

Apart from integrating the ten principles of the *UN Global Compact* into our business, we follow the *OECD Guidelines for Multinational Enterprises* and the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*. When screening companies included in our funds, we assess their adherence to international norms for human rights, environment, labour standards and anti-corruption. We also collaborate with civil society and governmental organisations to add perspectives on working conditions and human rights in the countries we work in. We make company visits, and regularly interact with our portfolio companies to assure compliance with the criteria set for our funds. We advocate transparency for our portfolio companies, and for all our stakeholders. We apply the same criteria for ourselves as an organisation as for others. We share reports, case studies, thematic reports, monthly data and other relevant disclosures on our website and in direct e-mails with our clients and investors. To ensure our portfolio companies adherence to regulations on human and labour rights we also have an external consultant (Sustainalytics) screen our portfolios on a quarterly basis. We also rely on in-house research/analysis, academic collaborations and evidence-based knowledge.



UN GLOBAL COMPACT

Tundra is an active participant to the UN Global Compact and the UNGC Network Sweden. With over 16 000 participating companies across more than 160 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

- 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2: make sure that they are not complicit in human rights abuses.

LABOUR

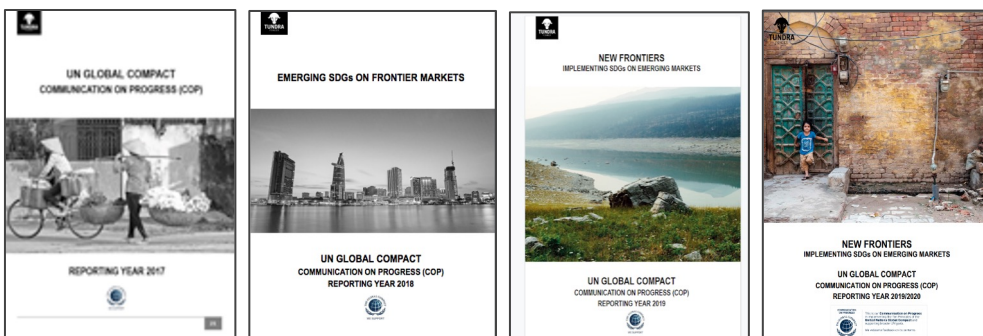
- 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4: the elimination of all forms of forced and compulsory labour;
- 5: the effective abolition of child labour; and
- 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- 7: Businesses should support a precautionary approach to environmental challenges;
- 8: undertake initiatives to promote greater environmental responsibility; and
- 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- 10: Businesses should work against corruption in all its forms, including extortion and bribery.



COP EARLY ADOPTER PROGRAMME

The Communication on Progress (COP) is the primary mechanism for participating companies to demonstrate progress made against the Ten Principles of the UNGC and the SDGs. In an effort to add value and streamline the COP, an enhanced COP digital platform was introduced in 2022 through the Early Adopted Programme and will apply to all participants in 2023. The enhanced COP requires the submission of a statement by the Chief Executive Officer expressing continued support for the UNGC and the completion of an online questionnaire containing questions on corporate actions related to the Ten Principles and the SDGs.

The enhanced COP questionnaire is organized into 5 sections. The first one, Governance, provides a cross-cutting overview of companies' sustainability governance structure. The other 4 sections - Human rights, Labour, Environment and Anti-corruption - survey companies' commitment, prevention, performance, remediation and reporting in these respective areas.

Tundra decided to join as an Early Adopter participant. The programme enabled access to the pre-release version of the new platform and also access to several resources and webinars to support the transition.

Thank you for submitting your Communication on Progress for 2022. Please help us improve our new Communication on Progress by providing feedback ([here](#))



Questionnaire

✓ Submitted

View



CEO Statement of Continued Support

✓ Signed

View

WOMEN'S EMPOWERMENT PRINCIPLES

In March 2018, Tundra signed the *CEO Statement of Support* for the Women's Empowerment Principles (WEPs). Globally more than 6,700 companies have signed on to the WEPs, which encourage high-level business leadership on gender equality and women's empowerment.



The seven 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, but also results in a more diverse and better business. 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 SEVEN PRINCIPLES

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality

EQUILIBRE - MY PLEDGE

<https://www.equilibre.lu/my-pledge>

Equilibre is an action tank dedicated to achieving gender complementarity in a socio-economic context. The aim is to use publicly available data for guidance and leverage, and influence local and corporate culture as well as policy solutions to make meaningful change for women/men and their families.

Tundra joined Equilibre as a signatory to *My Pledge* in 2019. *My Pledge* is an initiative aiming to ensure more diversity at public events in line with the recent #NoWomenNoPanel initiative. Thereby we are committing to advocate for gender diversity on panels and at public speaking events by asking questions on gender diversity when organizing, attending or sponsoring an event in any form.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

The PRI is an independent body that promotes responsible investments through its six principles, supported by the United Nations.

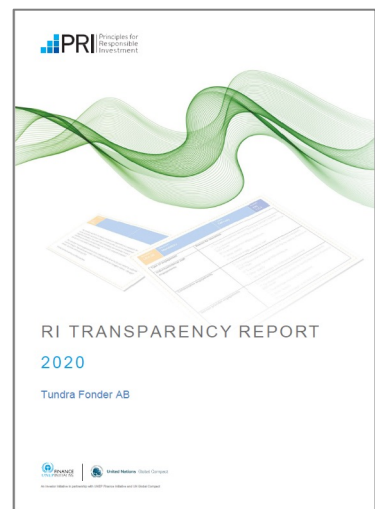
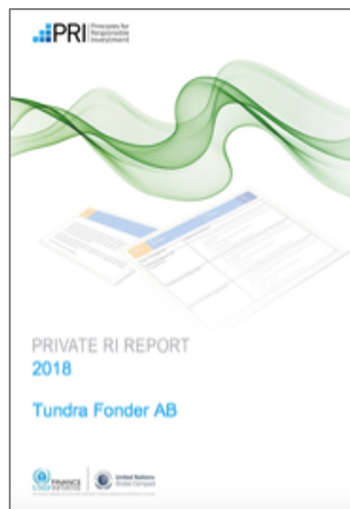
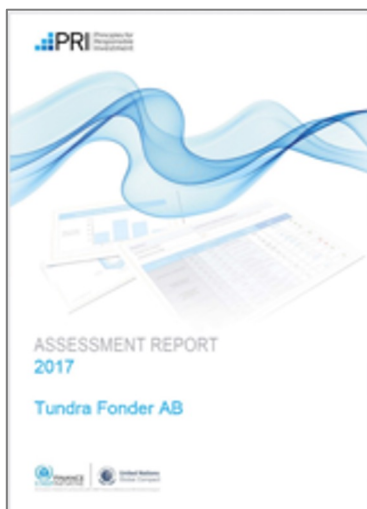
The initiative was launched in April 2006 at the New York Stock Exchange.



“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 aims 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 more than 3,700 signatories which represent approximately USD \$120 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.unpri.org

THE SIX PRINCIPLES

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



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.



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.

Today, 700 investors with more than USD \$68 trillion in assets under management have signed on to the initiative. To learn more about Climate Action 100+, please visit: www.climateaction100.org

PRI – A JUST TRANSITION ON CLIMATE CHANGE

Tundra has signed the Statement of Investor Commitment to Support a Just Transition on Climate Change (<https://bit.ly/3ogVyhZ>)

One priority step for investors to take may entail incorporating just transition into their own policies on responsible investment and climate change. To help investors in this process, the PRI has delivered a guide for investor action (<https://bit.ly/3ojuMWm>), in collaboration with the Harvard Kennedy School and Grantham Research Institute, London School of Economics. Based on international review and extensive dialogue with investors, the guide aims to provide a framework that can be applied by both individual investors and through collaborative efforts.



While investors, many among which are PRI signatories, have largely shown their commitment to curbing carbon emissions, just transition is a new and emerging agenda that calls for attention. A just transition consists of not only climate action but also the inclusion of social aspects. The shift to a low-carbon economy will both prevent the immense economic costs of climate disruption and boost growth as well as job creation; however, when managed poorly, such transition can result in stranded workers, communities and assets. In order to tackle this challenge, investors need to increasingly put emphasis on the workplace and the wider social dimension of their climate strategies.



THE FAIRR INITIATIVE



In 2019, Tundra joined FAIRR’s investor network representing close to \$70 trillion in combined assets. Established by the Jeremy Collier Foundation, the FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive livestock production.

The FAIRR Initiative holds that intensive animal production poses material risks to the global financial system and hinders sustainable development. In its landmark 2016 report, FAIRR identified 28 ESG issues that affect production and pricing, market access, corporate reputation, and legal and regulatory action for companies across the food and agriculture value chain. By providing investors with the tools necessary to address the most material issues, including climate change, deforestation and water scarcity, FAIRR helps investors integrate these factors into their active stewardship and decision-making processes.

FAIRR has launched 4 editions of the Collier FAIRR Protein Producer Index, which assesses 60 of the largest, listed global meat, dairy and aquaculture companies on 10 ESG themes aligned with the SDGs. The Index is designed to provide financial institutions with best-in-class data, analytics and trends on the protein sector to integrate into their investment decisions and engagement strategies. The 10 risk and opportunity factors include: GHG emissions, deforestation & biodiversity, water use & scarcity, waste & pollution, antibiotics, working conditions, animal welfare, food safety, governance and sustainable proteins.

For more information, please visit <https://www.fairr.org/>



of total sector emissions – typically within Scope 3 – remain largely untargeted for reductions



of companies that produce meat and dairy do not disclose how they address water scarcity risks in feed farming



of Asian companies rank as 'High Risk' for the Antibiotics risk factor

Source: Collier FAIRR Protein Producer Index 2021/22

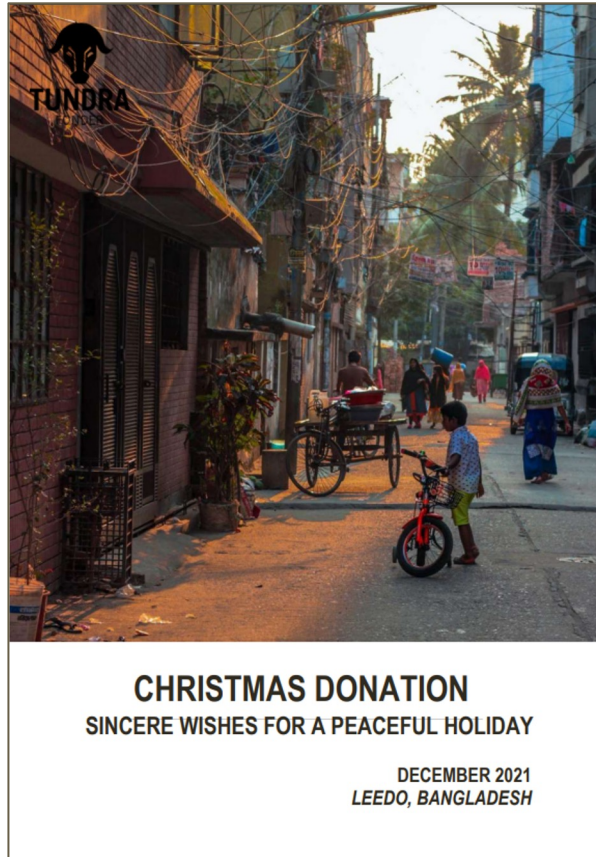
CHRISTMAS DONATION 2021

The yearly Christmas Donation has become a tradition at Tundra. Through a small financial contribution to a carefully selected organization we highlight topics that we consider important. Previous donations have been directed towards organizations operating in our core markets, focusing on topics such as nature conservation, poverty eradication, gender equality, anti-trafficking and many more. This effort is one way of contributing to local efforts in our focus countries.

In 2021, Tundra made an Action Pledge to advance knowledge on children’s rights and contribute to the fight against child labor in frontier markets. To emphasize our commitment to doing our small part in the fight against child labor, we have chosen to give our Christmas contribution to LEEDO, a local NPO based in Bangladesh. LEEDO aims to improve the life chances of children forced to live in extreme difficulties on the streets and also to address the needs of the growing number of vulnerable street children in Bangladesh. The organizational vision of LEEDO is to keep children in school and thereby allow them a brighter future.

For more information, please read our report: <https://bit.ly/3e3MOq9>

To donate, please visit <https://bit.ly/3MzwaOy>



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10. COP Early Adopter Programme <https://bit.ly/3yGiixJ>
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13. Principles of Responsible Investment <https://bit.ly/2g5hRVJ>
14. Climate Action 100+ <https://bit.ly/3Pigl0q>
15. Climate change and the just transition. A guide for investor action <https://bit.ly/3ojuMWm>
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