



ANNUAL SUSTAINABILITY REPORT

**TUNDRA SUSTAINABLE FRONTIER FUND
REPORTING YEAR 2020**

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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.

Front page photo by Nikhita S on Unsplash

2020 - the first year of the covid-19 pandemic - has affected us all in one way or another. For Tundra it was the year when we streamlined our business to deliver one single global strategy, and despite the hardship of 2020 it was one of our single best years ever in terms of relative performance. We have always talked about the resilience of the economies we invest in, and about the great companies we are shareholders in. In retrospect, 2020 was the year when both we ourselves and our unit-holders were rewarded for this long-term commitment.

In the global perspective the amount of stimulus registered by the world's richest nations meant most global investors had quite a good year after all, and it has continued in the first half of 2021. The other aspect is of course the suffering, not the least in terms of mental health, the world had to endure. The most vulnerable were children. Although children as a group have been less affected by the physical consequences of covid-19, the increase in poverty will have an immense impact on children and their families.

A positive, and hopefully lasting, impact of the pandemic is the improved communication. Although we could not travel, the fact that companies embraced online communication made it possible to keep up our company meetings schedules almost like in normal times. It is likely that business travelling will remain lower than in the last decade going forward. For us, we expect our travelling to be more focused on the crucial experiences, the ground flavour, rather than the face-to-face meetings in board rooms.

For the remainder of the year we are hopeful of gradually improving conditions. Recall that before covid-19 hit the world, our markets had undergone several years of crisis and relentless outflows from foreign investors. Nothing sharpens businesses more than hard conditions however. We see early signals of significant improvements in our portfolio companies and we expect their performance to gradually improve further from here.

In the years ahead we will continue our award-winning investment philosophy, focussing on Low- and Middle-income countries (LMICs) and trying to help our portfolio companies to adjust to ever increasing requirements on their sustainability standards in the years to come. We will play our small part, trying to help, and we appreciate the trust our unit-holders place in us. We will do our utmost to deserve it.



Mattias Martinsson CIO/Founding Partner



PLEDGE TO END CHILD LABOUR

2021 is the International Year for the Elimination of Child Labour.

Ending child labour and all forms of forced and compulsory labour is integral to the Ten Principles of the UN Global Compact. A wide gap between business aspiration and business action persists. In response to this, the UN Global Compact is prioritizing this topic and calling on its business participants to submit their 2021 Action Pledge to End Child Labour.

Companies are sometimes indirectly involved in child labour — without even knowing it. Companies of all sizes and from all sectors can step up their due diligence on human rights and to identify, prevent, mitigate and account for all adverse human rights impacts in their operations and value chains, which will help tackle child labour and forced labour. Pledges should aim at being achieved by the end of 2021.

Making a real impact will require adopting a holistic approach and collaborating with all stakeholders. It is time to accelerate the pace of progress and for business to take practical actions to help eliminate child labour for good.

Submit your 2021 Action Pledge at <https://bit.ly/3eWlQIA>
#EndChildLabour2021

International Year for the Elimination of Child Labour 2021

CHILD LABOUR IS WORK THAT DEPRIVES CHILDREN OF THEIR CHILDHOOD, THEIR POTENTIAL, AND THEIR DIGNITY

Worldwide, 160 million children aged 5 to 17 years old are engaged in child labour.



1 out of 10 children aged 5 to 17 are in child labour



1 out of 20 children aged 5 to 17 are in hazardous child labour



Age distribution



The 2016-2020 period saw a worrying **increase** in child labour among young children aged 5 to 11 years

Sector distribution



TUNDRA'S ACTION PLEDGE

Advancing knowledge on children's rights in frontier markets

We aim to raise awareness among companies in frontier and early emerging markets (low-income and lower-middle-income countries, also referred to as LMICs).

- By raising awareness among companies in frontier and early emerging markets and informing them on children's rights and the importance of adhering to international guidelines.
- By informing businesses on their role in making the societies where they operate a safer place for children.
- By demanding increased transparency and action.

Collaborations across borders and cultures are essential in order to end child labour.

It's time to accelerate the pace of progress.

Find out how to take action at <https://endchildlabour2021.org/>

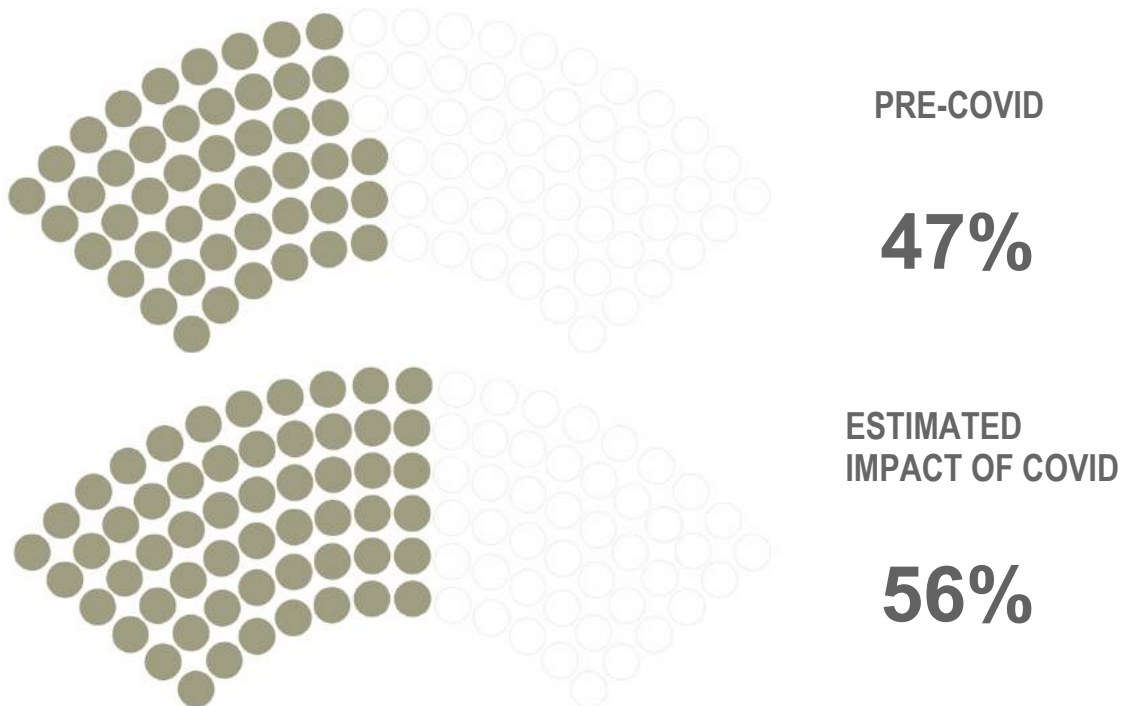
#EndChildLabour2021

COVID-19 AND CHILDREN

“150 million additional children plunged into poverty due to COVID-19”, a dire message by UNICEF and Save the Children in their new analysis [2]. It has revealed that the number of children living in multidimensional poverty has increased by 15% since the start of the pandemic. The number of children living in multidimensional poverty has soared to approximately 1.2 billion due to the pandemic. Using data on access to education, healthcare, housing, nutrition, sanitation and water from more than 70 countries, the authors found that around 45% of children were severely deprived of at least one of these critical needs even before the pandemic hit.

Social protection, inclusive fiscal policies, investments in social services, and employment and labor market interventions to support families are critical to lifting children out of poverty and preventing further devastation. Access to healthcare needs to be expanded and children need the tools and technology to continue their studying remotely; investing in family-friendly policies including parental leave and child care is also essential.

Inger Ashing, CEO of Save the Children, concluded: “This pandemic has already caused the biggest global education emergency in history, and the increase in poverty will make it very hard for the most vulnerable children and their families to make up for the loss. Children who lose out on education are more likely to be forced into child labor or early marriage and be trapped in a cycle of poverty for years to come. We cannot afford to let a whole generation of children become victims of this pandemic. National governments and the international community must step up to soften the blow.”



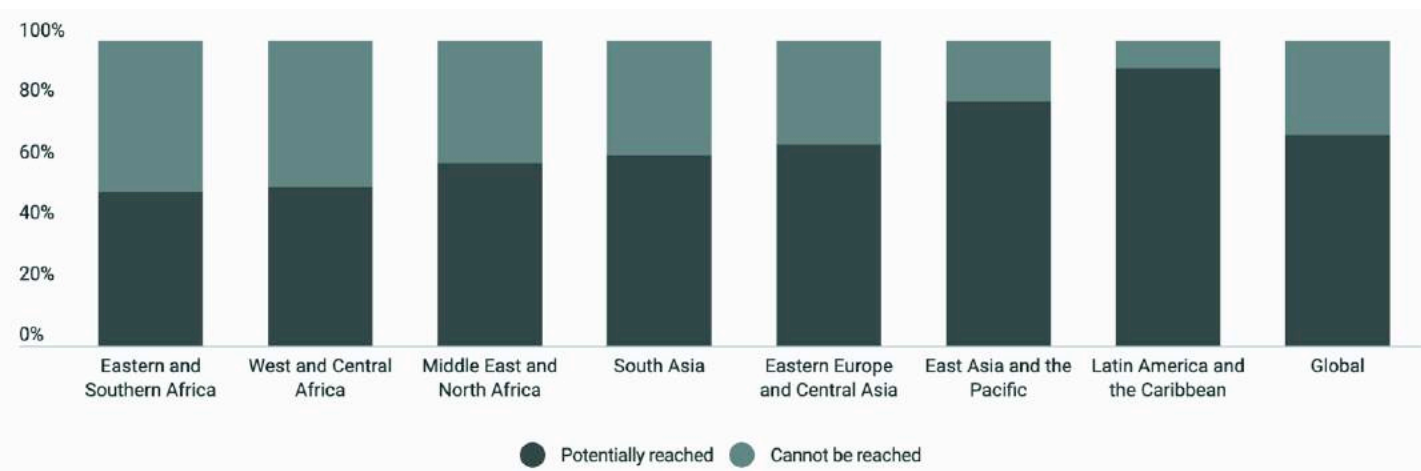
PERCENTAGE OF CHILDREN LACKING ACCESS TO EDUCATION AND/OR HEALTH SERVICES GLOBALLY

Source: Analysis by Save the Children and UNICEF, based on data from MICS and DHS surveys

DISRUPTION OF SCHOOLS AND HEALTH SERVICES

Education and health are the two dimensions that show the most rapid impact of the pandemic due to the immediate effect of school closures and disruption of health services.

Most governments have set up distance education to continue children’s learning; this includes distributing lessons via radio, TV, computers or mobile phones/laptops. However, children who do not have access to such devices nor the Internet will be excluded and thus deprived of education. Among these children, there is a high risk that many of them are already living in poor conditions and lacking in other dimensions as well. It is estimated that at least a third of the world’s schoolchildren – 463 million children globally – were unable to access remote learning due to the pandemic. School closures could lead to an increase in child marriage and child labor which will in turn prevent children from resuming their education [3].



PERCENTAGE AND NUMBER OF STUDENTS POTENTIALLY REACHED AND NOT REACHED BY DIGITAL AND BROADCAST REMOTE LEARNING POLICIES, BY REGION (PRE-PRIMARY TO UPPER SECONDARY)

Source: UNICEF analysis, using MICS, DHS and other national household surveys

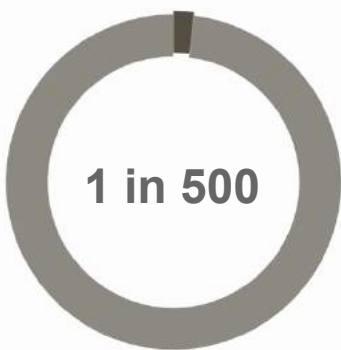
While children have been largely spared the direct mortality impact of COVID-19, they suffer from the indirect effects of already overstretched health systems and disruptions to life-saving health services such as immunization and antenatal care. According to a study by the Johns Hopkins Bloomberg School of Public Health conducted in 118 low-income and middle-income countries, over 2 million additional under-5 deaths could occur in just 12 months due to reductions in routine health service coverage levels and an increase in child wasting [4]. The number of unvaccinated and under-vaccinated children is expected to increase, putting the lives of many children at grave risk of disease or death. One prime example is the measles crisis; measures to mitigate COVID-19 have disrupted vaccination and crippled efforts to prevent and minimize measles outbreaks [5]. As of November 2020, more than 94 million children were at risk of missing vaccines due to paused measles campaigns in 26 countries. Furthermore, malnourishment among vulnerable children is increasing as a result of the deteriorating quality of their diets and disruption in food systems and women’s access to nutrition services.

INCREASED RISKS OF VIOLENCE AND ABUSE

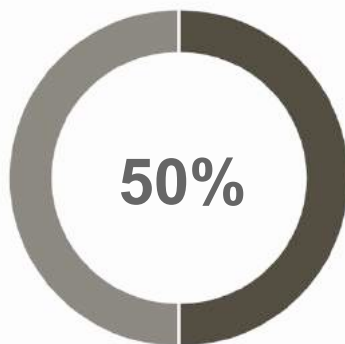
Confinement measures against COVID-19 have led to heightened tensions in the household, added stress to caregivers, economic instability and social isolation; these are risk factors for violence at home. Since the outbreak, emerging data and reports have shown that domestic violence has intensified and children may experience more frequent and severe acts of violence at home [6]. According to a new UNICEF publication, 1.8 billion children live in the 104 countries where violence prevention and response services have been disrupted due to COVID-19 [7]. Overall, 66% of countries reported a disruption in any services related to violence against children. South Asia has the highest proportion of countries reporting service disruptions, with 88%, followed by Eastern Europe and Central Asia. Case management services and household visits to children and women at risk of abuse were among the most commonly disrupted services.

The pandemic has increased the number of people online and how much time people spend online, which has driven concern around harms of the online space particularly for children. Organizations as well as law enforcement globally have reported a surge in sexual crimes against children online [8]. The Internet and advanced technology have made it easier than ever to access, download, produce and share child sexual abuse (CSA) material. With travel restrictions in place and rising demand from offenders for CSA material online, children already marginalized by socio-economic factors are at the highest risk of being targeted. According to an INTERPOL assessment, underreporting of CSA and increased sharing of child exploitation material through peer-to-peer networks are among the effects of COVID-19 [9]. There are concerns that some offending may never be reported after substantial delay in access to services for victims to report offenses or seek support. Sex offenders with the technical expertise to administrate forums have had more time to create new ones, while users have benefitted from additional time online to organize their CSA collections.

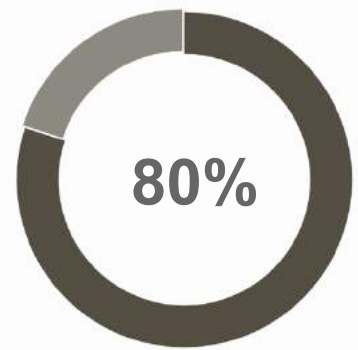
“It is important to remember that **each photo and video of child sexual abuse is evidence of a real crime involving real children**. Each time an image is viewed those children are re-victimized and their very real suffering is prolonged even further” said Jürgen Stock, INTERPOL Secretary General.



1 in 500 individuals look at CSA material while at work



Half of those who consume CSA material abuse children physically

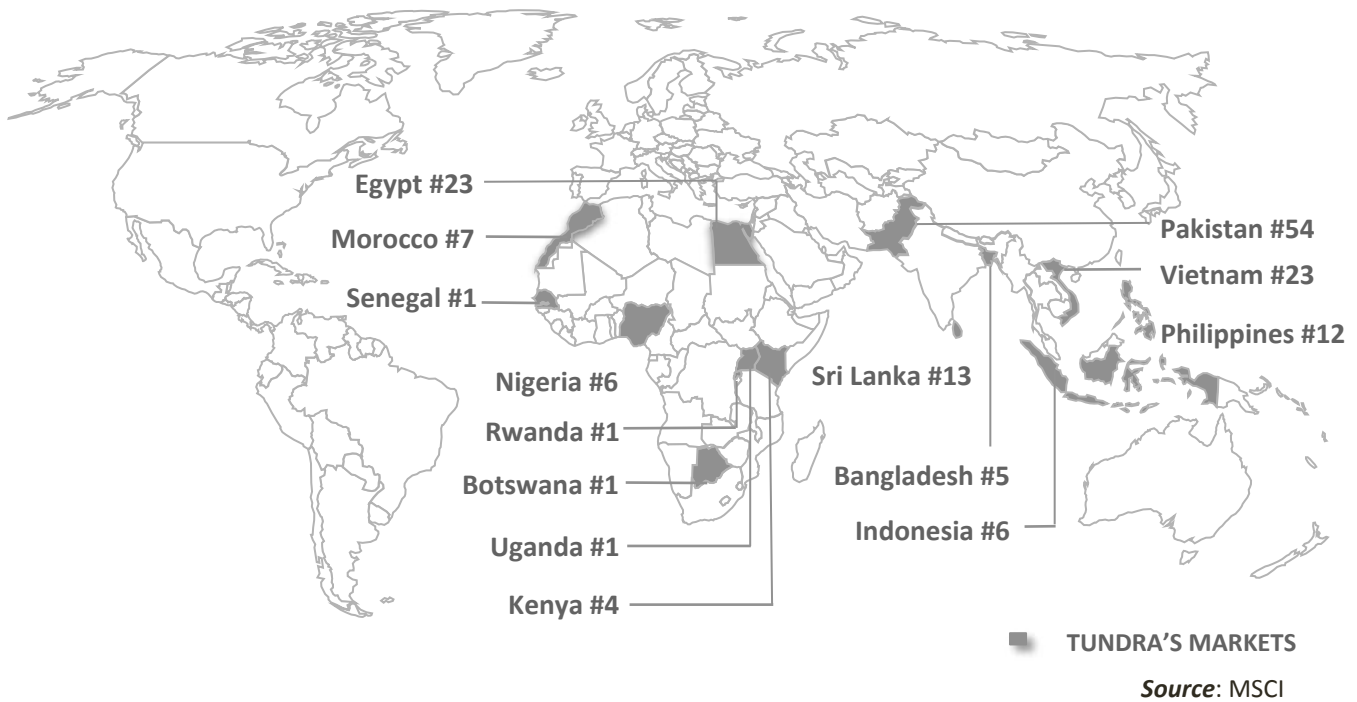


80% of the offenders abuse children they have a close relationship with

Source: NetClean

OUR LOCAL ENGAGEMENT

Working closely with companies and other stakeholders in our markets is an essential part of what we do. We rely on our local presence through our teams in Pakistan and Vietnam, which also enables us to effectively maintain close proximity to the rest of the frontier market. During 2020, Tundra had physical and virtual meetings with representatives of 169 companies. We also held meetings with investors, government representatives, civil society and academia.



During 2020, the majority of meetings we had with companies and stakeholders were held virtually due to the travel restrictions following Covid-19. Despite these limitations, our teams in Stockholm, Karachi and Ho Chi Minh City continued to engage with Tundra's holdings on a regular basis, and not just at the time of a violation, in order to consistently keep up with development. Our teams also prepare specific queries for the companies and provide necessary information or updates regarding international guidelines, especially those pertaining to sustainability. Other than the holdings in the fund, we also had meetings with companies that could constitute as potential new investments.

In addition to these company meetings, we also had networking opportunities with different enterprises and representatives from civil society, academia, and governmental institutions through webinars and conferences.

2020 – A YEAR OF VIRTUAL MEETINGS

During 2020, most events and conferences were cancelled or held online. Tundra joined a number of webinars and virtual conferences. A selection is presented below.

In mid-June, the Global Compact Leader Summit was held as a virtual event including speakers Antonio Guterres, Dr Tedros Adhanom Ghebreyesus, Angela Merkel, Al Gore, Ban Ki-Moon and others. The event revolved around how the current situation with the pandemic affects business and progress towards the global goals. As stated by Ban Ki-moon, “Business has an important role to play in the path to the new normal; It is within our power to take action.”

On July 4th, 2020, Shamoan Tariq, Portfolio Manager and Partner at Tundra, participated and moderated an interesting discussion hosted by Embassy of Sweden in Pakistan and Swedish Business Council. The topic discussed is very important in a current situation where the world needs to adapt to the new paradigm or disappear, "How is the economy and industry preparing for a post pandemic reality?". The webinar featured Lena Sellgren, chief economist at Business Sweden and Ehsaan Malik, CEO at Pakistan Business Council Sweden. In October, Shamoan was invited to speak in a webinar hosted by Consulate General of Pakistan in Los Angeles on " Why investing in Pakistan makes sense for the overseas foreign investors/ overseas Pakistani's and how digital account opening to seamlessly invest in Pakistan is now implemented. Links for the events: <https://bit.ly/3dsECjQ>; <https://bit.ly/3ebYJID>

Mattias Martinsson, Founding Partner and Chief Investment Officer of Tundra, explained why Pakistan is one of our long-term high conviction markets during an episode of DeepDive Pakistan in July 2020. The episode can be watched here: <https://bit.ly/2P9zjfP>. In December 2020, Mattias was invited as one of the speakers in the Asia Securities Sri Lanka Investment Conference. “Being a country with the highest debt/GDP levels in the frontier arena, Sri Lanka’s debt repayment situation remains a risk for foreign investors. Amidst two shocks to services, first from the Easter Attacks and now COVID-19, the biggest fear on a foreign investors’ mind is how this will affect the currency and upcoming payments. However, Sri Lanka remains one of the cheapest frontier equity markets.” Mattias discussed the challenges and opportunities ahead for Frontier Markets.

In October we attended the *Brighthood conference* – an event aiming to increase awareness about how each sector plays a part in creating a brighter future for children. Focus of the Brighthood Conference 2020 was the SDGs (UN’s Sustainable Development Goals) in the capacity as global drivers for this issue. SDG 16.2 in Agenda 2030 specifically targets child sexual exploitation: End abuse, exploitation, trafficking, and all forms of violence against and torture of children. <https://www.netclean.com/brighthood/>.

We also participated in the *Sustainability Investment Forum* - a platform gathering representatives from the United Nations, Heads of State, Government Ministers, Climate Experts and Chief Executives, to communicate leadership, raise ambition and forge stronger relationships between the public and private sectors. Climate Action has curated a thoroughly researched and validated program aligned to the key trends and challenges we face in our collective fight against climate change. <https://events.climateaction.org/2020/sustainable-innovation-forum/>.

CLIMATE BUSINESS INDEX LAUNCH

On June 26th, the UNDP Vietnam together with the Ministry of Planning and Investment (MPI) launched the Climate Business Index (CBI). CBI is a web-based voluntary registration system, developed for private companies to benchmark and log their contribution to reduce greenhouse gas emissions and address climate change impact.

UNDP adopts a three-level assessment framework to evaluate the companies' climate commitments. An initial simple questionnaire is used to screen for companies that at least have initiatives or investments related to climate change mitigation and adaptation, which is Level 1. Level 2 Climate Action-takers will encourage companies to report strategic planning for low-carbon transition and to report in quantitative terms. The most ambitious companies move onto Level 3 to showcase their climate leadership by collaborating with other stakeholders. For more information on the CBI, please visit <http://cbi.undp.org.vn/>.

Mr Vu Dai Thang, Deputy Minister of the MPI and Ms Caitlin Wiesen, Resident Representative of UNDP Vietnam made opening remarks at the event. Tundra was invited to participate in the launch event and Ms Chau Le, ESG Analyst, represented Tundra Fonder in a roundtable sharing ideas from investors, financial institutions, governments and international organizations about sustainable business in Vietnam.

"Vietnam is currently an attractive destination for investors; and to increasingly appeal to foreign investors, companies need to address sustainability issues. We want to emphasize the importance of information disclosure, so that investors can accurately evaluate companies. CBI is a great initiative, which creates a systematic platform for data sharing thus accessible to all stakeholders", Chau Le concluded in the session.



ENERGY DECARBONISATION AND SUSTAINABLE INDUSTRY

In March 2020 Tundra Fonder hosted a webinar on the Task Force on Climate-related Financial Disclosures reporting framework (TCFD). Reporting on climate risks has become a critical issue for companies and for financial institutions investing in them as well as for other corporate stakeholders. Representatives from our major holdings in Egypt, Nigeria, Pakistan and Turkey joined the event, as well as participants from the Pakistan Stock Exchange and local UNDP offices. Invited guest speakers were the experts Jane Stevensen of JS Global Advisory Ltd and Paul Stuart-Smith of Zero Carbon Finance Ltd, who guided us through the reporting framework on how to provide decision-useful information to lenders, insurers, and investors.

This is part of an inspirational webinar series focusing on energy and climate-related issues. Previously, we hosted the first webinar on renewable energy and a just transition, with Professor Adil Najam from Boston University and ABB representatives as guest speakers.



js global

Zero Carbon Finance

The value of TCFD reporting, climate change & the energy transition



Jane Stevensen



Paul Stuart-Smith



MARCH 12TH 2020 - PART II

CLIMATE DISCLOSURES AND REPORTING

AN INSPIRATIONAL WEBINAR SERIES HOSTED BY TUNDRA FONDER



TCFD Good Practice Handbook



THE VALUE OF REPORTING TCFD

Thursday MARCH 12th
Time: 11am-12.30pm CEST

SPEAKERS
Jane Stevensen
JS Global Advisory

Paul Stuart-Smith

You are invited to an inspirational webinar on climate change risk and reporting. These have become critical issues for companies and for the financial institutions that invest in them as well as for other corporate stakeholders.

Tundra Fonder engages in an active dialogue with companies in our portfolios to discuss the sustainability of their business models, including the challenges and opportunities they face from climate change. You are invited because your company is among our largest and most important investments. We will discuss the recommendations of the Taskforce on Climate-related Financial Disclosures and we will explain why this is important for your company, with help from our guest speakers:

Paul Stuart-Smith and Jane Stevensen will give an introduction addressing the global challenge of climate change and guide through the recent developments in decarbonisation and the energy transition. They will



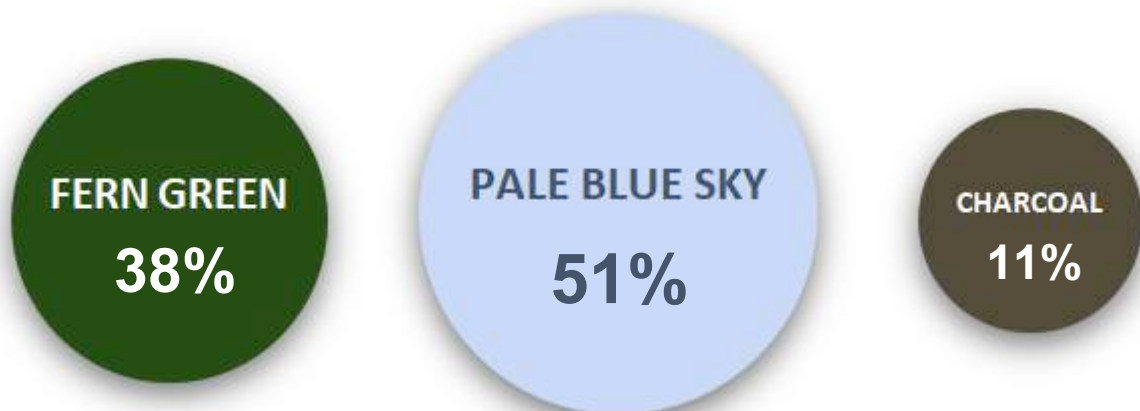
TUNDRA THE FRONTIER MARKETS SPECIAL

TUNDRA ESG SPECTRUM

We have chosen the terminology **ESG Spectrum** to illustrate how various aspects of ESG are not limited to a specific set of values but can vary, across a continuum. Originating from optics, the term was used to describe the rainbow of colors in visible light after passing through a prism. In this 2020 Edition of our ESG ratings, we introduce our new colour system where the best performing companies are classified 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. These companies have started their introspective journey towards a more sustainable future. **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 yet.

In total, 47* companies were included in the **Tundra Sustainable Frontier Fund** as per end of December 2020. The response rate reached 62% (compared to 59% in 2019, 58% in 2018 and 54% in 2017). More than half of portfolio companies have increased their overall ESG score from last year.

Out of the 47 companies in the fund, 89% had Satisfactory/Strong ESG practices. Among these, 18 companies (38%) scored 8 points or more and were classified as having Very Strong ESG practices. In total, 5 companies (11%) had Unsatisfactory ESG practices. Overall, 96% (n=45) of companies had an overarching ESG policy that was relevant to their specific sector, which represents an increase from past results: 86% in 2019, 78% in 2018 and 70% in 2017. With regard to each ESG factor, all companies in the fund had policies addressing social and corporate governance issues; 96% had environmental policies in place.



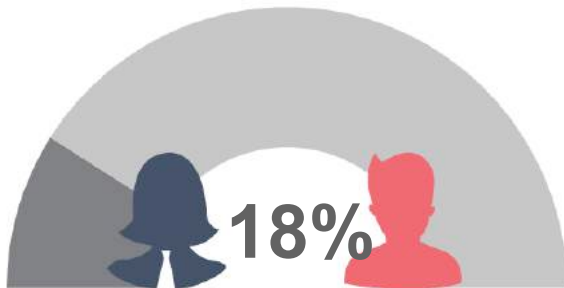
* The analyses include companies that were in the Tundra Sustainable Frontier Fund by 2020/12/31. Inactive companies and IPOs have been excluded.

ADVANCING GENDER EQUALITY

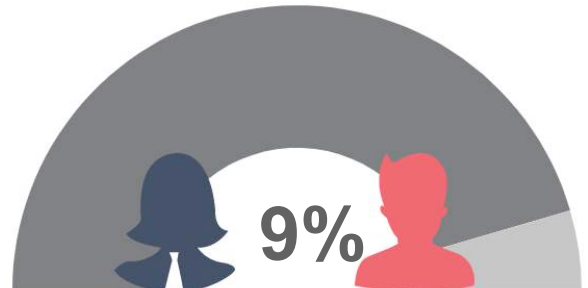
Economic participation of both genders along with equal opportunities for leadership is a core focus area for Tundra Fonder. For this reason, female representation on the Board of Director and in the Senior Management is an integral part of our analysis. Out of the 47 companies analyzed, 35 had least one woman on the Board marking an increase to 74% (compared to 61% in last year's ratings). As for senior management 35 companies (74%) had women represented. The average share of women on Board of Directors was 14%, 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, had decreased from last year's ratings from 15% to 9%.

Reporting on other aspects of gender equality for Tundra as an organisation is included in our Communication on Progress (COP) through the UN Global Compact submitted in March 2021. Please find our full report here: <https://bit.ly/3dX5zv1>

AVERAGE FEMALE REPRESENTATION SNR MANAGEMENT



ZERO FEMALE REPRESENTATION BOARD OF DIR. & SNR MANAGEMENT



INDEPENDENT DIRECTORS
BOARD OF DIR.



AT LEAST ONE WOMAN
ON THE BOARD OF DIR.

According to our findings, Nigerian and Filipino holdings displayed the best gender parity with all companies included in the fund displaying female representation on the Board of Directors as well as in the senior Management. Our analysis also demonstrated that only 50% of Egyptian and Sri Lankan companies in the fund had any women on the board, while Pakistan had the least percentage (45%) of companies with the senior management having women represented.

ENGAGEMENT ON THE SDGs AND THE TEN PRINCIPLES

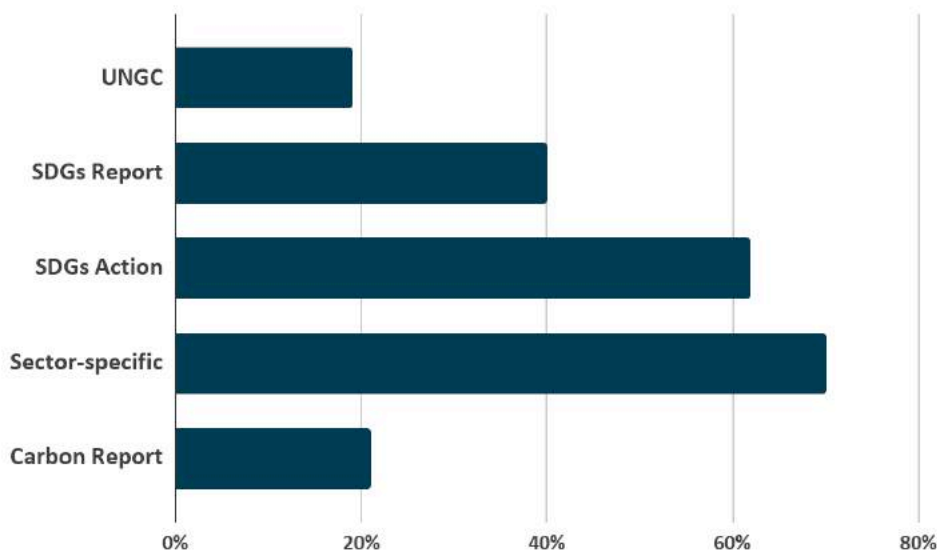
Through our internal ESG system we engage with all of our portfolio companies. The aim of Tundra’s ESG Spectrum is to create a platform for systematic ESG dialogue with companies. Companies are assessed on a range of variables including adherence to the ten principles (and encouraged to join the UN Global Compact), SDG reporting and SDG Actions.

Being a small organisation, the main benefit of our work in promoting the ten principles of the Global Compact and the 17 SDGs occurs in the engagement with portfolio companies. One of our top priorities when engaging with companies is to emphasize the importance of alignment with international guidelines of sustainability and ethical business principles. To date we have proposed the ten principles and the SDGs in engagements with over 250 companies in our markets.

See graph below for the distribution of how companies in the Tundra Sustainable Frontier Fund have been assessed for these variables as of December 2020. Written feedback including assessment scores is shared with all companies in the fund. In our role as investors we have a responsibility to our clients, but we also take our role as active owners seriously. Tundra’s ESG process is governed by international standards of responsible investing. With the ambition to integrate the ten principles within the categories: human rights, labour, environment and anti-corruption we continuously engage in activities aimed at broader collaborations, including:

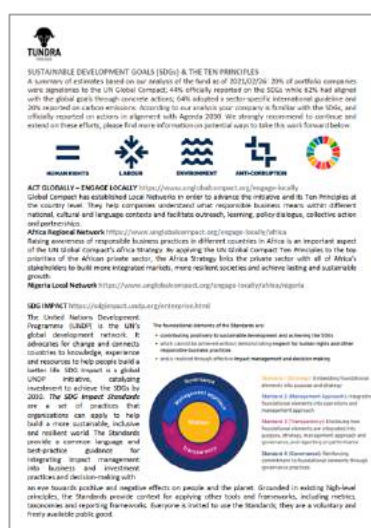
- Taking part in meetings and events organised by the UNGC and affiliated local networks
- Recommending that all of our stakeholders and our portfolio companies sign the ten principles and explore and implement the SDGs as stated in the Agenda 2030
- Closely monitoring research and adhering to frameworks that are the most suitable

A summary of findings based on our analysis: 19% of companies were signatories to the UN Global Compact (UNGC), 40% officially adopted and reported on the Sustainable Development Goals (SDGs) while 62% identified actions in alignment with the global goals, 70% committed to a sector-specific international guideline, and 21% reported on their carbon emissions.



FEEDBACK LETTER TO COMPANIES

In our feedback letters to companies we promote the **SDG Impact Standards** - a global UNDP initiative, catalyzing investment to achieve the SDGs by 2030. The **SDG Impact Standards** are a set of practices that organisations can apply to help build a more sustainable, inclusive and resilient world. The Standards provide a common language and best-practice guidance for integrating impact management into business and investment practices and decision-making with an eye towards positive and negative effects on people and the planet. Grounded in existing high-level principles, the Standards provide context for applying other tools and frameworks, including metrics, taxonomies and reporting frameworks. Everyone is invited to use the Standards; they are a voluntary and freely available public good.



A more detailed *Climate Report* including our estimates for the fund's carbon footprint and disclosure of internal emissions will be published later this year. As only one in five companies in the fund have reported on their emissions, our assessment builds on public data collected over the past year. Even though the main part of portfolio companies follow sector-specific guidelines; many are still not compliant with international frameworks. A main focus for Tundra is to inform and educate companies on the importance of these international guidelines. During the year 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 CDP, Climate Action 100+, PRI and the Nordic Swan Ecolabel among others.

TOP TEN HOLDINGS – TUNDRA SUSTAINABLE FRONTIER FUND

In the following pages the ten largest holdings of the fund by end of December 2020 are presented. The table contains data on ESG score, share of portfolio 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 reporting and web pages.

COMPANY	SHARE OF PORTFOLIO	ESG SCORE	OPPORTUNITIES	RISKS
SYSTEM LTD (PAKISTAN)	9.7	7.0	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)	6.96	8.5	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)	6.74	7.5	C: Ending poverty, 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)	4.48	8.0	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
HOA PHAT GROUP (VIETNAM)	4.30	6.5	C: Ending poverty, renewable energy, infrastructure and technology development, global supply chains S: Utilizing renewable energy sources and technology, eco-labelling, recycling and waste management	C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press S: Significant environmental concerns regarding carbon footprint and harmful emissions, occupational health and safety, supply chain management

COMPANY	COUNTRY	SHARE OF PORTFOLIO	ESG SCORE	OPPORTUNITIES	RISKS
LIEN VIET POST BANK	VIETNAM	3.52	4.0	<p>C: Ending poverty, renewable energy, infrastructure and technology development, global supply chains</p> <p>S: Sustainable investment, ethical corporate governance structures, transparency</p>	<p>C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press</p> <p>S: Public trust, loss of reputation, cyber risk</p>
BEXIMCO PHARMA	BANGLADESH	3.47	6.5	<p>C: Ending poverty, global supply chains, renewable energy, expanding labor force</p> <p>S: Affordable healthcare, application of technology</p>	<p>C: Corruption, poverty, inadequate healthcare, climate change, pollution, overburdened infrastructure, loss of biodiversity, freedom of press</p> <p>S: Public trust, unethical conduct, waste management</p>
MASAN GROUP	VIETNAM	3.38	8.5	<p>C: Ending poverty, renewable energy, infrastructure and technology development, global supply chains</p> <p>S: Pioneering in sustainable production and technology, eco-labelling, ethical marketing strategies</p>	<p>C: Political suppression, corruption, human rights violations, climate change, pollution, loss of biodiversity, freedom of press</p> <p>S: Food safety and health-related concerns, supply chain transparency and traceability, water and waste management</p>
MEDIA NUSANTARA CITRA	INDONESIA	3.00	7.0	<p>C: Vibrant startup ecosystem, travel industry, manufacturing, infrastructure</p> <p>S: Digital transformation</p>	<p>C: Corruption, infrastructure & governance issues, natural disasters, ethnic violence</p> <p>S: Data privacy & security, discrimination and harassment lawsuits, anti-competitive practices, service & program quality</p>
NATIONAL BANK	PAKISTAN	2.65	7.5	<p>C: Renewable energy, waste management initiatives, infrastructure and technology development</p> <p>S: Sustainable investment, ethical corporate governance structures, transparency</p>	<p>C: Corruption, air pollution, water shortage, deforestation, unemployment, gender inequality</p> <p>S: Public trust, money laundering, market manipulation, data privacy & security</p>

TOP TEN HOLDINGS – TUNDRA SUSTAINABLE FRONTIER FUND

SYSTEMS LIMITED

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

Sustainability Report: Yes

Reporting on Agenda 2030: No

Systems Limited is a Pakistani company involved in the development of software, information technology and financial technology. Systems Limited has an international presence in the UAE and Qatar and has attained partnerships with Microsoft, IBM and Huawei. In the Tundra ESG Rating System, the company's score has gone up from 5.5 in 2019 to 7.0 this year illustrating an increase in ESG awareness. The company is not a signatory of the UN Global Compact (UNGC), however in their response to Tundra's ESG questionnaire, they stated that they comply with the 10 principles by supporting human rights and anti-corruption practices and ensure fair labour practices. Similarly, while the company has not officially aligned with the UN Sustainable Development Goals (SDGs), it is clear that their actions support several goals including SDG 1, SDG 2, SDG 3, SDG 6, SDG 7, SDG 8 and SDG 10. In light of Covid-19, the company laid out a detailed health and safety protocol for its employees. Systems recently implemented its whistleblowing policy and conducted related trainings in each department in all its offices. Lastly, the company has a separate CSR budget which focuses on promoting education by donating to NGOs as well as schools.

FPT CORPORATION

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

Sustainability Report: Yes

Reporting on Agenda 2030: Yes

FPT Corporation was founded in 1988 and is headquartered in Hanoi, Vietnam. The company's core business sectors include technology, telecommunications and education. In the future direction, FPT will increasingly invest in establishing an ecosystem of Made-by-FPT products, accelerating services on cloud computing platform and improving the quality of solutions based on emerging technologies. FPT is among the companies with strong ESG practices in the fund; its ESG score has increased from 7.5 to 8.5 this year. FPT has integrated the SDGs and Global Reporting Initiative (GRI) standards in order to develop and report on their sustainability policies. 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 2019, the number of female employees increased by 5.3% and the number of female executives also grew by 15.8% compared to the 14.1% increase of their male counterparts. With offices across the country, FPT prioritizes applying the green office model when constructing its facilities and also enhancing the awareness of environmental protection among its employees.





SQUARE PHARMACEUTICALS LIMITED (SQUARE)

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

Sustainability Report: Yes

Reporting on Agenda 2030: No

SQUARE is the largest pharmaceutical company in Bangladesh, founded in 1958. It is primarily engaged in the manufacture and marketing of generic pharmaceuticals, such as basic medication and animal health products, and also pesticide products. The company has strong ESG practices with a score of 7.5 points (7.0 in last year's rating) in our ESG Rating. SQUARE has been a signatory of the UN Global Compact 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.

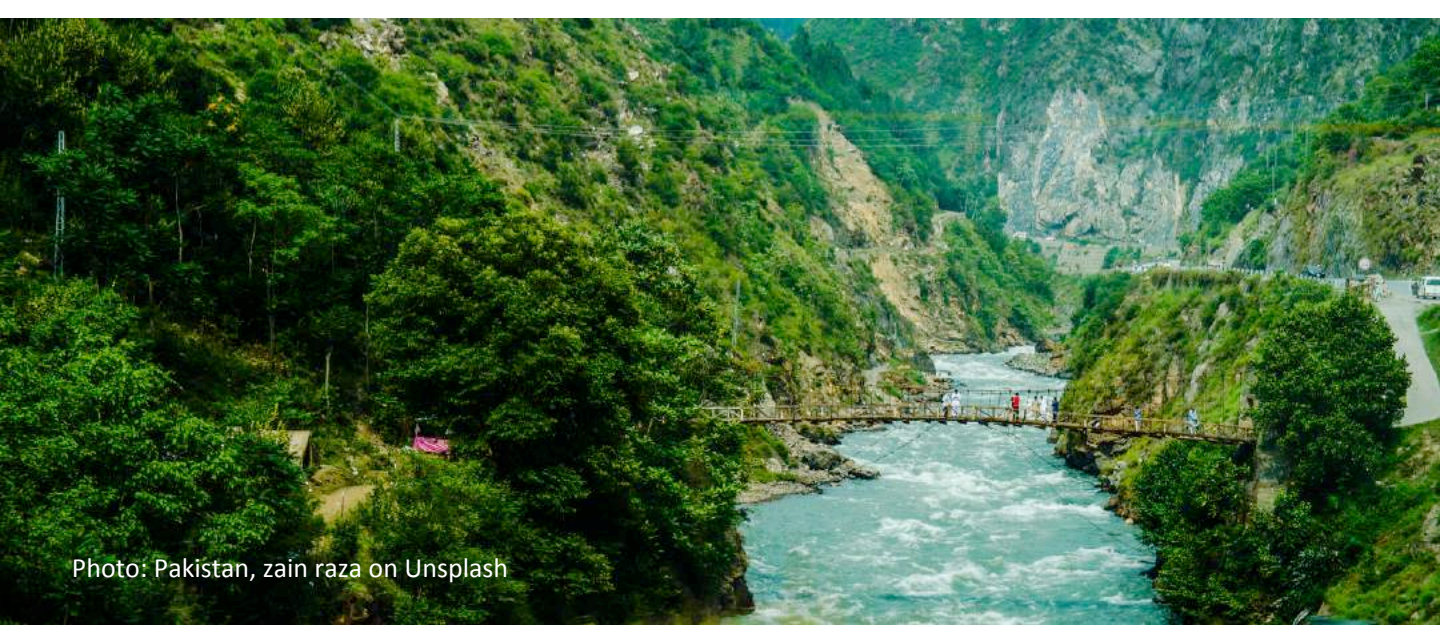
MEEZAN BANK

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

Sustainability Report: Yes

Reporting on Agenda 2030: Yes

Meezan Bank is a Pakistani financial institution which offers various Islamic banking products and services. It is reportedly the sixth largest bank in the country with 760 retail branches in 223 cities. In the Tundra ESG Rating System, the company has a score of 8 which illustrates strong ESG practices and processes. The company has embedded the United Nations Sustainable Development Goals within Meezan Bank's strategy by focusing on SDG 4, SDG 7, SDG 8 and SDG 17. To safeguard the bank's information assets, various security controls have been implemented including following best practices such as ISO 27001 Information Security Management System. In 2019, the company claimed to have led the financing of four wind power projects with a total capacity of 200MW. In the same year, the installation of solar power systems at Meezan Bank's head office and a further 10 branches reportedly led to a reduction of 158,000 kg of CO2 emissions. Moreover, using energy-saving lights, being mindful of paper consumption through various initiatives, deploying energy efficient ATMs and employing automation strategies to optimise existing systems are some of the ways the company ensures on energy efficiency.





HOA PHAT GROUP

<https://www.hoaphat.com.vn/>

Sustainability Report: Yes

Reporting on Agenda 2030: No

Hoa Phat Group Joint Stock Company (HPG) is the leading industrial manufacturing group in Vietnam. Originating as a construction machine and equipment trading company in August 1992, Hoa Phat has gradually expanded its business to trading and production of Furniture, Steel Pipe, Steel, Refrigeration, Real Estate and Agriculture. In the Tundra ESG Rating System, HPG scored 6.5 points. The company applies closed steel production process to both Hoa Phat Steel Integrated Complexes in Hai Duong and Quang Ngai Provinces. During the process, the recovery and reuse of waste gas, waste water, excess heat and even solid waste are treated in a circulation chain, without discharging into the environment. HPG also utilizes ultra-clean coke heat recovery technology to eliminate all gases, fumes and toxic chemicals generated from the coke making process and to only recover heat to run the generator. Another initiative by the company to mitigate its environmental impact is to make use of blast furnace slag as building materials. In order to maintain a team of highly skilled workers, HPG has cooperated with many colleges and universities to organize advanced training units.

LIEN VIET POST BANK

<https://www.lienvietpostbank.com.vn/>

Sustainability Report: No

Reporting on Agenda 2030: No

Lien Viet Post Joint Stock Commercial Bank (LPB) is a Vietnamese retail bank founded in 2008. LPB provides banking products and services through its network of several bank transaction offices and postal transaction offices across 63 cities and provinces. The bank has been striving to become a leading retail bank in Vietnam by focusing on providing banking products and services for individuals, households and small and medium enterprises (SMEs) especially in the agriculture sector. LPB scored 4.0 in the Tundra ESG Rating System, same as in last year's ratings. The bank complies with environmental regulations and commits to energy saving across its offices. In 2019, LPB has also invested in employee training, especially with the increased application of E-learning. Vi Viet, LPB's e-wallet initiative, became the winner of the UN Capital Development Fund (UNCDF) SHIFT Challenge Fund Second Window in 2016 and received grants to promote financial inclusion for Vietnamese women.





MASAN GROUP CORPORATION

<https://masangroup.com/>

Sustainability Report: Yes

Reporting on Agenda 2030: No

Masan Group Corporation (Masan) is a holding company. The company engages in the manufacture, retail, and distribution of food and beverage products; breeding swine, providing animal protein, and processing meat; mining and processing nonferrous and precious metals; and providing financial services. In the Tundra ESG Rating System, Masan scored 8.5 which demonstrates relatively strong ESG practices. There is emphasis on ensuring responsible procurement and traceability in the production of food, animal feed and raw fish sauce, also in sourcing packaging materials and raw materials. In early 2019, MNS Farm Nghe An was certified to meet GLOBAL G.A.P standards for its completion of internationally recognized set of farm standards dedicated to Good Agricultural Practices. The company also uses biogas created from husk and sawdust to supplement energy needs. In 2019, Masan Consumer organized 108,362 hours of professional training for hygiene safety, fire protection, and first aid for over 5,685 employees; while 7,761 employees at Masan High-Tech Materials were trained on safety and 11,802 training hours were carried out.

BEXIMCO PHARMACEUTICAL LTD

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

Sustainability Report: Yes

Reporting on Agenda 2030: No

Beximco Pharmaceuticals Ltd (Beximco Pharma) is a leading manufacturer and exporter of medicines in Bangladesh, incorporated in 1976. The company adheres to global standards and its state-of-the-art manufacturing facilities have been accredited by the regulatory authorities of USA, Europe, Australia, Canada, Latin America and South Africa. In our ESG Rating System, the company's score has improved to 6.5 (from 3.5 last year). Though the company has not official adopted the SDGs as corporate goals, its operations are directly and indirectly contributing to the achievement of the global goals. Beximco Pharma has implemented proper Occupational Health and Industrial Hygiene and Effluent Management System in its manufacturing sites, including management of solid wastes, liquid wastes, gaseous emissions, noise, odor and vibration. The company has organized a number of initiatives on health and wellbeing such as: World Antibiotic Awareness week, CME on rational use of antibiotics, Community Care Program and promoting Maternal and newborn health.



Photo: Bangladesh, Rahabi Khan on Unsplash



MEDIA NUSANTARA CITRA

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

Sustainability Report: Yes

Reporting on Agenda 2030: No

Media Nusantara Citra (MNC) is an Indonesian company in the broadcasting and cable TV industry. The company was founded in 2001 and operates free-to-air television channels as well as radio, print and online media, talent management and production house. The newly-added company has good ESG practices which can be seen by their score of 7.0 in Tundra's ESG Rating System. In 2019, the company carried out 118 classes which included trainings for leadership roles and technical skills. MNC's foundation oversees the group's sustainability and CSR activities which involve assisting the government with infrastructure development, and contributing to education and healthcare. 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. While the company does not report on the UN SDGs, it does claim to support SDG 9 by building resilient infrastructure and promoting inclusive industrialisation and innovation.

NATIONAL BANK PAKISTAN

<https://www.nbp.com.pk/>

Sustainability Report: Yes

Reporting on Agenda 2030: Yes

National Bank of Pakistan (NBP) was incorporated in Pakistan in 1949. Its Registered and Head Office is situated in Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. NBP also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). In the Tundra ESG Rating System, NBP's score has improved significantly to 7.5 (compared to 3.0 last year). NBP has implemented a solarization process for a number of branches and ATMs. To date, approximately 383 branches with ATMs as well as 48 branches (excluding ATMs) have solar power systems. The bank is also encouraging a 'less-paper' environment through promoting Digital Banking, ATMs, E-statements, and distribution of the Annual/Quarterly reports in digital form. NBP has financed renewable energy projects in the area of wind energy, hydro-power, and agricultural waste products. The bank partners with organizations and Government authorities to implement its CSR initiatives to contribute towards the UN Sustainable Development Goals – particularly SDG 3, 4, 5 and 10.



Photo: Indonesia, Harry Kessell on Unsplash

LEAVE NO ONE BEHIND – EMISSIONS IN FRONTIER MARKETS

Disclosure on carbon emissions in frontier markets is lagging. We work closely with our portfolio companies and other stakeholders in the countries we refer to as our markets. One of our top priorities when engaging with companies is to emphasize the importance of alignment with international guidelines of sustainability and ethical business principles. Encouraging portfolio companies to report their data in a transparent way is key.

Our internal footprint is not relatively important being a small organisation; making our portfolio companies disclose theirs is. During the past years we have continuously gathered data on emissions from all of our portfolio companies. Our estimates will be presented in a separate climate report later this year.

Our efforts will be continuously assessed and revised to reflect progress in the field and as we make progress in our ambitions. In this aspect, we seek inspiration and adhere to e.g. Climate Action 100+, CDP, the Nordic Swan Ecolabel, UNPRI and other standards/initiatives. We support the Task Force on Climate-Related Financial Disclosures (TCFD).



TURN | TUNDRA RESEARCH NETWORK


During the past years we have been active in the building of **TURN | Tundra Research Network**, a 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.

There is an immense need for increased collaborations bridging 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. The TURN initiative builds on a systematic approach where country and sector specific challenges for sustainable growth are considered. With a profound understanding of frontier and emerging markets, extensive networks and close contact with business and academia we believe that we can stimulate a knowledge exchange between relevant actors in these countries.

TURN stands as a platform for collaboration projects in Tundra's core markets. The scope and content of all projects to be included in TURN's universe will emanate from the UN Sustainable Development Goals (SDGs). Several projects are currently in the planning phase. Topics range from empowerment of women in entrepreneurship, transition to renewable energy, waste management, values and climate change, fair trade, human rights and more.

We continuously have meetings with companies across our markets. The majority of these meetings are with holdings from our fund, as well as with companies that constitute potential new investments. In addition to company meetings, we meet with representatives from civil society, research and governmental institutions.

Visit the TURN webpage for more information: <https://tundraresearchnetwork.com>



TURN | TUNDRA RESEARCH NETWORK

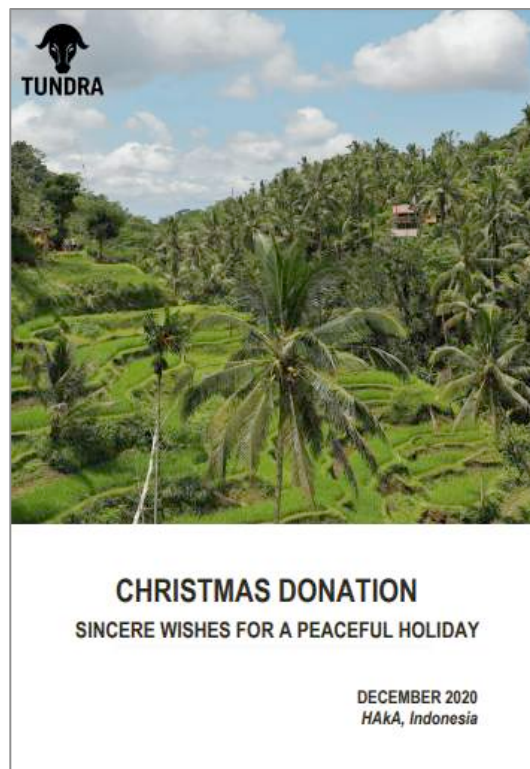
BRIDGING THE GAP BETWEEN BUSINESS AND SCIENCE

CHRISTMAS DONATION 2020

Through a small financial contribution to a carefully selected organisation we highlight topics that we consider important for our Christmas Donation. In December 2020, we wanted to emphasize our commitment to environmental aspects and therefore we have chosen to give our contribution to **HAKA** – a local NGO based in the Aceh Province of Indonesia; their name stands for **Hutan, Alam dan Lingkungan Aceh** (Forest, Nature and Environment of Aceh). This organization was selected from the Milkywire platform. Milkywire is an organization aiming to provide continuous funding to grassroots organisations. Read more at <http://www.milkywire.com>

HAKA's organizational mission is to protect, restore, and promote the Leuser Ecosystem in the Aceh Province, thereby contributing to the long-term nature conservation of the whole region. Their activities involve empowering local civil society as well as engaging in campaigns and advocacy on pressing environmental issues. HAKA aims to strengthen communities by equipping knowledge and skills to conduct on the ground activities, whether directly through collaboration on ground protection work or supporting them to defend their rights to land, water and healthy environment. All campaigns are driven by an integrated approach of carrying out scientific assessment of the environment and social, political analyses of how to bring people together to act.

To read our full report, please visit: <https://bit.ly/3h0BImt>



SUSTAINABILITY GUIDELINES

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

- **Norm-based breaches.** This includes screening for breaches that are in contravention of the UNGC - 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 BREACHES

Alcohol (Production/Distribution: 5%)
 Pornography (Production: 0%/Distribution 5%)
 Tobacco (Production: 0%/Distribution: 5%)
 Weapon (5%)
 Gambling (5%)
 Fossil fuels (Extraction/Production 5%)
 Nuclear power (Production 5%)
 GMO (5%)

NORM BREACHES

Environment
 Human Rights
 Labour Rights
 Corruption

CONTROVERSIAL WEAPONS*

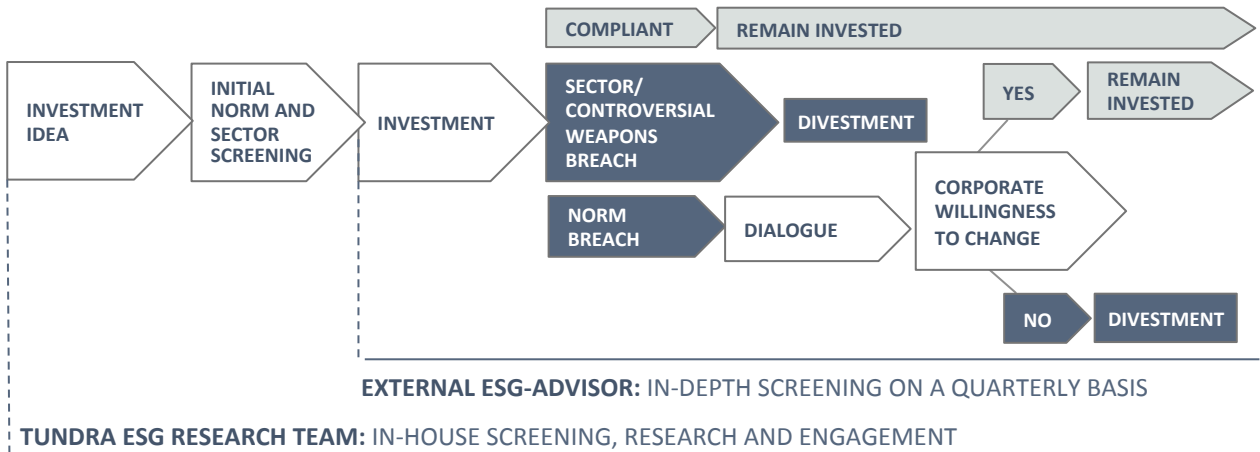
Nuclear Weapons
 Biological Weapons
 Chemical Weapons
 Non-detectable Fragments
 Blinding Laser Weapons
 Anti-personnel Mines
 Cluster Munitions
 Incendiary Weapons
 Depleted Uranium
 Ammunition

*All production/distribution: 0%

TUNDRA ESG PROCESS

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

TUNDRA PORTFOLIO MANAGERS & RESEARCH TEAM



Our local presence in Karachi, Pakistan and Ho Chi Minh City, Vietnam is important to our ability to regularly analyse companies in our markets. The ESG team constitutes a smaller unit of the larger investment team. As of December 2020 the ESG team comprises of two people including Head of ESG (Stockholm) and ESG analyst (Ho Chi Minh City). The ESG team cooperates closely with the Chief Investment Officer and financial research team to integrate ESG questions into financial analysis. We also follow specific communication protocols i.e. PM meetings are held weekly including at least one member of the ESG team; corporate calls are held once a month and include all team members. On a more informal basis, a chat room has been created to encourage discussion between team members about current financial research, portfolio developments and on-going company specific research. There is a common server with data on companies and other research available to the entire investment team. Additionally a controversy sheet has been established, where each portfolio company is listed.

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, 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 *Nordic Swan Ecolabel*, the *Women Empowerment Principles (WEPs)*, *Climate Action 100+*, the *Carbon Disclosure Project (CDP)*, *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 opens 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 13,000 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

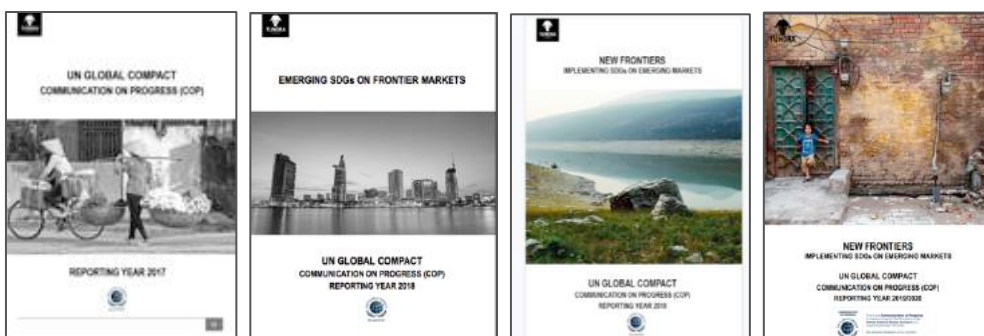
- 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4: the elimination of all forms of forced and compulsory labour;
- 5: the effective abolition of child labour; and
- 6: the elimination of discrimination in respect of employment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



TUNDRA COMMUNICATION ON PROGRESS (COP)

In these times of planetary urgency we consider Agenda 2030 and the 17 *Sustainable Development Goals (SDGs)* a central framework within our dedicated work in responsible investments. Our ambition is to continue our work of incorporating the global goals and into the core of our business. Transparency on how we intend to get there is a fundamental pillar.

Since we formalised our commitment to the Global Compact in early 2017 we have undertaken a range of activities that connects to Agenda 2030. Already from the start we made efforts to implement the SDGs both internally and externally with the ambition to stand as an ambassador. To us, the SDGs present a phenomenal global agenda to drive and accelerate the change we urgently need to secure a sustainable future. Over the past years we have attended the **UN Global Compact Leaders Summit** in New York (2017, 2019) and online (2020). This past year we took part in several meetings building on the SDGs including partners within the UNGC network for Sweden and the networks for the Nordic countries. In earlier reports we have applied a pyramid* perspective on the SDGs; where we accounted for our perspectives on the global goals and how we see them as interconnected. During last year we have expanded on our range of SDGs. Read more in our Communication of Progress (<https://bit.ly/3dX5zv1>) where we focus on an additional number of SDGs and their targets to describe our efforts to implement the global goals into our business. This is not excluding other SDGs, but creating a model to build on for further action going forward.



NEW FRONTIERS
IMPLEMENTING SDGs ON EMERGING MARKETS

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS (COP)
REPORTING YEAR 2019/2020



This is our Communication on Progress
submitted in line with Principles of the
United Nations Global Compact and
supporting broader UN goals.
We welcome feedback on its contents.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

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

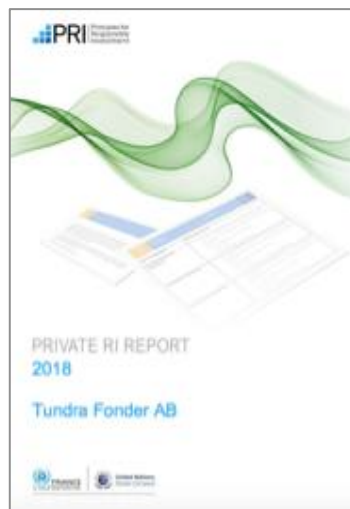
The initiative was launched in April 2006 at the New York Stock Exchange.



“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. 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.



WOMEN'S EMPOWERMENT PRINCIPLES

In March 2018, Tundra signed the *CEO Statement of Support* for the Women's Empowerment Principles (WEPs). Globally more than 5,100 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, it is also good for business and should be a priority. Developed through a collaboration between the UNGC and UN Women, the Principles are based on and an extension of the Calvert Women's Principles®.

THE 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.

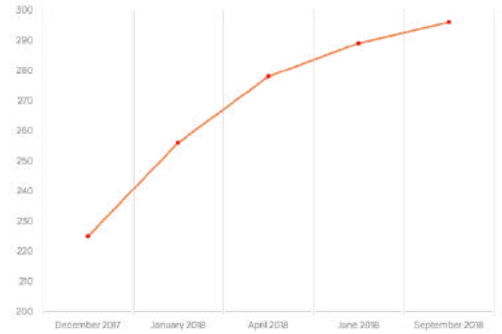
Tundra joined Equilibre as a signatory to *My Pledge* in 2019. *My Pledge* is an initiative aiming to ensure more diversity at public events in line with the recent #NoWomenNoPanel initiative. Thereby we are committing to advocate for gender diversity on panels and at public speaking events by asking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

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.

To date, 575 investors with USD \$54 trillion in assets under management have signed on to the initiative. For Tundra, signing on to the initiative makes imminent sense as we are committed to ensuring that the companies we invest in are on a sustainability journey i.e. they are minimising and disclosing environmental, social and governance risks resulting from business operations. To learn more about Climate Action 100+, please visit: www.climateaction100.org.



Supporters of the initiative will request companies to:

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

CARBON DISCLOSURE PROJECT



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

Ratified by 174 of 197 parties to the United Nations Framework Convention in Climate Change (UNFCCC), the Paris Agreement came into effect in November 2016. It aims to (i) enhance global responses to climate change by restricting temperature to below 2 degrees C; (ii) strengthen the ability of countries to manage and adapt to climate change impacts. Network members include investors, companies and cities and representing over USD \$110 trillion in assets. Tundra has been a part of CDP since early 2017. Local presence coupled with partners in over 50 countries demonstrate that CDP have driven unprecedented levels of environmental disclosure. For investors, CDP’s data and analyses offer keen insight into climate related risks and opportunities, which help make financial decisions more robust and increase corporate engagement on these issues. At Tundra, we encourage our portfolio companies to disclose emissions through the CDP. For more information, please visit: www.cdp.net/en.

THE NORDIC SWAN ECOLABEL

In October 2017 *Tundra Sustainable Frontier Fund* was among the first twelve investment funds globally to receive the Nordic Swan Ecolabel. To date over 30 funds have received the Nordic Ecolabel.

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



TUNDRA
FONDER

Tundra Sustainable Frontier Fund 

Licensnummer	3101.0011
Miljömärkning	Svanen
Kategori	Aktiefond
Produktgrupp	Fonder och investeringsprodukter 101
Kriteriengeneration	1
Licensinnehavare	Tundra Fonder AB

TASK FORCE ON CLIMATE-RELATED DISCLOSURES (TCFD)

Tundra supports the Task Force on Climate-Related Disclosures (TCFD). TCFD, established by the Financial Stability Board (FSB) in 2015, is an industry-led organization set up to develop and promulgate climate-related financial disclosures. The disclosures are designed to solicit consistent, decision-useful information on the material financial impacts of climate-related risks and opportunities, allowing companies to better inform investors, lenders, insurers, and other stakeholders.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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Location ▼ Region ▼

Company	Sector	Industry	Location	Region	Date
Tundra Fonder	Financials	Asset Management/Investment Management	Sweden	Europe	November 2019

CLIMATE CHANGE AND A JUST TRANSITION

As investors with a requirement to act in the best interest of our beneficiaries and in line with our fiduciary duties, we believe that strategies to tackle climate change need to incorporate the full environmental, social and governance (ESG) dimensions of responsible investment. There is an increasing recognition that the social dimension of the transition to a resilient and low-carbon economy has been given insufficient attention, notably in terms of the implications in the workplace and wider community. Achieving a just transition, in line with the 2015 Paris Agreement on Climate Change, will help to accelerate climate action in ways that deliver the Sustainable Development Goals.

Investors can make an important contribution as stewards of assets, allocators of capital and as influential voices in public policy to make sure that the transition produces inclusive and sustainable development. There are multiple reasons for investors which together create a compelling case for investors to support the just transition, including:

- **Societal Goals:** The just transition enables investors to align themselves to strategic global objectives such as those contained within the Paris Agreement, the Sustainable Development Goals along with international labour and human rights standards.
- **Systemic Risk:** The just transition provides a way for investors to better manage the systemic risks of climate change by linking the environmental and social dimensions of long-term economic performance.
- **Fiduciary Duty:** The just transition is aligned with the fiduciary duty to capture the social and environmental drivers of value creation and serve beneficiary interests.
- **Materiality:** The responsible management of workforce and community dimensions of climate change are increasingly material drivers for value creation.
- **Opportunity:** The linkage of climate change with social factors provides a lens for investors to view new investment opportunities that generate returns and positive impact.

As investors, we commit to take action to support the just transition by integrating the workforce and social dimension in our climate practices. We will draw on the evidence and recommendations contained within the investor guide on the just transition, and take action in one or more of the following areas:

- **Investment strategy:** integrate workplace and community issues into climate change policies and investment beliefs, dialogue with stakeholders and investment mandates.
- **Corporate engagement:** include workforce and community issues in climate-related engagement on corporate practices, scenarios and disclosures.
- **Capital allocation decisions:** design investment mandates across asset classes that link decarbonisation, climate resilience, decent work, and inclusive growth
- **Policy advocacy and partnerships:** support the inclusion of the just transition in regional, national and international policies and contribute to place-based partnerships.
- **Learning and transparency:** develop systems to review and communicate progress on just transition activity as well as share best practices.

The just transition is a complex agenda for investors and other stakeholders, one that requires strategic engagement both within investment institutions and in multi-stakeholder collaborations where investors can play important roles.

As investors, we will engage on the topic in the spirit of open inquiry and innovation, with the goal of developing widely shared best practices that link climate-related investment, decent jobs, thriving communities and sustainable development.

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