



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 2

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Tundra Shikari Global

Legal entity identifier: 549300B03Z88U9KV7U72

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund invests in emerging and frontier markets, with a focus on low-income and lower-middle income countries. A significant part of the population 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. The method chosen by the

Fund 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.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Environmental indicators

Indicator 4: Exposure to companies active in the fossil fuel sector

Social indicators

Indicator 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Indicator 13: Board Gender Diversity

Indicator 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As the Fund exclusively invests in emerging markets and frontier markets, that are not covered by the European regulatory framework SFDR, there is currently a lack of reliable data on several relevant indicators. The Fund's ambition is to expand the number of reported indicators by requesting this information directly from the companies. To achieve this, the Fund will use an external platform for data collection, Worldfavor - a web-based system where the portfolio companies can see what data is requested, report on the data that is possible to produce and gradually improve their reporting over time. Among the data requested are aspects regarding both environmental and social indicators (i.e. Principal Adverse Impact indicators; PAI indicators). The Fund Management Company will have ongoing dialogue with the companies to promote improved reporting and transparency.



Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes, at present, however, accurate data are only available for Indicator 4 (exposure to companies operating in the fossil fuel sector), Indicator 10 (Violation of the UN Global Compact and the OECD Guidelines for Multinational Enterprises), Indicator 13 (Gender Equality of the Board) and Indicator 14 (Exposure to controversial weapons). As specified above, this is mainly since the Fund invests exclusively in emerging markets and frontier markets that are not covered by the European regulatory framework (SFDR). However, the Fund's ambition is to increase the number of indicators reported upon by requesting this data

directly from the companies. To achieve this, the Fund will use the data collection platform Worldfavor, (see description above).



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund **Excludes** companies that contribute negatively to the following characteristics:

Environmental characteristics:

The Fund does not invest in companies whose turnover of more than 5% comes from:

- Fossil fuels (oil, gas, coal) (Extraction 5%)
- Uranium (extraction 5%)
- Genetically modified organisms (GMOs) (5%)

Social characteristics:

The Fund does not invest in companies with ongoing violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises that did not initiate action to solve the issue within twelve months of being notified by the Fund Management Company

The Fund does not invest in companies whose turnover of more than 5% (in some cases 0%) comes from:

- Cluster bombs, anti-personnel mines, chemical and biological weapons, nuclear weapons (Production/Distribution 0%)
- Other weapons and/or munitions (Production/Distribution 5%)
- Alcohol (Production/distribution 5%)
- Tobacco (Production 0%/Distribution 5%)
- Commercial gaming operations (Production/Distribution 5%)
- Pornography (Production 0%/Distribution 5%)

The Fund **includes** companies that contribute positively as follows:

The Fund promotes environmental and social characteristics by investing in companies whose operations are considered to have a long-term positive impact on the society in which the business is conducted. This assessment begins with an evaluation using Tundra's internal ESG system (Tundra ESG Spectrum). The system currently consists of 58 points of measurement (this number may fluctuate), divided into environmental characteristics, social characteristics and corporate governance where the company must achieve a minimum goal fulfillment in each subsection to be considered as investable. The system is based on the UN SDGs, which the Fund Management Company has divided into two categories: "**General**" and "**Sector-specific**". The analysis of portfolio companies is executed at target level. The following SDGs have been selected as **General**, which each company in the Fund should strive for: SDG5 (Gender Equality), SDG10 (Reduced Inequality) and SDG16 (Peace, Justice and Strong Institutions) constitute social goals, while goals SDG12 (Responsible Consumption and Production) and SDG13 (Climate Action) constitute environmental goals.

Sector-specific environmental SDGs as defined by the Fund are SDG6 (Clean Water and Sanitation), SDG7 (Affordable and Clean Energy), SDG11 (Sustainable Cities and Communities), SDG14 (Life below Water) and SDG15 (Life on Land). Sector-specific social goals are here listed as SDG1 (No poverty), SDG2 (Zero hunger), SDG3 (Good health and

Well-being), SDG4 (Quality Education), SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation and Infrastructure) and SDG17 (Partnership for the goals).

A company is considered to comply with the Fund's minimum requirements and can be classified as a sound business if they meet the following: i) they do not violate the sector exclusions as set by the Fund, ii) they achieve at least acceptable level regarding both environmental and social goals iii) they achieve at least acceptable level of corporate governance.

However, in the event of a confirmed damage, the Fund Management Company allows the company twelve months to take measures to correct such damage. In the event the company clarifies that correction is not intended to be initiated, the investment is disposed of earlier. Furthermore, the Fund Management Company may in some cases hold ownership in companies with fossil-fired power generation, provided that the company's expansion investments take place in renewable energy and the company does not carry out expansion investments in fossil-fired power generation.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The sector exclusions applied by the Fund are a binding part of the investment strategy. Another binding part of the investment strategy entails restrictions concerning investments in companies with ongoing violations of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises, which have not initiated action to resolve the issue within twelve months after being notified by the Fund company.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not apply any such commitment to reduce the scope by a certain minimum share.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices refer to the portfolio company's sound management structure, and its responsible relationship towards employees, including issues related to remuneration structures, as well as compliance with tax rules. The Fund Management Company's policy for assessing good governance practices means that each individual portfolio company must comply with the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The Fund Management Company believes that good corporate governance is central to a long-term competitive business and stands as a prerequisite for well-functioning sustainability work. Good corporate governance originates from the owners and the management they appoint. Any investment is therefore preceded by a thorough analysis of the owners and the management. The Fund Management Company conducts screening regarding money laundering (AML), customer due diligence (KYC) and adverse media coverage of principal owners, board members and senior executive management. Historical business decisions central to the business are analyzed. Further, an assessment of whether internal control systems, controls and procedures are in place that provide basis for an efficient and responsible business that can be conducted in accordance with the law is undertaken.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



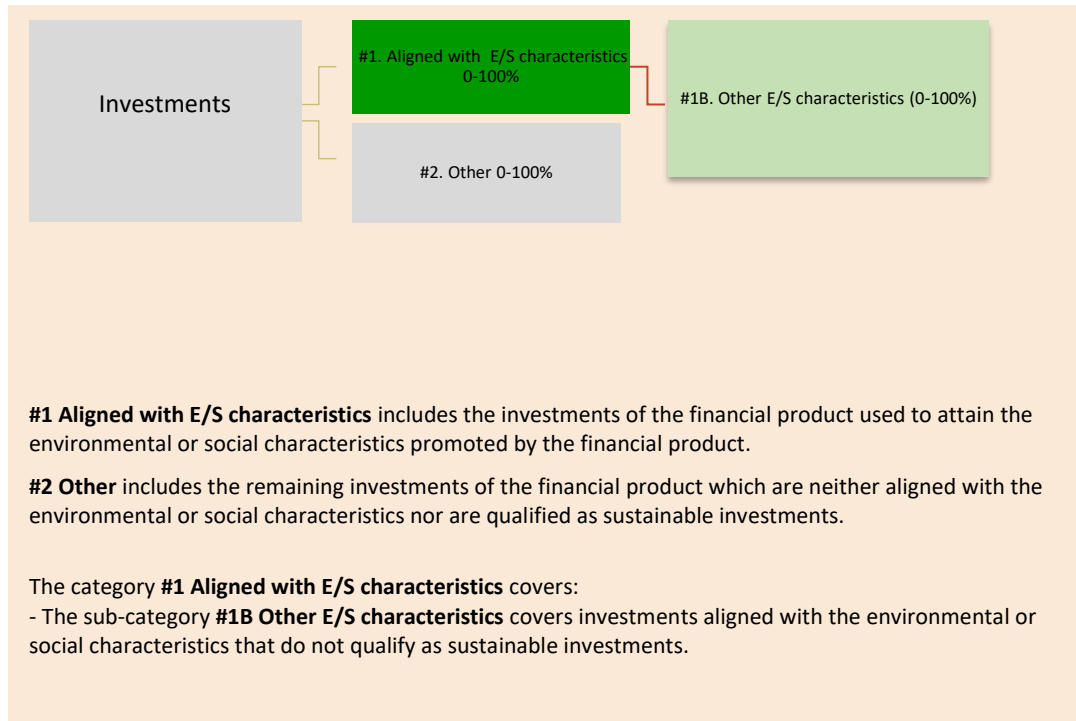
What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Fund invests primarily in listed equities in emerging markets and frontier markets but has the right to hold 100% in interest-bearing instruments and cash.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

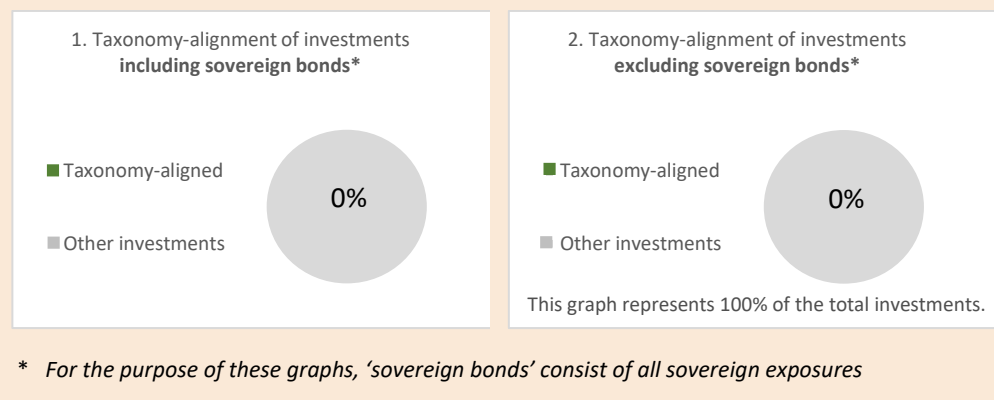
The Fund does not use derivatives to promote environmental or social characteristics.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

No, The financial product does not invest in fossil gas and/or nuclear-related activities

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These consist primarily of interest-bearing instruments and the cash needed in the Fund management.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.tundrafonder.se/>