



Tundra Sustainable Frontier Fund

Quarterly Sustainability Report
Q2 2016

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INTRODUCTION

This second ESG-report in 2016 emphasizes the social aspects of ESG, and the focus is on workers' conditions. We have gone through the labour reports from companies (from Pakistan, Sri Lanka and Vietnam) included in the fund and chosen a few examples that illustrate how the work is conducted.

"Universal and lasting peace can be established only if it is based upon social justice."

The statement above is collected from the International Labour Organization's (ILO) constitution from year 1919. It is evident that already back then there was an understanding on how exploitation of workers can have an extensive impact, even in a global perspective. Today, almost a century later, large parts of the world are still struggling to emulate the principles related to workers' rights.

A devastating example of neglected worker rights can be retrieved from the Textile, Clothing, Leather and Footwear (TCLF) sector; the story of Rana Plaza. In April 2013, the collapse of a factory building in Bangladesh killed over 1,100 and injured more than 2,500 and put the spotlight on the rampant corruption and appalling treatment of workers in the textile industry in the country. Rana Plaza, originally meant to be a four-story retail store, was converted into an 8-storey garment factory with the help of massive bribes. According to reports, local engineers warned the owners of the cracks in the building's structure only one day before the collapse, but no actions were taken. In the ensuing trial, 41 people (including the factory owners) were found guilty on charges of murder. Three years on, the case is still pending [1].

According to estimations in a report from 2013, there are 168 million children involved in child labour globally. While this number has declined by almost one third since 2000; Asia and the Pacific region still have an alarmingly high number of affected children. Only Sub-Saharan Africa has a higher incidence, with one in five children in child labour [2]. Victims of forced labour such as debt bondage or trafficking, amount to almost 21 million people globally. According to the ILO, it is estimated that around US\$150 billion in illegal profits are generated by forced labour, including trafficking, every year [3].

Rana Plaza - Lessons learnt

According to a local garment owner in Dhaka, one of the positive outcomes of the tragedy is that information now has been more streamlined. Previously, different companies set different standards. As a result, there were varying standards of compliance without a centralised or unified system of information. Accordingly, the only major safety check earlier was referring to fire. Those responsible did not even know how to declare whether a building was safe or not.

Today, there are stricter regulations in place and owners have to abide by these. One requirement states that buildings have to be used either for garment factories or as shops, not both. Claims from local sources state that regulations have made the garment industry more organised and has access to different safety measures. However, according to our local source, it took time for stakeholders to understand all the protocols and safety measures. For example, one year after the tragedy owners were still not aware of the requirements for building safety inspections.

As far as unions are concerned, our source explained that only 10-15% of the labour population is educated enough to be aware of and take part in a worker's union. The rest are usually involved in 'participatory committees' which are less formal organisations, but driven by workers.



The remains of the Rana Plaza site in Dhaka, Bangladesh. Photos: Tundra

CURRENT PORTFOLIO

At the end of the second quarter of 2016, there were 46 companies in the Tundra Frontier Sustainability fund. Five holdings were sold during the quarter, not because of ESG violations, but due to financial considerations. Ten companies were added in the quarter and were approved by the external ESG advisor (ISS-Ethix) and our internal research teams.

Hio Chi Minh City Infrastructure, Vietnam (1.5%)*

Ho Chi Minh City Infrastructure JSC invests and constructs infrastructure projects in Vietnam.

Ferozsons Lab, Pakistan (3.5%)

One of the first pharmaceutical companies in the country, Ferozsons was listed on the stock exchange in 1960. The company has a fully *Current Good Manufacturing Practice*-compliant production facility which is also ISO 9001 certified.

Gul Ahmed Textile, Pakistan (0.2%)

The textile group was established in 1953 and started trading on the Karachi Stock Exchange in 1970. The Group has more than 40 retail stores across Pakistan and positions itself as a 'green company'.

Habib Bank, Pakistan (2.3%)

HBL was the first commercial bank to be established in the country in 1947. The company has received several global accolades in 2015 including the 'Safest Bank in Pakistan' award by Global Finance and 'Brand of the year, Pakistan' by the World Branding Awards. The company established the HBL Foundation to promote the development of the underprivileged through education, health and emergency relief initiatives.

Hoa Phat Group, Vietnam (3.1%)

One of the leading steel companies in Vietnam, HPG was listed in the stock exchange in 2007. The company carries out several charity and community-focused activities for the poor and disadvantaged.

Letshego, Botswana (1.7%)

A microfinance holding company, Letshego started trading in 1998. The company carries out several need-based community activities with non-profit organizations that work in empowering members of vulnerable communities through entrepreneurship trainings/guidance and development in sport, music, art and culture, to name a few. They also involve their employees in these social initiatives through volunteer work.

Military Bank, Vietnam (3%)

Founded in 1994, the company is one of the leading commercial joint-stock banks in the country. Some of the company's services include saving, demand and term deposit products, cash management services, debt and asset management, construction services, life and non-life insurance and advisory services.

Richard Pieris & Co, Sri Lanka (1.3%)

The company is one of Sri Lanka's oldest and largest conglomerates in manufacturing, engineering, retail and plantation industries. Through its plantations, the company cultivates tea, oil palm, coconut, cinnamon and other crops.

Saigon General Service Corporation, Vietnam (0.3%)

Founded in 2006, the company engages in retail trade of motor vehicles which includes dealership of cars and motorbikes along with provision of taxi services, automotive repair and maintenance services. Electronic consumer products and cosmetic products are also traded.

Vietnam Electric Equipment, Vietnam (2.0%)

The company has built a solid position in the electrical engineering industry since its founding in July 1990. The company officially equitized to become a joint stock corporation in December 2010.

COMPANY VIOLATION WATCH

According to news sources, a subsidiary of *Richard Pieris & Co (Arpico Flexifoam)* has contaminated a lake in the Maththegoda area where the factory manufactures mattresses. Allegedly, the factory has been contaminating domestic water supply in the area with harmful and dangerous cyanide, by not treating its waste water before directing it in the river.

As a part of Tundra's systematic engagement methodology contact was established with *Richard Pieris & Co* in mid-May. So far we have been focused on investigating and exchanging information with the management of the company in order to investigate facts and to gauge the company's stance/willingness to change. The company claims that actions have been taken to secure the lake. We are currently checking further into the issue.

Tundra is also studying and looking into the company's palm oil businesses in order to determine whether their raw materials are sustainable or not.

Pakistan

Pakistan's labour issues are diverse and complicated. While the country has ratified the fundamental conventions of the International Labour Union, problems still persist in practice. The bulk of the country's labour population works in small-scale production units, such as cottage industries, domestic work and street vending, which usually precludes them from the protection of labour laws. Accordingly, less than 5% of the labour force is unionised, which means that the majority of workers do not have access to collective bargaining for their wages and working conditions. Gender discrimination which leads to women being excluded from contributing to mainstream economic activities is also prevalent. Having said that, almost 70% of women work in informal working conditions (which are usually not recorded) such as domestic or low-skill work, likely underestimating the problems for females. According to Maplecroft's Child Labour Index, Pakistan is one of the 'extreme risk' countries with one of the most widespread occurrence of child workers worldwide [4]. However, the government's stance on the practice is encouraging as seen in the latest ban on employment of adolescents (younger than 17) for hazardous jobs in Punjab. Bonded labour, where a person presents their work in payment of a loan and forfeit fundamental freedoms, is another grave issue. Loan amounts are usually quite high and in extreme situations, the bonded debt carries on through generations. This form of slavery is predominant in agriculture, brick kilns, carpet weaving factories, fisheries and the mining sector.

Short facts

Capital: Islamabad
Population: 188 900 000
Area: 796 095 km²
Core ILO Conventions Ratified?: Yes (8/8)
Employment to population ratio: 51.6%
Employment in agriculture: 45.1%
Employment in services: 34%
Female Labour Force Participation: 24.6%
Male Labour Force Participation: 82.9%
Vulnerable Employment: 63.1%

Sources: WorldBank, UNDP HDIs

Labour reports from companies

Gul Ahmed (0.2%)

The company positions itself as an equal opportunity employer and has employed more than 1,000 women (7.5% of employees) at various positions. The company also hires people with disabilities and facilitates for overseas candidates to do internships. Gul Ahmed is involved in various awareness programs and drills such as health awareness, fire fighting, first aid, work place hazards and material specification data sheets of chemicals, to name a few.



Rules and regulations of business ethics and confidential grievance mechanism displayed in the factory.

Habib Bank Ltd. (2.3%)

The company has launched an all-female banking platform called HBL Nisa to encourage more women to use financial services.

A visit to the Gul Ahmed factory in Karachi in December 2015. Photos: Tundra

K-Electric Ltd. (3.9%)

The company has a whistle blower policy where employees can communicate their grievances, any misconduct or unethical practices anonymously. The company also conducts regular safety audits which has lead to a reduction in employees' accidents by 76% and public accidents by 82%.



Visit to K-Electric in 2014. Photo: Tundra

Nishat Chunian Group Ltd. (1.1%)

The company gives benefits in the form of maternity leaves and day care centre facility for its female employees. The company also covers the employees' medical expenses.

Century Paper & Board Mill (1.0%)

The company strives to improve Occupational Health & Safety performance in all its operations. Employees are routinely trained in measures mitigating any accidents. In 2011, the company was awarded an 'Integrated Management System' certification including occupational health and safety assessment series 18001:2007.

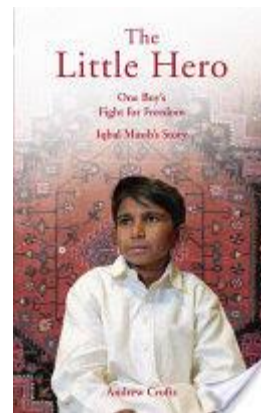
Pakistan State Oil (1.6%)

The company carries out a myriad of training programs for its employees' benefits. These include trainings for fire fighting and first aid along with awareness sessions on health and stress management. The company states that it has developed guidelines to identify critical equipment in order to prevent the effect of a major accident. Further, the company has various emergency response plans in place for several risk-heavy undertakings.

Iqbal Masih

– the story of a child in bonded labour

At the age of five, Masih was sold into bondage for less than \$7. The money was required for his mother who needed medical care. Masih was to work as a carpet weaver for the factory owner until the loan was paid back. However, due to growing financial needs and burdens, the loan could not be paid back. Masih, along with other children working there, suffered malnutrition and cringe-worthy treatment all aimed at retaining small fingers for intricate carpet weaving. When he made his first attempt to escape he managed to get to a police station, only to be brought back to the factory owner in order for the police officer to receive a compensatory bribe. He was then chained so that he wouldn't escape. However, he tried escaping again when he heard that there were laws protecting children from slave labour and he finally succeeded. He went on to become a spokesperson for the Bonded Labour Federation and travelled around the country and abroad, raising his voice against child labour and inhumane treatment of workers.



From the cover of Andrew Crofts' book
The little Hero [5]

In 1994 Iqbal visited Sweden, Lidköping and spoke about children working as slaves in Pakistan, he was also featured on Swedish television. He travelled to the United States where he received the Reebok Youth in Action Reward.

Easter Day 1995, back in Pakistan, Iqbal is shot dead at the age of 12. Most people believe he was murdered for speaking out against bonded labour practices. By then he had helped over 3000 children in Pakistan to escape slavery.

Twenty years later, many children are still working under slave-like conditions. Over 78 million children, nearly half of all of those in child labour, are estimated to be working under hazardous conditions.

Sri Lanka

Tourism, textile, tea export and agricultural products are the main sectors driving Sri Lanka's economy. Additionally, just like Pakistan and any other developing country, the informal sector is thriving. While this is a great way of generating employment opportunities, it brings vulnerability (job and income insecurity) to informal workers. Gender disparity is also viewed in the workplace despite the overall improvement in access to female education and health (Sri Lanka is ranked 79th out of 142 countries in the Global Gender Gap index). Reportedly, only 33.4% women are economically active in the country. While women are employed as tea pluckers and tappers and preferred in the garment sector, few ever rise to management-level positions. The occurrence of child workers pose a threat to the country's future as well. A recent survey reveals that there are almost 100,000 child workers in the country; a majority of them are girls working as domestic helpers in the cities while the boys are involved in agricultural work in rural areas [6]. Another startling statistic exposes that more than 50% of child labourers are involved in hazardous work while others, specially in coastal areas, are exploited sexually. In response, the government is working towards raising awareness and establishing education centres.

Labour reports from companies

Access Engineering Plc (1.7%)

The company has a strict policy against child labour and prohibits suppliers and subcontractors from engaging in this practice. The company reports a stringent screening process which ensures that none of its business partners employs child labour. As far as employees are concerned, the company places great focus on training, as can be seen in their elaborate in-house training plan with a total of 160 programmes spread over 225 training days with a participation of over 5,000 people. The Health & Safety Management System was implemented in 2011 and encapsulates the mental, emotional, social and vocational wellness of the employees as well.

Cargills Ceylon Plc (0.7%)

Cargills reports that applicants under the age of 18 years are not deployed in any area of operation. The company also claims that all manufacturing facilities are in line with statutory and ISO requirements for health and safety management systems. They state that there is a zero tolerance policy for forced labour and sexual harassment at the work place. The company has a non-profit training arm which helps develop opportunities for young people, many of whom go on to become part of the company.

John Keells Holdings Plc (2.7%)

John Keells Holdings reports it was considered a great workplace in Sri Lanka through the Great Place to Work survey 2014. The company declares that it seeks to empower its employees through its strengthened policies and practices such as performance based compensation schemes.

Short facts

Capital: Colombo
Population: 20 970 000
Area: 65 610 km²
Core ILO Conventions Ratified?: Yes (8/8)
Employment to population ratio: 52.4%
Employment in agriculture: 30.4%
Employment in services: 43.4%
Domestic Workers, Female: 2.5%
Domestic Workers, Male: 0.6%
Vulnerable Employment: 43.1%

Sources: World Bank, UNDP HDIs

Richard Pieris & Co (1.3%)

The company asserts that most of its employees belong to worker and staff unions and all legal requirements and regulations related to employee health and safety are complied with. Training programs are conducted for both field workers and factory workers. Reportedly, the company has no tolerance for discrimination or harassment of any kind. Company employees are encouraged to take part in sporting activities which are usually known to enhance leadership skills and team spirit.

Tokyo Cement Co. (Lanka) Plc (1.7%)

The company states that it is an equal opportunity employer and opportunities are provided to all employees based on merit. Accordingly, stringent safety and health measures are enforced, states the company report.



One of Cargills' retail shops in Colombo.
 Photo: Tundra

Vietnam

Agriculture, industry and services are the main sectors contributing to the economy. Agriculture plays a vital role in Vietnam's economy providing 57% of total employment and is one of the leading countries when it comes to the export of rice, coffee, cashew nuts etc. Women are mostly employed in the agriculture and services sectors. One of the unique challenges facing the country is labour shortage in major cities. According to state projections for the 2010 to 2020 period, Vietnam's labour force is likely to only grow by about 0.6% - a marked decline from the previous decade's growth of 2.8%. Like any developing economy, Vietnam is plagued with social issues. According to a 2014 report by the International Labour Organization, Vietnam has around 1.75 million child labourers. Most of these work in the agricultural sector and are usually unpaid family workers [7].

Labour reports from companies

FPT Corp. (2.9%)

The information technology company trains its employees regularly to update them on new technology trends; periodic trainings are also given for enhancing employee skills. The company has a standardized compensation structure which includes travel allowances, bonuses and welfare. According to the company, it aims to boost employee creativity by developing a friendly working environment; some of the company's offices are built like campuses and mini towns which motivates employees and also brings a sense of ownership to them.



An FPT shop in Ho Chi Minh City. Photo: Tundra

Saigon General Service Company (0.3%)

The company reports that it has standardized and implemented the personnel planning process, as well as their appointment, training and evaluation. The company promotes healthy activities such as sports, family festivals, professional knowledge clubs etc. among its employees.

Short facts

Capital: Hanoi
Population: 91 700 000
Area: 330 972 km²
Core ILO Conventions Ratified?: Yes (5/8)
Employment to population ratio: 75.9%
Employment in agriculture: 46.8%
Employment in services: 32%
Domestic Workers, Female: 0.9%
Domestic Workers, Male: 0.1%
Vulnerable Employment: 62.6%

Source: World Bank, UNDP HDIs

Vinamilk (1.9%)

Reportedly, the company consistently receives accolades for being one of the 'best places to work' in Vietnam. In 2015, according to the company, there were 91 employees who took maternity leave, all of whom resumed work after the leave period ended. Employees are encouraged to voice their suggestions and grievances and in 2015, 11 complaints were raised; these were said to have been resolved immediately. Heavy emphasis is laid on employee trainings which can be gauged from the fact that there were 404 courses (with a budget of over USD500,000) held in 2014 alone. The company measures its 'human resource health' by the number of employees that leave the company – about 6%.



Top: Vinamilk products on display in a local shop. Above: A corporate presentation at Vinamilk headquarters in Ho Chi Minh City in September 2015. Photos: Tundra

CONCLUSIONS

This report puts a focus on working conditions and other relevant aspects of the *social context* in our sustainability work. Employees are one of the most important assets to a company. Securing employees' health and safe working environment is not only a central part of the ESG-work, but also constitutes a natural component in a financial analysis. It is important to remember that the Frontier markets are not comparable to our contemporary society in the West. But it is equally important to keep in mind the radical changes that reformed our own society only in the last 100 years. Here are a few examples from Sweden: voting rights for women (1921), Nanna Schwartz is appointed first female professor in government service (1937), "The Saltsjöbaden Agreement" – a Swedish labour market treaty - is signed (1938), increasing numbers of women entering work life and child care available to families on a broad front (1950-60s), law on four weeks vacation replaces the earlier two weeks (1963), homosexuality is removed from the manual of psychiatric disorders (1979). In the process of reviewing the labour reports of the companies included in the Sustainability Frontier fund and for the overall aim of this report we focused on three sustainable developmental goals: **Gender equality** (#SDG5), **Decent working conditions** (#SDG8) and **Partnerships** with local NGOs to strengthen our impact (#SDG17).

ENGAGEMENT / ACTIVITIES

Contact with NGOs

During this time period we have been in contact with several NGOs in different countries. Here we highlight a meeting with **Green Crescent Trust (GCT), Pakistan**: The Trust is dedicated to providing water to the disadvantaged residents in the Tharparkar district, Sindh. Access to fresh water is associated with health, income and education for an entire village. It also means that women (young girls and mothers) do not have to travel long distances every day in the scorching heat to fetch one pot of drinking water for their families. The GCT is focused on providing water wells to the residents as well as for the cattle they raise for their livelihood. In this way a reliable source of clean drinking water is available



In conversation with Project Coordinator, Atif Awan and his colleague. Photo: Tundra

right outside their homes. So far, 350 water projects with over 90 000 beneficiaries have been initiated. The GCT aims to provide wells in all 2 300 villages of the district. The Trust is also dedicated to empowering children and orphans through education and has a successful network of school systems in place. Due to the varying nature of the work they do, the GCT comes in contact with many reputable listed companies in Pakistan that are keen to collaborate on social projects in order to fulfil their corporate social responsibilities. For this reason, along with the fact that the organisation has a great knowledge of environmental and social issues, they are a valuable contact.

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Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted by world leaders on the 25th of September 2015 at the United Nation's summit. The overall aim of the 17 goals is to end poverty, fight inequality and injustice and tackle climate change by year 2030. These goals stand as an extended version of the eight Millennium Development Goals (MDGs) targeting poverty, hunger, disease, gender inequalities, access to water and sanitation. All of the 17 Sustainable Development Goals are connected to the UN's Development Programme's strategic plan, focussing on sustainable development; democratic governance and peacebuilding; climate and disaster resilience. A full description of all the SDGs can be found on the following link:

<http://www.undp.org/content/undp/en/home/sdgoveview/post-2015-development-agenda/>

Tundra aims to incorporate all relevant aspects of the principles of the SDGs into the business and the ESG-process. This ambition is in a long-term perspective and should be interpreted as work in progress. In this report we have put a specific focus on #SDG5, #SDG8 and #SDG17. Each goal is described in more detail below.



5



Achieve gender equality and empower all women and girls

Gender equality refers to equal rights, responsibilities and opportunities for women and men, and girls and boys. Today nearly 30% of countries still have not included gender equality in their constitutions. The most important actions in order to reach set goals for gender equality are investments in education programs for girls, to increase the age at which girls enter marriage and to ensure access to sexual and reproductive health services.

- An estimated 31 million girls do not enter primary school, most of them in low- and middle income countries. Both Pakistan and Nigeria can be found among the bottom ten countries for female education
- Each year 15 million girls under the age of 18 are married, this equals over 40 000 girls every day
- Each year around 16 million girls aged 15-19 and one million girls under the age 15 give birth each year, and yet another three million girls undergo unsafe abortions
- On average, women in the labour market still earn 24% less than men globally, corresponding numbers for Europe is 16%

8



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

The 8th goal is to promote sustainable economic growth and decent work, by achieving full and productive employment and decent work for all female and males globally by 2030. Equal pay for work of equal value is another target. Immediate and effective measures are requested to eradicate forced labour, end modern slavery and human trafficking. Prohibition and elimination of the worst forms of child labour are called for, including recruitment and use of child soldiers, and subsequently, by 2025, end child labour in all its forms. Another fundament is to protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular female migrants, and those in precarious employment.

- Over 204 million people were unemployed in 2015
- There are nearly 36 million victims of human trafficking globally, with more than 2/3 cases in Asia. An estimated 66% of all victims in Asia are being used in forced labour (corresponding number for Europe is 26%)

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Strengthen the means of implementation and revitalize the global partnerships for sustainable development

In order to achieve a sustainably better world; governments, the private sector and civil society must interact and gather around principles, values and shared goals. The SDGs can serve as an international platform that allowing us to work towards common goals according to given principles. Urgent action is needed to reach the sustainable development objectives. Long-term investments, including foreign direct investment, are needed - especially in countries that are described as developing. Core areas for action include sustainable energy, infrastructure and transport, as well as information and communications technologies. Frameworks, regulations and structures should be rearranged and adapted to reinforce sustainable development. National structures and legislation should be strengthened to facilitate the process.

- More than four billion people do not use the Internet, and 90 per cent of them live in the developing world
- About 30% of young people are digital natives, and has been active online for at least five years
- Worldwide 780 million adults and 103 young people (15-24 years) lack basic reading and writing skills

Sustainability Guidelines

Tundra’s ESG process is governed by international standards of responsible investing. These include screening for “norm-based” breaches, “controversial weapons” and “sector-based” breaches (see Table 1).

Norm-based breaches include screening for breaches that are in contravention with the United Nations Global Compact (see Table 3) - 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 a 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. There are certain sectors that are considered to be no-go areas in the ‘sustainability’ universe. These are sectors involved in alcohol, pornography, tobacco, weapons or gambling. However, if the total revenue from a product from one of these sectors does not exceed 5%, the company may still be eligible for the sustainable fund.

Table 1. Guidelines in detail	
Norm-Based Breaches	<ul style="list-style-type: none"> • Environment • Human Rights • Labour Rights • Corruption
Controversial Weapons*	<ul style="list-style-type: none"> • Nuclear Weapons Biological Weapons • Chemical Weapons • Non-detectable Fragments • Blinding Laser Weapons • Anti-personnel mines • Cluster Munitions • Incendiary Weapons • Depleted Uranium Ammunition <p>*All Production/Distribution: 0%</p>
Sector-specific Breaches	<ul style="list-style-type: none"> • Alcohol (Production: 5%, Distribution: 5%) • Pornography (Production: 0%, Distribution: 5%) • Tobacco (Production: 0%, Distribution: 5%) • Weapon 5% • Gambling 5%


Table 2. Central ESG Factors	
Measures for Sustainability and Ethical Impact of investments	
 <p>Environmental</p>	<ul style="list-style-type: none"> • Environmental Management Systems • Raw Material Sourcing • Energy Consumption • Waste Processing • Certification
 <p>Social</p>	<ul style="list-style-type: none"> • Labour Rights/Standards • Human Rights • Gender Equality & Diversity • Product Integrity • Community Involvement
 <p>Governance</p>	<ul style="list-style-type: none"> • Management Structure • Board & Investor Oversight • Good Governance • Anti-Bribery/Corruption • Tax Transparency/Reporting

Table 3. The Ten Principles of the UN Global Compact
<p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>
<p>Labour</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour;</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>
<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility;</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>
<p>Anti-Corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>

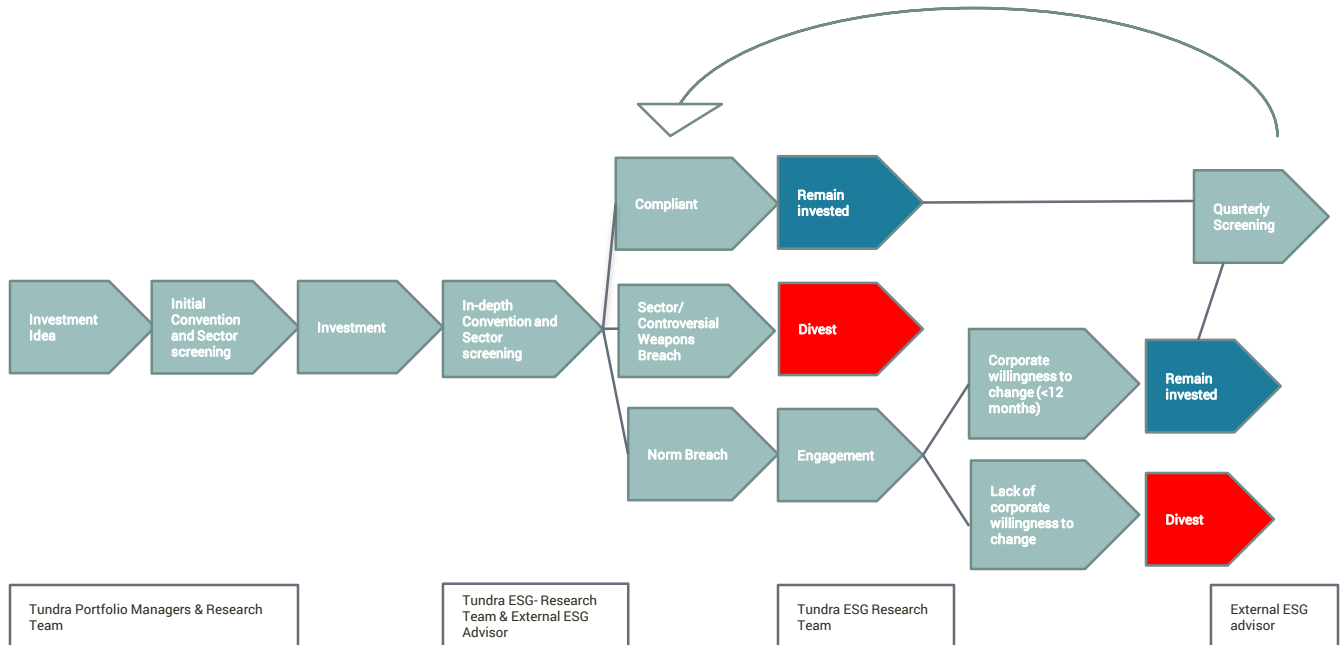
Tundra's ESG Process

As shown below, the screening process for sustainability encompasses a few phases. The initial phase begins with an idea to invest in a particular company by Tundra's portfolio managers and research team. There is a preliminary screening carried out and after it is confirmed that the company does not belong to a "no-go" sector and has not breached any of the international guidelines (see above for detail), the investment is made. The local ESG Research team, along with an external ESG Advisor, then carries out an in-depth research into the invested company to verify and ensure absolute compliance to international standards.

In the event of a possible breach in controversial weapon or a sector breach, there is an immediate divestment from the offending company. However, if the breach is "norm-based", the ESG Research team will create and implement a twelve-month engagement strategy with the company's higher management. The aim of this dialogue is to persuade the management to do better; to extract their willingness to work towards fixing the issue(s). These meetings would usually take the form of interviews, discussions, and answering quantitative data sets.

If, on the other hand, the company is unwilling to cooperate, there would be immediate divestment.

Tundra's ESG Process



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