



SUSTAINABILITY REPORT 2022/2023

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INVESTING FOR THE FUTURE

Tundra's investment philosophy builds on a long-term approach. To us, a sustainable company is a competitive organisation with responsible and honest owners and strong management. Our ambition is to invest in companies whose operations have a long-term positive impact on the society where the business is conducted. These are companies whose products or services are relevant to future generations and are produced in a sustainable way, respecting other core aspects, such as the environment, international agreements, or workers' rights. We call this "Investing for the Future".



Our vision is to create financial returns and planetary relief through long-term sustainable investments. We are convinced that investing in sustainable business models by operating within the planetary boundaries, is a prerequisite for generating financial value. To work towards our vision, we consider the 17 Sustainable Development Goals (SDGs) within the framework of Agenda 2030 as one of our guiding tools. A long-term sustainable investment strategy must be based on a global holistic approach, and not just on selected geographical regions.

TUNDRA'S PHILOSOPHY

Last year presented the European financial industry with an extensive workload in the ambition to comply with the criteria for the new Sustainable Finance Disclosure Regulation (SFDR). A comprehensive set of guidelines aimed at putting pressure on European companies to increase efforts within transparency, sustainability, and subsequent reporting was implemented. A main challenge for us was to stay true to our philosophy in the massive amount of policy updates and compliance. Now we are looking forward to implementing these new guidelines into our impact investing models.

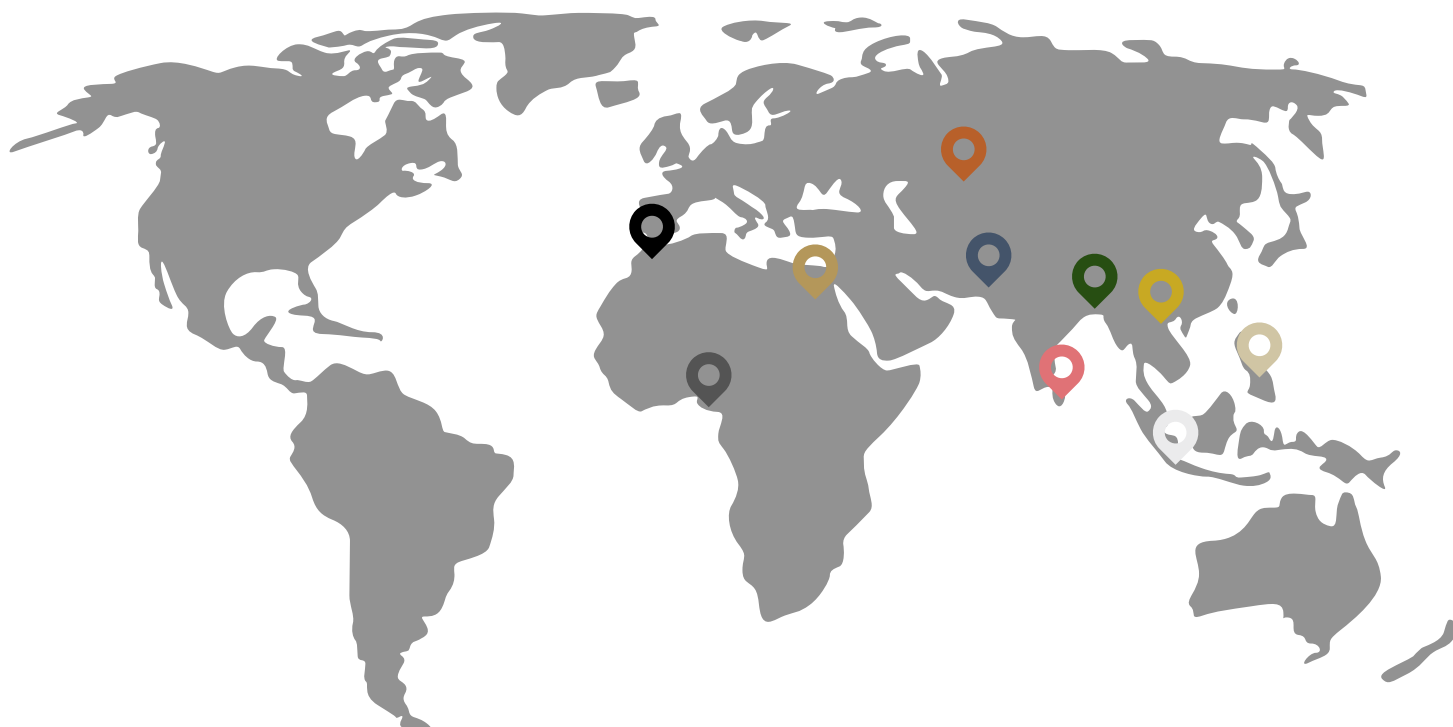











Mattias Martinsson
Chief Investment Officer | Founding Partner

COMPETITIVE ORGANISATIONS ADAPTING TO A CHANGING WORLD

Tundra considers a long-term sustainable company a competitive organisation with responsible and honest owners and strong management. Only competitive organizations can drive sustainability forward and it needs to start from the top. Our goal is to invest in companies whose operations have a long-term positive impact on the society in which the business is conducted. Companies whose long-term goals are aligned with local governments have a better chance of running their business uninterrupted and will thus achieve higher long-term growth.

As investors our role is to identify the very best owners and managements within the countries we invest in, who operate in sectors that are likely to grow in importance, and who don't shy away from their responsibilities towards shareholders, employees, and their communities. In one generation our markets will make up 67% of the world's population. Supporting the very best local companies in their continued journey will both be profitable for our unitholders and make our future world a better place.



- | | | | | |
|---|--|---|--|---|
|  MOROCCO |  EGYPT |  PAKISTAN |  BANGLADESH |  INDONESIA |
|  NIGERIA |  KAZAKHSTAN |  SRI LANKA |  VIETNAM |  PHILIPPINES |

FRONTIER REVIEW



Tundra Sustainable Frontier Fund invests in emerging and frontier markets, with a particular focus on low-income and lower-middle-income countries such as Vietnam, Pakistan, Egypt, Sri Lanka, and Indonesia. These are countries where development is driven by a young population with increased opportunities for education, better working conditions, and a higher standard of living.

Our vision is to create good financial returns and planetary relief through long-term sustainable investments.

A NEW ERA OF SUSTAINABILITY DISCLOSURES

DISCLOSURES

With the introduction of the Sustainable Finance Disclosure Regulation (SFDR) there have been increasing demands on Financial Market Participants (FMPs) regarding disclosure, transparency and extended compliance. As of the 10th of March 2021, FMPs are obliged as a part of a package of legislative measures to disclose sustainability classifications for their products. This has resulted in a range of new guidelines when it comes to sustainability reporting and financial disclosure. Subsequently, all of our internal sustainability reporting information has been revised.

All of Tundra's disclosures in accordance with SFDR (Article 10.1 in the regulation (EU) 2019/2088 and articles 25-36 in the regulation (EU) 2022/1288) can be found at our webpage under this link: <https://www.tundrafonder.se/en/sustainability-related-disclosures/>

In connection with this process, we have also updated all pre-contractual information. As earlier we still publish monthly letters on our website, and this information is also sent out to those who have signed up to receive news from us. The ESG reporting is mainly disclosed in the annual reports. A separate PAI Statement is published at the entity level. This report combines general information for 2022 and 2023, and aims to summarise results from the reporting year 2022 as presented in Annex IV in our annual report 2022 together with more detailed descriptions of the processes involved. All of the material above can be retrieved through our website www.tundrafonder.se



PROMOTING ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

In connection with the increased efforts to promote transparency and minimize greenwashing the European Union has also launched new standards for sustainability reporting for large and listed companies, e.g. the Corporate Sustainability Reporting Directive (CSRD). This will put higher demands on companies regarding processes for data collection and disclosure within an extended range of sustainability aspects. We have streamlined our processes to encompass all relevant aspects and integrate them into our existing systems. ***Tundra Sustainable Frontier Fund*** invests in emerging and frontier markets, with a focus on low-income and lower middle-income countries. Populations in these countries lack fundamental rights such as accessible and qualitative health care, adequate supply of food, decent working conditions and the opportunity to get an education. The lack of basic economic security that characterise these countries provides an opportunity for local companies to play a greater role in the improvement of society. Our ambition to promote environmental and/or social characteristics is primarily based on ensuring the right of all people to the most basic needs as defined by the UN's Sustainable Development Goals (SDGs).

Environmental characteristics promoted by the fund include the expansion of renewable energy, responsible production and consumption, responsible management of water, improved waste management, and measures to reduce climate impact. Social characteristics that the fund promotes include reduced poverty, increased access to nutritious food, increased employment with responsible employers, increased access to affordable medicines, expansion of private health care to relieve the burden on state care, increased access to credit for people and companies, increased access to education, gender equality in company boards and management teams, equal treatment of employees, as well as contributions to the country's increased economic integration globally.

INTERNAL ANALYSIS RELATED TO SFDR CRITERIA

Our research process is initiated with ***Tundra ESG Spectrum***, a combination of negative screening (10 items) and positive screening (currently 48 items). Companies that pass this part of the research process are considered eligible for portfolio inclusion. In SFDR terms these investments are considered to be "aligned with E and S characteristics". During 2022 96.2% of the portfolio was constituted by such investments, this do not include companies under divestment and cash.

The second step is to assess which companies according to the SFDR can be assessed as “sustainable investments”. Our method for this assessment is to map all portfolio companies against the UN SDGs. The 17 SDGs are further divided into 169 targets. Out of these targets, we have defined 32 as investable for portfolio companies in our markets. Companies where more than 50% of their revenue (in exceptional cases investments) can be clearly linked to one or several of these 32 targets, pass the final step and are categorized as “Sustainable Investments”. During 2022 67.7% of the portfolio was constituted by such investments. This work is continuously updated, and more targets will be added as they are evaluated.

THREE-STEP ANALYSIS

1. TUNDRA ESG SPECTRUM

Tundra ESG Spectrum is our in-house ESG analysis system based on principles for inclusion, exclusion and engagement. A total of 58 items are assessed and divided into three categories Best in class (Fern Green), Satisfactory (Pale Blue Sky), and laggards (Charcoal). A total of 96.2% fulfilled the fund's minimum requirements, out of these 81% had at least satisfactory ESG practices according to our previous system.



81%

2. SDG MAPPING

Direct business activities map all portfolio holdings’ impact on the SDGs through sector-specific targets defined as investable (n=32). The remaining 137 targets are referred to as “general” goals that all companies should strive towards. Currently, 27 targets are included in the analysis on portfolio level, meaning that 16% of overall targets are quantified.



27

3. SUSTAINABLE INVESTMENTS

Companies that are aligned with Tundra ESG Spectrum and where more than 50% of revenue (in exceptional cases: investments) is linked to one or several of the 32 sector-specific targets from the UN SDGs. This is in accordance with our classifications as defined according to the EU Sustainable Financial Disclosure Regulation (SFDR)



67.7%

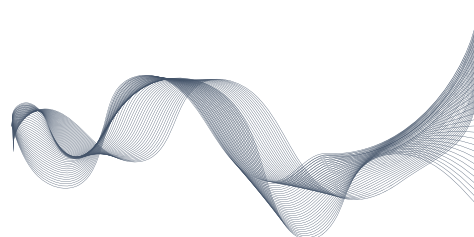
TUNDRA ESG SPECTRUM

Tundra's investment philosophy is based on fundamental financial analysis where sustainability aspects (ESG) have been integrated since the launch of *Tundra Sustainable Frontier Fund*. Over the years we have continued to develop our internal system, the *Tundra ESG Spectrum*. This started out as a tool for engagement with our portfolio companies and has been further adapted to collect information and measure progress on relevant ESG data.

In the new regulatory system ***Sustainable Finance Disclosure Regulation*** (SFDR) Tundra Sustainable Frontier Fund is classified as an Article 8 Fund - basically meaning it is a fund that "promotes environmental and social characteristics". To us, one of the main challenges throughout the process has been to stay true to our core values in the process of adapting to external criteria. Therefore, a considerable amount of time was spent on ensuring that our internal ESG-system ***Tundra ESG Spectrum*** was compliant with the European regulations under the SFDR. As an outcome, our internal system has been adapted to reflect our commitment to these guidelines in the areas of environment, social responsibility, and governance, and further divided into material and non-material factors.

The system is currently constituted by a set of 48 areas applied to all portfolio companies. It is divided into three different sections (Governance, Environment & Social). Each area is composed of different questions, further divided into material items (the most business-centric and crucial for an investment to take place) and non-material items (important long-term questions to improve transparency, ensuring the long-term evolvement of the organization and valuation of the company, but areas we can work on with the companies as shareholders). The system highlights companies' strengths and weaknesses and is an important engagement tool for us in our ongoing discussions with companies.

Over time, the various aspects of environment, social responsibility, and corporate governance have been equally important for the analysis, simply because we believe that a company that integrates all three perspectives has the best chance of success in the long term. An investment that contributes to a sustainability goal shall not cause significant damage to any other sustainability goal. Our working method is based on three basic principles for integrating sustainability risks into management; positive screening, negative screening, and engagement.



TUNDRA ESG SPECTRUM | CRITERIA

EXCLUSIONS

VIOLATIONS OF THE UN GLOBAL COMPACT AND/OR THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISE

| | | |
|--|--|--|
| FOSSIL FUELS (EXTRACTION 5%) | CONTROVERSIAL WEAPONS (PRODUCTION/DISTRIBUTION 0%) | ALCOHOL (PRODUCTION/DISTRIBUTION 5%) |
| URANIUM (EXTRACTION 5%) | OTHER WEAPONS AND/OR MUNITIONS (PRODUCTION/DISTRIBUTION 5%) | TOBACCO (PRODUCTION/DISTRIBUTION 0%) |
| PORNOGRAPHY (PRODUCTION 0%/DISTRIBUTION 5%) | GENETICALLY MODIFIED ORGANISMS (GMO) (PRODUCTION/DISTRIBUTION 5%) | COMMERCIAL GAMBLING OPERATIONS (PRODUCTION/DISTRIBUTION 5%) |

INCLUSIONS

24 ITEMS ON CORPORATE GOVERNANCE (18 OF WHICH ARE MATERIAL)

10 ITEMS ON ENVIRONMENTAL (5 OF WHICH ARE MATERIAL)

14 ITEMS ON SOCIAL (7 OF WHICH ARE MATERIAL)

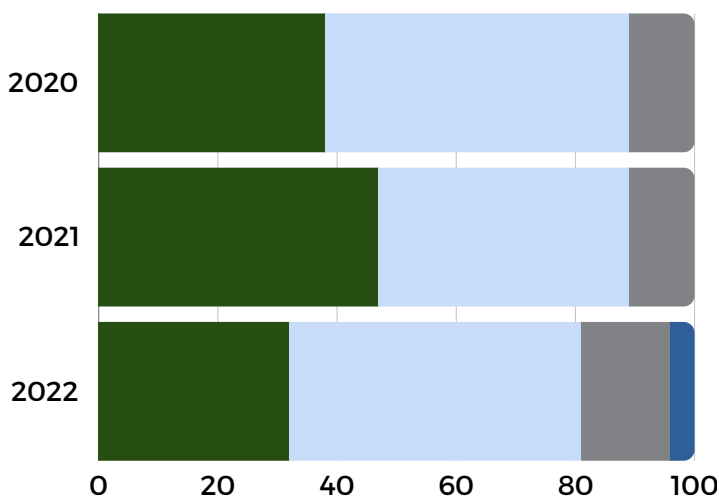
(AT LEAST ACCEPTABLE LEVEL (50%) IS REQUIRED ON ALL MATERIAL QUESTIONS FOR AN INVESTMENT TO TAKE PLACE)

| RESPONSIBLE OWNERS / STRONG MANAGEMENT | STRUCTURAL GROWTH | POSITIVE SOCIETAL IMPACT |
|--|--|--|
| KYC/AML AND ADVERSE MEDIA SCREENING OF MAIN OWNERS, BOARD MEMBERS, 6 SENIOR MANAGEMENT | INVOLVED IN A SECTOR THAT IS LIKELY TO CONSTITUTE A HIGHER SHARE OF THE ECONOMY IN THE FUTURE | WHY IT IS IN THE COUNTRY'S INTEREST THAT THIS LINE OF BUSINESS GROWS |
| BACKGROUND CHECK & HISTORY OF KEY PEOPLE | EVALUATION OF PRODUCT OR SERVICE FROM A LONG- TERM DEMAND PERSPECTIVE | THE COMPANY'S STANDING WITHIN SOCIETY, WHY IT WILL REMAIN OR IMPROVE |
| BOARD COMPOSITION & STEWARDSHIP POLICIES | PRODUCTION EFFICIENCY (USE OF RESOURCES, KEY SUPPLIERS, TREATMENT OF EMPLOYEES) | GOVERNANCE (TAX PAYMENTS, POLITICAL AFFILIATIONS, GENERAL PERCEPTION WITHIN SOCIETY) |
| HISTORICAL MANAGEMENT & BOARD CHANGES | CURRENT AND POTENTIAL FUTURE LEGISLATION THAT MIGHT IMPACT | SOCIAL IMPACT (EMPLOYER PERSPECTIVE) OF THIS PARTICULAR COMPANY GROWING |
| SUCCESSION RISKS | | ENVIRONMENTAL IMPACT OF THIS PARTICULAR COMPANY SUCCEEDING |

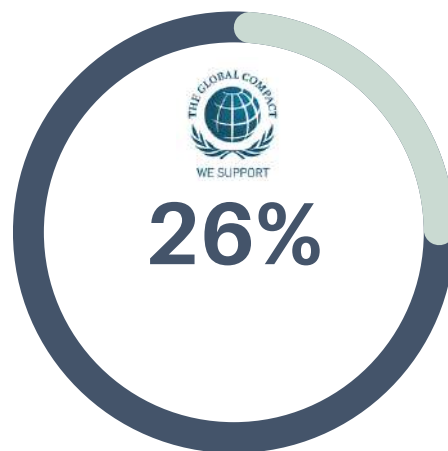
TUNDRA ESG SPECTRUM | OUTCOMES

As presented in earlier [sustainability reports](#) by Tundra we have divided the portfolio companies into three categories according to our internal rating system **Tundra ESG Spectrum**: *Fern Green* (representing the top performing companies regarding ESG practices), *Pale Blue Sky* (Satisfactory ESG practices), and *Charcoal* (Unsatisfactory ESG practices). This categorization is mainly a tool for internal analysis and monitoring. Following our adaptation to meet the criteria from SFDR the threshold for different categories has been revised.

Fern Green now includes companies that have at least 80% score on material questions and a minimum of 50% regarding the overall score. *Pale Blue Sky* are companies that fulfill a minimum 65% score on material questions and above 50% overall, whereas *Charcoal* are companies that score below 65% on material questions and/or below 50% overall. A total of 26% of portfolio companies were signatories to the UN Global Compact.



*Calculations for 2020-2021 do not include companies under divestment and cash. During 2022 approximately 4% of the portfolio belonged to this category, here presented in *Deep Ocean Blue*.



In total, 36 companies were included in the fund for the reporting period 2022. In proportion to AUM, 81% was constituted of companies (n=29) with a satisfactory score in our in-house system. This can be compared to 2021 where 89% passed the general criteria. The graph shows the proportion of portfolio companies that were eligible for the different categories for the years 2020-2022. Although the criteria are stricter, the analysis shows a similar outcome, but with a slightly higher number for companies that do not fulfill criteria.

SDG MAPPING

This year marks the halfway point to the deadline for the 2030 Agenda. The **SDG Progress Report - Special Edition** published earlier this autumn shows we are leaving more than half the world behind. Over 50% of targets have weak or insufficient progress, and 30% have stagnated or reversed. These include key targets on poverty, hunger, and climate. The report highlights five key focus areas for action, many are on a governmental level. There are however several actions remaining to be addressed by the business community.

As stated in the report under **Key Area 4**: *"The international community should recommit at the SDG Summit to deliver on the Addis Ababa Action Agenda and to mobilize the resources and investment needed for developing countries to achieve the Sustainable Development Goals, particularly those in special situations and experiencing acute vulnerability."* This assumption is at the core of our business model. Read the full report here: <https://unstats.un.org/sdgs/report/2023/>



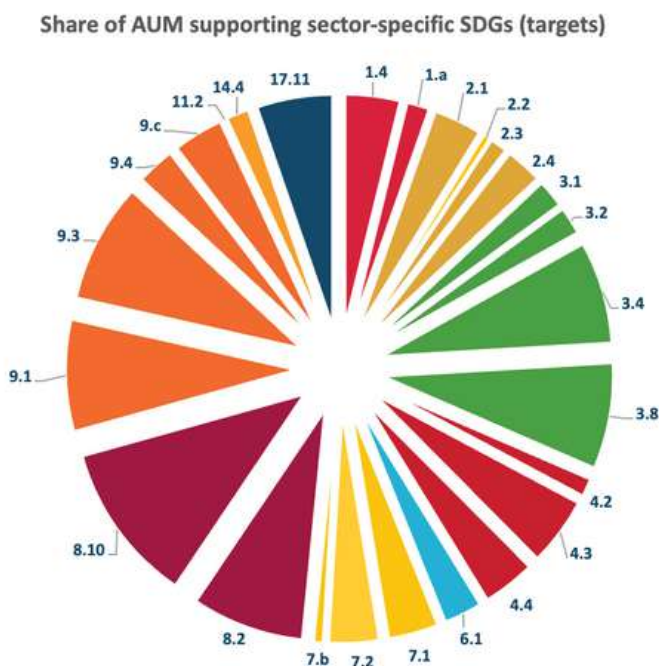
"The international community should recommit at the SDG Summit to deliver on the Addis Ababa Action Agenda and to mobilize the resources and investment needed for developing countries to achieve the Sustainable Development Goals, particularly those in special situations and experiencing acute vulnerability."

SDG MAPPING - PORTFOLIO

Since 2016 Tundra has worked with the SDGs as an integral part of our effort within ESG. The first approach was more of an awareness-raising activity, whereas the process now included analysis of SDG targets on the portfolio level.

During 2022 we extended this work further and mapped all portfolio 'holdings' impact on the SDGs. There are many ways to measure impact on SDGs and it is an area subject to interpretation. Tundra has chosen to measure impact by the direct business activities companies undertake, primarily by revenue generation, in some cases by how investments are directed. We do this distinction in order to connect the targets directly to the businesses where we invest.

Taking a closer look at the SDGs they present goals at different levels; some are more directed towards countries than corporations. The 17 SDGs have 169 underlying sub-goals, targets, which are more detailed. Tundra has selected 32 out of these as investable, targets which we currently view it is possible for corporates to derive their revenue from. We call the 32 investable targets "sector specific", whereas the remaining 137 targets we refer to as "general", goals that all companies should strive towards but where it is very difficult to assign the company's revenue or investments to them. In our mapping of Tundra Sustainable Frontier Fund for 2022, 27 out of these 32 targets were represented. See the pie-chart below for the distribution. Note that these are overlapping and one company can be featured in more than one section. This work is continuously updated and revised, and should be seen as a work in progress approach.



SDG TARGETS | SECTOR-SPECIFIC MAPPING

The 17 SDGs are divided into 169 targets. Out of these Tundra have deemed 32 currently investable (sector-specific) in our markets. During 2022 we had portfolio companies with revenue generation from 27 of these. These categories overlap, meaning that companies may be represented in several subgroups.

1 NO POVERTY



1.4

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Example from portfolio: Companies involved in microfinancing

1.a

Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programs and policies to end poverty in all its dimensions

Example from portfolio: Company deriving revenue originating from targeted support to local farmers and agriculture.

2 ZERO HUNGER



2.1

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Example from portfolio: Grocery retailers who specifically target low-income segments of society

2.2

By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

Example from portfolio: Company involved in manufacturing of nutritional milk for infants

2.3

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

Example from portfolio: Company involved in financing to small farmers

SDG TARGETS | SECTOR-SPECIFIC MAPPING



2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Example from portfolio: Company involved in food production focussing on locally sourced products from farmers who they support with training and financing.



3.1

By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.

Example from portfolio: Company involved in healthcare services, specialized in maternal care.

3.2

By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

Example from portfolio: Company involved in healthcare services, specialized in maternal care.

3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

Example from portfolio: Pharmaceutical companies offering low-cost medicines for treatment of non-communicable diseases.

3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Example from portfolio: Insurance companies offering accident & health insurance products

SDG TARGETS | SECTOR-SPECIFIC MAPPING



4.2

By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

Example from portfolio: Company operating K-12 (Kindergarten to 12th grade) education facilities

4.3

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

Example from portfolio: Companies operating private universities

4.4

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Example from portfolio: Companies operating private universities



6.1

By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

Example from portfolio: Companies operating waste-water treatment plants



7.1

By 2030, ensure universal access to affordable, reliable and modern energy services.

Example from portfolio: Companies generating revenue from renewable energy production.

7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

Example from portfolio: Companies building and operating renewable energy facilities

SDG TARGETS | SECTOR-SPECIFIC MAPPING

7 AFFORDABLE AND
CLEAN ENERGY



7.b

By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.

Example from portfolio: Companies building and operating renewable energy facilities

8 DECENT WORK AND
ECONOMIC GROWTH



8.2

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Example from portfolio: IT-consultants offering off-shore software and programming services

8.1

Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Example from portfolio: Companies offering banking and insurance products

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Example from portfolio: Companies building water-utilities and renewable energy infrastructure

9.3

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Example from portfolio: Companies providing loans to small and medium size enterprises

SDG TARGETS | SECTOR-SPECIFIC MAPPING



9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Example from portfolio: Companies building roof-top solar facilities

9.c

Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

Example from portfolio: Company offering internet services and retailing affordable hardware devices to access the internet



11.2

By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Example from portfolio: Company providing formalized passenger transportation



14.4

By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics

Example from portfolio: Company involved in marine meat who has certified a large part of its fisheries and work with local authorities to set enforcement rules and capabilities to ensure a sustainable stock of tuna.



17.1

Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.

Example from portfolio: Companies whose exports exceed 50% of its total revenue.

SDG SECTOR-SPECIFIC | EXAMPLES FROM PORTFOLIO

HERMINA HOSPITALS



Hermina Hospitals is an Indonesian private healthcare company with special expertise in maternity care. In 2021 one out of every 80 Indonesian babies were born in the company's hospitals. All the company's hospitals participate in Indonesia's universal health coverage program JKH, which provides healthcare services to the less affluent part of the population.



A majority of the company's revenue can be attributed to SDG 3 (Good health and well-being), with direct links to the following sub-goals: 3.1 (Reduce maternal mortality), 3.2 (End preventable deaths among children under 5 years of age), 3.4 (Reduce the number of deaths due to noncommunicable diseases and promote mental health), and 3.8 (Accessible healthcare for all).

REFRIGERATION ELECTRICAL ENGINEERING CORPORATION



REE is a Vietnamese company leading in environmental technology and renewable energy. The company operates in wastewater treatment, renewable energy generation, construction of renewable energy infrastructure, and construct and operate resource and energy efficient commercial buildings for which it has received green financing loans.



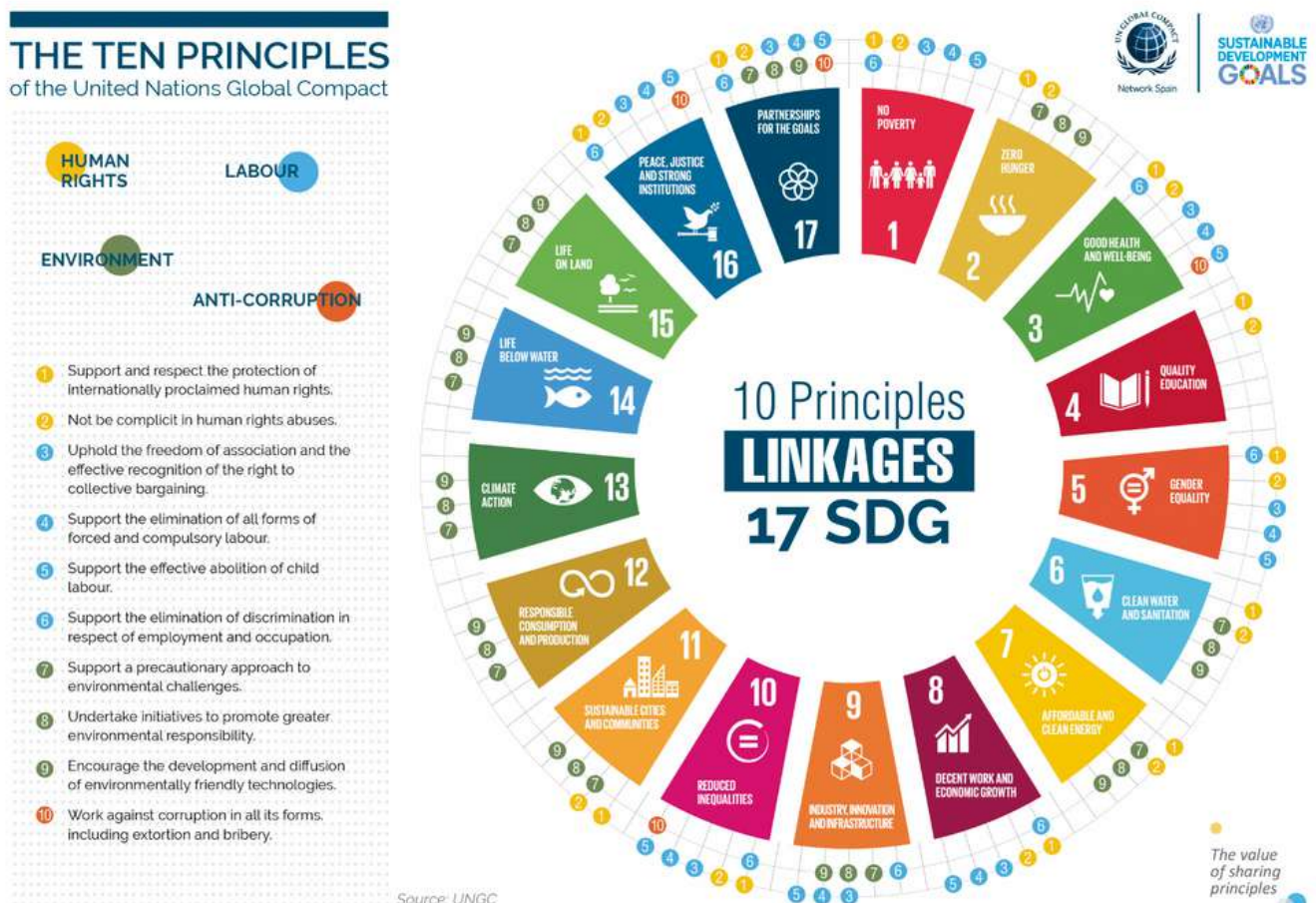
A majority of the company's turnover can be attributed to SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy) and SDG 9 (Industry, Innovation and Infrastructure), directly linked to the following sub-goals: 6.1 (Universal and equitable access to safe and affordable drinking water for all), 7.1 (Universal access to affordable, reliable and modern energy services), and 7.2 (Increase substantially the share of renewable energy in the global energy mix), 9.1 (Develop quality, reliable, sustainable and resilient infrastructure), and 9.4 (Upgrade infrastructure and retrofit industries to make them sustainable).

TUNDRA GUIDING PRINCIPLES

Tundra adheres to a range of different guiding principles, all selected to highlight and reflect our commitments. The main frameworks/initiatives that we incorporate into our daily business are:

- **Agenda2030** - 17 Sustainable Development Goals (SDGs) 17
- **Global Compact** - UNGC principles - 10
- **Principles of Responsible Investments** - PRI principles - 6 principles
- **Sustainable Finance Disclosure Regulation (SFDR)** - Principal Adverse Impacts Indicators (PAIs) - 17 [14 compulsory + Tundra's selected PAIs - currently 3]
- **Women Empowerment Principles** - WEPs - 7

The overall content of these principles is included in the following pages for an overview. There is a color coding to indicate the overlap between different principles. This is not representing a full overlap, but more indicating potential ways to interpret these principles.



TUNDRA GUIDING PRINCIPLES

UN GLOBAL COMPACT 10 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.

PRINCIPAL ADVERSE IMPACTS INDICATORS (PAI)

- 10 Violation of the UN Global Compact and the OECD Guidelines for Multinational Enterprises
- 11 Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises
- 12 Unadjusted gender pay gap
- 13 Board gender diversity
- 15 Lack of human rights policy
- 16 Lack of regulations to prevent trafficking
- 1 Greenhouse gas emissions (Scope 1, 2, 3 and total GHG emissions)
- 2 Carbon footprint
- 3 Greenhouse gas intensity of investee companies
- 4 Exposure to companies active in the fossil fuel sector
- 5 Share of non-renewable energy consumption and production
- 6 Energy consumption intensity per high impact climate sector
- 7 Activities negatively affecting biodiversity-sensitive areas
- 8 Emissions to water
- 9 Hazardous waste and radioactive waste ratio
- 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
- 17 Lack of anti-corruption and anti-bribery policies

TUNDRA GUIDING PRINCIPLES

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

- 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.



WOMEN'S EMPOWERMENT PRINCIPLES (WEP)

- 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.



ENGAGEMENT

worldfavor

We engage with our portfolio companies through close communication regarding different aspects relating to the environment, social responsibility and corporate governance. Collaborations are important to us in order to get maximum output from the dialogues. In addition to signing initiatives that are relevant to us as an organisation, we also collaborate with academia (researchers and universities), NGOs in all 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.

Our portfolio companies must have decent employment conditions, good working environment safety, training opportunities, and there must be policies in place to counteract discrimination. We consider these areas important drivers of long-term sustainability.

Since the Fund invests exclusively in emerging markets and frontier markets that are not covered by the European regulatory framework SFDR, reliable data on other relevant indicators are currently lacking. The Fund's ambition is to expand the number of indicators reported by requesting this information directly from the companies. To achieve this, we have initiated a collaboration with an external platform for data collection, Worldfavor - a web-based system where portfolio companies can see what data is requested, report the data that is possible to produce and gradually improve their reporting over time. The data requested include aspects of both environmental and social indicators (PAI indicators). This has been communicated to all our portfolio companies, we hosted webinars and held follow-up discussions in order to improve their understanding of reporting needs of European fund managers. Thereby creating the basis for improved reporting going forward.



OUR COLLABORATIONS

At its core, sustainable growth is about building partnerships and creating opportunities for dialogue across groups of different stakeholders. Tundra supports and aligns its work with several global initiatives that encourage portfolio companies to integrate different aspects of sustainability into their investment processes and strategies. We believe that signing up to these international initiatives demonstrates our commitment to sustainability, parallel to providing a tool for guidance.

The main frameworks and collaborations are listed here below. We incorporate the *ten principles of the UN Global Compact*, the *OECD Guidelines for Multinational Enterprises* and the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* into our business. In the process of screening companies included in our fund, we assess their adherence to international norms for human rights, environment, labour standards and anti-corruption. We have built our business on collaborations with a range of organisations over time, including representatives for civil society, academia and governmental organisations.



PRINCIPLES FOR RESPONSIBLE INVESTMENT

PRI is an UN-initiated independent organisation promoting responsible investments through its six principles. To date the PRI gathers 5 381 signatories representing US\$ 121 trillions. Tundra joined the PRI in early 2017 and we encourage stakeholders in finance to adopt the movement as well. 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.



UN GLOBAL COMPACT

Tundra has been an active participant to the UN Global Compact since 2018, and part of the UNGC Network Sweden since its launch in 2018. With over 22 000 businesses and organisations in the global network, the UNGC is the world's largest corporate sustainability initiative. The ten principles include:

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.

In 2021 Tundra joined as an Early Adopter participant. The program enabled access to the pre-release version of the enhanced CoP digital platform and also several resources and webinars to support the transition. The reporting for 2022 has been delayed by the UNGC and therefore Tundra will combine the reporting for 2022/23 during next year CoP.



SWEDEN'S SUSTAINABLE INVESTMENT FORUM - SWESIF

During 2022 Tundra expanded further on collaborations with Sweden's Sustainable Investment Forum (SWESIF). Jennie Ahrén, Chief Sustainability Officer at Tundra, was elected Board Member of Swesif in March 2022. She currently serves as Chair for the organisation. The network is an independent, non-profit association, whose members mainly consist of capital owners and managers.

As an engaged member we also participated in a webinar to explore the risks of AMR on March 30. The discussions also touched upon opportunities on how to mitigate risks and examples of how investors and corporations are working to address the topic. Our Chief Sustainability Officer, Jennie Ahrén, was invited as a speaker.

Antimicrobial resistance (AMR) is one of the top 10 global public health threats facing humanity according to WHO. Most recent estimates find that 1.27 million deaths were directly attributable to AMR and 4.95 million were associated with AMR in 2019. A global threat that is intensifying and has a particular importance in frontier and emerging markets. Watch the full recording here: bit.ly/42ta5so



WOMEN'S EMPOWERMENT PRINCIPLES

In March 2018, Tundra signed the CEO Statement of Support for the Women's Empowerment Principles (WEPs). Globally more than 8,000 companies have signed on to the WEPs, which encourage high-level business leadership on gender equality and women's empowerment.



CLIMATE ACTION 100+

Tundra is a founding signatory of Climate Action 100+, an 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.



THE FAIRR INITIATIVE

In 2019, Tundra joined FAIRR's investor network representing close to \$70 trillion in combined assets. FAIRR Initiative is a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by intensive livestock production.



INVESTOR ACTION ON AMR

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.



TOBACCO FREE FINANCE PLEDGE

The Tobacco-Free Finance Pledge highlights the leadership of financial institutions that have implemented tobacco-free finance policies and encourage others to follow suit. The initiative has over US\$ 16.6 trillion in assets under management. Tundra became a signatory to the Pledge in 2018, and we encourage other financial institutions to consider joining us.