

---

# QUARTERLY ENGAGEMENT REPORT

2019:1

*This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during the first quarter of 2019.*

*Use of and access to this information is limited to clients of Sustainalytics. The information may not be reproduced, transmitted, redistributed, translated, sold, exploited commercially or otherwise reused in any way whatsoever without Sustainalytics' prior written consent, unless compelled by binding law. All copyright, database rights and other proprietary rights in this document remain the property of Sustainalytics.*

*Cover: All graphics used are part of the public domain under the Creative Commons license CC0 or have been procured by Sustainalytics.*

## TABLE OF CONTENTS

<b>ENGAGEMENT BRIEF</b>	<b>3</b>
<b>ENGAGEMENT SUMMARY REPORT</b>	<b>23</b>
<b>COMPANY DIALOGUE &amp; PROGRESS SUMMARY</b>	<b>24</b>
<b>RESOLVED LIST</b>	<b>25</b>
<b>ENGAGE LIST</b>	<b>27</b>
<b>EVALUATE LIST</b>	<b>45</b>
<b>DISENGAGE LIST</b>	<b>46</b>
<b>OUR APPROACH</b>	<b>48</b>
<b>ABOUT ERSTE ASSET MANAGEMENT</b>	<b>49</b>

# ENGAGEMENT BRIEF

## EXECUTIVE SUMMARY

During the first quarter of 2019, Sustainalytics advanced several Business Conduct Engagement (BCE) cases, resulting in changed statuses.

### **Engagement concluded**

In Q1, we concluded engagement with nine companies: three of them were related to labour rights, such as poor working conditions and health and safety issues; three concerned operations in Western Sahara; one regarded rainforest destruction in Indonesia; one was linked to environmental and human rights impacts caused by purchasing tin, and one involved a controversial hydropower project.

In March 2019, Sustainalytics concluded its long-term engagement with ASTRA AGRO LESTARI regarding rainforest destruction in Indonesia. Over recent years, the company has developed and has been implementing its own sustainability policy, comprised of three main pillars: no deforestation, conservation of peatlands, and respect for human rights. It also reports bi-annually on the progress made with regards to the implementation of the policy. Based on the measures taken by the company, the case was resolved.

For several years, Sustainalytics engaged with ESKOM HOLDINGS, a state-owned South African company which since the end of 2013 experienced several fatal workplace accidents at its South African operations. Given the overall downward trend in fatalities during 2018 and the numerous measures the company has put in place in the workplace, Sustainalytics resolved the case.

In Q1 2019, Sustainalytics concluded engagement with HON HAI PRECISION INDUSTRY CO (trading as Foxconn) on two issues: responsible sourcing and working conditions at its facilities. Since 2012, the company was repeatedly mentioned as one of the buyers of tin from the islands of Bangka and Belitung in Indonesia, devastated by the practice. In response to the issue, the company improved its sourcing practices, and at the end of 2018, it confirmed to Sustainalytics that it would not source tin from any Indonesian suppliers that were not compliant with its own and its clients' requirements. Throughout the engagement on poor working conditions at the company's factories, the company has demonstrated gradual progress and has managed to address many of the alleged labour rights problems. In addition, Foxconn has improved its level of understanding of

investors' concerns and committed itself to applying higher standards to its operations than is required by local laws. Due to the enhanced measures, Sustainalytics resolved the cases.

For several years, Sustainalytics engaged with PTT PCL (PTT), as its subsidiary was involved in the controversial Xayaburi dam project in Laos. In calls and several in-person meetings with the company over the years, PTT shared details on oversight by its subsidiary and the authorities of the environmental and social risks at Xayaburi. Since the company now has an acceptable level of environmental and social policies and procedures in place and due to the late stage of the project, PTT is unlikely to make any further changes and improvements in relation to the project, and Sustainalytics decided to close the case.

Furthermore, in March 2019, Sustainalytics resolved a case on THAI UNION GROUP, a company accused of labour rights violations in its seafood supply chain in Thailand. The dialogue, which started in 2013, covered various topics linked to the Thai fishing sector, such as traceability enhancement, supplier risk assessment, grievance mechanisms, as well as an education programme provided to migrants. Due to the measures taken by the company to address human and labour issues, the engagement was concluded.

In Q1, Sustainalytics also concluded engagement with WESFARMERS over its presence in Western Sahara, a territory occupied by Morocco. In recent years, Wesfarmers has published a human rights statement and developed a due diligence process to address human rights risks and impacts in some of its business operations and supply chain. Wesfarmers has also refrained from importing phosphate rock from Western Sahara since 2012 and it confirmed to Sustainalytics that it had no plans to resume sourcing from the region. Due to the abovementioned reasons, Sustainalytics resolved the case.

#### **Engagement initiated**

In addition, in Q1 2019, Sustainalytics started engagement with several companies from different sectors over a range of issues, including corruption, health and safety at work, bridge collapse, air and water pollution and human right violations:

In March 2019, Sustainalytics started engagement with EMPRESAS PUBLICAS MEDELLIN, a company which owns a 46 per cent share in the controversial Ituango hydropower project in Colombia. The case was upgraded to Engage, following two major accidents that had occurred in May 2018 and January 2019, affecting tens of thousands of people living along the

Cauca river. The engagement focus is to ensure that all the adverse impacts of the project are duly assessed and mitigated by the dam owners and that the security of the riverine communities is guaranteed.

Furthermore, Sustainalytics started engaging with ESKOM HOLDINGS in relation to pollution from the company's coal power stations in South Africa. Based on its own studies conducted since 2017, emissions from its facilities have affected 8.7 million people and are the cause of over 330 deaths annually. The engagement is considered necessary in order for Eskom to undertake a cost benefit analysis to address the problem in a timelier manner.

In March 2019, Sustainalytics upgraded a case on KOREAN AIR LINES to engage, after the CEO of Korean Air Lines was indicted by South Korean prosecutors on charges including embezzlement and breach of trust in October 2018. Sustainalytics decided to follow the current embezzlement investigations and encourage the company to further strengthen relevant compliance procedures.

Following a severe accident involving a gas explosion in October 2018 at the Bhilai Steel Plant, a unit of STEEL AUTHORITY OF INDIA (SAIL) in the Chhattisgarh state in India, Sustainalytics decided to engage with SAIL. The engagement is focused on improvements in the company's health and safety procedures introduced after the explosion incident among other things.

At the end of January 2019, the Feijão tailings dam burst at the Córrego do Feijão iron ore mine. The dam is owned and operated by VALE SA. As a result of the incident, around 200 people died and around 100 are still missing. Due to the impact of the incident and gaps in the company's risk management, Sustainalytics started engagement with the company.

## INDEX OF COMPANIES MENTIONED IN THIS ENGAGEMENT BRIEF

ASTRA AGRO LESTARI	7
ATLANTIA SPA	15
AUTOSTRADA PER L'ITALIA	15
BHILAI STEEL PLANT	20
CH. KARNCHANG	11
CSBP	14
EMPRESAS PUBLICAS MEDELLIN	16
ESKOM HOLDINGS SOC LTD	8
GLOBAL POWER SYNERGY COMPANY	11
HANJIN GROUP	19
HON HAI PRECISION INDUSTRY CO	9
KOREAN AIR LINES CO LTD	19
PTT PCL	11
STEEL AUTHORITY OF INDIA	20
THAI UNION GROUP	13
TÜV SÜD	22
VALE SA	21
WESFARMERS	14

## ASTRA AGRO LESTARI

### Rainforest destruction



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



Deforestation has become a critical business issue for companies active in the global trade in palm oil, timber products or soy. The production of these commodities can contribute to habitat loss, greenhouse gas emissions and social conflict. Global demand for palm oil is rising and its production is expanding rapidly, making it one of the main causes for the destruction of natural ecosystems in South East Asian countries.

In 2015, ASTRA AGRO LESTARI (AAL) was accused of rainforest deforestation, endangering orangutans, peatland conversion and land disputes in Indonesia. The company was also linked to similar violations in 2009 indicating that AAL was associated with the destruction of the Tripa peat swamp rainforest in Indonesia. In June 2015, the company introduced an immediate moratorium on land conversion across all its operations in Indonesia. Accordingly, the company adopted a Sustainability Policy and in July 2016 it reported that it had started working with the CONSORTIUM OF RESOURCE EXPERTS (CORE) to provide technical support to ensure that the Policy is implemented effectively.

Sustainalytics initially had difficulties getting in touch with AAL but managed to have a face-to-face meeting with the company at its Jakarta headquarters in September 2016. During the meeting, AAL explained it had appointed CORE to advise on the development of an action plan to implement AAL's Sustainability Policy. Since then, AAL and CORE have been working with key stakeholders, such as the government, industry bodies, NGOs and smallholders to implement its Sustainability Policy. The Policy comprises of three main pillars: no deforestation, conservation of peatlands, and respect for human rights.

In 2017, the company reiterated that, together with the consultants, it was designing a process to develop an action plan to enhance the implementation of the Policy. In 2018, the company finalised its work on the action plan which includes building a traceable and transparent supply chain, developing programmes for smallholders and third-party suppliers, and creating a transparent consultation process to resolve complaints, grievances, and conflicts. Progress on the above-mentioned issues is reported bi-annually and available on the company's website.

Although the risk of the company being associated with environmental violations remains relatively high, AAL's preparedness to respond to potential incidents is adequate. Due to the measures taken by the company, Sustainalytics decided to resolve the case.

## ESKOM HOLDINGS SOC LTD

### Recurring fatal accidents



**K Bruce Jackson**  
Associate Director

Status: Resolved

Contribution to SDGs:



ESKOM HOLDINGS SOC LTD (Eskom) is a state-owned enterprise that generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. Additional power stations and major power lines are being developed to meet rising electricity demand in South Africa. Since 2013, the company has suffered several incidents of multiple fatalities involving either its employees and/or contractors.

An analysis of the company's health and safety statistics, over a six-year period, shows a general decline in the overall number of fatalities. Over the same period, the employee lost time injury rates, excluding occupational diseases, have all shown a general downward trend.

Through our dialogue with the company, which has involved a number of conference calls and face-to-face meetings in South Africa the company has outlined numerous measures including: safety culture surveys, additional training for staff and contractors, including empowering supervisors to undertake safety assessments and stopping works if considered too dangerous, an annual company driving test, the introduction of breathalysers with an accompanying zero-tolerance policy.

Eskom also undertakes initiatives with the general public to raise awareness of electrical safety, including educational programmes in communities and schools, as well as publicity campaigns on local radio to raise awareness of electrical safety.

Given the overall downward trend in fatalities and the numerous measures the company has put in place in the workplace, with contractors and with the general public; Sustainalytics considers the case to be resolved.

## HON HAI PRECISION INDUSTRY CO

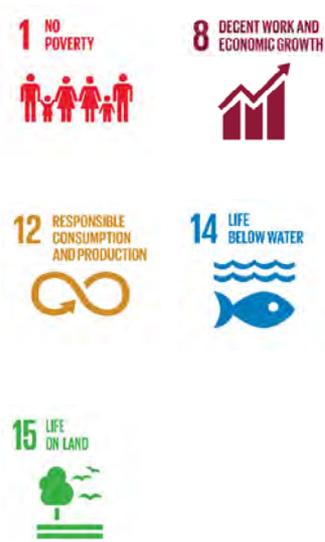
Environmental and human rights impacts caused by purchasing tin



**Izabela Żurowska**  
Manager

Status: Resolved

Contribution to SDGs:



Since 2012, HON HAI PRECISION INDUSTRY CO (trading as Foxconn) was among a group of companies that were allegedly sourcing tin from Bangka and Belitung islands in Indonesia, which according to the NGO FRIENDS OF THE EARTH NETHERLANDS have been devastated by the practice. Tin mining in the area was reported to be destroying coral reefs, forests and farmlands, and to be depriving some places of clean water. There were also allegations of human rights violations and child labour in relation to tin mining on the islands.

Tin is a key component in smartphones and other electronic devices, and almost a third of the world’s supply comes from the islands of Bangka and Belitung. Indonesia has the second largest tin reserves in the world after China and most Indonesian tin is produced for export. Despite high environmental and human rights risks associated with tin production, Indonesia benefits economically from the practice.

However, currently, there is no definition or criteria for responsibly mined tin, so the starting point lies within what is considered legally mined tin. For decades, the practice had been highly unregulated, and illegal mines were able to operate and benefit from the legal vacuum. In recent years, the Indonesian government pledged to revise the laws governing tin mining licenses and export requirements. To provide proper standards, the laws would have to be strictly structured and enforced.

According to TIN WORKING GROUP (TWG) which is the main initiative addressing the issue, the Indonesian government has been working towards improving independent validation and creating a list of all participating tin mines and/or smelters, which would include the criteria for responsible operations. The TWG is the main collaborative, multi-stakeholder enterprise working towards making a meaningful change in the Indonesian tin sector. The TWG works with downstream companies, midstream processors, local tin producers, civil society, industry associations, and the central and regional Indonesian government. Through the TWG, companies are contributing to the development of responsible tin mining in Indonesia. Foxconn is a member of the RESPONSIBLE MINERALS INITIATIVE (RMI) under which the TWG is functioning. In addition, Foxconn’s environmental management systems and policies include ISO14001 and the Eco Management and Audit System.

The dialogue on responsible sourcing with Foxconn has been transparent and in 2017, the company informed Sustainalytics that it had stopped sourcing from Indonesia. In November 2018, Foxconn confirmed that it was not sourcing tin from the

Indonesian suppliers that were not compliant with its own and its clients' requirements. However, the company may return to sourcing from the country. In Sustainalytics' view, in case Foxconn returns to buying tin from Indonesia, as a member of the RMI, it would likely conduct the process in line with the RMI's standards. The RMI is one of the key initiatives devoted to addressing responsible sourcing issues and its primary purpose is for companies to implement due diligence of supply chain minerals.

Since RMI standards are considered to be a best practice, and the company is committed to adhering to them, Sustainalytics decided to conclude the dialogue with Foxconn on this topic in January 2019.

## HON HAI PRECISION INDUSTRY CO

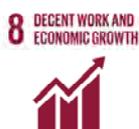
Poor working conditions



**Izabela Żurowska**  
Manager

Status: Resolved

Contribution to SDGs:



Sustainalytics was engaging with HON HAI PRECISION INDUSTRY CO (trading as Foxconn) in relation to recurring allegations of poor working conditions at the company's factories. Foxconn is one of the Apple's main suppliers in China and since 2009 it has repeatedly been reported by CHINA LABOR WATCH and other NGOs investigating labour rights violations in the country. The NGOs alleged, among other things, that the military-style management at the company had led to the workers' suicides and labour law violations.

In dialogue with Sustainalytics, Foxconn stated that the reports were misrepresenting its labour practices and provided concrete examples of how it manages its working conditions and addresses the issues. Despite not agreeing with the allegations presented in the NGOs' reports, the company acknowledged many problems such as excessive working hours and is committed to continually improving its performance, which has translated into an increased number of audits, for example. In recent years, Foxconn has implemented various measures to prevent incidents in its factories and it has become more transparent about the actions it takes towards incidents, enforcement and remedial measures.

Nonetheless, despite Foxconn's adequate reaction to the incidents, the number of reports remain high as many of the challenges that the company is facing are industry-wide and need a collaborative effort. In recent years, the scrutiny over the business practices in the IT sector has been very intense and Foxconn was one of the companies most frequently targeted. In response, the sector's key players and the main initiatives such

as RESPONSIBLE BUSINESS ALLIANCE (RBA) have been pushing for an improved performance and a stricter compliance with industry codes. Foxconn is a member of the RBA, which created an industry-wide standard on social, environmental and ethical issues. The company complies with the RBA's Code of Conduct and, in dialogue with Sustainalytics, committed to adhering to following best practices and to collaborating with its peers to enhance the labour standards.

Over last few years, Foxconn started referring in its policies not only to RBA's Code of Conduct but also to UN Sustainable Development Goals and the UN Declaration of Human Rights.

Throughout the engagement, the company has been demonstrating gradual progress and has managed to address many of the alleged labour rights problems. In addition, Foxconn has improved its level of understanding of investors' concerns and committed to applying higher standards to its operations than is required by local laws. The company recognises key concerns and risks related to its operations and has developed a strategy to alleviate the outstanding issues.

Although the risk of the company being associated with labour rights issues remains high, Foxconn's preparedness to respond to potential incidents is satisfactory. Due to the enhanced measures in improving labour rights in its operations, Sustainalytics resolved the case in February 2019.

---

## PTT PCL

Project with environmental and social risk



**Stina Nilsson**  
Senior Manager

Status: Archived

In August 2011, the NGO INTERNATIONAL RIVERS reported that construction of the Xayaburi hydroelectric dam on the Mekong River in Laos was continuing despite the fact that the project had been suspended by the MEKONG RIVER COMMISSION (MRC), an inter-governmental agency that works directly with the governments of Laos, Cambodia, Thailand and Vietnam. The dam initially threatened the existence of fish migration routes upriver with little baseline data to measure the potential impacts on the fish stock. The potential impacts could affect the livelihoods and food security of millions of people from Thailand, Laos, Cambodia and Vietnam, all of whom are dependent on the Mekong River. PTT PCL (PTT) has a 15 per cent share in the Xayaburi project through its majority owned subsidiary GLOBAL POWER SYNERGY COMPANY. CH. KARNCHANG is the main developer. The Xayaburi dam is very close to completion and commercial operation is planned to start during 2019.

Contribution to SDGs:



Following a number of reported concerns, the project was redesigned in 2015 to mitigate some of the risks, primarily in relation to fish migration. A Resettlement Action Plan was also put in place, including compensation of accommodation and livelihood for those directly affected by the dam. In January 2019, the MRC issued a review report of the redesign of the Xayaburi dam, stating that the dam project consortium has provided 'substantial investments in monitoring, research and re-engineering to further minimise potential impacts (...)', but that more detailed information is needed to conduct a more in-depth analysis. It also noted that the efficacy of the measures may not be fully shown until two to three decades.

In calls and several in-person meetings with the company over the years, PTT has also shared details on oversight by its subsidiary and authorities of the environmental and social risks at Xayaburi. The company stated that if a project is of a certain risk level, there must be reports on mitigation plans in every quarter. However, the risk of Xayaburi was not considered to have reached such a level. In general, PTT stated that it is the project owner who is responsible for conducting the environmental impact assessment. Additionally, project owners must analyse stakeholder management and report on the progress to PTT in every quarter. Apart from the Xayaburi related topics, the company publicly reports on the policies and processes that are in place to manage key environmental and social risks related to its operations.

To conclude, at this late stage of the project, those companies which are involved are unlikely to make any further changes and improvements in relation to the project. Some steps have been taken by the dam project consortium to minimise negative impacts on local communities and the environment, however, in its review report, the MRC also stated that the efficacy of the measures undertaken by the consortium may take a long time before being fully visible. PTT has an acceptable level of environmental and social policies and procedures in place, but has not been able to demonstrate how they are systematically being implemented into its everyday operations. Sustainalytics has therefore decided to archive the case.

## THAI UNION GROUP

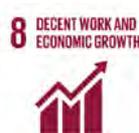
### Labour rights violations



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



Sustainalytics has been engaging with THAI UNION GROUP (TUG) since 2013 in relation to allegations of labour rights violations in the company's seafood supply chain in Thailand. NGOs and media reported on labour rights violations including payment issues, debt bondage and discrimination against migrant workers, as well as health and safety breaches. In response to the accusations, TUG stated that it condemned labour rights violations but also admitted that it was difficult to monitor the whole supply chain. TUG also underlined the fact that in reaction to the reports it had immediately terminated business ties with those suppliers which might have been involved in forced overtime shifts and developed a SeaChange strategy to address the above-mentioned issues.

Over the course of the engagement, Sustainalytics held five conference calls to discuss, among other things, traceability enhancement, supplier risk assessment, grievance mechanisms, as well as an education programme provided to migrants.

Since 2016 TUG has been implementing its SeaChange strategy, which includes a pillar on safe and legal labour. The company divides this pillar into three categories: verification and traceability initiatives, which allow the company to digitally trace the seafood it procures; accountability and transparency measures that include audits, social dialogue initiatives and annual reporting on progress. Finally, the company is working towards worker empowerment, with a focus on migrant workers through partnerships with NGOs.

TUG, in cooperation with the Thai government and Thailand's SHRIMP SUSTAINABLE SUPPLY CHAIN TASK FORCE, introduced a supply chain traceability system that enables traceability of seafood ingredients from fishing vessels through the supply chain to finished products. This includes the implementation of a fishing vessel verification programme that covers third-party verified audits of randomly selected boats. The company also reduced the number of vessels from 2,500 to 500 to have better control over working conditions. In 2017, TUG signed the Seafood Business for Ocean Stewardship pledge along with some of the largest seafood companies and committed itself to improving transparency and traceability in its own operations. The company also developed an education programme for factories, primary processors and fish farms to help end unfair practices, and tools to support the inspection of fishing vessels to identify where forced and child labour is taking place.

In 2018, the company implemented its Fishing Vessel Improvement Programme and Vessel Code of Conduct (VCoC) to

provide guidance to the fishing vessels from which the company sources. This also improved labour and ethical performance in the fishing sector. The VCoC is an extension of the Business Labour and Ethics Code of Conduct, which is based on 12 principles that are aligned with the UN Global Compact principles.

Due to the measures taken by TUG to address human and labour issues, Sustainalytics regards the case as resolved.

## WESFARMERS

Illegal exploration of natural resources



**Enrique Figallo**  
Senior Associate

Status: Resolved

Contribution to SDGs:



Since 2007, according to WESTERN SAHARA RESOURCE WATCH, an NGO working to preserve the natural resources in Western Sahara for the usage of its people, WESFARMERS' subsidiary CSBP was a major importer of phosphate rock from Western Sahara (WS). The company used to import approximately 60 per cent of its phosphate from Morocco's state-owned phosphate company, OFFICE CHÉRIFIEN DES PHOSPHATES (OCP), operating in WS.

In an opinion issued in 2002 by the UN Under-Secretary General for Legal Affairs, the exploitation of natural resources in non-self-governing territories, Western Sahara in particular, was declared illegal if conducted in disregard of the interests and wishes of the people.

In 2012, Wesfarmers installed a regenerative thermal oxidizer (RTO) technology which allowed the company to stop sourcing phosphate rock from WS. After the company's imports halted, Sustainalytics continued dialogue with Wesfarmers focusing on the company's supply chain management and human rights due diligence. Following this, Wesfarmers identified ethical sourcing and human rights as the most material sustainability issues for the company. Consequently, the company improved its human rights due diligence and ethical sourcing policy across some of its business units to address and manage human rights risks and impacts from its business operations and supply chain. However, since CSBP was one of the business units that had not implemented an ethical sourcing policy and framework, Sustainalytics continued the engagement with Wesfarmers to better understand how CSBP was planning to improve its ethical sourcing framework to prevent future violations.

In 2018, the company stated that the Wesfarmers Chemicals, Energy & Fertilisers business unit, which CSBP belongs to, was in the process of developing its own formal ethical sourcing policy

and framework, including an auditing and compliance process of high-risk suppliers.

Sustainalytics considers that Wesfarmers has taken a responsible course of action by not importing phosphate rock from WS since 2012 and by improving its human rights framework and due diligence in relevant business operations and supply chain. Given these positive developments, Sustainalytics has decided to resolve the case.

## ATLANTIA SPA

Bridge collapse resulting in fatalities



**Ellinor Haggebrink**  
Manager

Status: Upgraded to Engage

Contribution to SDGs:



In August 2018, the Morandi bridge located in Genoa, Italy, and operated by AUTOSTRADE PER L'ITALIA (API), a subsidiary of ATLANTIA SPA (Atlantia), collapsed, killing 43 people and injuring 16 others. The cause of the collapse has not been established yet, and separate investigations have been launched by the GENERAL PROSECUTOR OF GENOA, the MINISTRY OF TRANSPORT and Atlantia.

Around two months after the fatal bridge collapse, the SUPERVISORY COMMISSION OF THE MINISTRY OF INFRASTRUCTURE AND TRANSPORT in Italy published a report stating that considering the gravity of the problem, API had failed to take sufficient safety measures to prevent the bridge collapse.

In dialogue with Sustainalytics, API argued that it had done regular checks on the structure, and that reports carried out ahead of the disaster had described the bridge as being in good condition. The company further stated that maintenance of the bridge had not been reduced as there were an average of five construction days per week on the bridge between 2015-2018. According to API, no risk or urgent element had been raised by the retrofitting designers, nor by the COMMISSION OF THE PUBLIC WORKS AUTHORITY, which assessed and approved the project. With this, the company is of the opinion that it fulfilled its contractual obligations as to the maintenance of the bridge.

After the accident, API checked other bridges but found no alarming maintenance issues. The company has also set up a EUR 500 million fund for the victims' families and to help relocate hundreds of people living close to the bridge.

However, the causes for the collapse are still under an independent investigation by the prosecutor of Genoa, yet to be finalised. Due to the severity of the case, Sustainalytics has decided to upgrade it to engage.

## EMPRESAS PUBLICAS MEDELLIN

### Human rights violations in dam project



**Ewa Klewar**  
Senior Associate

Status: Upgraded to Engage

Contribution to SDGs:



EMPRESAS PUBLICAS MEDELLIN (EPM) is a Colombian, state-owned utilities company, operating in the water, electricity and gas sectors. The company owns a 46 per cent share in Hidrotuango, a hydroelectric dam project under development on the Cauca river in Antioquia, Colombia, and is responsible for its construction and operation. The 2.4 GW dam is expected to generate approximately 17 per cent of Colombia's electricity and will be the largest hydropower project in Colombia.

The project has been facing widespread opposition for years. The riverine communities, mostly fishermen, artisanal miners and farmers, whose livelihoods depend almost entirely on the river, claim they have not been adequately consulted and informed about the project and have not been sufficiently protected from its risks.

The case was upgraded to Engage in March 2019, following two major accidents that occurred in May 2018 and January 2019, affecting tens of thousands of people living along the Cauca river.

In May 2018, a landslide caused flooding when it blocked a tunnel used to regulate water flow between the dam's spillway and the Cauca river. Tens of thousands of people downstream of the dam were temporarily evacuated and 600 lost their homes. 380 people upstream were displaced due to a premature filling of the dam's reservoir.

In response to the accident, the UN Environment Programme agency released a report, in which it warned of a risk of the dam's rupture and issued a set of recommendations. It also criticised the company for poor management of the incident, a lack of clear information provided to the affected communities and an inadequate contingency plan. The report stated that EPM did not proactively predict the possible risks.

In January 2019, EPM announced new emergency measures and closed the second of two floodgates in order to fill the dam's reservoir and safeguard the stability of the project. This action halved the flow of the Cauca river, killing 60,000 fish and putting the food and economic security of the communities downstream at risk. Environmentalists declared the situation an environmental disaster.

Since June 2018, the communities have remained on different stages of alert, which, depending on their location, means they have already been evacuated or need to stay ready for a possible evacuation.

In March 2019, the ATTORNEY GENERAL OF COLOMBIA, a body that supervises the compliance of public employees with the law, launched a public action against EPM and other entities involved in the project. It stated that the project violated communities' collective rights, causing severe social, economic and environmental impacts and that is also seriously damaged the ecosystem in several municipalities. The Attorney General of Colombia also put in doubt the quality of information shared by EPM regarding their mitigation measures, calling them incomplete and confusing.

The company has not responded to Sustainalytics' enquiries regarding the issue. Sustainalytics decided to engage with EPM to ensure that all the adverse impacts of the project are duly assessed and mitigated and that the security of the riverine communities remaining under alert is guaranteed.

## ESKOM HOLDINGS SOC LTD

Air pollution



**K Bruce Jackson**  
Associate Director

Status: Upgraded to Engage

Contribution to SDGs:



As reported by the media, ESKOM HOLDINGS SOC LTD (Eskom) has informed the South African Parliamentary Portfolio Committee on Environmental Affairs that, based on its own studies conducted since 2017, pollution from the company's coal power stations in the country causes over 330 deaths annually. The company states that the costs of these health impacts could be costing the state some SAR 1.2 billion (USD 83 million) a year.

Eskom has said that in the last two years, nitrogen dioxide, sulphur dioxide and particulate matter emissions from its facilities have affected 8.7 million people.

In February 2019, a new report by US coal plant expert Dr Ranajit Sahu, commissioned by the Life after Coal campaign, identified that over a 21-month period until December 2017, Eskom's coal power plants had exceeded its already-weak licence conditions by close to 3,200 times. The exceedances relate to all three regulated pollutants for coal plants, namely sulphur dioxide (SO<sub>2</sub>), oxides of nitrogen (NO<sub>x</sub>), and particulate matter (PM) – including soot and ash. The most polluting plants, i.e. those with the most frequent licence exceedances, were Lethabo, Matla, Matimba, and Kriel.

THE CENTRE FOR ENVIRONMENTAL RIGHTS (CER), a non-profit organisation and law clinic based in Cape Town has stated that although this non-compliance is a criminal offence, the DEPARTMENT OF ENVIRONMENTAL AFFAIRS has not taken any enforcement action. According to the CER, Eskom has applied

successfully, four times to delay its compliance with the Minimum Emission Standards (MES) for eleven of its coal power stations in South Africa. The MES were introduced in 2015, but are acknowledged to be relatively weak standards in comparison with those of other nations. The result is that South African coal-fired power stations are permitted to emit up to ten times more NO<sub>2</sub> than is allowed in either China or Japan, for example.

More stringent standards will be introduced in South Africa from 1 April 2020. However, in September 2018, five of South Africa's largest environmental NGOs alleged that most of the company's power stations would not be able to meet the 2020 MES for sulphur dioxide, oxides and particulate matter by 2030.

The issue has been raised previously by NGOs: in March 2017, Groundwork (South Africa) presented a report which identified almost 1 million lost working days due to health issues related to air pollution from coal-fired generators in South Africa and some 2,239 attributable deaths. The overall cost to the nation, taking account of the associated health care, was over USD 2.3 billion annually to the South African economy.

Eskom has stated that to solve the problem with its older generators would be too costly and it intends to run them, without improvement, until their end of life. In March 2019, Eskom did confirm that three of its units at the Hendrina power station had been decommissioned. The 2,000 MW Hendrina power station, built between 1970 and 1976 and refurbished in the mid-1990s, is one of three aging power stations due to close over the next few years. The others are Grootvlei, which is scheduled to close by 2020 and Komati by 2021. Arnot will close by 2029, however, these are not amongst the four worst identified polluters.

Sustainalytics considers that engagement is necessary in order for Eskom to undertake a cost benefit analysis to address the problem in a timelier manner.

## KOREAN AIR LINES CO LTD

Embezzlement



**Anders Planck-Hendriksen**

Senior Associate

Status: Upgraded to Engage

Contribution to SDGs:



KOREAN AIR LINES CO LTD, a subsidiary of HANJIN GROUP, is a Korea-based company mainly engaged in the air transportation business. In October 2018, the CEO of Korean Air Lines (also Chairman of Hanjin Group) was indicted by the South Korean prosecutors on charges including embezzlement and breach of trust. The executive is accused of embezzling 19.6 billion won (USD 18 million) and unfairly awarding contracts to companies controlled by his family members. The trial is expected to commence in May 2019.

During the year, Korean media also reported on other investigations related to the CEO embezzling company funds for the purposes such as buying stocks for his children, paying lawyer fees for his family, paying for private security guards and housekeepers. Korean Air has confirmed that it would cooperate with the investigators.

In December 2018, THE KOREA CUSTOMS SERVICE requested that prosecutors indict the wife of Korean Air Lines CEO for allegedly smuggling luxury products into South Korea onboard Korean Air Lines flights for her personal use and without paying customs duties. Local media reported that customs services had carried out an eight-month investigation into the alleged smuggling and claims, concluding that a total of 1,061 luxury items with an estimated value of 150 million won (USD 130,000) between 2009 and 2018.

In an unusual move for a chaebol, as these family-controlled, South Korean conglomerates are known, the Hanjin Group has compiled a five-year management plan that, among other issues, sets out to increase the number of external board members at its holding company. This push comes from a recently established South Korean activist fund, the Korea Corporate Governance Improvement, which bought a 10.81 per cent stake in Hanjin Group last year.

Sustainalytics has established a dialogue with Korean Air Lines and learned that the company has recently established a Compliance Committee comprised of both internal and external members. Furthermore, the company created a separate division for internal controls relating to contracts and accounting.

Sustainalytics will continue engagement with Korean Air Lines to follow the current embezzlement investigations and encourage the company to further strengthen relevant compliance procedures. Specifically, Sustainalytics would like to see commitment to adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance. In addition,

the company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly.

## STEEL AUTHORITY OF INDIA

Fatal workplace accident



**K Bruce Jackson**  
Associate Director

Status: Upgraded to Engage

Contribution to SDGs:



STEEL AUTHORITY OF INDIA (SAIL) is a steel producing company, which is 75 per cent owned by the Government of India.

In October 2018, the BHILAI STEEL PLANT (BSP), a subsidiary of SAIL, experienced an explosion near the coke oven section, which occurred during maintenance work and resulted in a fire. Nine workers were killed instantly, and 14 others injured. Later, four of the injured workers also succumbed to their injuries, taking the death toll to 13. The victims included managerial staff, technicians and fire fighters.

Both internal and external investigations were launched into the issue. THE INDUSTRIAL HEALTH AND SAFETY DEPARTMENT OF THE CHHATTISGARH STATE GOVERNMENT found that proper maintenance procedures had not been carried out at the time of the accident.

A number of executives were removed or suspended as a result of the findings of the investigations. Based upon one report by the authorities the Executive Director, General Manager, Deputy General Manager and Manager of the Safety and Fire Department had overlooked safety standards and had failed to assess possible hazards at the plant. Three officials of BSP, including the Assistant General Manager, the General Manager and the General Manager Safety, were arrested and charged with dereliction of duty in connection with the blast.

THE MINISTRY OF STEEL announced that the families of the deceased employees, as well as those seriously injured in the accident, aside from statutory compensation, would also receive an ex-gratia payment of Rs 30 lakh (approximately USD 40,000) and 15 lakh (approximately USD 20,000), respectively.

SAIL does have a corporate-level Safety Organisation which was set up in 1988, and states that there is a multi-disciplinary safety Engineering Departments which exists in each of the steel plants and mines to look after their safety needs. Although it is reported that BSP was the only unit of SAIL not to have a safety committee.

The Bhilai Steel Plant is accredited with the SA 8000 certification for social accountability and the OHSAS 18001 certification for

Occupational Health & Safety, both have reportedly been implemented throughout BSP. Following the accident the CEO was replaced and in October 2018, the new CEO of BSP, said that the company had initiated steps to contact the best safety advisors working within the industry and called on trade unions to cooperate in developing active safety committees at the unit.

The BSP has had a number of fatal accidents over recent years including one with six fatalities in 2014, due to a gas leak and many other single fatality accidents. In the following years SAIL suffered 20 fatalities in 2015, 11 in 2016 and 16 in 2017.

Sustainalytics is seeking to engage with the company in order to address whether the BSP has a safety committee in place, the lessons learnt from the incident have been disseminated across the organisation, and to understand what new health and safety procedures have been introduced. In addition, Sustainalytics would want confirmation that the reported compensation payments have been made to the victims and their families.

## VALE SA

Fatal dam collapse



**K Bruce Jackson**  
Associate Director

Status: Upgraded to Engage

Contribution to SDGs:



On 25 January 2019, the Feijão tailings dam at the Córrego do Feijão iron ore mine, owned and operated by VALE SA (Vale) breached, releasing a mudflow that broke into Vale's facilities and reached a nearby community in Brumadinho, Minas Gerais, Brazil. Another dam at the site overflowed due to the inrush of tailings but did not collapse.

As of March 2019, the number of fatalities stood at 200, with a further 108 people still missing. At the time of the collapse, there were over 300 employees and contractors on the site, many in the cafeteria and administration building, approximately 100 were identified as being safe on the evening of the collapse. The nearby settlement of Brumadinho was also impacted and some of its residents were killed.

This is the second major dam failure for Vale in a little over three years, following the Fundão dam collapse at Samarco Mineração, which resulted in 19 deaths and some 600 km of the Rio Doce being impacted. In spite of the 19 deaths, the environmental devastation was arguably the biggest impact with water supplies for some 240,000 people temporarily affected and fishing bans still in place on the river and along the coast.

Following the Fundão dam collapse, Vale put in place a number of measures including third-party reviews and inspections of its

dams, 24/7 camera monitoring, increased internal monitoring, a review and revision of emergency plans and procedures, and improved governance with experts meeting regularly across the company and sharing best practices.

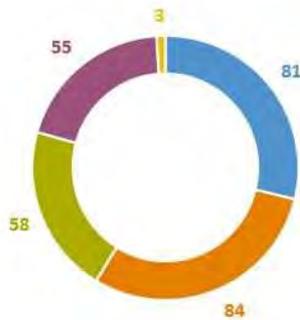
The Feijão dam commenced construction in 1976 by Ferteco Mineração which was acquired by Vale in April 2001. The construction used the upstream method, whereby the dam is built over previously deposited tailings and so is dependent upon fill that did not undergo any engineered compaction to strengthen the material. The Feijão dam had been inactive for the last three years, as a direct result of the Fundão dam collapse. Vale took the decision to make all its upstream tailings facilities inactive, including the Feijão dam, and to commence decommissioning works. The Feijão tailings dam was estimated to contain some twelve million cubic metres of tailings at the time of the collapse, how much of this escaped is currently unknown. In comparison, the Fundão dam held some 55 million cubic metres of which 32 million was released at the time of the collapse.

The dam had been audited by a third-party Brazilian subsidiary of the German firm TÜV SÜD in September 2018, however, the media which allegedly saw the report stated that there had been a number of red flags which should have been sufficient to indicate an increased risk of collapse. The positioning of the offices and canteens located less than 700 metres from the toe of such a structure, is highly unusual and put the workers at obvious risk, in the event of a collapse, a risk that had been identified by Vale in its internal risk assessment, according to media reports.

Due to the impact of the incident and the gaps in the company's risk management, Sustainalytics has decided to engage with the company.

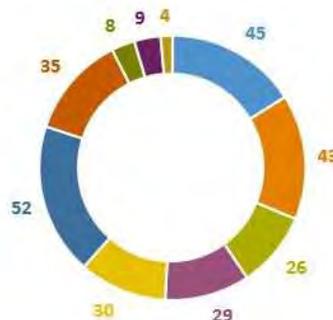
# ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



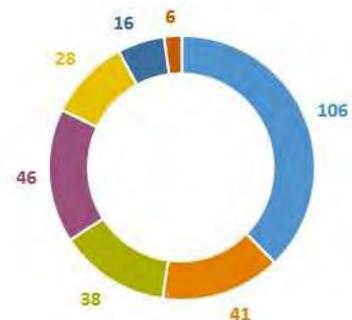
- Labour Rights
- Human Rights
- Corruption
- Environment
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



- Energy
- Materials
- Utilities
- Consumer Discretionary
- Financials
- Industrials
- Consumer Staples
- Information Technology
- Health Care
- Telecommunication Services

GEOGRAPHIC BREAKDOWN



- Asia
- Central / South America
- Africa
- North America
- Europe
- Middle East
- Oceania

## ENGAGEMENT MAP



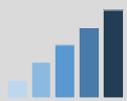
During Q1 2019, Sustainalytics has been in active dialogue with companies as well as external sources associated to **281** business conduct issues.

In **125 Engage** cases, we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **156 Evaluate** cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company – if it is a case with severe consequences for the environment or humans.

# COMPANY DIALOGUE & PROGRESS SUMMARY

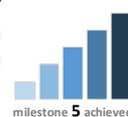
## HOW TO READ THIS REPORT

<b>Country</b>	<i>The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.</i>
<b>Year</b>	<i>The year shows when the case was upgraded to Engage status.</i>
<b>Response</b>	<p><i>The indicator describes how the company responds to Sustainalytics' inquiries.</i></p> <ul style="list-style-type: none"> <li>● excellent</li> <li>● good</li> <li>● standard</li> <li>● poor</li> <li>● none</li> </ul>
<b>Progress</b>	<p><i>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</i></p> <ul style="list-style-type: none"> <li>↑ excellent</li> <li>↗ good</li> <li>→ standard</li> <li>↘ poor</li> <li>↓ none</li> </ul>
<b>Performance</b>	<p><i>The indicator describes the combined company progress and response performance.</i></p> <ul style="list-style-type: none"> <li>▲ High performance: <b>good or excellent</b> response and / or progress of the business conduct issue</li> <li>▶ Medium performance: <b>standard</b> level of response and progress</li> <li>▼ Low performance: <b>poor or no</b> response in combination with <b>poor or no</b> progress</li> </ul> <p><b>new, same, better or worse</b> – indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Time</b>	<p><i>The indicator describes the time elapsed with low performance. One piece equals three months.</i></p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><i>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective</i></p> </div> </div>
<b>Milestone</b>	<p><i>The indicator describes the milestone achieved from 1 to 5.</i></p> 

# RESOLVED LIST

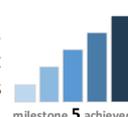
## AFRICA

<i>Change objective</i>		
<b>ESKOM HOLDINGS SOC LTD (2016)</b> <i>Recurring fatal accidents</i>	South Africa	Eskom has developed a number of initiatives including improved training, additional testing and the raising of expectations in sub-contractor behaviour in regard to health and safety matters, which has resulted in a general decline in fatalities and a significant decline in the loss time injury rates.

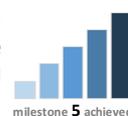


## ASIA

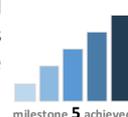
<b>ASTRA AGRO LESTARI (2015)</b> <i>Rainforest destruction</i>	China	In 2015 the company adopted a Sustainability Policy that is based on three pillars: no deforestation, protection of high conservation value areas and respect for human rights. During 2018 the company, in cooperation with relevant stakeholders, has been implementing the policy across its business units and supply chain.
---	-------	--



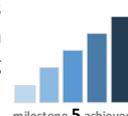
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Poor working conditions</i>	China	Foxconn prevents labour rights violations in its supply chain and ensures that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company became more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.
---	-------	---



<b>HON HAI PRECISION INDUSTRY CO (2012)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	China	As a member of the Responsible Business Alliance and Responsible Minerals Initiative Foxconn has been contributing to restoring the devastated areas of Bangka and Belitung islands in Indonesia. Furthermore, the company is not sourcing tin from Bangka and Belitung islands at the moment.
---	-------	--

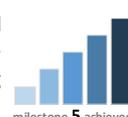


<b>THAI UNION GROUP (2013)</b> <i>Labour rights violations</i>	China	Thai Union Group implemented its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. The company also implemented business requirements within its supply chain that address human rights and labour standards. Its reporting covers monitoring of management systems assessed by an independent body.
---	-------	---



## OCEANIA

<b>WESFARMERS (2007)</b> <i>Operations in occupied territory</i>	Western Sahara	The company ended its imports of phosphate rock from Western Sahara after the implementation of the regenerative thermal oxidiser technology in 2012. Moreover, Wesfarmers has improved its policies and processes regarding ethical sourcing and human rights due diligence across its business units and supply chain, including CSBP.
---	----------------	--



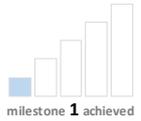
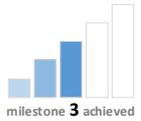
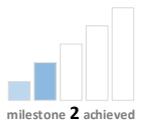
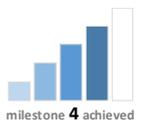
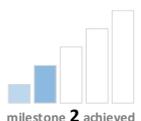
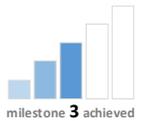
## ARCHIVED

<b>INNOPHOS (2012)</b> <i>Operations in occupied territory</i>	Western Sahara	Innophos has ceased all its imports of phosphate rock from Western Sahara. It is unclear how the company implements its human rights policy and how the company ensures compliance from its business partners. Thus, Sustainalytics decided to archive the case.
<b>PETROMAROC CORPORATION (2013)</b> <i>Operations in occupied territory</i>	Western Sahara	In December 2018, PetroMaroc was acquired by Wolverine Energy and Infrastructure (Wolverine), including the shares in the Zag oil block. Given the change of ownership, Sustainalytics decided to archive the case on PetroMaroc.
<b>PTT PCL (2011)</b> <i>Project with environmental and social risks</i>	Laos	A governance structure is in place at PTT's subsidiary and the Laotian authorities to oversee environmental and social risks linked to the Xayaburi dam. PTT has also strengthened its general social and environmental policies and risk assessment processes. Measures have been taken to also improve mitigation of social and environmental risks related to Xayaburi, although the robustness of those are unclear and reporting could be improved. A significant redesign of the project was conducted which included mitigation measures related to potentially impacted fish populations and sediment control.

# ENGAGE LIST

## AFRICA

### Change objective

<p><b>ESKOM HOLDINGS SOC LTD (2019)</b> <i>Air pollution</i></p>	<p>South Africa</p>	<p>Eskom should make sure that more extensive maintenance programme is introduced to its plants and the implementation of environmental offset programmes in the communities is confirmed. It should prioritise the plants which will remain operational for a longer time and be able to prove it takes all the possible actions to minimise the impacts of its operations.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↘ poor ▼ new</p>			
<p><b>ESKOM HOLDINGS SOC LTD (2017)</b> <i>Corrupt practices</i></p>	<p>South Africa</p>	<p>Eskom should ensure that the financial irregularities identified in the reports to date are investigated thoroughly, and any senior managers associated with the irregularities dismissed. In addition, the company should strengthen its anti-corruption procedure, ensure that it has a fully resourced and independent (from Board-level interference) compliance and audit programme, with regular external verification, whose reports are communicated publicly.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↗ good ▲ better</p>			
<p><b>HARMONY GOLD (2018)</b> <i>Deep sea tailings placement</i></p>	<p>Papua New Guinea</p>	<p>Harmony Gold should disclose the baseline studies and associated impact assessments in order to support its decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>HARMONY GOLD (2015)</b> <i>Recurring fatal accidents at workplace</i></p>	<p>South Africa</p>	<p>Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>OCP SA (2016)</b> <i>Operations in occupied territory</i></p>	<p>Morocco</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>SIBANYE-STILLWATER (2018)</b> <i>Recurring workplace accidents</i></p>	<p>South Africa</p>	<p>The company should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			

## ASIA

### Change objective

**ADANI ENTERPRISES (2015)**  
*Environmental and human rights violations in port and power plant project*

India

Adani should contribute to improving local fishermen's livelihood and consider the cumulative effects of its operations in the area. The company should adopt comprehensive environmental policies and proper due diligence.

● **poor** → **standard** ▶ **same**



**ADANI ENTERPRISES (2016)**  
*Project with environmental and human rights risks*

Australia

Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the project.

● **standard** → **standard** ▶ **same**

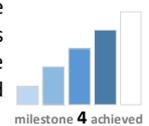


**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)**  
*Environmental and human rights violations in port project*

India

APSEZ should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.

● **good** ↗ **good** ▲ **same**

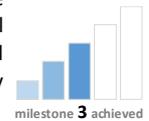


**ADANI POWER (2015)**  
*Environmental and human rights violations in power plant project*

India

Adani Power should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra power plant. Adani Power should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.

● **standard** ↗ **good** ▲ **same**

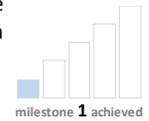


**AGRICULTURAL BANK OF CHINA LTD (2018)**  
*Corrupt practices*

China

ABC should update its anti-corruption policies and ensure that they are implemented globally. The company should introduce a zero-tolerance policy for corruption and make sure that it is committed to implementing the anti-corruption programme.

● **none** ↓ **none** ▼ **same**

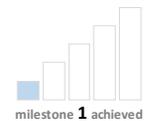


**AGRICULTURAL BANK OF CHINA LTD (2018)**  
*Money laundering*

United States

ABC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.

● **none** ↓ **none** ▼ **same**



**BANGKOK BANK PUBLIC (2014)**  
*Financing of a dam project with environmental and human rights risks*

Laos

Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● **poor** ↘ **poor** ▼ **same**

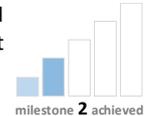


**BHARAT HEAVY ELECTRICALS LIMITED (2017)**  
*Project with environmental and human rights risks*

Bangladesh

BHAL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended that the project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.

● poor ↘ poor ▼ better

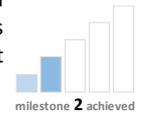


**CHINA COMMUNICATIONS CONSTRUCTION CO (2017)**  
*Fatal workplace accident*

China

China Communications Construction Company should improve its existing health and safety policies and practices across the company, including the subsidiaries, to prevent future accidents.

● standard → standard ► same

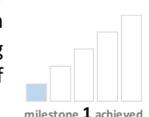


**CHINA NATIONAL PETROLEUM CORP (2017)**  
*Corrupt practices*

China

China National Petroleum Corp should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matters.

● none ↓ none ▼ same

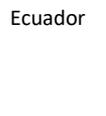


**CHINA NATIONAL PETROLEUM CORP (2018)**  
*Fatal accidents associated with pipelines*

China

CNPC should investigate and make public the causes of the pipeline explosion and explain any identified improvements to prevent future reoccurrences.

● none ↓ none ▼ same

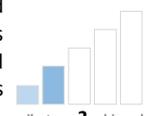


**CHINA RAILWAY CONSTRUCTION CORP (2011)**  
*Forced evictions*

Ecuador

CRCC should be transparent and inform its stakeholders on how it views the allegations surrounding the Mirador mining project in Ecuador. Furthermore, the company should demonstrate that it has implemented the necessary policies and programmes to properly assess and mitigate social and environmental risks of all its projects, including of its subsidiaries.

● standard ↘ poor ► same

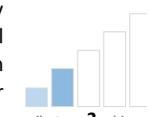


**CHINA RAILWAY GROUP (2014)**  
*Recurring fatal workplace accidents*

China

China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.

● poor ↘ poor ▼ same

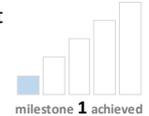


**COAL INDIA LIMITED (2017)**  
*Human rights violations*

India

Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.

● poor ↓ none ▼ same



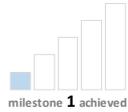
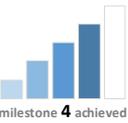
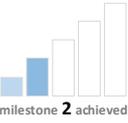
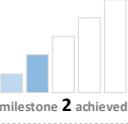
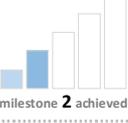
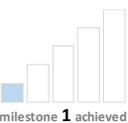
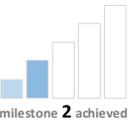
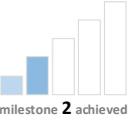
**COAL INDIA LIMITED (2016)**  
*Recurring fatal accidents*

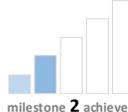
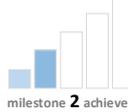
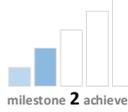
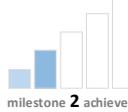
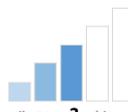
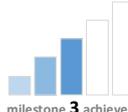
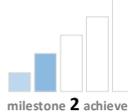
India

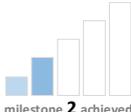
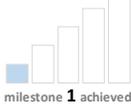
Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

● poor ↓ none ▼ worse



<p><b>EXPORT IMPORT BANK OF INDIA</b> (2017) <i>Project with environmental and human rights risks</i></p>	<p>Bangladesh</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>	 <p>15 months low performance</p>		
<p><b>FGV HOLDINGS BHD</b> (2017) <i>Labour rights abuses</i></p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ same</p>			
<p><b>HYUNDAI MOTOR COMPANY</b> (2018) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↘ poor    ▼ same</p>	 <p>3 months low performance</p>		
<p><b>INDOFOOD AGRI RESOURCES</b> (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard    → standard    ► same</p>			
<p><b>INDOFOOD SUKSES MAKMUR</b> (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard    → standard    ► same</p>			
<p><b>INDUSTRIAL AND COMMERCIAL BANK OF CHINA</b> (2018) <i>Money laundering</i></p>	<p>Spain</p>	<p>ICBC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.</p>	 <p>milestone 1 achieved</p>
<p>● poor    ↓ none    ▼ same</p>	 <p>3 months low performance</p>		
<p><b>ITALIAN-THAI DEVELOPMENT</b> (2011) <i>Project with environmental and human rights risks</i></p>	<p>Burma/ Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↓ none    ▼ same</p>	 <p>15 months low performance</p>		
<p><b>KOREAN AIR LINES CO LTD</b> (2019) <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 2 achieved</p>
<p>● good    ↘ poor    ► new</p>			

<p><b>KRUNG THAI BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i></p> <p>● <b>poor</b>    ↓ <b>none</b>    ▼ <b>same</b></p>	<p>Laos</p>  <p>15 months low performance</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	 <p>milestone 2 achieved</p>
<p><b>NINTENDO CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i></p> <p>● <b>poor</b>    ↘ <b>poor</b>    ▼ <b>same</b></p>	<p>Indonesia</p>  <p>12 months low performance</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	 <p>milestone 2 achieved</p>
<p><b>NTPC (2017)</b> <i>Project with environmental and human rights risks</i></p> <p>● <b>poor</b>    ↘ <b>poor</b>    ▼ <b>same</b></p>	<p>Bangladesh</p>  <p>3 months low performance</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p><b>NTPC (2018)</b> <i>Recurring workplace accidents</i></p> <p>● <b>poor</b>    ↘ <b>poor</b>    ▼ <b>same</b></p>	<p>India</p>  <p>3 months low performance</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
<p><b>OLAM INTERNATIONAL (2012)</b> <i>Child labour and forced labour in cotton supply chain</i></p> <p>● <b>standard</b>    ↘ <b>poor</b>    ▶ <b>same</b></p>	<p>Uzbekistan</p>	<p>Olam International should implement a responsible supply chain policy audited by third party and aligned with the ILO core conventions, especially conventions 105 and 182. The company should trace its cotton back to the fields to find out under what conditions the cotton is harvested and cease purchases from Uzbekistan if the practice of forced labour is not eliminated.</p>	 <p>milestone 3 achieved</p>
<p><b>OLAM INTERNATIONAL (2011)</b> <i>Child labour in cocoa industry</i></p> <p>● <b>good</b>    ↗ <b>good</b>    ▲ <b>same</b></p>	<p>Ivory Coast</p>	<p>Olam International should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p><b>PETROCHINA (2017)</b> <i>Corrupt practices</i></p> <p>● <b>poor</b>    ↓ <b>none</b>    ▼ <b>same</b></p>	<p>China</p>  <p>12 months low performance</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>milestone 2 achieved</p>

<p><b>PETROCHINA (2018)</b> <i>Fatal accidents associated with pipelines</i></p> <p>● <b>poor</b>    ↘ <b>poor</b>    ▼ <b>same</b></p>	<p>China</p>  <p>6 months low performance</p>	<p>PetroChina should show that it has investigated the pipeline explosions, has identified the causes and has a programme of actions in place to address these causes.</p>	 <p>milestone 2 achieved</p>
<p><b>POSCO (2012)</b> <i>Child labour and forced labour in cotton supply chain</i></p> <p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p><b>POSCO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i></p> <p>● <b>standard</b>    ↘ <b>poor</b>    ► <b>same</b></p>	<p>Burma/ Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p><b>POSCO DAEWOO (2010)</b> <i>Child labour and forced labour in cotton supply chain</i></p> <p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p><b>POSCO DAEWOO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i></p> <p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>Burma/ Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p><b>SAMSUNG ELECTRONICS (2017)</b> <i>Corrupt practices</i></p> <p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 3 achieved</p>
<p><b>SHENMAO TECHNOLOGY (2017)</b> <i>Environmental and human rights impacts caused by sourcing tin</i></p> <p>● <b>none</b>    ↓ <b>none</b>    ▼ <b>same</b></p>	<p>Indonesia</p>  <p>24 months low performance</p>	<p>Shenmao should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung in Indonesia.</p>	 <p>milestone 1 achieved</p>

**SIAM COMMERCIAL BANK (2014)**  
*Financing of a dam project with environmental and human rights risks*

Laos

Siam Commercial Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● standard → standard ► same

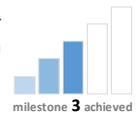


**SINGAPORE TECHNOLOGIES ENGINEERING (2017)**  
*Corrupt practices*

Singapore

ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.

● good ↗ good ▲ same



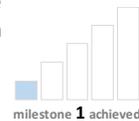
**STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC (2016)**  
*Recurring fatal accidents*

Azerbaijan



SOCAR should ensure they have suitable health and safety monitoring and training in place for all operations, which are audited, with practical long-term improvement targets in place that are publicly reported.

● poor ↓ none ▼ same



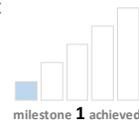
**STEEL AUTHORITY OF INDIA (2019)**  
*Fatal workplace accident*

India



Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.

● none ↓ none ▼ new

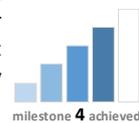


**TKJP CORP\* (2016)**  
*Product-related fatalities*

United States

TKJP (formerly Takata) should finalise the recall of affected vehicles, acting in line and under the supervision of the authorities; it should adhere to the results and recommendations of ongoing investigations as well as lawsuits. The company should also mitigate the risk on similar incidents in the future by, for example, introducing relevant measures across its manufacturing facilities including safety culture assessment and improvement.

● poor → standard ► same



**TOKYO ELECTRIC POWER COMPANY (2011)**  
*Unsafe nuclear power production*

Japan

TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.

● standard → standard ► same

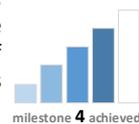


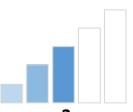
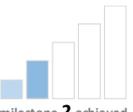
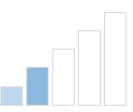
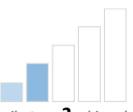
**WILMAR INTERNATIONAL LIMITED (2017)**  
*Labour rights violations at palm oil plantations*

Indonesia

Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.

● good → standard ▲ same



<p><b>YAHOO JAPAN CORP (2016)</b> <i>Environmental impact caused by online trade of endangered species</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<p><b>ZIJIN MINING GROUP (2015)</b> <i>Environmental impacts from waste practices</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>ZIJIN MINING GROUP (2015)</b> <i>Human rights violations in mining operation</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>ZTE CORP (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<div style="text-align: center;">  <p>24 months low performance</p> </div>			

## CENTRAL / SOUTH AMERICA

### Change objective

**BRF SA (2018)**  
Corrupt practices

Brazil

BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.

● good ↗ good ▲ better



**CEMEX (2016)**  
Supporting illegal settlements in occupied territories

Palestine

Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.

● good ↗ good ▲ same

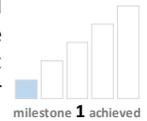


**EMPRESAS PUBLICAS MEDELLIN (2019)** Colombia  
Human rights violations in dam project



EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations with, and compensation to, project-affected communities are aligned with international norms, such as the IFC performance standards or similar and put in place relevant processes to ensure compliance with international norms for future projects.

● none ↓ none ▼ new



**GRUPO MEXICO (2016)**  
Human rights violations in mining project

Peru

Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.

● good ↗ good ▲ same

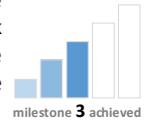


**JBS SA (2017)**  
Corrupt practices

Brazil

JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.

● good → standard ▲ same

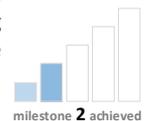


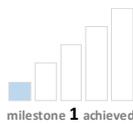
**JBS SA (2015)**  
Repeated labour rights violations

United States

JBS should take responsibility for addressing the frequent health and safety (H&S) incidents at its subsidiaries. It should further develop H&S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.

● standard ↘ poor ► same



<p><b>PETROLEOS DE VENEZUELA (2017)</b> <i>Corrupt practices</i></p>	<p>United States</p>	<p>PDVSA should strengthen its anti-corruption measures in order to reflect its corruption risk exposure, including disclosure of a zero-tolerance policy, implementation and monitoring.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>			
<p><b>PETROLEOS DE VENEZUELA (2017)</b> <i>Recurring oil spills</i></p>	<p>Venezuela</p>	<p>PDVSA should ensure it has a maintenance programme in place for all of its facilities and it has suitable measures in place to prevent and mitigate any future spills. The company should ensure it has an environmental policy in place, public reporting of its spill incidents and any corrective measures undertaken.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>			
<p><b>PETROLEOS DE VENEZUELA (2017)</b> <i>Recurring workplace accidents</i></p>	<p>Venezuela</p>	<p>PDVSA should ensure it has health and safety policies in place, health and safety monitoring, trainings and audits, the safety performance publicly reported, publicly reported safety improvement targets. In addition, the company should ensure proper regular maintenance of its facilities by e.g. initiating annual, external audits.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>			
<p><b>PETROLEOS MEXICANOS (2015)</b> <i>Recurring fatal accidents</i></p>	<p>Mexico</p>	<p>PEMEX should adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.</p>	 <p>milestone 4 achieved</p>
<p>● good    → standard    ▲ same</p>			
<p><b>PETROLEOS MEXICANOS (2015)</b> <i>Repeated spills</i></p>	<p>Mexico</p>	<p>PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.</p>	 <p>milestone 4 achieved</p>
<p>● good    → standard    ▲ same</p>			
<p><b>PETROTRIN (2017)</b> <i>Recurring pollution incidents</i></p>	<p>Trinidad and Tobago</p>	<p>Petrotrin should ensure there is a properly financed and resourced maintenance programme in place for all its facilities and that there are suitable measures in place to mitigate any future leaks and spills before they cause any further detrimental impact to the environment.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>			
<p><b>SOUTHERN COPPER CORPORATION (2016)</b> <i>Human rights violations in mining project</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>● standard    → standard    ► same</p>			
<p><b>VALE SA (2019)</b> <i>Fatal dam collapse</i></p>	<p>Brazil</p>	<p>Vale should commission an external technical review into the causes of the dam collapse, strengthen its management and monitoring of its tailings storage facilities using the best available technology. The company should adopt a policy of designing future tailings facility based upon safety first and cost second. It should also ensure that the social and environmental impacts are remediated. The governance of the company should ensure that the board has experienced mining professionals included on it.</p>	 <p>milestone 1 achieved</p>
<p>● standard    ↘ poor    ► new</p>			

## EUROPE

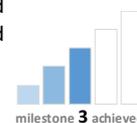
### Change objective

**ANDRITZ AG (2010)**  
*Supplying to dam projects resulting in breaches of international standards*

Turkey

Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.

● standard → standard ► same

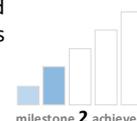


**ATLANTIA SPA (2018)**  
*Bridge collapse resulting in fatalities*

Italy

Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.

● good → standard ▲ same



**BARRY CALLEBAUT AG (2010)**  
*Child labour in the cocoa industry*

Ivory Coast

Barry Callebaut should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● excellent → standard ▲ same

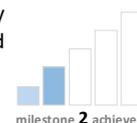


**BAYER (2018)**  
*Concealing data on product-related toxicity*

Germany

Bayer (formerly Monsanto) should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.

● standard → standard ► better

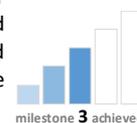


**BRITISH AMERICAN TOBACCO (2017)**  
*Labour rights violations on tobacco farms*

United Kingdom

BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.

● good → standard ▲ same

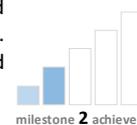


**DANSKE BANK (2018)**  
*Money laundering*

Estonia

Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.

● standard → standard ► same

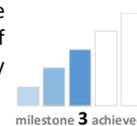


**ENI (2015)**  
*Corrupt practices*

Nigeria

ENI should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.

● standard → standard ► same



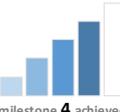
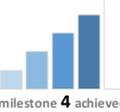
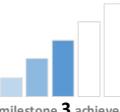
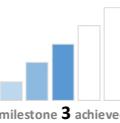
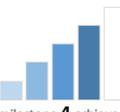
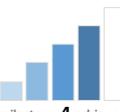
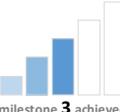
**EUROCHEM (2016)**  
*Operations in occupied territory*

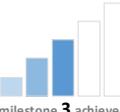
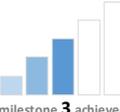
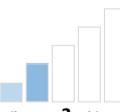
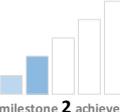
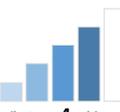
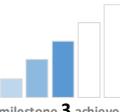
Western Sahara

EuroChem should fulfil its plan to completely cease its imports of phosphates from Western Sahara or demonstrate how the trade is in line with the interests and wishes of the Saharawi people, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● standard ↗ good ▲ better



<p><b>GLAXOSMITHKLINE (2015)</b> <i>Corrupt practices</i></p>	China	<p>GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 4 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<p><b>HEIDELBERGCEMENT (2015)</b> <i>Natural resources extraction on occupied territories</i></p>	Palestine	<p>HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p><b>LEONARDO SPA (2013)</b> <i>Corrupt practices</i></p>	India	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>LINDT &amp; SPRUENGLI AG (2011)</b> <i>Child labour in cocoa industry</i></p>	Ghana	<p>Lindt &amp; Sprungeli should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p><b>NESTLÉ SA (2009)</b> <i>Child labour in cocoa industry</i></p>	Ghana	<p>Nestlé should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p><b>NORDEA BANK ABP (2015)</b> <i>Money laundering</i></p>	Sweden	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>NORILSK NICKEL (2010)</b> <i>Environmental and health impacts from metal extraction operations</i></p>	Russian Federation	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>NOVARTIS AG (2017)</b> <i>Corrupt practices</i></p>	Turkey	<p>Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level as well as reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p><b>POYRY OYJ (2013)</b> <i>Project with environmental risks</i></p>	Laos	<p>Pöyry should be more transparent towards stakeholders on what international standards it adheres to and follows. Moreover, the company should communicate in more detail how it manages and mitigates ESG risks in the projects which the company operates.</p>	 <p>milestone 3 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<div style="text-align: center;">  <p>3 months</p> <p>low performance</p> </div>			

<p><b>ROYAL DUTCH SHELL (2015)</b> <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>ROYAL DUTCH SHELL (2009)</b> <i>Human rights violations resulting from pollution and environmental damage</i></p>	<p>Nigeria</p>	<p>Shell should have a detailed programme in place to address the recommendations of the UNEP's Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.</p>	 <p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>SIEMENS (2017)</b> <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>SIEMENS GAMESA RENEWABLE ENERGY SA (2018)</b> <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>VEDANTA RESOURCES (2017)</b> <i>Human rights violations in mining operation</i></p>	<p>Zambia</p>	<p>Vedanta/Konkola Copper Mines should ensure all contamination both historic (i.e. pre-2004) and under their ownership is remediated to a standard that allows community members to grow and eat crops safely. KCM should also ensure all infrastructure has been either replaced or repaired in order to mitigate against future potential leaks or spills.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p><b>VOLKSWAGEN (2016)</b> <i>Environmental impact caused by emissions defeat device</i></p>	<p>United States</p>	<p>VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>VTB BANK (2011)</b> <i>Financing of project with environmental risks</i></p>	<p>Armenia</p>	<p>VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			

## MIDDLE EAST

### Change objective

**AKBANK (2010)**  
*Financing of controversial hydropower project*

Turkey

Akbank should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.

● standard → standard ► better



**BANK HAPOALIM (2010)**  
*Financing of illegal settlements in occupied territories*

Palestine

Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

● good ↓ none ► same



**BANK LEUMI (2010)**  
*Financing of illegal settlements in occupied territories*

Palestine

Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

● good ↓ none ► same

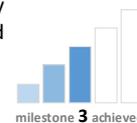


**FIRST INTERNATIONAL BANK OF ISRAEL (2011)**  
*Financing of illegal settlements in occupied territories*

Palestine

First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

● good ↓ none ► same

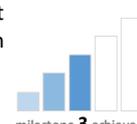


**ISRAEL DISCOUNT BANK (2010)**  
*Financing of illegal settlements in occupied territories*

Palestine

Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

● good ↓ none ► same



**MIZRAHI TEFAHOT BANK LTD (2010)**  
*Financing of illegal settlements in occupied territories*

Palestine

Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

● good ↓ none ► same



**TURKIYE GARANTI BANKASI (2010)**  
*Financing of a dam project resulting in breaches of environmental standards*

Turkey

Turkiye Garanti Bankasi should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.

● good ↗ good ▲ same



## NORTH AMERICA

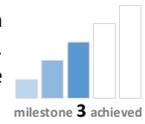
### Change objective

**BUNGE LIMITED** (2017)  
*Deforestation*

Brazil

Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.

● standard → standard ► same

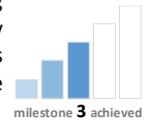


**CARGILL INC** (2012)  
*Child labour and forced labour in cotton industry*

Uzbekistan

Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.

● standard ↘ poor ► same

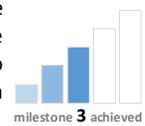


**CARGILL INC** (2012)  
*Child labour in the cocoa industry*

Ivory Coast

Cargill should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● standard → standard ► same

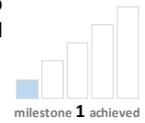


**CHEMOURS COMPANY** (2017)  
*Recurring pollution incidents*

United States

Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.

● poor ↘ poor ▼ better



**DOWDUPONT INC** (2017)  
*Recurring pollution incidents*

United States

DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.

● none ↓ none ▼ same

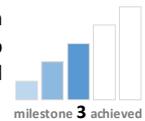


**ENBRIDGE** (2016)  
*Violations of indigenous peoples' rights*

United States

Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.

● good ↗ good ▲ same

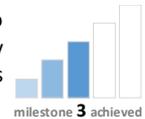


**ENBRIDGE ENERGY PARTNERS** (2016)  
*Violations of indigenous peoples' rights*

United States

Enbridge Energy Partners should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.

● good ↗ good ▲ same

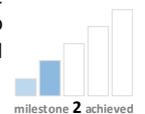


**ENERGY TRANSFER LP\*** (2016)  
*Violations of indigenous peoples' rights*

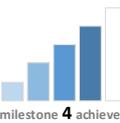
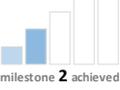
United States

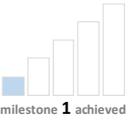
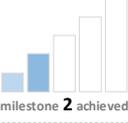
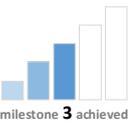
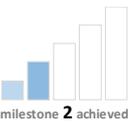
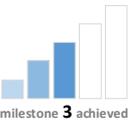
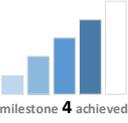
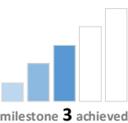
Energy Transfer LP should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.

● standard ↘ poor ► same



\* On 19 Oct 2018, Energy Transfer Equity LP (ETE) and Energy Transfer Partners LP (ETP) announced their merger, after which the companies have been operating as one entity under the name Energy Transfer LP.

<p><b>EQUIFAX (2018)</b> <i>Major data breach</i></p> <p>● excellent ↗ good ▲ better</p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 4 achieved</p>
<p><b>FACEBOOK (2018)</b> <i>Privacy breach</i></p> <p>● standard → standard ► same</p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	 <p>milestone 3 achieved</p>
<p><b>HERSHEY (2010)</b> <i>Child labour in cocoa industry</i></p> <p>● standard → standard ► same</p>	<p>Ivory Coast</p>	<p>Hershey should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p><b>JOHNSON &amp; JOHNSON (2010)</b> <i>Product-related injuries</i></p> <p>● poor ↘ poor ▼ same</p>	<p>United States</p>	<p>Johnson &amp; Johnson should develop a code for the disclosure of all product-related data across all its operations to ensure concerns in relation to its products are communicated to users as soon as is practicable.</p>	 <p>milestone 2 achieved</p>
<p><b>LUMBER LIQUIDATORS (2015)</b> <i>Illegal logging</i></p> <p>● poor → standard ► same</p>	<p>Russian Federation</p>	<p>Lumber Liquidators should evaluate its entire supply chain and take reasonable and prudential measures to exclude illegally harvested wood. The company should confirm that its exports and imports of wood are in compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora.</p>	 <p>milestone 3 achieved</p>
<p><b>MATTEL (2010)</b> <i>Poor working conditions at supplier factories</i></p> <p>● good → standard ▲ same</p>	<p>China</p>	<p>Mattel should prevent labour rights violations in its supply chain through effective implementation and proactive enforcement of its Responsible Supply Chain Standards at all Mattel-owned factories as well as vendors. The company should also be more transparent about the auditing process and findings.</p>	 <p>milestone 4 achieved</p>
<p><b>MCDONALD'S CORP (2015)</b> <i>Labour rights violations at franchisees</i></p> <p>● poor ↘ poor ▼ same</p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	 <p>milestone 2 achieved</p>
<p><b>MONDELEZ INTERNATIONAL (2009)</b> <i>Child labour in the cocoa industry</i></p> <p>● excellent ↗ good ▲ same</p>	<p>Ghana</p>	<p>Mondelez should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p><b>NUTRIEN LTD (2018)</b> <i>Operations in occupied territory</i></p> <p>● excellent ↑ excellent ▲ better</p>	<p>Western Sahara</p>	<p>Nutrien should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 4 achieved</p>

<b>PATTERSON UTI ENERGY (2018)</b> <i>Fatal workplace accident</i>	United States	Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.	 <p>milestone 1 achieved</p>
● none    ↓ none    ▼ same	 <p>3 months low performance</p>		
<b>PHILLIPS 66 (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	Philips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.	 <p>milestone 2 achieved</p>
● standard    → standard    ► same			
<b>PILGRIM'S PRIDE CORP (2015)</b> <i>Repeated health and safety violations</i>	United States	Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.	 <p>milestone 3 achieved</p>
● poor    → standard    ► same			
<b>TESLA INC (2018)</b> <i>Labour rights violations</i>	United States	Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.	 <p>milestone 2 achieved</p>
● standard    → standard    ► same			
<b>TRANSCANADA CORP (2018)</b> <i>Environmental and human rights violations</i>	United States	Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.	 <p>milestone 3 achieved</p>
● standard    → standard    ► same			
<b>TWENTY-FIRST CENTURY FOX (2017)</b> <i>Sexual harassment and discrimination</i>	United States	Twenty-First Century Fox should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.	 <p>milestone 4 achieved</p>
● good    ↗ good    ▲ better			
<b>WALMART INC* (2017)</b> <i>Labour rights violations in various countries</i>	United States	Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.	 <p>milestone 3 achieved</p>
● good    → standard    ▲ better			

\* formerly Wal-Mart Stores

## OCEANIA

### Change objective

**INCITEC PIVOT LTD (2009)**  
*Operations in occupied territory*

Western  
 Sahara

IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

● standard → standard ► same

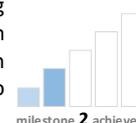


**NEWCREST MINING LTD (2018)**  
*Deep sea tailings placement*

Papua New  
 Guinea

Newcrest Mining should disclose the baseline studies, and associated impact assessments in order to support their decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.

● standard ● standard ► better



---

# EVALUATE LIST

---

## AFRICA

LAFARGEHOLCIM MAROC, TIGER BRANDS, TRANSNET SOC

---

---

## ASIA

AIRASIA BERHAD, BRITISH AMERICAN TOBACCO BANGLADESH, CHINA DEVELOPMENT BANK, CHINA HUARONG ASSET MANAGEMENT CO LTD, CHINA NATIONAL PETROLEUM CORP, CHINA PETROCHEMICAL CORPORATION, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CK HUTCHISON HOLDINGS, CLP HOLDINGS LTD, DONG-A SOCIO HOLDINGS, ENERGY EARTH PCL, GRAPHITE INDIA LIMITED, HABIB BANK, IMPERIAL PACIFIC INTERNATIONAL, INDIAN OIL CORPORATION LIMITED, INDOFOOD AGRI RESOURCES, ITALIAN-THAI DEVELOPMENT, KOREA AEROSPACE INDUSTRIES, KOREA ELECTRIC POWER CORPORATION, KT CORP, LONSUM, LUTHAI TEXTILE CO, MARUHA NICHIRO CORP, NIEN HSING TEXTILE, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, PANASONIC CORPORATION, PERTAMINA PT, PERUSAHAAN LISTRIK NEGARA, POSCO, POSCO DAEWOO, POWER CONSTRUCTION CORPORATION OF CHINA, PT WASKITA KARYA, RATCHABURI ELECTRICITY GENERATING HOLDING, RELIANCE INDUSTRIES, SALIM IVOMAS PRATAMA, SAMSUNG ELECTRONICS, SINA CORP, SINOPEC SHANGHAI PETROCHEMICAL, SK HOLDINGS, STERLING BIOTECH, SUMITOMO CORP, TATA POWER, TEXWINCA HOLDINGS, TOSHIBA CORP, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED, YOUNGONE HOLDINGS

---

---

## CENTRAL / SOUTH AMERICA

BANCO NACIONAL DE DESENVOLVIMENTO, CAIXA ECONOMICA FEDERAL, CCR SA, ECOPETROL, ECORODOVIAS INFRAESTRUTURA E LOGISTICA SA, EDP ENERGIAS DO BRASIL SA, ELETROBRAS, GEOPARK LIMITED, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, PETROLEOS DEL PERU, PETROLEOS MEXICANOS, TRIUNFO PARTICIPACOES E INVESTIMENTOS SA, VEON LTD, YPF SA

---

---

## EUROPE

AGROKOR, AP MOELLER MAERSK, ARCELORMITTAL, BHP GROUP, CAIXABANK SA, DEUTSCHE BANK, DIGI COMMUNICATIONS, EDP ENERGIAS DE PORTUGAL, ELECTRICITE DE FRANCE, ENEL, ENEL GREEN POWER, ENI, FIAT CHRYSLER AUTOMOBILES, G4S, GLENCORE PLC, GRUPA AZOTY AS, HEIDELBERGCEMENT, HENNES & MAURITZ, HUGO BOSS AG, IBERDROLA, ING GROEP, LAFARGEHOLCIM, METINVEST BV, MOTHERCARE, NORGESGRUPPEN ASA, ORANO, PKN ORLEN, RENAULT, RHEINMETALL AG, ROBERT BOSCH GMBH, SAINSBURY, SWEDBANK, TECHNICOLOR SA, THALES, URALKALI, WARTSILA OYJ ABP, VEDANTA RESOURCES, VEOLIA ENVIRONNEMENT SA

---

---

## MIDDLE EAST

BEZEQ, GLOBAL TELECOM HOLDING SAE, MINRAV HOLDINGS, SHAPIR ENGINEERING & INDUSTRY, UNION BANK OF ISRAEL

---

---

## NORTH AMERICA

BOMBARDIER INC, CARGILL INC, CBS CORPORATION, CHEVRON CORP, CORECIVIC INC, COSTCO WHOLESALE CORP, DUCOMMUN, DXC TECHNOLOGY, ENERGY TRANSFER LP, FERONIA INC, FRONTERA ENERGY CORPORATION, GAP, GENERAL ELECTRIC, GEO GROUP, GOLDMAN SACHS GROUP, INSYS THERAPEUTICS INC, INTERNATIONAL FINANCE CORPORATION, JOHNSON & JOHNSON, KINDER MORGAN CANADA, KINDER MORGAN INC, NISOURCE, NRG ENERGY, PG&E CORP, PILGRIM'S PRIDE CORP, STRYKER CORP, TENNECO INC, TEXTRON, VISTRA ENERGY CORP, WOLVERINE WORLD WIDE INC

---

---

## OCEANIA

RETAIL FOOD GROUP LTD, RIO TINTO

---

# DISENGAGE LIST

## ASIA

<b>BHARAT ELECTRONICS</b> <i>Dual-use nuclear weapons technologies</i>	India
<b>CH. KARNCHANG PUBLIC CO</b> <i>Project with environmental and social risks</i>	Laos
<b>HANWHA CORPORATION</b> <i>Involvement in cluster munitions</i>	South Korea
<b>LARSEN &amp; TOUBRO</b> <i>Dual-use nuclear weapons technologies</i>	India
<b>METALLURGICAL CORPORATION OF CHINA</b> <i>Environmental impacts from waste practices</i>	Papua New Guinea
<b>POONGSAN CORPORATION</b> <i>Involvement in cluster munitions</i>	South Korea
<b>POONGSAN HOLDINGS CORPORATION</b> <i>Involvement in cluster munitions</i>	South Korea
<b>WALCHANDNAGAR INDUSTRIES</b> <i>Dual-use nuclear weapons technologies</i>	India

## EUROPE

<b>AIRBUS GROUP</b> <i>Nuclear weapons programmes</i>	France
<b>BAE SYSTEMS</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>CNIM</b> <i>Nuclear weapons programmes</i>	France
<b>DASSAULT AVIATION</b> <i>Dual-use nuclear weapons technologies</i>	France
<b>LEONARDO SPA</b> <i>Nuclear weapons programmes</i>	France
<b>SAFRAN GROUP</b> <i>Nuclear weapons programmes</i>	France
<b>SAN LEON ENERGY</b> <i>Operations in occupied territory</i>	Western Sahara
<b>SERCO GROUP</b> <i>Nuclear weapons programmes</i>	United Kingdom

## MIDDLE EAST

<b>ELBIT SYSTEMS</b> <i>Security systems for illegal separation barrier in occupied territories</i>	Palestine
<b>INDUSTRIAL BUILDINGS CORPORATION</b> <i>Construction of illegal settlements in occupied territories</i>	Palestine
<b>JERUSALEM ECONOMY LTD</b> <i>Construction of illegal settlements in occupied territories</i>	Palestine
<b>TURKIYE HALK BANKASI</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

## NORTH AMERICA

<b>AECOM</b> <i>Nuclear weapons programmes</i>	United States
<b>AEROJET ROCKETDYNE HLDGS</b> <i>Nuclear weapons development</i>	United States
<b>BOEING CO</b> <i>Nuclear weapons programmes</i>	United States
<b>BWX TECHNOLOGIES</b> <i>Nuclear weapons programmes</i>	United States
<b>FLUOR CORP</b> <i>Nuclear weapons development</i>	United States
<b>GENERAL DYNAMICS</b> <i>Nuclear weapons programmes</i>	United States
<b>HONEYWELL INTERNATIONAL</b> <i>Nuclear weapons programmes</i>	United States
<b>HUNTINGTON INGALLS INDUSTRIES</b> <i>Nuclear weapons development</i>	United States
<b>JACOBS ENGINEERING GROUP</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>LOCKHEED MARTIN</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>MOTOROLA SOLUTIONS</b> <i>Human rights violations in occupied territories</i>	Palestine
<b>NORTHROP GRUMMAN CORP</b> <i>Nuclear weapons programmes</i>	United States
<b>RAYTHEON COMPANY</b> <i>Nuclear weapons programmes</i>	United States
<b>UNITED TECHNOLOGIES CORP</b> <i>Nuclear weapons development</i>	United States

## OUR APPROACH

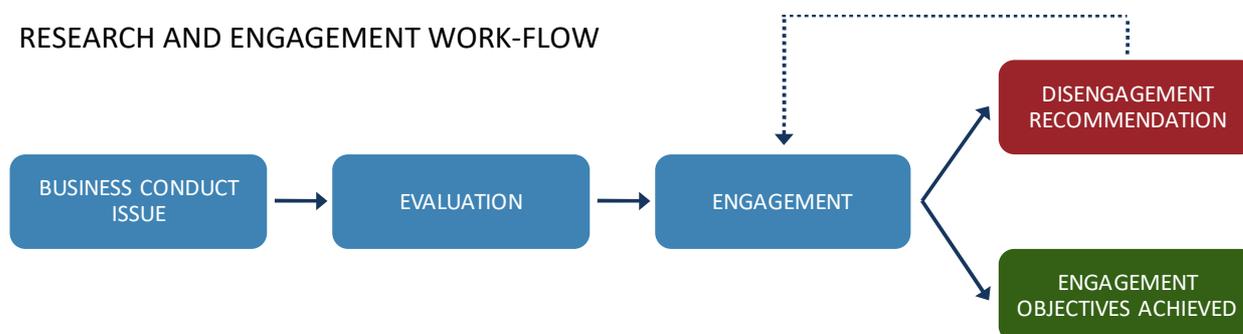
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies on behalf of our investor clients. The engagement process is based on the findings from a systematic screening of companies regarding their compliance with well-established international conventions and guidelines on environmental, social and governance (ESG) issues. By way of example this includes:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- Human rights conventions; and
- Environmental conventions.

We will start engagement with companies that are, or have been, involved in systematic business conduct issues or an isolated issue that has severe consequences for the environment or humans.

### RESEARCH AND ENGAGEMENT WORK-FLOW



## ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 57.77bn (12/31/2018). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

This way we combine the flexibility of a boutique manager with the size and clout of an international financial service provider.



# About Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. With 17 offices globally, Sustainalytics has more than 550 staff members, including over 200 analysts with varied multidisciplinary expertise across 42 sectors.

Over the last three consecutive years, investors named Sustainalytics among the top three firms for both ESG and corporate governance research in the Independent Research in Responsible Investment Survey.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



Copyright ©2019 Sustainalytics. All rights reserved.

The ownership and all intellectual property rights to this publication and the information contained herein are vested exclusively in Sustainalytics and/or its suppliers. Unless otherwise expressly agreed in writing between you and Sustainalytics, you will not be permitted to use this information otherwise than for internal use, nor will you be permitted to reproduce, disseminate, combine, create derivative works, furnish in any manner, make available to third parties or publish this publication/report, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies, recordings, etc. The information on which this publication/report is based reflects the situation as on the date of its elaboration. Such information has – fully or partially – been derived from third parties and is therefore subject to continuous modification. THE INFORMATION HEREIN IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES AND THEREFORE IS NOT AN OFFER TO BUY OR SELL A SECURITY. NEITHER SUSTAINALYTICS NOR ANY OF ITS THIRD-PARTY SUPPLIERS PROVIDES INVESTMENT ADVICE (AS DEFINED IN THE APPLICABLE JURISDICTION) OR ANY OTHER FORM OF (FINANCIAL) ADVICE AND NOTHING WITHIN THIS PUBLICATION/REPORT CONSTITUTES SUCH ADVICE. SUSTAINALYTICS OBSERVES THE GREATEST POSSIBLE CARE IN USING INFORMATION, HOWEVER THE INFORMATION IS PROVIDED “AS IS” AND NEITHER SUSTAINALYTICS NOR ITS SUPPLIERS ACCEPTS ANY LIABILITY FOR DAMAGE ARISING FROM THE USE OF THIS PUBLICATION/REPORT OR INFORMATION CONTAINED HEREIN IN ANY MANNER WHATSOEVER. MOREOVER, SUSTAINALYTICS AND ALL ITS THIRD-PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, COMPLETENESS, ACCURACY OR FITNESS FOR A PARTICULAR PURPOSE.

---

# QUARTERLY ENGAGEMENT REPORT

2019:2

*This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during the second quarter of 2019.*

*Use of and access to this information is limited to clients of Sustainalytics. The information may not be reproduced, transmitted, redistributed, translated, sold, exploited commercially or otherwise reused in any way whatsoever without Sustainalytics' prior written consent, unless compelled by binding law. All copyright, database rights and other proprietary rights in this document remain the property of Sustainalytics.*

*Cover: All graphics used are part of the public domain under the Creative Commons license CC0 or have been procured by Sustainalytics.*

## TABLE OF CONTENTS

<b>ENGAGEMENT BRIEF</b>	<b>3</b>
<b>ENGAGEMENT SUMMARY REPORT</b>	<b>29</b>
<b>COMPANY DIALOGUE &amp; PROGRESS SUMMARY</b>	<b>30</b>
<b>RESOLVED LIST</b>	<b>31</b>
<b>ENGAGE LIST</b>	<b>35</b>
<b>EVALUATE LIST</b>	<b>53</b>
<b>DISENGAGE LIST</b>	<b>54</b>
<b>OUR APPROACH</b>	<b>57</b>
<b>ABOUT ERSTE ASSET MANAGEMENT</b>	<b>58</b>

# ENGAGEMENT BRIEF

## EXECUTIVE SUMMARY

During the second quarter of 2019, Sustainalytics transitioned the Business Conduct Engagement to the new Global Standards Engagement (GSE). This transition has led to an extension of our scope (Consumer Fraud and Business Ethics), as well as an alignment with our Global Standards Screening product, which is one of the engagement triggers for GSE. As such, several new incidents are currently being considered for potential engagements.

In addition to the product transition and scope extension, we advanced several Global Standards Engagement cases<sup>1</sup>, resulting in changed statuses.

### **Engagement concluded**

In Q2, we successfully concluded engagements with 13 companies:

- two of them were headquartered in China and linked to health and safety incidents and human rights violations, respectively;
- three were related to corrupt practices;
- two concerned operations in Western Sahara;
- one regarded poor working conditions;
- one was linked to child and forced labour in the cotton supply chain;
- one regarded illegal logging in Russia;
- and three were related to the environment, such as the proposed deep-sea tailings placement of mine waste.

Furthermore, several cases were archived and one changed its status to 'Disengage'.

In May 2019, Sustainalytics concluded its engagement with CHINA COMMUNICATIONS CONSTRUCTION CO LTD, based on information obtained both through dialogue with the company and publicly available reporting. The company, after two serious accidents at its sites in China from 2016 and 2017, introduced a number of improvements to its health and safety management, including risk identification, internal training, and improved sub-contractor due diligence and training. Due to the aforementioned measures, Sustainalytics resolved the case.

---

<sup>1</sup> Previously Business Conduct Engagement

For several years, Sustainalytics engaged with another Chinese company, CHINA RAILWAY CONSTRUCTION CORPORATION, which was accused of forced evictions in Ecuador. During successive in-person dialogues between the company and Sustainalytics over the last three years, many issues were discussed. This included the company's collaboration with communities and the mitigation process in case of disputes prior to and during the implementation of company projects. Sustainalytics has resolved the case due to the measures taken by the company and a local court judgement from 2018 in favour of the company in relation to the evictions.

In Q2, Sustainalytics concluded an engagement with ENI on alleged corrupt practices in Nigeria dating back to 2011. The company has since been embroiled in criminal and civil litigation in several countries. Indeed, the company and a number of former and current executives are presently standing trial in Italy on charges of international corruption. Sustainalytics and investors have been engaging with Eni for several years, focusing on encouraging the company to ensure that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied. Since the company has provided a significant volume of information about its anti-corruption framework, Sustainalytics decided to resolve the case and monitor the ongoing court proceedings.

Furthermore, in May 2019 another long-term engagement with a company accused of corrupt practices was concluded. In 2013, a Chinese unit of GLAXOSMITHKLINE PLC (GSK) confessed to corrupt practices that involved offering bribes to Chinese government officials, medical associations and doctors during more than six years. During the course of the engagement, Sustainalytics was in dialogue with GSK and the company presented the steps taken to address corruption issues. It has been noted that in the last few years, GSK has developed significant anti-corruption measures which have increased the company's capacity to manage related future risks. Hence, Sustainalytics resolved the case.

In 2018, Sustainalytics started engaging with HARMONY GOLD MINING COMPANY LIMITED and NEWCREST MINING LIMITED over its plans to use deep-sea tailings placement (DSTP) as its preferred method of tailings management at the Wafi-Golpu copper and gold mine in Papua New Guinea, managed by the companies' joint venture. Although DSTP is not best practice for waste disposal, it is clear that the joint venture did consider alternative options before deciding upon DSTP as the preferred

waste disposal option at Wafi-Golpu. Additionally, they undertook numerous baseline studies which formed the basis of ongoing or proposed monitoring and mitigation measures. Due to the measures taken by the companies to minimise the potential impact on the environment, Sustainalytics resolved the case in June 2019.

In this quarter, Sustainalytics also concluded engagement with LUMBER LIQUIDATORS HOLDINGS in relation to allegations of sourcing illegally harvested wood from the Russian Far East. Over the course of the engagement, the company referred Sustainalytics to its programmes and commitments on the newly redesigned company website. Sustainalytics has evaluated the information and found many important assurances that the company was lacking prior to 2014. As the company reacted to the allegations in a responsible manner by pleading guilty and paying a fine, as well as cooperating with the US Department of Justice and its suppliers, Sustainalytics decided to resolve the case.

In Q2 2019, Sustainalytics concluded a long-term engagement with MATTEL, which annually since 2009 has been accused by various NGOs of continuous labour rights violations in its supply chain. Biannual engagement calls have been held since spring 2014, in which Sustainalytics underlined investors' concerns and sought Mattel's responses to the allegations as well as reassurances on what the company is doing to rectify and prevent labour rights violations in its sphere of influence. In response to the issue, the company revised its approach to sustainability, launching a new sourcing policy as well as strengthening oversight and accountability in its sustainability function. Given the reassurances obtained from the company and the positive trajectory of its ESG management, Sustainalytics resolved the case.

Also, in May 2019, Sustainalytics concluded engagement with NUTRIEN over its presence in Western Sahara, a territory occupied by Morocco. The company was created in 2018 as a result of a merger between Agrium Inc. and Potash Corporation of Saskatchewan. Since the merger, Nutrien has been very responsive to Sustainalytics and in January 2019, it confirmed that it had ceased its imports of phosphate rock from Western Sahara. Furthermore, the company has in place a process to assess human rights due diligence for all its suppliers and to ensure that suppliers and major contractors comply with its code of ethics. Given these developments, Sustainalytics has decided to resolve the case but to closely monitor the companies involved.

For many years, Sustainalytics engaged with OLAM INTERNATIONAL LIMITED which was one of the traders of cotton sourced from Uzbekistan. Uzbekistan has been accused of systematic use of child and forced labour at its cotton plantations. Over the course of the engagement, the company developed a policy framework for its supply chain that outlines expectations regarding human rights. The Supplier Code of Conduct addresses child and forced labour and, refers to the relevant ILO standards. Given the company's responsible approach to cotton sourcing and supply chain working conditions, this case is now resolved.

Furthermore, in Q2 Sustainalytics concluded an engagement with VEDANTA RESOURCES regarding its subsidiary Konkola Copper Mines (KCM) in Zambia, which has been embroiled in a legal dispute over alleged pollution relating to discharges and historical tailings disposal. The Sustainalytics engagement team has been in regular dialogue with Vedanta since 2015, and an investor trip was organised to KCM's operations in December 2018. Given the extensive measures taken by the company, and its long-term plans to address the pollution legacy from tailings and spillages, the case was resolved.

In addition, at the end of Q2, the State Oil Company of the Azerbaijan Republic (SOCAR), which is the state-owned oil producer in Azerbaijan, received a 'Disengage' status, due to a lack of a response. This resulted in no progress being made on the case. Since 2014, the company has had numerous fatal accidents; the company reportedly averaged 18 deaths a year up to the end of 2016, with as many as 34 fatalities in 2015. Since December 2014, Sustainalytics has reached out to SOCAR by email, and phone in English and Russian numerous times. In July 2018, a letter was sent to its CEO, which did elicit a response the following month. This response denied any responsibility for the fatal accidents, instead it blamed the 'extreme weather' and although SOCAR did state that it would be willing to answer further questions, it never responded to follow-up questions.

#### **Engagement initiated**

In addition, in Q2 2019, Sustainalytics started engagement with several companies from different sectors over a range of issues, including issues previously out of scope prior to May 31<sup>st</sup>.

In May 2019, Sustainalytics started engagement with WOLVERINE WORLD WIDE INC which is facing lawsuits over contaminated drinking water sources in Michigan, US, with high

levels of perfluoroalkyl and polyfluoroalkyl, toxic chemicals linked to cancer, thyroid problems and other diseases. The focus of the engagement is to understand how the company intends to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.

In the same month, Sustainalytics started engaging with SWEDBANK due to a joint investigation by the Swedish and Estonian Financial Supervisory Authorities over money-laundering allegations. The authorities' decision, to start investigation, followed a Swedish media report alleging that the bank had handled approximately EUR 3.8 billion in suspicious funds between 2007 and 2015. In response to the situation, Swedbank commissioned an initial report on this matter by the Forensic Risk Alliance and in April 2019, it announced the establishment of an anti-financial crime unit to tackle money laundering and the financing of terrorism and fraud, amongst other things. Due to the severity of the accusations, Sustainalytics downgraded the case to 'Engage' and will continue to monitor the effectiveness and transparency of Swedbank's measures as they are implemented.

With the transition from GES' Business Conduct Engagement to Sustainalytics' Global Standards Engagement, our norm-based engagement has extended its scope focusing on more comprehensive business ethics violations, consumer and human rights violations than previously. Business Ethics includes:

- competition (illegal abuse of dominance),
- accounting fraud,
- illegal tax evasion (including transfer mispricing),
- money laundering
- bribery and corruption for private gain that impacts society at large and also consumer fraud.

As several of these topics were not covered previously or the relevant severity threshold was set differently, 64 new 'Engage' cases have been created within the Business Ethics norm area.

There are five new cases within norm area Environment.

Furthermore, 57 new human rights and nine new labour rights cases were put on 'Engage' status, where new topics such as 'operations in territories with elevated human rights risks' and 'quality and safety breaches' have been included. This also includes around eleven cases that either were already under assessment and had their statuses changed from 'Evaluate' to 'Engage' and several others were reopened.

## INDEX OF COMPANIES MENTIONED IN THIS ENGAGEMENT BRIEF

AGRIUM INC	17
CCCC FOURTH HARBOR ENGINEERING	9
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	9
CHINA RAILWAY CONSTRUCTION CORPORATION	10
CORRIENTE RESOURCES INC	10
DANSKE BANK	21
ECUACORRIENTE SA	10
ENI SPA	11
FERTECO MINERACAO	24
GLAXOSMITHKLINE PLC	12
HARMONY GOLD MINING COMPANY LIMITED	13
KONKOLA COPPER MINES PLC	20
LUMBER LIQUIDATORS HOLDINGS	15
MALABU OIL AND GAS	11
MATTEL	16
NEWCREST MINING LIMITED	13
NUTRIEN LTD	17
OLAM INTERNATIONAL LIMITED	18
POTASH CORPORATION OF SASKATCHEWAN	17
ROYAL DUTCH SHELL	11
SINOFERT HOLDINGS	18
SWEDBANK	21
TÜV SÜD	25
VEDANTA RESOURCES PLC	20
WAFI-GOLPU JOINT VENTURE	14
WOLVERINE WORLD WIDE INC	23

## CHINA COMMUNICATIONS CONSTRUCTION CO LTD

Fatal Workplace Accident(s)



**Henry  
Pallister-Dixon**  
Senior Associate

Status: Resolved

Contribution to SDGs:



In 2016 and 2017, CHINA COMMUNICATIONS CONSTRUCTION CO LTD (CCCC) experienced two serious accidents in China. According to news media reports at the time, 18 people were killed, and more than 20 others were injured in April 2016 at a construction site in Dongguan. The site is owned by CCCC FOURTH HARBOR ENGINEERING, a subsidiary of CCCC. Media reported that due to heavy winds, a crane collapsed on a shed that was sheltering nearly 140 construction workers. In July 2017, another crane collapse, at a CCCC construction site in Guangzhou, resulted in a further seven fatalities, and two injuries.

Following the initial accident, the company allocated around USD 3 million for the recovery and remediation. Meanwhile, following the second incident, the local authorities temporarily suspended all construction projects in the city and launched an investigation.

During Sustainalytics' initial dialogue with the company in 2017, it was stated that the April 2016 accident had been handled properly but not specified in detail what exact measures were taken afterwards to avoid such occurrences in the future. The company highlighted that the accident had been caused by the unpredictable weather conditions. However, according to a report of the outcomes of the investigation from the local authorities, it was found that CCCC was one of the responsible parties.

In follow-up dialogue in 2018 and following the second incident, the company highlighted more concretely the action that had been taken, including publishing a code of conduct for overseas work, which includes a section on health, safety and environmental protection, and states that the company shall comply with all laws and regulations and will develop and follow safe work processes. According to the company's website, CCCC has also developed and been implementing a number of improvements to its health and safety management, including risk identification, internal training, as well as sub-contractor due diligence and training. It has also tied safety with remuneration, thus incentivising safe work practices. Following these actions, Sustainalytics decided to resolve this case with CCCC on this topic in May 2019.

## CHINA RAILWAY CONSTRUCTION CORPORATION LIMITED

### Forced Evictions



**Henry Pallister-Dixon**  
Senior Associate

Status: Resolved

Contribution to SDGs:



The Mirador mining project is run by the Ecuadorian-based ECUACORRIENTE SA (ECSA), a subsidiary of the Canadian-based CORRIENTE RESOURCES INC (CR). CR has been partially owned by CHINA RAILWAY CONSTRUCTION CORPORATION (CRCC) since 2010.

In 2010, the Ecuadorian Ecumenical Commission for Human Rights released a report where it listed numerous human rights violations linked to the project such as the lack of consultation related to land acquisitions and the violent evictions of more than 40 families. The report claimed that ECSA had pushed people in communities in the area to sell their lands, telling them that if they did not sell, they would be expropriated and would receive little or no monetary compensation.

In December 2015, Colectivo de Investigación y Acción Psicosocial (Psychosocial Action and Research Group) issued a report, claiming that a further 16 families had been evicted in September 2015. According to the report, the evictions were performed by the national police and members of the security firm Serseivi, hired by ECSA.

During successive in-person dialogues between the company and Sustainalytics over the last three years, the company maintained its position that it gave no credence to the accusations from the local community members. Despite this, the company detailed during dialogue in 2018 how it had undertaken and was continuing to take a number of steps to assure it works with local stakeholders. It has put in place a number of processes to mitigate any such situation in the first place. This includes a specific community engagement team and the conducting of community surveys prior to a project, as well as supporting local stakeholders through job creation, community support and remediation.

Following a subsequent court judgement in 2018, the courts made a decision against the community, stating that the people do not have legal status and are not recognised as 'indigenous peoples' under Ecuadorian law, therefore, not granting them the specific land rights they claimed. Furthermore, the court found no significant wrongdoing committed by the company.

Based on the above steps taken by the company and recent court case favouring the company, Sustainalytics has decided to resolve the case. Should new allegations arise, Sustainalytics will reassess the case.

## ENI SPA

### Corrupt Practices



**Jonathan Kellar**  
Manager

Status: Resolved

Contribution to SDGs:



In 2011, ENI SPA (Eni) and ROYAL DUTCH SHELL (Shell) paid the Nigerian government USD 1.3 billion for an offshore oil block, OPL 245, located in Nigerian waters. This transaction subsequently became a source of serious controversy as some USD 1.1 billion of the sale proceeds were transferred to a company called MALABU OIL AND GAS, owned by a former oil minister, and convicted money launderer, Dan Etete. It was alleged that these funds had then been largely embezzled by Etete and a number of other individuals associated with the Nigerian government, including former president Goodluck Jonathan. It has also been alleged that senior management at Eni and Shell were aware that the sale proceeds would be misappropriated in this way. Although some of this money has been recovered, a large proportion of it has not. As such, this affair is believed to have had a real impact on the people of Nigeria, as the disappeared millions were reportedly equivalent to 80 per cent of the country's proposed annual health budget for 2015.

Eni and Shell have been embroiled in criminal and civil litigation in several countries in relation to the oil block for several years. The companies and a number of former and current officials, including the Eni CEO, are presently standing trial in Italy on charges of international corruption, in what is believed to be the biggest ever trial of its kind. Both companies and their senior managers protest their innocence.

Sustainalytics and investors have been engaging with Eni in response to this issue. As the legal proceedings render the company unwilling to talk about the finer details of the OPL 245 deal, our engagement has focused on encouraging the company to ensure that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.

Eni has provided a significant volume of information about its anti-corruption framework. Its Code of Ethics includes a prohibition on corruption and it has also published a detailed Management System Guidance (MSG) on Anti-Corruption, which, among other topics, covers acquisitions and disposals and due diligence, as well as relations with public officials and 'Relevant Private Entities'. The MSG requires that Eni staff identify 'key risk factors and Red Flags' ahead of a transaction and that legal counsel working on a transaction advise on anti-corruption risks. The company states that it has an Anti-Corruption Compliance Program, an 'articulated system of rules and controls for the prevention of corruption', which includes

the MSG. Adoption of the Compliance Program is mandatory for the company and its subsidiaries and the company has indicated that training in the MSG has been conducted or is underway for all staff.

Bearing in mind these developments, Sustainalytics considers that, on the face of it, the company has met our engagement objective. Therefore, we treat the engagement case as resolved. However, we also recognise that the continuing litigation in Italy may discourage the company's complete transparency about any weaknesses in its anti-corruption system. Furthermore, it is possible that the decision of the court, expected in the second half of 2019, may expose further structural issues in this system. In particular, we note that the CEO continues to occupy the role of head of the company's Anti-Corruption Compliance Unit. Sustainalytics will therefore monitor the progress of the trial and other proceedings and review the status of this case when it reaches its conclusion.

## GLAXOSMITHKLINE PLC

### Corrupt Practices



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



In July 2013, it was reported that a Chinese unit of GLAXOSMITHKLINE PLC (GSK) confessed to corrupt practices that involved offering bribes to government officials, medical associations and doctors in the country for over six years. According to the Chinese Ministry of Public Security, GSK had since 2007 engaged more than 700 third-party agencies to transfer almost USD 500 million to high officials in order to strengthen the company's market position. In September 2014, a Chinese court imposed a USD 500 million fine on the company and handed suspended jail sentences to GSK managers. In September 2016, the US Securities and Exchange (SEC) Commission announced that GSK had agreed to pay USD 20 million to settle charges that it had violated the US Foreign Corrupt Practices Act when its subsidiaries in China engaged in pay-to-prescribe schemes to increase sales.

Sustainalytics was in dialogue with GSK which over the course of the engagement presented the steps taken to address the corruption issues. GSK adopted new policies and implemented measures to strengthen training and compliance programmes. The company has put in place a new incentive compensation system: the Patient First programme for GSK sales representatives who work directly with health care professionals. In July 2012, GSK adopted a new Code of Practice for Promotion and Customer Interactions and in 2014 a policy on Marketing Practices and Scientific Engagement. In 2015, GSK

introduced a new Ethics and Compliance Academy that provides training and external certification for members of this team worldwide. GSK also established a new framework to engage and train third parties on its code of conduct based on their risk profile.

Furthermore, the company has a Global Risk Office that is accountable for strengthening risk management by standardising methodology around its Anti-Bribery and Corruption (ABAC) Programme and third-party risk programme, as well as for identifying emerging risks. GSK also improved investigatory activities through the establishment of an Enterprise Investigations Committee to accelerate the management of a Speak-Up hotline and the ABAC Programme and enable greater collaboration across Global Ethics and Compliance functions, the Legal Department, the HR Department and Computer Security Response teams.

In the last few years, GSK has developed anti-corruption measures which have increased the company's capacity to manage related future risks. The company tracks misconduct allegations and concerns. The Speak-Up channels offer people within and outside GSK the opportunity to ask questions and voice concerns anonymously through an independent third party by phone or online. GSK takes disciplinary action when employees fail to act in line with its policies. Overall, the company's satisfactory management of compliance issues gives a positive view of its performance, hence Sustainalytics decided to resolve the case.

## HARMONY GOLD MINING COMPANY LIMITED / NEWCREST MINING LIMITED

Environmental Impacts from Waste Practices



**K Bruce Jackson**  
Associate Director

Status: Resolved

In March 2018, HARMONY GOLD MINING COMPANY LIMITED (Harmony) released an updated feasibility study for the proposed Wafi-Golpu copper and gold mine that would be located in the Morobe Province, Papua New Guinea. The project is a joint venture equally owned by Harmony and NEWCREST MINING LIMITED (Newcrest). The feasibility study stated that deep sea tailings placement (DSTP) has been identified as the preferred method of tailings management at the mine.

DSTP is the controversial practice of disposing mine waste at depth in the marine environment. It is only accepted by a few countries in the world. Its critics state that the impacts cannot be properly monitored or controlled. Harmony stated that the decision was based upon a review of several waste disposal options, which determined that DSTP would carry the lowest

Contribution to SDGs:



environmental and social risks. It should be noted that the two companies are responsible for the only conventional tailings facility in PNG at their Hidden Valley joint venture operation.

The Sustainalytics engagement team conducted a dialogue principally with the WAFI-GOLPU JOINT VENTURE (WGJV) project team.

The response to our initial inquiries was that the majority of our questions would be answered by the environmental and social impact assessment (ESIA) to be submitted to the Papua New Guinea authorities in July 2018. The WGJV stated that it would be made publicly available through the authorities following submission. The WGJV submitted the ESIA in July 2018 and notified the Sustainalytics engagement team in early August with a link to the ESIA.

The ESIA provides a transparent and detailed breakdown of the decision-making process that led to the determination that DSTP was the most viable option for waste management. For example, some of the factors considered included geomorphology, surface drainage and the suitability of the possible foundation strata at each proposed location. Forty-one locations were considered as contenders for a conventional tailings storage facility, before concluding that DSTP was the most practical option.

It then detailed numerous baseline studies, including the submarine geomorphology, benthic habitat surveys and currents. It also addressed issues, such as pipe outfall location in relation to population centres and biodiversity. It also highlighted a number of potential environmental and social impacts to be monitored and/or mitigated with details of many of the monitoring and mitigation measures, including such issues as:

- Health monitoring including a baseline study to identify potential health effects from potential contaminants from mining activities.
- Leak detection and monitoring measures of marine outfall, including real-time monitoring and programmed internal and external inspections.
- The WGJV is currently preparing the specifics of its tailings emergency response plan.

Although DSTP is not a recognised best practice for waste disposal, it is clear that the companies through its joint venture did consider alternative options before deciding upon DSTP as the preferred waste disposal option at Wafi Golpu. Additionally,

they have monitoring and mitigation measures either in place or planned. Due to the measures taken by the companies to minimise the potential impact on the environment, Sustainalytics regards the case as resolved.

## LUMBER LIQUIDATORS HOLDINGS

Illegal Exploitation of Natural Resources



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



Sustainalytics was engaging with LUMBER LIQUIDATORS HOLDINGS (LL) in relation to allegations of sourcing illegally harvested wood from the Russian Far East (RFE). In October 2013, the US NGO Environmental Investigation Agency released a report accusing LL of knowingly purchasing timber originating from protected oak forests in the RFE which provide habitat to Siberian tigers classified as endangered on the Red List of Threatened Species by the World Conservation Union. The Mongolian oak is protected under the UN Convention on International Trade of Endangered Species of Wild Fauna and Flora. From 2013, the company was investigated by the US Department of Justice (DOJ) and, in October 2015, LL announced a settlement with the agency, in which it pleaded guilty to illegal logging in the RFE. In connection with the settlement, the company agreed to pay USD 10 million in fines, being subjected to a five-year probation period and implementing the Lacey Compliance Plan, which refers to the US law regulating import and export of protected species.

Over the course of the engagement, the company referred Sustainalytics to its programmes and commitments on the newly redesigned company website. Sustainalytics has evaluated the information and found many important assurances that the company was lacking prior to 2014. Such improvements included commitment to the abovementioned Lacey Act, supplier training, regular internal and external audits, DNA testing of wood, as well as a pledge to source less oak from China (due to it being considered a high-risk product). In 2016, LL confirmed to Sustainalytics that it had ceased purchasing products sourced from the RFE. The company also stated that it had made significant investments in its supply chain to prevent future violations and that it had developed new vendor processes in order to comply with the DOJ's requirements. The company also underlined the fact that its implementation of the Environmental Compliance Plan is being monitored by the DOJ, which substantiated that LL is fulfilling its commitments.

In the last few years, LL established due diligence processes and controls, including supplier audits, periodic on-site visits, and product testing. The Lacey Plan takes into account product risk, the level of vertical integration at suppliers' mills, legality concerns noted by both private and government parties, and the results of on-site audits performed by LL. Compliance and Quality Control teams located in the US and China are supplemented with external resources that provide analyses which are incorporated into LL's review processes. The compliance and regulatory affairs committee of the board of directors provides oversight of compliance programmes. As the company reacted to the allegations in a responsible manner by pleading guilty and paying fine as well as cooperating with DOJ and its suppliers, Sustainalytics decided to resolve the case.

## MATTEL, INC.

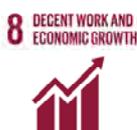
### Labour Rights Violations in Supply Chain



**Tytti Kaasinen**  
Associate Director

Status: Resolved

Contribution to SDGs:



Every year since 2009, NGOs have accused MATTEL of continuous labour rights violations in its supply chain. Reports investigating working conditions in Chinese toy factories have been issued by China Labor Watch (CLW) and Students & Scholars Against Corporate Misbehaviour (SACOM), over the years alleging breaches such as underpayment, mandatory and/or excessive overtime, employing underage workers, denial of vacation and sick leave, health and safety hazards, poor living conditions, discrimination, harassment, blank contracts, unpaid social insurance and a lack of functioning trade unions. Suicide attempts also took place in 2017. Some of the violations have been reported in factories owned and operated by Mattel, others at suppliers used by the company and a number of other global brands.

NGO criticism has also been directed at the industry body International Council of Toy Industries (ICTI) (now called the ICTI Ethical Toy Program (IETP)), where Mattel is a member and which has allegedly ignored and shielded labour violations at the factories certified as meeting its social standards.

Sustainalytics has found it troubling that new reports about poor working conditions at Mattel's suppliers' factories have been surfacing every year as this could indicate systemic and serious shortcomings in the company's supply chain management. Mattel's related disclosure has also been a cause for concern. Accordingly, biannual engagement calls have been held since spring 2014, where Sustainalytics has underlined investors' concerns and sought Mattel's responses to the allegations as

well as reassurances on what the company is doing to rectify and prevent labour rights violations in its sphere of influence.

These frank discussions have shown that Mattel is doing more than it discloses publicly and has realised the need to further improve its practices and reporting. The company has properly investigated the alleged incidents and is increasingly cooperating with stakeholders within and outside of the toy industry to have greater impact and proactively prevent breaches of labour rights. Mattel has provided detailed information to Sustainalytics about the measures taken and those underway to enhance its supply chain management and has progressively improved its related standards and processes.

In the last few years, the company has revised its approach to sustainability, launching a new sourcing policy and a revamped CSR section of its website as well as strengthening oversight and accountability in its sustainability function. While Mattel's sustainability reporting still has room for improvement, particularly as regards audit transparency and measurable goals, it has been gradually disclosing more information and is committed to enhancing its data collection and disclosure.

Mattel's sustainability team appears to be successfully driving improvements in governance, performance and disclosure in this area, and these efforts have a clear buy-in from the top management. Sustainalytics believes that the ongoing and planned developments are having a positive material impact and will minimise the risk of serious labour rights breaches in Mattel's supply chain. Furthermore, the alleged violations in CLW's report in 2018 did not involve current Mattel suppliers and no other sources are presently alleging wrongdoing. Given the reassurances obtained from the company and the positive trajectory of its ESG management, Sustainalytics considers this case to be resolved.

---

## **NUTRIEN LTD**

Operations in Occupied Territories

In January 2018, NUTRIEN LTD (Nutrien), created as a result of a merger between AGRIMUM INC (Agrium) and POTASH CORPORATION OF SASKATCHEWAN (PotashCorp), accounted for half the purchases of phosphate from Western Sahara through its legacy companies. PotashCorp had been importing phosphate from Western Sahara for nearly a decade and Agrium started phosphate imports from the territory in 2013 and was considered to be the largest importer in 2016.



**Enrique Figallo**  
Senior Associate

Status: Resolved

Contribution to SDGs:



In a legal opinion issued in 2002 by the UN Under-Secretary General for Legal Affairs, the exploration and exploitation of natural resources in Non-Self-Governing Territories, Western Sahara in particular, would be in violation of the principles of international law applicable to mineral resource activities in Non-Self-Governing Territories if conducted in disregard of the interests and wishes of the people.

Since the merger in 2018, Nutrien has been very responsive to Sustainalytics. In January 2019, the company confirmed that it had ceased its imports of phosphate rock from Western Sahara at the end of 2018 and would no longer be importing phosphate rock. Furthermore, Nutrien explained that it has in place a Supplier Qualification Questionnaire to assess human rights due diligence for all its suppliers and to ensure that suppliers and major contractors comply with Nutrien's Supplier Code of Ethics.

In April 2019, Western Sahara Resource Watch published its annual phosphate report where it confirmed that Nutrien had ceased its imports of phosphate rock from Western Sahara in 2018. However, a connection between Nutrien and SINO FERT HOLDINGS raised some concerns on the company's indirect involvement in Western Sahara due to its 22 per cent ownership of Sinofert Holdings. Nutrien clarified that it does not have board representation and therefore its influence in the company is limited.

In Sustainalytics' view, Nutrien's level of ownership in Sinofert, as of May 2019, was too low for holding the company accountable at this stage. Nutrien does not own shareholder rights (voting rights). The company does not have representation on the board or senior management and therefore it does not have any voting control. Furthermore, there is no evidence of cross-shareholdings. It was also confirmed that Nutrien does not derive more than 50 per cent of its revenue from Sinofert and the two companies are not part of the same enterprise. Given these developments, Sustainalytics has decided to resolve the case but to closely monitor the companies involved.

## **OLAM INTERNATIONAL LIMITED**

Labour Rights Violations in Supply Chain

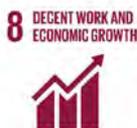
For many years, OLAM INTERNATIONAL LIMITED (Olam) was one of the traders of cotton sourced from Uzbekistan, a country systematically accused of child and forced labour at cotton plantations. Since 2006 it has been acknowledged and reported by numerous NGOs, e.g. the International Labour Organization that the state-driven practice of forcing citizens to harvest cotton



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



still exists in Uzbekistan. In 2017, the government of Uzbekistan outlined its intention to refocus the country's cotton sector by reducing the volume of raw cotton exports and shift towards the development of the domestic textile industry. In 2018, an ILO report found that the systematic use of child labour in Uzbekistan's cotton harvest had come to an end and that concrete measures to stop the use of forced labour had been taken. The same year, Olam decided to cease purchasing and trading raw cotton from Uzbekistan.

Over the years, Sustainalytics has had a number of conference calls and face-to-face meetings with Olam. The company, along with members of the Association of Cotton Merchants in Europe (ACME) tried to use its influence as a buyer of Uzbek cotton and argued that leaving Uzbekistan would not change anything. Olam's long-term hope and belief were that the country's cotton industry will be privatised. It said that both ACME's access to the Uzbek authorities and its dialogue with the ILO has improved.

In terms of its internal procedures, Olam told Sustainalytics that the agricultural sector is under a lot of pressure from clothing brands to improve the sustainability and traceability of its products. This led, in turn, to increased collaboration as well as intensifying the need for Olam to strengthen its supply chain management. Accordingly, the company's Responsible Sourcing Guidelines, internal instructions for its product sourcing teams on how to implement the Supplier Code in practice, were updated in late 2018. Olam additionally developed its management systems and invested in software to assist the roll-out and monitoring of standards in the supply chain. Olam also welcomed the progress the Uzbek government has made to implement measures to stop the use of forced and child labour as recognised by the ILO, and the ongoing cooperation between the ILO, the government of Uzbekistan and relevant stakeholders.

In December 2018, Olam confirmed to Sustainalytics that it is no longer active in the cotton sector in Uzbekistan and the company ceased purchasing and trading raw cotton from the country. Still, Olam sources from the four major growing regions - Asia, the Americas, Australia and Africa. The latter might pose a risk of potential human rights violations.

Over the course of the engagement, the company developed a policy framework for its supply chain that outlines expectations regarding human rights. The Supplier Code of Conduct addresses child and forced labour, referring to the relevant ILO standards.

Given the company's responsible approach to cotton sourcing and supply chain working conditions, this case is now resolved.

## VEDANTA RESOURCES PLC

Activities Resulting in Negative Environmental and Human Rights Impacts



**K Bruce Jackson**  
Associate Director

Status: Resolved

Contribution to SDGs:



VEDANTA RESOURCES PLC (Vedanta) acquired KONKOLA COPPER MINES PLC (KCM), located in Zambia's 'copper-belt' in 2004. KCM has been in operation, under various owners, since 1957, with a history of relatively uncontrolled tailings disposal since this period; the tailings have historically been deposited into a 60-metre deep shallow saucer-shaped depression which has a perimeter of approximately 18 kilometres. KCM has been embroiled in a legal dispute over alleged pollution relating to discharges and historical tailings disposal.

In 2011, the Zambian High Court upheld a guilty verdict against KCM for 'gross recklessness' in the pollution of water; KCM had in 2006 allegedly repeatedly spilt sulphuric acid and other toxic chemicals into watercourses and onto community agricultural land. The claimants stated that the health of over 2,000 people was affected (including liver and kidney damage) as well as damage to crops and a loss of earnings. The initial 2011 award by Zambian courts was reduced on appeal by KCM, which also made the awards conditional on each plaintiff providing their medical history to support their claim, thus making the process of gaining the compensation problematic.

In August 2015, legal proceedings were initiated in the High Court of the UK against Vedanta and KCM by 1,826 community members who had been affected by environmental pollution allegedly caused by KCM. KCM appealed the decision to hear the case under UK jurisdiction. The appeal reached the UK's Supreme Court in January 2019. In April 2019, the Supreme Court ruled in favour of the villagers so the case will be heard in the UK court system.

The Sustainalytics engagement team has been in regular dialogue with Vedanta since 2015, and an investor trip was organised to KCM's operation in Zambia in December 2018.

KCM has invested over USD 3 billion in recent years on infrastructure improvements to its tailings management and mine water pumping and discharge. The improvements have included better dam containment, spillway construction to prevent flooding during the wet season and a new tailings pipe and pump to prevent leakage from the process facilities to the tailings storage facility. In addition, the pumped mine water now

goes through improved sedimentation and settling prior to discharge.

It should be noted that the Konkola Deep Mine is possibly the wettest mine in Zambia with some 375,000 cubic metres of water being discharged each day. This supplements the base flow of the Kafue River during the dry season. KCM is planning to improve irrigation downriver of its discharge to bring more land into year-round agricultural productivity.

In addition, the company has programmes to provide quality drinking-water to the local communities; as of December 2018 five communities had received solar-powered pumps, effectively bringing tapped water to some 10,000 people and another 18 pumps are planned. This will enable children, particularly girls, to go to school rather than have to fetch water every day from the local rivers.

Following an in-depth environmental and social impact assessment, KCM has successfully undertaken a pilot study on the bioremediation of its historically deposited tailings using an Indian tree species known as the pongamia. The tree is able to phyto-stabilize metals in its roots whilst fixing nitrogen in the soil, thus enabling other plants to colonise the tailings. Pongamia pods are not edible but can be used to produce biodiesel, whilst the plans are to introduce livestock and crops between the trees thus providing additional natural fertiliser and a sustainable living for community members.

Given the extensive measures taken by Vedanta, and its long-term plans to address the pollution legacy from tailings and spillages, we therefore consider it to be resolved.

---

## SWEDBANK AB

### Money laundering



**Cathrine Steenstrup**  
Associate Director

In February 2019, the Swedish and Estonian Financial Supervisory Authorities (FSAs), with the support of the Bank of Lithuania and the Latvian FSA, opened a joint investigation into SWEDBANK AB (Swedbank) over money laundering allegations. The decision followed a Swedish media report alleging that the bank had handled about SEK 40 billion (around EUR 3.8 billion), in suspicious funds between 2007 and 2015. As reported, the money was transferred between Baltic region accounts at Swedbank and DANSKE BANK, which has already been investigated in a number of countries in relation to money laundering issues. The report indicated that transactions by 50 of Swedbank's clients should have been considered as suspicious

Status: Upgraded to Engage

Contribution to SDGs:



as they were companies with no visible operations and had unknown beneficial owners. The amount of high-risk money moved through the bank's Estonian branch has risen to a total of EUR 135 billion in suspicious transactions according to subsequent reporting by Swedish Television (SVT).

The Swedbank CEO and Board Chairman were dismissed or resigned within a week of each other in March and April 2019. In May 2019, the five largest Swedbank shareholders, which also constituted the Swedbank nomination committee, called for an extraordinary group meeting, at which former Swedish Prime Minister was elected as Chairman of the Board in June 2019. Also elected to the board were a veteran banker and an attorney with international anti-money laundering experience. The new Board Chairman has pledged to 'clean the house' after the scandal and has expressed hope that a CEO can be appointed at the 'end of the autumn'. The Chairman expects Swedbank to maintain its presence in the Baltics.

Swedbank commissioned an initial report on this matter by the Forensic Risk Alliance. The March 2019 report was limited to confirming that the 50 accounts had been closed, while a second phase of the evaluation is intended to provide further depth. In April 2019, Swedbank also announced the establishment of an anti-financial crime unit, to tackle money laundering, the financing of terrorism and fraud. Swedbank is cooperating with the authorities in Sweden, the US and the Baltic countries in their respective investigations, and suspended the CEO and CFO of its Estonian branch in June 2019, following an internal investigation into compliance with anti-money laundering rules.

Swedish media has briefly reported that discussions are ongoing about having the prosecutor hear an independent attorney on a preliminary draft report on anti-money laundering activities, which Swedbank has emphasised is subject to attorney-client privilege. Swedbank headquarters were searched twice by the authorities during the spring of 2019, related in part to a probe on whether the bank's largest shareholders illegally received information ahead of the Swedish television report.

In May 2019, Sustainalytics opened an engage case and had a call and an in-person meeting with Swedbank. We will continue to engage on the effectiveness and transparency of their measures as they are implemented.

## WOLVERINE WORLD WIDE INC

Activities Resulting in Negative Health Impacts



**K Bruce Jackson**  
Associate Director

Status: Upgraded to Engage

Contribution to SDGs:



WOLVERINE WORLD WIDE INC (Wolverine) designs, manufactures, sources, markets and distributes footwear including Hush Puppies, Merrell and Harley Davidson Footwear. The company is based in Rockford, Michigan, US.

Between 1908 and 2009, Wolverine operated a tannery in the area of its head office. Between 1958 until 2002, the company used the 3M product Scotchgard, which was used to waterproof apparel and prevent stains. Wolverine was reportedly a major 3M client, buying more than half the Scotchgard 3M sold to tanneries around the world. 3M notified Wolverine of its concerns in 1999, but Wolverine continued to use the substance until 2002.

In May 2000, the US Environmental Protection Agency (EPA) announced the phasing out of Scotchgard, based upon data supplied by 3M that indicated that two of the key ingredients in the repellent, perfluorooctanesulfonic acid (PFOS) and its sister chemical perfluorooctanesulfonamide (PFOA), were persistent (resisted degradation) in the environment. PFAS, and especially PFOS, bioaccumulates in animals such as fish and humans.

Research into the potential health effects of PFAS is ongoing. According to the US Agency for Toxic Substances and Disease, some studies in humans with PFAS exposure have shown that certain types of PFAS may inhibit growth, learning, and affect the behaviour of infants and older children, lower a woman's chance of getting pregnant, interfere with the body's natural hormones, increase cholesterol levels, affect the immune system and increase the risk of cancer. The EPA listed PFAS as a possible carcinogen in 2005.

Until 1970, Wolverine had discharged its tannery waste at a state-licensed disposal site close to the tannery. However, dumping also occurred in 60 to 70 unregulated dump sites.

In January 2017, an environmental chemist from Grand Valley State University notified the Michigan Department of Environmental Quality (MDEQ) that, according to his research, the elevated levels of PFOS found in fish in the Rogue River could be associated with Wolverine's use of Scotchgard.

According to the latest update by the EPA and MDEQ from November 2018, there are over 50 square kilometres impacted by the contamination, with three big contamination plumes spreading from the former tannery, and the former disposal sites in Plainfield and Algoma Township.

Early in 2017, in cooperation with the MDEQ, Wolverine voluntarily started testing residential wells (i.e. wells used by residents to obtain potable water). In January 2018, Wolverine reported that out of 1,054 residential wells sampled around the former tannery site, 85 had been identified with results above the EPA lifetime drinking water advisory level of 70 parts per trillion (ppt); with the highest results reaching 7,500 ppt.

As of December 2018, the company had installed over 70 monitoring wells at the former tannery, dump site and in the surrounding areas. It had also installed 500 whole-house filters and over 200 point-of-use filters at residential properties and also provides bottled water on a continuous basis.

In February 2018, Wolverine announced that it had committed USD 40 million to address local groundwater issues. Later, in June 2018, the company announced a plan to intercept and treat groundwater from the former tannery site to prevent it from reaching the Rogue River.

In December 2017, the residents of Rockford and other towns filed a class action against the company and 3M, for polluting groundwater. The MDEQ also sued the company in January 2018.

Sustainalytics will engage with Wolverine to understand how it intends to address the reportedly unofficial disposal sites. Furthermore, Sustainalytics would like to know what measures the company is taking to address the long-term water supply to affected residents.

---

## VALE SA

### Fatal dam collapse



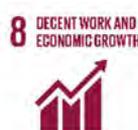
**K Bruce Jackson**  
Associate Director

Status: Case update

Sustainalytics started company engagement with VALE SA immediately after the collapse of its Feijão tailings dam (Dam 1) at the Córrego do Feijão iron ore mine, in January 2019. The collapse released a mudflow that broke through Vale's facilities and reached a nearby community in Brumadinho, Minas Gerais, Brazil. Another dam at the site overflowed due to the inrush of tailings but did not collapse. This was the second major dam failure for Vale in a little over three years, following the Fundão dam collapse at Samarco Mineração.

Construction of the Feijão dam commenced in 1976 by FERTECO MINERACAO which was acquired by Vale in April 2001. The construction used the upstream method and had been inactive for the last three years, as a direct result of the Fundão dam

Contribution to SDGs:



collapse, when Vale took the decision to make all its upstream tailings facilities inactive and to commence decommissioning works. Brazilian regulators did not issue the license to decommission until December 2018. The Feijão tailings dam was estimated to contain some 12 million cubic metres of tailings at the time of the collapse, how much was released is currently unknown.

The dam was audited by a third-party Brazilian subsidiary of German firm TÜV SÜD in September 2018. The audit passed the dam but highlighted a number of concerns. Media reports indicate that the board had reviewed the audit in November 2018. The governance of Vale is a concern, the company does not appear to have any members with experience in an operational or a technical role in an extractive company and this highlights a potential issue regarding technical decision making at the board level.

Since the dam collapse, the authorities in Brazil have standardised the approach for assessing dam safety and the factors of safety used. This has resulted in a number of dams, not just Vale's, effectively showing a higher risk rating.

However, there are a number of positive developments. Vale has recently reported that it has set up a 24/7 manned control room that monitors its dam in real time, very similar to the system set up by Samarco following the Fundão dam collapse. Whether this applies to only the Iron Ore Division or throughout the company is currently unclear. Vale has also started negotiations in regard to compensation for the impacted people, communities and businesses.

There are numerous investigations being undertaken by prosecutors, police, parliament as well as by the company itself. The findings are likely to result in further corrective actions being required and if found to be unfavourable to Vale could result in financial impacts.

Engagement will focus on gaining additional details on the improved monitoring and management of the company's tailings facilities and will be amended dependent on the outcomes of the technical review into the causes of the collapse. If possible, we would encourage investors to seek at least one operationally, and technically, astute board member.

## ENGAGING IN BRAZIL

What is new?



**Palle Elleman**  
Associate Director

The mood in Brazil is not what it used to be. The country is carrying the burden of a recent history of scandals that seem to have no end. The massive corruption scandal involving the national oil company Petrobras changed the political landscape and sent politicians and top business leaders to jail. Brazilian companies have been quick to improve their corporate governance, but it takes time to change the deep-rooted culture of corruption and short-termism that characterises the society. So, while company practices may be good, investors will still have to assess risks taking into account the context in which the practices have to work.

In the Emerging Markets Engagement programme we are engaging with several Brazilian companies in commodities, including oil, iron, steel, meat, paper and pulp, etc. Most of these companies export the vast majority of their products. For years, we have had the advantage in the engagement process that an important part of the demand side has also required high standards of sustainability. In this way, it is easier to engage when there is a clear business case towards customers and the companies feel pressure from investors as well as their customers. But the customer landscape for some of these companies is changing, and China is quickly becoming THE most important customer at present and one which ensures future growth. At the beginning of 2019, China was the destination for almost half of Brazil's commodity exports. This is a development that is raising a red flag of increased ESG risks, because Chinese customers do not have the same ESG requirements as European and US customers.

We are already seeing signs that Brazilian companies are introducing different standards and processes for production going to China as compared with the EU/US. This is concerning for investors that are investing in the whole company and not just part of the production. In the coming period, we will pay special attention to these potential double standards and insist that companies implement consistent high standards across the company no matter who is buying their products.

---

## WATER MANAGEMENT AND STEWARDSHIP

Corporate practices and  
Engagement impact

In June 2019, Sustainalytics issued a report titled *Water Management and Stewardship: Benchmarking Corporate Practices* in cooperation with AP7. The report is an update to the 2017 benchmarking exercise that examined the state of water risk exposure and stewardship in the food and beverage, garment and mining sectors.



**Tytti Kaasinen**  
Associate Director

Contribution to SDGs:



The findings reveal that there has been disappointingly little progress over the last two years on corporate water disclosure, despite the level of preparedness having been relatively low already in 2017. Our research involved the assessment of 299 companies on key aspects of corporate water management and found that while 30 per cent of the companies assessed received a better total score compared to 2017, 39 per cent received an inferior score. Specifically, efforts on water intensity have taken a clear turn for the worse, with either disclosure or performance, or both, having notably deteriorated among the companies analysed.

Following the 2017 benchmarking, Sustainalytics undertook a collaborative two-year engagement with selected companies in the three industries mentioned above as part of our Stewardship and Risk engagement programme. This thematic project, which concluded in March 2019, was aligned with Sustainable Development Goal 6 and endorsed by six investors. The engagement objectives focused on encouraging companies to assume an approach to assessing and managing water risks that proactively and efficiently contributes to long-term operational continuity, is environmentally sustainable and respects the development needs of the applicable countries.

The ensuing dialogues enabled us to convey related investor concerns to the companies and showed that they considered and integrated operational and environmental factors in their water management much more broadly than development aspects. Overall, while there is a lot of room for improvement in corporate understanding of water risks and opportunities, we nevertheless found that more was happening than suggested by public disclosures, with companies' reporting trailing behind their actual water-related activities. Looking at the KPIs assigned at the beginning of the thematic project, most companies improved their scores significantly, and many took concrete measures in the course of the engagement to progressively enhance their water risk management and stewardship.

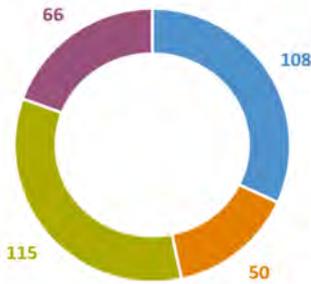
The 2019 benchmarking assessment subsequently discovered that the disclosure gap had diminished and/or performance improved among the engagement companies significantly more than in the wider group, with 65 per cent receiving a better total score than in the initial benchmarking. Moreover, their average score improved by 14 per cent, whereas across the whole universe the average score deteriorated by 2 per cent. While the number of engagement companies is not large enough to make the finding statistically significant, we nevertheless cautiously

consider this result as evidence that engagement can have a measurable impact on the ESG practices of target companies in as short a time as two years. Indeed, to capitalise on this momentum and building on the insights we have accrued so far, Sustainalytics will commence a new Stewardship and Risk engagement focusing on localised water management in Q3 2019.

The benchmarking report including full results and further analysis is available at <https://www.sustainalytics.com/esg-research/stewardship/water-management-stewardship-benchmark-2019/>.

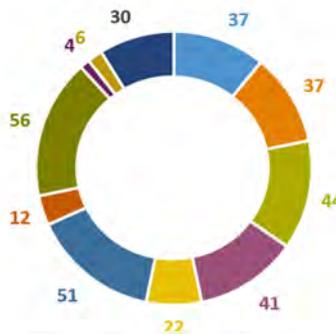
# ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



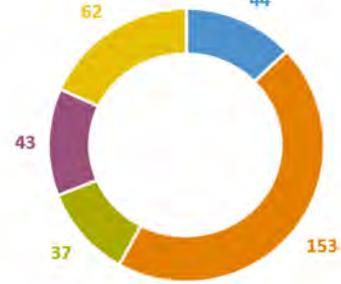
- Business Ethics
- Environment
- Human Rights
- Labour Rights

INDUSTRY SECTOR BREAKDOWN



- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Healthcare
- Industrials
- Information Technology
- Materials
- Real Estate
- Telecommunication Services
- Utilities

GEOGRAPHIC BREAKDOWN



- Africa / Middle East
- Asia / Pacific
- Europe
- Latin America and Caribbean
- United States and Canada

## ENGAGEMENT MAP



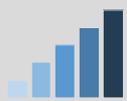
During Q2 2019, Sustainalytics worked on **340** issues related to Global Standards Engagement.

Of **234** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **99** cases. The remaining **135** cases were added as Global Standards Engagement was introduced in May 2019 and engagement may commence in Q3/Q4.

In **106** *Evaluate* cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or to further engage with the company – if it is a case with severe consequences for the environment or humans.

# COMPANY DIALOGUE & PROGRESS SUMMARY

## HOW TO READ THIS REPORT

<b>Country</b>	<p>The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.</p>
<b>Year</b>	<p>The year shows when the case was upgraded to Engage status.</p>
<b>Response</b>	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> <ul style="list-style-type: none"> <li>● excellent</li> <li>● good</li> <li>● standard</li> <li>● poor</li> <li>● none</li> </ul>
<b>Progress</b>	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> <ul style="list-style-type: none"> <li>↑ excellent</li> <li>↗ good</li> <li>→ standard</li> <li>↘ poor</li> <li>↓ none</li> </ul>
<b>Performance</b>	<p>The indicator describes the combined company progress and response performance.</p> <ul style="list-style-type: none"> <li>▲ High performance: <b>good or excellent</b> response and / or progress of the business conduct issue</li> <li>▶ Medium performance: <b>standard</b> level of response and progress</li> <li>▼ Low performance: <b>poor or no</b> response in combination with <b>poor or no</b> progress</li> </ul> <p><b>new, same, better or worse</b> – indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Time</b>	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div style="display: flex; align-items: center; margin-top: 10px;">  <div style="margin-left: 10px;"> <p>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective</p> </div> </div>
<b>Milestone</b>	<p>The indicator describes the milestone achieved from 1 to 5.</p> <div style="text-align: center; margin-top: 10px;">  </div>

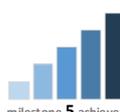
# RESOLVED LIST

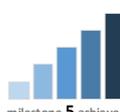
## AFRICA / MIDDLE EAST

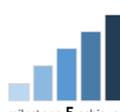
### Change objective

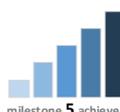
<p><b>Harmony Gold Mining Company Limited (2018)</b> <i>Environmental Impacts from Waste Practices</i></p>	<p>Papua New Guinea</p>	<p>The JV company submitted the ESIA in July 2018, and informed Sustainalytics in August 2018. It explains in full the decision to adopt DSTP and discloses a number of baseline studies including on human health for local populations located at different areas of the project and details of the proposed mitigation and monitoring measures.</p>	 <p>milestone 5 achieved</p>
--	-------------------------	--	---

## ASIA / PACIFIC

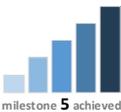
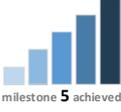
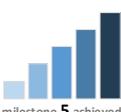
<p><b>China Communications Construction Co Ltd (2017)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>China</p>	<p>Since the accidents took place in 2016 and 2017 the company has put in place a number of improved safety practices. These include a risk identification checklist that has been developed and will be used for engineering projects and improved operational safety management systems that were developed by the company-level safety director and safety committee.</p>	 <p>milestone 5 achieved</p>
--	--------------	--	--

<p><b>China Railway Construction Corporation Limited (2011)</b> <i>Forced Evictions</i></p>	<p>Ecuador</p>	<p>CRCC undertook and is taking a number of steps to assure it works with local stakeholders. It has put in place a number of processes to mitigate any such situation in the first place. This includes a specific community engagement team and conducting community surveys prior to project, as well as supporting local stakeholders through job creation, community support and remediation.</p>	 <p>milestone 5 achieved</p>
---	----------------	--	---

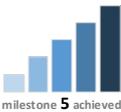
<p><b>Newcrest Mining Limited (2018)</b> <i>Environmental Impacts from Waste Practices</i></p>	<p>Papua New Guinea</p>	<p>The JV company submitted the ESIA in July 2018, and informed Sustainalytics in August 2018. It explains in full the decision to adopt DSTP and discloses a number of baseline studies including on human health for local populations located at different areas of the project and details of the proposed mitigation and monitoring measures.</p>	 <p>milestone 5 achieved</p>
--	-------------------------	--	---

<p><b>Olam International Limited (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>Olam implemented a Supplier Code of Conduct aligned with the ILO core conventions, especially conventions 182. In 2018, the company ceased purchases from Uzbekistan.</p>	 <p>milestone 5 achieved</p>
---	-------------------	--	---

## EUROPE

<b>Eni SpA (2015)</b> <i>Corrupt Practices</i>	Nigeria	Eni has provided a significant volume of information about its anti-corruption framework. Its Code of Ethics includes a prohibition on corruption and the company states that it has an Anti-Corruption Compliance Program, an 'articulated system of rules and controls for the prevention of corruption'.	 milestone 5 achieved
<b>EuroChem Mineral &amp; Chemical Co. OJSC (2016)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Since 2016, EuroChem has not imported phosphate rock. Further, as of April 2019, the company continues to work towards self-sufficiency in phosphates.	 milestone 5 achieved
<b>GlaxoSmithKline PLC (2015)</b> <i>Corrupt Practices</i>	China	GlaxoSmithKline improved its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.	 milestone 5 achieved
<b>Novartis AG (2017)</b> <i>Corrupt Practices</i>	South Korea	Novartis significantly improved its' governance in relation to anti-bribery and corruption and has fundamentally changed its approach to integrating business ethics into the culture of the company, supported by training tailored to the risk profile of different roles within the company.	 milestone 5 achieved
<b>Vedanta Resources PLC (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Zambia	Konkola Copper Mines (KCM) has improved its tailings infrastructure with heightened dams, upgraded pipes, and newly constructed spillways. It also ensures its discharge water from the mine dewatering is well below the quality thresholds imposed by its licence. KCM is addressing the issue of its legacy tailings and contaminated groundwater through the introduction of Pongamia trees.	 milestone 5 achieved

## UNITED STATES AND CANADA

<b>Lumber Liquidators Holdings, Inc. (2015)</b> <i>Illegal Exploitation of Natural Resources</i>	Russia	LL evaluated its entire supply chain and took reasonable and prudential measures to exclude illegally harvested wood. The company's exports and imports of wood are in compliance with the US Lacey Act that is in correspondence with the Convention on International Trade in Endangered Species of Wild Fauna and Flora.	 milestone 5 achieved
<b>Mattel, Inc. (2010)</b> <i>Labour Rights Violations in Supply Chain</i>	China	Mattel has strengthened its approach to preventing labour rights violations in its supply chain through practical implementation and proactive enforcement of its Responsible Supply Chain Standards, as well as through collaborating with various stakeholders. The company has also improved its related public disclosure and internal ESG governance.	 milestone 5 achieved
<b>Nutrien Ltd. (2018)</b> <i>Operations in Occupied Territories</i>	Western Sahara	In January 2019, Nutrien confirmed that it has ceased its imports of phosphate rock from Western Sahara in 2018 and will no longer source phosphate rock. The company has implemented a Supplier Code of Ethics and a Supplier Qualification Questionnaire to assess human rights due diligence to all major suppliers.	 milestone 5 achieved

## ARCHIVED

<b>Akbank T.A.S.</b> (2010) <i>Financing of Controversial Project</i>	Turkey	Akbank has adopted corporate policies that address environmental and social risks in project financing. The policies require that projects comply with internationally proclaimed environmental and social standards, and all loans are evaluated regardless of their amount. The bank also has a “List of activities that will not be credited,” which has led to the bank decline financing a number of project not being compliant with the environmental and social policy.
<b>Barry Callebaut AG</b> (2010) <i>Child Labour</i>	Ivory Coast	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company’s direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>Cargill, Inc.</b> (2012) <i>Child Labour</i>	Ivory Coast	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company’s direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>Chocoladefabriken Lindt &amp; Spruengli AG</b> (2011) <i>Child Labour</i>	Ghana	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company’s direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>Mondelez International, Inc.</b> (2009) <i>Child Labour</i>	Ghana	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company’s direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>NESTLÉ S.A.</b> (2009) <i>Child Labour</i>	Ghana	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company’s direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>Ningbo Joyson Electronic Corp.</b> (2015) <i>Product-Related Fatalities</i>	Laos	Under the supervision of the relevant authorities, Takata adhered to the results and recommendations of the investigations as well as lawsuits relating to its faulty airbags. In June 2017, Takata filed for bankruptcy and Joyson Safety Systems, a subsidiary of Ningbo Joyson Electronic Corp., took over Takata’s viable operations and remaining assets.
<b>Petroleum Company of Trinidad and Tobago Limited</b> (2017) <i>Leak(s) and Spill(s) Resulting in Environmental Impacts</i>	Trinidad and Tobago	In November 2018, the company was restructured and the refinery at Pointe-a-Pierre closed. The refinery was the biggest source of pollution incidents. The company appears to have a strategy for selling the Pointe-a-Pierre refinery, which should ensure that the refinery is brought up to a suitable level of safe operation.

<b>Poyry PLC (2013)</b> <i>Project with Environmental Risks</i>	Laos	Sustainalytics has decided to archive the case due to the fact that the Xayaburi dam is almost complete and soon to be operational. The redesign made to the dam has also reduced its negative environmental impacts, and there are no indications that Pöyry has been involved in similar projects.
<b>Shenmao Technology (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Laos	Shenmao Technology is no longer included in the Global Compliance universe. Thus, the case has been archived.
<b>The Hershey Group (2010)</b> <i>Child Labour</i>	Ivory Coast	As part of the launch of Global Standards Screening and the alignment of the Global Standards Engagement, focus is on the most serious Labour Rights incidents that result in exceptionally severe impacts and can be <i>closely</i> linked to company actions/negligence. As of May 2019, there is not sufficient evidence of the company's direct responsibility for the incident in question. The engagement will continue under a new Stewardship & Risk theme.
<b>The Siam Commercial Bank Public Company Limited (2014)</b> <i>Financing of Controversial Project</i>	Laos	Siam Commercial Bank has a credit policy addressing ESG risks in project financing in place. The bank has also implemented Human Rights Policy and a Human Rights due diligence system in place, which is a positive development. The bank has not adopted the Equator Principles or similar standards.
<b>Turkiye Garanti Bankasi A.S. (2010)</b> <i>Financing of Controversial Project</i>	Turkey	Turkiye Garanti Bankasi has adopted an environmental and social impact assessment due diligence process, addressing risks in project financing. This advocates a precautionary approach and requires that projects comply with internationally proclaimed environmental and social standards and is in line with the Equator Principles. The bank has also engaged with its competitors to raise the awareness and understanding of ESG issues in project financing in the Turkish banking sector.

# ENGAGE LIST

## AFRICA / MIDDLE EAST

**Bank Hapoalim B.M. (2010)** Palestinian Authority  
*Financing of Illegal Settlements in Occupied Territories*

● good ↘ poor ▶ same

### Change objective

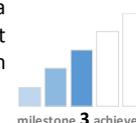
Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



**Bank Leumi le- Israel B.M (2010)** Palestinian Authority  
*Financing of Illegal Settlements in Occupied Territories*

● good ↘ poor ▶ same

Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

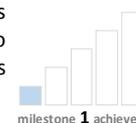


**Eskom Holdings SOC Limited (2019)** South Africa  
*Air Pollution*



● poor ↘ poor ▼ same

Eskom should make sure that more extensive maintenance programme is introduced to its plants and the implementation of environmental offset programmes in the communities is confirmed. It should prioritise the plants which will remain operational for a longer time and be able to prove it takes all the possible actions to minimise the impacts of its operations.



**Eskom Holdings SOC Limited (2017)** South Africa  
*Corrupt Practices*

● standard ↗ good ▲ same

Eskom should ensure that the financial irregularities identified in the reports to date are investigated thoroughly, and any senior managers associated with the irregularities dismissed. In addition, the company should strengthen its anti-corruption procedure, ensure that it has a fully resourced and independent (from Board-level interference) compliance and audit programme, with regular external verification, whose reports are communicated publicly.



**First International Bank of Israel Ltd (2010)** Palestinian Authority  
*Financing of Illegal Settlements in Occupied Territories*

● good ↘ poor ▶ same

First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



**Harmony Gold Mining Company Limited (2015)** South Africa  
*Fatal Accident(s)*

● good → standard ▲ same

Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.



**Israel Discount Bank Limited (2010)** Palestinian Authority  
*Financing of Illegal Settlements in Occupied Territories*

● good ↘ poor ▶ same

Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



<p><b>Mizrahi Tefahot Bank Ltd. (2010)</b> <i>Financing of Illegal Settlements in Occupied Territories</i></p>	<p>Palestinian Authority</p>	<p>Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	<p>milestone 3 achieved</p>
<p>● good    ↘ poor    ▶ same</p>			
<p><b>OCP S.A. (2016)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	<p>milestone 2 achieved</p>
<p>● standard    ↘ poor    ▶ same</p>			
<p><b>Sibanye-Stillwater (2018)</b> <i>Recurring Workplace Accidents</i></p>	<p>South Africa</p>	<p>The company should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.</p>	<p>milestone 3 achieved</p>
<p>● poor    → standard    ▶ worse</p>			

**NEW**

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we will initiate engagement during Q3/Q4 2019 with the following companies in Africa / Middle East:

- Bezeq The Israel Telecommunication Corporation Limited**, *Corrupt Practices*, Israel
- MTN Group Limited**, *Operations in Territories With Elevated Human Rights Risks*, South Africa
- Mumias Sugar Company Limited**, *Accounting Fraud*, Kenya
- Orascom Telecom Media and Technology Holding SAE**, *Operations in Territories With Elevated Human Rights Risks*, North Korea
- The New Reclamation Group (Pty) Ltd.**, *Human Rights Violations by Security Forces*, Zimbabwe
- Tiger Brands Limited**, *Product-Related Fatalities*, South Africa
- Uchumi Supermarkets Limited**, *Fraud*, Kenya

## ASIA / PACIFIC

**Adani Enterprises Limited**(2015)  
*Project Resulting in Negative Environmental and Human Rights Impacts*

India

● **poor** → **standard** ▶ **same**

### Change objective

Adani should contribute to improving local fishermen's livelihood and consider the cumulative effects of its operations in the area. The company should adopt comprehensive environmental policies and proper due diligence.



**Adani Enterprises Limited** (2016)  
*Project With Environmental and Human Rights Risks*

Australia

● **standard** → **standard** ▶ **same**

Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the project.

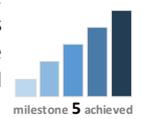


**Adani Ports & Special Economic Zone Ltd** (2015)  
*Project Resulting in Negative Environmental and Human Rights Impacts*

India

● **good** ↗ **good** ▲ **same**

APSEZ should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.

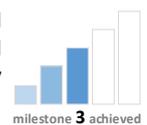


**Adani Power Limited** (2015)  
*Project Resulting in Negative Environmental and Human Rights Impacts*

India

● **standard** ↗ **good** ▲ **same**

Adani Power should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra power plant. Adani Power should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.



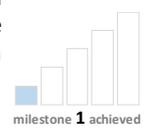
**Agricultural Bank of China Limited** (2018)  
*Corrupt Practices*

China

● **none** ↓ **none** ▼ **same**



ABC should update its anti-corruption policies and ensure that they are implemented globally. The company should introduce a zero-tolerance policy for corruption and make sure that it is committed to implementing the anti-corruption programme.



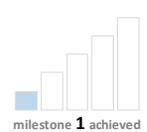
**Agricultural Bank of China Limited** (2018)  
*Money Laundering*

United States

● **none** ↓ **none** ▼ **same**



ABC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.



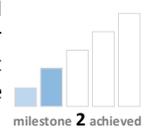
**Bangkok Bank Public Company Limited** (2014)  
*Financing of Controversial Project*

Laos

● **poor** ↓ **none** ▼ **worse**



Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.



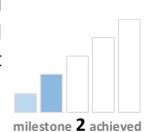
**Bharat Heavy Electricals Limited** (2017)  
*Project With Environmental and Human Rights Risks*

Bangladesh

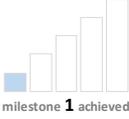
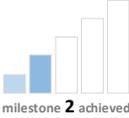
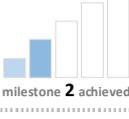
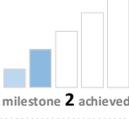
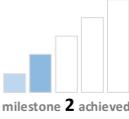
● **poor** ↘ **poor** ▼ **same**

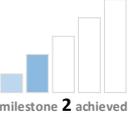
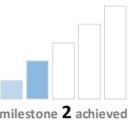
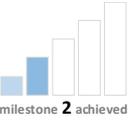
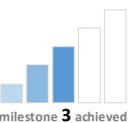
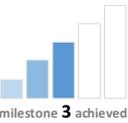
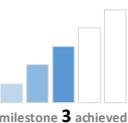
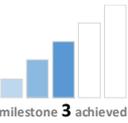


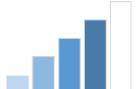
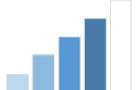
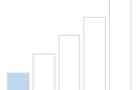
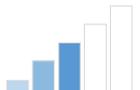
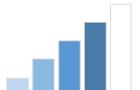
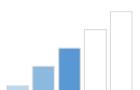
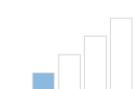
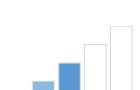
BHAL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.

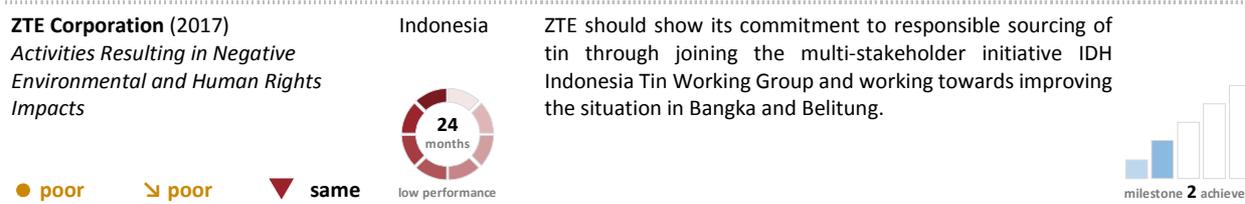


<p><b>CHINA NATIONAL PETROLEUM CORP (2017)</b> <i>Corrupt Practices</i></p>	<p>China</p>	<p>Sustainalytics covers China National Petroleum Corporation through research on a related entity in our research universe, PetroChina Co Ltd.</p>
<p><b>CHINA NATIONAL PETROLEUM CORP (2018)</b> <i>Fatal Accident(s)</i></p>	<p>China</p>	<p>Sustainalytics covers China National Petroleum Corporation through research on a related entity in our research universe, PetroChina Co Ltd.</p>
<p><b>China Railway Group Ltd (2014)</b> <i>Recurring Workplace Accidents</i></p>	<p>China</p>	<p>China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.</p>
<p>● poor    ↘ poor    ▼ same</p>	<p>18 months low performance</p>	<p>milestone 2 achieved</p>
<p><b>Coal India Limited (2017)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>India</p>	<p>Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.</p>
<p>● poor    ↓ none    ▼ same</p>	<p>24 months low performance</p>	<p>milestone 1 achieved</p>
<p><b>Coal India Limited (2016)</b> <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.</p>
<p>● poor    ↓ none    ▼ same</p>	<p>6 months low performance</p>	<p>milestone 1 achieved</p>
<p><b>Export-Import Bank of India (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>
<p>● none    ↓ none    ▼ same</p>	<p>18 months low performance</p>	<p>milestone 1 achieved</p>
<p><b>FGV Holdings Bhd. (2017)</b> <i>Labour Rights Violations at Company Operations</i></p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>
<p>● good    ↗ good    ▲ same</p>		<p>milestone 4 achieved</p>
<p><b>Hyundai Motor Company (2018)</b> <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>
<p>● standard    ↗ good    ▲ better</p>		<p>milestone 3 achieved</p>

<p><b>Incitec Pivot Ltd (2009)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ better</p>			
<p><b>Indofood Agri Resources Ltd (2018)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard    → standard    ► same</p>			
<p><b>Industrial And Commercial Bank Of China Ltd (2018)</b> <i>Money Laundering</i></p>	<p>Spain</p>	<p>ICBC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.</p>	 <p>milestone 1 achieved</p>
<p>● poor    ↓ none    ▼ same</p>			
<p><b>Italian-Thai Development Public Company Limited (2011)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↓ none    ▼ same</p>			
<p><b>Korean Air Lines Co.,Ltd. (2019)</b> <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 2 achieved</p>
<p>● good    ↘ poor    ► same</p>			
<p><b>Krung Thai Bank Public Company Limited (2014)</b> <i>Financing of Controversial Project</i></p>	<p>Laos</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↓ none    ▼ same</p>			
<p><b>Nintendo Co. Ltd. (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Indonesia</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↘ poor    ▼ same</p>			
<p><b>NTPC Limited (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>● poor    ↘ poor    ▼ same</p>			

<p><b>NTPC Limited (2018)</b> <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>		
<p>● poor    ↘ poor    ▼ same</p>				
<p><b>PetroChina Co Ltd (2017)</b> <i>Corrupt Practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>		
<p>● poor    ↓ none    ▼ same</p>				
<p><b>PetroChina Co Ltd (2018)</b> <i>Fatal Accident(s)</i></p>	<p>China</p>	<p>PetroChina should show that it has investigated the pipeline explosions, has identified the causes and has a programme of actions in place to address these causes.</p>		
<p>● poor    ↘ poor    ▼ same</p>				
<p><b>POSCO (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	<p>● standard    → standard    ► same</p>	
<p><b>POSCO (2010)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	<p>● standard    ↘ poor    ► same</p>	
<p><b>Posco Daewoo Corporation (2010)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	<p>● standard    → standard    ► same</p>	
<p><b>Posco Daewoo Corporation (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	<p>● standard    → standard    ► same</p>	
<p><b>PT Indofood Sukses Makmur Tbk (2018)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>PT ndofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p>● standard    → standard    ► same</p>	

<p><b>Samsung Electronics Co., Ltd. (2017)</b> <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ better</p>			
<p><b>Singapore Technologies Engineering Limited (2017)</b> <i>Corrupt Practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ same</p>			
<p><b>Steel Authority of India Limited (2019)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>India</p>	<p>Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same    low performance</p> 			
<p><b>Tokyo Electric Power Company Holdings, Incorporated (2011)</b> <i>Incident Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.</p>	 <p>milestone 3 achieved</p>
<p>● standard    → standard    ► same</p>			
<p><b>Wilmar International Limited (2017)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	 <p>milestone 4 achieved</p>
<p>● good    → standard    ▲ same</p>			
<p><b>Yahoo Japan Corp (2016)</b> <i>Illegal Trading</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	 <p>milestone 3 achieved</p>
<p>● standard    → standard    ▲ worse</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Negative Environmental Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	 <p>milestone 2 achieved</p>
<p>● standard    ↘ poor    ► same</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	 <p>milestone 3 achieved</p>
<p>● standard    ↘ poor    ► same</p>			

**NEW**

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we will initiate engagement during Q3/Q4 2019 with the following companies in Asia / Pacific:

- 63 Moons Technologies Ltd**, *Fraud*, India
- AMP Limited**, *Consumer Fraud*, Australia
- Anbang Insurance Group Co., Ltd.**, *Fraud*, China – includes the following related company **TongYang Life Insurance Co Ltd**
- AviChina Industry & Technology Company Limited**, *Operations in Territories With Elevated Human Rights Risks*, China
- Batu Kawan Bhd**, *Labour Rights Violations at Plantations*, Malaysia
- Changsheng Bio-technology Co., Ltd.**, *Quality and Safety Breaches*, China
- China Energy Engineering Corporation Ltd**, *Fatal Workplace Accident(s)*, China
- China Huarong Asset Management Co Ltd**, *Corrupt Practices*, China
- China National Chemical Corp.**, *Fraudulent Marketing Practices*, China
- China National Chemical Corp.**, *Quality and Safety Breaches*, China
- China Northern Rare Earth (Group) High-Tech Co Ltd**, *Project Resulting in Negative Environmental and Human Rights Impacts*, Mongolia
- China Petroleum & Chemical Corp.**, *Operations in Territories With Elevated Human Rights Risks*, China – includes the following related company **Sinopec Kantons Holdings Ltd**
- China Railway Group Ltd**, *Forced Evictions*, Democratic Republic of the Congo
- Chinese Estates Holdings Ltd.**, *Corrupt Practices*, Macau
- Commonwealth Bank of Australia**, *Money Laundering*, Australia
- Convoy Global Holdings Ltd**, *Fraud*, Hong Kong
- Gitanjali Gems Ltd**, *Fraud*, India
- Habib Bank Limited**, *Money Laundering*, United States
- Hanergy Thin Film Power Group Limited**, *Accounting Fraud*, Hong Kong
- Honda Motor Co Ltd**, *Product-Related Fatalities*, United States
- Hyundai Motor Company**, *Labour Rights Violations at Company Operations*, South Korea
- Indofood Agri Resources Ltd**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Indonesia
- Khon Kaen Sugar Industry PCL**, *Land Grabbing*, Cambodia
- Kobe Steel Ltd**, *Consumer Fraud*, Japan
- Korea Electric Power Corporation**, *Incident Resulting in Negative Human Rights Impacts*, Laos
- Korea Hydro & Nuclear Power Co., Ltd.**, *Corrupt Practices*, South Korea
- Korea Western Power Co., Ltd.**, *Incident Resulting in Negative Human Rights Impacts*, Laos
- Lotte Chemical Corp**, *Embezzlement*, South Korea - includes following related companies: **Lotte Chilsung Beverage Co Ltd**;
- Lotte Confectionery (New)**, **Lotte Corp**, **Lotte Fine Chemical Co., Ltd.**, **Lotte Food Co., Ltd.**, **LOTTE Himart Co.,Ltd.**, **Lotte Non - Life Insurance Co., Ltd.**, and **Lotte Shopping Co., Ltd.**
- Lotte Fine Chemical Co., Ltd.**, *Fraud*, South Korea

**Lu Thai Textile Co., Ltd.**, *Poor Working Conditions*, Myanmar

**Maruti Suzuki India Ltd.**, *Anti-Union Practices*, India

**Mitsubishi Materials Corporation**, *Consumer Fraud*, Japan

**Mitsubishi Motors Corporation**, *Consumer Fraud*, Japan

**Oil and Natural Gas Corporation Limited**, *Operations in Territories With Elevated Human Rights Risks*, India

**Olympus Corporation**, *Product-Related Fatalities*, United States

**ORION Corp.**, *Embezzlement*, South Korea - includes the following related companies **ORION Holdings Corp.**, **Showbox Corp**

**PetroChina Co Ltd**, *Operations in Territories With Elevated Human Rights Risks*, China

**Petroleum Nasional Berhad**, *Operations in Territories With Elevated Human Rights Risks*, Malaysia – includes the following related company **Petronas Global Sukuk Ltd.**

**PT Lippo Karawaci Tbk**, *Corrupt Practices*, Indonesia

**PT Perusahaan Perkebunan London Sumatra Indonesia Tbk**, *Labour Rights Violations at Plantations*, Indonesia

**PT Salim Ivomas Pratama Tbk**, *Labour Rights Violations at Plantations*, Indonesia

**PT Tiga Pilar Sejahtera Food Tbk**, *Consumer Fraud*, Indonesia

**PT Timah (Persero) Tbk**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Indonesia

**Punjab National Bank**, *Fraud*, India

**Ratchaburi Electricity Generating Holding PCL**, *Incident Resulting in Negative Human Rights Impacts*, Laos

**SK Holdings Co Ltd**, *Incident Resulting in Negative Human Rights Impacts*, Laos

**Suruga Bank Ltd.**, *Fraud*, Japan

**Toshiba Corp.**, *Accounting Fraud*, Japan

**Unitech Limited**, *Consumer Fraud*, India

**Unitech Limited**, *Consumer Fraud*, India

**Vedanta Limited**, *Community Protests*, India

**Wilmar International Limited**, *Violations of the Rights of Indigenous Peoples*, Indonesia

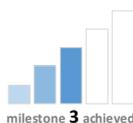
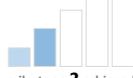
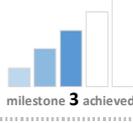
**Wockhardt Limited**, *Quality and Safety Breaches*, India

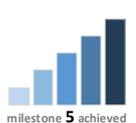
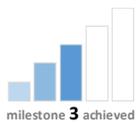
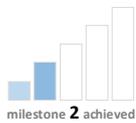
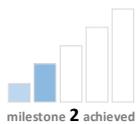
**Zhejiang Huahai Pharmaceutical Co., Ltd.**, *Consumer Fraud*, China

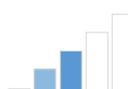
**ZTE Corporation**, *Human Rights Impacts of Surveillance Systems*, Ethiopia

## EUROPE

### Change objective

<p><b>Andritz AG (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p> <p>● <b>standard</b> → <b>standard</b> ▶ <b>same</b></p>	<p>Turkey</p>	<p>Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 3 achieved</p>
<p><b>Atlantia S.p.A. (2018)</b> <i>Quality and Safety Violations</i></p> <p>● <b>good</b> → <b>standard</b> ▲ <b>same</b></p>	<p>Italy</p>	<p>Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.</p>	 <p>milestone 3 achieved</p>
<p><b>Bayer AG (2018)</b> <i>Concealing Data on Product-Related Toxicity</i></p> <p>● <b>standard</b> → <b>standard</b> ▶ <b>same</b></p>	<p>Germany</p>	<p>Bayer (formerly Monsanto) should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.</p>	 <p>milestone 2 achieved</p>
<p><b>British American Tobacco p.l.c. (2017)</b> <i>Labour Rights Violations at Plantations</i></p> <p>● <b>good</b> → <b>standard</b> ▲ <b>same</b></p>	<p>Bangladesh</p>	<p>BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.</p>	 <p>milestone 4 achieved</p>
<p><b>Danske Bank A/S (2018)</b> <i>Money Laundering</i></p> <p>● <b>standard</b> → <b>standard</b> ▶ <b>same</b></p>	<p>Estonia</p>	<p>Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 3 achieved</p>
<p><b>Enel Green Power S.p.A. (2019)</b> <i>Operations in Occupied Territories</i></p> <p>● <b>standard</b> ↗ <b>good</b> ▲ <b>new</b></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p><b>Enel SpA (2019)</b> <i>Operations in Occupied Territories</i></p> <p>● <b>standard</b> ↗ <b>good</b> ▲ <b>new</b></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA, a subsidiary of Enel SpA, should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p><b>HeidelbergCement AG (2015)</b> <i>Illegal Exploitation of Natural Resources</i></p> <p>● <b>excellent</b> ↗ <b>good</b> ▲ <b>same</b></p>	<p>Palestinian Authority</p>	<p>HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>

<b>Leonardo S.p.a. (2013)</b> <i>Corrupt Practices</i>	India	Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.	 milestone 4 achieved
● good ↗ good ▲ same			
<b>Mining and Metallurgical Company NORILSK NICKEL PJSC (2010)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Russian Federation	Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.	 milestone 5 achieved
● good ↗ good ▲ same			
<b>Nordea Bank AB (2015)</b> <i>Money Laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.	 milestone 4 achieved
● standard → standard ► same			
<b>Royal Dutch Shell PLC (2015)</b> <i>Corrupt Practices</i>	Nigeria	Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.	 milestone 3 achieved
● good → standard ▲ better			
<b>Royal Dutch Shell PLC (2009)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Nigeria	Shell should have a detailed programme in place to address the recommendations of the UNEP's Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.	 milestone 4 achieved
● good → standard ▲ same			
<b>Siemens Aktiengesellschaft (2017)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>Siemens Gamesa Renewable Energy, S.A. (2018)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>Swedbank AB (2018)</b> <i>Money Laundering</i>	Sweden	Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight of the business.	 milestone 2 achieved
● standard → standard ► new			

<b>Volkswagen AG (2016)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.	
<p>● standard → standard ► same</p>			
<b>VTB Bank (public joint-stock company) (2011)</b> <i>Financing of Controversial Project</i>	Armenia	VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.	
<p>● poor ↘ poor ▼ worse</p>			

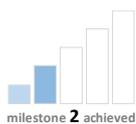
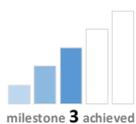
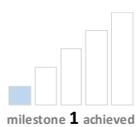
**NEW**

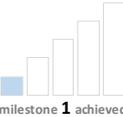
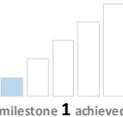
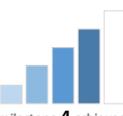
As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we will initiate engagement during Q3/Q4 2019 with the following companies in Europe:

- AB Volvo (publ), Operations in Territories With Elevated Human Rights Risks, Sweden**
- Agrokor d.d., Embezzlement, Croatia**
- Barclays PLC, Price-Fixing Violations, United Kingdom**
- Bayer AG, Improper Marketing Practices, Germany**
- BMW Group, Antitrust Violations, Germany**
- Credit Suisse Group, Fraud, Switzerland**
- Daimler AG, Antitrust Violations, Germany**
- Deutsche Bank AG, Money Laundering, Russia**
- DNO ASA, Operations in Territories With Elevated Human Rights Risks, Norway**
- EDP - Energias de Portugal, S.A., Product-Related Fatalities, Portugal**
- Fiat Chrysler Automobiles N.V., Activities Resulting in Negative Environmental and Human Rights Impacts, United States**
- G4S PLC, Activities Resulting in Adverse Human Rights Impacts, United Kingdom**
- Genel Energy plc, Operations in Territories With Elevated Human Rights Risks, Somalia**
- Indivior PLC, Consumer Fraud, United States**
- ING Groep N.V., Money Laundering, Russia**
- Mozambique Ematum Finance 2020 BV, Asset Misappropriation, Mozambique**
- Patisserie Holdings PLC, Accounting Irregularities, United Kingdom**
- Porsche Automobil Holding SE, Consumer Fraud, Germany**
- Steinhoff International Holdings N.V., Accounting Fraud, South Africa – includes the related company Pepkor Holdings Ltd.**
- Syngenta AG, Fraudulent Marketing Practices, China**
- Syngenta AG, Quality and Safety Breaches, Thailand**
- United Aircraft Corporation, Operations in Territories With Elevated Human Rights Risks, Russia**
- Vedanta Resources PLC, Community Protests, India**
- Volkswagen AG, Antitrust Violations, Germany**
- Watchstone Group PLC, Accounting Irregularities, United Kingdom**

## LATIN AMERICA AND CARRIBEAN

### Change objective

<p><b>BRF S.A. (2018)</b> <i>Corrupt Practices</i></p> <p>● good ↗ good ▲ same</p>	<p>Brazil</p>	<p>BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>  <p>milestone 4 achieved</p>
<p><b>CEMEX, S.A.B. de C.V. (2016)</b> <i>Operations in Occupied Territories</i></p> <p>● good ↗ good ▲ same</p>	<p>Palestinian Authority</p>	<p>Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>  <p>milestone 4 achieved</p>
<p><b>Empresas Publicas de Medellin E.S.P. (2019)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p> <p>● standard → standard ▲ better</p>	<p>Colombia</p>	<p>EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations with, and compensation to, project-affected communities are aligned with international norms, such as the IFC performance standards or similar and put in place relevant processes to ensure compliance with international norms for future projects.</p>  <p>milestone 2 achieved</p>
<p><b>Grupo México, S.A.B. de C.V. (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p> <p>● good ↗ good ▲ same</p>	<p>Peru</p>	<p>Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>  <p>milestone 4 achieved</p>
<p><b>JBS S.A. (2017)</b> <i>Corrupt Practices</i></p> <p>● good → standard ▲ same</p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>  <p>milestone 4 achieved</p>
<p><b>JBS S.A. (2015)</b> <i>Recurring Labour Rights Violations</i></p> <p>● standard ↘ poor ► same</p>	<p>United States</p>	<p>JBS should take responsibility for addressing the frequent health and safety (H&amp;S) incidents at its subsidiaries. It should further develop H&amp;S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.</p>  <p>milestone 3 achieved</p>
<p><b>Petróleos de Venezuela S.A. (2017)</b> <i>Corrupt Practices</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p>	<p>PDVSA should strengthen its anti-corruption measures in order to reflect its corruption risk exposure, including disclosure of a zero-tolerance policy, implementation and monitoring.</p>  <p>18 months low performance</p>  <p>milestone 1 achieved</p>

<b>Petróleos de Venezuela S.A. (2017)</b> <i>Oil Spill(s)</i>	Venezuela	PDVSA should ensure it has a maintenance programme in place for all of its facilities and it has suitable measures in place to prevent and mitigate any future spills. The company should ensure it has an environmental policy in place, public reporting of its spill incidents and any corrective measures undertaken.		
● none    ↓ none    ▼ same				
<b>Petróleos de Venezuela S.A. (2017)</b> <i>Recurring Workplace Accidents</i>	Venezuela	PDVSA should ensure it has health and safety policies in place, health and safety monitoring, trainings and audits, the safety performance publicly reported, publicly reported safety improvement targets. In addition, the company should ensure proper regular maintenance of its facilities by e.g. initiating annual, external audits.		
● none    ↓ none    ▼ same				
<b>Petroleos Mexicanos S.A. de C.V. (2015)</b> <i>Recurring Workplace Accidents</i>	Mexico	PEMEX should adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.		
● good    → standard    ▲ same				
<b>Petroleos Mexicanos S.A. de C.V. (2015)</b> <i>Oil Spill(s)</i>	Mexico	PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.		
● good    → standard    ▲ same				
<b>Vale S.A. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i>	Brazil	Vale should commission an external technical review into the causes of the dam collapse, strengthen its management and monitoring of its tailings storage facilities using the best available technology. the company should adopt a policy of designing future tailings facility based upon safety first and cost second. It should also ensure that the social and environmental impacts are remediated. The governance of the company should ensure that the board has experienced mining professionals included on it.		
● standard    → standard    ▲ better				

**NEW**

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we will initiate engagement during Q3/Q4 2019 with the following companies in Latin America and Caribbean:

**1MDB Global Investments Ltd., Embezzlement, Malaysia**

**Andrade Gutierrez SA, Corrupt Practices, Brazil**

**BRF S.A., Consumer Fraud, Brazil**

**Centrais Elétricas Brasileiras S.A. - Eletrobras, Project Resulting in Adverse Human Rights Impacts, Brazil**

**EDP - Energias do Brasil SA, Product-Related Fatalities, Portugal**

**Eldorado Brasil Celulose S.A., Corrupt Practices, Brazil**

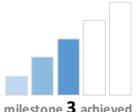
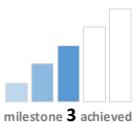
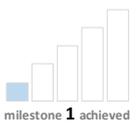
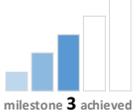
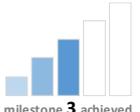
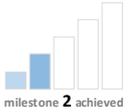
**Forjas Taurus S.A., Operations in Territories With Elevated Human Rights Risks, Brazil**

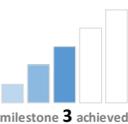
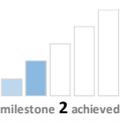
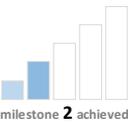
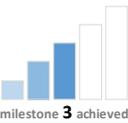
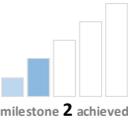
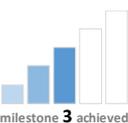
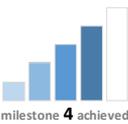
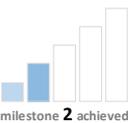
**Oceanografía SA de CV, Accounting Fraud, Mexico**

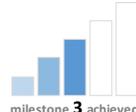
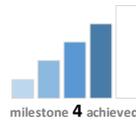
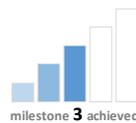
**Volcan Compania Minera S.A.A., Project Resulting in Negative Environmental and Human Rights Impacts, Peru**

## UNITED STATES AND CANADA

### Change objective

<p><b>Bunge Limited (2017)</b> <i>Deforestation</i></p>	<p>Brazil</p>	<p>Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Cargill, Inc. (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>The Chemours Co (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
 <p>9 months low performance</p>			
<p><b>DowDuPont Inc. (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► better</p>			
<p><b>Enbridge Inc (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Enbridge Energy Partners (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Sustainalytics covers Enbridge Energy Partners through research on a related entity in our research universe, <b>Enbridge, Inc.</b></p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Energy Transfer Equity LP (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Energy Transfer Equity LP should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>Equifax Inc (2018)</b> <i>Data Breaches</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			

<p><b>Facebook Inc (2018)</b> <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>JOHNSON &amp; JOHNSON (2010)</b> <i>Product-Related Incidents</i></p>	<p>United States</p>	<p>Johnson &amp; Johnson should develop a code for the disclosure of all product-related data across all its operations to ensure concerns in relation to its products are communicated to users as soon as is practicable.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
 <p>12 months low performance</p>			
<p><b>McDonald's Corp (2015)</b> <i>Labour Rights Violations at Contractors</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
 <p>6 months low performance</p>			
<p><b>Patterson-UTI Energy, Inc. (2018)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>United States</p>	<p>Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► better</p>			
<p><b>Phillips 66 (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Phillips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Pilgrim's Pride Corporation (2015)</b> <i>Recurring Workplace Accidents</i></p>	<p>United States</p>	<p>Pilgrim's Pride should address the identified health and safety (H&amp;S) shortcomings at its processing facilities. It should implement H&amp;S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&amp;S performance.</p>	 <p>milestone 3 achieved</p>
<p>● poor → standard ► same</p>			
<p><b>Southern Copper Corporation (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Tesla Inc (2018)</b> <i>Labour Rights Violations at Company Operations</i></p>	<p>United States</p>	<p>Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			

<p><b>TransCanada Corporation (2018)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Walt Disney Co (2017)</b> <i>Sexual harassment and discrimination</i></p>	<p>United States</p>	<p>Walt Disney Co (Twenty-First Century Fox) should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Walmart Inc. (2017)</b> <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p><b>Wolverine World Wide, Inc. (2019)</b> <i>Activities Resulting in Negative Health Impacts</i></p>	<p>United States</p>	<p>Wolverine should ensure that compensation is paid to affected residents and measures are in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.</p>	 <p>milestone 3 achieved</p>
<p>● poor ↘ poor ▼ new</p>			

**NEW**

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we will initiate engagement during Q3/Q4 2019 with the following companies in United States and Canada:

- Bausch Health Companies Inc, Price Discrimination, United States**
- Bausch Health Companies Inc, Accounting Fraud, United States**
- Boston Scientific Corporation, Product-Related Incidents, United States**
- Centerra Gold Inc., Mining Project Resulting in Negative Environmental Impacts, Kyrgyzstan**
- CITGO Petroleum Corporation, Embezzlement, United States**
- Citigroup, Inc., Fraud, United States**
- CoreCivic Inc, Forced Labour, United States**
- DowDuPont Inc., Consumer Fraud, United States**
- Edison International, Product-Related Fatalities, United States**
- GEO Group, Inc., Forced Labour, United States**
- INSYS Therapeutics, Inc., Corrupt Practices, United States**
- McKesson Corp, Consumer Fraud, United States – includes the related company McKesson Europe AG**
- Pan American Silver Corp., Human Rights Violations by Security Forces, Guatemala**
- PG&E Corp, Hazardous Working Conditions, United States**
- Stryker Corporation, Quality and Safety Breaches, United States**
- Taseko Mines Ltd., Mining Project With Environmental and Human Rights Risks, Canada**
- The Boeing Company, Consumer Fraud, United States**
- The Goldman Sachs Group, Inc., Money Laundering, Malaysia**

**Uber Technologies, Inc.**, *Privacy Breaches*, United States

**Universal Health Services, Inc.**, *Fraud*, United States

**Universal Health Services, Inc.**, *Activities Resulting in Adverse Human Rights Impacts*, United States

**Wells Fargo & Company**, *Fraud*, United States

**Wynn Resorts Ltd.**, *Workplace Harassment*, United States

---

# EVALUATE LIST

---

## AFRICA / MIDDLE EAST

Global Telecom Holding SAE; LafargeHolcim Maroc SA; Minrav Holdings Ltd.; Shapir Engineering and Industry Ltd; Transnet SOC Limited; Union Bank of Israel Ltd.

---

## ASIA / PACIFIC

AirAsia Bhd; BHP Group Ltd.; British American Tobacco Bangladesh Co Ltd; China Development Bank Corporation; China Petroleum & Chemical Corp.; China Railway Group Ltd; CK Hutchison Holdings Limited; Dong-A Socio Holdings Co. Ltd.; Graphite India Ltd.; Imperial Pacific International Holdings Limited; Indian Oil Corp. Ltd.; Italian-Thai Development Public Company Limited; Korea Aerospace Industries, Ltd.; KT Corporation, Oil and Natural Gas Corporation Limited; Oji Holdings Corporation; Panasonic Corporation; Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara; PetroChina Co Ltd; POSCO; Posco Daewoo Corporation; Power Construction Corporation of China Ltd; PT Pertamina (Persero); PT Waskita Karya (Persero) Tbk; Reliance Industries Limited; Retail Food Group Ltd; Rio Tinto Limited; Samsung Electronics Co., Ltd.; Sinopec Shanghai Petrochemical Company Limited; SK Discovery Co. Ltd.; Sumitomo Corp; The Tata Power Company Limited; Toshiba Corp.

---

## EUROPE

A.P. Møller - Mærsk A/S; Areva SA; CaixaBank, S.A.; Digi Communications NV; EDP - Energias de Portugal, S.A.; Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; Grupa Azoty S.A.; H & M Hennes & Mauritz AB (publ); HeidelbergCement AG; Hugo Boss AG; Iberdrola, S.A.; J Sainsbury plc; LafargeHolcim Ltd; Metinvest BV; Mothercare plc; NorgesGruppen ASA; Polski Koncern Naftowy ORLEN Spolka Akcyjna; Public Joint Stock Company Uralkali; Renault SA; Rheinmetall AG; Robert Bosch GmbH; Technicolor SA; Veolia Environnement S.A.; VEON Ltd.

---

## LATIN AMERICA AND CARIBBEAN

Banco Nacional de Desenvolvimento Econômico e Social; Caixa Econômica Federal; CCR S.A.; EcoRodovias Infraestrutura e Logística S.A.; EDP - Energias do Brasil SA; Gerdau S.A.; Grupo México, S.A.B. de C.V.; JBS S.A.; Mexichem, S.A.B. de C.V.; Petroleos Mexicanos S.A. de C.V.; TPI - Triunfo Participações e Investimentos SA; YPF Sociedad Anonima

---

## UNITED STATES AND CANADA

Amgen Inc; Bombardier Inc.; Cargill, Inc.; CBS Corp; Chevron Corporation; Costco Wholesale Corporation; DXC Technology Co; Energy Transfer Equity LP; Frontera Energy Corporation; Gap Inc; General Electric Co; International Finance Corporation; Johnson & Johnson; NiSource Inc.; NRG Energy, Inc.; Pilgrim's Pride Corporation; Stryker Corporation; Tenneco Inc.; Vistra Energy Corp.

---

# DISENGAGE LIST

## AFRICA / MIDDLE EAST

<b>Elbit Systems Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Industrial Building Corp. Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Israel Aerospace Industries Ltd.</b> <i>Involvement in Cluster Munitions</i>	Israel
<b>Jerusalem Economy Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Makina Ve Kimya Endustrisi Kurumu</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Roketsan A.S</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Turkiye Halk Bankasi AS</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

## ASIA / PACIFIC

<b>Abdul Qader Khan Research Laboratories (AQKRL)</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>Aerospace Long-March International Trade Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Anhui GreatWall Military Industry Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Bharat Dynamics Limited</b> <i>Nuclear Weapons Development</i>	India
<b>CH. Karnchang Public Company Limited</b> <i>Project With Environmental and Human Rights Risks</i>	Laos
<b>China Aerospace Science &amp; Technology Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>China North Industries Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>China Poly Group Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Defense Research &amp; Development Organization</b> <i>Inhumane Weapons</i>	India
<b>Hanwha Corp</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Larsen &amp; Toubro Limited</b> <i>Nuclear Weapons Development</i>	India
<b>LIG Nex1 Co Ltd</b> <i>Involvement in Cluster Munitions</i>	South Korea

<b>Metallurgical Corporation of China Ltd.</b> <i>Environmental Impacts from Waste Practices</i>	Papua New Guinea
<b>National Development Complex</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>National Engineering &amp; Scientific Commission</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>Nelco Ltd.</b> <i>Nuclear Weapons Development</i>	India
<b>Pakistan Ordnance Factories</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>Poongsan Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Poongsan Holdings Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>S&amp;T Corp.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Dynamics Co. Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Holdings Co., Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>State Oil Company of Azerbaijan Republic</b> <i>Recurring Workplace Accidents</i>	Azerbaijan
<b>The Tata Power Company Limited</b> <i>Nuclear Weapons Development</i>	India
<b>Walchandnagar Industries Ltd.</b> <i>Nuclear Weapons Development</i>	India

## EUROPE

<b>Aeroteh SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Cia Nationala ROMARM SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Rosoboronexport JSC</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Rostec Corporation</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>San Leon Energy Plc</b> <i>Operations in Occupied Territories</i>	Western Sahara
<b>Splav Engineering Corp. PJSC</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Tactical Missiles Corp. JSC</b> <i>Involvement in Cluster Munitions</i>	Russia

## LATIN AMERICA AND CARIBBEAN

**Avibras Industria Aeroespacial S/A.**  
*Involvement in Cluster Munitions*

Brazil

## UNITED STATES AND CANADA

**Motorola Solutions, Inc.**  
*Operations in Occupied Territories*

Palestinian Authority

**The Day & Zimmermann Group, Inc.**  
*Operations in Occupied Territories*

Palestinian Authority

## OUR APPROACH

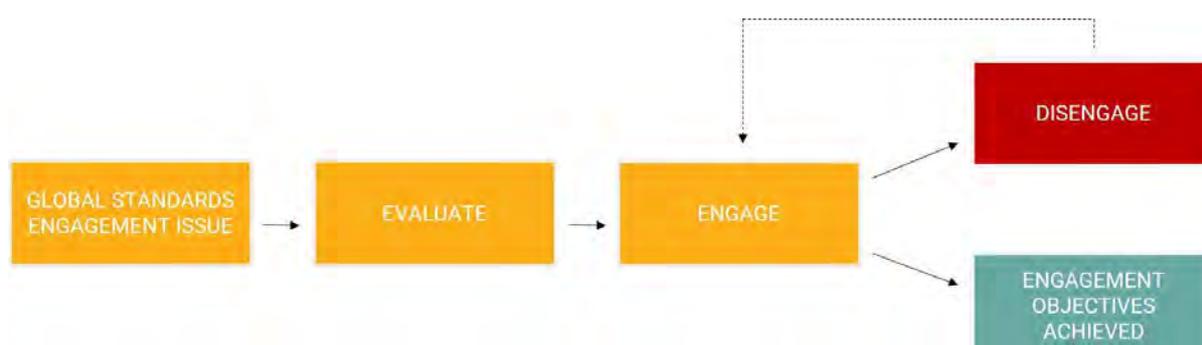
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies on behalf of our investor clients. The engagement process is based on the findings from a systematic screening of companies regarding their compliance with well-established international conventions and guidelines on environmental, social and governance (ESG) issues. By way of example this includes:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- Human rights conventions; and
- Environmental conventions.

We will start engagement with companies that are, or have been, involved in systematic business conduct issues or an isolated issue that has severe consequences for the environment or humans.

### RESEARCH AND ENGAGEMENT WORK-FLOW



## ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 57.77bn (12/31/2018). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

This way we combine the flexibility of a boutique manager with the size and clout of an international financial service provider.



# About Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. With 17 offices globally, Sustainalytics has more than 550 staff members, including over 200 analysts with varied multidisciplinary expertise across 42 sectors.

Over the last three consecutive years, investors named Sustainalytics among the top three firms for both ESG and corporate governance research in the Independent Research in Responsible Investment Survey.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



Copyright ©2019 Sustainalytics. All rights reserved.

The ownership and all intellectual property rights to this publication and the information contained herein are vested exclusively in Sustainalytics and/or its suppliers. Unless otherwise expressly agreed in writing between you and Sustainalytics, you will not be permitted to use this information otherwise than for internal use, nor will you be permitted to reproduce, disseminate, combine, create derivative works, furnish in any manner, make available to third parties or publish this publication/report, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies, recordings, etc. The information on which this publication/report is based reflects the situation as on the date of its elaboration. Such information has – fully or partially – been derived from third parties and is therefore subject to continuous modification. THE INFORMATION HEREIN IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES AND THEREFORE IS NOT AN OFFER TO BUY OR SELL A SECURITY. NEITHER SUSTAINALYTICS NOR ANY OF ITS THIRD-PARTY SUPPLIERS PROVIDES INVESTMENT ADVICE (AS DEFINED IN THE APPLICABLE JURISDICTION) OR ANY OTHER FORM OF (FINANCIAL) ADVICE AND NOTHING WITHIN THIS PUBLICATION/REPORT CONSTITUTES SUCH ADVICE. SUSTAINALYTICS OBSERVES THE GREATEST POSSIBLE CARE IN USING INFORMATION, HOWEVER THE INFORMATION IS PROVIDED “AS IS” AND NEITHER SUSTAINALYTICS NOR ITS SUPPLIERS ACCEPTS ANY LIABILITY FOR DAMAGE ARISING FROM THE USE OF THIS PUBLICATION/REPORT OR INFORMATION CONTAINED HEREIN IN ANY MANNER WHATSOEVER. MOREOVER, SUSTAINALYTICS AND ALL ITS THIRD-PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, COMPLETENESS, ACCURACY OR FITNESS FOR A PARTICULAR PURPOSE.



---

# QUARTERLY ENGAGEMENT REPORT

2019:3

*This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during July-September 2019.*

*Use of and access to this information is limited to clients of Sustainalytics. The information may not be reproduced, transmitted, redistributed, translated, sold, exploited commercially or otherwise reused in any way whatsoever without Sustainalytics' prior written consent, unless compelled by binding law. All copyright, database rights and other proprietary rights in this document remain the property of Sustainalytics.*

*Cover: All graphics used are part of the public domain under the Creative Commons license CC0 or have been procured by Sustainalytics.*

## TABLE OF CONTENTS

<b>ENGAGEMENT BRIEF</b>	<b>3</b>
<b>ENGAGEMENT SUMMARY REPORT</b>	<b>21</b>
<b>COMPANY DIALOGUE &amp; PROGRESS SUMMARY</b>	<b>22</b>
<b>RESOLVED LIST</b>	<b>23</b>
<b>ENGAGE LIST</b>	<b>28</b>
<b>EVALUATE LIST</b>	<b>46</b>
<b>DISENGAGE LIST</b>	<b>47</b>
<b>OUR APPROACH</b>	<b>50</b>
<b>ABOUT ERSTE ASSET MANAGEMENT</b>	<b>51</b>

# ENGAGEMENT BRIEF

## EXECUTIVE SUMMARY

Between July and September, Sustainalytics advanced a number of Global Standards Engagement cases, resulting in several changed statuses.

### **Engagement concluded**

We successfully concluded engagement with six companies:

- Three companies involved in controversial projects in Mundra, India.
- One concerned operations in Western Sahara.
- One dealt with a number of occupational accidents.
- One was involved in two separate incidents; one related to environmental pollution and another to corruption, both in Nigeria.

In July 2019, Sustainalytics concluded its engagement with ADANI ENTERPRISES, as well as its subsidiaries, ADANI PORTS & SPECIAL ECONOMIC ZONE LIMITED and ADANI POWER LIMITED which were both associated with the destruction of the ecosystem in Mundra, India. Sustainalytics resolved the case due to the measures taken by the companies to address the issue, as well as the implementation of environmental due diligence mechanisms to mitigate future risks involved with projects.

Sustainalytics also concluded its engagement with INCITEC PIVOT over its presence in Western Sahara, a territory occupied by Morocco. In 2019, the company confirmed that it had ceased importing phosphate. It has also improved its responsible sourcing approach by reviewing its procurement processes, implementing a supplier code of conduct and a supplier questionnaire including environmental, social and governance aspects.

Furthermore, in September 2019, engagement with PETROLEOS MEXICANOS (Pemex), which had experienced a number of occupational accidents from 2014 to 2017, was concluded. Through Sustainalytics dialogue and the company's public reporting, significant progress towards health and safety has been seen. Based on the measures taken by the company, Sustainalytics resolved the case.

For several years, Sustainalytics engaged with ROYAL DUTCH SHELL over its controversial activities in Nigeria. The company was accused of extensive oil pollution in the Niger Delta region

and was involved corrupt practices. In relation to oil pollution, a range of recommendations was made by specialists from the United Nations Environmental Programme (UNEP). In Sustainalytics engagement dialogue with the company, Royal Dutch Shell has shown progress against around 75 per cent of the relevant UNEP recommendations and confirmed that it is on track to fulfil the remaining ones. As a result, the case was resolved. Furthermore, the engagement with the company over corrupt practices in Nigeria dating back to 2011 was also resolved due to the fact that the company had provided a significant volume of information about its anti-corruption framework.

### **Engagement initiated**

With the transition from GES' Business Conduct Engagement to Sustainalytics' Global Standards Engagement in May 2019, the norm-based engagement introduced 140 new Engage cases.

Consequently, in the last three months, Sustainalytics started engagement with several companies from different sectors over a range of issues. A number of these cases were closed after in-depth assessments and company dialogues.

During Q3, Sustainalytics initiated engagement dialogue with CORECIVIC and GEO GROUP. The companies face numerous allegations that human rights violations have occurred in their prison and detention facilities. The engagement is focused on the companies' human rights management, and how they ensure compliance with international human rights standards.

Furthermore, Sustainalytics started engaging with ENEL GREEN POWER SPA, a subsidiary of ENEL SPA due to its presence in Western Sahara through involvement in wind power plant projects. The focus is to better understand how the company carries out human rights due diligence for the projects in the region and how it manages stakeholder dialogue with local Saharawi representatives.

Following a report from May 2019 over the causes of a dam collapse in Laos which occurred in 2018 and severely damaged six villages, displaced 7,000 people and resulted in 71 people being declared dead or missing, Sustainalytics started engaging with several companies which are a part of a joint venture responsible for the development and operations of the dam. The engagement with SK HOLDINGS CO LTD, KOREA WESTERN POWER, a wholly owned subsidiary of KOREA ELECTRIC POWER CORPORATION and RATCH GROUP PLC CO LTD is focused on how they ensure that a safety assessment of the remaining

parts of the project is undertaken and how the companies develop a grievance mechanism as well as undertake a human rights due diligence process for the project to ensure the identification of potential future issues.

In addition, Sustainalytics has initiated engagement regarding embezzlement in LOTTE CORP, which is the main holding company of LOTTE GROUP, a Korean conglomerate operating across various sectors. As part of engagement dialogue, Sustainalytics will seek to encourage the company to strengthen its anti-money laundering and anti-corruption risk management frameworks, among other things.

Sustainalytics also commenced engagement with SYNGENTA over quality and safety breaches linked to the manufacturing of the herbicide paraquat, as well as neonicotinoid-containing insecticides. Due to the fact that the impacts of paraquat on human health are severe and use of neonicotinoids have been linked to declining populations of pollinator insects, Sustainalytics entered into a dialogue with the company to better understand how the company handles the controversies in regard to both paraquat and neonicotinoids, as well as how it develops and tests new products.

After THE BOEING COMPANY was involved in two significant product quality and safety incidents, reportedly caused by the malfunction of an automated flight control system, Sustainalytics has decided to engage with the company in relation to commercial aircraft quality and safety.

## INDEX OF COMPANIES MENTIONED IN THIS ENGAGEMENT BRIEF

ADANI ENTERPRISES	7
ADANI PORTS & SPECIAL ECONOMIC ZONE LIMITED	7
ADANI POWER LIMITED	7
AGIP	10
AIRBUS	18
CHINA NATIONAL CHEMICAL CORPORATION	17
CNAC SATURN (NL) BV	17
CORECIVIC INC	13
ENEL GREEN POWER SPA	14
ENEL SPA	14
ENI	10
ETHIOPIAN AIRLINES	18
GEO GROUP INC	13
INCITEC PIVOT LTD	8
KOREA ELECTRIC POWER CORPORATION	15
KOREA WESTERN POWER	14
LAO HOLDING STATE ENTERPRISE	15
LION AIR	18
LOTTE CORP	16
LOTTE GROUP	16
MALABU OIL AND GAS	11
NAREVA	14
NESTLÉ	19
NIGERIAN NATIONAL PETROLEUM CORPORATION	10
PETROLEOS MEXICANOS SA DE CV	9
RATCH GROUP PLC CO LTD	15
ROYAL DUTCH SHELL PLC	10
SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED	10
SIEMENS GAMESA	14
SK ENGINEERING AND CONSTRUCTION	14
SK HOLDINGS CO LTD	14
SYNGENTA AG	17
THE BOEING COMPANY	18
TOTAL E&P NIGERIA LTD	10
XE-PIAN XE-NAMNOY POWER CO LTD	14

## ADANI ENTERPRISES LIMITED / ADANI PORTS & SPECIAL ECONOMIC ZONE LTD / ADANI POWER LIMITED

Project Resulting in Negative Environmental and Human Rights Impacts



**Henry Pallister-Dixon**  
Senior Associate

Status: Resolved

Contribution to SDGs:



ADANI ENTERPRISES as well as its subsidiaries, ADANI PORTS & SPECIAL ECONOMIC ZONE LIMITED (APSEZ) and ADANI POWER LIMITED were associated with the destruction of the ecosystem in Mundra, India. In April 2013, the INDIAN MINISTRY OF ENVIRONMENT AND FORESTS issued a report stating that the joint port and power project had led to massive adverse environmental impacts, including the destruction of 75 hectares of mangroves on Bocha Island and affected the livelihood of the local fishing community.

The report also claimed that the companies had not taken precautions against negative impacts and bypassed procedures to obtain clearance. In September 2013, APSEZ was fined USD 30.6 million for the violations. In addition, in October 2015, Gujarat’s High Court decided that APSEZ and Adani Power would have to restore mangroves in Mundra.

Following dialogue with Sustainalytics in both 2017 and 2018 and a total of five conference calls, as well as ongoing email dialogue, the companies have worked extensively with the local community to help improve social conditions, as well as on improved policies and due diligence processes to ensure that such an issue does not occur again.

Since the decision, the companies have implemented environmental restoration and remediation of the affected area in Mundra, supporting the local communities that were affected initially. There has been considerable improvement in their individual approaches to sustainability, APSEZ, for example, has also mandated that all proposed and planned future projects will be subject to an environmental impact assessment, including public consultation.

Based on the measures taken by the companies to address the issue, as well as the implementation of environmental due diligence mechanisms to mitigate future risks involved with projects, Sustainalytics has decided to resolve the case.

## INCITEC PIVOT LTD

Operations in Occupied Territories



**Enrique Figallo**  
Senior Associate

Status: Resolved

Contribution to SDGs:



In October 2008, WESTERN SAHARA RESOURCE WATCH (WSRW) accused INCITEC PIVOT LTD (IPL) of importing phosphate from Western Sahara (WS) during the preceding 20 years and thus indirectly funding Morocco's illegal occupation of the country. IPL confirmed this practice and stated that it believed that it was complying with international law and that the Australian government did not prohibit imports of resources from WS.

In a legal opinion, issued in 2002 by the UN Under-Secretary General for Legal Affairs, the exploration and exploitation of natural resources in Non-Self-Governing territories, WS in particular, would be in violation of the principles of international law applicable to mineral resource activities in Non-Self-Governing territories if conducted in disregard of the interests and wishes of the people.

Since 2009, Sustainalytics (previously GES) was in dialogue with IPL to encourage the company to address its human rights risks and impacts from its phosphate sourcing from WS. In 2019, IPL confirmed that it has not imported phosphate from WS since 2016. This information was verified by WSRW in its annual phosphate rock report, P for Plunder 2019. IPL clarified that during 2018 it had imported phosphate rock from Australia, Togo, Vietnam, and China.

However, even though IPL has not made a public statement that it will not source phosphate rock from WS in the future, it has improved its responsible sourcing approach by reviewing its procurement processes, implementing a supplier code of conduct and a supplier questionnaire including environmental, social and governance (ESG) aspects. Moreover, IPL established a working group comprising various stakeholders across the business to ensure compliance with the Australian Modern Slavery Act (2018). Lastly, the company started to develop a risk assessment tool in order to assess and address modern slavery issues and other human rights risks in its supply chain.

In Sustainalytics's view, all these developments demonstrate the company's commitment to improving its procurement framework to address ESG issues, including human rights. As a result, Sustainalytics has decided to resolve the case.

## PETROLEOS MEXICANOS SA DE CV

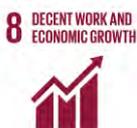
### Recurring Workplace Accidents



**Jonathan Kellar**  
Manager

Status: Resolved

Contribution to SDGs:



PETROLEOS MEXICANOS SA DE CV (Pemex) experienced a number of occupational accidents from 2014 to 2017. To cite two examples, according to media reports from April 2016, an explosion occurred at a chemical plant co-owned by Pemex and located in Veracruz, Mexico. Reportedly, more than 30 contract workers died during the explosion and around 130 were injured. At least eleven workers suffered burns in an explosion which took place in August 2017 at Pemex's gas processing complex located in Chiapas, Mexico. Reportedly, eight of them were severely injured.

In view of these issues, the objective for this engagement was to encourage the company to adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. We also expected the company to demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

Sustainalytics has held a number of meetings in person and over the telephone with Pemex since 2015, including on four occasions in Mexico City. Through this dialogue and the company's public reporting, we have seen progress towards the engagement objective in a number of ways.

Pemex states that it 'carries out root-cause analyses in all relevant events that occur during the execution of its operations'. Indeed, it disclosed that it had carried out root cause analyses of major incidents that occurred in 2015 and 2016 and of all incidents linked to fatalities in 2017.

The company stated that 'root cause analysis from many accidents' has led it to identify planning and execution of high-risk activities as the main reason for accidents. It has accordingly implemented a Safe Work Planning and Execution campaign. Indeed, since DUPONT conducted a 2016 review of safety incidents at Pemex, the company has conducted a wider programme of safety campaigns. The themes of these campaigns have included awareness of risks, prevention of falls, and health on marine platforms.

Pemex has also provided a detailed overview of its Safety, Health and Environmental Protection System. According to the company, this system draws on 12 international best practices, including: an EH&S policy, aggressive goals and objectives, high performance standards, effective audits and training.

Implementation of the safety campaigns is correlated with an improvement in safety performance, at least on some key metrics, including the company’s injury frequency index, contractor injury frequency index, severity index (lost time days) and tier 1 process safety events. The number of fatalities of employees and contractors was ten and six, respectively, in 2017 but subsequently decreased to two and four, respectively, in 2018.

We have therefore concluded the company has fulfilled the engagement objective and decided to resolve this case. The issue of oil spills and illegal tapping, and their impact on local communities, remains a concern in 2019. We will continue engagement with the company on this subject as part of a separate case.

## ROYAL DUTCH SHELL PLC

Activities Resulting in Negative Environmental and Human Rights Impacts



**Jonathan Kellar**  
Manager

Status: Resolved

Contribution to SDGs:



SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED (SPDC), a subsidiary of ROYAL DUTCH SHELL PLC, operates onshore oilfields in the Niger Delta region of Nigeria on behalf of its joint venture partners: the NIGERIAN NATIONAL PETROLEUM CORPORATION (55 per cent), TOTAL E&P NIGERIA LTD (10 per cent) and ENI subsidiary AGIP (5 per cent). In 2011, the extensive oil pollution attributable to SPDC’s operations in Ogoniland, part of the Niger Delta, was scientifically documented for the first time by the UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP).

UNEP scientists examined 69 sites and found that a severe risk to public health was posed at more than ten locations. The report further said that the impact on the mangrove habitat has been ‘disastrous’. The extent of the pollution was regional in scale and UNEP estimated that clean-up would take 30 years and cost at least USD 1 billion. A range of recommendations was made to oil companies and the Nigerian government.

Our goal for this engagement was for Shell to have a detailed programme in place to address the recommendations of the UNEP report and demonstrate that regular progress is being made towards achieving the objectives. We also expected the company to communicate the plan and its progress in a transparent way to shareholders, as well as to exert its influence on all stakeholders to counter oil theft activities and its related social and environmental impacts.



The company has displayed progress against this change objective in a number of ways. It stated that it has taken steps in relation to emergency measures for water required by the UNEP report. It has reviewed its assets in Ogoniland and carried out education, training and surveillance in cooperation with local communities in order to prevent illegal activities. The 15 SPDC joint venture sites mentioned in the UNEP report have been reassessed and/or remediated. Shell has reviewed its remediation system and implemented improvements. And it has made and pledged contributions to the Environmental Restoration Fund for Ogoniland as envisaged by the UNEP report.

As such, 27 out of 36 (75 per cent) of the UNEP's recommendations relevant to Shell have been partly or completely fulfilled in our view. We see a positive momentum in the company and other stakeholders to address the remaining recommendations. With regards to the prevention of oil spills from illegal tapping specifically, it is not clear if there is much more the company can do on its side to prevent them. In conclusion, we consider that the company has substantively achieved the change objective and we decided to resolve the case.

Nevertheless, we note that there are ongoing legal proceedings involving the company regarding oil pollution in Nigeria. In the case of Okpabi vs. Royal Dutch Shell, the Bille and Ogale communities in the Niger Delta allege that they have suffered pollution for years because of the company's operations. UK courts had previously ruled that they do not have jurisdiction over the claims, but the communities have been given permission to appeal to the UK Supreme Court. We will continue to monitor the news media for updates on these proceedings and consider re-opening dialogue if the court finds in favour of the Niger Delta communities.

## ROYAL DUTCH SHELL PLC

### Corrupt Practices

In 2011, ENI and SHELL paid the Nigerian government USD 1.3 billion for an offshore oil block, OPL 245, located in Nigerian waters. This transaction subsequently became a source of huge controversy as USD 1.1 billion of the sale proceeds were transferred to a company called MALABU OIL AND GAS, owned by a former oil minister, and convicted money launderer.

It was alleged that these funds were then largely embezzled by a number of other individuals associated with the Nigerian



**Jonathan Kellar**  
Manager

Status: Resolved

Contribution to SDGs:



government, including former president. It has also been alleged that senior management at Eni and Shell were aware that the sale proceeds would be misappropriated in this way. A large proportion of this money has never been recovered. As such, this affair is believed to have had a real impact on the people of Nigeria, as the disappeared millions were reportedly equivalent to 80 per cent of the country's proposed annual health budget for 2015.

Eni and Shell have been embroiled in criminal and civil litigation in several countries in relation to the oil block for several years. The companies and a number of former and current officials are presently standing trial in Italy on charges of international corruption, in what is believed to be the biggest ever trial of its kind. Both companies and their senior managers protest their innocence.

Sustainalytics and investors have been engaging with Shell in response to this issue for several years. As the legal proceedings render the company unwilling to talk about the finer details of the OPL 245 deal, our engagement focused on encouraging the company to ensure that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.

Shell has provided a significant volume of information about its anti-corruption framework and indeed it scores well against the core criteria promoted by TRANSPARENCY INTERNATIONAL. Its Business Principles and Code of Conduct include a clear prohibition on bribery and facilitation payments and it has risk assessment processes in places relating to countries, joint venture partners and specific contracts. Significant transactions, including licences, are considered at board level from three different angles. The company discloses a process of Ethics and Compliance due diligence, rooted in a consolidated ethics manual. It also states that it communicates its anti-corruption policies and procedures to directors, employees and business partners.

Bearing in mind these developments, Sustainalytics considers that, on the face of it, the company has met our engagement objective, and we therefore treat the engagement case as resolved. However, we also recognise that the continuing litigation in Italy may discourage complete transparency on the part of the company about any weaknesses in its anti-corruption system, and indeed we understand that the decision of the court, expected by the end of year, may yet expose further structural issues in this system.

## CORECIVIC INC/ GEO GROUP INC

### Forced Labour



**Ellinor Haggebrink**  
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has recently initiated engagement with CORECIVIC INC and GEO GROUP INC. Both companies belong to the Security Services and Correctional Facilities sector, as they own and operate private prisons, correctional and detention facilities located throughout the US.

Over the years, both CoreCivic and Geo Group have faced numerous allegations of human rights violations in their prison and detention facilities, including a lack of medical care, inadequate living conditions, sexual abuse and the mistreatment of detainees by guards.

In 2018, class action lawsuits were filed against CoreCivic and Geo Group; alleging they had been subjecting their detainees to forced labour at different facilities, to work for a dollar a day or for free, and threatening them with punishment, such as solitary confinement, if they refused. The class action lawsuits also implies that the companies violated US wage laws. Both companies have responded to the allegations stating that all work programmes at facilities are completely voluntary and operated in full compliance with federally mandated minimum wage rates for detainee labour.

The private prison sector is, in general, a very high-risk industry in terms of human rights management. Even more so in recent years, as the sector has expanded in an attempt to reduce crowding in state-run facilities. The increased need for private detention centres is also connected to the current US administration's crackdown against illegal immigrants, operated by the IMMIGRATIONS AND CUSTOMS ENFORCEMENT agency (ICE). ICE is responsible for the detention and deportation of illegal immigrants who have crossed the border to the US and are to be sent back, with private prisons serving as temporary housing facilities before deportation orders are executed.

Given this, it is important to learn more about CoreCivic's and Geo Group's human rights management, and how they ensure compliance with international human rights standards. Sustainalytics has initiated engagement dialogue with both companies.

## ENEL SPA / ENEL GREEN POWER SPA

Operations in Occupied Territories



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



ENEL GREEN POWER SPA (EGP), a subsidiary of ENEL SPA, is present in Western Sahara (WS) through its involvement in wind power plant projects. In December 2015, a consortium consisting of EGP, SIEMENS GAMESA and NAREVA, a Moroccan company, won a tender from Morocco's national electricity agency to construct five wind farms, two of which would be located in WS.

Since 2017, Sustainalytics (previously GES) has been in dialogue with Enel. In November 2018, the company confirmed to Sustainalytics that it had signed all financing agreements, known as 'financial close', to start the construction of the first wind farms included in the 850 MW Projet Éolien Intégré (Integrated Wind Project). The Boujdour wind farm in WS will be the second project to be developed and construction is due to begin at the end of 2019.

Companies operating in WS are facing increasing legal and reputational risk. In an opinion issued in 2002 by the UN Under-Secretary-General for Legal Affairs, the exploration and exploitation of natural resources in non-self-governing territories, particularly WS, was declared illegal, if conducted in disregard of the interests and wishes of the people.

According to Enel's Sustainability Report 2017, EGP started to carry out a socio-anthropological analysis of the territorial context and defined a specific sustainability plan for each project. Since the Boujdour wind farm will be the second project to be developed in 2019, Sustainalytics decided to continue engaging with the company to better understand how it carries out its human rights due diligence for the projects in WS and the stakeholder dialogue with Saharawi representatives.

## KOREA ELECTRIC POWER CORPORATION/ KOREA WESTERN POWER/ RATCH GROUP PUBLIC CO LTD / SK HOLDINGS CO LTD

Incident Resulting in Negative Human Rights Impacts

In July 2018, one of five saddle dams that form part of the Xe Pian Xe Namnoy hydroelectric power plant in Laos collapsed. The released water flooded areas up to 47 km away from the dam and severely damaged six villages. 7,000 people were displaced and 71 declared dead or missing.

The project is developed and operated by XE-PIAN XE-NAMNOY POWER CO LTD, which is a joint venture formed by SK ENGINEERING AND CONSTRUCTION, a subsidiary of SK HOLDINGS CO LTD, KOREA WESTERN POWER (KOWEPO), a wholly owned subsidiary of KOREA ELECTRIC POWER



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



CORPORATION, RATCH GROUP PLC CO LTD and LAO HOLDING STATE ENTERPRISE.

In May 2019, the Laotian government shared the findings of the INTERNATIONAL EXPERT PANEL (IEP), commissioned to investigate the causes of the dam collapse. The IEP concluded the collapse had been caused by poor construction methods, including the use of soil instead of concrete. Media reports suggest that all of the saddle dams are several meters lower than originally designed and made of different materials, which helped the companies to save millions of dollars.

In March 2019, the UN Special Rapporteur visited Laos. He later reported that people displaced by the dam collapse were still in temporary accommodation and were yet to receive financial compensation. He also said that many of the victims complained that they had been neither consulted nor adequately informed with regard to compensation for the loss of land and property.

In July 2019, two NGOs, INTERNATIONAL RIVERS and INCLUSIVE DEVELOPMENT INTERNATIONAL, released a report, according to which 5,000 displaced people were still in temporary camps with no access to sufficient food, drinking water or money allowances that could cover their basic needs. The NGOs also pointed out that there was no transparent process or grievance mechanism to evaluate losses and offer reparations.

Sustainalytics has managed to initiate dialogue with KOWEPO and SK Holdings, while Ratch Group's response to our enquiries so far has been poor. Although the situation after the accident has been mostly controlled by the Laotian Government, Sustainalytics is seeking to engage with the companies to ensure they use any possible leverage to provide adequate support for the victims. The companies should ensure that a safety assessment of the remaining parts of the project is undertaken.

Our engagement will also aim for the companies to develop a grievance mechanism and to undertake a human rights due diligence process for the project to ensure the identification of potential future issues. Those topics will mostly involve KOWEPO, responsible for operations and maintenance of the plant, once the project has been completed.

## LOTTE CORP

### Embezzlement



**Anders Planck-Hendriksen**  
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has recently initiated engagement with LOTTE CORP, which is the main holding company of LOTTE GROUP, a Korean conglomerate operating across various sectors, including food products, shopping, entertainment, finance, housing, hotels, heavy chemicals, and others. Founded in 1948, Lotte Group is among the largest family-owned conglomerates in the country.

An investigation into Lotte Group and several affiliates ended in October 2016, concluding that the owner family and several group executives had evaded taxes, embezzled wages and made illegal business transactions worth about USD 334 million over the span of a decade. Prosecutors indicted 14 sitting or former executives and five family members, including the group's chairman, his brother, and their father, the group's founder. Most of the misconduct was attributed to the brothers. In December 2017, South Korean prosecutors sentenced one of them to a 20-month prison sentence following allegations of embezzlement and corruption; however, the court allowed him to continue running the group and the sentence was later suspended. In response to the investigations, the company announced plans to create a board-level compliance committee, although it remains unclear what its mandate will be.

Furthermore, in February 2018, the group's chairman was issued two and a half years prison sentence in a corruption case involving ex-South Korean president. The chairman, also the largest individual shareholder of Lotte Corp., then resigned from his position but still holds positions as board director and vice chairman. These factors pose concerns of similar wrongdoing recurring as well as for the implementation of improved anti-money laundering and compliance measures in the company. In October 2018, a Seoul High Court suspended his sentence, citing that 'his freedom of decision-making was restricted somehow', as he was responding to a request by ex-president and feared negative consequences for the company.

Sustainalytics has reached out to Lotte Corp. to enter into dialogue about the how the company manages risks related to corruption and bribery. Specifically, Sustainalytics will seek to encourage the company to strengthen its anti-money laundry and anti-corruption risk management frameworks, including policies, and to share more information about board integrity and structure, and the mandate of the internal audit committee and the recently formed board compliance committee.

## SYNGENTA AG

### Quality and Safety Breaches



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:



SYNGENTA AG is a wholly owned subsidiary of CNAC SATURN (NL) BV, which is a subsidiary of CHINA NATIONAL CHEMICAL CORPORATION. It operates in three main areas, including crop protection which involves herbicides, fungicides, and insecticides. The company is one of the world's largest agrochemical producers and operates in more than 90 countries.

Syngenta is a major manufacturer of the herbicide paraquat, under the brand name Gramoxone as well as neonicotinoid-containing insecticides.

Paraquat is one of only three widely available non-selective herbicides in the world, controlling weeds in over 100 types of crops. It was first manufactured in 1961 and has been used across the world since then. It reportedly works best in tropical countries and is therefore widely used in less developed regions of the world.

The impacts of paraquat on human health are severe. Its ingestion can lead to heart, kidney or liver failure. Long-term health impacts have been reported to include Parkinson's disease, neurotoxic effects, genotoxicity and skin cancer. Pesticides have been used in some 110,000 suicides per year, approximately 14 per cent of all reported suicides globally, although paraquat is not named as the pesticide in all of these suicides.

Following a ban and restrictions on selected pesticides (including paraquat) in Sri Lanka, reports indicate that rates of suicides dropped by 50 per cent between 1995 to 2005 and 21 per cent from 2011 to 2015. A 2018, study in Thailand showed that pregnant women who had been exposed to paraquat, found that the chemical absorbed into the bodies of both, the mother and infant, and resulted in serious health risks. The reported health impacts have led to a ban on paraquat in Thailand.

In total, there are more than 50 countries, including Switzerland, China (a ban is to come into force in 2020) and the countries of the European Union (since 2007) which have either banned or severely restricted its use.

Neonicotinoids are a group of pesticides which have been linked to declining populations of pollinator insects (most noticeably wild bees). Whilst the decline may also be due to other external factors, such as parasites and climate change; studies have shown a correlation between neonicotinoid usage and pollinator population declines. A decline in pollinators (especially bees) is

already having an impact on food production globally. For instance, in some parts of China, in order to produce fruit humans are now manually cross-pollinating fruit trees, as the pollinator populations have declined so much.

Sustainalytics is engaging with Syngenta to better understand how it develops and tests new products and also to assess how it is handling the controversies in regard to both paraquat and neonicotinoids.

## THE BOEING COMPANY

### Quality and Safety Breaches



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:  
Not applicable

Sustainalytics has recently initiated dialogue with THE BOEING COMPANY. Boeing manufactures commercial aircraft and defence equipment. Many airlines heavily depend on Boeing for delivering high-quality aircraft.

Since October 2018, Boeing has been involved in two significant product quality and safety incidents, reportedly caused by a malfunctioning of an automated flight control system. In October 2018, 189 people died in a crash of a Boeing 737 MAX 8 operated by LION AIR in Indonesia, and in March 2019, 157 people died in another crash of a Boeing 737 MAX 8 operated by ETHIOPIAN AIRLINES.

737 MAX aircraft have been temporarily grounded by airlines, airports and governments globally since March 2019. Several lawsuits have been filed by the families of the victims against the company, alleging defective technology and inadequate training and guidelines for pilots.

In addition, in April 2019, the New York Times made allegations of poor quality and safety processes at Boeing's 787 Dreamliner manufacturing facility in South Carolina, US.

Boeing has been reassuring its customers, authorities and the flying public that safety has always been and continues to be at the core of everything it does. It has been collaborating with the authorities to return the 737 MAX to commercial flight.

Strong market demand is urging Boeing to increase productivity and competition with AIRBUS demands more fuel-efficient aircraft. However, pressure on the workforce can be counter-productive, at least in the short term. Boeing cannot afford a third lethal accident due to a quality deficiency. The claims that Boeing has been downplaying or ignoring the concerns of

whistleblowers at its South Carolina facility (where the 787 Dreamliner is made), have not helped in restoring confidence.

Sustainalytics has decided to engage with Boeing on commercial aircraft quality and safety. Specifically, we would like to see the safe return of the 737 MAX aircraft to commercial flight, satisfactory remediation for the people affected by the two accidents, and the adoption of a robust precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.

## ITALY ENGAGEMENT TRIP

Labour rights challenges in tomato supply chains



**Stina Nilsson**  
Senior Manager

Contribution to SDGs:



In early September, Sustainalytics together with a group of investors and the food company NESTLÉ went on an engagement trip to Italy. The trip was a part of our Stewardship & Risk Food Supply Chain Engagement and Nestlé joined as one of the engaged companies in the initiative. The Food Supply Chain Engagement is focused on labour rights in food supply chains and the objective of the trip to Italy was to get a first-hand understanding of the working conditions at Italian tomato farms, and, subsequently be better equipped to propose to companies how conditions can be improved. During the week we visited various farms, producer cooperatives, a refining factory, had meetings with tomato companies, NGOs, the labour ministry and various others.

We were presented with a number of challenges which add up to a precarious situation for agricultural workers in Italy, not only within tomato production. Overall, it was clear that the vast majority of workers are migrant workers either with a work permit obtained specifically to work in agriculture, or migrants without permits having to accept work without legal contracts and conditions. For the latter group, if a worker has been declined a permit once, but still stays in Italy, there is no way they can then get a permit even if they are offered a job with a legal contract. They are left in the limbo of accepting poor working conditions without a legal contract, or to return to their home country. For those with a contract, we understood that it was not uncommon to get paid for only a part of the hours worked.

Workers, with or without contracts and permits often live in ghetto-like accommodation and there have been widespread reports of the mafia controlling workers' transport and overcharging as a rule. Several fatal incidents have happened

over the years when transporting workers in overcrowded and unsafe vehicles.

It is not difficult to understand that in vulnerable positions without valid permits and wary of criminal groups, migrant workers are unlikely to report abuse or systematically poor working conditions.

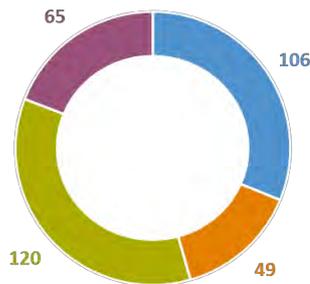
The problems seem to be most elevated with agricultural products that are hand-picked, rather than machine-harvested, as the latter is less labour-intensive. Poor working conditions seem to occur throughout Italy, but are more widespread in the south. Some improvements were visible in tomato production, not least since more and more tomatoes are machine-harvested and progress has been made since labour conditions in tomato production in particular has been highlighted in the media. Workers with other less exposed, hand-picked crops are most likely worse off in terms of working conditions.

So how to proceed in addressing this issue? Within the Food Supply Chain Engagement we will: 1) spread the knowledge we obtained during the week in Italy to companies we are engaging with, and spread examples of good practice we saw emerging; 2) seek to connect companies that want to change the situation with like-minded peers and stakeholders – with a view to raising the bar of what is acceptable in food supply chains.

One company alone cannot change systemic issues such as these and collaboration beyond the private sector is needed to get to the right type and scale of interventions needed. Investors can advocate for such actions.

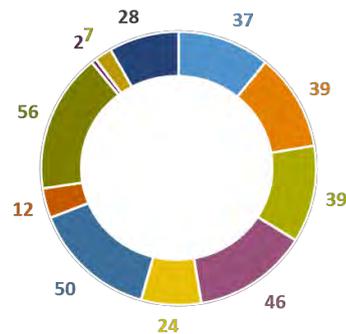
# ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



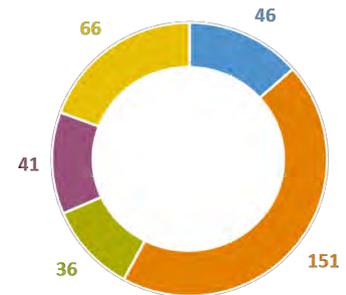
- Business Ethics
- Environment
- Human Rights
- Labour Rights

INDUSTRY SECTOR BREAKDOWN



- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Healthcare
- Industrials
- Information Technology
- Materials
- Real Estate
- Telecommunication Services
- Utilities

GEOGRAPHIC BREAKDOWN



- Africa / Middle East
- Asia / Pacific
- Europe
- Latin America and Caribbean
- United States and Canada

## ENGAGEMENT MAP



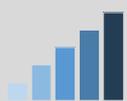
During July-September 2019, Sustainalytics worked on **339** issues related to Global Standards Engagement.

Of **233** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **108** cases. The remaining **125** cases were added as Global Standards Engagement was introduced in May 2019 and engagement may commence in Q4.

In **106** *Evaluate* cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or to further engage with the company – if it is a case with severe consequences for the environment or humans.

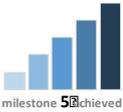
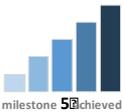
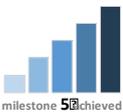
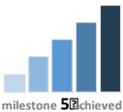
# COMPANY DIALOGUE & PROGRESS SUMMARY

## HOW TO READ THIS REPORT

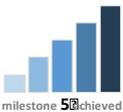
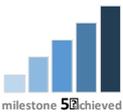
<b>Country</b>	<p>The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.</p>
<b>Year</b>	<p>The year shows when the case was upgraded to Engage status.</p>
<b>Response</b>	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> <ul style="list-style-type: none"> <li>● excellent</li> <li>● good</li> <li>● standard</li> <li>● poor</li> <li>● none</li> </ul>
<b>Progress</b>	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> <ul style="list-style-type: none"> <li>↑ excellent</li> <li>↗ good</li> <li>→ standard</li> <li>↘ poor</li> <li>↓ none</li> </ul>
<b>Performance</b>	<p>The indicator describes the combined company progress and response performance.</p> <ul style="list-style-type: none"> <li>▲ High performance: good or excellent response and / or progress of the business conduct issue</li> <li>▶ Medium performance: standard level of response and progress</li> <li>▼ Low performance: poor or no response in combination with poor or no progress</li> </ul> <p><b>new, same, better or worse</b> – indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Time</b>	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective</p> </div> </div> <p><small>low@performance</small></p>
<b>Milestone</b>	<p>The indicator describes the milestone achieved from 1 to 5.</p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><small>milestone 5@achieved</small></p> </div> </div>

# RESOLVED LIST

## ASIA / PACIFIC

<p><b>Adani Enterprises Limited</b> (2015) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	India	<p>The company has adhered to the current court order and is continuing to improve its approach to sustainability including in human rights and environmental approaches, including disclosure and due diligence.</p>	 <p>milestone 50% achieved</p>
<p><b>Adani Ports &amp; Special Economic Zone Ltd</b> (2015) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	India	<p>The company has adhered to the current court order and is continuing its work in both mitigating impacts on the environment and with the community around Mundra. The company has an ongoing stakeholder engagement with the local communities, and processes in place to ensure this continues into the future.</p>	 <p>milestone 50% achieved</p>
<p><b>Adani Power Limited</b> (2015) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	India	<p>The company has adhered to the current court order and is continuing its work in both mitigating impacts on the environment and with the community around Mundra, The company has an ongoing stakeholder engagement with the local communities, and processes in place to ensure this continues into the future.</p>	 <p>milestone 50% achieved</p>
<p><b>Incitec Pivot Ltd</b> (2009) <i>Operations in Occupied Territories</i></p>	Western Sahara	<p>IPL has not imported phosphate rock from Western Sahara since 2016. Furthermore, the company has improved its responsible supplier due diligence processes by implementing a Supplier Code of Conduct and a supplier questionnaire including a section to address ESG issues.</p>	 <p>milestone 50% achieved</p>

## EUROPE

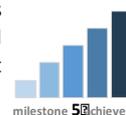
<p><b>Royal Dutch Shell PLC</b> (2009) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	Nigeria	<p>The company has generally displayed a willingness to engage and indeed, by our assessment, has shown progress against around 75 per cent of the relevant UNEP recommendations. Reported progress includes: taking steps in relation to the ‘emergency measures’ relating to water, re-assessing the 15 SPDC JV sites mentioned in the UNEP report and, where required, remediating the sites; and carrying out education, training and surveillance to prevent illegal activities. We therefore consider that the company has substantively achieved the change objective.</p>	 <p>milestone 50% achieved</p>
<p><b>Royal Dutch Shell PLC</b> (2015) <i>Corrupt Practices</i></p>	Nigeria	<p>The company has disclosed a well-developed anti-corruption framework, including: a clear prohibition on bribery and facilitation payments in its Business Principles and Code of Conduct; risk assessment processes in relation to countries, joint venture partners and specific contracts; and a process of Ethics and Compliance due diligence. It also states that it takes action to ensure that its policies and procedures are communicated to all directors, officers and employees.</p>	 <p>milestone 50% achieved</p>

## LATIN AMERICA AND CARIBBEAN

---

**Petroleos Mexicanos S.A. de C.V.** Mexico  
(2015)  
*Recurring Workplace Accidents*

PEMEX implemented a 'Safe Work Planning and Execution' internal campaign, which has formed part of a wider programme of safety campaigns, covering awareness of risks prevention of falls and health on marine platforms, among other themes. The company has also provided a detailed overview of its Safety, Health and Environmental Protection System drawing on 12 'best international practices'.



## ARCHIVED

<b>Agrokor d.d.</b> <i>Embezzlement</i>	Croatia	Sustainalytics considers the company's involvement as severe due to the egregious nature of the fraud, embezzlement and financial misrepresentation allegations. However, because of the structural changes and the fact that since April 2019 Agrokor no longer exists as a legal entity (and all of company's remaining assets were transferred to a new legal entity), Sustainalytics decided to archive this engagement case.
<b>Batu Kawan Bhd (2017)</b> <i>Labour Rights Violations at Plantations</i>	Malaysia	An audit report from 2019 into labour conditions at Batu Kawan Berhad's subsidiary, Kuala Lumpur Kepong (KLK), confirms that the company adheres to national labour laws, provides its employees with fair payment and that it has implemented adequate policies to respect the rights of all its employees. The report was prepared by RAM Consultancy Services based in Malaysia. It also referred to the previous, independent labour audit commissioned for KLK by Verité, and the way the company acted upon its findings. Furthermore, there have been no reported infringements on child and forced labour noted in the last three years. Taking all that into account, Sustainalytics decided that further engagement with the company at this point is not warranted.
<b>Centerra Gold Inc. (2014)</b> <i>Mining Project Resulting in Negative Environmental Impacts</i>	Kyrgyzstan	The tipping of tailings on the glaciers ceased in 2013 and as the Centerra's Kumtor mine is scheduled for closure by 2026, for which the budget and closure plans have already been detailed, the potential for engagement is limited. As such, Sustainalytics has decided to archive this engagement case.
<b>Chinese Estates Holdings Ltd. (2012)</b> <i>Corrupt Practices</i>	Macau	In March 2014, Chinese Estates Holdings' (CEHL) former majority owner and chairman was found guilty of bribery in relation to securing a tender for five plots of land in Macau which were acquired by the company in 2006. The Macau authorities nullified the sale in 2012 as a result of the illegal tender process, and the chairman left the company following the conviction. When the case emerged, CEHL formed a special committee to address all related matters. More recently in 2018, the company conducted a compliance review and revised the director and employee Codes of Conduct. As such, Sustainalytics does not consider further engagement to be warranted on this matter.
<b>CITGO Petroleum Corporation (2018)</b> <i>Embezzlement</i>	United States	The political and economic turmoil in Venezuela resulted in various allegations and disruptions for CITGO. The company appointed a new board of directors earlier this year and cut its ties with PDVSA following US sanctions. The company engaged an outside counsel to conduct an independent investigation on corruption allegations and cooperated with the US Department of Justice subpoenas. Given the developments at the company, the potential for engagement at this point is limited.
<b>EDP - Energias do Brasil SA (2019)</b> <i>Product-Related Fatalities</i>	Portugal	As Energias do Brasil SA is a non-autonomous subsidiary of Energias de Portugal (EDP), Sustainalytics decided that there is not sufficient engagement potential for this specific entity of the group. The possibility of engagement with EDP - Energias de Portugal, SA's is analysed separately.
<b>Fiat Chrysler Automobiles N.V. (2019)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	Fiat Chrysler has settled with the authorities in the US and it has taken various substantial measures to reduce the risk of new breaches, including an update of the calibration software, new validation procedures, an update of training programmes, an update of the code of conduct, an improved whistleblowing mechanism, and better separation of responsibilities. It has not been involved in any new related incidents. Thus, Sustainalytics does not regard engagement to be warranted on the matter.

<b>G4S PLC (2018)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	United Kingdom	G4S has taken considerable steps in the area of human rights preparedness in recent years, including the implementation of a human rights policy, human rights risk assessments, internal audits of these assessments on a regular basis, as well as increased training for staff. The company remains exposed to human rights impacts due to its involvement in rehabilitation centres and prisons. However, due to the fact that Sustainalytics has engaged with G4S for many years on various issues with focus on human rights issues and the company is not operating the prison anymore, it was decided not to restart the engagement on this case.
<b>ORION Corp. (2015)</b> <i>Embezzlement</i>	South Korea	In 2011, the CEO and chairman of Orion Holdings Corp., was sentenced to three years in prison for embezzling KRW 30 billion (approx. USD 27 million) through slush funds, misusing corporate funds, and incurring losses to the company between 2002 to 2007. In January 2012, after serving four months, the CEO's sentence was suspended, and he pledged to repay funds and reinforce ethical management at the company. While he stepped down as CEO following the conviction, he still serves as chairman of the company, which raises questions about the integrity of the company's management. However, as no substantiated issues have emerged since, Sustainalytics has decided to archive this engagement case.
<i>*Includes the related companies <b>ORION Holdings Corp</b> and <b>Showbox Corp.</b></i>		
<b>Patisserie Holdings PLC (2018)</b> <i>Accounting Irregularities</i>	United Kingdom	The company's assets were split up and purchased by an Irish private equity group and a family-owned business in early 2019. Given that there is no longer a party to engage with, Sustainalytics has decided to archive this engagement case.
<b>PT Lippo Karawaci Tbk (2019)</b> <i>Corrupt Practices</i>	Indonesia	In October 2018, Indonesia's Corruption Eradication Commission (KPK) arrested the operational director of Lippo Karawaci, related to allegations of attempting to bribe a West Java city official to obtain property permits for the USD 21 billion Meikarta project. Since the issue emerged, Lippo has taken considerable steps in the area of anti-corruption, including a full review of its internal guidelines and Code of Conduct, nominating new commissioners to its board and revamped its senior management team. No current employees were involved in the bribery scheme. Sustainalytics has decided to archive this engagement case but will monitor developments in the Meikarta project and the ongoing investigations.
<b>The New Reclamation Group (Pty) Ltd. (2011)</b> <i>Human Rights Violations by Security Forces</i>	Zimbabwe	Due to changes in Mbada Diamonds' ownership, the fact that The New Reclamation Group is not a direct owner of the concession in Marange anymore, and taking into account that there have been no reports suggesting new human rights violations at that concession since 2016, Sustainalytics assesses the engagement potential as low. Should the new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Volcan Compania Minera S.A.A. (2014)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i>	Peru	Dust and contaminated wells have allegedly resulted in health impacts on the community. In response, the company has supported the provision of piped water and regular health-checks to the affected communities. It has also put a number of dust suppression measures in place whilst remedial works are ongoing at the Pasco de Cerro mine. As such, Sustainalytics does not consider that engagement is warranted currently, however, we would consider it likely that Glencore, through Volcan, might decide to resume mining operations in the future. The operations could either be within the existing pit or the development of the two ore bodies known to be present in the area. At that point, we may consider engagement to ensure that the community members of Cerro de Pasco are included in any consultation and that potential environmental impacts addressed.

<b>Wynn Resorts Ltd. (2018)</b> <i>Workplace Harassment</i>	United States	Sustainalytics has decided to archive the case as Wynn Resorts shows a reasonable level of preparedness to handle the risk of sexual harassment. The company addressed the allegations and took steps to improve its overall company culture regarding fighting sexual harassment and gender inequality. Since the allegations against the former CEO appeared, Wynn Resorts has been constantly improving its internal policies and procedures. Sustainalytics decided that it had obtained relevant information regarding Wynn Resort's preparedness against sexual harassment and overall gender inequality, nevertheless, should new information emerge, Sustainalytics will reconsider this conclusion.
--	---------------	--

*The above engagement cases have been archived but Sustainalytics will reassess these conclusions if new information emerges.*

*The purpose of the Global Standards Engagement product is to create an engagement overlay to the Global Standards Screening, which in turn provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. After assessing whether further engagement on the issue is required, the decisions to close cases are made independently from the company status in the Global Standards Screening.*

# ENGAGE LIST

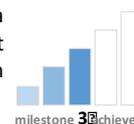
## AFRICA / MIDDLE EAST

### Change objective

**Bank Hapoalim B.M. (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

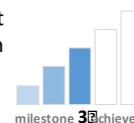


● good ↘ poor ▶ same

**Bank Leumi le- Israel B.M (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



● good ↘ poor ▶ same

**Eskom Holdings SOC Limited (2019)**  
*Air Pollution*

South Africa



Eskom should make sure that more extensive maintenance programme is introduced to its plants and the implementation of environmental offset programmes in the communities is confirmed. It should prioritise the plants which will remain operational for a longer time and be able to prove it takes all the possible actions to minimise the impacts of its operations.

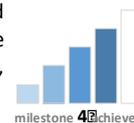


● poor ↘ poor ▼ same

**Eskom Holdings SOC Limited (2017)**  
*Corrupt Practices*

South Africa

Eskom should ensure that the financial irregularities identified in the reports to date are investigated thoroughly, and any senior managers associated with the irregularities dismissed. In addition, the company should strengthen its anti-corruption procedure, ensure that it has a fully resourced and independent (from Board-level interference) compliance and audit programme, with regular external verification, whose reports are communicated publicly.

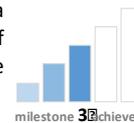


● standard ↗ good ▲ same

**First International Bank of Israel Ltd (2011)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



● good ↘ poor ▶ same

**Harmony Gold Mining Company Limited (2015)**  
*Fatal Accident(s)*

South Africa

Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.

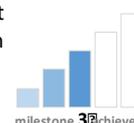


● good → standard ▲ same

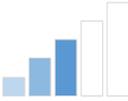
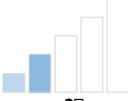
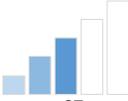
**Israel Discount Bank Limited (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



● good ↘ poor ▶ same

<b>Mizrahi Tefahot Bank Ltd.</b> (2010) <i>Financing of Illegal Settlements in Occupied Territories</i>	Palestinian Authority	Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.	 <p>milestone 3 achieved</p>
● good    ↘ poor    ► same			
<b>OCP S.A.</b> (2016) <i>Operations in Occupied Territories</i>	Western Sahara	OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.	 <p>milestone 2 achieved</p>
● standard    ↘ poor    ► same			
<b>Sibanye-Stillwater</b> (2018) <i>Recurring Workplace Accidents</i>	South Africa	Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.	 <p>milestone 3 achieved</p>
● poor    → standard    ► same			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement by the end of 2019 with the following companies in Africa / Middle East:

**Bezeq The Israel Telecommunication Corporation Limited** , *Corrupt Practices*, Israel

**MTN Group Limited**, *Operations in Territories With Elevated Human Rights Risks*, South Africa

**Mumias Sugar Company Limited**, *Accounting Fraud*, Kenya

**Orascom Investment Holding SAE**, *Operations in Territories With Elevated Human Rights Risks*, North Korea

**Teva Pharmaceutical Industries Limited**, *Price-Fixing Violations*, United States [NEW]

**The Okomu Oil Palm Co PLC**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Nigeria [NEW]

**Tiger Brands Limited**, *Product-Related Fatalities*, South Africa

**Uchumi Supermarkets Limited**, *Fraud*, Kenya

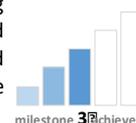
## ASIA / PACIFIC

### Change objective

**Adani Enterprises Limited (2016)**  
Project With Environmental and Human Rights Risks

Australia

Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the project.

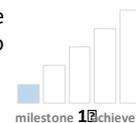


● standard → standard ▶ same

**Agricultural Bank of China Limited (2018)**  
Corrupt Practices

China

The Agricultural Bank of China should update its anti-corruption policies and ensure that they are implemented globally. The company should introduce a zero-tolerance policy for corruption and make sure that it is committed to implementing the anti-corruption programme.



● none ↓ none ▼ same



**Agricultural Bank of China Limited (2018)**  
Money Laundering

United States

The Agricultural Bank of China should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. The bank should ensure that the board has sufficient and effective oversight of the business.



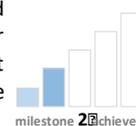
● none ↓ none ▼ same



**Bangkok Bank Public Company Limited (2014)**  
Financing of Controversial Project

Laos

Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.



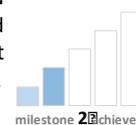
● poor ↓ none ▼ same



**Bharat Heavy Electricals Limited (2017)**  
Project With Environmental and Human Rights Risks

Bangladesh

BHAL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.



● poor ↘ poor ▼ same



**China Railway Group Ltd (2014)**  
Recurring Workplace Accidents

China

China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.



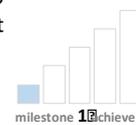
● poor ↘ poor ▼ same



**Coal India Limited (2017)**  
Activities Resulting in Adverse Human Rights Impacts

India

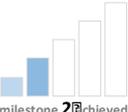
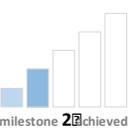
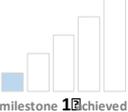
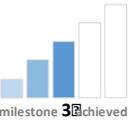
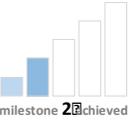
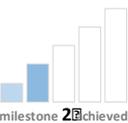
The company should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.



● poor ↓ none ▼ same



<p><b>Coal India Limited (2016)</b> <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.</p>	<p>9 months low performance</p>	<p>● poor    ↓ none    ▼ same</p>	<p>milestone 1 achieved</p>
<p><b>Export-Import Bank of India (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>	<p>21 months low performance</p>	<p>● none    ↓ none    ▼ same</p>	<p>milestone 1 achieved</p>
<p><b>FGV Holdings Bhd. (2017)</b> <i>Labour Rights Violations at Company Operations</i></p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>	<p>4 months low performance</p>	<p>● good    ↗ good    ▲ same</p>	<p>milestone 4 achieved</p>
<p><b>Hyundai Motor Company (2018)</b> <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	<p>3 months low performance</p>	<p>● standard    ↗ good    ▲ same</p>	<p>milestone 3 achieved</p>
<p><b>Indofood Agri Resources Ltd (2018)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p>2 months low performance</p>	<p>● standard    → standard    ► same</p>	<p>milestone 2 achieved</p>
<p><b>Industrial And Commercial Bank Of China Ltd (2018)</b> <i>Money Laundering</i></p>	<p>Spain</p>	<p>ICBC should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should ensure that the board has sufficient and effective oversight of the business.</p>	<p>9 months low performance</p>	<p>● poor    ↓ none    ▼ same</p>	<p>milestone 1 achieved</p>
<p><b>Italian-Thai Development Public Company Limited (2011)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	<p>21 months low performance</p>	<p>● poor    ↓ none    ▼ same</p>	<p>milestone 2 achieved</p>
<p><b>Korea Electric Power Corporation (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Electric Power Corporation's subsidiary should use its leverage to ensure that appropriate and transparent mitigation measures are established for the consultation, resettlement and adequate compensation of the victims of the dam collapse. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	<p>2 months low performance</p>	<p>● standard    ↓ poor    ► new</p>	<p>milestone 2 achieved</p>

<p><b>Korea Western Power Co., Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Western Power Co. should use its leverage to ensure that appropriate and transparent mitigation measures are established for the consultation, resettlement and adequate compensation of the victims of the dam collapse. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	
<p>● standard ↓ poor ▶ new</p>			
<p><b>Korean Air Lines Co.,Ltd. (2019)</b> <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	
<p>● good ↘ poor ▶ same</p>			
<p><b>Krung Thai Bank Public Company Limited (2014)</b> <i>Financing of Controversial Project</i></p>	<p>Laos</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	
<p>● poor ↓ none ▼ same</p>			
<p><b>Lotte Corp (2019)</b> <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Lotte Corp should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. Further, Lotte should also ensure that the internal audit committees have the mandate and capacity to carry out its functions properly and strengthen Board independence.</p>	
<p>● none ↘ poor ▼ new</p>			
<p><b>Nintendo Co. Ltd. (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Indonesia</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	
<p>● poor ↘ poor ▼ same</p>			
<p><b>NTPC Limited (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	
<p>● poor ↘ poor ▼ same</p>			
<p><b>NTPC Limited (2018)</b> <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	
<p>● poor ↘ poor ▼ same</p>			

<p><b>PetroChina Co Ltd (2017)</b> <i>Corrupt Practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>		
<p>● poor ↘ poor ▼ better</p>				
<p><b>PetroChina Co Ltd (2018)</b> <i>Fatal Accident(s)</i></p>	<p>China</p>	<p>PetroChina should ensure that an investigation into the causes of pipeline accidents occurs and lessons learnt are applied. It should strengthen its governance and ensure that it has a long-term mechanism for pipeline protection, hazard identification and emergency response procedures in place.</p>		
<p>● poor ↘ poor ▼ same</p>				
<p><b>POSCO (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>		
<p>● standard → standard ► same</p>				
<p><b>POSCO (2010)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>		
<p>● standard ↘ poor ► same</p>				
<p><b>POSCO INTERNATIONAL Corp. (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO INTERNATIONAL Corp. should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>		
<p>*Previously <i>Posco Daewoo Corporation</i></p>				
<p>● standard → standard ► same</p>				
<p><b>POSCO INTERNATIONAL Corp. (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO INTERNATIONAL Corp. should prevent negative human rights and environmental impacts of the Shwe Project, and ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>		
<p>*Previously <i>Posco Daewoo Corporation</i></p>				
<p>● standard → standard ► same</p>				
<p><b>PT Indofood Sukses Makmur Tbk (2018)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>		
<p>● standard → standard ► same</p>				

<p><b>Ratch Group Public Co. Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Ratch Group should ensure that a comprehensive assessment of the safety and stability of the dams that form part of the project is conducted, together with independent experts. The company should also ensure that appropriate mitigation measures are taken as a result, both on legacy issues and identified risks. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>		<p>● none    ↓ none    ▼ new</p>	<p>milestone 10/10 achieved</p>
<p><b>Samsung Electronics Co., Ltd. (2017)</b> <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	<p>● good    ↗ good    ▲ same</p>	<p>milestone 4/4 achieved</p>	
<p><b>Singapore Technologies Engineering Limited (2017)</b> <i>Corrupt Practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	<p>● good    ↗ good    ▲ same</p>	<p>milestone 4/4 achieved</p>	
<p><b>SK Holdings Co Ltd (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Sk Holdings subsidiary, SK E&amp;C, should conduct a comprehensive assessment of the safety and stability of the dams that form part of the project, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified risks. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>	<p>● standard    ↓ poor    ► new</p>	<p>milestone 2/2 achieved</p>	
<p><b>Steel Authority of India Limited (2019)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>India</p>	<p>Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.</p>	<p>6 months low performance</p>	<p>● none    ↓ none    ▼ same</p>	<p>milestone 10/10 achieved</p>
<p><b>Tokyo Electric Power Company Holdings, Incorporated (2011)</b> <i>Incident Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.</p>	<p>● standard    ↘ poor    ► worse</p>	<p>milestone 3/3 achieved</p>	
<p><b>Wilmar International Limited (2017)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	<p>● good    → standard    ▲ same</p>	<p>milestone 4/4 achieved</p>	

<p><b>Yahoo Japan Corp (2016)</b> <i>Illegal Trading</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	<p>milestone 30 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Negative Environmental Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	<p>milestone 20 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	<p>milestone 30 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>ZTE Corporation (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Indonesia</p>	<p>ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	<p>milestone 30 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>24 months low performance</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement by the end of 2019 with the following companies in Asia / Pacific:

- 63 Moons Technologies Ltd, Fraud, India**
- AMP Limited, Consumer Fraud, Australia**
- Anbang Insurance Group Co., Ltd., Fraud, China** – includes the following related company **TongYang Life Insurance Co Ltd**
- AviChina Industry & Technology Company Limited, Operations in Territories With Elevated Human Rights Risks, China**
- Changsheng Bio-technology Co., Ltd., Quality and Safety Breaches, China**
- China Energy Engineering Corporation Ltd, Fatal Workplace Accident(s), China**
- China Huarong Asset Management Co Ltd, Corrupt Practices, China**
- China National Chemical Corp., Fraudulent Marketing Practices, China**
- China National Chemical Corp., Quality and Safety Breaches, China**
- China Northern Rare Earth (Group) High-Tech Co Ltd, Project Resulting in Negative Environmental and Human Rights Impacts, Mongolia**
- China Petroleum & Chemical Corp., Operations in Territories With Elevated Human Rights Risks, China** – includes the following related company **Sinopec Kantons Holdings Ltd**
- China Railway Group Ltd, Forced Evictions, Democratic Republic of the Congo**
- Commonwealth Bank of Australia, Money Laundering, Australia**
- Convoy Global Holdings Ltd, Fraud, Hong Kong**
- Gitanjali Gems Ltd, Fraud, India**
- Habib Bank Limited, Money Laundering, Pakistan**

**Hanergy Thin Film Power Group Limited**, *Accounting Fraud*, Hong Kong

**Honda Motor Co Ltd**, *Product-Related Fatalities*, United States

**Hyundai Motor Company**, *Labour Rights Violations at Company Operations*, South Korea

**Indofood Agri Resources Ltd**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Indonesia

**Khon Kaen Sugar Industry PCL**, *Land Grabbing*, Cambodia

**Kobe Steel Ltd**, *Consumer Fraud*, Japan

**Korea Hydro & Nuclear Power Co., Ltd.**, *Corrupt Practices*, South Korea

**Lotte Chemical Corp**, *Embezzlement*, South Korea - includes following related companies: **Lotte Chilsung Beverage Co Ltd**;  
**Lotte Confectionery (New)**, **Lotte Corp**, **Lotte Fine Chemical Co., Ltd.**, **Lotte Food Co., Ltd.**, **LOTTE Himart Co.,Ltd.**, **Lotte Non - Life Insurance Co., Ltd.**, and **Lotte Shopping Co., Ltd.**

**Lotte Fine Chemical Co., Ltd.**, *Fraud*, South Korea

**Lu Thai Textile Co., Ltd.**, *Poor Working Conditions*, Myanmar

**Maruti Suzuki India Ltd.**, *Anti-Union Practices*, India

**Mitsubishi Materials Corporation**, *Consumer Fraud*, Japan

**Mitsubishi Motors Corporation**, *Consumer Fraud*, Japan

**Monsanto India Limited**, *Improper Marketing Practices*, Germany - relates to **Bayer AG** incident

**Monsanto India Limited**, *Concealing Data on Product-Related Toxicity*, United States – relates to **Bayer AG** incident

**MSM Malaysia Holdings Bhd**, *Labour Rights Violations at Company Operations*, Malaysia – relates to **FGV Holdings Bhd**

**Oil and Natural Gas Corporation Limited**, *Operations in Territories With Elevated Human Rights Risks*, India

**Olympus Corporation**, *Product-Related Fatalities*, United States

**PetroChina Co Ltd**, *Operations in Territories With Elevated Human Rights Risks*, China

**Petroleum Nasional Berhad**, *Operations in Territories With Elevated Human Rights Risks*, Malaysia – includes the following related company **Petronas Global Sukuk Ltd.**

**PT Perusahaan Perkebunan London Sumatra Indonesia Tbk**, *Labour Rights Violations at Plantations*, Indonesia

**PT Salim Ivomas Pratama Tbk**, *Labour Rights Violations at Plantations*, Indonesia

**PT Tiga Pilar Sejahtera Food Tbk**, *Consumer Fraud*, Indonesia

**PT Timah (Persero) Tbk**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Indonesia

**PT Vale Indonesia Tbk**, *Incident Resulting in Negative Human Rights Impacts*, Brazil – relates to **Vale S.A.** incident

**Punjab National Bank**, *Fraud*, India

**Samling Global Limited**, *Deforestation*, Malaysia

**Suruga Bank Ltd.**, *Fraud*, Japan

**Toshiba Corp.**, *Accounting Fraud*, Japan

**Unitech Limited**, *Consumer Fraud*, India

**Unitech Limited**, *Consumer Fraud*, India

**Vedanta Limited**, *Community Protests*, India – includes the following related company **Hindustan Zinc Limited.**

**Wilmar International Limited**, *Violations of the Rights of Indigenous Peoples*, Indonesia

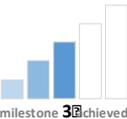
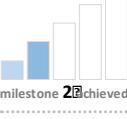
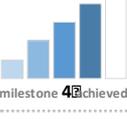
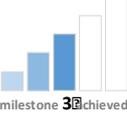
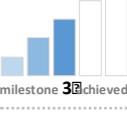
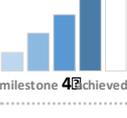
**Wockhardt Limited**, *Quality and Safety Breaches*, India

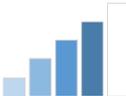
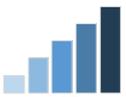
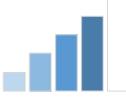
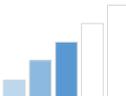
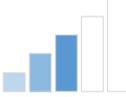
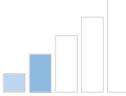
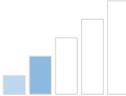
**Zhejiang Huahai Pharmaceutical Co., Ltd.**, *Consumer Fraud*, China

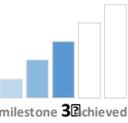
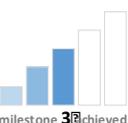
**ZTE Corporation**, *Human Rights Impacts of Surveillance Systems*, Ethiopia

## EUROPE

### Change objective

<b>Andritz AG (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i>	Turkey	Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.	 <p>milestone 3/3 achieved</p>
<p>● standard → standard ► same</p>			
<b>Atlantia S.p.A. (2018)</b> <i>Quality and Safety Violations</i>	Italy	Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.	 <p>milestone 3/3 achieved</p>
<p>● good → standard ▲ same</p>			
<b>Bayer AG (2018)</b> <i>Concealing Data on Product-Related Toxicity</i>	United States	Bayer (formerly Monsanto) should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.	 <p>milestone 2/2 achieved</p>
<p>● standard → standard ► same</p>			
<b>British American Tobacco p.l.c. (2017)</b> <i>Labour Rights Violations at Plantations</i>	Bangladesh	BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.	 <p>milestone 4/4 achieved</p>
<p>● good → standard ▲ same</p>			
<b>Danske Bank A/S (2018)</b> <i>Money Laundering</i>	Estonia	Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.	 <p>milestone 3/3 achieved</p>
<p>● standard → standard ► same</p>			
<b>Enel Green Power S.p.A. (2019)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Enel Green Power SpA should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 <p>milestone 3/3 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<b>Enel SpA (2019)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Enel Green Power SpA, a subsidiary of Enel SpA, should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 <p>milestone 3/3 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<b>HeidelbergCement AG (2015)</b> <i>Illegal Exploitation of Natural Resources</i>	Palestinian Authority	HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.	 <p>milestone 4/4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			

<p><b>Leonardo S.p.a. (2013)</b> <i>Corrupt Practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Mining and Metallurgical Company NORILSK NICKEL PJSC (2010)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Russian Federation</p>	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	 <p>milestone 5 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Nordea Bank Abp (2015)</b> <i>Money Laundering</i></p>	<p>Sweden</p>	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Siemens Aktiengesellschaft (2017)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► better</p>			
<p><b>Siemens Gamesa Renewable Energy, S.A. (2018)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► better</p>			
<p><b>Swedbank AB (2019)</b> <i>Money Laundering</i></p>	<p>Sweden</p>	<p>Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Syngenta AG (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>Thailand</p>	<p>The company should have measures in place to ensure the safe application of its products (in particular paraquat) to minimise both detrimental health and environmental impacts, the company should also ensure that customer applications are monitored regularly to ensure compliance to the company's instructions.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► new</p>			

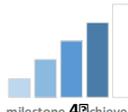
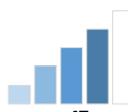
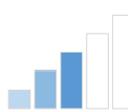
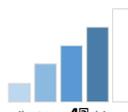
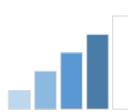
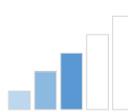
<b>Volkswagen AG (2016)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.	
● standard → standard ► same			
<b>VTB Bank (public joint-stock company) (2011)</b> <i>Financing of Controversial Project</i>	Armenia	VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.	
● poor ↘ poor ▼ same			
			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement by the end of 2019 with the following companies in Europe:

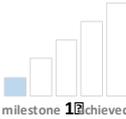
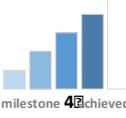
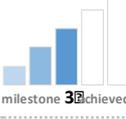
- AB Volvo (publ), Operations in Territories With Elevated Human Rights Risks, Sweden**
- AUDI AG, Antitrust Violations, Germany**
- AUDI AG, Activities Resulting in Negative Environmental and Human Rights Impacts, Germany** – relates to **Volkswagen AG** incident
- Barclays PLC, Price-Fixing Violations, United Kingdom**
- Bayer AG, Improper Marketing Practices, Germany**
- BMW Group, Antitrust Violations, Germany**
- Bolloré, Activities Resulting in Adverse Human Rights Impacts, Cameroon** [NEW]
- Credit Suisse Group, Fraud, Switzerland**
- Daimler AG, Antitrust Violations, Germany**
- Deutsche Bank AG, Money Laundering, Russia**
- DNO ASA, Operations in Territories With Elevated Human Rights Risks, Norway**
- EDP - Energias de Portugal, S.A., Product-Related Fatalities, Portugal**
- Genel Energy plc, Operations in Territories With Elevated Human Rights Risks, Somalia**
- Indivior PLC, Consumer Fraud, United States**
- ING Groep N.V., Money Laundering, Russia** – includes the related company **ING Bank Slaski SA**
- Mozambique Ematum Finance 2020 BV, Asset Misappropriation, Mozambique**
- Porsche Automobil Holding SE, Consumer Fraud, Germany**
- SOCFIN Societe Financiere des Caoutchoucs, Activities Resulting in Negative Environmental and Human Rights Impacts, Cameroon** [NEW]
- Socfinaf SA, Activities Resulting in Negative Environmental and Human Rights Impacts, Cameroon** [NEW]
- Steinhoff International Holdings N.V., Accounting Fraud, South Africa** – includes the related company **Pepkor Holdings Ltd.**
- Syngenta AG, Fraudulent Marketing Practices, China**
- United Aircraft Corporation, Operations in Territories With Elevated Human Rights Risks, Russia**
- Vedanta Resources PLC, Community Protests, India**
- Volkswagen AG, Antitrust Violations, Germany**
- Watchstone Group PLC, Accounting Irregularities, United Kingdom**

## LATIN AMERICA AND CARRIBEAN

### Change objective

<p><b>BRF S.A. (2018)</b> <i>Corrupt Practices</i></p> <p>● good ↗ good ▲ same</p>	<p>Brazil</p>	<p>BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	 <p>milestone 4/4 achieved</p>
<p><b>CEMEX, S.A.B. de C.V. (2016)</b> <i>Operations in Occupied Territories</i></p> <p>● good ↗ good ▲ same</p>	<p>Palestinian Authority</p>	<p>Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4/4 achieved</p>
<p><b>Empresas Publicas de Medellin E.S.P. (2019)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p> <p>● standard → standard ► same</p>	<p>Colombia</p>	<p>EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations with, and compensation to, project-affected communities are aligned with international norms, such as the IFC performance standards or similar and put in place relevant processes to ensure compliance with international norms for future projects.</p>	 <p>milestone 3/3 achieved</p>
<p><b>Grupo México, S.A.B. de C.V. (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p> <p>● good ↗ good ▲ same</p>	<p>Peru</p>	<p>Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4/4 achieved</p>
<p><b>JBS S.A. (2017)</b> <i>Corrupt Practices</i></p> <p>● good → standard ▲ same</p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 4/4 achieved</p>
<p><b>JBS S.A. (2015)</b> <i>Recurring Labour Rights Violations</i></p> <p>● standard ↘ poor ► same</p>	<p>United States</p>	<p>JBS should take responsibility for addressing the frequent health and safety (H&amp;S) incidents at its subsidiaries. It should further develop H&amp;S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.</p>	 <p>milestone 3/3 achieved</p>
<p><b>Petróleos de Venezuela S.A. (2017)</b> <i>Corrupt Practices</i></p> <p>● none ↓ none ▼ same</p>	<p>Venezuela</p>	<p>PDVSA should strengthen its anti-corruption measures in order to reflect its corruption risk exposure, including disclosure of a zero-tolerance policy, implementation and monitoring.</p>	 <p>milestone 1/1 achieved</p>



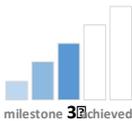
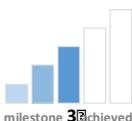
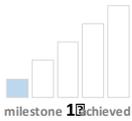
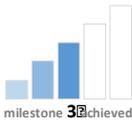
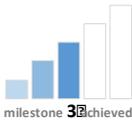
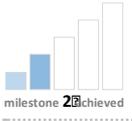
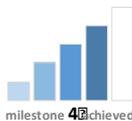
<p><b>Petróleos de Venezuela S.A. (2017)</b> <i>Oil Spill(s)</i></p>	<p>Venezuela</p>	<p>PDVSA should ensure it has a maintenance programme in place for all of its facilities and it has suitable measures in place to prevent and mitigate any future spills. The company should ensure it has an environmental policy in place, public reporting of its spill incidents and any corrective measures undertaken.</p>	 <p>milestone 10 achieved</p>
<p>● none    ↓ none    ▼ same</p>	 <p>21 months low performance</p>		
<p><b>Petróleos de Venezuela S.A. (2017)</b> <i>Recurring Workplace Accidents</i></p>	<p>Venezuela</p>	<p>The company should ensure it has health and safety policies in place, health and safety monitoring, trainings and audits, the safety performance publicly reported, publicly reported safety improvement targets. In addition, the company should ensure proper regular maintenance of its facilities by e.g. initiating annual, external audits.</p>	 <p>milestone 10 achieved</p>
<p>● none    ↓ none    ▼ same</p>	 <p>21 months low performance</p>		
<p><b>Petróleos Mexicanos S.A. de C.V. (2015)</b> <i>Oil Spill(s)</i></p>	<p>Mexico</p>	<p>PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.</p>	 <p>milestone 4 achieved</p>
<p>● good    → standard    ▲ same</p>			
<p><b>Vale S.A. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Brazil</p>	<p>In order to prevent future worker or community fatalities and damage to the environment, the company should: commission an external technical review into the causes of the dam collapse; strengthen its management and monitoring of its tailings storage facilities using the best available technology; adopt a policy of designing future tailings facility based upon safety first and cost second; ensure that it has in place the necessary remedial programmes to address the socio-economic and environmental impacts of the collapse; and, the company should bring experienced mining professionals on to its board and ensure proper reporting lines are enabled to ensure issues are reported and remedial measures identified and undertaken in a timely manner.</p>	 <p>milestone 3 achieved</p>
<p>● standard    → standard    ► same</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement by the end of 2019 with the following companies in Latin America and Caribbean:

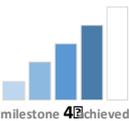
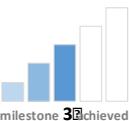
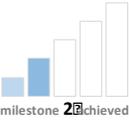
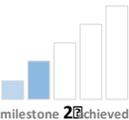
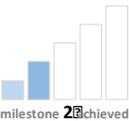
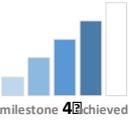
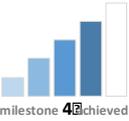
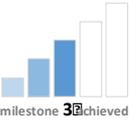
- 1MDB Global Investments Ltd., Embezzlement, Malaysia**
- Andrade Gutierrez SA, Corrupt Practices, Brazil**
- Banco Safra S.A., Corrupt Practices, Brazil**
- BRF S.A., Consumer Fraud, Brazil**
- Centrais Elétricas Brasileiras S.A. - Eletrobras, Project Resulting in Adverse Human Rights Impacts, Brazil**
- Eldorado Brasil Celulose S.A., Corrupt Practices, Brazil**
- Taurus Armas SA (Forjas Taurus S.A.), Operations in Territories With Elevated Human Rights Risks, Brazil**

## UNITED STATES AND CANADA

### Change objective

<b>Bunge Limited (2017)</b> <i>Deforestation</i>	Brazil	Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.	 milestone <b>30</b> achieved
● standard → standard ► same			
<b>Cargill, Inc. (2012)</b> <i>Labour Rights Violations in Supply Chain</i>	Uzbekistan	Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.	 milestone <b>30</b> achieved
● standard ↘ poor ► same			
<b>CoreCivic Inc (2019)</b> <i>Forced Labour</i>	United States	CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.	 milestone <b>10</b> achieved
● standard → standard ► new			
<b>DowDuPont Inc. (2018)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	Sustainalytics covers DowDuPont Inc. through research on a related entity in our research universe, <b>DuPont de Nemours, Inc.</b>	
<b>DuPont de Nemours, Inc. (2018)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.	 milestone <b>30</b> achieved
● standard → standard ► same			
<b>Enbridge Inc (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i>	United States	Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.	 milestone <b>30</b> achieved
● good ↗ good ▲ same			
<b>Energy Transfer LP (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i>	United States	Energy Transfer LP should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.	 milestone <b>20</b> achieved
● standard ↘ poor ► same			
<b>Equifax Inc (2018)</b> <i>Data Breaches</i>	United States	Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.	 milestone <b>40</b> achieved
● excellent ↗ good ▲ same			

<p><b>Facebook Inc (2018)</b> <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	<p>milestone 30 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>GEO Group, Inc. (2019)</b> <i>Forced Labour</i></p>	<p>United States</p>	<p>Geo Group should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.</p>	<p>milestone 10 achieved</p>
<p>● standard → standard ▶ new</p>			
<p><b>JOHNSON &amp; JOHNSON (2018)</b> <i>Product-Related Incidents</i></p>	<p>United States</p>	<p>The company should develop a code for the disclosure of all product-related data across all its operations to ensure concerns in relation to its products are communicated to users as soon as is practicable.</p>	<p>milestone 20 achieved</p>
<p>● poor ↘ poor ▼ same  low performance</p>			
<p><b>McDonald's Corp (2015)</b> <i>Labour Rights Violations at Contractors</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	<p>milestone 20 achieved</p>
<p>● poor ↘ poor ▼ same  low performance</p>			
<p><b>Patterson-UTI Energy, Inc. (2018)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>United States</p>	<p>Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.</p>	<p>milestone 30 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>PG&amp;E Corp (2019)</b> <i>Hazardous Working Conditions</i></p>	<p>United States</p>	<p>PG&amp;E should address the impacts of the incident and ensure that suitable remedial measures have been put in place. The company should also develop a comprehensive, risk-based, safety strategy. The company-wide strategy should address the employee, contractor and public safety and consider future potential risks, including those related to changing climate conditions. The company should also establish a process for monitoring the execution of the strategy.</p>	<p>milestone 20 achieved</p>
<p>new</p>			
<p><b>Phillips 66 (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>The company should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	<p>milestone 20 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>Pilgrim's Pride Corporation (2015)</b> <i>Recurring Workplace Accidents</i></p>	<p>United States</p>	<p>Pilgrim's Pride should address the identified health and safety (H&amp;S) shortcomings at its processing facilities. It should implement H&amp;S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&amp;S performance.</p>	<p>milestone 30 achieved</p>
<p>● poor → standard ▶ same</p>			

<p><b>Southern Copper Corporation (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>TC Energy Corp. (2018)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>The company should decide to construct the pipeline, it should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>	 <p>milestone 3 achieved</p>
<p>*Previously <b>TransCanada Corporation</b></p>			
<p>● standard → standard ► same</p>			
<p><b>Tesla Inc (2018)</b> <i>Labour Rights Violations at Company Operations</i></p>	<p>United States</p>	<p>Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>The Boeing Company (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>Boeing should accomplish the safe return of the 737 MAX aircraft to commercial flight (i.e. re-certified and flight bans lifted). It should ensure that the people affected by the two accidents are appropriately supported and compensated. Boeing should adopt a robust, precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p><b>The Chemours Co (2018)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 2 achieved</p>
 <p>12 months</p>			
<p>● poor ↘ poor ▼ same</p>			
<p><b>Walmart Inc. (2017)</b> <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Walt Disney Co (2017)</b> <i>Workplace Harassment</i></p>	<p>United States</p>	<p>Walt Disney Co (Twenty-First Century Fox) should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Wolverine World Wide, Inc. (2019)</b> <i>Activities Resulting in Negative Health Impacts</i></p>	<p>United States</p>	<p>Wolverine World Wide, Inc. should ensure that compensation is paid to affected residents and measures are in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.</p>	 <p>milestone 3 achieved</p>
 <p>3 months</p>			
<p>● poor ↘ poor ▼ same low performance</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement by the end of 2019 with the following companies in United States and Canada:

**3M Co**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, United States [NEW]

**Bausch Health Companies Inc**, *Price Discrimination*, United States

**Bausch Health Companies Inc**, *Accounting Fraud*, United States

**Boston Scientific Corporation**, *Product-Related Incidents*, United States - includes the related company **EndoChoice Holdings, Inc.**

**Citigroup, Inc.**, *Fraud*, United States – includes the related company **Associates First Capital Corporation**

**Corteva, Inc.**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, United States [NEW]

**Dow Inc.**, *Consumer Fraud*, United States

**Edison International**, *Product-Related Fatalities*, United States

**INSYS Therapeutics, Inc.**, *Corrupt Practices*, United States

**McKesson Corp**, *Consumer Fraud*, United States – includes the related company **McKesson Europe AG**

**Pan American Silver Corp.**, *Human Rights Violations by Security Forces*, Guatemala

**Stryker Corporation**, *Quality and Safety Breaches*, United States

**Taseko Mines Ltd.**, *Mining Project With Environmental and Human Rights Risks*, Canada

**The Goldman Sachs Group, Inc.**, *Money Laundering*, Malaysia – includes the related companies **CMC Markets PLC**, **Jany Sukuk Co. Ltd.**

**Uber Technologies, Inc.**, *Privacy Breaches*, United States

**Universal Health Services, Inc.**, *Fraud*, United States

**Universal Health Services, Inc.**, *Activities Resulting in Adverse Human Rights Impacts*, United States

**Wells Fargo & Company**, *Fraud*, United States

---

## EVALUATE LIST

### AFRICA / MIDDLE EAST

Global Telecom Holding SAE; LafargeHolcim Maroc SA; Minrav Holdings Ltd.; Shapir Engineering and Industry Ltd; Transnet SOC Limited; Union Bank of Israel Ltd.

---

### ASIA / PACIFIC

AirAsia Bhd; BHP Group Ltd.; British American Tobacco Bangladesh Co Ltd; China Development Bank Corporation; China Petroleum & Chemical Corp.; China Railway Group Ltd; CK Hutchison Holdings Limited; Dong-A Socio Holdings Co. Ltd.; Graphite India Ltd.; Imperial Pacific International Holdings Limited; Indian Oil Corp. Ltd.; Italian-Thai Development Public Company Limited; Korea Aerospace Industries, Ltd.; KT Corporation, Oil and Natural Gas Corporation Limited; Oji Holdings Corporation; Panasonic Corporation; Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara; PetroChina Co Ltd; POSCO; POSCO International Corp.; Power Construction Corporation of China Ltd; PT Pertamina (Persero); PT Waskita Karya (Persero) Tbk; Reliance Industries Limited; Retail Food Group Ltd; Rio Tinto Limited; Samsung Electronics Co., Ltd.; Sinopec Shanghai Petrochemical Company Limited; SK Discovery Co. Ltd.; Sumitomo Corp; The Tata Power Company Limited; Toshiba Corp.

---

### EUROPE

A.P. Møller - Mærsk A/S; Areva SA; CaixaBank, S.A.; Digi Communications NV; EDP - Energias de Portugal, S.A.; Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; Grupa Azoty S.A.; H & M Hennes & Mauritz AB (publ); HeidelbergCement AG; Hugo Boss AG; J Sainsbury plc; LafargeHolcim Ltd; Metinvest BV; Mothercare plc; NorgesGruppen ASA; Polski Koncern Naftowy ORLEN Spolka Akcyjna; Public Joint Stock Company Uralkali; Renault SA; Rheinmetall AG; Robert Bosch GmbH; Technicolor SA; Veolia Environnement S.A.; VEON Ltd.

---

### LATIN AMERICA AND CARIBBEAN

Banco Nacional de Desenvolvimento Econômico e Social; Caixa Econômica Federal; CCR S.A.; EcoRodovias Infraestrutura e Logística S.A.; EDP - Energias do Brasil SA; Gerdau S.A.; Grupo México, S.A.B. de C.V.; JBS S.A.; Petroleos Mexicanos S.A. de C.V.; TPI - Triunfo Participações e Investimentos SA; YPF Sociedad Anonima

---

### UNITED STATES AND CANADA

Amgen Inc; Bombardier Inc.; Cargill, Inc.; CBS Corp; Chevron Corporation; Costco Wholesale Corporation; DXC Technology Co; Energy Transfer LP; Frontera Energy Corporation; Gap Inc; General Electric Co; International Finance Corporation; Johnson & Johnson; Mattel, Inc.; NiSource Inc.; NRG Energy, Inc.; Pilgrim's Pride Corporation; Stryker Corporation; Tenneco Inc.; Vistra Energy Corp.

---

# DISENGAGE LIST

## AFRICA / MIDDLE EAST

<b>Elbit Systems Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Industrial Building Corp. Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Israel Aerospace Industries Ltd.</b> <i>Involvement in Cluster Munitions</i>	Israel
<b>Jerusalem Economy Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Makina Ve Kimya Endustrisi Kurumu</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Roketsan A.S</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Turkiye Halk Bankasi AS</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

## ASIA / PACIFIC

<b>Abdul Qader Khan Research Laboratories (AQKRL)</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>Aerospace Long-March International Trade Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Anhui GreatWall Military Industry Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Bharat Dynamics Limited</b> <i>Nuclear Weapons Development</i>	India
<b>CH. Karnchang Public Company Limited</b> <i>Project With Environmental and Human Rights Risks</i>	Laos
<b>China Aerospace Science &amp; Technology Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>China North Industries Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>China Poly Group Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Defense Research &amp; Development Organization</b> <i>Inhumane Weapons</i>	India
<b>Hanwha Corp</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Larsen &amp; Toubro Limited</b> <i>Nuclear Weapons Development</i>	India

<b>LIG Nex1 Co Ltd</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Metallurgical Corporation of China Ltd.</b> <i>Environmental Impacts from Waste Practices</i>	Papua New Guinea
<b>MindTree Limited</b> [NEW] <i>Nuclear Weapons Development</i>	India
<b>National Development Complex</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>National Engineering &amp; Scientific Commission</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>Nelco Ltd.</b> <i>Nuclear Weapons Development</i>	India
<b>Pakistan Ordnance Factories</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>Poongsan Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Poongsan Holdings Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>S&amp;T Corp.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Dynamics Co. Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Holdings Co., Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>State Oil Company of Azerbaijan Republic</b> <i>Recurring Workplace Accidents</i>	Azerbaijan
<b>The Tata Power Company Limited</b> <i>Nuclear Weapons Development</i>	India
<b>Walchandnagar Industries Ltd.</b> <i>Nuclear Weapons Development</i>	India

## EUROPE

<b>Aeroteh SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Cia Nationala ROMARM SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Rosoboronexport JSC</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Rostec Corporation</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>San Leon Energy Plc</b> <i>Operations in Occupied Territories</i>	Western Sahara

---

<b>Splav Engineering Corp. PJSC</b> <i>Involvement in Cluster Munitions</i>	Russia
--	--------

---

<b>Tactical Missiles Corp. JSC</b> <i>Involvement in Cluster Munitions</i>	Russia
---	--------

## LATIN AMERICA AND CARIBBEAN

---

<b>Avibras Indústria Aeroespacial S/A.</b> <i>Involvement in Cluster Munitions</i>	Brazil
---	--------

## UNITED STATES AND CANADA

---

<b>Motorola Solutions, Inc.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
--	-----------------------

---

<b>The Day &amp; Zimmermann Group, Inc.</b> <i>Involvement in Cluster Munitions</i>	United States
--	---------------

---

## OUR APPROACH

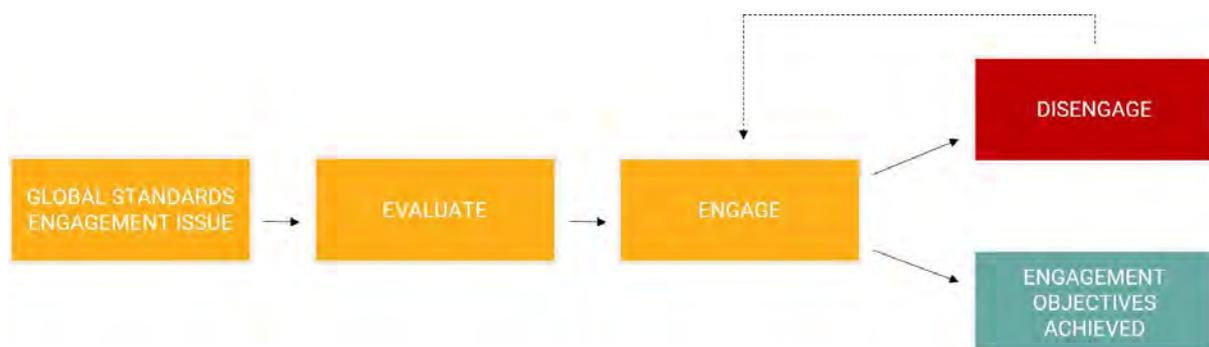
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies on behalf of our investor clients. The engagement process is based on the findings from a systematic screening of companies regarding their compliance with well-established international conventions and guidelines on environmental, social and governance (ESG) issues. By way of example this includes:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- Human rights conventions; and
- Environmental conventions.

We will start engagement with companies that are, or have been, involved in systematic business conduct issues or an isolated issue that has severe consequences for the environment or humans.

### RESEARCH AND ENGAGEMENT WORK-FLOW



## ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 57.77bn (12/31/2018). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

This way we combine the flexibility of a boutique manager with the size and clout of an international financial service provider.



# About Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. With 17 offices globally, Sustainalytics has more than 550 staff members, including over 200 analysts with varied multidisciplinary expertise across 42 sectors.

Over the last three consecutive years, investors named Sustainalytics among the top three firms for both ESG and corporate governance research in the Independent Research in Responsible Investment Survey.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



Copyright ©2019 Sustainalytics. All rights reserved.

The ownership and all intellectual property rights to this publication and the information contained herein are vested exclusively in Sustainalytics and/or its suppliers. Unless otherwise expressly agreed in writing between you and Sustainalytics, you will not be permitted to use this information otherwise than for internal use, nor will you be permitted to reproduce, disseminate, combine, create derivative works, furnish in any manner, make available to third parties or publish this publication/report, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies, recordings, etc. The information on which this publication/report is based reflects the situation as on the date of its elaboration. Such information has – fully or partially – been derived from third parties and is therefore subject to continuous modification. THE INFORMATION HEREIN IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES AND THEREFORE IS NOT AN OFFER TO BUY OR SELL A SECURITY. NEITHER SUSTAINALYTICS NOR ANY OF ITS THIRD-PARTY SUPPLIERS PROVIDES INVESTMENT ADVICE (AS DEFINED IN THE APPLICABLE JURISDICTION) OR ANY OTHER FORM OF (FINANCIAL) ADVICE AND NOTHING WITHIN THIS PUBLICATION/REPORT CONSTITUTES SUCH ADVICE. SUSTAINALYTICS OBSERVES THE GREATEST POSSIBLE CARE IN USING INFORMATION, HOWEVER THE INFORMATION IS PROVIDED “AS IS” AND NEITHER SUSTAINALYTICS NOR ITS SUPPLIERS ACCEPTS ANY LIABILITY FOR DAMAGE ARISING FROM THE USE OF THIS PUBLICATION/REPORT OR INFORMATION CONTAINED HEREIN IN ANY MANNER WHATSOEVER. MOREOVER, SUSTAINALYTICS AND ALL ITS THIRD-PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, COMPLETENESS, ACCURACY OR FITNESS FOR A PARTICULAR PURPOSE.

---

# QUARTERLY ENGAGEMENT REPORT

2019:4

*This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during September-November 2019.*

*Use of and access to this information is limited to clients of Sustainalytics. The information may not be reproduced, transmitted, redistributed, translated, sold, exploited commercially or otherwise reused in any way whatsoever without Sustainalytics' prior written consent, unless compelled by binding law. All copyright, database rights and other proprietary rights in this document remain the property of Sustainalytics.*

*Cover: All graphics used are part of the public domain under the Creative Commons license CC0 or have been procured by Sustainalytics.*

## TABLE OF CONTENTS

<b>ENGAGEMENT BRIEF</b>	<b>3</b>
<b>ENGAGEMENT SUMMARY REPORT</b>	<b>48</b>
<b>COMPANY DIALOGUE &amp; PROGRESS SUMMARY</b>	<b>49</b>
<b>RESOLVED LIST</b>	<b>50</b>
<b>ENGAGE LIST</b>	<b>55</b>
<b>EVALUATE LIST</b>	<b>77</b>
<b>DISENGAGE LIST</b>	<b>78</b>
<b>OUR APPROACH</b>	<b>81</b>
<b>ABOUT ERSTE ASSET MANAGEMENT</b>	<b>82</b>

# ENGAGEMENT BRIEF

## EXECUTIVE SUMMARY

With the transition from GES' Business Conduct Engagement to Sustainalytics' Global Standards Engagement in May 2019, the norm-based engagement introduced around 140 new Engage cases. Consequently, in the last three months, Sustainalytics started engagements with several companies from different sectors over a range of issues. Furthermore, a number of these cases were closed after in-depth assessments and company dialogues, concluding that further engagement efforts were not warranted.

The recently initiated engagements cover 54 companies from various sectors and issues. They include 15 companies accused of business ethics misconduct, four companies involved in environmental violations, 32 engagements on human rights (including 10 companies involved in operations in territories with elevated human rights risks and 13 companies involved in consumer breaches among other human rights issues) and three companies linked to labour rights violations.

### ***Business ethics cases***

As a part of the transition we extended the scope of the Business Ethics norm area, which now includes competition (illegal abuse of dominance), accounting fraud, illegal tax evasion (including transfer mispricing), money-laundering, as well as bribery and corruption for private gain but impacting society at large. As several of these topics were not covered by GES' previous engagement, or the relevant threshold was set differently, new engagements were initiated.

Consequently, we entered into dialogue with eight companies accused of fraudulent practices, one company involved in asset misappropriation, three accused of money laundering and two of corrupt practices.

We are further initiating an engagement with a pharmaceutical company accused of accounting fraud which allegedly fabricated its financial reports from 2016 to 2018 by overstating its cash position by USD 4.3 billion.

### ***Environmental norms violations cases***

We started engaging with four companies linked to environmental norms violations. One company has been accused of environmental pollution (mainly surface and ground water) with harmful contaminants from its past activities and products. Another company, which was formed this year, has

taken on the future liability associated with the continued manufacture and use of chlorpyrifos-containing pesticides. We started engagement with two companies on a long-standing environmental case linked to the tailings site in China, which had potentially severe environmental and health impacts on the surrounding environment and communities, where soil and groundwater were saturated with toxic substances.

***Human rights cases - operations in high-risk areas***

With regards to human rights, Sustainalytics started engagements with six companies, from mainly the Oil & Gas sector, which are involved in operations in high-risk and conflict-affected countries such as Sudan, South Sudan or Myanmar. In those engagements Sustainalytics focuses on how those companies undertake human rights due diligence specific to conflict-affected countries or regions.

***Human rights cases - UN arms embargo***

In addition, we initiated an engagement with six companies which are accused of selling weapons to countries that are subject to UN arms embargoes, such as Belarus, Myanmar, Sudan, and Yemen, as well as countries considered at high risk of human rights violations that were not under embargoes at the moment e.g. China, Egypt, Iraq and Venezuela.

***Human rights cases - consumer rights***

In addition, as part of the extended scope, Sustainalytics started engaging with eleven companies involved in consumer rights controversies. This covers engagements with companies accused of product quality and safety breaches; product-related fatalities, consumer fraud, price discrimination and privacy breaches.

We started to engage with two Korean companies involved in major product safety scandal. The controversy is linked to a humidifier disinfectant containing toxic chemicals which was allegedly associated with over 100 deaths in South Korea between 2001 and 2011.

***Other human rights cases***

We are also initiating engagement with a Chinese company, supplying surveillance equipment to Chinese government which was allegedly using it in the mass detention of Muslims who faced repressions and torturing.

We continued to engage with four companies involved in conflicts with local communities.

In addition, we initiated dialogue with other four companies repeatedly accused of infringing on community land rights in Liberia, Sierra Leone, Nigeria and Cameroon.

#### ***Labour rights cases***

In the previous three months, we also started engaging with three companies linked to labour rights violations. One Chinese company accused of health and safety violations related to a fatal accident and two Indonesian companies involved in labour rights violations at their palm oil plantations in North Sumatra, Indonesia.

#### **Concluded engagements**

In addition to the above, in the last few months we also successfully concluded engagement with two companies:

- A South African state-owned enterprise, accused of corrupt practices and influence peddling. Due to a number of measures in place to tackle bribery and corruption undertaken by the company, Sustainalytics decided to resolve the case.
- A Mexican state-owned company, which had experienced a number of occupational accidents from 2014 to 2017. Through Sustainalytics dialogue and the company's public reporting, significant progress towards health and safety has been seen. Based on the measures taken by the company, Sustainalytics resolved the case.

We archived engagements with 25 companies. Also, in November, after several years of attempting to engage with a state-owned company, linked to various violations, including environmental pollution, corruption and health and safety breaches, with no progress visible, we decided to disengage with a Venezuelan state-owned Oil & Gas company.

## INDEX OF COMPANIES MENTIONED IN THIS ENGAGEMENT BRIEF

3M CO	10
AB VOLVO	11
AEKYUNG INDUSTRIAL CO LTD	12
AMP LIMITED	13
ANBANG INSURANCE GROUP CO LTD	14
ANDRADE GUTIERREZ SA	14
ARQUUS	11
AVIC	15
AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED	15
BAOGANG GROUP	22
BAUSCH HEALTH COMPANIES INC	16
BAYER AG	18
BOLLORE	18
BRF SA	19
CAIXA ECONÔMICA FEDERAL	27
CENTRAL SOUTHERN CHINA ELECTRIC POWER DESIGN INSTITUTE	20
CEPAHLON INC	41
CHINA ENERGY ENGINEERING CORPORATION LTD	20
CHINA NATIONAL CHEMICAL CORP	21
CHINA NATIONAL PETROLEUM CORPORATION	35
CHINA NORTH INDUSTRIES CORP	15
CHINA NORTHERN RARE EARTH HIGH-TECH CO LTD	22
CHINA RAILWAY GROUP LTD	23
CNAC SATURN (NL) BV	21
CONGO INTERNATIONAL MINING CORPORATION	23
CORTEVA INC	23
CREDIT SUISSE GROUP	24
DAJIA INSURANCE GROUP	14
DEUTSCHE BANK AG	25
DOW CHEMICAL	23
DOW INC	26
DOWDUPONT	23
DUPONT	8
EDISON INTERNATIONAL	26
ELDORADO BRASIL CELULOSE SA	27
ENTERPRISE FOODS	42
ESKOM HOLDINGS SOC LTD	9
HABIB BANK LIMITED	29
INDOFOOD AGRI RESOURCES	38
ING GROEP NV	31
INNER MONGOLIAN BAOTOU STEEL UNION	22
IRKUT CORPORATION	16
ITALIAN CENTRAL BANK	31

J&F INVESTIMENTOS SA	27
JOHNSON & JOHNSON	18
KANGMEI PHARMACEUTICAL CO LTD	31
MOZAMBIQUE EMATUM FINANCE	32
OIL AND NATURAL GAS CORPORATION LIMITED	33
ONGC VIDESH	33
PAN AMERICAN SILVER CORP	34
PETROBRAS	14
PETROCHINA COMPANY LIMITED	35
PETRÓLEOS DE VENEZUELA SA	46
PETROLEOS MEXICANOS SA DE CV	8
PETROLIAM NASIONAL BERHAD	36
PG&E CORP	37
PHILIDOR RX SERVICES	16
PT PERUSAHAAN PERKEBUNAN LONDON SUMATRA INDONESIA	38
PT SALIM IVOMAS PRATAMA TBK	38
RAILWAY SEVENTH GROUP	23
ROSTEC CORPORATION	15
SHWE OFFSHORE PIPELINE JOINT VENTURE COMPANY	33
SK CHEMICALS	12
SK DISCOVERY CO LTD	12
SOCFIN SOCIETE FINANCIERE DES CAOUTCHOUCS	18
SOCFINAF SA	18
SOUTHERN CALIFORNIA EDISON COMPANY	26
STEINHOFF INTERNATIONAL HOLDINGS NV	38
STERLITE COPPER	44
STRYKER CORPORATION	39
SURUGA BANK LTD	40
SYNGENTA AG	21
TAHOE RESOURCES	34
TEREX TRUCKS	11
TEVA PHARMACEUTICAL INDUSTRIES LIMITED	41
TEVA PHARMACEUTICALS USA	41
THE BOEING COMPANY	42
THE FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION	24
THE OKOMU OIL PALM CO PLC	18
TIGER BRANDS LIMITED	42
UBER TECHNOLOGIES INC	43
UNITED AIRCRAFT CORPORATION	16
VALEANT	16
VEDANTA LIMITED	44
VEDANTA RESOURCES	44
VOLVO CONSTRUCTION EQUIPMENT	11
WELLS FARGO & COMPANY	45

## PETROLEOS MEXICANOS SA DE CV

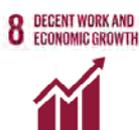
### Recurring Workplace Accidents



**Jonathan Kellar**  
Manager

Status: Resolved

Contribution to SDGs:



PETROLEOS MEXICANOS SA DE CV (Pemex) experienced a number of occupational accidents from 2014 to 2017. To cite two examples, according to media reports from April 2016, an explosion occurred at a chemical plant co-owned by Pemex and located in Veracruz, Mexico. Reportedly, more than 30 contract workers died during the explosion and around 130 were injured. At least eleven workers suffered burns in an explosion which took place in August 2017 at Pemex's gas processing complex located in Chiapas, Mexico. Reportedly, eight of them were severely injured.

In view of these issues, the objective for this engagement was to encourage the company to adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. We also expected the company to demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

Sustainalytics has held a number of meetings in person and over the telephone with Pemex since 2015, including on four occasions in Mexico City. Through this dialogue and the company's public reporting, we have seen progress towards the engagement objective in a number of ways.

Pemex states that it 'carries out root cause analyses in all relevant events that occur during the execution of its operations'. Indeed, it disclosed that it had carried out root cause analyses of major incidents that occurred in 2015 and 2016 and of all incidents linked to fatalities in 2017.

The company stated that 'root cause analysis from many accidents' has led it to identify planning and execution of high-risk activities as the main reason for accidents. It has accordingly implemented a Safe Work Planning and Execution campaign. Indeed, since DUPONT conducted a 2016 review of safety incidents at Pemex, the company has conducted a wider programme of safety campaigns. The themes of these campaigns have included awareness of risks, prevention of falls, and health on marine platforms.

Pemex has also provided a detailed overview of its Safety, Health and Environmental Protection System. According to the company, this system draws on 12 international best practices, including: an EHS policy, 'aggressive' goals and objectives, high-performance standards, effective audits and training.

The implementation of the safety campaigns has been correlated with an improvement in safety performance, at least on some key metrics, including the company's injury frequency index, contractor injury frequency index, severity index (lost time days) and Tier 1 process safety events. The number of fatalities of employees and contractors was ten and six, respectively, in 2017 but this number subsequently decreased to two and four, respectively, in 2018.

We have therefore concluded the company has fulfilled the engagement objective and we have decided to resolve this case. The issue of oil spills and illegal tapping, and their impact on local communities, remains a concern in 2019. We will continue engagement with the company on this subject as part of a separate case.

## ESKOM HOLDINGS SOC LTD

### Corruption



**K Bruce Jackson**  
Associate Director

Status: Resolved

Contribution to SDGs:



ESKOM HOLDINGS SOC LTD (Eskom) is a state-owned power generator and distributor in South Africa and has been the focus of multiple allegations of corruption during the years of the former Presidency of Jacob Zuma.

In October 2016, South Africa's Public Protector published a report about 'State Capture' which highlights corruption in the political system and state-owned enterprises of South Africa by the Gupta family. The Gupta's had used its political connection with the then President Jacob Zuma to influence the business decisions of a number of state-owned enterprises in their favour. The family used their influence to ensure that Ministers and senior management at the companies were appointed, who in turn would provide lucrative, over-priced contracts to Gupta businesses.

The targets affected company was Eskom, where several, very over-priced contracts, valued at some SAR 31.7 billion (USD 2.14 billion), were issued. The contracts were issued with the personal interference of senior Eskom management including the then CEO and CFO without following the procurement process for state-owned enterprises. Several whistle-blowers were fired, slandered in the Gupta-owned press and had their careers destroyed.

A commissioned year-long independent review by the law firm Dentons was stopped after a matter of weeks, although Dentons still published a large number of recommendations.

As a result of the corruption and financial mismanagement at the company Eskom's debts increased significantly to some SAR 454 billion (USD 31 billion) the equivalent of approximately 3.5 per cent of South Africa's GDP.

Since the change of Presidency in February 2018, there has been a marked change in the political environment. Eleven senior executives implicated in corruption were removed. Eskom is being investigated by at least seven different regulators and external bodies and is having to report monthly to its debt holders on improvements and progress regarding anti-bribery and corruption measures including on the recommendations made by Dentons. The number of reports on its whistle-blower hotline relating to business ethics has also increased, as employees feel more confident the issue will be dealt with. It has increased the compliance department, amended its training and is doing life-style checks on senior management.

Although Eskom has not publicly disclosed all the actions taken in response to the Dentons and Public Prosecutors, it has investigated over 1,000 reported cases of alleged business ethics violations which have led to further employee removals or disciplinary action. Although the impact of the engagement, and the measures that Eskom has taken, will take a long time before they are fully implemented, they should assist in building confidence in the company and reducing its level of debt, will also be significant for both Eskom and South Africa.

## 3M CO

### Activities Resulting in Negative Environmental and Health Impacts



**K Bruce Jackson**  
Associate Director

Status: Engage

For several years, the 3M CO (3M) has faced numerous lawsuits brought by US states, local authorities and communities over alleged environmental pollution. The lawsuits relate especially to the pollution of surface and ground water with harmful contaminants stemming from past activities and products.

The allegations relate to the chemicals perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), two types of perfluoroalkyl and polyfluoroalkyl substances (PFAS) used as surfactants in numerous applications. PFAS are a group of man-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured in the US since the 1940s and have been widely used in a variety of industries globally. PFOA and PFOS have been the most extensively produced and studied of these chemicals. Both chemicals are very persistent in the environment and can bioaccumulate (i.e.

Contribution to SDGs:



build up in the body) over time. There is extensive evidence that exposure to PFAS can lead to adverse human health effects.

The company has been relatively proactive in regard to PFAS. It states that it was the first manufacturer to cease the production of PFOS and PFOA in the early 2000s and reportedly provided several hundred studies to the US Environmental Protection Agency on PFAS. The company has recently launched a PFAS Stewardship webpage, which details the history of PFAS, health science, testing methods and remediation technologies suitable for PFAS removal.

Sustainalytics is engaging with the company to seek more details on its PFAS stewardship and to see how it can make greater use of its history on PFAS in order to address the legacy of widespread water source pollution, particularly in the US. We are also asking whether the company has informed its overseas customers about this issue and is able to provide them with assistance in the identification, evaluation and remediation of any legacy PFAS pollution outside the US.

## AB VOLVO

Operations in Territories with Elevated Human Rights Risks



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



AB VOLVO manufactures trucks, buses, construction equipment and engines. Volvo products have been involved in significant incidents regarding alleged violations of human rights in Egypt, Myanmar and Palestine. Egyptian security forces used armoured trucks manufactured by Volvo's subsidiary ARQUUS for the violent suppression of political opposition between 2012 and 2015. VOLVO CONSTRUCTION EQUIPMENT, including its subsidiary TEREX TRUCKS, relied on insufficient human rights safeguards in relation to the use of its equipment in a controversial jade mine in Myanmar. Volvo was also involved in the delivery of construction equipment that has been used by the Israeli military in the demolition of houses and the construction of checkpoints in the occupied territories.

Volvo acknowledges that it has a responsibility to respect human rights, so it has been looking into its internal sales policy for opportunities to expand its human rights due diligence in a meaningful way. Volvo has had a Responsible Sales process since 2014, primarily to fulfil the due diligence requirements of export credit agencies and insurance companies. Volvo feels that it is hard to exert control over the use of its products, because its products tend to have a long lifespan and change ownership several times. However, Volvo does acknowledge that there may

be opportunities to increase its leverage with its importers and distributors in high-risk countries.

The recurring pattern of its products being implicated in human rights violations suggests that the company should strengthen its ability to 'prevent or mitigate adverse human rights impacts that are directly linked to [its] products [...] by [its] business relationships, even if [it has] not contributed to those impacts'. Therefore, Sustainalytics has decided to engage with Volvo, aiming to expand the company's efforts to collaborate with business partners in high-risk countries in order to respect human rights.

## AEKYUNG INDUSTRIAL CO LTD /

## SK DISCOVERY CO LTD

Quality and Safety Violations



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



AEKYUNG INDUSTRIAL CO LTD (Aekyung) and SK DISCOVERY CO LTD (SKD) have been involved in a major product safety scandal. SKD's subsidiary SK CHEMICALS reportedly made a humidifier disinfectant containing toxic chemicals, which Aekyung then sold to consumers. The toxic chemical is allegedly associated with over 100 deaths in South Korea between 2001 and 2011. The products were taken off store shelves in 2011, after South Korean authorities linked the chemical in the disinfectants to a lung disease.

In February 2018, the FAIR TRADE COMMISSION (FTC) fined SKD's subsidiary SK Chemicals, Aekyung and a retail company a total of KRW 134 million (USD 124,000) for failing to inform customers of the risks associated with the humidifier disinfectants they manufactured and sold. SK Chemicals' portion of the fine was KRW 39 million (USD 36,000). In January 2019, South Korean prosecutors raided the headquarters of SKD to gather evidence related to the chemicals. Then, in March 2019, a managing director at SK Discovery was arrested for allegedly covering up evidence related to the safety of the chemicals used in the disinfectant. Authorities have also reportedly arrested the former president of the company and a former executive on professional negligence charges. According to a July 2019 news report, more than 6,400 have been registered as victims of the humidifier steriliser case, of whom about 1,420 have died.

In November 2019, Sustainalytics sent a set of specific questions to SK Chemicals' investor relations covering recent charges against company managers, ongoing investigations and the company's quality and safety management system, among other matters. In response, the company advised that: executives charged with criminal offences are no longer with the company;

it is committed to assisting the injured customers with the company's resources and it has made contributions of a 21.2 billion KRW (USD 18 million) to compensation for victims in accordance with legislation; criminal trials of those involved are currently under way; a commission has also been established to investigate and clarify the facts related to the humidifier disinfectant case; people injured by humidifier disinfectant have also filed civil lawsuits against the company; and the company has been running certified internal and external product safety monitoring systems for the safety of products.

We will continue engagement with SKD and Aekyung to ensure that they disclose the outcomes of the internal and external investigations into the humidifier disinfectant issue. We will also recommend that they review and substantially upgrade their quality and safety management systems in response to the findings from such investigations, and have these upgraded systems externally assured. Although we take note of the compensation payments that SKD has made so far, we will strongly encourage both companies to make sure that all victims and/or their families are suitably compensated for the harm caused.

## AMP LIMITED

Consumer Fraud



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has decided to engage with AMP LIMITED (AMP) due to the severity of a recent customer fraud controversy which affected 16,000 customers and involved USD 527.25 million in customer remediation to date. The company has also been scrutinised for making misleading statements to regulators, and for allegedly interfering with the drafting of an independent report related to the consumer fraud.

In November 2018, the acting CEO disclosed that AMP was potentially involved in a second overcharging controversy, involving the provision of advice to over 200,000 corporate superannuation plans dating back to 2008, and that further cases of 'fees-for-no-service' might eventually be uncovered.

We have reached out to the company to discuss strengthening certain policies related to business ethics and consumer rights, assess the effectiveness of AMP's remediation programme, and ask what additional steps the new management is taking to address the controversy.

Sustainalytics has decided to focus the engagement with AMP Limited on the following areas: AMP's customer rights,

corruption and corporate culture programmes meant to prevent future occurrences of consumer fraud.

## ANBANG INSURANCE GROUP CO LTD

Fraud



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



ANBANG INSURANCE GROUP CO LTD (Anbang) has been implicated in embezzlement and fraud from activities undertaken by the company's founder and former chairman. Anbang is a private Chinese company that grew significantly between 2004 and 2017 through acquisitions and real estate transactions outside its domestic market. As early as 2016, the Chinese government began investigating Anbang's business model for irregularities, as part of its scrutiny of overseas deals by domestic companies to manage potential systemic financial risks. In February 2018, the government seized control of Anbang and it currently plans to retain control of it until February 2020, stating that the company's solvency may be at risk.

In February 2018, the CHINA INSURANCE REGULATORY COMMISSION announced that Anbang's former chairman was being prosecuted for fundraising fraud, embezzlement and abuse of power. He reportedly raised USD 10.4 billion through the fraudulent sale of investment-type insurance products beyond regulatory limits and embezzled USD 1.5 billion from Anbang's insurance fund among other violations. In May 2018, the CEO admitted to the wrongdoing and was sentenced to 18 years in prison. In June 2019, Anbang's assets were taken over by DAJIA INSURANCE GROUP, which is controlled by Chinese MINISTRY OF FINANCE.

Sustainalytics has decided to engage with the company in order to ensure that business ethics-related policies and programmes (such as code of conduct, anti-fraud policy, compliance and risk management processes) are robust and universally applied across the company.

## ANDRADE GUTIERREZ SA

Corrupt Practices

As part of investigation 'Car Wash' by the Brazilian police, the former president of ANDRADE GUTIERREZ SA (AG) and two former executives were arrested over accusations that they were involved in corruption, money laundering and forming a cartel to overcharge state-owned PETROBRAS. The Car Wash investigation is still ongoing and new allegations against AG may potentially emerge.



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



In 2016, AG published a compliance and integrity report, a code of ethics and conduct, and rules for relationships with public authorities. In all these documents, the company shows processes designed to mitigate business risks. However, the company has not published any updated reports or documents regarding the effectiveness of these processes since then. Sustainalytics has reached out to AG to discuss any updates regarding its compliance and ethics work but the company has not responded yet.

Considering that the police investigation is ongoing and there has been a decrease in transparency and disclosure regarding the company's compliance and ethics work since 2016, Sustainalytics will continue the dialogue with AG to ensure that the company has incorporated an anti-corruption programme within its compliance system and that it will disclose and report on the effectiveness of all these measures to external stakeholders.

**AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED /**

**CHINA NORTH INDUSTRIES CORP /**

**IRKUT CORPORATION /**

**ROSTEC CORPORATION / UNITED AIRCRAFT CORPORATION**

Operations in Territories with Elevated Human Rights Risks



**Joris Laseur**  
Manager

Status: Engage

Sustainalytics has started engagement with several companies that reportedly supplied military equipment in breach of arms embargoes of the UN and/or EU. While the cases are unrelated, the companies have in common that they are majority-owned by a state.

- AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED (AviChina) reportedly delivered military aircraft to the armed forces of Myanmar between 2013 and 2015. This country has been subject to arms embargoes by the international community. As there are indications that its parent company AVIC has continued to ship military aircraft to Myanmar also more recently, AviChina continues to be affiliated with arms embargo breaches.
- CHINA NORTH INDUSTRIES CORP has allegedly been delivering military aircraft to the armed forces of Myanmar. Additionally, various sources reported that the company has been involved in arms trades with several high risk countries, including South Sudan, Myanmar, Belarus and Zimbabwe, which were under EU arms embargoes at the time of the deals.
- Two subsidiaries of ROSTEC CORPORATION reportedly delivered combat helicopters and light attack aircraft to Myanmar, Sudan and Syria between 2011 and 2018. All

Contribution to SDGs:



three countries were under EU arms embargoes at the time of the purchases and transfers.

- Three subsidiaries of UNITED AIRCRAFT CORPORATION, including IRKUT CORPORATION, reportedly delivered military aircraft to Myanmar and Belarus between 2011 and 2018. These countries were subject to EU arms embargoes at the time the transactions were made.

If military equipment and weapon manufacturers ship their products to territories with elevated human rights risks, they risk being complicit in human rights violations, even if they do not have a presence locally. We have started to reach out to companies that supplied armed military aircraft to Belarus, Myanmar, Sudan, and Yemen. These countries and/or specific individuals in these countries are subject to UN arms embargoes. Furthermore, some of the targeted companies also supplied to countries considered at high risk of human rights violations that were not under embargoes at the time of the delivery, e.g. China, Egypt, Iraq and Venezuela.

From military equipment and weapon manufacturers that ship their products to territories with elevated human rights risks, Sustainalytics will ask for clear criteria to identify high-risk destination countries and human rights due diligence procedures to be followed before agreeing with customers to supply military equipment.

## BAUSCH HEALTH COMPANIES INC

Accounting Fraud



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



BAUSCH HEALTH COMPANIES INC (formerly VALEANT) is a global specialty pharmaceutical, consumer health, and medical device company with a focus on branded products for the dermatology, gastrointestinal, and ophthalmology markets.

Since 2015, Bausch Health has faced allegations of accounting irregularities over its partnership with online specialty pharmacy PHILIDOR RX SERVICES. The company was criticised for creating 'phantom sales' through its partner, thereby deceiving auditors and investors. In 2016, Bausch Health replaced its CEO and admitted that its former CFO had engaged in improper conduct, which led to the misstatement of results. In January 2018, a group of investors filed a lawsuit against the company alleging that its misconduct had resulted in investment losses worth USD 80 billion. In October 2018, one former Valeant executive as well as Philidor's former CEO were sentenced to one year in prison.

Since April 2016, the company has enhanced its policies, business strategy and corporate governance. Bausch Health

maintains Standards of Business Conduct. Its compliance programme is overseen by the Chief Compliance Officer, who directly reports to the board. Bausch Health has replaced many executive-level managers. Various lawsuits and legal proceedings are yet ongoing.

The engagement intends to address both, accounting fraud and price discrimination. With respect to accounting fraud, Sustainalytics would like to see Bausch Health demonstrate that its compliance measures are sufficient and effective in practice.

## BAUSCH HEALTH COMPANIES INC

### Price Discrimination



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



BAUSCH HEALTH COMPANIES INC (formerly VALEANT) is a global specialty pharmaceutical, consumer health, and medical device company with a focus on branded products for the dermatology, gastrointestinal, and ophthalmology markets. Since 2015, Bausch Health has faced criticism for increasing its drug prices to exceptionally high levels. Several of the drugs are critical medicines for chronic illnesses. The company was allegedly able to sell its expensive drugs to patients through its network of specialty pharmacies.

Bausch Health has been mostly unresponsive and non-transparent regarding requests by US authorities for more insight into its drug pricing strategy. The company's former CFO revealed that Bausch Health derived as much as 80 per cent of its revenue growth in 2015 from drug price increases. Since April 2016, the company has been implementing a number of changes to its policies, business strategy and corporate governance. Bausch introduced Patient Assistance Programs for selected drugs and a Patient Access and Pricing Committee chaired by the CEO. Furthermore, it has pledged not to increase the average annual price of branded prescription products by more than single digits.

The engagement intends to address both accounting fraud and price discrimination. With respect to price discrimination, Sustainalytics would like to see Bausch Health become more transparent about its drug pricing practice, for example by reporting the overall and/or individual list price changes year-on-year. Bausch would need to demonstrate that it executes a responsible drug pricing policy and to continue to increase its Research & Development expenditure to reduce its dependency on drug price increases for revenue growth.

## BAYER AG

### Safety and Quality Violations



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:



BAYER AG (Bayer) has faced a growing number of legal actions regarding the side effects of three of its products: Essure, an implantable contraceptive device; Yasmin/Yaz, a contraceptive pill; and Xarelto, a blood thinner medication jointly developed with JOHNSON & JOHNSON (J&J).

Essure was removed from sale in North America on 31 December 2018, however Bayer is still facing 29,400 lawsuits in the US due to the severe side effects of the drug including abdominal pain, fatigue and depression and anxiety, which were allegedly not suitably communicated to patients. In some instances, metal fragments from a breakdown of the device left some women suffering chronic pain.

Yasmin/Yaz, a contraceptive pill, has been linked to blood clots, which allegedly resulted in 23 deaths in Canada, other alleged side effects include, thrombosis, embolisms and/or strokes.

In March 2019, Bayer and J&J agreed to pay USD 775 million to settle 25,000 lawsuits alleging that the companies had failed to warn patients about the serious side effects of Xarelto.

The impacts of Bayer's products are being reported in several other countries including: the Netherlands, France, Italy, Argentina, Belgium and Germany. Based upon the allegations, Bayer should ensure that the side effects are properly identified during a products research and development stage and are communicated appropriately to regulators, healthcare professionals and patients.

## BOLLORE /

### SOCFIN SOCIETE FINANCIERE DES CAOUTCHOUCS /

### SOCFINAF SA/

### THE OKOMU OIL PALM CO PLC

Activities Resulting in Adverse Human Rights Impacts

SOCFIN SOCIETE FINANCIERE DES CAOUTCHOUCS (Socfin), its majority-owned subsidiary SOCFINAF SA and one of its major shareholders, BOLLORE, have repeatedly been accused of infringing on community land rights through Socfinaf's subsidiaries' rubber plantations in Liberia and Cambodia, and palm oil plantations in Sierra Leone, Cameroon. Also, in May 2019, the TRADITIONAL COUNCIL OF OKOMU KINGDOM in Nigeria sent a letter to THE OKOMU OIL PALM CO PLC (Okomu), a Socfinaf subsidiary, accusing it of making false promises to improve the community's livelihood and of violating its right to Free, Prior and Informed consent. The reported impacts tied to the company's operations include a deterioration of food security, difficulty accessing water and land, concerns regarding pollution as well as violations of indigenous people's rights to



**Linda Björk**  
Manager

Status: Engage

Contribution to SDGs:



access their ancestral territories and traditions and of the right to peaceful assembly and association of protesters and activists.

There have been multiple NGO reports, OECD complaints and legal actions against the companies over the years. There is also a pattern of Bollore and Socfin responding by filing lawsuits for defamation against against NGOs, journalists and lawyers. Bollore has stated to Sustainalytics that it uses its role as a responsible shareholder to influence the leaders of the Socfin Group to consider environmental and social issues related to the management of their plantations.

Bollore, Socfin and Okomu have human rights policies which refer to the right of communities to free, prior and informed consent. However, the recurring and ongoing allegations related to violations of community land rights and livelihoods of communities, including those of indigenous communities, across at least five countries indicate systemic violations of human rights and a lack of implementation of said policies. Additionally, the formal complaints filed by local communities across multiple countries in 2019 alone, suggest a need for human rights due diligence in the companies’ operations, specifically when it comes to community rights. Sustainalytics has therefore decided to engage with Bollore, Socfinaf’s parent company Socfin, and Okomu on human rights.

Sustainalytics would like the companies to ensure that local communities are consulted according to the principle of free, prior and informed consent. They should also implement their human rights policies and demonstrate human rights due diligence in their different business relationships to prevent adverse human rights impacts.

## BRF SA

Consumer Fraud



**Enrique Figallo**  
Senior Associate

Status: Engage

In March 2017, BRF SA faced allegations of distributing contaminated meat products and bribing health inspectors to conceal the wrongdoing. A Brazilian police investigation (Operation Weak Flesh) claimed that four shipments of exported BRF meat contained salmonella and/or included adulterants to mask the meats’ spoilage. These products were allegedly exported to Europe with falsified health certificates granted via bribed inspectors at the Brazilian AGRICULTURE MINISTRY. The investigation by the Brazilian authorities is still ongoing with BRF cooperating and discussing a potential leniency deal.

Contribution to SDGs:



From a company management perspective, BRF has been collaborating with authorities regarding the police investigation, it has strengthened its corporate governance and it has implemented quality and safety management systems to achieve food quality standards. However, the effectiveness of these measures is still of high concern given the recent implementation and the impact of the problem for the company and society.

Sustainalytics has been in dialogue with the company regarding the external investigation and the measures implemented to strengthen its anti-corruption compliance programme. Therefore, Sustainalytics has decided to continue the dialogue with the company to ensure that the failure to meet food safety standards and the bribery scheme have been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.

## CHINA ENERGY ENGINEERING CORPORATION LTD

Fatal Workplace Accident(s)



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



CHINA ENERGY ENGINEERING CORPORATION LTD (CEEC), a state-owned enterprise, through its wholly owned subsidiary, CENTRAL SOUTHERN CHINA ELECTRIC POWER DESIGN INSTITUTE (CSEPMI) was involved in a serious industrial accident that took place at Ganneng Fencheng power station in Jianxi province in November 2016. At least 74 workers were killed when a construction scaffolding built around the cooling tower suddenly collapsed. Furthermore, the investigation by China's highest authorities resulted in findings of negligence and recommendations of penalties against two of CEEC's executives.

From a company management perspective, CEEC published in its Annual Report 2018 that it had improved its safety production and management systems and that there have not been any major safety accidents. Moreover, the company states that it will strengthen its safety production management system and its quality risk prevention and control system to eliminate significant risks of accidents.

However, CEEC does not disclose whether it adheres to international safety management standards, nor does it report on its safety performance metrics on an annual basis. Sustainalytics has reached out to the company on several occasions regarding the health and safety preparedness and reporting but the company has not responded.

In conclusion, Sustainalytics has decided to continue engaging with the company to get more detailed information on how CEEC has improved its safety production management system across its operations and subsidiaries and to encourage the company to publicly disclose this information for external stakeholders.

## CHINA NATIONAL CHEMICAL CORP

### Quality and Safety Breaches



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:



State-owned CHINA NATIONAL CHEMICAL CORP. (ChemChina) acquired SYNGENTA AG (Syngenta) in 2017, holding it through a ChemChina subsidiary, CNAC SATURN (NL) BV. ChemChina has about 160,000 employees with 86,000 based outside of China. ChemChina reportedly acquired Swiss-based Syngenta for a number of reasons. It wanted to gain the technological knowledge of Syngenta, but interestingly it also wanted to develop new methods of agricultural practice to reduce the need for chemical usage on what is considered to be already heavily polluted land in some agricultural areas of China.

Syngenta is a major manufacturer of the herbicide paraquat, sold under the brand name Gramoxone, as well as a neonicotinoid-containing insecticide, both of which have allegedly had detrimental environmental and/or health impacts.

Paraquat, first manufactured in 1961, is one of only three widely available and used non-selective herbicides in the world. The alleged impacts of Paraquat on human health are severe. Ingestion can lead to heart, kidney or liver failure. Long-term effects reportedly include Parkinson's disease, neurotoxicological impacts, genotoxicity and skin cancer. It has reportedly been banned in over 50 countries, including Switzerland and China (from 2020).

Neonicotinoids are a group of pesticides which have been linked to declining populations of pollinator insects (most noticeably wild bees). Whilst the decline may also be due to other external factors, studies have shown a correlation between neonicotinoid usage and pollinator population declines.

Sustainalytics is seeking to engage with ChemChina in order to better understand how its long-term strategy to reduce chemical usage is being developed and whether this will result in a decrease in the development of new pesticides and herbicides. There is an existing engagement with Syngenta, which is the main manufacturer of chlorpyrifos, that is also addressing these issues.

## CHINA NORTHERN RARE EARTH (GROUP) HIGH-TECH CO LTD /

## INNER MONGOLIAN BAOTOU STEEL UNION CO LTD

Project Resulting in Negative Environmental and Human Rights Impacts



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



In the last seven years, CHINA NORTHERN RARE EARTH HIGH-TECH CO LTD (China Northern) and INNER MONGOLIAN BAOTOU STEEL UNION (Baotou Steel) have encountered scrutiny of their tailings management practices. In 2012, China Northern faced allegations that it had been dumping tailings from its rare earth mining operations into a four-storey tailings dam located 12 km from Baotou, a city of over 2 million people. The Chinese government conducted an environmental impact assessment of the tailings site and discovered that it did not follow adequate environmental standards. In 2013, evidence showed that the tailings site had potentially severe environmental and health impacts on the surrounding environment and communities, where soil and groundwater were saturated with toxic substances.

As of 2015, Baotou Steel, controlled by BAOGANG GROUP (Baogang), assumed ownership and responsibility for the tailings pond. However, in 2018, Baotou Steel was warned by the SHANGHAI STOCK EXCHANGE for its failure to disclose the progress on the tailings pond project. China Northern states that, under current arrangements, both companies are subsidiaries of Baogang. Baogang sets the strategy, Baotou Steel produces the rare earth concentrates and exclusively supplies to China Northern.

China Northern appears to have revised and significantly strengthened its environmental management system in recent years and is ISO 14001 certified. In 2018, the company reported on its tailing management practices claiming that it had relocated its rare earth beneficiation production line and begun restoration of its tailings reservoir and surrounding areas at its mining operations in Inner Mongolia. It has also reportedly invested USD 1.5 billion to carry out six major projects around the tailings pond, including an anti-seepage project, relocation of nearby farmers, water quality improvement and greening of the tailings pond and local area and comprehensive waste treatment.

We will engage with both companies to ensure that they publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. We will also encourage them to display a comprehensive programme to address the health, community and environmental impacts of the tailings site.

## CHINA RAILWAY GROUP LTD

### Forced Evictions



**Ewelina Łukasik-Morawska**  
Manager

Status: Engage

Contribution to SDGs:



CHINA RAILWAY GROUP LTD (CREC), through its subsidiaries, has allegedly been involved in human rights violations in Africa. In January 2016, CHINA RAILWAY SEVENTH GROUP (CRSG), a wholly owned subsidiary of CREC, faced public criticism over its Kamwenge-Fort Portal Road project in Uganda following allegations of sexual misconduct by its workers. In September 2015, members of two nearby communities reportedly sent 58 letters to the WORLD BANK (WB) alleging that CRSG's workers had been having sexual relations with minor girls in the communities. CRSG's workers also reportedly committed sexual harassment of female colleagues. The WB condemned the workers' actions and cancelled the USD 265 million Uganda Transport Sector Development Project. Moreover, in January 2017, at least 400 Ugandans working for CRSG in Kampala went on strike alleging ongoing harassment and mistreatment by CRSG's managers.

Previously, in June 2013, AMNESTY INTERNATIONAL reported that the CONGO INTERNATIONAL MINING CORPORATION (CIMCO) which is 51 per cent owned by CREC, was involved in forced evictions of approximately 300 households in Luisha, the DRC, to build a processing plant for minerals extracted in the region.

CREC and its subsidiaries failed to take appropriate remedial measures with respect to both incidents in Africa. Sustainalytics believes that CREC should introduce improvements in its procedures and create an anti-harassment and discrimination programme adapted to its risk exposure.

## CORTEVA INC

### Activities Resulting in Negative Environmental and Health Impacts



**K Bruce Jackson**  
Associate Director

Status: Engage

CORTEVA INC. (Corteva) is an agriscience company that was formed in June 2019 from the restructuring of DOWDUPONT, which itself was formed by the merger of DOW CHEMICAL (Dow) and DUPONT in August 2017. Following the formation of Corteva, it is understood that Dow has accepted liability for any legacy issue in relation to its chemicals and that Corteva would be responsible for future potential liabilities.

Dow was involved in several controversies related to the health impacts of its crop protection and other products, in particular in relation to the use of chlorpyrifos. Chlorpyrifos is an organophosphate pesticide that is used on crops, livestock and buildings. It has been associated with diverse health effects due to its endocrine-disrupting effects including IQ loss in children,

Contribution to SDGs:



an increased risk of developing attention deficits and autistic-spectrum disorders.

Corteva reportedly derived 44 per cent of its FY2018 sales from crop protection products, although the exact percentage of revenues derived from chlorpyrifos is not disclosed. It is however, the largest manufacturer in the US. Chlorpyrifos has been banned in a number of US states and countries; further bans in other US states or in the EU would materially impact the company.

Sustainalytics will engage with the company in order to understand how the company is addressing the risk of potential future liability in relation to chlorpyrifos, and, whether the company is taking the lessons learnt from chlorpyrifos and applying them to its product development in order to reduce the risk of future liability from new products.

## CREDIT SUISSE GROUP

Fraud



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



CREDIT SUISSE GROUP routinely faces regulatory action regarding its internal processes to prevent money laundering, corruption, bribery, market manipulation and related business ethics issues. In September 2018, the Swiss FINANCIAL MARKET SUPERVISORY AUTHORITY (FINMA), said that Credit Suisse had failed to adhere to anti-money laundering due diligence obligations in relation to suspected corruption cases linked to the football organisation THE FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA) and Venezuelan, as well as Brazilian, state oil companies. FINMA identified several shortcomings which had occurred repeatedly between 2006 and 2014, such as failures to properly identify clients and perform enhanced due diligence.

The problems, as identified by regulators are largely structural and have been addressed by Credit Suisse through a range of changes including hiring 800 compliance specialists, separating the legal and compliance departments, creating a Group Compliance and Regulatory Affairs function, with the Head sitting on the board and reporting directly to the CEO.

The fact, however, that the Swiss regulators have imposed a three-year, third-party monitor suggests that they are not entirely convinced that the changes will be implemented properly by the company in a way to prevent future regulatory breaches.

Sustainalytics has decided to engage Credit Suisse in order to address how the company is implementing the changes it has announced, address the culture of non-compliance at the company and seek more information on further steps to strengthen internal processes.

## DEUTSCHE BANK AG

### Money Laundering



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



In January 2017, DEUTSCHE BANK AG (DB) was fined by US and UK regulators of approximately USD 630 million for breaches of anti-money laundering laws involving mirror trading schemes. The violations took place between 2011 and 2015 when USD 10 billion, of unknown origin, was transferred from Russia to offshore bank accounts. In March 2019, the ORGANIZED CRIME AND CORRUPTION REPORTING PROJECT (OCCRP) revealed documents regarding the Global Laundromat scheme, alleging that DB, among other banks, had allowed irregular transfers of over USD 20 billion from the Russian Federation through accounts in Latvia and Moldova between 2010 and 2014. The regulators stated that DB had missed many opportunities to detect, probe and put an end to the schemes due to widespread compliance failures.

In 2017, Sustainalytics (then GES) commenced a dialogue with DB shortly after it had received fines from US and UK regulators for AML breaches. The company indicated it had committed significant resources in order to improve its AML procedures, and both US and UK regulators acknowledged the steps DB had taken.

Since then, the company is facing new allegations from the OCCRP, which reported in March 2019 that DB was also involved in the 'Troika Laundromat'. We have contacted DB to learn of any updates to the company's compliance and AML functions since 2017; DB responded that it has identified certain violations of Deutsche Bank's policies and deficiencies in its control environment. DB has informed regulators and law enforcement authorities in several jurisdictions (including Germany, Russia, the UK and the United States) about this investigation.

Sustainalytics has decided to focus the engagement with DB on the following areas: DB's risk management systems including the company's compliance frameworks meant to prevent future occurrences of money laundering.

## DOW INC

### Safety and Quality Violations



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:



DOW INC. is involved in several controversies related to the health impacts of its crop protection and other products including chlorpyrifos and 1,2,3-Trichloropropane (TCP). In August 2019, California banned the use of chlorpyrifos making it the second US state to ban the chemical, after Hawaii in May 2018. In July 2017, California declared that 1,2,3-Trichloropropane was considered a carcinogen.

Chlorpyrifos is an organophosphate pesticide used on crops, animals, and buildings, and in other settings, to kill a number of pests, including insects and worms by acting on the nervous system. Elevated exposure has been linked to neurological effects, persistent developmental disorders, and autoimmune disorders. Exposure during pregnancy may harm the mental development of children. It was banned from most home use in the US in 2001. Although it breaks down quickly in the environment it has detrimental impacts on the environment. Crustaceans, insects and fish have all been killed by chlorpyrifos leakages and it is also toxic to bees.

Media reports refer to internal Dow documents that describe TCP as 'garbage'. As such this chemical should not have been placed into a pesticide, especially one which the company knew was persistent in the environment. It has been found in amounts over the legally permissible level allowed in the drinking water of public water systems in California. In January 2017, it was reported that Dow had agreed to a USD 7.5 million settlement with the city of Clovis over a case filed in 2005. The plaintiff claimed that Dow had been aware of the presence of TCP in its fumigants but did not remove them. Eleven other municipalities have filed lawsuits against Dow and other companies for TCP contamination.

Sustainalytics will engage with Dow in order to understand the lessons learnt from the development and use of chlorpyrifos in order to prevent future reoccurrences with any new products.

## EDISON INTERNATIONAL

### Product-Related Fatalities

EDISON INTERNATIONAL's subsidiary, SOUTHERN CALIFORNIA EDISON COMPANY (SCE), is a public utility that serves approximately 15 million people in the area of central, coastal and Southern California. About a quarter of SCE's service territory is categorised as a high-fire threat area. The company's equipment has allegedly sparked several wildfires, most notably the Thomas fire in December 2017, which resulted in two fatalities and the Woolsey fire in 2018, that led to the evacuation



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



of more than 200,000 people and the deaths of three. The 2017 blaze destroyed the vegetation which was holding the soil in place, allegedly contributed to mudslides in the town of Montecito a month later. The mudslides led to 21 fatalities and destroyed dozens of homes. Multiple lawsuits related to wildfires and mudslides have been filed against SCE and Edison, including class actions.

According to the company's reporting, it has been taking actions to prevent wildfire risks for years, including vegetation management activities, operational practices and collaborative partnerships with fire agencies. In 2017, SCE started a Climate Adaptation and Severe Weather Program which evaluates the impacts of climate change on the company's assets and infrastructure, business processes, policy development, and stakeholders. The company has filed the Wildfire Mitigation Plan to the CALIFORNIA PUBLIC UTILITY COMMISSION. It includes clearly defined goals and target dates which have been approved by the authorities.

Sustainalytics has made initial contact with the company. We shall monitor its progress with the Wildfire Mitigation Plan whilst focusing the engagement on two main aspects: how Edison predicts and includes long-term risks into its general safety strategy, and how the company collaborates with local stakeholders to achieve the highest possible level of safety and satisfactory progress against the goals set in the Wildfire Mitigation Plan.

## ELDORADO BRASIL CELULOSE SA

Corrupt Practices



**Ewa Klewar**  
Senior Associate

Status: Engage

ELDORADO BRASIL CELULOSE SA (Eldorado) is a Brazilian company which produces pulp. J&F INVESTIMENTOS S.A. (J&F) is Eldorado's controlling shareholder. Both companies have been linked to several corruption investigations in Brazil. Operation Greenfield, launched in 2016, is investigating some 50 entities that allegedly paid bribes to the state-owned pension funds in exchange for investments. Eldorado was one of the first companies to be identified in the investigation. According to the investigators, it was a bribery scheme within Eldorado that facilitated investments from the pension fund Funcef (affiliated with the Brazilian bank CAIXA ECONÔMICA FEDERAL). Eldorado is also subject to another investigation called Sepsis, also launched in 2016, as part of the larger Car Wash investigation. In May 2017, J&F agreed to pay a USD 3.2 billion fine for corrupt acts committed by companies controlled by J&F, without specifying the companies. As part of the settlement, J&F

Contribution to SDGs:



executives admitted to paying bribes to nearly 1,900 politicians in exchange for political favours.

Sustainalytics has entered into dialogue with Eldorado. During the first conference call the company stated it was committed to ethics and compliance culture. A compliance department was created at Eldorado in January 2019 with its key areas of focus being: prevention, communication, third-party due diligence, an ethics hotline, cultural campaigns and compliance education. Eldorado provides anti-corruption training to all its employees, with managers and executives receiving specific training on the role of management in compliance functions. The ethics hotline is administered by an external company and people's reports are able to remain anonymous. Recently, due to the company's information campaign, Eldorado noted a rise in the number of reports filed. The company plans to focus on bespoke training for higher risk groups in 2020.

The engagement will focus on the changes to the company's anti-corruption system and their practical enforcement. We will also take into account the challenges posed by the political and business culture of its home country.

## GENEL ENERGY PLC

Operations in Territories with Elevated Human Rights Risks



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



GENEL ENERGY PLC (Genel) is an oil and gas exploration and production company which holds production operations in the Kurdistan Region of Iraq (KRI) and an exploration license for onshore blocks in Somaliland, a self-declared independent region of Somalia.

The company is the largest holder of reserves and resources in the KRI. This exposes it to risks associated with tensions between the KRI's government and the central government of Iraq. Also, the company has an interest in two operations, Tawke-Peshkibir and Tawke, in the north-west of the KRI, near the borders with Syria and Turkey. As such, it faces the risk of conflict arising from the October 2019 Turkish invasion of Northern Syria expanding into the KRI.

Meanwhile, the extent of the autonomy of regional governments in Somalia remains contentious, and the status of the areas of operation remain under dispute as they are claimed by the governments of Somaliland and Puntland as well as the self-declared state of Khatumo. In September 2013, the company suspended its operations for two months due to security concerns during onshore exploration. It appears that it has been

conducting analysis and testing since then. The company plans to start drilling in 2020, which places it at risk of exacerbating conflict between central and regional authorities in Somalia.

Even though the UN MONITORING GROUP on Somalia and Eritrea has repeatedly called on oil companies not to engage in oil exploration there, Genel has maintained its plans to initiate drilling activities. Sustainalytics therefore considers that Genel's continued operation in Somaliland may exacerbate the continued conflict and could be indirectly responsible for human rights abuses, especially as the company does not publicly disclose any information about human rights due diligence or stakeholder engagement in the country.

Sustainalytics will seek to ensure that Genel adopts international best practices for operating in conflict-affected regions, including undertaking appropriate due diligence and engaging with the government of Somaliland and other relevant stakeholders to encourage open and accountable management of the revenues it provides. We will also encourage Genel to contribute to local peace efforts where possible.

## HABIB BANK LIMITED

Money Laundering



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



In September 2017, the NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES (NYDFS) fined HABIB BANK LIMITED (Habib) and its New York (NY) branch USD 225 million for failures to comply with New York laws and regulations designed to combat money laundering and terrorist financing. Under the order, Habib was also required to surrender its New York licence as a result of not fulfilling requirements of a 2015 order.

The regulator stated that Habib had facilitated billions of dollars of transactions with a Saudi private bank which allegedly had links to a terrorist organisation. Moreover, the bank had failed to properly screen its customers, which allowed sanctioned people and organisations to transfer money through the NY branch. According to the regulator, Habib was given several opportunities to improve its policies and procedures, but failed to do so. Habib agreed to the provisions of the order. Furthermore, the US OFFICE FOR THE EASTERN DISTRICT OF NEW YORK has sought documents from the bank in relation to compliance with anti-money laundering laws and the Bank Secrecy Act.

Sustainalytics has decided to engage with the company due to the rescinding of NYDFS' banking license, which indicates how

severe and egregious its compliance issues are. We are looking further into information from the NYDFS and FINANCIAL ACTION TASK FORCE guidance on terrorism financing. We recently reached out to Habib to continue dialogue and engage with the NYDFS to seek confirmation that the bank's NY division has been closed.

## HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD

Human Rights Impacts of Surveillance Systems



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD (Hikvision) is the world's largest manufacturer of video surveillance equipment with a 21 per cent market share. 50 per cent of its revenue is derived from surveillance cameras, though the firm also participates across the value chain, supplying video recorders, data storage equipment, and video management systems software. Hikvision allegedly sold surveillance cameras to at least three so-called vocational training centres in the autonomous territory of Xinjiang, China. Reportedly, up to 1.5 million Uighurs and other Muslims have been detained in these centres without trial, on the basis of their ethnicity and faith. Former detainees who managed to leave for other countries claim that they were tortured and brainwashed there; they were made to criticize or renounce their faith.

In October 2018, the Chinese government acknowledged the existence of these centres. Also in 2018, the UN High Commissioner for Human Rights demanded that monitors be allowed access to Xinjiang, but this request was rejected by the Chinese government. According to HUMAN RIGHTS WATCH (HRW), Hikvision appears to have been directly involved in the Integrated Joint Operations Platform (IJOP) policing programme, which identifies suspects based on everything from surveillance footage to bank records, and flags them for investigation by authorities as possible candidates for the centres. HRW alleges that Hikvision won the contract to supply equipment to the IJOP in 2017. In October 2019, the New York Times published articles based on leaked internal Chinese government documents, which provided new and credible details on how the government organised the mass detention of Muslims.

The company released its first ESG report in 2019 wherein it stated that it had commissioned a review of its practices and would improve its human rights compliance practices. However, there are few details elaborating on this intention and the company's operations present considerable concern of a continued impact on the rights of Uighurs and other Muslim minorities in China. Thus, Sustainalytics has decided to engage

with the company with focus on implementation of a human rights due diligence programme to improve its business policies and practices in line with internationally accepted standards.

## ING GROEP NV

Money Laundering



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



In March 2019, the Italian CENTRAL BANK ordered ING GROEP N.V. (ING) to stop taking on new Italian clients after it identified lapses in ING's money laundering controls. This action follows two major money-laundering controversies in the past six years:

- In September 2018, ING agreed to pay EUR 775 million to settle an investigation by a Dutch prosecutor into issues including money laundering and corrupt practices between 2010 and 2016. Media reports stated that hundreds of millions of dollars had passed through ING's Moscow branch as part of the so-called Troika Laundromat.
- In 2012, ING paid over USD 600 million to US regulators settle a money-laundering case related to sanctioned Cuban and Iranian clients.

The company's CEO was reported to have acknowledged serious shortcomings during that time period and emphasised a tripling in anti-money laundering personnel and indicated that preventing the bank from being used for money laundering was a top priority for ING.

Consequently, the purpose of our engagement is to understand the details of the company's AML policies, practices and procedures meant to prevent future occurrences of money laundering, and to encourage disclosure where appropriate.

## KANGMEI PHARMACEUTICAL CO LTD

Accounting Fraud



**Joris Laseur**  
Manager

Status: Engage

KANGMEI PHARMACEUTICAL CO LTD (Kangmei Pharmaceutical) manufactures traditional Chinese herbal medicines, chemical medicines, and health foods. Reportedly, Kangmei Pharmaceutical fabricated its financial reports from 2016 to 2018. It overstated its cash position by USD 4.3 billion. The company used fraudulent bank deposit slips to increase cash reserves, forged documents for non-existent company activities, and transferred company funds to related parties to trade in its own stock.

The CHINA SECURITIES REGULATORY COMMISSION has vowed to tighten scrutiny of corporate governance and push for

Contribution to SDGs:



tougher punishment. The commission banned three of the top company’s executives for life from the securities market and from director positions in listed or non-listed public companies. In September 2019, the commission issued a formal warning and a relatively limited fine of USD 83,000. The company has not been delisted from the SHANGHAI STOCK EXCHANGE.

To date, Kangmei Pharmaceutical’s own response to the fraud has been unclear. It has admitted serious deficiencies in its corporate governance and internal controls. The company’s board lacks an independent majority, director remuneration is not disclosed, there is only one woman on the board, and the chair and CEO roles are combined and not independent.

Sustainalytics has decided to engage with Kangmei Pharmaceutical on business ethics. We would like to see sufficient measures to recover from the fraud and to prevent a reoccurrence.

## MOZAMBIQUE EMATUM FINANCE

Asset Misappropriation



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



MOZAMBIQUE EMATUM FINANCE (MEF) is a Mozambican, state-owned, debt-issuing vehicle. In 2013, MEF borrowed USD 850 million from the INTERNATIONAL MONETARY FUND (IMF) to purchase tuna fishing vessels but spent USD 500 million on maritime security equipment instead. In April 2016, the existing MEF bond was exchanged for a new sovereign bond. Shortly afterward, news outlets reported that the company had hidden loans of USD 1.4 billion. Investors stated they were not informed about the additional loans until after they accepted the government’s offer to exchange the existing bond for a new sovereign bond.

The IMF and foreign donors suspended access to the nation’s funding, triggering a currency crisis and a sovereign debt default. In December 2018, the US JUSTICE DEPARTMENT charged MEF executives of orchestrating a USD 2 billion fraud and bribery scheme related to loans issued to MEF and two other companies, and of stealing around USD 200 million in loan proceeds. In March 2019, the Mozambican ATTORNEY GENERAL’S OFFICE charged 20 suspects in relation to the deals. There are attempts by the Mozambique FINANCE MINISTRY to replace the original bonds for bonds with a face value of 900 million US and 2031 maturity, irrespective of the CONSTITUTIONAL COUNCIL, Mozambique’s highest body in matters of constitutional law, declaring such activity null and void.

The only identifiable contact with direct affiliation with the company is a Brazil-based economist, who Sustainalytics has sought to

contact, receiving no response. As an alternate course of action, Sustainalytics will look into local government or non-profit organisations with an aim to facilitate transparency and oversight of bond proceeds utilisation, as well as treatment of labour.

## OIL AND NATURAL GAS CORPORATION LIMITED

Operations in Territories with Elevated Human Rights Risks



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



OIL AND NATURAL GAS CORPORATION LIMITED (ONGC) operations in Sudan, South Sudan, Myanmar and Syria are associated with allegations of human rights violations committed in surrounding communities.

The company's foreign exploration arm, OVL, is engaged in oil production activities in Sudan and South Sudan. In April 2012, the South Sudanese government seized for nearly two weeks the Heglig oil fields, an area in which ONGC operates. South Sudan withdrew after the international community condemned the seizure. The conflict has escalated between Sudan and South Sudan since South Sudan's secession, resulting in a deterioration of humanitarian conditions, and populations in the disputed areas now face violence, displacement and food insecurity. In January 2016, Sudan offered three oil and gas blocks for exploration and development to ONGC VIDESH, a wholly owned subsidiary and overseas arm of ONGC. However, a news article in August 2019 indicated that ONGC and its Chinese and Malaysian partners have decided to exit their oil blocks in Sudan, frustrated by years of reluctance by the Sudanese government to pay for the oil it lifts from these blocks.

In Myanmar, OVL has a 17 per cent stake in offshore blocks A-1 and A-3, an 8.35 per cent interest in a joint venture constructing an onshore pipeline project, and a 20 per cent stake in the SHWE OFFSHORE PIPELINE JOINT VENTURE COMPANY. It has been alleged that the Magwe villagers who were forced off their land for the Shwe construction received almost no compensation. ONGC is also involved in an operating consortium and a joint venture in Syria.

Sustainalytics met with the company as part of the Emerging Markets Engagement a number of times up to September 2017 and we observed a limited approach to dealing with the risks associated with Sudan and South Sudan. Similarly, we held a dialogue with the company as part of the Burma Engagement up to 2016 and saw a low level of preparedness to handle potential or actual human rights impacts.

In relation to South Sudan, Myanmar and Syria, we will renew engagement with the company on this issue and encourage it to follow international best practices for respecting human rights. We will also monitor the company's continuing presence in Sudan and continue engagement as needed. In particular, we will seek to ensure that while operating in conflict-affected regions, it undertakes due diligence adapted to the specific situation of the region and act adequately on the findings. We would also like to see ONGC engage with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.

## PAN AMERICAN SILVER CORP

Violations of the Rights of Indigenous Peoples



**Stina Nilsson**  
Senior Manager

Status: Engage

Contribution to SDGs:



PAN AMERICAN SILVER CORP (Pan American) acquired TAHOE RESOURCES (Tahoe) in February 2019. Tahoe has faced extensive community opposition at its Escobal mine in Guatemala, where residents voted against the mine and local leaders have been reportedly kidnapped, killed and tortured. In April 2013, the Guatemalan MINISTRY OF ENERGY granted Escobal an operating license, resulting in widespread protests and a violent clash with public and private security forces. In response, the government declared a state of emergency. Despite the opposition, the mine continued to run, while over the following years, Tahoe made concrete efforts in community outreach activities.

In September 2018, the Guatemalan CONSTITUTIONAL COURT suspended the Escobal licence, subject to lack of consultations with the indigenous Xinka peoples in the larger vicinity of the mine. As of November 2019, the mining operations remain suspended awaiting the results of the consultation. Once the consultation process is completed, it will be reported back to the Supreme Court and assessed for approval.

GES (prior to the acquisition by Sustainalytics) had an extensive dialogue with Tahoe, including a visit to the mine in Guatemala in 2014. At the time, Tahoe made substantial improvements in overall management of human rights, improved community relations in connection to the Escobal mine and had all licences in place. As the Xinkas were not in the immediate vicinity of the mine, focus was rather on non-indigenous communities literally next to the mine.

Following the court order in relation to consultation with the Xinkas and the acquisition by Pan American Silver, Sustainalytics had a call with the company. During the call, it stated that, in relation to the Guatemalan Constitutional Court's suspension of

the Escobal licence, the MINISTRY OF ENERGY AND MINES now leads the consultation process, in which Pan American participates. The company also stated that it was its understanding that the pre-consultation phase was delayed as the Ministry faced difficulties in identifying the rightful representatives of the Xinkas.

The company has a statement on human rights on its website, but neither does it refer to key international human rights standards, nor to norms on the rights of indigenous peoples. Given the exposure to such human rights issues in particular, improvements are warranted. The company states that its strategy in Guatemala is to ensure that there is wide acceptance of the mine and that a social licence to operate is the wider objective. Pan American pointed out that it would not run a mine where there is wide opposition.

Since the Guatemalan Constitutional Court suspension of the Escobal license, Sustainalytics has been monitoring the consultation process and will continue to do so ongoing. We will furthermore engage with Pan American to align its policies and practices to international human rights norms.

## PETROCHINA CO LTD

Operations in Territories With Elevated Human Rights Risks



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



PETROCHINA COMPANY LIMITED (PetroChina) is an oil and gas producer and distributor in China. CHINA NATIONAL PETROLEUM CORPORATION (CNPC), a state-owned enterprise, is the controlling shareholder of PetroChina. PetroChina, due to overlapping financial interests and corporate governance links with CNPC, is linked to operations in a number of high-risk, conflict-affected countries including Sudan, South Sudan, Syria and Myanmar. PetroChina has interests in Myanmar where it operates the Sino-Myanmar pipeline and opened its first retail outlet in April 2019. Operations in Myanmar entail high risks in human rights area, as since 2017, the military of Myanmar has been involved in the forced removal of some 700,000 Rohingya people from the country.

PetroChina’s reporting includes limited references to human rights and there is no evidence of a formal human rights policy or human rights impact assessments. There is furthermore no commitment to the systematic consultation with communities affected by its projects and we found no substantial information on a grievance mechanism in place to report complaints and possible human rights violations.

The aim of this engagement is for the company to undertake human rights due diligence specific to an area, when operating in conflict-affected countries, and to act upon the findings. It should also explore the possibilities to engage with governments and other relevant stakeholders in order to encourage and, wherever possible, contribute to local peace efforts.

## PETROLIAM NASIONAL BERHAD

Operations in Territories with Elevated Human Rights Risks



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



PETROLIAM NASIONAL BERHAD (Petronas) has been operating in several high-risk and conflict-affected countries including Sudan, South Sudan and Myanmar for decades. The nature of these operations arguably makes the company complicit in human rights violations as they generate substantial revenue that is used by governments to fund the purchase of weapons that undermine peace, security, and stability. For decades, Sudan and South Sudan have experienced significant conflicts and associated alleged human rights violations.

Petronas has been engaged in Sudan and South Sudan through significant stakes in several oil producing consortia since the mid-1990s. It has also faced allegations of providing fuel to Sudanese bombers in Darfur, in violation of a United Nations arms embargo. An August 2019, media report indicated that Petronas and its Chinese and Indian partners have decided to exit their oil blocks in Sudan, frustrated by years of reluctance by the Sudanese government to pay for the oil it lifts from these blocks.

In Myanmar, Petronas, through its subsidiaries, is involved in oil and gas projects and also holds a stake in a joint venture operating the Yetagun Gas Project. Since August 2017, the political situation has deteriorated with the country's armed forces committing human rights violations against the Rohingya minority. The company has come under pressure to withdraw from Myanmar from investors, civil society and Malaysian MPs as a sign of protest against the persecution of the Rohingya.

Sustainalytics will monitor whether Petronas exits Sudan and will seek to encourage the company to follow international best practices for respecting human rights. In particular, we will seek to ensure that it: undertakes appropriate due diligence while operating in conflict-affected regions; engages with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides; and, wherever possible, contributes to local peace efforts.

## PG&E CORP

### Product-Related Fatalities



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



PG&E CORP. (PG&E) is a utility company based in California. The company has faced allegations of violating safety regulations including a pipeline explosion and wildfires ignited by its electrical transmission lines. The incidents have led to a large number of fatalities and widespread destruction of homes and infrastructure. Several of the deadly wildfires that caused major damage across Northern California in 2017 were found to have been ignited by PG&E's equipment. Moreover, in May 2019, the California DEPARTMENT OF FORESTRY AND FIRE PROTECTION said PG&E's electrical transmission lines caused the Camp Fire in 2018, that killed 85 people and destroyed over 18,500 houses and structures.

Facing billions in liabilities, in January 2019, the company filed for voluntary Chapter 11 bankruptcy, which allows a debtor to reorganize its financial affairs. If PG&E resolves its bankruptcy by the end of June 2020, it will be able to participate in a recently enacted, USD 21 billion state fund to help California's investor-owned utilities pay for future wildfires liabilities. In July 2019, the Wall Street Journal published an article alleging that, according to the leaked documents, the company knew its equipment could fail and ignite fires but had failed to perform the necessary upgrades. PG&E said it disagreed with the allegations.

Nevertheless, PG&E has already been taking numerous actions to address wildfire risks. In February 2019, it submitted its Wildfire Safety Plan to the California PUBLIC UTILITIES COMMISSION. The plan includes expanding its Community Wildfire Safety Program, enhancing vegetation management around power lines, conducting enhanced safety inspections of electric infrastructure in high fire-threat areas and hardening the electrical system. PG&E also announced additional safety precautions including the expansion of PG&E's Public Safety Power Shutoff programme.

Sustainalytics has started dialogue with the company. The engagement will monitor company progress on the goals set out in the Wildfire Mitigation Plan. But, will also focus on ensuring that PG&E creates a more comprehensive, risk-based, safety strategy that addresses employee, contractor and public safety.

## PT PERUSAHAAN PERKEBUNAN LONDON SUMATRA INDONESIA TBK /

## PT SALIM IVOMAS PRATAMA TBK

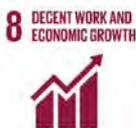
Labour Rights Violations at  
Plantations



**Ewelina  
Łukasik-Morawska**  
Manager

Status: Engage

Contribution to SDGs:



Since 2016, several NGOs, including the RAINFOREST ACTION NETWORK (RAN) have published a couple of reports presenting labour rights violations at Indonesian palm oil plantations operated by INDOFOOD AGRI RESOURCES' (IndoAgri) subsidiaries: PT PERUSAHAAN PERKEBUNAN LONDON SUMATRA INDONESIA (Lonsum) and PT SALIM IVOMAS PRATAMA TBK (Salim Ivomas). Consequently, the organisations filed a complaint with the ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) alleging that Lonsum and Salim Ivomas were involved in human and labour breaches including cases of child labour, exposure to pesticides, remuneration below the living wage, and the use of company-controlled unions.

According to the complaint, Lonsum and Salim Ivomas were non-compliant with the RSPO's principles and code of conduct. The subsidiaries had failed to meet the deadline to submit an action plan set by the RSPO Complaints Panel and in November 2018, the RSPO suspended Lonsum's and Salim Ivomas's certification. In January 2019, Salim Ivomas and Lonsum withdrew from the RSPO, pre-empting the organisation's decision in March 2019 to terminate their membership.

Following the allegations, both Lonsum and Salim Ivomas have published on their websites general information regarding corporate social responsibility. The companies also mention some internal policies which are not disclosed to the public. In 2017, the companies published the Sustainable Palm Oil Policy however they lack a clear commitment to ensuring fair labour practices.

Consequently, Sustainalytics has decided the engage with Lonsum and Salim Ivomas to encourage better disclosure regarding internal processes and policies that should address human rights risks and prevent future reoccurrences.

## STEINHOFF INTERNATIONAL HOLDINGS NV

Accounting Fraud



**Joris Laseur**  
Manager

STEINHOFF INTERNATIONAL HOLDINGS N.V. (Steinhoff) is a global holding company that owns brands in various retail segments, including general merchandise and household goods. Over an extended period (FY2009-2017), Steinhoff entered into USD 7.4 billion (EUR 6.5 billion) worth of fictitious and/or irregular transactions with third parties that it secretly controlled. The proceeds were used to inflate its asset values and profit.

Status: Engage

Contribution to SDGs:



Steinhoff has made arrangements with creditors and is now managing its litigation risk and looking to reduce its debt and financing costs. In March 2019, Steinhoff identified eight individuals responsible for inflating asset and profit values, which had contributed to EUR 15 billion in write-downs. Two supervisory board members were replaced. Two executive board members have left since March 2019. The company has established a Governance Social and Ethics Committee. In order to ensure that the company's remediation plan is delivered upon, it hired its former forensic accountant to become its Chief Compliance and Risk Officer as of 1 July 2019.

Sustainalytics has decided to engage with Steinhoff on business ethics. We would like to see Steinhoff demonstrate that its measures are sufficient to recover from the fraud and to prevent any reoccurrences. Steinhoff should also disclose more details about its remediation plan and report on its progress more transparently.

## STRYKER CORPORATION

Quality and Safety Breaches



**Ewelina Łukasik-Morawska**  
Manager

Status: Engage

Contribution to SDGs:



STRYKER CORPORATION (Stryker) has been involved in several controversies related to product quality and safety. The most serious one concerns its hip replacement device, for which the company has faced thousands of claims over the past few years from plaintiffs who alleged that Stryker was negligent in designing, manufacturing and marketing the product, which has caused metal poisoning in a number of patients.

The company recalled its Rejuvenate and ABGII hip implants in 2012 because the devices could corrode and cause inflammation in the tissue in and around the implant. Stryker also paid around USD 2 billion in order to resolve thousands of lawsuits filed over the defective devices, covering around 95 per cent of eligible patients. However, around 2000 related lawsuits were still pending, as of August 2019.

In a similar case, the company recalled its LFIT Anatomic V40 hip replacement implants in November 2016 over concerns that the device was defective. In November 2018, Stryker agreed to settle multiple lawsuits over the LFIT V40 implants. In February 2019, Stryker launched a field action to repair a defect in its LIFEPAK 15 Monitor/Defibrillator. The company has received 58 reports of device failure, including six patient deaths since it was launched in 2009.

In response to the incidents, Stryker set up a patient telephone helpline. The company also states that its products go through clinical testing, consisting of safety and efficacy studies, followed by pre-market approval applications. Stryker claims that it complies with the FOOD AND DRUG ADMINISTRATION'S (FDA) Quality System regulations that set standards for product design and manufacturing processes, require maintenance of certain records and provide for inspections of the company's facilities by the FDA.

The recurrence of quality and safety incidents indicates gaps in the company's management of this issue. There is also a lack of transparency on the topic of product safety in the company's reporting, which could indicate poor product safety management. Based on these observations, Sustainalytics has decided to engage.

## SURUGA BANK LTD

Fraud



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



In May 2019, SURUGA BANK LTD revealed it had extended a total of 7,813 fraudulent loans for real estate investments, with total outstanding related loan receivables standing at JPY 553.7 billion (USD 5.14 billion). Since March 2018, the company has been under scrutiny by Japan's FINANCIAL SERVICES AGENCY

It was revealed that unrealistic sales targets were set for the sales employees, and that managers used verbal harassment to push them to meet these targets. This environment motivated employees to take extreme measures, resulting in wide-scale falsification of loans at the bank.

Five of the bank's senior executives, including the chairman and the president resigned following the revelations. The bank's CEO apologised publicly for there having been so many findings of wrong doing.

We have reached out to Suruga Bank with the aim of encouraging more disclosures regarding the company's consumer financial protection policies, and internal governance controls related to consumer malpractice. Sustainalytics has decided to engage with the company regarding its incentive structures and corporate culture, and the implementation of controls to prevent consumer financial protection compliance breaches.

## TEVA PHARMACEUTICAL INDUSTRIES LIMITED

### Price-Fixing Violations



**Ewelina Łukasik-  
Morawska**  
Manager

Status: Engage

Contribution to SDGs:



TEVA PHARMACEUTICAL INDUSTRIES LIMITED (Teva) and its subsidiaries have been involved in anti-competitive and corrupt practices in various countries over the last few years. According to a lawsuit filed in May 2019 by 44 US state attorneys general, TEVA PHARMACEUTICALS USA (Teva USA), a wholly owned subsidiary of Teva, has been involved in industry-wide collusion to maintain market share, avoid price erosion and keep prices high for over 100 different generic drugs in the US. It is suspected that the height of the price-fixing practices was between July 2013 and January 2015.

Teva USA has also been subject to the US DEPARTMENT OF JUSTICE (DOJ) Antitrust Division's investigation into the issue. Previously, in May 2015, Teva and its subsidiary, CEPHALON INC. entered into a settlement with the US FEDERAL TRADE COMMISSION and agreed to pay USD 1.2 billion to resolve allegations that the companies had paid their competitors to hold back generic competition to its narcolepsy therapy, Provigil (so-called pay-for-delay practices). In January 2018, Teva settled bribery allegations in Russia, Mexico, and Ukraine with an Israeli regulator for USD 22 million, while in December 2016, it settled with the US DOJ for USD 519 million for violation of the Foreign Corrupt Practices Act (FCPA).

Teva, since its internal investigation in 2012, has laid off employees involved in bribery in Mexico, Ukraine and Russia, and has implemented further measures to prevent bribery and corruption, such as appointing a global head of compliance and implementing training for employees on compliance and anti-corruption measures. Under the Deferred Prosecution Agreement signed with the DOJ, the company agreed to improve its internal controls to prevent a reoccurrence of bribery and corruption.

Although Teva has improved its compliance policies on bribery and corruption, and related business ethics issues, the company's track record of misconduct, in terms of anti-competitive practices and corruption, involving top-level management, indicates shortcomings in its management systems. In response to the generic drug market allocation collusion and price-fixing allegations, Teva denied any misconduct and stated that it does not discuss individual pricing strategies with its competitors. In light of the above-mentioned deficiencies, Sustainalytics has decided to engage with the company and further discuss its approach to anti-competitive strategies and developing an equitable pricing strategy.

## THE BOEING COMPANY

### Quality and Safety Breaches



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:  
Not applicable

Sustainalytics has recently initiated dialogue with THE BOEING COMPANY. Boeing manufactures commercial aircraft and defence equipment. Many airlines heavily depend on Boeing for delivering high-quality aircraft.

Since October 2018, two Boeing 737 MAX aircraft have crashed, reportedly caused by a malfunctioning of an automated flight control system. All crew and passengers died, 346 in total. 737 MAX aircraft have been temporarily grounded globally since March 2019. In addition, in April 2019, the New York Times made allegations of poor quality aircraft and weak safety processes at Boeing's 787 Dreamliner manufacturing facility in South Carolina, US.

Boeing has been reassuring its customers, authorities and the flying public that safety has always been and continues to be at the core of everything it does. It has been collaborating with the authorities to return the 737 MAX to commercial flight. Strong market demand is urging Boeing to increase productivity and to deliver more fuel-efficient aircraft. However, pressure on the workforce can be counter-productive, at least in the short term. The claims that Boeing has been downplaying or ignoring the concerns of whistle-blowers at its South Carolina facility (where the 787 Dreamliner is made), have not helped in restoring confidence.

Sustainalytics has decided to engage with Boeing on commercial aircraft quality and safety. Specifically, we would like to see the safe return of the 737 MAX aircraft to commercial flight, satisfactory remediation for the people affected by the two accidents, and the adoption of a robust precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.

## TIGER BRANDS LIMITED

### Product-Related Fatalities



**Linda Björk**  
Manager

Status: Engage

A listeria outbreak began in South Africa in 2017 which caused more than 200 deaths. In March 2018, the South African DEPARTMENT OF HEALTH announced that the disease was traced to a Polokwane production facility belonging to ENTERPRISE FOODS, a subsidiary of TIGER BRANDS LIMITED (Tiger Brands). Enterprise Foods made a recall of all ready-to-eat meat products and closed the factories that manufactured these products. Tiger Brands' independent testing later confirmed the findings of the Department of Health. According to the authorities, sausage meat produced at the facility was infected with the bacteria, which cause flu-like symptoms, nausea and

Contribution to SDG:



diarrhoea, as well as infection of the blood stream and brain. A listeria infection can be very serious for pregnant women and people with weak immune systems. The company is currently facing a class action lawsuit over its role in the incident.

Tiger Brands states that no link has been confirmed between the presence of listeria in its Polokwane plant and the illness and deaths. The company believes that liability has to be proven in court and then any compensation will be determined. After the incident, Tiger Brands has made several improvements to product safety, including introducing new protocols in which every batch gets pasteurised and tested before being sent to the market. By end of 2018, all manufacturing facilities had been given permission to reopen.

Prior to the listeria outbreak, the company did not have consistent operational practices and procedures for product safety in the group. In 2017, the company initiated a new approach and it is continuing to push for consistency and the enterprise and supplier development office is now driving this work within the organisation.

Sustainalytics has decided to engage with Tiger Brands on product safety. We would like to see adequate measures taken to responsibly address the impacts of the incident. The company should also ensure consistency of operational practices and procedures for product safety across the group.

## UBER TECHNOLOGIES INC

Privacy Breaches



**Matthew Barg**  
Associate Director

Status: Engage

UBER TECHNOLOGIES INC. (Uber), operates as a technology platform for the mobility of people and goods. The firm offers multi-modal passenger transportation, restaurant food delivery, and connects freight carriers and shippers. Uber allegedly breached the privacy of its drivers and customers. In November 2017, Uber disclosed a data breach that had taken place in late 2016 and compromised the personal information (names, emails and phone numbers) of 57 million users, as well as the driver's licence information of 600,000 US drivers.

In September 2018, Uber agreed to pay USD 148 million in settlements to 50 US states for the breach, while various regulators are still investigating the issue. For instance, in July 2019 in Colombia, Uber was ordered to install a third-party monitor to oversee its data security practices and to improve them due to the 2016 breach. Uber has also been criticised for

Contribution to SDGs:



misusing the data of its customers and drivers through internal software tools.

From a company management perspective, Uber has made important privacy management changes, including the introduction of its first Chief Privacy Officer in 2018. As part of its settlement with the US FEDERAL TRADE COMMISSION (FTC), Uber will conduct independent audits of its privacy program every two years. The company has also introduced privacy impact assessments and relaunched its own Privacy Champions programme to build-up a culture of respect for privacy. However, the effectiveness of these measures is still of high concern given the company's business model and the elevated impact of FTC penalties in the case of new violations.

The company was very responsive to Sustainalytics' request for a conference call to discuss the firm's privacy and data management practices. In November 2019, Sustainalytics has an initial conference call with Uber's Chief Privacy Officer. Sustainalytics has decided to continue the dialogue with the company to confirm that its data privacy and security programme have been adequately improved to mitigate future violations.

## VEDANTA LIMITED / VEDANTA RESOURCES PLC

Community Protests



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



STERLITE COPPER (Sterlite), controlled by VEDANTA RESOURCES' subsidiary, VEDANTA LIMITED (Vedanta) has been the subject of community opposition since its Tuticorin copper smelting plant opened in Tamil Nadu state in India in 1997. The plant was the seventh-largest copper smelter in the world and accounted for 36 per cent of India's copper demands. The protests against the plant gained intensity in 2018, after Sterlite applied for approval to double its capacity. The protesters alleged that significant air pollution and groundwater contamination was emanating from these operations. In May 2018, a large demonstration against Sterlite took place in the streets of Tuticorin, leading to violent clashes with the police in which 13 people were killed. Since then, the plant has remained closed.

Sustainalytics is in a productive dialogue with Vedanta. Two conference calls have taken place during which the company presented its view on the background of the conflict and the measures it is taking to improve its community relations. Vedanta has shared details of several good initiatives, which demonstrates that social issues continue to be high on its agenda. It has analysed the root causes of the protest and

proposed some changes, such as relaxing financial requirements for local vendors in order to make contracts with Sterlite easier to access. It has also prepared plans for addressing other identified issues, related to health and education in the region, which will be implemented in the event the plant is reopened. Vedanta is also working on presenting environmental data in a way that would be easily understandable for the local communities.

Sustainalytics is continuing the engagement dialogue with the company, focusing on the company's framework for improving communication with stakeholders and the way it is applied across all operations. We have also proposed that the company becomes a signatory of the Voluntary Principles on Security and Human Rights and will follow up on that topic.

## WELLS FARGO & COMPANY

Fraud



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



Between 2011 and 2016, the employees of WELLS FARGO & COMPANY (Wells Fargo) created approximately 3.5 million customer accounts without their knowledge to inflate internal cross-selling figures and meet sales targets. As a result, in September 2016, Wells Fargo settled with the CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) and others for USD 190 million. In February 2018, the Federal Reserve restricted the bank's growth until it addressed deficiencies in its compliance and governance policies, which represented the single most impactful regulatory action against a bank in modern banking history.

In 2018, Wells Fargo agreed to a number of settlements over the fake accounts: in May 2018, Wells Fargo agreed to pay USD 480 million to settle allegations from investors; in October 2018, it paid a USD 65 million settlement with New York State; and in December 2018, it paid a USD 575 million settlement with 50 US states.

Previous Sustainalytics communications with the company have been robust; we note that in general, opposition has waned as investors acknowledge the efforts made by the bank in the last couple of years. We have, however, identified some gaps in the company's disclosures that warrants further engagement.

Sustainalytics has decided to engage the company regarding its incentive structures and corporate culture, and the implementation of controls to prevent compliance breaches in consumer financial protection.

## PETRÓLEOS DE VENEZUELA SA

Corrupt Practices/  
Oil Spill(s)/  
Recurring Workplace  
Accidents



**Matthew Barg**  
Associate Director

Status: Disengage

Corrupt Practices | Contribution to SDGs:



Oil Spill(s) | Contribution to SDGs:

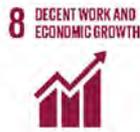


PETRÓLEOS DE VENEZUELA S.A. (PDSVA) is a gas and oil company. It is engaged in exploring, extracting, transporting, manufacturing, refining, storing, and marketing crude oil and other hydrocarbons. Sustainalytics has decided to disengage with the company as a result of three particular cases:

- Corrupt practices. In November 2015, news media reported that US authorities had been investigating PDSVA, one of its former company presidents and a one-time Venezuelan energy minister, as well as several other company officials for alleged corruption and money laundering. Since this case emerged, numerous company officials have been charged with various forms of corrupt practices in Venezuela, and a total of 10 US-based PDVSA contractors have pleaded guilty to violating the US Foreign Corrupt Practices Act (FCPA) to obtain contracts with PDVSA.
- Oil spills. Since 2016 Petroleos de Venezuela has experienced several oil spills in Venezuela. In November 2016, a 25,000 barrel crude oil pipeline leak affected drinking water in Anzoategui state. In January and March 2017, two crude oil leaks of an unspecified amount occurred at the Jose oil terminal; in February 2017, the company's pipeline leaked more than 10,000 barrels of oil in Barinas state, and 8,000 barrels of diluted crude and oil in in August 2017 in Anzoategui state. In June 2017, the NATIONAL FEDERATION OF PETROLEUM WORKERS OF VENEZUELA showed PDVSA records with two to three leaks of crude every week on average and blamed the leaks on the company's poor infrastructure maintenance.
- Recurring workplace accidents. According to news media reports, PDVSA has experienced several workplace accidents within the last few years. The most severe one was a massive explosion that took place in August 2012 at the company's Amuay refinery, in Venezuela. The explosion killed at least 48 people, injured approximately 80 others and damaged 1,600 homes. Right after the accident, the company was accused by locals of having neglected maintenance of its facilities and not improving safety standards, despite numerous accidents in previous years. Between 2013 and 2017, a number of other minor fires and explosions occurred at PDVSA's refineries, including its Amuay refinery.

Sustainalytics has tried to contact the company about the above-mentioned issues. However, the company has not responded to

Recurring Workplace Accidents |  
Contribution to SDGs:

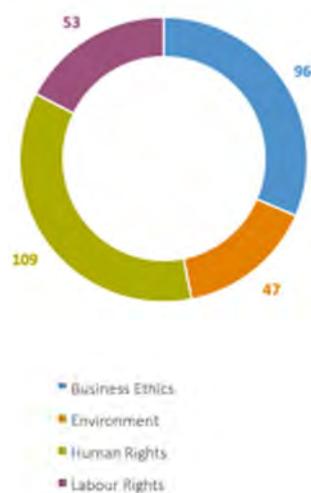


Sustainalytics' repeated requests for a conference call to discuss the firm's business practices and measures aimed at strengthening ESG management. Since 2015, various analysts and engagement managers from Sustainalytics (and previously GES) have unsuccessfully attempted to establish dialogue with PDVSA, by sending e-mails and calling their company headquarters, as well as PDVSA's United States commercial offices.

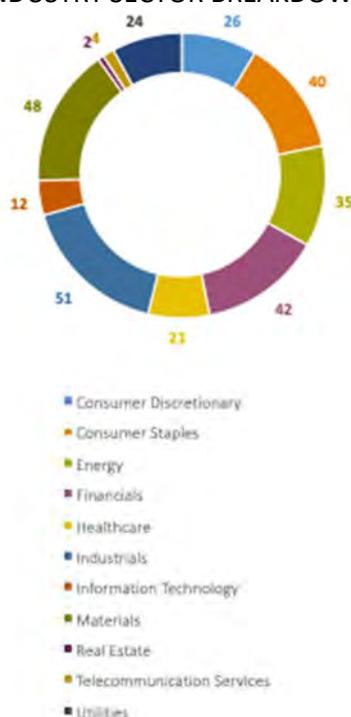
Given the lack of dialogue and the relatively poor level of ESG disclosure in publicly available documentation, there is a perception that the ESG commitments have not been translated into adequate policies and reporting. As such, Sustainalytics has decided to discontinue attempts at dialogue and disengage with the company.

# ENGAGEMENT SUMMARY REPORT

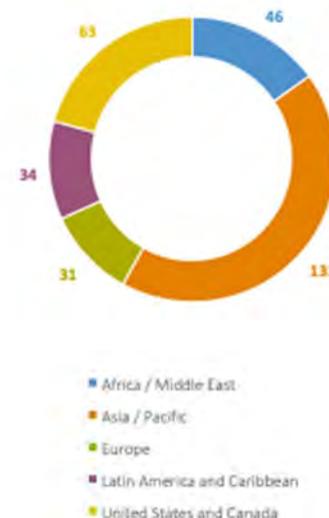
NORM AREA BREAKDOWN



INDUSTRY SECTOR BREAKDOWN



GEOGRAPHIC BREAKDOWN



## ENGAGEMENT MAP



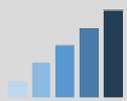
During September-November 2019, Sustainalytics worked on **305** issues related to Global Standards Engagement.

Of **216** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **145** cases. The remaining **71** cases were added as Global Standards Engagement was introduced in May 2019 and engagement may commence within the next three months.

In **89** *Evaluate* cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or to further engage with the company – if it is a case with severe consequences for the environment or humans.

# COMPANY DIALOGUE & PROGRESS SUMMARY

## HOW TO READ THIS REPORT

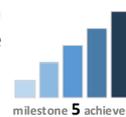
<b>Country</b>	<i>The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.</i>
<b>Year</b>	<i>The year shows when the case was upgraded to Engage status.</i>
<b>Response</b>	<p><i>The indicator describes how the company responds to Sustainalytics' inquiries.</i></p> <ul style="list-style-type: none"> <li>● excellent</li> <li>● good</li> <li>● standard</li> <li>● poor</li> <li>● none</li> </ul>
<b>Progress</b>	<p><i>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</i></p> <ul style="list-style-type: none"> <li>↑ excellent</li> <li>↗ good</li> <li>→ standard</li> <li>↘ poor</li> <li>↓ none</li> </ul>
<b>Performance</b>	<p><i>The indicator describes the combined company progress and response performance.</i></p> <ul style="list-style-type: none"> <li>▲ High performance: <b>good or excellent</b> response and / or progress of the business conduct issue</li> <li>▶ Medium performance: <b>standard</b> level of response and progress</li> <li>▼ Low performance: <b>poor or no</b> response in combination with <b>poor or no</b> progress</li> </ul> <p><b>new, same, better or worse</b> – indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Time</b>	<p><i>The indicator describes the time elapsed with low performance. One piece equals three months.</i></p> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><i>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective</i></p> </div> </div>
<b>Milestone</b>	<p><i>The indicator describes the milestone achieved from 1 to 5.</i></p> 

# RESOLVED LIST

## AFRICA / MIDDLE EAST

**Eskom Holdings SOC Limited** South Africa  
(2017)  
*Corrupt Practices*

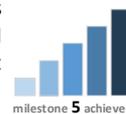
Eskom has introduced a range of anti-bribery and corruption measures including lifestyle audits of senior management and their spouses (to identify whether they are living beyond their known financial means), as well as investigations into ghost and duplicate employees. Also, the company made the change of senior management in February 2018 and removed 11 senior executives implicated in corruption. In addition, it is clearing up some 1,049 disciplinary cases. Of the 239 instances raised through the whistleblowing system, 122 had been concluded and 67 cases of disciplinary actions were underway.



## LATIN AMERICA AND CARIBBEAN

**Petroleos Mexicanos S.A. de C.V.** Mexico  
(2015)  
*Recurring Workplace Accidents*

PEMEX implemented a 'Safe Work Planning and Execution' internal campaign, which has formed part of a wider programme of safety campaigns, covering awareness of risks prevention of falls and health on marine platforms, among other themes. The company has also provided a detailed overview of its Safety, Health and Environmental Protection System drawing on 12 'best international practices'.



## ARCHIVED

<b>Agrokor d.d. (2018)</b> <i>Embezzlement</i>	Croatia	Sustainalytics considers the company's involvement as severe due to the egregious nature of the fraud, embezzlement and financial misrepresentation allegations. However, because of structural changes and the fact that since April 2019 Agrokor no longer exists as a legal entity (and all the company's remaining assets were transferred to a new legal entity called Fortenova Group), Sustainalytics decided to archive this engagement case.
<b>Bangkok Bank Public Company Limited (2014)</b> <i>Financing of Controversial Project</i>	Laos	Based on the bank's decreased leverage and its unwillingness to engage in dialogue despite numerous attempts over the years, Sustainalytics has decided to archive the case. However, considering the fact that Bangkok Bank's public reporting on management of environmental and social risks in project financing is very limited, Sustainalytics will continue to monitor the company and its potential involvement in future hydropower projects.
<b>China National Chemical Corp. (2017)</b> <i>Fraudulent Marketing Practices</i>	China	China National Chemical Corp (ChemChina) acquired Syngenta in 2017 and took responsibility for its outstanding liabilities. In February 2018, Syngenta settled the outstanding lawsuit, for an undisclosed amount, with Archer Daniels and Midland in relation to the alleged fraudulent marketing of its Agrisure Viptera GM corn seed in the years from 2010 to 2013. Given the main incident occurred before ChemChina's acquisition of Syngenta and that it appears there are no outstanding lawsuits in relation to the incident, the case will be archived. Sustainalytics will continue to monitor the company in relation to the potential violations of other products.
<b>Coal India Limited (2017)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	India	Sustainalytics has decided to archive this case profile, and merge the incident with the other ongoing Coal India case on <i>Recurring Workplace Accidents</i> , where Sustainalytics will look to continue to push for dialogue.
<b>EDP - Energias de Portugal, SA (2019)</b> <i>Product-Related Fatalities</i>	Portugal	Sustainalytics has decided to archive the engagement case at this stage as the company has showed it now has an integrated strategy in place to prevent wildfires linked to its equipment. In its safety strategy, the company focuses on the maintenance of equipment and ensuring a safe distance between the lines and the vegetation. It uses new technologies to support those actions, such as aerial thermography and LiDAR 3D photography. All the company's initiatives are integrated under Vega plan. It also proactively engages with legislators and civil protection entities to clarify competences of different actors in fire prevention and to promote more effective laws. According to the Police' investigation, the Pedrógão Grande fire started from the thunder. As stated by EDP, there is no evidence that the wildfires in Portugal originated from its equipment. Sustainalytics will continue to monitor for new information regarding the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Gitanjali Gems Ltd (2018)</b> <i>Fraud</i>	India	Sustainalytics considers the company's involvement as severe due to the magnitude of the alleged fraud and due the fact that the illicit transactions appear to have been systematic. However, Gitanjali Gems' creditors have decided not to extend its corporate insolvency resolution process and have voted to liquidate the company. Since the company is heading for liquidation, Sustainalytics has decided to archive this case.
<b>Honda Motor Co Ltd (2015)</b> <i>Product-Related Fatalities</i>	United States	Honda Motor has been linked to over 20 deaths and more than 200 injuries resulting from accidents caused by faulty airbags in Honda vehicles since 2004. Honda has recalled, and repaired millions of airbags and it has the highest completion rate among the car makers impacted. Takata, the supplier of the faulty airbags, also catered to BMW, Chrysler, Ford, Mazda, Nissan, and Toyota. In 2017, Honda agreed to a so-called economic loss settlement totalling USD 605 million. No further major investigations or lawsuits on the issue are pending. Furthermore, Honda has contributed to compensation trust funds to support victims of Takata airbag accidents. Honda has invested in better crash test simulations and quality management. Based on these positive developments, Sustainalytics assesses that Honda will complete the final phase of the, yet ongoing, recalls in a satisfactory manner. As such, Sustainalytics does not regard engagement to be warranted on the matter.

<b>Khon Kaen Sugar Industry PCL (2012)</b> <i>Land Grabbing</i>	Cambodia	Sustainalytics has decided to archive the case on the grounds that Khon Kaen Sugar Industry PLC (KSL) has adopted a responsible course of action by investigating and addressing the alleged improper acquisition of land that was developed for cane plantations in Cambodia. The company has engaged with the interested parties and compensated the affected communities. In addition, KSL developed a corporate social responsibility policy where the company commits itself to human rights protection. KSL has no history of similar incidents in other locations. Furthermore, the company has said it does not plan to invest in high-risk countries such as Cambodia.
<b>Kobe Steel Ltd (2018)</b> <i>Consumer Fraud</i>	Japan	Sustainalytics has decided to archive the case at this stage based on Kobe Steel showing significant effort to address the issue of consumer fraud. Through engagement dialogue, it has been established that the company has been working on reforming its business model in order to strengthen its governance and management. Moreover, the company introduced proactive and significant board-level changes, increasing the number of Independent Directors and appointing an Independent Director as Chairman of the Board. Sustainalytics will continue to monitor the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Krung Thai Bank Public Company Limited (2014)</b> <i>Financing of Controversial Project</i>	Laos	Based on the bank's decreased leverage and its unwillingness to engage in dialogue despite numerous attempts over the years, Sustainalytics has decided to archive the case. Krung Thai Bank seemingly does not have any policy in place to address environmental and social risks in project financing, but there are indications that the bank assesses risks related to project financing in general. Sustainalytics will continue to monitor the company and its potential involvement in future hydropower projects.
<b>Korea Hydro &amp; Nuclear Power Co Ltd (2018)</b> <i>Corrupt Practices</i>	South Korea	The corrupt practices were included in an engage case on the company's parent Korea Electric Power Corp (KEPCO). Sustainalytics resolved this case in November 2018 on the basis that KEPCO reacted constructively to address the issues of anti-bribery and corruption and there have been no further allegations of corruption since 2016. Thus, Sustainalytics does not regard engagement to be warranted on the matter.
<b>Maruti Suzuki India Ltd (2012)</b> <i>Anti-Union Practices</i>	India	Maruti Suzuki India (MSI) has had multiple strikes at its Manesar manufacturing facility in India since June 2011, concerning freedom of association and better employment conditions. In July 2012, a dispute resulted in violence, with one HR manager killed and about 100 other managers injured. Since then, MSI settled with its three labor unions in 2015 and again in 2018, and employment conditions for both permanent and temporary staff have improved. As there has been no new indications of significant protests for better working conditions since, Sustainalytics has decided to archive the case. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Mitsubishi Motors Corporation (2016)</b> <i>Consumer Fraud</i>	Japan	Mitsubishi Motors has had a poor track record with respect to customer service and regulatory compliance. Breaches have included negligence of customer complaints and manipulation of fuel performance testing data. The fact that the latest compliance breach already dates back to 2016 supports the company's claim that it has implemented effective measures to prevent customers and authorities from being misled again in the future. The measures cover governance, systems, procedures, and training. Hence, Sustainalytics has decided to archive the case. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Nintendo Co. Ltd. (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Indonesia	From a company management perspective, Nintendo updated its CSR Procurement Guidelines and Responsible Mineral Procurement Policy referring to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which covers Indonesia. Moreover, Nintendo applies the Responsible Minerals Assurance Process (RMAP) as a procurement method to support their responsible sourcing approach. Additionally, there have been regulatory changes in mineral mining in Indonesia that require mining business licenses and the application of good mining practices from all suppliers. Given these developments, Sustainalytics has decided to archive the case.

<b>Orascom Investment Holding SAE (2012)</b> <i>Operations in Territories with Elevated Human Rights Risks</i>	North Korea	Sustainalytics has chosen to archive this case on the basis that Koryolink, the mobile operator that is majority owned by Orascom Investment Holding, is a joint venture with the North Korean national government. The operator is legally subject to the requirements of the authoritarian regime and it is considered unlikely that the company would be able to make changes in line with international standards. Orascom has been operating in North Korea since 2008 and in 2015 the company stated that it has effectively lost control of its local asset. While there is implicit concern regarding the risk exposure, it is understood that Orascom is not in a position to influence the operation of Koryolink. Nevertheless, this conclusion will be reassessed accordingly if new incidents or information arise.
<b>Patisserie Holdings PLC (2018)</b> <i>Accounting Irregularities</i>	United Kingdom	The company's assets were split up and purchased by an Irish private equity group and a family-owned business in early 2019. Sustainalytics has assessed the company's accounting irregularities as severe however, given that there is no longer a party to engage with, Sustainalytics has decided to archive this engagement case.
<b>PT Timah (Persero) Tbk (2012)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Indonesia	Sustainalytics considers further engagement with the company unwarranted as there have been no new reports suggesting the company's involvement in environmental damage in Indonesia since 2016. Additionally, the company's reporting suggests positive developments in the company's approach towards environmental issues, reflected in an implemented rehabilitation programme and ongoing engagement with local communities. Sustainalytics will continue to monitor the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
<b>Syngenta (2017)</b> <i>Fraudulent Marketing Practices</i>	China	Syngenta's alleged fraudulent marketing of its genetically modified Agrisure Viptera corn occurred in 2010. In 2013, China placed a ban on US corn imports due to cross contamination from the unapproved Agrisure Viptera corn. There have been numerous lawsuits brought against Syngenta with the company settling many out of court, the last in February 2018. Given the time that has elapsed since the issue, no similar issues have reoccurred, the Chinese regulator has since approved this specific product, and that Syngenta appears to have settled the majority, if not all cases, Sustainalytics does not consider that engagement is warranted currently. We will continue to monitor the company in relation to the potential violations of other products.
<b>Taseko Mines Ltd (2013)</b> <i>Mining Project with Environmental and Human Rights Risks</i>	Canada	Sustainalytics has decided to archive the case due to the fact that the future of the New Prosperity project is currently uncertain, and engagement is thus currently unwarranted. In September 2019, the court issued an injunction order to prevent Taseko Mines Ltd. from performing any work until the court rules whether the provincial permit for a drilling program infringes on Tsilhqot'in indigenous rights. Sustainalytics continues to follow the court proceedings on the case. Should new, relevant information emerge, Sustainalytics will reconsider this decision.
<b>Taurus Armas SA (2017)</b> <i>Operations in Territories with Elevated Human Rights Risks</i>	Brazil	Taurus Armas has been linked to a violation of a UN targeted arms embargo. In 2015 a shipment of 3,000 firearms was allegedly destined for a Yemeni arms dealer, who has been on the UN sanction list for arms dealings in Somalia, Eritrea and Yemen. Taurus Armas cancelled further shipments after learning of concerns about the deal. It stated that it had not been aware that there were restrictions on the intermediary company or its owner. There have not been any new reports of more controversial arms deals involving Taurus Armas. Sustainalytics has decided to archive the case, however, should new, relevant information emerge, Sustainalytics will reconsider this decision.
<b>Toshiba (2016)</b> <i>Accounting Fraud</i>	Japan	Toshiba reportedly overstated its profits by USD 1.22 billion between 2008 and 2014. Unrealistic financial targets posed by senior executives induced managers to falsify accounts to appear to have achieved their targets. To recover from the scandal, Toshiba has been reforming its internal control structure and corporate culture. Most notably, it established two new board committees dealing with compliance; it invested in compliance training; and it improved its communication with shareholders. Considering that the company has taken several significant measures to recover as well as prevent recurrence, Sustainalytics has decided to archive the case.

<b>Universal Health Services (2017)</b> <i>Fraud</i>	United States	In July 2019, Universal Health Services (UHS) reached an agreement over its alleged involvement in health care fraud that took place between 2005 and 2013. UHS took the responsible course of action by engaging in the official investigations and cooperating with all agencies involved. The company monitors its business and has developed an ethics and compliance programme with respect to government laws and regulations. The company also aims to further enhance the existing compliance system. As the company has implemented measures to improve its compliance system, Sustainalytics has decided to archive the case.
<b>Volkswagen AG (2017)</b> <i>Antitrust Violations</i>  <i>*Includes AUDI AG cases, now fully covered by Volkswagen AG</i>	Germany	Given the close link between the EU antitrust allegation and emissions scandal, this case will be merged with the ongoing engagement on the emissions scandal. As part of the ongoing emissions case, an objective is for VW to demonstrate that the company has improved its corporate culture. Sustainalytics has incorporated ethics into this assessment of culture. Originally this assessment related to allegations tied to antitrust and collusion activity to prevent the development of clean emissions technology, together with BMW and Daimler.
<b>VTB Bank (public joint-stock company) (2011)</b> <i>Financing of Controversial Project</i>	Armenia	Sustainalytics has decided to archive the case due to the fact that in June 2019 the bank sold the mining operation and it therefore has no future leverage on how the mine should be operated. Previously, VTB had stated that it was looking for an operator which was willing to address the environmental issues at the site. It should be noted that although VTB Bank is not a signatory to the Equator Principles it does state that it abides by them when providing project financing.
<b>ZTE Corporation (2017)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	China	From a company management perspective, ZTE now includes tin mining from Indonesia in its conflict-free mineral policy and responsible sourcing approach. Moreover, ZTE sources tin mainly from smelters and refiners in Indonesia which are part of the conformant list of the Responsible Minerals Assurance Process. Additionally, there have been regulatory changes in mineral mining in Indonesia that require mining business licenses and the application of good mining practices from all suppliers. Given these developments, Sustainalytics has decided to archive the case.

*The above engagement cases have been archived but Sustainalytics will reassess these conclusions if new information emerges.*

*The purpose of the Global Standards Engagement product is to create an engagement overlay to the Global Standards Screening, which in turn provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. After assessing whether further engagement on the issue is required, the decisions to close cases are made independently from the company status in the Global Standards Screening.*

# ENGAGE LIST

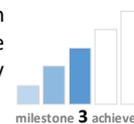
## AFRICA / MIDDLE EAST

### Change objective

**Bank Hapoalim B.M. (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

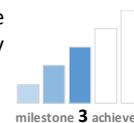


● good    ↘ poor    ▶ same

**Bank Leumi le- Israel B.M (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



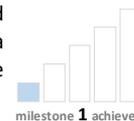
● good    ↘ poor    ▶ same

**Eskom Holdings SOC Limited (2019)**  
*Air Pollution*

South Africa



Eskom should make sure that more extensive maintenance programme is introduced to its plants and the implementation of environmental offset programmes in the communities is confirmed. It should prioritise the plants which will remain operational for a longer time and be able to prove it takes all the possible actions to minimise the impacts of its operations.

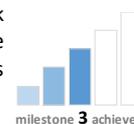


● poor    ↘ poor    ▼ same

**First International Bank of Israel Ltd (2011)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



● good    ↘ poor    ▶ same

**Harmony Gold Mining Company Limited (2015)**  
*Fatal Accident(s)*

South Africa

Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.

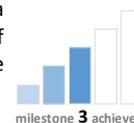


● good    → standard    ▲ same

**Israel Discount Bank Limited (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.

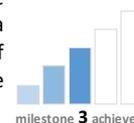


● good    ↘ poor    ▶ same

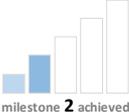
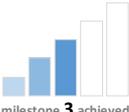
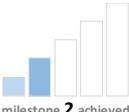
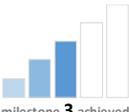
**Mizrahi Tefahot Bank Ltd. (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



● good    ↘ poor    ▶ same

<p><b>OCP S.A. (2016)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p><b>Sibanye-Stillwater (2018)</b> <i>Recurring Workplace Accidents</i></p>	<p>South Africa</p>	<p>Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.</p>	 <p>milestone 3 achieved</p>
<p>● poor → standard ▶ same</p>			
<p><b>Teva Pharmaceutical Industries Limited (2019)</b> <i>Price-Fixing Violations</i></p>	<p>United States</p>	<p>Teva should take appropriate actions by investigating the alleged misconduct internally and cooperate with authorities to address the issue. The company should also develop and implement a drug pricing model that ensure equitable access to medicine and implement in competition guidelines.</p>	
<p>new</p>			
<p><b>The Okomu Oil Palm Co PLC (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Nigeria</p>	<p>Okomu should ensure that affected communities are consulted according to the principle of Free, Prior and Informed consent. It should also implement its human rights policy and demonstrate human rights due diligence in its operations to prevent adverse human rights impacts.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ new</p>			
<p><b>Tiger Brands Limited (2019)</b> <i>Product-Related Fatalities</i></p>	<p>South Africa</p>	<p>Tiger Brands should ensure that it has taken appropriate actions to responsibly address the impacts of the incident. Tiger Brands should also demonstrate that it has taken adequate measures to improve consistency of operational practices and procedures for product safety across the group.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ new</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Africa / Middle East:

- Bezeq The Israel Telecommunication Corporation Limited** , *Corrupt Practices*, Israel
- MTN Group Limited**, *Operations in Territories With Elevated Human Rights Risks*, South Africa
- Mumias Sugar Company Limited**, *Accounting Fraud*, Kenya
- Pepkor Holdings Ltd.**, *Accounting Fraud*, South Africa – relates to **Steinhoff International Holdings N.V**
- Uchumi Supermarkets Limited**, *Fraud*, Kenya

## ASIA / PACIFIC

### Change objective

**Adani Enterprises Limited (2016)**  
*Project With Environmental and Human Rights Risks*

Australia

Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the project.



● standard ↗ good ▲ better

**Aekyung Industrial Co., Ltd. (2019)**  
*Quality and Safety Violations*

South Korea

Aekyung Industrial Co. should disclose the outcomes of any internal and external investigations into the humidifier disinfectant issue. It respond appropriately to the findings of such investigations, including reviewing and and substantially upgrading its quality and safety management system as needed, and have this system externally assured. It should also ensure that victims and/or their families are suitably compensated for the harm caused.

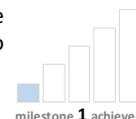
new

**Agricultural Bank of China Limited (2018)**  
*Corrupt Practices*

China



The Agricultural Bank of China should update its anti-corruption policies and ensure that they are implemented globally. The company should introduce a zero-tolerance policy for corruption and make sure that it is committed to implementing the anti-corruption programme.

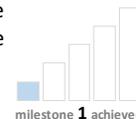


● none ↓none ▼ same

**Agricultural Bank of China Limited (2018)**  
*Money Laundering*

United States

The Agricultural Bank of China should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. The bank should ensure that the board has sufficient and effective oversight of the business.



● none ↓none ▼ same

**AMP Limited (2019)**  
*Consumer Fraud*

Australia

AMP should ensure that robust policies and internal controls addressing product governance and business ethics are implemented, universally applied and where appropriate, disclosed.

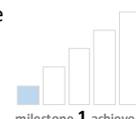


● standard →standard ► new

**Anbang Insurance Group Co., Ltd. (2019)**  
*Fraud*

China

Anbang Insurance Group should adopt anti-corruption and anti-fraud policies, and ensure that robust internal controls addressing product governance and business ethics are implemented and universally applied.



● standard →standard ► new

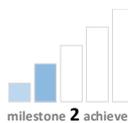
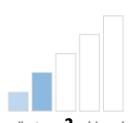
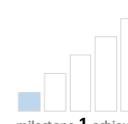
**AviChina Industry & Technology Company Limited (2019)**  
*Operations in Territories With Elevated Human Rights Risks*

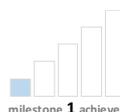
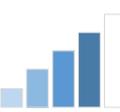
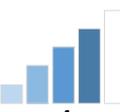
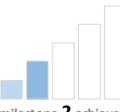
China

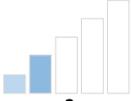
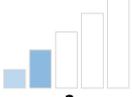
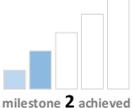
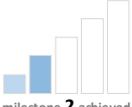
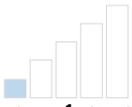
AviChina should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.

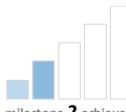
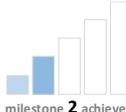
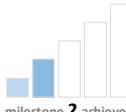
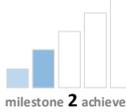
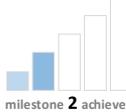


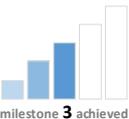
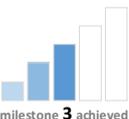
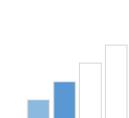
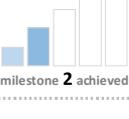
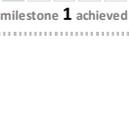
● none ↓none ▼ new

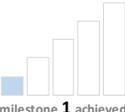
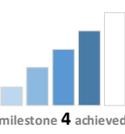
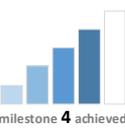
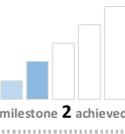
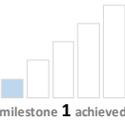
<p><b>Bharat Heavy Electricals Limited (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>BHEL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	
<p>● poor    ↘ poor    ▼ same</p>			
<p><b>China Energy Engineering Corporation Ltd (2019)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>China</p>	<p>China Energy Engineering Corporation (CEEC) should carry out an internal investigation into the causes of the accident and accordingly strengthen its control risk management process of construction sites. CEEC should also disclose how it has improved its safety management system across its operations and subsidiaries.</p>	
	<p>new</p>		
<p><b>China National Chemical Corp. (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>China</p>	<p>ChemChina should, through its wholly-owned subsidiary Syngenta, address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.</p>	
	<p>new</p>		
<p><b>China North Industries Corp. (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>China</p>	<p>China North Industries should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
	<p>new</p>		
<p><b>China Northern Rare Earth (Group) High-Tech Co Ltd (2019)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Mongolia</p>	<p>The company should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. It should display a comprehensive program to address the health, community and environmental impacts of the tailings site.</p>	
	<p>new</p>		
<p><b>China Railway Group Ltd (2014)</b> <i>Forced Evictions</i></p>	<p>Democratic Republic of the Congo</p>	<p>China Railway Group should compensate the affected communities and create an anti-harassment and discrimination policy adapted to its risk exposure. The company should also ensure that its corporate culture supports the policy and has mechanisms in place to monitor the related compliance.</p>	
<p>● poor    ↘ poor    ▼ new</p>			
<p><b>China Railway Group Ltd (2014)</b> <i>Recurring Workplace Accidents</i></p>	<p>China</p>	<p>China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.</p>	
<p>● poor    ↘ poor    ▼ same</p>			
<p><b>Coal India Limited (2016)</b> <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>Coal India should strengthen both its health and safety management systems resulting in a material and sustained decrease in accident rate and examine and investigate root causes of past accidents, and subsequently identify and correct gaps in its systems. Meanwhile, the company should align its practices to relevant IFC Standards, in particular those related to consultation, resettlement and compensation.</p>	
<p>● poor    ↓ none    ▼ same</p>			

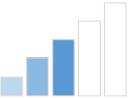
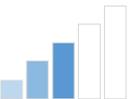
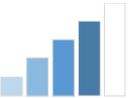
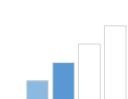
<p><b>Export-Import Bank of India (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p> <p>● none    ↓none    ▼ same</p>	<p>Bangladesh</p> <p> 24 months low performance</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>	<p> milestone 1 achieved</p>
<p><b>FGV Holdings Bhd. (2017)</b> <i>Labour Rights Violations at Company Operations</i></p> <p>● good    ↗ good    ▲ same</p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>	<p> milestone 4 achieved</p>
<p><b>Habib Bank Limited (2019)</b> <i>Money Laundering</i></p> <p><b>new</b></p>	<p>Pakistan</p>	<p>Habib Bank should implement appropriate risk management systems and internal controls that address financial crime, including money laundering and terrorist financing, as well as demonstrate that they are robust and universally applied.</p>	
<p><b>Hangzhou Hikvision Digital Technology Co Ltd (2019)</b> <i>Human Rights Impacts of Surveillance Systems</i></p> <p><b>new</b></p>	<p>China</p>	<p>Hikvision should implement a robust human rights due diligence program to improve its business policies and practices (inclusive of its tendering process) in line with internationally accepted standards, such as the UN Guiding Principles on Business and Human Rights. The company should also provide transparent reporting on human rights issues and show evidence of its continued adherence to improved human rights management.</p>	
<p><b>Hyundai Motor Company (2018)</b> <i>Corrupt Practices</i></p> <p>● good    ↗ good    ▲ better</p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	<p> milestone 4 achieved</p>
<p><b>Indofood Agri Resources Ltd (2018)</b> <i>Labour Rights Violations at Plantations</i></p> <p>● standard    → standard    ► same</p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p> milestone 2 achieved</p>
<p><b>Industrial And Commercial Bank Of China Ltd (2018)</b> <i>Money Laundering</i></p> <p>● poor    ↓none    ▼ same</p>	<p>Spain</p> <p> 12 months low performance</p>	<p>ICBC should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should ensure that the board has sufficient and effective oversight of the business.</p>	<p> milestone 1 achieved</p>
<p><b>Inner Mongolian Baotou Steel Union Co Ltd (2019)</b> <i>Environmental Pollution</i></p> <p><b>new</b></p>	<p>China</p>	<p>Inner Mongolian Baotou Steel Union should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. It should display a comprehensive programme to address the health, community and environmental impacts of the tailings site.</p>	

<p><b>Irkut Corporation (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Russia</p>	<p>Irkut should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
<b>new</b>			
<p><b>Italian-Thai Development Public Company Limited (2011)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	
<p>● <b>poor</b>    ↓ <b>none</b>    ▼ <b>same</b></p>			
<b>new</b>			
<p><b>Kangmei Pharmaceutical Co Ltd (2019)</b> <i>Accounting fraud</i></p>	<p>China</p>	<p>Kangmei Pharmaceutical should improve its corporate governance and culture. Also, it needs to establish adequate compliance risk management systems and internal controls. understand the cause take appropriate actions by investigating the alleged misconduct internally.</p>	
<b>new</b>			
<p><b>Korea Electric Power Corporation (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Electric Power Corporation's subsidiary should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	
<p>● <b>standard</b>    ↓ <b>poor</b>    ► <b>same</b></p>			
<p><b>Korea Western Power Co., Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Western Power Co. should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	
<p>● <b>standard</b>    ↓ <b>poor</b>    ► <b>same</b></p>			
<p><b>Korean Air Lines Co.,Ltd. (2019)</b> <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	
<p>● <b>good</b>    ↘ <b>poor</b>    ► <b>same</b></p>			
<p><b>Lotte Corp (2019)</b> <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Lotte should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. Further, Lotte should also ensure that the internal audit committees have the mandate and capacity to carry out its functions properly and strengthen Board independence.</p>	
<p>● <b>none</b>    ↘ <b>poor</b>    ▼ <b>same</b></p>			

<p><b>NTPC Limited (2017)</b> <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>12 months low performance</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>12 months low performance</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	<p>India</p>	<p>ONGC should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	<p>new</p>	
<p><b>Olympus Corporation (2019)</b> <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>Olympus should continue to improve the safety of its duodenoscope product by enabling appropriate hygiene procedures. Also, the company should cooperate with authorities to resolve outstanding investigations and legal proceedings.</p>	<p>● standard → standard ▶ new</p>	 <p>milestone 2 achieved</p>
<p><b>PetroChina Co Ltd (2017)</b> <i>Corrupt Practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>21 months low performance</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	<p>China</p>	<p>PetroChina should ensure that an investigation into the causes of pipeline accidents occurs and lessons learnt are applied. It should strengthen its governance and ensure that it has a long-term mechanism for pipeline protection, hazard identification and emergency response procedures in place.</p>	 <p>15 months low performance</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	<p>China</p>	<p>PetroChina should follow the international best-practice for respecting human rights. While operating in conflict-affected countries, it should undertake the due diligence adapted to the specific situation of the region and act adequately on the findings. The company should also engage with the governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.</p>	<p>new</p>	

<p><b>Petroleum Nasional Berhad (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Malaysia</p>	<p>Petronas should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	 <p>milestone 3 achieved</p>
<p><b>POSCO (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► <b>new</b></p>			
<p><b>POSCO (2010)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and verify that the company and its contractors and subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>POSCO INTERNATIONAL Corp. (2012)</b> <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO INTERNATIONAL Corp. should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>POSCO INTERNATIONAL Corp. (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO INTERNATIONAL Corp. should prevent negative human rights and environmental impacts of the Shwe Project, and ensure that neither the company itself or its contractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>PT Indofood Sukses Makmur Tbk (2018)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (2019)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Lonsum should take responsibility for addressing labour rights incidents at its plantations. Lonsum should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Lonsum should also improve the existing Sustainable Palm Oil Policy.</p>	 <p>milestone 1 achieved</p>
<p>● poor → standard ► new</p>			
<p><b>PT Salim Ivomas Pratama Tbk (2019)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Salim Ivomas should take responsibility for addressing labour rights incidents at its plantations. The company should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Salim Ivomas should also improve the existing Sustainable Palm Oil Policy.</p>	 <p>milestone 1 achieved</p>
<p>● poor → standard ► new</p>			

<p><b>Ratch Group Public Co. Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Ratch should ensure that a comprehensive assessment of the safety and stability of the project is conducted, together with independent experts and that appropriate mitigation measures are taken. It should use its leverage to ensure adequate consultations with, and compensation to, project-affected communities and a transparent process for grievance and compensation. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>	 <p>3 months low performance</p>		
<p><b>Rostec Corporation (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Russia</p>	<p>Rostec should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
<p>new</p>			
<p><b>Samsung Electronics Co., Ltd. (2017)</b> <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ same</p>			
<p><b>Singapore Technologies Engineering Limited (2017)</b> <i>Corrupt Practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	 <p>milestone 4 achieved</p>
<p>● good    ↗ good    ▲ same</p>			
<p><b>SK Discovery Co Ltd (2019)</b> <i>Quality and Safety Violations</i></p>	<p>South Korea</p>	<p>SK Discovery should disclose the outcomes of any internal and external investigations into the humidifier disinfectant issue. It respond appropriately to the findings of such investigations, including reviewing and and substantially upgrading its quality and safety management system as needed, and have this system externally assured. It should also ensure that victims and/or their families are suitably compensated for the harm caused.</p>	
<p>new</p>			
<p><b>SK Holdings Co Ltd (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>SK Holdings' subsidiary should conduct a comprehensive assessment of the safety and stability of the project, together with independent experts and take appropriate mitigation measures. It should use its leverage to ensure adequate consultations with, and compensations to, project-affected communities and a transparent process for grievance and compensation. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard    ↓ poor    ► same</p>			
<p><b>Steel Authority of India Limited (2019)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>India</p>	<p>Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.</p>	 <p>milestone 1 achieved</p>
<p>● none    ↓ none    ▼ same</p>	 <p>9 months low performance</p>		
<p><b>Suruga Bank Ltd. (2019)</b> <i>Fraud</i></p>	<p>Japan</p>	<p>Suruga Bank should ensure that robust policies and programs related to business ethics, policies, compliance processes, governance controls and risk management systems are in place to prevent recurrence of loans falsification.</p>	
<p>new</p>			

<p><b>Tokyo Electric Power Company Holdings, Incorporated (2011)</b> <i>Incident Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p><b>Vedanta Limited (2019)</b> <i>Community Protests</i></p>	<p>India</p>	<p>Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.</p>	 <p>milestone 3 achieved</p>
<p>● good → standard ▲ new</p>			
<p><b>Wilmar International Limited (2017)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>Yahoo Japan Corp (2016)</b> <i>Illegal Trading</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Negative Environmental Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera, and ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p><b>Zijin Mining Group Company Limited (2015)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ▶ same</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Asia / Pacific:

- 63 Moons Technologies Ltd, Fraud, India**
- Changsheng Bio-technology Co., Ltd., Quality and Safety Breaches, China**
- China Huarong Asset Management Co Ltd, Corrupt Practices, China**
- China Petroleum & Chemical Corp., Operations in Territories With Elevated Human Rights Risks, China** – includes the following related company **Sinopec Kantons Holdings Ltd.**
- Commonwealth Bank of Australia, Money Laundering, Australia**
- Convoy Global Holdings Ltd, Fraud, Hong Kong**
- Hanergy Thin Film Power Group Limited, Accounting Fraud, Hong Kong**

**Hindustan Zinc Limited**, *Community Protests*, India – relates to **Vedanta Limited**

**Hyundai Motor Company**, *Labour Rights Violations at Company Operations*, South Korea

**Indofood Agri Resources Ltd**, *Activities Resulting in Negative Environmental and Human Rights Impacts*, Indonesia

**Lotte Chemical Corp**, *Embezzlement*, South Korea - includes following related companies: **Lotte Chilsung Beverage Co Ltd**;  
**Lotte Confectionery (New)**, **Lotte Corp**, **Lotte Fine Chemical Co., Ltd.**, **Lotte Food Co., Ltd.**, **LOTTE Himart Co.,Ltd.**, **Lotte Non - Life Insurance Co., Ltd.**, and **Lotte Shopping Co., Ltd.**

**Lu Thai Textile Co., Ltd.**, *Poor Working Conditions*, Myanmar

**Mitsubishi Materials Corporation**, *Consumer Fraud*, Japan

**Petronas Global Sukuk Ltd.**, *Operations in Territories With Elevated Human Rights Risks*, Malaysia – relates to **Petroliam Nasional Berhad**

**PT Tiga Pilar Sejahtera Food Tbk**, *Consumer Fraud*, Indonesia

**PT Vale Indonesia Tbk**, *Incident Resulting in Negative Human Rights Impacts*, Brazil – relates to **Vale S.A.**

**Punjab National Bank**, *Fraud*, India

**Rosoboronexport JSC**, *Operations in Territories With Elevated Human Rights Risks*, Russia – relates to **Rostec Corporation** [NEW]

**Samling Global Limited**, *Deforestation*, Malaysia

**Saudi Arabian Oil Co.**, *Operations in Territories With Elevated Human Rights Risks*, Saudi Arabia [NEW]

**TongYang Life Insurance Co**, *Fraud*, China – relates to **Anbang Insurance Group Co., Ltd.**

**Unitech Limited**, *Consumer Fraud*, India

**Unitech Limited**, *Consumer Fraud*, India

**Wilmar International Limited**, *Violations of the Rights of Indigenous Peoples*, Indonesia

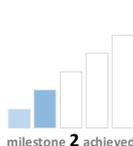
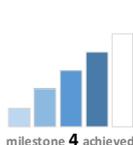
**Wockhardt Limited**, *Quality and Safety Breaches*, India

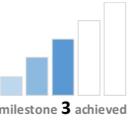
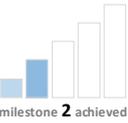
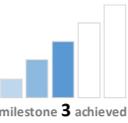
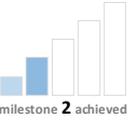
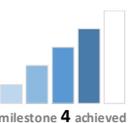
**Zhejiang Huahai Pharmaceutical Co., Ltd.**, *Consumer Fraud*, China

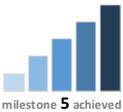
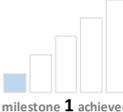
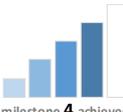
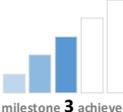
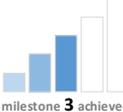
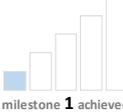
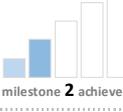
**ZTE Corporation**, *Human Rights Impacts of Surveillance Systems*, Ethiopia

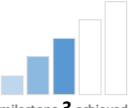
## EUROPE

### Change objective

<p><b>AB Volvo (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Israel</p>	<p>Volvo should use its leverage with importers and distributors in high-risk locations to reduce the risk of its products getting implicated in human rights violations. It should establish clear criteria to identify high-risk countries and collaborate with local business partners to conduct human rights due diligence.</p>	 <p>milestone 2 achieved</p>
<p>● good → standard ▲ new</p>			
<p><b>Andritz AG (2010)</b> <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Turkey</p>	<p>Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Atlantia S.p.A. (2018)</b> <i>Quality and Safety Violations</i></p>	<p>Italy</p>	<p>Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.</p>	 <p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>Bayer AG (2018)</b> <i>Concealing Data on Product-Related Toxicity</i></p>	<p>United States</p>	<p>Bayer (formerly Monsanto) should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Bayer AG (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>The company needs to ensure that it has suitable systems for identifying and communicating the side effects of its products to regulators, health professionals, and patients. The company should ensure that customer complaints are reviewed by an independent third-party that can review product quality and safety in relation to customer complaints.</p>	
<p>▲ new</p>			
<p><b>Bollore (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Cameroon</p>	<p>Bollore should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► new</p>			
<p><b>British American Tobacco p.l.c. (2017)</b> <i>Labour Rights Violations at Plantations</i></p>	<p>Bangladesh</p>	<p>BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>Credit Suisse Group (2019)</b> <i>Fraud</i></p>	<p>Switzerland</p>	<p>Credit Suisse should ensure that it reviews all of its operations with regard to anti-money laundering. Credit Suisse should implement robust policies, programs, compliance processes and risk management systems that prevent anti-money laundering (AML) and corruption throughout the entire company and where appropriate, disclose these policies.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			

<p><b>Danske Bank A/S (2018)</b> <i>Money Laundering</i></p>	<p>Estonia</p>	<p>Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Deutsche Bank AG (2019)</b> <i>Money Laundering</i></p>	<p>Russia</p>	<p>Deutsche Bank should ensure that robust policies, programmes, compliance processes and risk management systems addressing anti-money laundering (AML), Know-Your-Customer (KYC), and sanctions issues are in place.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p><b>Enel Green Power S.p.A. (2019)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p><b>Enel SpA (2019)</b> <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA, a subsidiary of Enel SpA, should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p><b>Genel Energy plc (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Somalia</p>	<p>Genel should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	
<p>new</p>			
<p><b>HeidelbergCement AG (2015)</b> <i>Illegal Exploitation of Natural Resources</i></p>	<p>Palestinian Authority</p>	<p>Heidelberg Cement should be able to demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p><b>ING Groep N.V. (2019)</b> <i>Money Laundering</i></p>	<p>Russia</p>	<p>ING should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. ING should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p><b>Leonardo S.p.a. (2013)</b> <i>Corrupt Practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

<p><b>Mining and Metallurgical Company NORILSK NICKEL PJSC (2010)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	Russia	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	 <p>milestone 5 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Mozambique Ematum Finance 2020 BV (2019)</b> <i>Asset Misappropriation</i></p>	Mozambique	<p>Mozambique Ematum should ensure that anti-fraud policies and robust internal and external controls are implemented and universally applied that facilitate transparency and oversight of bond proceeds utilisation, as well as treatment of labour.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p><b>Nordea Bank Abp (2015)</b> <i>Money Laundering</i></p>	Sweden	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Siemens Aktiengesellschaft (2017)</b> <i>Operations in Occupied Territories</i></p>	Western Sahara	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Siemens Gamesa Renewable Energy, S.A. (2018)</b> <i>Operations in Occupied Territories</i></p>	Western Sahara	<p>Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>SOCFIN Societe Financiere des Caoutchoucs (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	Cameroon	<p>Socfin should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p><b>Socfinaf SA (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	Cameroon	<p>Socfinaf should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p><b>Steinhoff International Holdings N.V. (2019)</b> <i>Accounting Fraud</i></p>	South Africa	<p>Steinhoff should demonstrate that it has taken sufficient measures to recover from the fraud and to prevent recurrence. Also, Steinhoff should disclose more details about its Remediation Plan and report on its progress.</p>	 <p>milestone 2 achieved</p>
<p>● poor → standard ► new</p>			

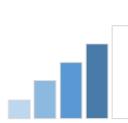
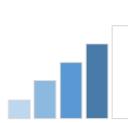
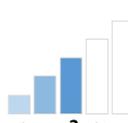
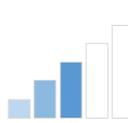
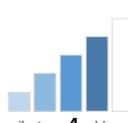
<b>Swedbank AB (2019)</b> <i>Money Laundering</i>	Sweden	Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight of the business.	 milestone 3 achieved
● standard → standard ► same			
<b>Syngenta AG (2019)</b> <i>Quality and Safety Breaches</i>	Thailand	Syngenta should address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>United Aircraft Corporation (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Russia	United Aircraft should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.	
<span style="background-color: yellow; padding: 2px;">new</span>			
<b>Vedanta Resources PLC (2019)</b> <i>Community Protests</i>	India	Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.	 milestone 3 achieved
● good → standard ▲ <span style="background-color: yellow; padding: 2px;">new</span>			
<b>Volkswagen AG (2016)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.	 milestone 3 achieved
● standard → standard ► same			

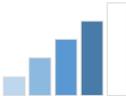
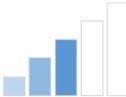
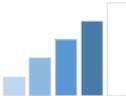
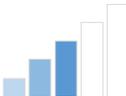
As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Europe:

- Barclays PLC**, *Price-Fixing Violations*, United Kingdom
- BMW Group**, *Antitrust Violations*, Germany
- Daimler AG**, *Antitrust Violations*, Germany
- DNO ASA**, *Operations in Territories With Elevated Human Rights Risks*, Norway
- Indivior PLC**, *Consumer Fraud*, United States
- ING Bank Slaski SA**, *Money Laundering*, Russia – relates to **ING Groep N.V.**
- Porsche Automobil Holding SE**, *Consumer Fraud*, Germany
- Watchstone Group PLC**, *Accounting Irregularities*, United Kingdom

## LATIN AMERICA AND CARRIBEAN

### Change objective

<b>Andrade Gutierrez SA (2019)</b> <i>Corrupt Practices</i>	Brazil	Andrade Gutierrez (AG) should investigate the alleged misconduct and take appropriate measures against any identified gaps, as well as cooperating with authorities to address the issue. AG should also demonstrate the effectiveness of its ethics and compliance work by improving its disclosure.	 <p>milestone 4 achieved</p>
<b>new</b>			
<b>BRF S.A. (2018)</b> <i>Corrupt Practices</i>	Brazil	BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.	 <p>milestone 4 achieved</p>
<p>● good   ↗ good   ▲ same</p>			
<b>BRF S.A. (2019)</b> <i>Consumer Fraud</i>	Brazil	BRF should ensure that the failure to meet food safety standards due to a bribery scheme has been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.	 <p>milestone 4 achieved</p>
<b>new</b>			
<b>CEMEX, S.A.B. de C.V. (2016)</b> <i>Operations in Occupied Territories</i>	Palestinian Authority	Cemex should demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.	 <p>milestone 4 achieved</p>
<p>● good   ↗ good   ▲ same</p>			
<b>Eldorado Brasil Celulose S.A. (2019)</b> <i>Corrupt Practices</i>	Brazil	Eldorado Brasil Celulose SA should ensure that the bribery schemes have been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.	 <p>milestone 3 achieved</p>
<p>● standard   → standard   ▶ <b>new</b></p>			
<b>Empresas Publicas de Medellin E.S.P. (2019)</b> <i>Project Resulting in Adverse Human Rights Impacts</i>	Colombia	EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations with, and compensation to, project-affected communities are aligned with international norms, such as the IFC performance standards or similar and put in place relevant processes to ensure compliance with international norms for future projects.	 <p>milestone 3 achieved</p>
<p>● standard   → standard   ▶ same</p>			
<b>Grupo México, S.A.B. de C.V. (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i>	Peru	Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.	 <p>milestone 4 achieved</p>
<p>● good   ↗ good   ▲ same</p>			

<p><b>JBS S.A. (2017)</b> <i>Corrupt Practices</i></p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>JBS S.A. (2015)</b> <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>JBS should take responsibility for addressing the frequent health and safety (H&amp;S) incidents at its subsidiaries. It should further develop H&amp;S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>Petroleos Mexicanos S.A. de C.V. (2015)</b> <i>Oil Spill(s)</i></p>	<p>Mexico</p>	<p>PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p><b>Vale S.A. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Brazil</p>	<p>In order to prevent future worker or community fatalities and damage to the environment, the company should: commission an external technical review into the causes of the dam collapse; strengthen its management and monitoring of its tailings storage facilities using the best available technology; adopt a policy of designing future tailings facility based upon safety first and cost second; ensure that it has in place the necessary remedial programmes to address the socio-economic and environmental impacts of the collapse; and, the company should bring experienced mining professionals on to its board and ensure proper reporting lines are enabled to ensure issues are reported and remedial measures identified and undertaken in a timely manner.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Latin America and Caribbean:

**1MDB Global Investments Ltd., Embezzlement, Malaysia**

**Banco Safra S.A., Corrupt Practices, Brazil**

**Centrais Eléctricas Brasileiras S.A. - Eletrobras, Project Resulting in Adverse Human Rights Impacts, Brazil**

## UNITED STATES AND CANADA

### Change objective

**3M Co (2019)**  
*Activities Resulting in Negative Environmental and Human Rights Impacts*

United States

3M Co. should provide greater clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. In addition, the company should explain how it is applying the lessons learnt from PFAS to its product development.

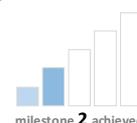
**new**

**Bausch Health Companies Inc (2019)**  
*Price Discrimination*

United States

Bausch Health should restore trust of customers and authorities by establishing a responsible drug pricing policy and improving its disclosure on its pricing practices.

● **standard** → **standard** ▶ **new**

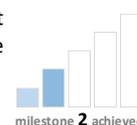


**Bausch Health Companies Inc (2019)**  
*Accounting Fraud*

United States

Bausch Health should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding legal proceedings.

● **standard** → **standard** ▶ **new**

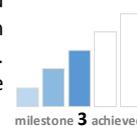


**Bunge Limited (2017)**  
*Deforestation*

Brazil

Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.

● **standard** → **standard** ▶ **same**

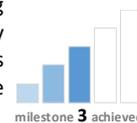


**Cargill, Inc. (2012)**  
*Labour Rights Violations in Supply Chain*

Uzbekistan

Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan, or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.

● **standard** ↘ **poor** ▶ **same**

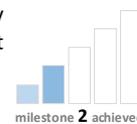


**CoreCivic Inc (2019)**  
*Forced Labour*

United States

CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.

● **standard** → **standard** ▶ **same**

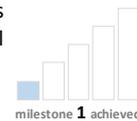


**Corteva Inc (2019)**  
*Product-Related Incidents*

United States

Corteva Agriscience should address how it is preparing itself to address the potential future liabilities in relation to its chlorpyrifos product. And, how the company has amended its research and development in order to mitigate the potential impacts of future products.

● **none** ↓ **none** ▼ **new**

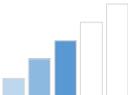
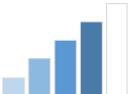
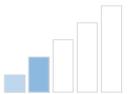


**Dow Inc (2019)**  
*Quality and Safety Violations*

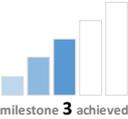
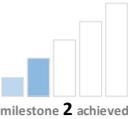
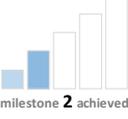
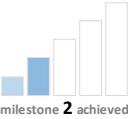
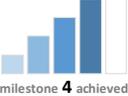
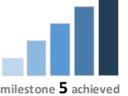
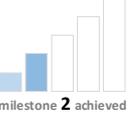
United States

Dow should address how it is addressing the environmental and health legacy associated with its long-term production, marketing and associated use of its chlorpyrifos chemical. And what, if any, changes it has introduced to its research and development protocols to mitigate the potential impacts of future products.

**new**

<p><b>DuPont de Nemours Inc (2018)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>Edison International (2019)</b> <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>Edison should address the impacts of the incidents and ensure that remedial measures are in place. It should have comprehensive practices to mitigate wildfire and other physical risks, based on long-term scenario analysis and report transparently on the progress against clearly defined goals. It should also establish wide collaboration with communities, authorities and rescue forces to ensure integrated efforts to minimize the risks of future wildfires.</p>	
<p>new</p>			
<p><b>Enbridge Inc (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Enbridge should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Energy Transfer LP (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Energy Transfer LP should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p><b>Equifax Inc (2018)</b> <i>Data Breaches</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p><b>Facebook Inc (2018)</b> <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>GEO Group, Inc. (2019)</b> <i>Forced Labour</i></p>	<p>United States</p>	<p>Geo Group should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p><b>JOHNSON &amp; JOHNSON (2018)</b> <i>Product-Related Incidents</i></p>	<p>United States</p>	<p>Johnson and Johnson should ensure that the lessons learned from the numerous product quality issues have been incorporated into its protocols and procedures, to minimise the risk of future litigation.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► better</p>			

<p><b>McDonald's Corp (2015)</b> <i>Labour Rights Violations at Contractors</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>		<p>milestone 2 achieved</p>
<p>● <b>poor</b>    ↘ <b>poor</b>    ▼ <b>same</b></p> <p><b>Pan American Silver Corp. (2019)</b> <i>Human Rights Violations by Security Forces</i></p>	<p>Guatemala</p>	<p>Pan American Silver should align policies and practices to international human rights norms, in particular with regards to security and human rights and community relation, and in particular with regards to the Escobal mine.</p>	<p>● <b>good</b>    → <b>standard</b>    ▲ <b>new</b></p>	<p>milestone 2 achieved</p>
<p><b>Patterson-UTI Energy, Inc. (2018)</b> <i>Fatal Workplace Accident(s)</i></p>	<p>United States</p>	<p>Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.</p>	<p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>milestone 3 achieved</p>
<p><b>PG&amp;E Corp (2019)</b> <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>PG&amp;E should address the impacts of the incident and ensure that suitable remedial measures have been put in place. The company should also develop a comprehensive, risk-based, safety strategy. The company-wide strategy should address the employee, contractor and public safety and consider future potential risks, including those related to changing climate conditions. The company should also establish a process for monitoring the execution of the strategy.</p>	<p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>milestone 2 achieved</p>
<p><b>Phillips 66 (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Phillips 66 should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>	<p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>milestone 2 achieved</p>
<p><b>Pilgrim's Pride Corporation (2015)</b> <i>Recurring Workplace Accidents</i></p>	<p>United States</p>	<p>Pilgrim's Pride should address the identified health and safety (H&amp;S) shortcomings at its processing facilities. It should implement H&amp;S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&amp;S performance.</p>	<p>● <b>poor</b>    → <b>standard</b>    ► <b>same</b></p>	<p>milestone 3 achieved</p>
<p><b>Southern Copper Corporation (2016)</b> <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	<p>● <b>standard</b>    → <b>standard</b>    ► <b>same</b></p>	<p>milestone 4 achieved</p>
<p><b>Stryker Corporation (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>Stryker should take appropriate actions to responsibly address the negative impacts of its products. The company should continue to improve quality and safety of its devices and improve the disclosure of all product-related data to ensure that relevant information is communicated to the public.</p>	<p><b>new</b></p>	

<p><b>TC Energy Corp. (2018)</b> <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>The company should decide to construct the pipeline, it should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>Tesla Inc (2018)</b> <i>Labour Rights Violations at Company Operations</i></p>	<p>United States</p>	<p>Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p><b>The Boeing Company (2019)</b> <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>Boeing should accomplish the safe return of the 737 MAX aircraft to commercial flight (i.e. re-certified and flight bans lifted). It should ensure that the people affected by the two accidents are appropriately supported and compensated. Boeing should adopt a robust, precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.</p>	 <p>milestone 2 achieved</p>
<p>● good ↘ poor ▶ same</p>			
<p><b>The Chemours Co (2018)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
 <p>15 months low performance</p>			
<p><b>Uber Technologies, Inc. (2019)</b> <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Uber Technologies should improve its privacy program in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Uber should also improve public disclosure to provide transparency on its progress toward improvement and preparedness to manage its related risk exposure.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ new</p>			
<p><b>Walmart Inc. (2017)</b> <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Walt Disney Co (2017)</b> <i>Workplace Harassment</i></p>	<p>United States</p>	<p>Walt Disney Co (Twenty-First Century Fox) should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>	 <p>milestone 5 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p><b>Wells Fargo &amp; Company (2019)</b> <i>Fraud</i></p>	<p>Western Sahara</p>	<p>Wells Fargo should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ new</p>			

**Wolverine World Wide, Inc. (2019)** **United States** **Activities Resulting in Negative Health Impacts** Wolverine World Wide, Inc. should ensure that compensation is paid to affected residents and measures are in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.



As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in United States and Canada:

**Boston Scientific Corporation, Product-Related Incidents, United States** - includes the related company **EndoChoice Holdings, Inc.**

**Citigroup, Inc., Fraud, United States** – includes the related company **Associates First Capital Corporation**

**INSYS Therapeutics, Inc., Corrupt Practices, United States**

**McKesson Corp, Consumer Fraud, United States** – includes the related company **McKesson Europe AG**

**The Goldman Sachs Group, Inc., Money Laundering, Malaysia** – includes the related companies **CMC Markets PLC, Jany Sukuk Co. Ltd.**

**Universal Health Services, Inc., Activities Resulting in Adverse Human Rights Impacts, United States**

# EVALUATE LIST

## AFRICA / MIDDLE EAST

---

Minrav Holdings Ltd.; Shapir Engineering and Industry Ltd; Transnet SOC Limited; Union Bank of Israel Ltd.

---

## ASIA / PACIFIC

---

AirAsia Bhd; BHP Group Ltd.; British American Tobacco Bangladesh Co Ltd; China Development Bank Corporation; China Petroleum & Chemical Corp.; China Railway Group Ltd; CK Hutchison Holdings Limited; Coromandel International Limited; Graphite India Ltd.; Imperial Pacific International Holdings Limited; Indian Oil Corp. Ltd.; Italian-Thai Development Public Company Limited; KT Corporation, Oil and Natural Gas Corporation Limited; Oji Holdings Corporation; Panasonic Corporation; Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara; POSCO; POSCO International Corp.; Power Construction Corporation of China Ltd; PT Pertamina (Persero); PT Waskita Karya (Persero) Tbk; Retail Food Group Ltd; Rio Tinto Limited; Samsung Electronics Co., Ltd.; Sinofert Holdings Ltd; SK Discovery Co. Ltd.; Sumitomo Corp; The Tata Power Company Limited

---

## EUROPE

---

A.P. Møller - Mærsk A/S; Areva SA; CaixaBank, S.A.; Digi Communications NV; EDP - Energias de Portugal, S.A.; Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; G4S PLC; Grupa Azoty S.A.; H & M Hennes & Mauritz AB (publ); J Sainsbury plc; NorgesGruppen ASA; Public Joint Stock Company Uralkali; Renault SA; Rheinmetall AG; Robert Bosch GmbH; Technicolor SA; Veolia Environnement S.A.

---

## LATIN AMERICA AND CARIBBEAN

---

Banco Nacional de Desenvolvimento Econômico e Social; EcoRodovias Infraestrutura e Logística S.A.; EDP - Energias do Brasil SA; Grupo México, S.A.B. de C.V.; JBS S.A.; Petroleos Mexicanos S.A. de C.V.; TPI - Triunfo Participações e Investimentos SA

---

## UNITED STATES AND CANADA

---

Amgen Inc; Bombardier Inc.; Cargill, Inc.; Costco Wholesale Corporation; DXC Technology Co; Energy Transfer LP; Frontera Energy Corporation; Gap Inc; General Electric Co; International Finance Corporation; Johnson & Johnson; Mattel, Inc.; NiSource Inc.; NRG Energy, Inc.; Pilgrim's Pride Corporation; Stryker Corporation; Tenneco Inc.; Tyson Foods Inc; Valero Energy Corporation; Vistra Energy Corp.

---

# DISENGAGE LIST

## AFRICA / MIDDLE EAST

<b>Elbit Systems Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Industrial Building Corp. Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Israel Aerospace Industries Ltd.</b> <i>Involvement in Cluster Munitions</i>	Israel
<b>Jerusalem Economy Ltd.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>Makina Ve Kimya Endustrisi Kurumu</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Roketsan A.S</b> <i>Involvement in Cluster Munitions</i>	Turkey
<b>Turkiye Halk Bankasi AS</b> <i>Financing of Controversial Project</i>	Turkey

## ASIA / PACIFIC

<b>Abdul Qader Khan Research Laboratories (AQKRL)</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>Aerospace Long-March International Trade Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Anhui GreatWall Military Industry Co., Ltd.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Bharat Dynamics Limited</b> <i>Nuclear Weapons Development</i>	India
<b>CH. Karnchang Public Company Limited</b> <i>Project With Environmental and Human Rights Risks</i>	Laos
<b>China Aerospace Science &amp; Technology Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>China North Industries Corp.</b> <i>Involvement in Cluster Munitions</i>	China
<b>Defense Research &amp; Development Organization</b> <i>Inhumane Weapons</i>	India
<b>Hanwha Corp</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Larsen &amp; Toubro Limited</b> <i>Nuclear Weapons Development</i>	India
<b>LIG Nex1 Co Ltd</b> <i>Involvement in Cluster Munitions</i>	South Korea

<b>Metallurgical Corporation of China Ltd.</b> <i>Environmental Impacts from Waste Practices</i>	Papua New Guinea
<b>MindTree Limited</b> <i>Nuclear Weapons Development</i>	India
<b>National Development Complex</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>National Engineering &amp; Scientific Commission</b> <i>Nuclear Weapons Development</i>	Pakistan
<b>National Engineering &amp; Scientific Commission [NEW]</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>Nelco Ltd.</b> <i>Nuclear Weapons Development</i>	India
<b>Pakistan Ordnance Factories</b> <i>Involvement in Cluster Munitions</i>	Pakistan
<b>Poongsan Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>Poongsan Holdings Corporation</b> <i>Involvement in Cluster Munitions</i>	South Korea
<b>S&amp;T Corp.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Dynamics Co. Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>S&amp;T Holdings Co., Ltd.</b> <i>Involvement in Land Mines</i>	South Korea
<b>State Oil Company of Azerbaijan Republic</b> <i>Recurring Workplace Accidents</i>	Azerbaijan
<b>The Tata Power Company Limited</b> <i>Nuclear Weapons Development</i>	India
<b>Walchandnagar Industries Ltd.</b> <i>Nuclear Weapons Development</i>	India

## EUROPE

<b>Aeroteh SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Cia Nationala ROMARM SA</b> <i>Involvement in Cluster Munitions</i>	Romania
<b>Rosoboronexport JSC</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Rostec Corporation</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>San Leon Energy Plc</b> <i>Operations in Occupied Territories</i>	Western Sahara

<b>Splav State Research &amp; Production Association Fsue</b> * Previously <b>Splav Engineering Corp. PJSC</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Tactical Missiles Corp. JSC</b> <i>Involvement in Cluster Munitions</i>	Russia

## LATIN AMERICA AND CARIBBEAN

<b>Avibras Indústria Aeroespacial S/A.</b> <i>Involvement in Cluster Munitions</i>	Brazil
<b>Mil-spec Industries Corp. [NEW]</b> <i>Involvement in Cluster Munitions</i>	United States
<b>Mil-spec Industries Corp. [NEW]</b> <i>Involvement in Land Mines</i>	United States
<b>Petróleos de Venezuela S.A. [NEW]</b> <i>Recurring Workplace Accidents</i>	Venezuela
<b>Petróleos de Venezuela S.A. [NEW]</b> <i>Corrupt Practices</i>	Venezuela
<b>Petróleos de Venezuela S.A. [NEW]</b> <i>Oil Spill(s)</i>	Venezuela

## UNITED STATES AND CANADA

<b>Motorola Solutions, Inc.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>The Day &amp; Zimmermann Group, Inc.</b> <i>Involvement in Cluster Munitions</i>	United States

## OUR APPROACH

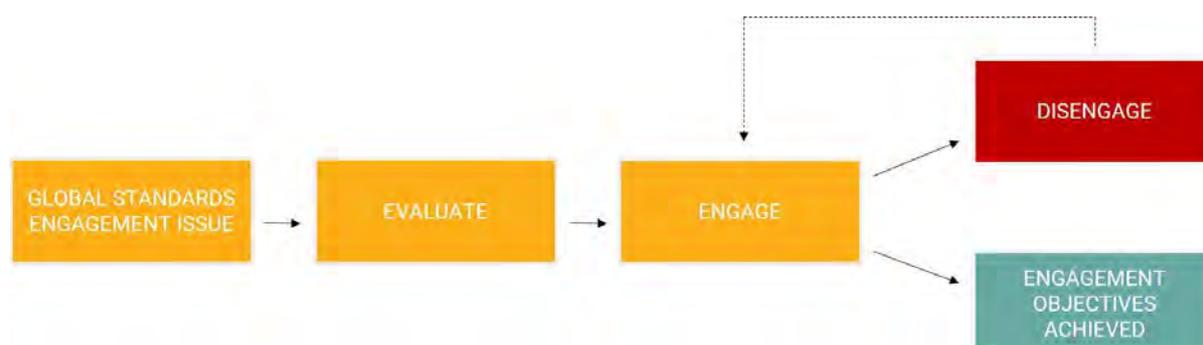
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies on behalf of our investor clients. The engagement process is based on the findings from a systematic screening of companies regarding their compliance with well-established international conventions and guidelines on environmental, social and governance (ESG) issues. By way of example this includes:

- UN Global Compact;
- OECD Guidelines for Multinational Enterprises;
- Human rights conventions; and
- Environmental conventions.

We will start engagement with companies that are, or have been, involved in systematic business conduct issues or an isolated issue that has severe consequences for the environment or humans.

### RESEARCH AND ENGAGEMENT WORK-FLOW



## ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 57.77bn (12/31/2018). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

This way we combine the flexibility of a boutique manager with the size and clout of an international financial service provider.



# About Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. With 17 offices globally, Sustainalytics has more than 550 staff members, including over 200 analysts with varied multidisciplinary expertise across 42 sectors.

Over the last three consecutive years, investors named Sustainalytics among the top three firms for both ESG and corporate governance research in the Independent Research in Responsible Investment Survey.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



Copyright ©2019 Sustainalytics. All rights reserved.

The ownership and all intellectual property rights to this publication and the information contained herein are vested exclusively in Sustainalytics and/or its suppliers. Unless otherwise expressly agreed in writing between you and Sustainalytics, you will not be permitted to use this information otherwise than for internal use, nor will you be permitted to reproduce, disseminate, compile, create derivative works, furnish in any manner, make available to third parties or publish this publication/report, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies, recordings, etc. The information on which this publication/report is based reflects the situation as on the date of its elaboration. Such information has – fully or partially – been derived from third parties and is therefore subject to continuous modification. THE INFORMATION HEREIN IS PROVIDED SOLELY FOR INFORMATIONAL PURPOSES AND THEREFORE IS NOT AN OFFER TO BUY OR SELL A SECURITY. NEITHER SUSTAINALYTICS NOR ANY OF ITS THIRD-PARTY SUPPLIERS PROVIDES INVESTMENT ADVICE (AS DEFINED IN THE APPLICABLE JURISDICTION) OR ANY OTHER FORM OF (FINANCIAL) ADVICE AND NOTHING WITHIN THIS PUBLICATION/REPORT CONSTITUTES SUCH ADVICE. SUSTAINALYTICS OBSERVES THE GREATEST POSSIBLE CARE IN USING INFORMATION, HOWEVER THE INFORMATION IS PROVIDED “AS IS” AND NEITHER SUSTAINALYTICS NOR ITS SUPPLIERS ACCEPTS ANY LIABILITY FOR DAMAGE ARISING FROM THE USE OF THIS PUBLICATION/REPORT OR INFORMATION CONTAINED HEREIN IN ANY MANNER WHATSOEVER. MOREOVER, SUSTAINALYTICS AND ALL ITS THIRD-PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, COMPLETENESS, ACCURACY OR FITNESS FOR A PARTICULAR PURPOSE.